



Polenergia S.A.
Capital Group

**SUSTAINABILITY
REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2023**



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of the Management Board*

*Iwona Maria Sierżęga – Member
of the Management Board*

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*Marta Porzuczek – Coordinator
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Letter from the President of the Management Board

Dear All,

I am pleased to present to you Polenergia Group's Annual Sustainability Report which reflects our commitment to responsible action in the area of energy transition and a zero-emission economy. This is the Group's second full report, addressing all crucial elements of the business as defined in the 2022 double materiality analysis. As a professional and responsible organisation, we are consistently preparing for mandatory sustainability reporting in accordance with the CSRD (Corporate Sustainability Reporting Directive).

This report has been prepared according to future reporting recommendations based on ESRS (European Sustainability Reporting Standards) and has been verified by an independent auditor. Changing our approach to sustainability is a process, requiring not only the efforts of many teams, but also the building of knowledge among employees and partners. Actions to support our customers, business partners, engagement in local communities and then reporting this honestly in a non-financial report is not only an absolute necessity, but also a great privilege and sense of empowerment. Mature reporting and building awareness of Polenergia's sustainability are our commitment and gives us the opportunity to communicate reliable knowledge.

2023 was another year in which the Polenergia Group strengthened its position as a leader in the green transformation. Since the announcement of our Business Strategy in 2020, the Group's growth has been hugely linked to the implementation of successive wind and photovoltaic farms generating green energy at a record pace. We also aim to strengthen our value chain with products and services that complement our customer-facing offering. In 2023, we commissioned the Dębsk, Piekło and Grabowo wind farms. We surpassed 0.5 GW of installed generating capacity in Renewable Energy Sources.

We have also started our expansion into the Romanian and the Czech Republic markets. We concluded a number of long-term PPAs for the supply of green energy. We also successfully completed another share issuance, which is of great importance for the Group's further development. In cooperation with the Norwegian Equinor, we completed important work phases for the development of offshore wind farms, signing, among others, contracts for internal and export cables, which are crucial for the implementation of the Baltic II and III projects, as well as a contract for monopiles, the supply and service of 100 offshore wind turbines. The construction of offshore wind farms are projects of strategic importance to our Group. Harvesting green energy from offshore projects will change the face of the energy transition. Offshore wind farms will become the driving force of the Polish economy.

Business development work is inextricably connected to building the sustainability of the Group. As a company that produces green energy and creates products that contribute to the country's energy transition, we aim to take the utmost care in the area of ESG.

We offer our customers not only clean energy sourced from our green assets but also energy generated from projects built with care for the environment, care for the development and restoration of ecosystems and collaboration with local communities who are our partners and advocates for green energy. The production of renewable, sustainable energy cannot be generated in installations that neglect the wellbeing of the environment and do not take into account the needs of local communities. A just transition is the foundation of the success of the Green Deal.

Last year was an exceptional year for us, as we adopted a new and ambitious Group's ESG Strategy at the beginning of the year. We consistently implemented it as this strategy organises and adopts new sustainability indicators for our business and consolidates our previous commitments. We have set ourselves ambitious targets, which we transparently report and hold ourselves accountable for achieving them. An important aspect of our business has always been and continues to be its environment – the natural environment and local communities. Therefore, since 2015, we have been publishing CSR reports, and since 2021, we have been calculating our carbon footprint for Scope 1 and 2 emissions.

Our joint effort and commitment to creating Poland's largest private energy group have resulted in numerous awards and ratings. In 2023, Polenergia Group was rated by Sustainalitics as a low ESG risk company (score of 18.6). Last year, we entered the CDP assessment of our business for the first

time and received a C rating. We also made our debut in the assessment and ranking of POLITYKA's Leaves, where we were honoured with a silver leaf.

In 2024, the Group adopted a Biodiversity Strategy, which is the result of our previous efforts and experiences not only in minimizing impact, but also in creating added value for the natural environment in line with the TNFD (Taskforce on Nature-related Financial Disclosures). For many years, as a good neighbour, we have supported local communities and we have taken care of their development. The ESG strategy emphasizes the role of equitable transformation: 1% of the Group's consolidated profit goes to charity, with a minimum of 60% of the funds going to activities that support the implementation of local community projects. In 2024, we updated our Social Engagement Policy. We also present our activities targeting local communities and strengthening biodiversity in the Social Engagement and Biodiversity Report ([Social Engagement and Biodiversity Report](#)) and on our web page [ESG Service](#).

The upcoming year is linked with challenges regarding scope 3 GHG calculations and further improvements in the area of sustainability management and reporting. Looking with optimism at the team composed of our employees, staff, colleagues and associates, as well as our informed customers and business partners - I am confident that we will meet these challenges.

I would like to express my gratitude to all individuals employed at Polenergia who, with focus and attentiveness, aware of the importance of the changes that are taking place - have worked hard to accelerate the transformation of the energy industry and set market trends together. The growth of our organisation is a credit to each company, each department and each division of the Group. Every person employed at Polenergia is a co-author of our success. I would also like to thank all our customers, local communities, business partners, shareholders, investors and all the stakeholders with whom we maintain daily relationships.

Thank you very much for your trust.

Jerzy Zań
President of the Management Board of Polenergia SA.

Ratings, awards and partnerships



Sustainalytics rating - Polenergia's 2023 score is 18.6 (this rating indicates low ESG risk). Sustainalytics - a rating company that evaluates companies against socially responsible investment criteria. In Poland, it became known through the WIG-ESG index - its methodology used data from this rating agency. Sustainalytics' ranking is divided into ranges of 0-10 (negligible negative impact), 10-20 (low risk), 20-30 (medium risk) 30-40 (high risk) and 40+ extremely high risk).



CDP - Polenergia Group entered the CDP initiative for the first time in 2023 and received a 'C' grade. CDP was established in 2000 as the 'Greenhouse Gas Disclosure Project', which asks companies to disclose their climate impacts. Since then, the scope of environmental disclosure has been broadened to include deforestation and water security, while extending its reach to support cities and regions. Since 2021, CDP has been implementing a new strategy that includes an assessment across all planetary boundaries and new areas such as biodiversity, plastics and oceans, and recognising the interconnectedness of nature and Earth systems.



In 2023, Polenergia took part in the CSR Leafs rating for the first time and was honoured with a Silver CSR Leaf by Polityka in the 12th list of socially responsible companies for 2022. CSR Leaves are awards granted by the weekly magazine POLITYKA, Deloitte and the Responsible Business Forum. They are awarded to companies that are leaders in ESG and change of their own business, but also of their partners and the ecosystem around them. The key and the best way to sustainable development is to make bold changes within their own organisations, as well as to deeply understand the impact of their own business activities on the environment. Ratings were awarded according to an analysis based on a questionnaire completed by companies, developed according to the guidelines of the ISO 26000 core social responsibility standard and in relation to the European Sustainability Reporting Standards and the latest ESG trends.



Polenergia ranked 16th place in the Responsible Companies Rating. The rating is organised by the Leon Koźmiński Academy, Deloitte and the Responsible Business Forum (RBF). The Responsible Companies Rating (RCR) is a list of companies operating in Poland assessed in terms of the quality of their corporate social responsibility management system. This rating allows to make self-assessment concerning the progress in meeting sustainable development challenges. Since 2018, the organiser of the RCR has been the Kozminski Business Hub in substantive partnership with RBF and Deloitte.



Polenergia was also the Laureate in the Low Carbon Leader category awarded by Forbes #we care about sustainability.

The award was presented during the Sustainable Development Forum. Polenergia is a company that invested in renewable energy even before the Green Deal was created. Today, Poland's largest independent energy group is one of the largest producers of energy from wind farms in Poland and a promoter of offshore farm development.

Polenergia has been a Partner in initiatives to achieve the Sustainable Development Goals for many years



United Nation Global Compact

Through our partnership since 2017, we support the 10 principles based on the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption. As part of the UNGC (United Nations Global Compact) partnership (since 2020), we actively support and participate in the ethical standards implemented by the UNGC Network Poland, as well as initiatives related to diversity (Target Gender Equality).



Diversity Charter

Since 2019, Polenergia has been a signatory of the Diversity Charter coordinated by the Responsible Business Forum.



UNEP/GRID-Warsaw

For many years, Polenergia has supported initiatives by UNEP/GRID-Warsaw, the affiliated center of the United Nations Environment Programme in Poland. We have joined the Partnership for Sustainable Development Goals and are a Partner of the annual event "Green Ribbon #forthePlanet." Since its inception, we have been supporting and strengthening ecosystems within the Re:Generation program, a decade for ecosystem restoration. Together, we have developed the educational project "Play Green with Us!®," aimed at primary school teachers to support children's climate education.

General information

ESRS 2 General disclosures

BP-1 General basis for preparation of sustainability statements

Polenergia Group publishes its Sustainability Report for the second time. The Group's first full non-financial report was prepared for 2022 and took into account GRI standards and the new European Taxonomy guidelines.

This document has been prepared based on the latest European Sustainability Reporting Standards (ESRS - European Sustainability Reporting Standards). Polenergia promptly adapts to the latest guidelines, ensuring transparency in non-financial activities, which is why the Group Sustainability Report is published ahead of the legal deadline.

When presenting its business strategy in 2020, the Polenergia Group was the first Polish company to subordinate its development vision to building a zero-carbon economy. The Group's ambition is not just to continue to grow, but also strive to support and actively participate in building the zero-emission economy of tomorrow, to combat climate change and provide security for future generations.

Scope of consolidation

This sustainability report for the year ended 31 December 2023 has been prepared on a consolidated basis.

The scope of consolidation of the sustainability statement is the same as for the Financial Statements. In this report, "Polenergia" and "Polenergia Group" mean the parent company Polenergia S.A. together with its consolidated subsidiaries.

Polenergia Group's priority is to operate in line with the highest standards of sustainability and due diligence. To ensure an appropriate level of optimisation in ESG areas, a comprehensive materiality study was carried out in 2022, based on ESRS standards and the double materiality principle. The study identifies a range of relevant topics from the Group's upstream and downstream value chain, among others.

Information on the value chain

Polenergia Group's value chain provided a model to support the materiality testing process. The main objective of the value chain analysis was to understand the impact of the Group's activities on employees, actors in the value chain, customers and the environment, and to manage this impact effectively.

Polenergia Group's upstream activities are related to the sourcing of components and services for the preparation of the infrastructure required to generate green energy. The implementation of Polenergia Group's projects (plant construction) is carried out in cooperation with companies that supply components for the construction of wind and photovoltaic farms, construction and assembly contractors and service technicians. The materials and components selected are sourced from trusted suppliers.

Polenergia Group's upstream activities are related to the sale of energy to customers, the provision of installation services for photovoltaic systems, heat pumps, energy storage facilities and day-to-day customer service. The characteristics of customer service are determined by the type of service provided. The end-of-life stage of the plant is also located in this part of the value chain.

Policies and the value chain

Internal Policies of the Polenergia Group were updated in late 2022 and early 2023. These policies affect relationships with actors in the Group's value chain. The policies developed in 2023 are as follows:

- The Whistleblowing procedure of Polenergia S.A. (link: [Whistleblowing procedure of Polenergia S.A.](#)) introduced on 17 January 2023 implements the obligation arising from Article 97d of the Act on the Public Offering and the Conditions for Introducing Financial Instruments to the Organised Trading System and on Public Companies of 29 July 2005, as well as from

Article 50 of the Act on Counteracting Money Laundering and Terrorist Financing of 1 March 2018. This procedure is part of the Group's compliance system and sets out:

- what an "Irregularity" and a "Report" are,
 - who can report Irregularities and how,
 - how reporting persons are protected,
 - who and how receives and investigates Reports and what steps are taken in connection with them.
- The Polenergia Group's anti-corruption policy (link: [Polenergia Group's anti-corruption policy](#)) was introduced on 17 January 2023 to identify risk areas, define the rules for the prevention of corruption, and implement and supplement the "Code of Ethics". The policy applies to all employees and associates. The policy is applicable to all Polenergia Group companies and contractors as well as business partners are required to comply with its provisions or have equivalent anti-corruption arrangements in place.
 - The Code of Ethics (link: [Polenergia Group Code of Ethics](#)) was updated on 17 January 2023 to ensure compliance with the law, good customs, standards of behaviour arising from Polenergia Group's organisational culture and generally accepted good business ethics practices. The Code applies to all employees and permanent associates of Polenergia S.A. and its subsidiaries that are members of the Polenergia Group.
 - The Polenergia Group Code of Conduct for Business Partners (link: [Polenergia Group Code of Conduct for Business Partners](#)) was adopted on 22 June 2023. It defines the standards, mainly in terms of compliance and ESG, that apply to partners of Polenergia Group companies, i.e. suppliers of goods and services and all organisations with whom the Group cooperates.
 - The Remuneration policy for members of the Management Board and Supervisory Board of Polenergia S.A. (link: [Remuneration policy for members of the Management Board and Supervisory Board of Polenergia S.A.](#)) was updated and adopted on 3 April 2023. It sets out the manner in which remuneration is awarded to members of the Management Board and Supervisory Board.

The following policies were updated and implemented in the first quarter of 2024:

- Polenergia Group's Environmental and Social Policy, according to which the Group's business activities at every stage and level will be conducted in accordance with the sustainability principles, was updated on 12 March 2024. This policy, once updated, will refer to the objectives set out in the Polenergia Group's ESG Strategy. Link: [Polenergia Group Environmental and Social Policy](#)
- The Charity Policy, which was converted into the Polenergia Group's Social Engagement Policy in 2024, and its provisions were updated. It sets out the principles for the Group's social engagement projects, i.e.: targeted donations, employee volunteering and support in the form of sponsorship for initiatives related to environmental protection, sport, education and the development of culture and the preservation of cultural heritage. In addition, the Policy sets out the rules for the Employee Assistance Fund, whereby they can organize support for those in need. Link: [Polenergia Group Social Engagement Policy](#)
- Polenergia Group's Biodiversity Strategy was prepared at the end of 2023 and implemented on 12 March 2024. The strategy sets out the principles of the Group's engagement in biodiversity conservation. Polenergia has an impact on aquatic ecosystems, terrestrial ecosystems as well as various species and their habitats. For this reason, measures that minimise the environmental impact of projects and support the restoration of local ecosystems are taken as early as the project planning stage. Link: [Biodiversity strategy of Polenergia Group](#)
- Both the Risk Management Policy and the Risk Management Procedure were updated and adopted at the Management Board meeting on 9 January 2024. They aim to develop and improve organisational governance in the area of risk management.
- A new Internal Audit Procedure was also adopted on 9 January 2024.

Internal regulations on risk and internal audit will provide the organisation with a coherent and flexible internal control system. It will effectively support performance management, promote ethical principles and values, and enable information on factors affecting the internal control environment

to be communicated to the relevant bodies of the organisation, including the Management Board and Supervisory Board of the Polenergia Group.

In order to strengthen, harmonise and organise the management of sustainability issues within the Polenergia Group, an ESG Committee has been established. The Committee was established by a Resolution of the Management Board of 1 March 2024. It serves as an advisory body to the Management Board in coordinating and further developing the Polenergia Group's Sustainable Development Strategy 2023-2030.

The Committee is composed of:

- the Management Board,
- The ESG Committee is chaired by the Member of the Management Board overseeing the implementation of tasks in this area.
- The Committee also includes:
- Director of the Environmental Protection and Sustainability Department (Sustainability Coordinator)

and the directors of the various departments who formulate and oversee the implementation of the Sustainable Development Strategy in the areas under their authority:

- Director of the Strategy and Development Department,
- Advisor to the Management Board on Business Process Optimisation,
- Director of Controlling and Investor Relations,
- Director of the Human Resources Department,
- Compliance Officer.
- The Committee's tasks include:
- implementation of the objectives set out in the ESG Strategy,
- sustainability reporting,
- raising sustainable funding,
- collaboration with those responsible for the Group's business objectives to ensure that strategic measures are in line with the Sustainable Development Strategy,
- oversight of the sustainability criteria (EU Taxonomy),
- monitoring of studies, audits, assessments prepared by key ESG rating agencies,
- reviewing and monitoring the company's initiatives to manage and mitigate its negative impact on the environment, creating initiatives to support and restore ecosystems, biodiversity activities in the area of circular economy,
- reviewing and monitoring the Company's human capital initiatives, including inclusion, diversity, and employee well-being,
- monitoring of social engagement activities,
- monitoring ESG risk issues in collaboration with the Audit Committee, analysing the risks and opportunities associated with the Group's ESG activities and affecting the sustainability of the Group's business.

The ESG Committee holds sessions convened by the Chairperson at least quarterly.

Value Chain in the ESG Strategy

The sustainability goals are set out in the ESG Strategy (link: [Polenergia Group's Sustainable Development Strategy](#)) adopted by the Group in March 2023. Goals adopted for the 2023-2030 time horizon that affect the value chain include:

- Responsible value chain management;
- Decarbonisation of the Polenergia Group's operations;
- Supporting green transformation of customers;
- The Polenergia Group as a leader in innovation – green hydrogen and energy storage;
- Implementation of the principles of the circular economy in the activities of the Polenergia Group;
- Development of biodiversity due diligence system;
- Study on Polenergia Group spatial impacts;
- Welfare and cooperation with relevant stakeholders;
- Corporate governance supporting sustainable development;
- Responsible business conduct.

This report contains disclosures describing the objectives for responsible value chain management, which assumes measures that potentially address both upstream (e.g. suppliers) and downstream (e.g. customers).

In this report, Polenergia Group does not disclose information on intellectual property, know-how or results of innovation.

BP-2 Disclosures in relation to specific circumstances

For the purposes of the climate risk analysis presented in this report, the time horizons specified in the standard have not been followed. The horizons for climate risk analysis were defined as follows:

- Short-term horizon – 2 years,
- Medium-term horizon – 12 years,
- Long-term horizon – 27 years.

Information on value chain estimates and sources of uncertainty in estimates and results are disclosed with the individual ESRS topic areas.

In the report, Polenergia Group does not disclose information stemming from other legislation or generally accepted sustainability reporting pronouncements.

This report is Polenergia Group's first report based on ESRS standards. Therefore, no changes in the preparation or presentation of the sustainability statement or errors for previous periods are reported.

Polenergia Group in the 2023 report does not omit data on the basis of the possible incorporations indicated in Appendix C to ESRS 1. At this stage, this report is a report based on the guidelines of the ESRS standard. Information on the incorporations applied will be published in the first report submitted under the new reporting obligation implemented by the CSRD. Information on the anticipated financial effects from the identified risks is not published in this report.

The topics addressed in ESRS E4, ESRS S1, ESRS S2, ESRS S3, ESRS S4 were considered material as a result of the materiality study and are presented in this report.

GOV-1 The role of the administrative, management and supervisory bodies

Composition of the Supervisory Board:

As at 31 December 2023, the Supervisory Board of Polenergia S.A. was composed of the following members:

- Dominika Kulczyk – Chair of the Supervisory Board,
- Thomas Joseph O'Brien – Deputy Chair of the Supervisory Board,
- Ignacio Paz-Ares Aldanondo – Member of the Supervisory Board,
- Emmanuelle Rouchel – Member of the Supervisory Board,
- Szymon Adamczyk – Member of the Supervisory Board,
- Orest Nazaruk – Member of the Supervisory Board,
- Andrzej Filip Wojciechowski – Member of the Supervisory Board,
- Krzysztof Oblój – Member of the Supervisory Board,

Number of women: 2 (representing 25%).

Number of men: 6 (representing 75%).

In 2023, the composition of the Supervisory Board changed as follows:

- Resignations:
 - Hans E. Schweickardt – resigned for personal reasons, effective 12:59 pm on 18 December 2023.
 - Jacek Santorski – resigned for personal reasons, effective 12:59 pm on 18 December 2023.
- Appointments:
 - Andrzej Filip Wojciechowski – appointed to the Supervisory Board on the basis of the personal entitlement of the shareholder Mansa Investments Sp. z o.o., with effect from 1:00 p.m. on 18 December 2023;
 - Krzysztof Oblój – appointed to the Supervisory Board on the basis of the personal entitlement of the shareholder Mansa Investments Sp. z o.o., with effect from 1:00 p.m. on 18 December 2023.
- In 2024, the composition of the Supervisory Board changed as follows:
 - Resignation:
 - Andrzej Filip Wojciechowski – resigned without stating a reason, with effect from 29 February 2024.
 - Appointment:
 - Jacek Głowacki – appointed to the Supervisory Board on the basis of the personal entitlement of the shareholder Mansa Investments Sp. z o.o., with effect from 29 February 2024.

Experience of members of the supervisory board relevant to the sectors, products and geographic locations of the undertaking.

Dominika Kulczyk – Chair of the Supervisory Board

Dominika Kulczyk has many years of experience working in statutory bodies of commercial law companies. Since 2013, she has served as a member of the Supervisory Board of Kulczyk Investments and in the years 2015-2018 she was the Chair of the Supervisory Board of Kulczyk Investments. She is the initiator of the Polish branch of the environmental organisation Green Cross International and the originator and co-founder of the Kulczyk Foundation, a non-profit organisation dedicated to providing assistance in Poland and around the world. In addition, she is a member of the Programme

Council of UN Global Compact Poland and an ambassador of SOS Children's Villages in Poland. She is a member of Young Leaders for Tomorrow, a global initiative for young leaders.

Thomas Joseph O'Brien – Deputy Chair of the Supervisory Board

Tom O'Brien is a Managing Partner and Chief Executive Officer of Brookfield's Renewable Power Group, responsible for leading and developing the European business. Mr. O'Brien joined Brookfield in 2014, following the acquisition of Bord Gáis Energy's Irish renewable power business. At present, he acts as Chief Financial Officer for the European renewable power business. Thomas O'Brien is a Fellow of Chartered Accountants Ireland.

Ignacio Paz-Ares Aldanondo – Member of the Supervisory Board

Ignacio Paz-Ares Aldanondo is a senior vice-president in Brookfield's Renewable Energy Group. He joined Brookfield in 2015 and has served as senior vice president since 2019. He currently leads a team responsible for the initiation, analysis and implementation of investments in Europe. Prior to joining Brookfield, Mr. Paz-Ares was an investment banking analyst at Citi.

Emmanuelle Rouchel – Member of the Supervisory Board

Emmanuelle Rouchel has over twenty years of experience as a legal counsel. She joined Brookfield in 2015 and is senior vice-president and general counsel in Brookfield's European Renewable Energy Group. Prior to joining Brookfield, Emmanuelle Rouchel was senior counsel in the international upstream oil and gas sector.

Szymon Adamczyk – Member of the Supervisory Board

Szymon Adamczyk has more than 20 years' experience in commercial positions. Since December 2002, he has been associated with Alumetal, where he worked as Commercial Director, was a member of the Management Board and Commercial Director, and then President of the Management Board in all Polish companies of the Alumetal Group. In addition, Szymon Adamczyk has been a member of the Supervisory Board of U-Cont Sp. z o.o. since 2011 and of Torpol S.A. since 2019.

Orest Nazaruk – Member of the Supervisory Board

Orest Nazaruk specialises in risk management in futures markets, strategic management, corporate restructuring and risk management using derivatives in the gas and energy industries. He served on numerous supervisory boards of companies in the gas and fuel and energy sector, including Towarowa Giełda Energii, Anwil, PKN Orlen, Mazowiecka Spółka Gazownictwa, Elektrociepłownia Stalowa Wola.

Andrzej Filip Wojciechowski

Andrzej Filip Wojciechowski specialises in business transformation, in particular building value-oriented strategies, managing the implementation of key growth drivers, changing business models, building financing, crisis management and building and developing teams. He gained experience in European companies in various industries.

Professor Krzysztof Oblój, PhD

Professor Krzysztof Oblój was a lecturer at, among others, the American Yale University, the Chinese Sun-Yat Sen University and the Norwegian School of Management. He is one of the most cited management professionals and has practical experience. He was chairman or member of supervisory boards of, among other companies, Orlen S.A., Dwory S.A., PZU S.A., Agora S.A., Eurobank S.A., Alior

Bank S.A., IMPEL S.A., AMBRA S.A., Polmos Lublin S.A., Prochem S.A. He advises Polish and foreign companies.

The Supervisory Board of Polenergia S.A. consists of eight members appointed for an individual three-year term of office. The proportion of independent Supervisory Board members is 25%.

Members of the Supervisory Board are appointed as follows:

I.No more than six members of the Supervisory Board based on the personal rights vested in Mansa and, respectively, Brookfield (each an "Authorised Shareholder") as follows:

- in the case of an Authorised Shareholder holding at least 22.80% of the Shares, it shall have a personal right to appoint three members of the Supervisory Board,
- in the case of an Authorised Shareholder holding less than 22.80% but at least 20% of the Shares, it shall have a personal right to appoint two members of the Supervisory Board; and
- in the case of an Authorised Shareholder holding less than 20% but at least 10% of the Shares, it shall have a personal right to appoint one member of the Supervisory Board.
- Two members of the Supervisory Board shall comply with the independence criteria set out in Article 129 section 3 of the Act of 11 May 2017 on statutory auditors, audit firms and public supervision. They shall be appointed by the General Meeting, where:
 - each shareholder may nominate candidates for independent members of the Supervisory Board, provided, however, that such an independent member may not, directly or indirectly, at any time be involved in, cooperate with or benefit from activities competitive with the Company or any Group Company, or be affiliated with any entity or person conducting such competitive activities;
 - each Authorised Shareholder holding at least 20% of the Shares will be excluded from exercising the right to vote on the appointment of one independent member of the Supervisory Board (such exclusion does not apply to the appointment of a second independent member of the Supervisory Board, and for the avoidance of doubt, such exclusion expires when the shareholding of a given Authorised Shareholder falls below 20% of the Shares);
 - in the event that the General Meeting does not appoint an independent member of the Supervisory Board in the manner described in Article 5.4.2. (b)(ii), exclusion of voting rights referred to in Article 5.4.2. (b)(ii), shall not apply to the appointment of such an independent member of the Supervisory Board at any subsequent General Meeting until such independent member is appointed.

II.Members of the Supervisory Board who are not appointed in accordance with Article 5.4.2 (a) of the Articles of Association of Polenergia S.A. are appointed and dismissed by the General Meeting by a simple majority of votes of all shareholders.

In 2023, the following Committees operated within the Supervisory Board of Polenergia S.A.:

The Audit Committee of the Supervisory Board

In 2023, the Audit Committee of the Supervisory Board was composed of the following members:

- Orest Nazaruk – Chairman of the Audit Committee of the Supervisory Board,
- Szymon Adamczyk – Member of the Audit Committee of the Supervisory Board,
- Hans E. Schweickardt – Member of the Audit Committee of the Supervisory Board – resigned as Member of the Supervisory Board on 18 December 2023.

In 2023, five meetings of the Audit Committee of the Supervisory Board were held.

Operational Supervision Committee of the Supervisory Board

In 2023, the Operational Supervision Committee of the Supervisory Board was composed of the following members:

- Hans E. Schweickardt – Chairman of the Operational Supervision Committee of the Supervisory Board – resigned as Member of the Supervisory Board on 18 December 2023,
- Ignacio Paz-Ares Aldanondo – Member of the Operational Supervision Committee of the Supervisory Board,
- Thomas O'Brien – Member of the Operational Supervision Committee of the Supervisory Board.

In 2023, seven meetings of the Operational Supervision Committee of the Supervisory Board were held.

As at 31 December 2023, Polenergia Group's risk management function was overseen by the then Vice President of the Management Board – CFO Tomasz Kietliński. Tasks from this area are assigned to be performed by a separate organisational unit, i.e. the Internal Control and Risk Management Department at Polenergia S.A. (DKWiZR). Risk management issues in the Polenergia Group are governed by internal documents: Risk Management Policy and Risk Management Procedure.

A Risk Management Coordinator has been appointed in each subsidiary, responsible for managing, identifying and evaluating risks in the subordinate area, including maintaining the risk register and liaising with the relevant representatives of the subsidiary's Management Board and Risk Owners, as well as the DKWiZR.

The function is overseen by the Audit Committee, a separate unit within the structure of the Supervisory Board. In 2023, it was composed of the following members: Orest Nazaruk, Szymon Adamczyk, Hans Schweickardt. The Audit Committee reviews the risks in the Polenergia Group twice a year.

The Market Risk Committee, which is an advisory and consultative body to the Management Board of Polenergia S.A., was also in place in 2023.

In 2023, the Market Risk Committee was composed of the following members:

- Michał Michalski, PhD – the then President of the Management Board of Polenergia S.A.,
- Tomasz Kietliński – the then Vice President of the Management Board of Polenergia S.A.,
- Iwona Sierżęga – Member of the Management Board of Polenergia S.A.,
- Piotr Maciołek – Member of the Management Board of Polenergia S.A.,
- Jarosław Bogacz – Member of the Management Board of Polenergia S.A. – on 8 February 2023, the Supervisory Board dismissed Jarosław Bogacz from the Management Board of Polenergia S.A.,
- Marek Musiał – Member of the Management Board of Polenergia Obrót S.A.,
- Ireneusz Sawicki – Member of the Management Board of Polenergia Obrót S.A.,
- Łukasz Januszewski – Member of the Management Board of Polenergia Obrót S.A.,
- Łukasz Gołaszewski – Director of the Controlling and Investor Relations Department of Polenergia S.A.,
- Robert Kulpiński – Director of the Treasury Department of Polenergia S.A.,
- Marcin Gwarda – Director of the Trading Department of Polenergia Obrót S.A.,
- Łukasz Dębski – Portfolio Management Director of Polenergia S.A.,

- Rafał Barchanowski – Director of the Analysis and Risk Management Department of Polenergia Obrót S.A.,
- Olga Dyczkowska-Uss – Director of the Internal Control and Risk Management Department of Polenergia S.A. – without the right to vote.

In 2023, 15 meetings of the Market Risk Committee were held.

Composition of the Management Board

As at 31 December 2023, the Management Board of Polenergia S.A. was composed of the following members:

Michał Michalski, Ph.D. – President of the Management Board of Polenergia S.A.,

Tomasz Kietliński – Vice-President of the Management Board of Polenergia S.A.,

Iwona Sierżęga – Member of the Management Board of Polenergia S.A.,

Piotr Maciołek – Member of the Management Board of Polenergia S.A.

Number of women:	Number of men:
1	3
(representing 25%)	(representing 75%)

The Management Board of Polenergia S.A. does not include a representative of the employees.

There was one change in the composition of the Management Board in 2023. On 8 February 2023, the Supervisory Board dismissed Jarosław Bogacz, PhD, from the Management Board of Polenergia S.A.

In 2024, the composition of the Management Board changed as follows:

Resignations:

- Michał Michalski, Ph.D. – his resignation as President and member of the Management Board was tendered without stating a reason, effective 6:00 p.m. on 27 February 2024,
- Tomasz Kietliński – his resignation as Vice-President and member of the Management Board was tendered without stating a reason, effective 7:00 p.m. on 27 February 2024,

Appointments:

- Jerzy Waclaw Zań – appointed to the Management Board by the Supervisory Board on 1 March 2024, to serve as the President of the Company's Management Board (CEO) and Chief Financial Officer (CFO),
- Andrzej Filip Wojciechowski – appointed to the Management Board by the Supervisory Board on 1 March 2024, to serve as Vice-President of the Company's Management Board.

Iwona Sierżęga, a member of the Management Board, is responsible for overseeing sustainability matters within the Polenergia Group. She is a graduate of the Cracow University of Economics, with a degree in finance and banking and postgraduate studies in accounting. She also holds an MBA degree from Stockholm University of Business. In the field of ESG, she completed a course at the University of Cambridge on "Circular economy and sustainability strategies".

Michał Michalski, PhD, who held the position of President of the Management Board as at 31 December 2023, is a graduate of the Poznań University of Economics with a degree in foreign trade and postgraduate Executive Studies in Finance organised by the Warsaw School of Economics.

Tomasz Kietliński, who served as Vice-President of the Management Board as at 31 December 2023, is a graduate of the Warsaw School of Economics, majoring in finance and banking. He holds a postgraduate degree in risk management of financial institutions and a Canadian Executive MBA organised jointly by Université du Québec à Montréal and the Warsaw School of Economics. He holds the AMCT title and is a member of the Association of Corporate Treasurers in the UK.

Piotr Maciołek, a member of the Management Board, is a graduate of the Faculty of Management at the University of Warsaw. He received his MBA degree from the University of Minnesota through the WEMBA programme run by the Warsaw School of Economics and the University of Minnesota.

Jerzy Zań, who has been President of the Management Board since 1 March 2024, has nearly 25 years of experience in finance and banking, where he held key positions related to business development and management as well as financial operations. From 2019 to 2023, he was the Vice-President of the Management Board of Bank Ochrony Środowiska. He specializes in financing green investments, with a particular focus on renewable energy sources. A graduate of the Warsaw School of Economics in the field of Finance and Banking. He graduated from the Carlson School of Management Executive MBA at the University of Minnesota, conducted in cooperation with the Warsaw School of Economics.

Andrzej Filip Wojciechowski, who holds the position of Vice-President of the Management Board as of 1 March 2024, graduated from the Higher School of Commerce and Law (now Lazarski University) and MBA studies at the Carlson School of Management at the University of Minnesota, conducted in cooperation with the Warsaw School of Economics. He specializes in business transformations, in particular building strategies aimed at increasing value, managing the implementation of key growth drivers, changing business models, building financing, crisis management, as well as building and developing teams. He gained experience in European companies operating in various industries.

All members of the Management Board take an active part in sustainability training courses organised by the consulting firm MATERIALITY. Experts from MATERIALITY support the Polenergia Group in the implementation of its sustainability goals and provide expertise on the latest ESG regulations.

The management's role in the management and control processes regarding significant risks and opportunities

The members of the Management Board act in the interests of the company and take responsibility for its activities, including the implementation of ESG matters. The Management Board is responsible, in particular, for leadership in the company, involvement in setting and achieving the company's strategic objectives, including in the field of ESG, and ensuring the company's efficiency and security, as well as overseeing the implementation of appropriate solutions and the achievement of the established goals.

GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

The members of the Management Board act in the interests of the company and are responsible for achieving the company's objectives, including the implementation of ESG matters. The efforts in this area are coordinated on behalf of the Management Board by its member, Iwona Sierżęga.

Responsibility for the objectives of the ESG Strategy is structured as follows:

Area related to the environment

- **Objective E.1. Decarbonisation of the Polenergia Group's operations** – on 31 December 2023, the oversight of and responsibility for the achievement of this objective rested with: the then President of the Management Board, Michał Michalski, Member of the Management Board, Iwona Sierżęga, and Member of the Management Board, Piotr Maciołek.
- **Objective E.2. Supporting green transformation of customers** – development of the RES segment – on 31 December 2023, the oversight of and responsibility for the achievement of this objective rested with: the then President of the Management Board, Michał Michalski, and Member of the Management Board, Piotr Maciołek.

- **Objective E.3. The Polenergia Group as a leader in innovation** – green hydrogen and energy storage – on 31 December 2023, the oversight of and responsibility for the achievement of this objective rested with: the then President of the Management Board, Michal Michalski, and Member of the Management Board, Iwona Sierżęga.
- **Objective E.4. Implementation of the principles of the circular economy in the activities of the Polenergia Group** – the oversight of and responsibility for the implementation of this objective rests with Iwona Sierżęga, a member of the Management Board.
- **Objective E.5. Development of biodiversity due diligence system** – the oversight of and responsibility for the implementation of this objective rests with Iwona Sierżęga, a member of the Management Board.
- **Objective E.6. Study on Polenergia Group spatial impacts** – the oversight of and responsibility for the implementation of this objective rests with Iwona Sierżęga, a member of the Management Board.

Area related to the social responsibility

- **Objective S.1. Creating a sustainable organisational culture** – on 31 December 2023, the oversight of and responsibility for the achievement of this objective rested with: the then President of the Management Board, Michal Michalski.
- **Objective S.2. Welfare and cooperation with relevant stakeholders** – the oversight of and responsibility for the achievement of this objective rested with: the then President of the Management Board, Michal Michalski, and Member of the Management Board, Iwona Sierżęga.
- **Objective S.3. Responsible value chain management** – the oversight of and responsibility for the achievement of this objective rested with: the then President of the Management Board, Michal Michalski, and Member of the Management Board, Iwona Sierżęga.

Area related to the corporate governance

- **Objective G.1. Corporate governance supporting sustainable development** – on 31 December 2023, the oversight of and responsibility for the achievement of this objective rested with: the then President of the Management Board, Michal Michalski, the then Vice-President of the Management Board, Tomasz Kietlinski, Member of the Management Board, Iwona Sierżęga, and Member of the Management Board, Piotr Maciołek.
- **Objective G.2. Responsible business conduct** – on 31 December 2023, the oversight of and responsibility for the achievement of this objective rested with: the then President of the Management Board, Michal Michalski, and the then Vice-President of the Management Board, Tomasz Kietlinski.
- **Objective G.3. Effective risk management and high standards of internal control** – on 31 December 2023, the oversight of and responsibility for the achievement of this objective rested with the then Vice-President of the Management Board, Tomasz Kietlinski.

Members of the Supervisory Board, in their capacity as such, act in the interests of the company, making decisions on the basis of their own knowledge and judgement. The Supervisory Board is particularly involved in giving its opinion on the company's strategy and verifying the work of the Management Board in achieving its objectives.

The Management Board meets once a week. Issues related to ESG are addressed at every meeting of the Management Board at which decisions concerning the ESG area are taken.

Each project of the Polenergia Group is carried out under the supervision of designated persons – project managers. They are responsible for carrying out the activities with due diligence in line with the business and compliance standards adopted by the Group.

The manager manages the risks and opportunities of a particular project based on his or her experience and the opinions of the experts with whom he or she works. Any trade-offs are made after consultation with experts in the industry concerned, in accordance with adopted and respective Policies

and Strategies of the Polenergia Group. When it is necessary to discuss these issues at a higher level, such matters are addressed by the Management Board.

Risk reporting in the Polenergia Group is performed on a semi-annual basis, usually in March and August. A periodic risk review report is submitted to the Management Board for approval and subsequently discussed at the meeting of the Audit Committee.

Detailed rules are outlined in the internal regulations adopted by a resolution of the management board on 9 January 2024:

- Risk Management Policy of the Polenergia Group,
- Risk Management Procedure of the Polenergia Group.

GOV-3 Integration of sustainability-related performance in incentive schemes.

Remuneration of the Management Board

In accordance with the Remuneration Policy (link: [Remuneration policy for members of the Management Board and Supervisory Board of Polenergia S.A.](#)), members of the Company's Management Board are entitled to:

1. Monthly base salary – determined by the Supervisory Board, taking into account in particular:

- function held in the Management Board,
- scope of duties and responsibilities,
- professional experience,
- previous achievements and qualifications held.

In case a Member of the Management Board of the Company is employed or performs a function in the Polenergia Group on more than one legal basis, the total fixed remuneration payable to the Member of the Management Board in respect of his/her employment with the Company is not affected. The remuneration paid for employment or performance of a function by a Member of the Company's Management Board in another Polenergia Group company is deducted from the amount of the monthly base remuneration in the Company.

2. Variable remuneration in the form of a Bonus – the bonus may consist of two or more parts, and each part of the Bonus depends on at least one financial criterion (including profit or EBITDA). In addition to the above components of remuneration, members of the Management Board may be granted by the Supervisory Board additional cash or non-cash benefits, including in particular:

- private medical care package, covering a Management Board Member and members of his/her family (i.e. a spouse and children under 18 of age), applicable in Poland,
- coverage of costs of traffic accident insurance policy paid for the Management Board Member,
- company car on terms set out in the applicable policy of the Company,
- directors and officers (D&O) liability insurance coverage,
- in justified cases, an individual cash award in the amount determined by the Resolution of the Supervisory Board,
- compensation for compliance with the prohibition of conducting competitive activity after termination of employment.

Remuneration of the Supervisory Board

The Supervisory Board carries out its tasks on a continuous basis and therefore the remuneration of the Board members cannot depend on the number of meetings held. The remuneration of the Committee members, in particular of the Audit Committee, should take into account the additional workload related to the work of these Committees.

The remuneration of members of the Supervisory Board should not depend on the short-term performance of the company.

The remuneration of the members of the Company's Supervisory Board includes only the fixed remuneration component – a monthly lump sum remuneration for performing the function of a member of the Company's Supervisory Board, determined by a resolution of the General Meeting of the Company's Shareholders.

Sustainability issues and remuneration of the Management Board

The remuneration policy and incentive scheme of the bodies does not include references to sustainability. The remuneration policy will be supplemented in this regard.

GOV-4 Statement on due diligence

Core elements of due diligence	Paragraphs in the sustainability statement
a) Embedding due diligence in governance, strategy and business model	S1-1, S2-1, S3-1, S4-1, E4-2
b) Engaging with affected stakeholders in all key steps of the due diligence	S1-2, S2-2, S3-2, S4-2
c) Identifying and assessing adverse impacts	IRO-1, SBM-3
d) Taking actions to address those adverse impacts	S1-3, S2-3, S3-3, S4-3
e) Tracking the effectiveness of these efforts and communicating	E4-3, S1-17, S2-4, S3-4, S4-4

GOV-5 – Risk management and internal controls over sustainability reporting

Risk management issues are described in detail in the Polenergia Group's internal regulations, adopted by Resolution of the Management Board on 9 January 2024:

- Risk Management Policy of the Polenergia Group,
- Risk Management Procedure of the Polenergia Group.

A template for the Risk Register, which illustrates the methodology for identifying and evaluating risks, is attached as an appendix to the Procedure.

SBM-1 Strategy, business model and value chain

Polenergia Group's business model

The Polenergia Group is Poland's largest privately-owned energy group, which consists of vertically-integrated companies operating in the areas of energy generation from renewable and low-carbon sources and electricity distribution and trading. Polenergia is the first Polish company to subordinate its vision of growth to building a zero-carbon economy. The Group is engaged in the development of offshore and onshore wind farms, photovoltaic farms, electromobility and the hydrogen transition. The strategic project being pursued by Polenergia is the construction of three wind farms in the Baltic Sea, with a total capacity of 3,000 MW. This project is being implemented in cooperation with the Norwegian company Equinor.

In 2023, the Group adopted a Sustainable Development Strategy (link: [Polenergia Group Sustainable Development Strategy](#)), with a time horizon extending to 2030. The strategy adopted is a consequence of the implementation of the United Nations Agenda 2030 and an element of the implementation of the European Green Deal, which aims for the European Union Member States to be climate-neutral by 2050. Polenergia develops its business in line with best ESG practices, building added value for the environment, local communities and Group employees.

Hydrogen projects are a key focus for Polenergia and are part of Poland's green transition process. Hydrogen enables the storage of energy obtained from renewable energy sources, the propulsion of transport and the production of green components for chemical and industrial processes (e.g. ammonia), as well as the partial replacement of natural gas in the power and thermal energy sectors. For this reason, one of Polenergia Group's priorities is the development of the H2HUB Project, which involves the construction of a renewable hydrogen production facility with a nominal capacity of approximately 5 MW, thus allowing a maximum production of approximately 500 tonnes of renewable hydrogen per year. The plant will be located in Nowa Sarzyna on the premises of the Nowa Sarzyna Combined Heat and Power Plant.

In addition, Polenergia Group is developing the H2Silesia project, which involves the construction of a large-scale green hydrogen factory with a capacity of approximately 105 MW for the purposes of heavy industry and zero-emission transport. The project is located in Upper Silesia. The projected plant will be able to produce around 13,000 tonnes of hydrogen per year. In April 2022, a pre-notification in the IPCEI (Important Projects of Common European Interest) process at national level was obtained for the H2Silesia project, and in February this year the European Commission issued a notification decision under the IPCEI Hy2Infra programme, which confirms the possibility of co-funding of the H2Silesia project up to EUR 142.77 million from national funds. The start-up of renewable hydrogen production is planned for 2027.

Research is also being conducted into the technology of using green hydrogen to produce renewable aviation fuel components with a view to reducing greenhouse gas emissions in the aviation industry.

The green energy produced by the Polenergia Group reaches end customers in the form of products and services that are developed in accordance with the Energy 2051 standard. The Polenergia Group has been strengthening its business line, which provides generators with market access by integrating green energy sources with business customers. Distribution services are also being developed by combining them with innovative products. In addition, the Polenergia Group has been investing in digital customer contact channels.

In 2023, the Polenergia Group started operations in the Czech and Romanian markets. Polenergia Fotowoltaika S.A., which sells photovoltaic micro-installations, energy storage and heat pumps in Poland, expanded its sales market to the Czech Republic in September 2023, where it operates as Polenergia Solární. In addition, in October 2023, Polenergia Group finalised the acquisition of a 60% stake in Naxxar Wind Farm Four, which is developing a wind farm project in Romania with a total capacity of up to 685.6 MW.

At the end of the reporting period, i.e. 31 December 2023, the Polenergia Group employed 483 people in Poland on the basis of an employment contract. In addition, the subsidiary, Polenergia Fotowoltaika, had one person employed under a contract of employment in the Czech Republic.

Business strategy

Polenergia Group's business strategy (link: [Polenergia Group's business strategy](#)) has a significant impact on sustainability issues. Polenergia supports the European Union's climate goals, putting the EU at the forefront of energy market transformation. The aim of the Polenergia Group is to lead Poland towards more efficient use of renewable energy sources (RES).

To achieve this, state-of-the-art and efficient technologies are used, and expert expertise is applied. Polenergia develops not only economically but is also guided by social responsibility for present and future generations.

Polenergia's ambition is to build an integrated energy group that will have a significant and positive impact on the quality of life of future generations.

The Business Strategy, covering the time horizon of 2020-2024, assumes:

- growth in the offshore and onshore wind farms and photovoltaics segments,
- construction of new offshore and onshore wind farms and photovoltaic farms,
- seeking investment opportunities for RES projects abroad,
- maintaining a profitable position in the gas-fired cogeneration segment (NSCP),
- investment in dedicated co-generation sources for industrial users of process steam with the possibility of switching from gas fuel to hydrogen in the future,
- securing a position in hydrogen production and hydrogen power generation,
- integrating renewable energy sources with business customers,
- maintaining the position of an expert on the wholesale market in Poland and abroad,
- offering market access and position management services for the Group's generation assets,
- expansion of the distribution business, sales of energy and value-added services to end customers, based on the strong trend towards the development of multi-family housing in Poland,
- establishing key competences and developing resources needed for taking a leader position in the commercial application of key new business lines in the energy sector (e.g. energy storage, hydrogen generation, e-mobility),
- creating value for all stakeholders, such as shareholders, employees, clients, suppliers, local communities, etc., which could be measured using not only financial metrics.

Polenergia Group's ESG strategy

Polenergia is the first Polish company to subordinate its vision of growth to building a zero-carbon economy. The Polenergia Group companies generate energy from renewable and low-carbon sources and distribute and trade in electricity. Polenergia's mission is to actively support the transformation of the Polish energy market by developing a low-carbon economy, clean and renewable energy sources, and striving to achieve climate neutrality in the European Union by 2050.

In order to meet the expectations of its stakeholders and in line with its values and business model, the Polenergia Group has developed a Sustainable Development Strategy (link: [Polenergia Group Sustainable Development Strategy](#)). Its overarching goal is to grow Polenergia Group's business while making a positive impact and mitigating or preventing negative impact. Polenergia is committed to developing green projects out of concern for the environment and the safety of present and future generations.

Polenergia Group's Sustainable Development Strategy addresses three areas:

- environment and climate,
- social responsibility,
- corporate and management governance.

The foundation of the goals of the Polenergia Group's Sustainable Development Strategy is acting based on the principle of due diligence. The members of the Polenergia Group's bodies are aware of the multidimensional impact of business, which is why all new activities are preceded by studies of the potential environmental and social impact of those activities.

The Sustainable Development Strategy of the Polenergia Group contains 12 main objectives, within which 29 operational goals have been defined.

Objective E1: Decarbonisation of the Polenergia Group's operations

- The emission intensity index of the Group's energy generation will be reduced from 150 g CO₂e/kWh (average for 2020-2022) to 50 g in 2025 and to 10 g in 2030.

- The average annual increase in installed RES capacity over the period 2023-2030 will be in line with the Group's Business Development Strategy.

Rapidly advancing climate change and environmental degradation are key challenges in today's world. These changes are driven primarily by the manner and pace at which the available resources are exploited. More than 75% of the EU countries' greenhouse gas emissions originate from energy production and use. Decarbonisation of the EU's energy system is key to reducing climate impacts.

Polenergia Group has identified the decarbonisation of its operations as one of its main environmental goals in the ESG Strategy adopted in the 2023-2030 time horizon.

Objective E1 relates to the Group's operations in Poland and abroad. This is an important objective for each stakeholder of Polenergia. The implementation of the objective with regard to the decarbonisation of Polenergia Group's operations will have a positive impact on both the environment and society.

Objective E2: Supporting green transformation of customers

In the period 2023-2030, the Polenergia Group will strive to:

- achieve an average annual increase in the capacity of prosumer photovoltaic installations by 6% per year,
- increase the number of heat pumps installed by an average of 13% per year,
- ensure further dynamic car chargers' segment development.

The output of the photovoltaic system can be planned in such a way as to make the household as independent from an external electricity supplier as possible. This means that the energy generated by burning coal can be replaced by environmentally friendly electricity generation from solar radiation.

A heat pump can generate energy from air, water or ground – natural resources, which is why heat pump technology is classified as a renewable energy source. The pump extracts heat from the above-mentioned sources and subsequently heats the building and its domestic water with electricity. Pumps are maintenance-free, extremely durable and hardly ever fail, so they offer an alternative to other heating methods. What is important is that heat pumps do not emit pollutants into the environment when in use. Using energy extracted from the air, water or ground, the pump does not emit hazardous compounds outside the system, so it is completely safe for the residents and environmentally friendly for the surrounding area.

In order to slow down the processes causing global warming, the level of greenhouse gas emissions from electricity generation will have to achieve net zero from 2050 onwards. This means that all currently operating emission-intensive energy sources using coal, natural gas or oil must disappear from the market. For this reason, Polenergia Sprzedaż sp. z o.o. has introduced a proprietary energy sales standard "Energy 2051", certified by TUV. The energy sold under this label comes only from RES owned by the Polenergia Group.

The Polenergia Group company has been developing the car charger segment by building a network of charging stations across the country. Polenergia eMobility is not limited to one model for station construction. Both AC and DC stations are being built along national roads and in city centres to ensure that every driver has easy access to the station. Polenergia's car chargers supply only green energy under the Energy 2051 standard, sourced from Polenergia Group's renewable sources.

The E2 objective is also implemented outside Poland. Since September 2023, Polenergia has been supporting the green transformation of customers in the Czech market. Polenergia Fotovoltaika S.A., which sells photovoltaic micro-installations, energy storage and heat pumps, expanded its sales market to the Czech Republic, where it operates as Polenergia Solární.

Objective E3: The Polenergia Group as a leader in innovation – green hydrogen and energy storage

In December 2019, the European Union announced the Green Deal Strategy, the implementation of which will lead to total carbon neutrality by 2050. Green Hydrogen is expected to play an important role in this strategy. In July 2020, the European Commission adopted the Hydrogen Strategy

for Europe's climate neutrality. It will contribute to increasing the production of clean hydrogen in this part of the world. Hydrogen can be used as an energy carrier, a raw material for industry or a fuel. It has many practical applications that will reduce greenhouse gas emissions in the industrial, transportation, energy and construction sectors.

For this reason, the Polenergia Group aims to develop 3 projects involving the production and distribution of green hydrogen and energy storage:

1. H2HUB
2. H2Silesia
3. eFuels

H2HUB

The H2 Hub in Nowa Sarzyna is a pilot project for the production of green hydrogen entirely from renewable energy. Given the environmental policy goals of the European Union and rising prices of fossil fuels, the introduction of green hydrogen to the market is desirable. It will make it possible to store energy obtained from RES, to fuel transport and to produce green components for chemical and industrial processes (e.g. ammonia) and to partially replace natural gas in the electricity and thermal power industries.

In addition to a hydrogen generation and storage unit, H2 Hub Nowa Sarzyna will be equipped with a filling station for battery trucks and buses. This solution will enable the development of green mobility in the region by promoting green tank-com and the possibility of transporting hydrogen to mobile refueling stations. The hydrogen obtained will also power nearby chemical plants. It is planned to be used in the co-firing process at Polenergia Nowa Sarzyna CHP Plant to reduce emissions and demand for natural gas. The plant will be able to produce up to 90kg H₂/hour, which equates to around 500 tonnes per year.

The project also envisages a publicly accessible hydrogen refuelling station in Rzeszów for further distribution. The station is designed on the premises of MPK Rzeszów. Its main purpose is to enable the organisation of low-emission public transport within the city.

The project is scheduled to move into the operational phase in 2025.

H2Silesia

H2Silesia is a renewable hydrogen production facility with an estimated production of approximately 13,000 tonnes per year. The project is being developed by a special purpose vehicle.

The main objective of the H2Silesia project is to reduce the carbon footprint of hard-to-decarbonise industries in the Upper Silesia region and the mobility sector. H2Silesia's main components are electrolyzers, compressors, high-pressure hydrogen storage and refuelling stations.

The project is scheduled to move into the operational phase in 2027.

eFuels

Research work is underway on technology to use green hydrogen in the production of renewable aviation fuel.

The resulting fuel could significantly reduce the aviation industry's greenhouse gas emissions without the need to build new infrastructure, fuel depots or develop new aircraft designs.

Objective E4: Implementation of the principles of the circular economy in the activities of the Polenergia Group

- By 2030, off-the-shelf solutions for recycling and repowering of own dismantled wind and photovoltaic plants will be implemented.

Objective E5: Development of biodiversity due diligence system

- By 2030, regular biodiversity monitoring will be carried out on a full annual basis following an elaborate due diligence system.

Polenergia is aware that biodiversity is essential to the lives of present and future generations. The world's wildlife population has declined by 60% over the past four decades. One million species are threatened with extinction. Healthy ecosystems are the foundation of the society's well-being. Their further degradation means a significant deterioration in the quality of life, not least by increasing the frequency of natural disasters.

The implementation of each new project and the supervision of plants in operation takes into account the analysis of local biodiversity and the impact on its restoration. Before launching a project, Polenergia studies its impact and obtains an environmental decision. In addition, it cares for local biodiversity, the protection or restoration and enhancement of which is a form of adaptation to climate change. An example of good biodiversity practices is the mandatory environmental supervision of every construction project carried out by the Group. Environmental supervision allows us to protect naturally valuable areas during project implementation and to protect species that may occur in the area of the projects.

Polenergia is responsible for local communities and the environment and therefore, both during construction and operation of the plants, it pays particular attention to protecting the environment and biodiversity and minimising negative impacts, if any.

Polenergia Group has been implementing the objectives of the TNFD. It relates to the disclosure of financial information related to the environment.

In 2023, a cooperation agreement was signed with the University of Zielona Góra on the Sulechów Photovoltaic Farm. The aim of the researchers' study was to determine the diversity of selected fauna groups and plant habitats found within the farm and to assess the impact of photovoltaic farms on nature. The results of the study show that the measures taken on the farm, i.e. sowing of flower meadows and pasture grasslands, apiary management, stone pits and insect houses, have contributed to an increase in biodiversity.

In 2023, Polenergia continued its cooperation with UNEP/GRID-Warsaw. As part of the "Re:Generation" programme, activities were carried out to: counteract the displacement of native plant species by invasive species in the Słowiński National Park and the Dolina Kamionki Nature Reserve, eliminate a wild rubbish dump in the Dolina Kamionki Nature Reserve and protect the only stand of the yellow azalea (*Rhododendron luteum* in Latin) in Poland in the form of removing shrubs growing into azalea bushes in the Kołaczka Nature Reserve.

In 2023, Polenergia continued the protection of the Montagu's harrier, which had been in place since 2014. As part of the protection measures, ornithologists, in consultation with Polenergia, are putting up fences around harrier nests located on the Group's investment areas to prevent them from being destroyed during harvesting or other agricultural work. Since the very beginning of the programme implementation, 106 young birds have been saved.

Objective E6: Study on Polenergia Group spatial impacts

- A study of the Polenergia Group's spatial impacts will be carried out by the end of 2024.

S1: Creating a sustainable and inclusive organizational culture

- By the end of 2024, an adjusted wage gap between men and women doing equivalent work will be calculated. By 2030, the inequalities revealed by the calculation will be eliminated.
- By 2030, gender participation in the Group's structures will be in line with the regulations implemented at the EU level.
- Regular employee security activities will be carried out to ensure that the number of accidents is 0.
- By the end of 2024, a methodology for surveying stress among employees will be developed. Next, the level of stress reflected in the measure developed will be communicated and specific solutions to support work-life balance will be implemented.

- From the entry into force of the Polenergia Group's Diversity Policy in 2024, its objectives will be implemented.

S2: Welfare and cooperation with relevant stakeholders

- By the end of 2024, social exclusions among local communities will be identified and adequate measures will be taken to counteract them.
- The level of 1% of the Polenergia Group's consolidated net profit from the previous year allocated to charity will be maintained, with a minimum of 60% of the funds allocated to support the implementation of local community projects.

Supporting the development of local communities is of key importance to the Polenergia Group. Cooperation with local residents is based on dialogue and engagement. Activities in this field are mainly carried out by the Group's project companies in the areas of development, construction and operation, implementing the Polenergia Group's Social Engagement Policy. Measures are targeted at local communities living in the areas where the Group's projects are constructed or in operation. Financial assistance provided under donation and sponsorship agreements amounts to 1% of the Polenergia Group's consolidated net profit.

S3: Responsible value chain management

- By the end of 2024, the impacts of Polenergia Group's investment projects will be mapped as part of the Human Rights Impact Assessment study. Risks relating to new investment projects will subsequently be mapped.
- Polenergia's goal is that by 2025, 100% of key suppliers will be subject to the provisions of the Business Partner Code (link: [Polenergia Group Business Partner Code](#)). By 2030, 100% of high-risk suppliers will be audited.

The Polenergia S.A. Group is guided by the principles of social responsibility and adherence to the highest ethical standards throughout its supply chain. For this reason, the Polenergia Group's Business Partner Code was developed, addressed to suppliers and subcontractors as well as other business partners.

G1: Corporate governance supporting sustainable development

- In 2024, an assessment system based on ESG criteria will be implemented and all planned investment projects will be assessed in accordance with it from 2025 onwards.
- In 2024, the Polenergia Group's Diversity Policy will be implemented.

G2: Responsible business conduct

- Polenergia's goal is that by 2024, 100% of key business partners will have confirmed compliance with the provisions of the Polenergia Group Business Partner Code or equivalent practices.

Anti-corruption is an important area of corporate responsibility. As a member of the UN Global Compact, Polenergia Group pays special attention to the appropriate level of internal regulation of this area at the level of legal compliance and best practice regulation. Since 2022, regular anti-corruption training has been organised for employees of all Polenergia Group companies.

In January 2023, Polenergia Group's Anti-Corruption Policy (link: [Polenergia Group's Anti-Corruption Policy](#)) was updated. The new Policy applies throughout the Group and applies to all Employees. The anti-corruption policy indicates what corruption is, what types of corrupt behaviour can be distinguished, what are the possible ways to identify, prevent and report it.

The purpose of the Policy is to:

- identify areas of risk,
- to define the principles of corruption prevention,

- implement and supplement the provisions of the Code of Ethics.

G3: Effective risk management and high standards of internal control

- From 2024, ESG risks will be mapped on a semi-annual basis in the Polenergia Group.

The Risk Management Policy and Risk Management Procedure, which govern the company's processes and rules, are in place at Polenergia Group. They enable the management of risks associated with the achievement of business objectives. In addition, a new Internal Audit Procedure was implemented in 2024.

In order to effectively manage ESG risks, regular mapping of ESG risks is required, which will be performed every six months from 2024 onwards.

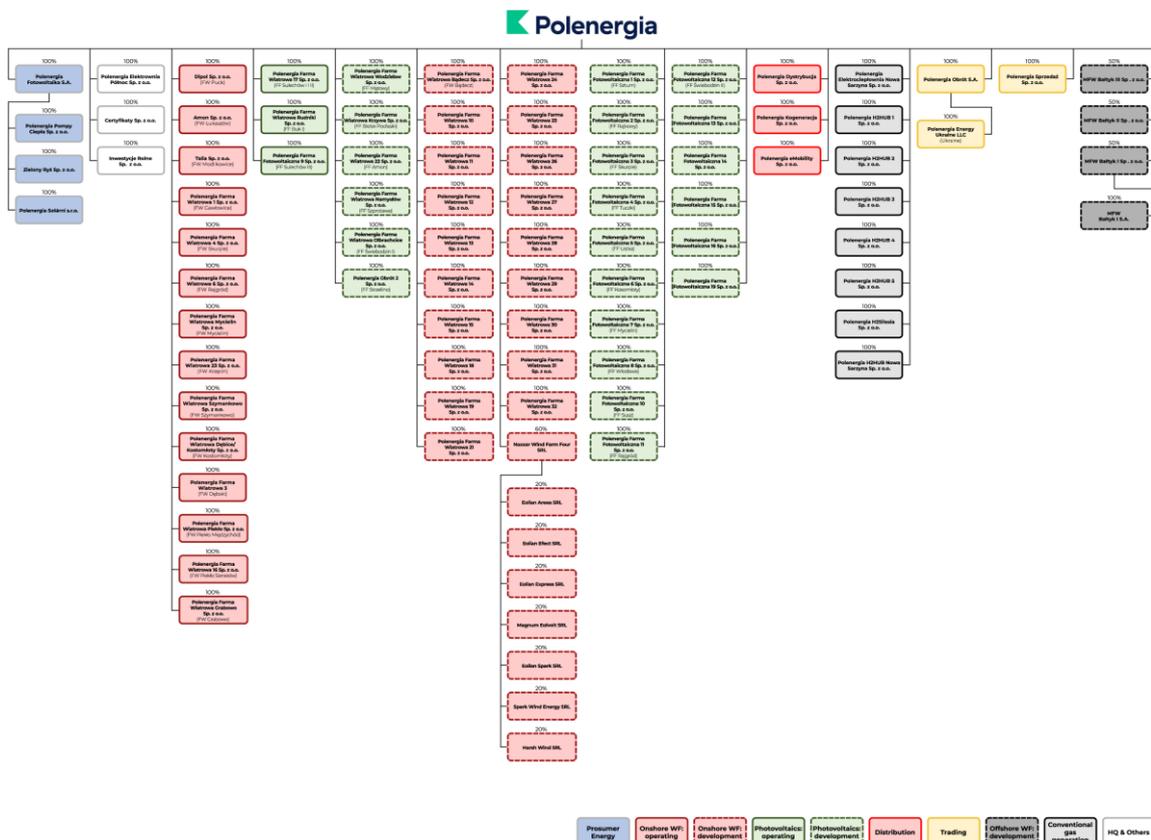
The materiality study identified significant areas that should be included in the Sustainable Development Strategy.

Polenergia Group's value chain

The Polenergia Group has a complex value chain structure comprising the activities represented by the individual companies in the Group.

Own operations

As at 31 December 2023, the structure of the Polenergia Group was as follows:



Wind and photovoltaic farms

Polenergia is one of the largest producers of energy from onshore wind farms in Poland. Until the first wind turbines in the Baltic Sea are launched, this segment of the Group's activity will remain the main

source of clean, green energy that is supplied to customers in accordance with the Energy 2051 standard. The supply of green energy from the Baltic offshore wind farms is scheduled to begin in 2027.

The Polenergia Group has also been investing in large-scale photovoltaic farms that provide customers with access to clean solar energy.

Polenergia Sprzedaż

Polenergia Sprzedaż offers 100% green energy, sourced exclusively from renewable sources, from the Polenergia Group's wind and photovoltaic farms. Polenergia Sprzedaż's services are unique in that they have a zero-carbon footprint at each stage of production. Polenergia was the first company in Poland to introduce a standard thanks to which already today the Group's customers can buy clean, renewable, green and carbon-neutral energy conforming to the European Green Deal guidelines, which will become binding only in 2050. Polenergia Sprzedaż's customers include both individuals and businesses.

Polenergia Dystrybucja

Polenergia Dystrybucja provides electricity distribution and sales services throughout Poland by maintaining its own power infrastructure. Polenergia Dystrybucja's customers include shopping malls, office buildings, industrial parks, warehouse centers, housing cooperatives, and manufacturing and service companies. The largest group comprises retail clients within housing estates located in several dozen cities throughout Poland.

Polenergia Dystrybucja's customers are offered:

- professional support in the construction of new power infrastructure and new connections,
- access to electricity distribution services,
- access to energy for households and businesses,
- access to e-Mobility, a new range of electric car charging stations for individual customers, businesses, housing associations and developers.

Polenergia Obrót

By working with Polenergia Obrót, companies are able to reduce their carbon emissions in Scope 1 and 2. Companies that use the services of Polenergia Obrót can meet the new regulatory requirements and expectations of their business partners.

Polenergia Obrót's key competences include:

- portfolio management and trading, i.e. support for energy market entities operating in the European market in portfolio management,
- processing of cPPAs, i.e. support for companies seeking to reduce their carbon footprint and planning to become independent of energy price fluctuations
- offering structured products, i.e. working with producers in the RES segment to buy back energy and sell green energy to businesses.

Polenergia Fotowoltaika

Polenergia Fotowoltaika delivers innovative photovoltaic, heat pump and energy storage solutions to optimize energy consumption for individual and business customers.

Polenergia eMobility

Polenergia eMobility's customers have access to technologies, equipment and services powered by renewable energy. Smart solutions and systems allow car chargers, fleets and power consumption to be managed at the highest level.

Polenergia Elektrociepłownia Nowa Sarzyna (Combined heat and power plant in Nowa Sarzyna)

The Polenergia Group holds one company in its assets, which is engaged in the processing of fossil fuels in the form of natural gas and light fuel oil as back-up fuel.

Polenergia Elektrociepłownia Nowa Sarzyna sp. z o.o. (ENS) is the country's first private gas-fired combined heat and power plant. It was built between 1998 and 2000 from scratch as a so-called green field project. The CHP plant has been operating continuously since June 2000.

Since 2011, ENS has been part of the Polenergia Group. Polenergia Nowa Sarzyna CHP Plant is an environmentally friendly CHP plant, equipped with a 116 MWe and 70 MWt gas-steam unit, producing electricity and heat in a combined system. Electricity is sold to a trading company from the Polenergia Group, while heat for process and heating purposes is sold to a nearby chemical plant and for heating purposes to a local municipal utility.

The gaseous fuel is supplied by a gas trading company belonging to the Polenergia Group or independent gas suppliers. Since 2021, the ENS buildings has been equipped with a 0.889 MW photovoltaic installation to cover its own electricity needs. ENS is the first gas-fired thermal power plant in Poland whose generating units have the ability to self-start and can be used in the process of restoring the National Power System in the event of a so-called blackout. Until now, only hydroelectric power plants have had this technical capability.

The production process at the plant is automated. The entire technology received BAT (Best Available Techniques) qualification. The installation is covered by the Greenhouse Gas Emissions Trading Scheme. The Company's authorities attach particular importance to operating in compliance with the law, care for the environment and the health and safety of employees. In 2014, an ISO 14001 certified environmental management system was implemented at ENS.

Hydrogen projects

According to the Business Strategy, Polenergia Group strives to develop projects extending the value chain by using green energy to produce, store and distribute green hydrogen. Hydrogen projects include:

The 5MW H2Hub Nowa Sarzyna pilot project, which is in an advanced stage of development and includes a hydrogen production and storage unit along with a refueling station for battery-powered vehicles and buses, as well as a publicly accessible refueling station.

The large-scale project H2Silesia in an early stage of development with a capacity of approximately 105 MW and an estimated annual production of renewable hydrogen of around 13,000 tons. The main objective of the H2Silesia project is to decarbonize hard-to-decarbonize industries in the Upper Silesia region and the mobility sector. In February 2024, the project received notification from the European Commission under the IPCEI program, enabling it to receive support of up to 142.77 million Euros.

The e-fuels project - a research and development project aimed at exploring the use of green hydrogen to produce renewable jet fuel. This resulting fuel could significantly reduce greenhouse gas emissions in the aviation industry without building new infrastructure, fuel bases nor developing new aircraft designs.

The Polenergia Group is not active in the sectors of chemical production, weapon production, tobacco cultivation and production.

Value chain characteristics:

Upstream

Significant direct suppliers and subcontractors in the Polenergia Group include:

- For wind and photovoltaic farms:
 - providers of planning, surveying, geology, architectural design, site protection services, environmental impact studies,
 - maintenance of the plant during the operational phase,

- general contractors for construction work during the investment phase - further upstream, the following can be identified:
 - suppliers of wind and photovoltaic farm components,
 - suppliers of building materials,
- financial institutions involved at all stages of the investment,
- suppliers of energy inputs (both in the investment phase and in the operational phase), appearing both as Tier 1 entities, i.e. entities that are direct suppliers of the Polenergia Group, and as Tier 2+ suppliers, i.e. Suppliers of actors further upstream.
- For the value chain of Elektrociepłownia Nowa Sarzyna:
- suppliers of energy inputs: natural gas and fuel oil,
 - water suppliers,
 - service providers.
- For the value chain of distributed energy service providers, the relevant actors situated upstream of the value chain include:
 - manufacturers and suppliers of heat pumps, photovoltaic modules and other plant components,
 - subcontractors and maintenance engineers.
- For the value chain of Polenergia Dystrybucja, these are:
- suppliers of energy connection components and subcontractors involved in the works.
- For the value chain of Polenergia Obrót, these are:
- Polish Power Exchange (Towarowa Giełda Energii),
- ICE Index.
- For the value chain of electromobility, these are:
- component suppliers,
- construction contractors.

Downstream

The relevant groups of customers and consumers of the Polenergia Group entities include:

- Customers of Polenergia Dystrybucja – this group includes:
 - housing estates (cooperatives and housing communities),
 - SMEs and large business customers,
 - individual customers,
 - developers.
- Distributed energy customers using facilities in the form of heat pumps or small photovoltaic installations; for Polenergia Photovoltaics, they are further broken down as follows:
 - individual customers,
 - prosumers (B2C, those who own photovoltaic installations),
 - SME business customers, sole proprietors,
 - prosumer business customers (those who own photovoltaic installations),
 - large business customers (10-year contracts that link the generator to the customer),
 - maintenance service providers for heat pumps, photovoltaics and energy storage.
- Customers of the electromobility segment using electric car chargers.

- Customers of CHP plant – steam off-takers.
- Customers of Polenergia Obrót:
 - large business customers,
 - strategic customers.

SBM–2 Interests and views of stakeholders

In 2023, the Polenergia Group carried out a comprehensive materiality study. The methodology followed for the study was adapted to the requirements of the CSRD and the new European Sustainability Reporting Standards (ESRS).

The analysis included questionnaires and structured interviews with 10 representatives of external stakeholders.

As a result of the materiality study, the following groups of relevant stakeholders were identified:

Stakeholder	Methods of communication with the stakeholder
Shareholders	Contact with shareholders is maintained through face-to-face meetings, earnings conferences and the Annual General Meeting.
Employees	Contact with employees is maintained through an internal communication system. In addition, a whistleblowing system has been set up at the Polenergia Group. Additionally, employees have the opportunity to provide their feedback in the annual Satisfaction Survey.
Universities and students	Polenergia has been actively collaborating with universities with respect to internships and student competence development.
Social environment and local communities	Polenergia is engaged in dialogue and a number of projects to support communities operating in the vicinity of the Group's operations. For more information on engagement with stakeholders, see the ESRS s3 disclosures.
Business partners	Communication with business partners is handled in a model that depends on individual needs.
Suppliers and subcontractors	
Corporate customers	Contact is maintained via established commercial channels.
Trading partners	
Supervisory authorities and regulator	Polenergia Group communicates its performance and activities in current and interim reports.
Capital market, including rating agencies	Capital markets and rating agencies are informed about Polenergia Group's performance and activities through current and interim reports and earnings presentations.
Auditors	Polenergia Group has actively cooperated with the entities that verify published information in order to maintain the high quality of communication and to meet reporting obligations and stakeholder expectations.

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Material impacts

The materiality study carried out identified areas where the Polenergia Group has significant impacts. In the course of the preparatory work for ESRS-compliant reporting, carried out throughout the second half of 2023, material matters identified in the materiality study were classified in line with the issues listed in Appendix A to ESRS 1 (AR 16). Matters where the Polenergia Group has significant impacts or identifies significant risks and opportunities are presented below.

The time horizon of the impacts was defined according to the expected validity of the results of the materiality study, i.e. until October 2025.

ESG matter in the ESRS	Matter identified in the materiality study	Impact description	Place where the impact arises
Climate change			
Climate change adaptation	T.1. Climate 1.4. change adaptation	The company is engaged in the business of energy generation and the provision of installation services for prosumer photovoltaic installations and heat pumps, so there is a significant mutual impact: of the Group – on climate change and of climate change – on the Group.	Own operations, Upstream, Downstream
Climate change mitigation	T.1. Greenhouse gas 1.3. (GHG) emissions	Polenergia supports climate change mitigation and adaptation by providing low- or zero-carbon energy and solutions to support the transition of downstream actors in the value chain. Polenergia has a significant impact on the adaptation of the business model to climate change, as reflected in the ESG Strategy and Business Strategy objectives relating to increasing the capacity of renewable energy generation plants.	
Energy	T.1. Energy 1.1. efficiency T.1. Fuel and 1.2. energy mix		
Pollution			
Pollution of air		The operation of some of the Polenergia Group's plants may involve emissions of pollutants other than greenhouse gases. The Polenergia Group operates within the	Own operations

Pollution of water	T.1. Pollution of	framework set by environmental decisions.	
Pollution of soil	2.1. air, water and soil		
Pollution of living organisms and food resources			
Microplastics			
Biodiversity and ecosystems			
Direct impact drivers of biodiversity loss	T.1. Biodiversity	Polenergia Group facilities operate in a space representing diverse biodiversity resources. Impacts are exerted during the development and operation phases of a given plant. The Polenergia Group manages the impacts exerted by means of appropriate, required impact analyses at the investment projects in progress and environmental monitoring during the operational phase. Indirect impacts on biodiversity are also exerted through the selection of suppliers and subcontractors.	Own operations, Upstream
Impacts on the state of species	4.1. and ecosystems		
Impacts on the extent and condition of ecosystems			
Impacts and dependencies on ecosystem services			
Circular economy			
Resources inflows, including resource use	T.1. Circular	In terms of impacts related to the circular economy, the Polenergia Group's activities with current impacts within its own operations are concentrated in segments related to distributed energy, where there is a flow of materials and products processes within the organisation. An important matter with a far-reaching time horizon for the occurrence of a direct impact is the end of life of wind and photovoltaic installations. Circulation management matters are addressed by the objectives of the ESG Strategy.	Own operations, Upstream, Downstream
Resource outflows related to products and services	5.3. business models		
Waste	T.1. Sourcing and using raw materials and consumables		
	5.1. and 5.2. generation and		

		managem ent	
Workforce of the enterprise			
Working conditions	T.2. Working 1.1. conditions		The Polenergia Group has a strong direct impact on its own workforce. As an employer operating mainly in Poland, the Polenergia Group acts with due diligence in meeting its obligations as an employer.
Equal treatment and opportunities for all	T.2. Equal 1.2. opportunitie s		Ongoing impact on issues of equal treatment, diversity, protection of employee rights and protection against discrimination is exerted through the application of appropriate processes, policies and procedures including, inter alia, the implementation of a Code of Ethics and procedures for safe whistleblowing.
Other work-related rights	T.2. Other work- 1.3. related rights		
Workers in the value chain			
Working conditions of employees in the value chain	T.2. Workers' 2.1. rights throughout the value chain		The Polenergia Group is subject to impacts resulting from the characteristics of the energy sector value chain, including the value chain related to the generation of energy from natural gas. Impacts on employees in the value chain result from the practices adopted in the selection of suppliers and subcontractors, the selection of the technologies used and the plant components used, as well as the due diligence approach and practices adopted in the supply chain.
Equal treatment and opportunities for all in the value chain			
Other work-related rights in the value chain			
Affected communities			
Communities' economic, social and cultural rights	T.2. Rights of 3.1. community members		The impact of Polenergia Group's operations on local communities is multidimensional. The Group's plants are physically embedded in the environment in which the communities operate. At the
Communities' civil and political rights			

Rights of indigenous peoples

same time, the construction and operation of the plants have an economic impact. The plant has an impact on the environment, which is also an important resource for local communities. Local communities are also beneficiaries of the social engagement and educational programmes implemented by the Polenergia Group.

Consumers and end-users

Information-related impacts for consumers and/or end-users

T.2. Rights of
4.1. consumers/
end-users

The Polenergia Group has a multidimensional impact on consumers and end-users. As a generator of renewable energy and a provider of distributed energy services, the Group enables downstream actors to undergo energy transition.

Downstream,
Own operations

Personal safety of consumers and/or end-users

Social inclusion of consumers and/or end-users

The impact in this area is also linked to day-to-day customer service and practices, including the topic of managing personal data processing and information security.

Business conduct

Corporate culture

T.3. Business
2.1. ethics

T.3. Anti-
2.3. competitive
behaviour

Polenergia Group builds its impacts in terms of business practices and corporate governance through the organisational governance model adopted. This influence is reflected in the structure of the policies adopted, setting the framework for conduct and defining the structure of responsibility for sustainability management.

Own
operations,
Upstream

Protection of whistle-blowers

T.3. Business
2.1. ethics

Political engagement and lobbying activities

T.3. Political
2.4. engage-
ment and

	lobbying activities
Management of relationships with suppliers including payment practices	T.3. Payment practices
Corruption and bribery	T.3. Fighting corruption and bribery

Materiality study vs. risks

The materiality study assumed consistency of the matters investigated, included in the input list for the materiality study, with the themes and sub-themes identified in ESRS 1 Appendix A AR.16. A list of reported matters is provided in the IRO-2 disclosure.

As part of the study process, the level of risk and opportunity was verified against the aforementioned list of relevant matters within which impacts are exerted.

Legend:	Major material risk/opportunity	Material risk/opportunity	Non-material risk/opportunity

ESG matter	Risks	Opportunities
Energy efficiency	Risk greater than medium	Material opportunities
Fuel and energy mix	Risk greater than medium	Material opportunities
Greenhouse gas (GHG) emissions	Risk greater than medium	Material opportunities
Climate change adaptation	Risk greater than medium	Material opportunities
Pollution of air, water and soil	Risk greater than medium	Opportunities greater than medium
Substances of concern	Risk less than medium	Opportunities less than medium
Water intake and consumption	Risk less than medium	Opportunities less than medium
Sewage disposal	Risk less than medium	Opportunities less than medium
Biodiversity and ecosystems	Risk less than medium	Opportunities greater than medium
Sourcing and using raw materials and consumables	Risk greater than medium	Opportunities greater than medium
Waste generation and management	Risk greater than medium	Opportunities less than medium
Circular business models	Risk less than medium	Opportunities greater than medium
Space	Risk greater than medium	Opportunities greater than medium

Working conditions	Risk greater than medium	Material opportunities
Equal opportunities	Risk greater than medium	Material opportunities
Other work-related rights	Risk greater than medium	Opportunities greater than medium
Workers' rights throughout the value chain	Risk greater than medium	Opportunities greater than medium
Rights of community members	Risk greater than medium	Opportunities greater than medium
Rights of consumers/end-users	Risk greater than medium	Opportunities greater than medium
Structure and functioning of the company's authorities	Risk greater than medium	Opportunities greater than medium
Risk management system	Serious risk	Opportunities greater than medium
Internal control processes	Risk greater than medium	Opportunities greater than medium
Business ethics	Risk greater than medium	Opportunities greater than medium
Fighting corruption and bribery	Risk greater than medium	Opportunities greater than medium
Anti-competitive behaviour	Risk greater than medium	Opportunities greater than medium
Political engagement and lobbying activities	Risk greater than medium	Opportunities greater than medium
Payment practices	Risk greater than medium	Opportunities greater than medium

Internal risk control

Polenergia Group's Consolidated Risk Register contains risk registers of individual functions and organisational units, as well as risks identified by the Management Board. They relate to operational objectives as well as to the strategic objectives set out in the Polenergia Group Strategy. In addition to risks, individual functions and units also identify opportunities. As of January 2024, the option to evaluate identified opportunities has been introduced.

Risk responses are detailed in the risk handling methodology in the applicable internal regulations.

Identified and evaluated risks are analysed in detail by their Owners, in particular with regard to the effectiveness and efficiency of the controls in place.

Risks that are significant from the point of view of their impact on the Group, not only in financial terms, are reported to the Management Board on an ongoing basis, and corrective actions and possible changes in controls are implemented on a continuous basis.

The Polenergia Group's interim risk review report lists the so-called TOP 15, i.e. the 15 risks that are most significant from the Group's point of view.

The risk register includes risks whose profile places them among the sustainability matters. In 2023, the internal risk control system did not fully integrate the material matters identified in the materiality study as risk categories

Area	Risk description	Mitigating measures	Trend
Climate risks	We have observed and monitored an increase in the frequency and intensity of non-standard weather events (heat waves, droughts, hurricanes, storms, European windstorms, floods), which translates into a possible increase in energy price volatility, potential energy supply disruptions and an increase in the variability of energy output from weather-dependent sources.	- analysis of climate risks in Polenergia Group's operations and supply chain	Continuing
Risks in the area of occupational health and safety	Potential risks associated with the consequences of not following safety procedures and rules resulting in an accident at work.	- action plans developed proactively after an accident has occurred	Continuing
Risks in the HR area	The risk in the HR area is related to the rapid growth of the organisation: - increased market demand for qualified personnel in the energy industry, resulting in the risk of departure of key personnel, - the risk of not being able to fill vacancies at the rate forced by business growth, - the risk of overloading employees and, as a result, of increased turnover/departures and errors in the performance of substantive tasks.	- measures to retain key employees, employer branding - continued growth in headcount, improvement of processes, division of responsibilities	Continuing

IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities

Materiality study

In 2023, the Polenergia Group carried out a comprehensive materiality study. The methodology followed for the study was adapted to the requirements of the CSRD and the new European Sustainability Reporting Standards (ESRS). The methodology took into account the double materiality principle, which means that the materiality of issues was addressed during the study both from the perspective of the materiality of Polenergia Group's impact on sustainability matters and from the perspective of financial materiality, i.e. the impact of a sustainability matter on Polenergia Group's financial performance in the future. The study was carried out in collaboration with the external consulting firm MATERIALITY, in line with the MAX 3 – MATERIALITY ASSESSMENT MATRIX version three methodology.

The study considered, among other sources of information, the following:

- Analysis of the consolidation of source data from the various stages of the study.
- A benchmarking analysis of 20 energy sector entities from Poland and abroad.
- Comprehensive questionnaire survey conducted on a group of 39 people. The group included representatives of the Management Board, senior executives of the company and 5 experts from MATERIALITY.
- Surveys and structured interviews with 10 representatives of external stakeholders.

The peer group study took into account business models related to those applicable within the Polenergia Group. In the case of business relationships for which the potential for significant risks or impacts was identified, the materiality study took into account the personal involvement of the person representing such party.

The supporting material for the study was the value chain model, developed taking into account the geographical profiles of Polenergia Group's activities and those of its subsidiaries. Further investigation of impacts in the geographical structure may be the subject of an in-depth study of ESG impacts.

As part of the study, components of the analysis of area-specific risks as well as multidimensional impacts within the areas listed were carried out. The materiality study was accompanied by the process of drawing up the organisation's value chain, and the analysed impacts and risks were subsequently referenced to the processes carried out in the value chain. The value chain model served as supporting material for the internal experts involved in the study. Impact materiality parameters were investigated for the five stages of the value chain (1) Earlier upstream stages, from sourcing of primary raw materials through their processing, (2), Direct suppliers, subcontractors and service providers (Tier 1 of the supply chain), (3) Operational activities of the company/group, (4) Customers, consumers, end users, (5) Further downstream stages, up to the end of the product/service life cycle and waste generated.

Impact parameters were assessed in terms of four parameters:

- power of the impact,
- extent of the impact,
- likelihood of the impact,
- repairability.

The input data analysed in the peer group stage of the materiality study provided diverse information on the ESG practices of entities representing different branches of the energy industry.

The peer group study reviewed 20 companies from the energy sector. The group included 16 non-financial reporting entities (as at 2022). The peer group included 8 organisations operating mainly in Poland and 12 with an international profile.

The geographical profile and business model of the entities included in the study, as well as the opinions expressed by internal and external stakeholders, enabled the significant impacts and risks of the Polenergia Group to be superimposed on its value chain.

The opinions of stakeholders affected by the company were taken into account at the stage of the survey, extended by interviews.

The results of the different stages of the study were consolidated. The study followed the principle of double materiality.

Four parameters were examined from the perspective of impact materiality:

- power of the impact,
- extent of the impact,
- likelihood of the impact,
- repairability.

Impact materiality parameters were investigated for the five stages of the value chain (1) Earlier upstream stages, from sourcing of primary raw materials through their processing, (2), Direct suppliers, subcontractors and service providers (Tier 1 of the supply chain), (3) Operational activities of the company/group, (4) Customers, consumers, end users, (5) Further downstream stages, up to the end of the product/service life cycle and waste generated.

The materiality study process examined the level of risk in relation to material matters. The risk examination was part of the financial materiality parameter study. The matters investigated were analysed using two dimensions: the risk level and the opportunity level.

According to the principle of double materiality, an issue was considered material and reported if it was considered material from the perspective of impact materiality, financial materiality or from the perspective of both parameters.

Both risks and opportunities are identified by individual Risk Owners in relation to the areas, processes or projects they manage. Opportunities, as well as risks, are analysed jointly by the DKWiZR and the supervising President of the Management Board and other members of the Management Board, in particular with a view to identifying possible synergies and interactions between organisational functions and units. The results of the analyses, agreed with the Management Board and the Audit Committee of the Supervisory Board, are communicated to the Owners of the respective risks and opportunities for implementation.

Financial materiality in relation to the matters under study was assessed using the following scales:

- Risks
- Critical or very significant risk
- Significant risk
- Risk greater than medium
- Risk less than medium
- Minimal or minor risk.

Opportunities

- Very significant opportunities
- Significant opportunities
- Opportunities greater than medium
- Opportunities less than medium
- Minimal or minor opportunities
- No opportunities.

When comparing the levels of risks and opportunities, each matter was given a consolidated materiality rating using the following scale:

- Critical
- Significant
- Important
- Informative
- Minimal.

Risks that received a materiality rating of "Important" were considered important from a financial perspective.

Risks and opportunities were examined in relation to six types of capital: (1) Financial capital, (2) Generation capital, (3) Natural capital, (4) Intellectual capital, (5) Human capital, (6) Social and relational capital.

Sustainability risks are one of the groups of risks monitored in the Polenergia Group.

In January 2024, an ESG Risk Coordinator was appointed to ensure the proper identification, assessment, monitoring and handling of risks (and opportunities) in this area.

An internal audit function has been implemented at the Polenergia Group, with the principles of operation described in the Polenergia Group Internal Audit Procedure, adopted for use by a Resolution of the Management Board of the Polenergia Group of 9 January 2024.

Each internal audit exercise is based on an analysis of the risks relevant to the audit task being performed. The findings and conclusions are reviewed for possible changes or additions to the existing Consolidated Risk Register of the Polenergia Group.

The detailed rules for risk management in the Polenergia Group are described in internal regulations – the Risk Management Policy and the Risk Management Procedure.

The findings of the materiality study are relevant for other processes related to ESG management in the Polenergia Group. The topics identified as material in the materiality study served as the basis for workshop discussions during the development of Polenergia Group's ESG Strategy to 2030.

Internal risk control

The strategy for dealing with risks is described in internal regulations. Four possible strategies for dealing with risks have been adopted, as described in the Polenergia Group's Risk Management Procedure:

"Strategy with respect to risk – determining the manner in which an assessed risk is to be handled, after taking into account the assessment of the risk, opportunities and costs of controlling the risk and the expected benefits.

- risk avoidance – the discontinuation (withdrawal) from an objective involving the risk,
- risk acceptance – refraining from taking measures in relation to the assessed risk in achieving the objective,
- transfer of risk – limitation or exclusion of liability for the consequences of risk that has materialised,
- risk modification – changing the magnitude, likelihood or effect of a risk."

A model of the Polenergia Group's value chain was developed at an early stage of work on the materiality study. The value chain model informed the subsequent stages of the study, serving as a model to locate relevant risks and impacts.

IRO-2 Disclosure requirements in ESRS covered by the undertaking's sustainability statement

Table 0-1: ESRS compliance table:

Disclosure number	Disclosure name	Page in the report
ESRS 2 General disclosures		
BP-1	General basis for preparation of sustainability statements	Page 8
BP-2	Disclosures in relation to specific circumstances	Page 11
GOV-1	The role of the administrative, management and supervisory bodies	Page 12
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Page 17
GOV-3	Integration of sustainability-related performance in incentive schemes.	Page 19

GOV-4	Statement on due diligence	Page 20
GOV-5	Risk management and internal controls over sustainability reporting	Page 20
SBM-1	Strategy, business model and value chain	Page 20
SBM-2	Interests and views of stakeholders	Page 31
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Page 32
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	Page 40
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	Page 42
ESRS E1 Climate Change		
E1-1	Transition plan for climate change mitigation	Page 49
E1-2	Policies related to climate change mitigation and adaptation	Page 51
E1-3	Actions and resources in relation to climate change policies	Page 51
E1-4	Targets related to climate change mitigation and adaptation	Page 53
E1-5	Energy consumption and mix	Page 54
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	Page 56
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	Page 58
E1-8	Internal carbon pricing	Page 58
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Not applicable
ESRS E2 Pollution		
E2-1	Policies related to pollution	Page 58
E2-2	Actions and resources related to pollution	Page 58
E2-3	Targets related to pollution	Page 58
E2-4	Pollution of air, water and soil	Page 59
E2-5	Substances of concern and substances of very high concern	Page 59
E2-6	Anticipated financial effects from polluted-related impacts, risks and opportunities	Not applicable
ESRS E4 Biodiversity		
E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	Page 61
E4-2	Policies related to biodiversity and ecosystems	Page 62
E4-3	Actions and resources related to biodiversity and ecosystems	Page 63
E4-4	Targets related to biodiversity and ecosystems	Page 64
E4-5	Impact metrics related to biodiversity and ecosystems change	Page 64
E4-6	Anticipated effects from biodiversity and ecosystem-related impacts, risks and opportunities	Not applicable
ESRS E5 Circular economy		
E5-1	Policies related to resource use and circular economy	Page 64
E5-2	Actions and resources related to resource use and circular economy	Page 65
E5-3	Targets related to resource use and circular economy	Page 65

E5-4	Resource inflows	Page 65
E5-5	Resource outflows	Page 66
E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	Not applicable
ESRS S1 Own workforce		
SBM-2	Interests and views of stakeholders	Page 90
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Page 90
S1-1	Policies related to own workforce	Page 90
S1-2	Processes for engaging with own workforce and workers' representatives about impacts	Page 91
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	Page 91
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	Page 92
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Page 92
S1-6	Characteristics of the undertaking's employees	Page 93
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	Page 94
S1-8	Collective bargaining coverage and social dialogue	Page 94
S1-9	Diversity metrics	Page 94
S1-10	Adequate wages	Page 95
S1-11	Social protection	Page 95
S1-12	Persons with disabilities	Page 95
S1-13	Training and skills development metrics	Page 95
S1-14	Health and safety metrics	Page 96
S1-15	Work-life balance metrics	Page 97
S1-16	Compensation metrics (pay gap and total compensation)	Page 97
S1-17	Incidents, complaints and severe human rights impacts	Page 98
ESRS S2 Workers in the value chain		
SBM-2	Interests and views of stakeholders	Page 98
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Page 98
S2-1	Policies related to value chain workers	Page 100
S2-2	Processes for engaging with value chain workers about impacts	Page 100
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	Page 100
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 actions	Page 101
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Page 101
ESRS S3		
SBM-2	Interests and views of stakeholders	Page 101

SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Page 102
S3-1	Policies related to affected communities	Page 102
S3-2	Processes for engaging with affected communities about impacts	Page 103
S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	Page 103
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	Page 104
S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Page 106
ESRS S4 Consumers and end-users		
SBM-2	Interests and views of stakeholders	Page 106
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Page 106
S4-1	Policies related to consumers and end-users	Page 107
S4-2	Processes for engaging with consumers and end-users about impacts	Page 107
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	Page 108
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	Page 108
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Page 109
ESRS G1 Governance		
GOV-1	The role of the administrative, supervisory and management bodies	Not applicable
G1-1	Corporate culture and business conduct policies	Page 109
G1-2	Management of relationships with suppliers	Page 112
G1-3	Prevention and detection of corruption and bribery	Page 112
G1-4	Confirmed incidents of corruption or bribery	Page 112
G1-5	Political influence and lobbying activities	Page 112
G1-6	Payment practices	Page 113

Table 0-2: List of datapoints in cross-cutting and topical standards that derive from other EU legislation:

Disclosure Requirement and related datapoint	Reference to the regulation on sustainability-related disclosures in the financial services sector (page No)
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Page 16
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)	Not applicable
ESRS 2 GOV-4	Page 20

Statement on due diligence paragraph 30	
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Page 29
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Page 29
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Page 29
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv	Page 29
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14	Page 49
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	Not applicable
ESRS E1-4 GHG emission reduction targets paragraph 34	Page 53
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Page 54
ESRS E1-5 Energy consumption and mix paragraph 37	Page 54
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Page 54
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Page 56
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Page 56
ESRS E1-7 GHG removals and carbon credits paragraph 56	Page 58
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66	Not applicable
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)	Not applicable
ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).	Not applicable
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)	Not applicable
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69	Not applicable
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	Page 59
ESRS E3-1 Water and marine resources paragraph 9	Not applicable
ESRS E3-1 Dedicated policy paragraph 13	Not applicable
ESRS E3-1 Sustainable oceans and seas paragraph 14	Not applicable
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Not applicable
ESRS E3-4	Not applicable

Total water consumption in m3 per net revenue on own operations paragraph 29	
ESRS 2- IRO 1 – E4 paragraph 16 (a) i	Page 58
ESRS 2- IRO 1 – E4 paragraph 16 (b)	Page 59
ESRS 2- IRO 1 – E4 paragraph 16 (c)	Page 59
ESRS E4-2	Page 62
Sustainable land / agriculture practices or policies paragraph 24 (b)	
ESRS E4-2	Page 62
Sustainable oceans / seas practices or policies paragraph 24 (c)	
ESRS E4-2	Page 62
Policies to address deforestation paragraph 24 (d)	
ESRS E5-5	Page 66
Non-recycled waste paragraph 37 (d)	
ESRS E5-5	Page 66
Hazardous waste and radioactive waste paragraph 39	
ESRS 2- SBM3 – S1	Page 90
Risk of incidents of forced labour paragraph 14 (f)	
ESRS 2- SBM3 – S1	Page 90
Risk of incidents of child labour paragraph 14 (g)	
ESRS S1-1	Page 90
Human rights policy commitments paragraph 20	
ESRS S1-1	Page 90
Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21	
ESRS S1-1	Page 90
processes and measures for preventing trafficking in human beings paragraph 22	
ESRS S1-1	Page 90
workplace accident prevention policy or management system paragraph 23	
ESRS S1-3	Page 91
grievance/complaints handling mechanisms paragraph 32 (c)	
ESRS S1-14	Page 96
Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	
ESRS S1-14	Page 96
Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	
ESRS S1-16	Page 97
Unadjusted gender pay gap paragraph 97 (a)	
ESRS S1-16	Page 97
Excessive CEO pay ratio paragraph 97 (b)	
ESRS S1-17	Page 98
Incidents of discrimination paragraph 103 (a)	
ESRS S1-17	Page 98
Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	
ESRS 2- SBM3 – S2	Page 98
Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	
ESRS S2-1	Page 100
Human rights policy commitments paragraph 17	
ESRS S2-1	Page 100
Policies related to value chain workers paragraph 18	
ESRS S2-1	Page 100
Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 19	
ESRS S2-1	Page 100

Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19	
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Page 101
ESRS S3-1 Human rights policy commitments paragraph 16	Page 102
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Page 102
ESRS S3-4 Human rights issues and incidents paragraph 36	Page 105
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Page 107
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Page 107
ESRS S4-4 Human rights issues and incidents paragraph 35	Page 108
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Page 109
SRS G1-1 Protection of whistle- blowers paragraph 10 (d)	Page 109
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Page 112
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	Page 112

Environmental information

E1 Climate change

GOV-3 Integration of sustainability-related performance in incentive schemes

Sustainability matters have not yet been taken into account with regard to the remuneration of members of the Supervisory Board or the Management Board. The Sustainable Development Strategy adopted by the Management Board in early 2023 (link: [Group Sustainable Development Strategy](#)) addresses this issue.

E1-1 Transition plan for climate change mitigation

In 2023, the Polenergia Group did not have a formalised transition plan. The measure aiming to adapt the Polenergia Group's business model is implemented as part of the Polenergia Group's existing ESG Strategy and Business Strategy (link: [Polenergia Group's Strategy](#)).

The Business Strategy involves taking steps towards an energy mix based on clean and renewable energy sources. Polenergia's goal is to increase the base of environmentally aware corporate and individual customers. Through advanced solutions in energy source integration and balancing, Polenergia provides market access to an increasing number of cooperating generators. It has also been developing its competence in services aimed at prosumers and a wide group of individuals and entities interested in the development of electromobility. The Group's ambition is not only to continue its growth, but to strive to support and actively participate in building the zero-carbon economy of tomorrow, combating climate change and ensuring security for future generations.

The main focus of the Business Strategy is to increase capacity through the development of RES projects.

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Analysis of climate risks in the Polenergia Group

In 2023, an analysis of climate change risks was carried out at Polenergia Group. The analysis was carried out in accordance with the AXIS© methodology by an external consulting firm.

The study resulted in the identification of short-, medium- and long-term, physical and transition risks related to climate change and sustainability matters. The risks were categorised according to the TCFD (Task Force on Climate-Related Disclosure) guidelines.

The study was carried out in three stages:

- analysis of significant climate risks in the peer group,
- questionnaire survey of a group of experts selected within the company,
- calculation of results and categorisation of identified risks, threats and opportunities.

The study covered 54 risks and opportunities, grouped into eight physical and transition risk categories. According to the AXIS© methodology, risks are assessed based on three dimensions: likelihood of occurrence, magnitude of impact and time horizon. Likelihood refers to the possibility that a given threat/opportunity could occur with a given impact. Impact represents the significance of the effects of a given threat/opportunity, if it occurs. The time horizon is predetermined by the validity date of the materiality assessment. The horizon was assessed using a scoring scale comprising three time intervals:

- Short – 2023-2025
- Medium – 2026-2035
- Long – 2036-2050.

Likelihood is assessed using the following scale:

- Almost certain

- Very likely
- Likely
- Rather likely
- Rather unlikely
- Unlikely
- Very unlikely
- Almost impossible
- Unknown.

Severity is assessed using the following scale:

- Very high
- High
- Medium-high
- Medium-low
- Low
- Very low
- Unknown.

A very high severity indicates an interruption of operational continuity.

In the study described above, the following opportunities and threats were classified into specific groups:

Group A (Amplification) – high likelihood and low severity:

- 3 opportunities,
- 3 threats.

Group X (Exclusion) – low likelihood and low severity:

- 5 opportunities,
- 23 threats.

Group I (Intensification) – high severity and low likelihood:

- 5 opportunities,
- 6 threats.

Group S (Seizure) – high likelihood and high severity:

- 5 opportunities,
- 4 threats.

The analysis of climate risks assumed a uniform assessment process for all climate risks. Further targeted and in-depth analyses may be the subject of further actions under the ESG Strategy.

Risks and opportunities are material when their likelihood exceeds the "likely" level and their severity is medium-high or higher.

The analysis identified the following significant physical risks:

Threat of damage, obstruction of construction and maintenance of plants:

- Time horizon: Medium – long.

Threats related to the impact of changing rainfall patterns on the availability of water resources:

- Time horizon: Medium – long.

The analysis of climate risks was not supported by an analysis of the business model's resilience to climate change in climate change scenarios.

Risks and opportunities are material when their likelihood is a level of 'likely' or higher and their severity is medium-high or higher.

Transition risks

Threat of the introduction of regulations that increase water prices:

- Time horizon: Medium.

Threat of increased costs for raw materials, consumables and services caused by other climate risks:

- Time horizon: Medium.

Opportunity arising from increases in the price of energy from non-renewable sources:

- Time horizon: Medium.

Opportunity to capitalise on demand for products with a reduced carbon footprint:

- Time horizon: Medium.

Opportunity to prepare for carbon footprint reporting obligations more efficiently than competitors:

- Time horizon: Medium.

Opportunity to specialise in distributed energy:

- Time horizon: Medium.

Opportunity to strengthen the company's reputation for tackling the climate crisis:

- Time horizon: Short – medium.

E1-2 Policies related to climate change mitigation and adaptation

The Polenergia Group has an Environmental and Social Policy (link: [Polenergia Group Environmental and Social Policy](#)), which outlines the priorities of the Group's activities, i.e. maintaining the environmental and socio-economic balance. This policy describes that all Group activity is subject to environmental and social monitoring and assessment. The policy stipulates the monitoring of the impact of planned and existing facilities on the biosphere.

According to the provisions of the Environmental and Social Policy (as well as the Ethical Standards for Partners), business partners are also required to respect principles aimed at the welfare of the environment. As a Group operating in the energy sector, Polenergia places particular emphasis on optimising its climate footprint by optimising the so-called fuel mix with regard to the volume of emissions, but also with regard to social needs and expectations.

Polenergia does not have a policy related to climate change mitigation, however, the Polenergia Group's business model and Business Strategy assume activities aimed at supporting and actively participating in building a zero-carbon economy. Furthermore, the Group's Sustainable Development Strategy, adopted with a time horizon of 2023-2030, includes measurable and ambitious objectives that make this task a top priority.

Considering the climate change situation, Polenergia carried out a climate risk analysis in 2023, as described in section SMB-3

E1-3 Actions and resources in relation to climate change policies

The Polenergia Group is the first Polish company to subordinate its vision of growth to building a zero-carbon economy. It spans every area of business and social activities. It is responsible for protecting the environment and developing a sustainable society that ensures the well-being of present and future generations. All Group activities are subject to environmental monitoring.

The key policies of Polenergia Group in the environmental area include:

- Environment and Social Policy, (link: [Polenergia Group Environmental and Social Policy](#)),
- Agreement on environmental standards for subcontractors,
- Grievance mechanism procedure (link: [Grievance Mechanism](#)).

The Polenergia Group also meets the environmental requirements of financial institutions (Equator Principles, IFC standards).

In addition, the Polenergia Group has been adapting its activities to the recommendations developed in the course of international agreements (Paris Agreement), according to which 2050 is considered the target year for the zero-carbon ambition. This is the NZE (Net-zero emission) 2050 scenario of the IEA (International Energy Agency).

Polenergia Group's business model is based on generating energy from renewable energy sources and providing low-carbon solutions, such as prosumer installations, heat pumps, energy storage, the development of a network of electric car chargers and the development of hydrogen technology. This makes Polenergia an important link in the energy transition chain.

Polenergia Group's decarbonisation activities

Polenergia Group has set very ambitious goals in the Sustainable Development Strategy adopted at the beginning of 2023. One of its main objectives is the decarbonisation of Polenergia Group's operations, i.e. the reduction of the emission intensity factor of the energy produced in the Group and the increase of installed RES capacity. The assumptions of this objective are described in more detail in ESRS 2 and ESRS E1-4. The Group's energy generation and consumption indicators are published in disclosure E1-5.

The Group's decarbonisation target is pursued responsibly, as Polenergia is aware that the transformation of the energy sector towards zero-carbon has a significant impact on climate change. The Group's key activities in this area in 2023 were the commissioning of new large-scale investments such as Dębask, Piekło and Grabowo Wind Farms. Thanks to the implementation of the aforementioned projects, more than 500 MW of RES generation capacity is in operation today.

Polenergia is implementing decarbonisation plans at a high pace. The Strzelino Photovoltaic Farm, with a total capacity of 45.14 MWp, is already in the final stage before commissioning. The Szprotawa Photovoltaic Farm with a total capacity of 47 MWp is currently in the construction stage. Intensive preparatory work is underway for the construction of the Baltic II and III Offshore Wind Farm projects, with a total capacity of 1440 MW. The implementation of the aforementioned projects will reduce the carbon intensity of energy in line with the adopted ESG strategy.

In line with the E1 target to reduce the emission intensity of the Group's energy production from 150 g CO₂e / kWh (average for 2020-2022) to 50 g by 2025, Polenergia conducts decarbonisation activities and monitors their effectiveness. The results of the indicator on the carbon intensity of energy produced are presented in the table below.

Polenergia Group	unit	2022	2023	change v/y
<u>Intensity Scope 1+2 market-based na MWh of produced energy</u>	<u>g CO₂e/kWh</u>	<u>58.60</u>	<u>58.26</u>	<u>-0.59%</u>

Other climate action

The Polenergia Group has also implemented the Proprietary Energy 2051 Standard, which guarantees climate-neutral products that cover the demand of Polenergia's customers with energy generated continuously from Polish renewable sources.

In addition to selling an ecosystem of green energy-related products, the Group also educates those around it and helps put customers on the path to decarbonisation, supporting them in reducing their carbon footprint and making it easier for them to report on environmental indicators.

Polenergia has been growing at a very fast pace. As the Group grows, new office spaces are being developed, and the Group has selected them to ensure that they are environmentally friendly. Polenergia Fotowoltaika, Polenergia Dystrybucja, Polenergia Sprzedaż and Polenergia eMobility have joined the tenants of the Lakeside office building, which is a friendly and BREEAM-certified space.

Polenergia eMobility is developing a project to deploy car chargers at Lakeside and at the Polenergia eMobility office in Katowice.

Polenergia Group applies comprehensive due diligence processes with regard to the impact of its investment projects on biodiversity, aiming to minimise the negative environmental impacts. The investment process is preceded by a detailed screening of the area identified as a potential project site. The analyses include ornithological and chiropterological monitoring. The Group analyses the protected areas located in the immediate vicinity and verifies the planning documents, i.e. the local spatial development plan and its provisions relating to development possibilities and environmental issues. The launch of each investment project is preceded by public consultations and agreements with the local community and representatives of the local government. The implementation of the project is preceded by a full procedure aimed at obtaining an environmental decision, including the preparation of an environmental impact report and public consultation. During implementation, the investment project is subject to constant environmental supervision, with continuous efforts to minimise the negative impact of the construction in progress on the environment. The Group is engaged in constructive dialogue with nature conservationists and carefully analyses their observations and concerns. Measures are also taken, in collaboration with independent scientific centres, to support biodiversity at the project site, including the full-year monitoring of the Photovoltaic Farm sites in collaboration with the University of Zielona Góra.

The Group's activities contributing to climate change mitigation include business and educational efforts.

Polenergia promotes environmental attitudes among its employees, subcontractors and other stakeholders, and engages in raising environmental awareness among children and young people.

The Polenergia Group implements a proprietary educational programme in partnership with UNPEP/GRID Warsaw – [Graj z nami w zielone!®](#) (Play Green with Us!®). It includes a comprehensive environmental education programme aimed at children and young people based on three thematic blocks: "Acting with Energy", "Waste" and "Water". In 2023, 76 schools from 21 municipalities across Poland participated in the programme. Read more about the project at: [Play Green with Us!® – ESG Website \(polenergia.pl\)](#)

E1-4 Targets related to climate change mitigation and adaptation

Polenergia Group's Sustainable Development Strategy includes 5 objectives that are related to climate change mitigation. These objectives are described in detail in section SBM – 1.

Objective E1: Decarbonisation of the Polenergia Group's operations

- The emission intensity index of the Group's energy generation will be reduced from 150 g CO₂e/kWh (average for 2020-2022) to 50 g in 2025 and to 10 g in 2030.
- The average annual increase in installed RES capacity over the period 2023-2030 will be in line with the Group's Business Development Strategy.

Objective E2: Supporting green transformation of customers

In the period 2023-2030, the Polenergia Group will strive to:

- achieve an average annual increase in the capacity of prosumer photovoltaic installations by 6% per year,
- increase the number of heat pumps installed by an average of 13% per year,
- ensure further dynamic car chargers' segment development.

Objective E3: The Polenergia Group as a leader in innovation – development of projects where green hydrogen will be used.

Objective E4: Implementation of the principles of the circular economy in the activities of the Polenergia Group

- By 2030, off-the-shelf solutions for recycling and repowering of own dismantled wind and photovoltaic plants will be implemented.

Objective E5: Development of biodiversity due diligence system

- By 2030, regular biodiversity monitoring will be carried out on a full annual basis following an elaborate due diligence system.

E1-5 Energy consumption and mix

The following table presents data on the Polenergia Group's energy consumption in 2023:

Energy consumption and mix	Unit	Polenergia Group		Change y/y
		2022	2023	
Fuel consumption from coal and coal products	MWh	0,00	0,00	-
Fuel consumption from crude oil and petroleum products	MWh	7 087,16	7 648,32	+7,92%
Fuel consumption from natural gas	MWh	287 362,27	446 402,33	+55,34%
Fuel consumption from other fossil sources	MWh	0,00	0,00	-
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	MWh	14 314,84	8 614,34	-39,82%
Total energy consumption from fossil sources	MWh	308 764,3	462 665,0	+49,84%
Share of fossil sources in total energy consumption	%	97,61%	89,05%	-8,56 p.p.
Consumption from nuclear sources	MWh	0,00	0,00	-
Share of consumption from nuclear sources in total energy consumption	%	0,00%	0,00%	-
Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	MWh	0,00	0,00	-
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	MWh	7 258,63	27,52	-99,62%
The consumption of self-generated non-fuel renewable energy	MWh	310,40	56 888,66	+18227,53%
Total energy consumption from renewable sources	MWh	7 569,03	56 916,19	+651,96%
Share of renewable sources in total energy consumption	%	2,39%	10,95%	+8,56 p.p.
Total energy consumption	MWh	316 333,30	519 581,17	+64,25%

In the table above, under the heading "Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources", there has been a change in the method of data presented between 2022 and 2023. Data for 2022 reflected the percentage of renewable energy by fuel structure of energy suppliers. The data for this item for 2023 only includes renewable energy supplied with a Guarantee of Origin.

The figures for 2023 show a significant increase in the consumption of natural gas at the Nowa Sarzyna Combined Heat and Power Plant (an increase by 55.34% year-on-year reflected in the line item *Fuel consumption from natural gas*)

The Nowa Sarzyna Combined Heat and Power Plant generates electricity and heat in a gas-steam unit (BGP) or only heat in an auxiliary boiler house.

The year-on-year increase in gas consumption in 2023 is due to a higher proportion of BGP work and higher electricity production.

Polenergia Group is undertaking actions aimed at decarbonizing the electricity generated. The improvement of the electricity energy mix is being implemented through investments in new renewable capacities and innovative development projects. In 2023, energy from non-renewable sources accounted for only 10% of the total energy generated in the Polenergia Group installations. It is worth noting that following the commissioning of the Dębsk, Piekło and Grabowo Wind Farms in 2023, there are currently over 5000 MW of installed capacity of RES in operation.

The strategic objective set out in the ESG Strategy is to develop a method of co-firing natural gas with hydrogen, which may significantly affect emissions caused by the operation of the Nowa Sarzyna plant.

The key indicator in this area is the emission intensity of the generated energy, calculated as the sum of Scope 1+2 market-based emissions in kilograms, divided by the sum of energy produced in MWh.

The following table presents data on energy generation by Polenergia Group's own plants:

Polenergia Group					
Energy generated and sold	Unit	2022	2023	Change y/y (%)	
Thermal energy generated					
Thermal energy generated from renewable sources	MWh	-	0.00	-	
Thermal energy generated from non-renewable sources	MWh	-	98,990.16	-	
Electricity generated					
Electricity generated from renewable sources	MWh	1,053,486.53	1,505,204.81	+42.88%	
Electricity generated from non-renewable sources	MWh	80,955.34	174,034.48	+114.98%	
Electricity sold					
Electricity sold from renewable sources	MWh	1,053,176.13	1,394,782.63	+32.44%	
Electricity sold from non-renewable sources	MWh	80,955.34	272,736.37	+236.90%	
Electricity purchased on power exchanges and sold to the customer					
Electricity purchased and sold from renewable sources	MWh	-	1,786,228.05	-	
Electricity purchased and sold from non-renewable sources	MWh	-	4,511,469.65	-	

The data presented in the above table was significantly changed in terms of the structure of the information collected for non-financial reporting purposes. The data categories reported in 2023 are not fully comparable to those reported in the non-financial report for 2023.

Energy intensity per net revenue	Unit	2022	2023	Change y/y (%)
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors	MWh/PLN 1 million	44.62	92.45	+107.18%

E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions

Boundaries for reported emissions

The calculation for the parent company, Polenergia S.A., includes fuel and energy consumption without exclusions.

The calculation for the Group includes all subsidiaries and the Parent Company based on operational and financial control. The calculation excludes companies that did not have any significant operational activities over the course of 2023 affecting material fuel and energy consumption.

Scope of emissions reported

Polenergia Group reports Scope 1 and Scope 2 emissions according to the GHG Protocol methodology.

Direct emissions (Scope-1) arise from the combustion of fuels in stationary or mobile sources owned or supervised by the company. These also include emissions resulting from technological processes or refrigerant leaks.

Indirect emissions (Scope-2) result from the consumption of imported electricity, heat, process steam and refrigeration. Scope-2 emissions are calculated using two methods. The location-based calculation method takes into account the average energy intensity of the grid to which the energy consumer is connected. The market-based calculation method aims to show a conscious choice of energy supplier – it presents emissions calculated according to the supplier-specific intensity.

Calculation methodology and assumptions

Emissions were calculated using tools provided by the GHG Protocol (link: [GHG Protocol Calculation Tools and Guidance](#)). Calculations were made for the six GHGs (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆) included in the GHG Protocol. The values are given in tonnes (Mg) of standard carbon dioxide equivalent units (CO₂e);

For the calculation of Scope 2 location-based emissions, average emission intensity factors for electricity and heat generation listed by the National Centre for Emissions Management were used. Emissions from the generation of consumed electricity were calculated according to the market-based method, where the emission factors provided by the seller were used for electricity (in cases when the seller was known), while the factor of 0 kg CO₂e/kWh was adopted for energy from RES confirmed by Certificates of Origin;

For thermal energy, intensity factors of the generated thermal energy were adopted according to data reported by Polish Energy Regulatory Office;

The Global Warming Potential (GWP) factors used in the calculations are in accordance with the Fifth Assessment Report of the IPCC (AR5).

In 2023, the Polenergia Group initiated the process of preparing the Scope 3 GHG emissions calculation. As at the date of publication of this report, work on developing the calculation has not yet been completed.

Polenergia Group									
Unit	Base year	Retrospective			Milestones and target years				
		2022	2023	Change y/y (%)	2025	2030	2050	Change y/y (%)	
Scope 1 GHG emissions									
Gross Scope 1 GHG emissions	MgCO ₂ e	109,960.66	58,980.2	93,163.46	+57.96%	-	-	-	-
Percentage of Scope 1 GHG emissions from regulated emission trading schemes	%	-	97.84%	98.14%	0.31%	-	-	-	-
Scope 2 GHG emissions									
Gross location-based Scope 2 GHG emissions	MgCO ₂ e	4,328.90	9,912.4	5,730.98	-42.18%	-	-	-	-
Gross market-based Scope 2 GHG emissions	MgCO ₂ e	3,779.54	7,496.3	4,661.34	-37.82%	-	-	-	-
Total GHG emissions									
Total GHG emissions (location-based)	MgCO ₂ e	0.00	68,892.66	98,894.45	+43.55%	-	-	-	-
Total GHG emissions (market-based)	MgCO ₂ e	0.00	66,476.50	97,824.80	+47.16%	-	-	-	-

* The reduction target set in the Polenergia Group's ESG Strategy is a reduction target for the carbon intensity of energy produced with a baseline set based on the average carbon intensity from 2020-2022. The base year information published in the table above refers to the first year with full calculation of Scope 1 and 2 emissions using both methods – 2021.

Polenergia Group				
GHG intensity per net revenue	Unit	2022	2023	Change y/y (%)
Total GHG emissions (location-based) per 1 million of net revenue	MgCO ₂ e/PL N 1 million	9.72	17.60	+81.07%
Total GHG emissions (market-based) per 1 million of net revenue	MgCO ₂ e/PL N 1 million	9.38	17.41	+85.62%

E1-7 GHG removals and GHG mitigation projects financed through carbon credits

Over the course of 2023, the Polenergia Group has not purchased offset units or Carbon Credits.

E1-8 Internal carbon pricing

Over the course of 2023, the Polenergia Group has not set an internal price for a unit of greenhouse gas emissions to be used in processes related to the management of climate change impacts.

E2 Pollution

The Polenergia Group carried out a review of company locations and identified Polenergia Elektrociepłownia Nowa Sarzyna sp. z o.o. (ENS) as an organisational unit with a potential material environmental impact. This impact is managed on an ongoing basis. In Poland, the issue of pollution emissions is covered by a number of regulations. ENS demonstrates compliance with the regulations in this respect. At this stage, no material impacts are indicated with regard to pollution in other operating segments.

E2-1 Policies related to pollution

Information on pollution for Polenergia Elektrociepłownia Nowa Sarzyna sp. z o.o. is contained in the document "Environmental management at Polenergia Elektrociepłownia Nowa Sarzyna sp. z o.o." issued in December 2023 and adopted by CEO Jacek Głowacki. The environmental policy, set out by the Management Board of Polenergia Elektrociepłownia Nowa Sarzyna, has been communicated to all those working in or on behalf of the company, including contractors working on the organisation's premises, and presented on the website. The environmental objectives set out in the environmental policy are reviewed during management reviews.

The policy covers the following topics:

- I. Managing environmental aspects.
- II. Environmental aspects assessment manual.
- III. Risks and opportunities.
- IV. Legal and other requirements in environmental protection.
- V. Operational control and monitoring.
- VI. Internal audit.
- VII. Corrective action and continuous improvement.
- VIII. Management review.
- IX. Documented information.
- X. Communication.

Pollution is addressed in Chapter V, which includes information on: management of emissions into the air, emission standards as set out in the Integrated Permit and BAT Conclusions, the list of measurements and monitoring for emissions of gases and dust into the air.

E2-2 Actions and resources related to pollution

ENS manages pollution by measuring air emissions on the main generation equipment – gas turbines (on-line measurements), auxiliary boilers (periodic measurements). ENS has been registered with the National Balancing and Emissions Management Centre (KOBiZE) and as required, the report for 2023 will be submitted by the end of February 2024. In addition, as required, ENS is preparing an annual CO2 emissions report for 2023, which will be submitted by 31 March 2024.

E2-3 Targets related to pollution

Currently, the ESG Strategy does not include a target related to pollution.

E2-4 Pollution of air, water and soil

Pollution of air, water and soil	Unit	Polenergia Group		
		2023 Emitted to air	2023 Emitted to water	2023 Emitted to soil
Carbon dioxide (CO)	kg	5,363.00	-	-
Non-methane volatile organic compounds (NMVOCs)	kg	44.01	-	-
Nitrogen oxides (NO _x /NO ₂)	kg	67,488.40	-	-
Sulphur oxides (SO _x /SO ₂)	kg	63.34	-	-
Polycyclic aromatic hydrocarbons (PAHs)	kg	212.22	-	-
Particulate matter (PM ₁₀)	kg	116.45	-	-

E2-5 Substances of concern and substances of very high concern

In 2023, the Polenergia Group recorded no contact with substances included in the lists of Substances of concern and substances of very high concern.

E4 Biodiversity and ecosystems

Biodiversity impact management

Each new investment project at Polenergia Group is preceded by comprehensive due diligence measures and processes regarding impacts on the environment, including on biodiversity. The investment process starts with a detailed screening of the area identified as a potential project site. At the initial stage of greenfield projects, protected areas are excluded, and distances from buildings, water bodies or trees are determined – depending on the characteristics of the planned project and the scale of its impact (wind farms, photovoltaic farms, other industrial facilities, e.g. hydrogen production facilities located in industrial areas).

The analyses include ornithological and chiropterological monitoring. At this stage, decisions are also taken concerning the feasibility of the investment and minimisation of the negative impact of the planned investment on the environment. The Polenergia Group engages in extensive consultation and agreement with the local community and representatives of the local government, taking into account the views of stakeholders and partners expressed during public consultation.

The owners of the land on which infrastructure elements, including wind turbines, service buildings, access roads and power lines, are to be located play an important role during such consultations. Pre-implementation negotiations are held with the owners and lease agreements are signed.

During the preparatory work, monitoring of all biotic and abiotic elements is carried out in accordance with the law and good industry practice. The biodiversity and system services of the areas analysed are assessed. In-depth analyses also address potential links to protected areas (e.g. existing migration corridors), planning documents are reviewed (e.g. the local spatial development plan and its provisions relating to development possibilities and environmental issues). This stage also involves deciding on the feasibility of the investment project and taking measures to minimise the potential negative effects of the project on the environment. Discussions with local communities and potential land tenants are also being held at this time.

Once the study cycle is closed for projects, Information Sheets or an Environmental Impact Report are prepared. In the case of group II projects, according to the classification in the Regulation on projects

that may have a significant impact on the environment, the body conducting the proceedings, on the basis of the KIP and the opinions of the bodies involved in the proceedings, orders or refrains from conducting a full environmental impact assessment. In the event of a waiver, it may impose conditions on the project and, if a full Environmental Impact Assessment (EIA) is required, an EIA report is prepared for the project. For group I projects, an EIA report is submitted to the authority conducting the proceedings and a full EIA assessment is conducted with public participation.

All conditions of the decision issued are respected by the companies implementing the project. At this stage (obtaining the environmental decision), further contacts with the local community are planned, communication tools are implemented (e.g. grievance and application forms) that are later available during the construction and operational phases, meetings are held with local residents, and the public involvement process begins, i.e. the implementation of an involvement plan with the launch of educational and charitable activities to accompany projects throughout their life cycle.

At the time of obtaining an occupancy permit, projects are subject to subcontractor analyses arising either from legislation or as a result of the conditions of the environmental decision issued for the project. Reports on environmental measurements and surveys are submitted in each case to the body issuing the environmental decision, the Regional Environmental Protection Directorate and the body responsible for environmental and sanitary measurements (Provincial Environmental Protection Inspector and State Provincial Sanitary Inspector or State District Sanitary Inspector). The results are communicated to the local community and presented at a local consultation point, which also provides forms and contact details for the Site Manager during the operational phase and the Director of Environment and Sustainability at Polenergia S.A.

It is also good practice of the Polenergia Group to perform independent environmental oversight from the start of construction until completion and site clean-up. Between 2022 and 2023, there were a total of 129 visits by naturalists. The oversight commissioned by the Group's special purpose vehicles, which is independent of the site manager, aims to monitor the construction site, ensure that safeguards are properly implemented, train construction workers, prepare applications and carry out work related to variance decisions. In turn, during the construction phase, it proposes measures to protect and support local ecosystems. These measures include: proposing directional drillings along the route of the high-voltage cable, planning the development of photovoltaic farms – preparing plans for sowing flower meadows and plant species adapted to the site conditions, supervising the collection of stone piles from construction to create hiding places and breeding sites for insects and small vertebrate species, proposing the suspension of nesting boxes for bird species present in the area, (e.g. Barn Owl at WF Dębask, Spotted Owl at FF Strzelino) together with educational activities for local residents and green lessons for children from local schools.

In view of the aforementioned minimisation measures organised as early as the pre-planning stage, the Group companies do not have locations or projects located in or near biodiversity-sensitive areas. The activities of special purpose vehicles do not adversely affect these areas by leading to the deterioration of natural habitats and the habitats of species and to the disturbance of the species for which protected areas have been designated.

Additional measures, such as the development of flower meadows in the photovoltaic farm areas, result in the restoration of local ecosystems. When sown with a suitable mix, it also provides protection for ecosystems from invasive species (goldenrod), an increase in biodiversity, the number and species of insects that pollinate the area and surrounding monocultures, and rainwater retention. Areas of established flower meadows are monitored for environmental concerns. This is voluntary good practice on the part of the Group companies that operate the facilities. Through annual studies, it is possible to assess the functioning of the established grassland ecosystem. Information on the studies is available on the group's ESG website: [Polenergia Group ESG website](#) and in its external communications.

Thus, the way in which projects are planned, built and operated at Polenergia Group not only results in the absence of negative impacts, as confirmed by post-implementation studies of projects in operation. Proper management of the area (construction and maintenance of ecosystems) and collaboration with the local community creates added value for any project, including in the field of restoring ecosystems and local biodiversity.

E4-1 Transition plan and consideration of biodiversity and ecosystems in strategy and business model

In 2023, the Polenergia Group did not have a biological transition plan. The roles of the biodiversity action plan are fulfilled by the Biodiversity Strategy. The overarching document for environmental impact management is the Polenergia Group's Environmental and Social Policy. Link: [Polenergia Group Environmental and Social Policy](#)

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Intensive work was conducted on the Biodiversity Strategy, which was developed taking into account the final revisions of the Taskforce for Nature-related Financial Disclosures (TNFD) guidelines. The Group will carry out its activities according to the LEAP (Locate/Evaluate/Assess/Prepare) framework and, by means of this framework, analyse risks and opportunities to reveal the link between the Group's activities and nature. The strategy was adopted by the Management Board on 12 March 2024. Link: [Biodiversity strategy of Polenergia Group](#)

Locate

The aim of the first phase of the Biodiversity Strategy is to identify the impact on the biodiversity resource in own operations and in the value chain, among the entities cooperating directly with the entities in the Polenergia Group.

The planned effects of the works is:

- Geographic mapping of the impact of own operations and Tier 1 of the value chain
- Preparing the process for further extension of the study to the next stages of the value chain.

Evaluate

The second stage is the assessment of Polenergia Group's dependence and impact on nature. The impact on nature is defined as a change in the state of nature that may result in changes in the ability to deliver value to business and society. The impact on nature can be both negative and positive.

The planned effects of the works is:

- List of the relevant environmental resources and ecosystem services in each location in the Locate stage

Assess

The third stage is the identification and prioritisation of risks related to nature and opportunities for organisations resulting from the identified relationships and impacts on nature. To achieve this, existing risk management processes need to be adapted, to include risks for which an assessment, prioritisation and materiality will be established. The risk system should allow the organisation to assess financial impact.

The planned effects of the works is:

- A "long list" of material nature-related risks that can be included in the risk matrix used by the organisation;
- A "short list" of material nature-related risks and opportunities, and a list of priority locations;
- Preparing the process of adapting the existing risk management processes and related elements to integrate nature-related risks and opportunities.

Prepare

The fourth stage of the Biodiversity Strategy is to carry out discussions with internal stakeholders on how the organisation should respond to identified problems (strategic implications, resource allocation, capital allocation). Response decisions are embedded in the existing corporate communication processes and take into account short-term, medium-term and long-term considerations. The

organisation will plan to keep the stakeholders informed about the due diligence process in the long term.

The planned effects of the works is:

- Defining nature-related objectives and indicators in the light of the nature-related assessment carried out
- Discussion within the organisation about its management and risk control processes in the context of the nature-related assessment
- Developing and publishing a set of TNFD-compliant disclosures.

E4-2 Policies related to biodiversity and ecosystems

The Biodiversity Strategy, which was published on 12 March 2024, addresses issues of direct exploitation and impacts on the state of species. The document sets out Polenergia Group's engagement strategies for biodiversity conservation. The challenges faced and commitments made are consistent with the EU Biodiversity Strategy 2030, which is the foundation for nature conservation in the European Union and one of the key elements of the European Green Deal, as well as with Polenergia Group's Sustainable Development Strategy. The overarching Policy with regard to biodiversity setting the framework for Polenergia Group's activities is the Biodiversity Strategy, clarifying the Environmental and Social Policy in this regard.

When implementing investment projects related to Renewable Energy Sources, Polenergia may have an impact on the natural environment.

The Biodiversity Strategy outlines the impact on the environment while indicating the objectives and measures to be taken to minimise it. Not only does the document address the Group's own assets and operations, but it also includes an assessment of the impact of component supply chains.

The implementation of the Strategy will be a continuation of the environmental protection efforts carried out by the Polenergia Group for many years. Proactive measures will continue to be taken to minimise impacts at an early stage of project development, to protect species and habitats, and to undertake environmental monitoring throughout the construction process and operational phase.

Objectives of the Biodiversity Strategy:

- Prioritisation of biodiversity conservation at all levels of the Group and in its investment projects
- Commitment to the implementation of the Sustainable Development Goals and the Biodiversity Convention
- Ensuring Polenergia's achievement of the net zero impact target for biodiversity by 2040
- In order to minimise the negative impact of the Group's activities on biodiversity, biodiversity impact management procedures will be put in place at all stages of planning, construction and operation by mapping and reporting potential and direct impacts on biodiversity across the Group's projects
- Performing full environmental monitoring prior to the construction process, during the construction of the project and throughout the operational phase to minimise impacts while actively seeking opportunities to enhance local ecosystems and biodiversity
- Implementing a mitigation hierarchy procedure, to limit negative direct impacts, and implementing remediation measures at the project sites
- Develop and implement a package of measures to support the positive impact of photovoltaic farms on biodiversity.

Polenergia Group will also strengthen the principles of biodiversity conservation in the supply chain by minimising and monitoring the impact on biodiversity in the supply chain, working with partners to minimise their impact on biodiversity in the Group's supply chain and implementing procedures to verify the impact on biodiversity of the production and supply of materials in the supply chain.

E4-3 Actions and resources related to biodiversity and ecosystems

The Polenergia Group is engaged in biodiversity conservation activities at wind and photovoltaic farms, which is directly linked to the implementation of the Sustainable Development Goals and the EU Biodiversity Strategy, which is a component of the European Green Deal.

Environmental supervision over wind farms

Compulsory environmental monitoring is carried out at the wind farm sites of the Polenergia Group companies, both during construction and after the wind farms have been put into operation. A good practice of the Group, which ensures that the projects carried out are implemented with the utmost care for the preservation of biodiversity, is the constant presence and supervision of naturalists during construction.

An initiative taken in 2023 was to increase monitoring of the impact of projects on nature, by conducting pre- and post-investment environmental surveys.

In 2023, a total of 52 environmental supervision inspections were carried out at the Grabowo Wind Farm site and 28 inspections at the Piekło Wind Farm site.

Environmental supervision over photovoltaic farms

From March to October 2023, environmental supervision was carried out at the construction site of the Strzelino Photovoltaic Farm during the preparation and construction phase. The environmental supervision covered area of the roads to be used for transportation, the area of the planned photovoltaic farm and the accompanying infrastructure (HV cable), as well as the adjacent grounds. During the 20 inspections, the farm site was regularly examined to identify and assess the potential threat of the project area being inhabited by protected animal species. Due to the earthworks continuing during the breeding season, it was necessary to verify whether nesting birds had been present on the project site, so the treatments were particularly targeted at avifauna or living in a specific geological period) and consisted in the levelling of ground cover vegetation to reduce the attractiveness of a potential breeding habitat for ground-nesting birds such as the lark and bunting. In addition, in-house initiatives involving stone mounding have been undertaken, and the sowing of a flower meadow is planned.

In line with the Polenergia Group's good practice, non-mandatory pre-investment surveys are carried out at planned project locations to examine the sites and their environmental value. Project monitoring is currently underway at the Szprotawa Photovoltaic Farm. The farm under construction will be subject to environmental supervision in 2024.

Protection of the Montagu's harrier

Since 2014, the Polenergia Group has actively supported the Montagu's Harrier Protection Project. The Montagu's harrier (*Circus pygargus*) is one of the smaller birds of prey in Europe. It usually nests in the middle of cereal fields or other high-growing crops. This species is strictly protected and included on the red list of species that require active protection. Due to the harrier's nesting location, its broods are particularly endangered. In the summer season, these birds are common throughout Europe, while their wintering sites are located in eastern Africa towards south from Sahara, as well as in east Africa and India. Harriers arrive in the Polish breeding grounds in the second decade of April or the first half of May and leave them between August and October.

As part of the protection measures, ornithologists, in consultation with Polenergia, are searching for breeding grounds in the project areas, setting up, among other things, fences around harrier nests to prevent them from being destroyed during harvesting or other agricultural work. Since the Programme's inception (for the last 10 years), a total of 106 young birds have been rescued. Ongoing monitoring has confirmed that three nests of the Montagu's harrier had been protected at the Modlikowice and Łukaszów Wind Farms in 2023. 7 chicks took flight and all the young birds were leg-banded by ornithologists. A similar programme was carried out at the Kostomłoty Wind Farm site. Between 2022 and 2023, 9 new nests were found, 4 of which were successfully protected from damage caused by agricultural machinery. A total of 13 chicks were leg-banded on the farm.

Plantings

In 2023, Polenergia Group carried out planting activities at the Krzęcin Wind Farm, Skurpie, Grabowo and Kostomłoty Photovoltaic Farm project sites. Plantings are an integral part of the Group's sustainability efforts, which support biodiversity activities.

A total of 169 trees and shrubs were planted (369 trees and shrubs planted excluding replacement plantings), which now adorn parks, roads, squares and surround public buildings. In April and May 2023, climbing plants were planted along the fence of the Buk Photovoltaic Farm to shield the photovoltaic panels from the public road.

Cooperation with the UNEP/GRID-Warsaw – RE:Generation programme

In the first half of 2023, the Polenergia Group, in tandem with UNEP/GRID-Warsaw, engaged in the active protection of three nature reserves under the RE:Generation programme. The programme is implemented by the UN Environmental Agendas as part of the "Decade of Ecosystem Restoration". The Polenergia Group has been actively involved in the Programme in previous years, including the protection of coastal ecosystems on the Vistula Spit, or, as in the case of this year's activity, has supported efforts to protect wetland habitats.

E4-4 Biodiversity and ecosystems targets

Number	Target	Description
E.5	Development of biodiversity due diligence system.	By 2030, we will conduct regular biodiversity monitoring on a full annual cycle on the basis of a developed due diligence system.

E4-5 Impact metrics related to biodiversity and ecosystems change

Collision with areas of high biodiversity value

In 2023, Polenergia Group's operations did not collide with protected areas. E5 Resource use and circular economy

The circular economy is becoming an increasingly important issue for the Polenergia Group. Its materiality was confirmed by the materiality study carried out. No material opportunities or risks related to this area have been identified.

In terms of impacts related to the circular economy, the Group's activities with current impacts within its own operations are concentrated in segments related to distributed energy, where there is a flow of materials and products processes within the organisation. An important matter with a far-reaching time horizon for the occurrence of a direct impact is the end of life of wind and photovoltaic installations.

For information on the materiality study, see ESRS2 SBM-3.

E5-1 Policies related to resource use and circular economy

The Group does not have a circularity policy. Issues related to the circular economy are addressed in the following policies and procedures:

- The Environmental and Social Policy addresses, in broad terms, the issue of optimising the consumption of basic raw materials at the operational level, including activities that support core business processes.
- A procedure for dealing with waste, aimed at identifying waste generated in the course of production processes and repair work at Polenergia Group facilities, indicating the correct method for its further management and documenting these activities. The procedure applies to all areas of the Group.

Under the Procedure, the Site Manager is responsible for waste management on site. The Site Manager reports waste management information to the Environmental Manager from Polenergia Group's Environmental Protection and Sustainability Department. The procedure also regulates how to handle the waste generated and how to document all waste-related activities. The procedure outlines the responsibility of employees for segregating waste, removing it from the site and delivering it to the collection site. The responsibility of the Director of Polenergia S.A.'s Environmental Protection and Sustainability Department is to: reach agreement on the waste generation permit with public administration authorities, control reports, and establish waste handling rules. Waste generated in the process of both construction and renovation is the responsibility of the Subcontractor.

E5-2 Actions and resources related to resource use and circular economy

The action carried out in the area of projects under construction is continuous environmental monitoring. Experts performing the supervision are required to pay attention to any pollution and waste associated with the construction work. Any observations regarding any debris left behind are directed to the Site Manager.

E5-3 Targets related to resource use and circular economy

In the Polenergia Group's Sustainable Development Strategy covering the period 2023-2030, the Polenergia Group established the objective "E.4. Implementation of the principles of the circular economy in the activities of the Polenergia Group". The Group pledged to implement turnkey recycling and repowering solutions for its own dismantled wind and photovoltaic plants by 2030.

E5-4 Resource inflows

The Polenergia Group's business is very diverse. The following reported data relates to Polenergia Fotowoltaika. The main products used by the company during the reporting period include: heat pumps, mounting structures, CO buffers, photovoltaic modules, string and hybrid inverters, optimizers, AC/DC power boxes.

The Group has not identified any risk of double counting in the financial year 2022/2023.

Polenergia Fotowoltaika, which is a subsidiary of the Polenergia Group, introduced products with a total weight of 3,998.51 Mg into the organization in 2023. Products accounted for 81.8% (3,998.51 Mg) and technical materials for 18.2% (889.32 Mg). In 2023, Polenergia has neither introduced nor used biological materials.

Polenergia Group			
Resource inflows	Unit	2023	
Total weight of inflow products	Mg	3,998.51	
Total weight of inflow of technical materials	Mg	889.32	
including the total weight of secondary reused or recycled components, secondary intermediary products and secondary raw materials used to manufacture the company's products and services (including packaging)	Mg	0.00	

Total weight of inflow of biological materials	Mg	0.00
including total weight of sustainably sourced	Mg	0.00
Total weight of technical and biological material inflows	Mg	889.32
Total weight of products, technical and biological materials	Mg	4,887.83
Percentage of sustainably sourced biological materials	%	0.00%
Percentage of materials secondarily reused	%	0.00%
Resource outflows		
Total weight of products	Mg	0.00
Total weight of recyclable products	Mg	0.00
Total weight of packaging	Mg	0.00
Total weight of recyclable packaging	Mg	0.00
Index of recyclable content in products	%	-
Index of recyclable content in packaging	%	-

For selected resources being reported, Polenergia held the actual data extracted from invoices or other documents (such as product data sheets)

E5-5 Resource outflows

For Polenergia Group's operations, waste generated is an important aspect of environmental impact.

The generation of significant quantities of waste is related to the investment process implemented by subcontractors and partners in the construction of wind and photovoltaic farms. Subcontractors are contractually obliged to comply with regulations and to exercise the utmost care in waste management and to minimise waste generation. Subcontractors are also required to keep detailed records of waste generated and report it to Polenergia.

Three companies in the Group have been identified as waste generators within the meaning of the Waste Act. Therefore, they are responsible for the proper management of waste, including hazardous waste, and for its initial storage. These are: Farma Wiatrowa 6, Dipol and Polenergia Elektrociepłownia Nowa Sarzyna. Waste generation at these plants is subject to an integrated or sectoral permit (Waste Generation Permit).

Polenergia Elektrociepłownia Nowa Sarzyna Sp z o.o. generates waste from the fuel combustion plant it operates. The following waste is generated in connection with the plant's operations:

- production waste generated in connection with the operation of the plant,
- waste generated in connection with ancillary activities including repair and workshop activities.

In the case of wind farm operations, similar hazardous and non-hazardous waste is generated and initially stored as is the case for the Combined Heat and Power Plant. Waste generated by this group of plants includes:

mineral oils and liquids, hydraulic oils, packaging waste, sorbents and filters, sludge from water clarification, resins and activated carbon, batteries and accumulators, waste electrical and electronic equipment, insulation materials.

The companies attach importance to timely operational inspections ensuring that the amount of waste generated is minimised to the necessary volume. Scheduled inspections minimise the possibility of potential breakdowns that would result in the generation of more waste.

Municipal waste generated in the Group companies comprises mostly office waste and is handed over to authorised Municipal Utilities or companies collecting municipal waste under the Act on maintaining cleanliness and order in municipalities.

Polenergia Group				
	Unit	2022	2023	Change y/y
Resource outflows				
Waste diverted for recovery				
Hazardous waste	Mg	0.00	0.09	-
Preparation for reuse	Mg	0.00	0.00	-
Recycling	Mg	0.00	0.09	-
Other recovery operations	Mg	0.00	0.00	-
non-hazardous waste	Mg	346.45	8.10	-97.66%
Preparation for reuse	Mg	0.00	0.00	-
Recycling	Mg	346.45	0.71	-99.80%
Other recovery operations	Mg	0.00	7.39	-
Total volume of waste diverted for recovery	Mg	346.45	8.19	-97.64%
Waste diverted for disposal				
Hazardous waste	Mg	4.42	3.20	-27.78%
Incineration	Mg	0.54	0.56	+3.70%
Landfill	Mg	2.00	0.00	-100.00%
Other disposal operations	Mg	1.88	2.64	+39.86%
non-hazardous waste	Mg	153.31	256.09	+67.04%
Incineration	Mg	3.31	0.02	-99.40%
Landfill	Mg	0.00	0.00	-
Other disposal operations	Mg	150.00	256.07	+70.71%
Total amount of waste diverted for disposal	Mg	157.73	259.28	+64.38%
Total amount of radioactive waste	Mg	0.00	0.00	-
Total amount of waste generated	Mg	504.18	267.47	-46.95%
Total amount of non-recycled waste	Mg	157.73	266.67	+69.06%
Percentage of non-recycled waste	%	31.3%	99.7%	+68.42

	Unit	2022	2023	Change y/y
Total hazardous waste	Mg	4.42	3.29	-25.75%
Total non-hazardous waste	Mg	499.76	264.19	-47.14%
Total waste	Mg	504.18	267.47	-46.95%

In 2023, the Polenergia Group generated 267 Mg of waste, including:

- non-hazardous waste accounted for 98.7% (264.19 Mg), of which 8.1 Mg was sent for recovery (recycling and other recovery processes) and 0.02 Mg was sent for incineration
- hazardous waste accounted for 1.2% (3.29 Mg), of which 0.09 Mg was sent for recycling and 0.56 Mg was sent for incineration

Compliance with the EU Taxonomy

Introduction

This is the *second time* that the Polenergia Group discloses information on compliance with the so-called EU Taxonomy of Environmentally Sustainable Activities in this report. The related obligations were introduced by Regulation (EU) 2020/852 of the Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment.¹ The disclosure made by the Polenergia Group is voluntary, and is made in advance of the period in which the aforementioned obligations will apply to Polenergia S.A. and the Polenergia Group in the future. The above-mentioned Regulation, referred to as the EU Taxonomy, transposes the European Union's climate and environmental objectives into technical screening criteria for assessing whether an activity can be considered sustainable in relation to the following 6 environmental objectives:

1. Climate change mitigation.
2. Climate change adaptation.
3. Sustainable use and protection of water and marine resources.
4. Transition to a circular economy.
5. Pollution prevention and control.
6. Protection and restoration of biodiversity and ecosystems.

The Taxonomy is therefore a classification system to examine and disclose the extent to which the Group's activities are environmentally sustainable.

All activities carried out by the Group can be assigned to one of the following three categories:

- Taxonomy-eligible activities for which it has been determined that the Technical screening criteria and Minimum safeguards have been met – these are environmentally sustainable activities,
- Taxonomy-eligible activities which have not been examined for compliance with the Technical screening criteria, or it has been determined that at least one of the criteria has not been met, or the Minimum safeguards have not been met – they are Taxonomy-eligible, but environmentally unsustainable activities,
- Taxonomy non-eligible activities for which no Technical screening criteria have been defined (this category includes e.g. activities for which the criteria will be defined in the future and the activities will then become Taxonomy-eligible).

The **Technical screening criteria** (TSCs) represent detailed criteria for determining unequivocally whether an economic activity qualifies as contributing substantially to one of the environmental objectives and for determining whether that economic activity causes no significant harm to any of the other environmental objectives. The TSCs are laid down in two legal acts:

Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021. (the so-called 'Climate Delegated Act'), which, since its issue, has been amended twice by the following legal acts:

Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022, which introduced requirements for energy generation activities using gaseous fuels and nuclear energy,

Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023, which introduced new activities and amendments to certain technical screening criteria.

1. Regulation 2021/2139 includes criteria for a significant contribution to two environmental objectives: climate change mitigation (CCM) and climate change adaptation (CCA), and criteria for doing no significant harm (DNSH) to other environmental objectives.
2. Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023² (the so-called 'Environmental Delegated Act').

This regulation sets out the TSCs for significant contribution and not doing significant harm to the other four environmental objectives: water conservation (WTR), circular economy (CE), pollution control (PPC) and biodiversity conservation (BIO).

Minimum safeguards (MS), set out in Article 18 of Regulation 2020/852, are the procedures implemented to ensure compliance with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

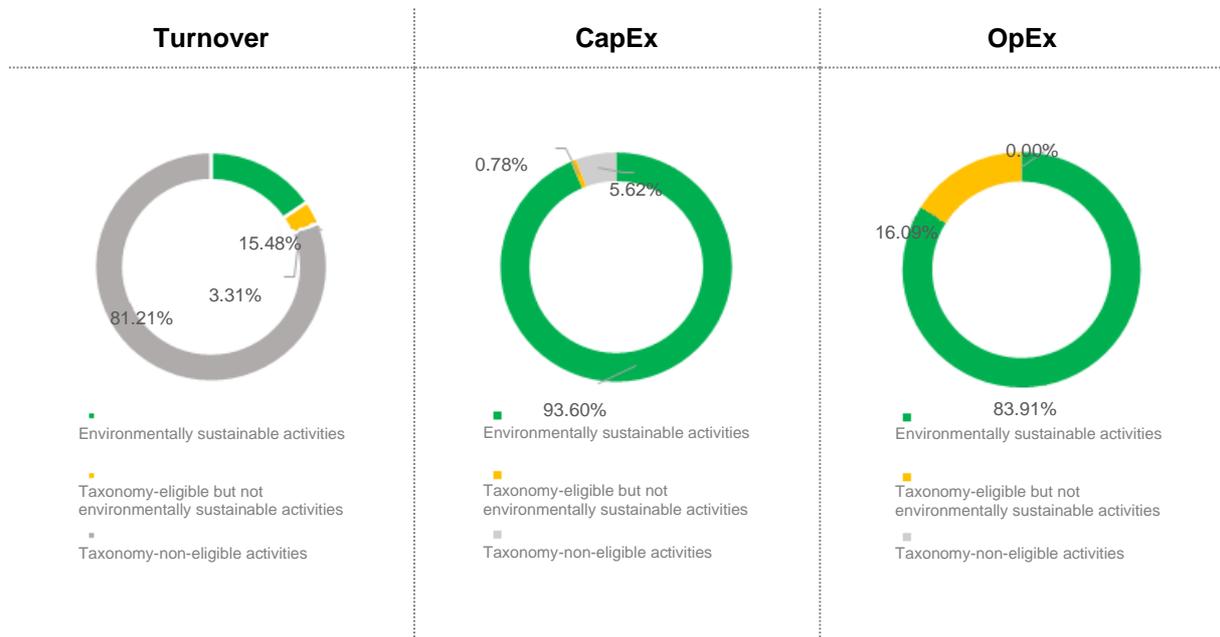
Any company subject to the obligations resulting from Regulation 2020/852 is required under Article 8 of the Regulation to disclose the following three indicators:

- The proportion of their turnover derived from products or services associated with environmentally sustainable economic activities,
- The proportion of their capital expenditure (CapEx) related to assets or processes associated with environmentally sustainable economic activities,
- The proportion of their operating expenditure (OpEx) related to assets or processes associated with environmentally sustainable economic activities.

Detailed requirements for the calculation and disclosure of the above-mentioned indicators have been set out in Commission Delegated Regulation (EU) 2021/2178³, the so-called "Article 8 Delegated Act".

Taxonomy alignment of Polenergia Group's activities

As a result of analyses, the following proportions of Taxonomy-aligned turnover, capital expenditure (CapEx) and operating expenditure (OpEx) were determined.



An analysis of alignment of the Group's activities with the Taxonomy demonstrated that:

- Polenergia Group's sustainable activities in 2023 accounted for 15.48% of turnover, 93.60% of capital expenditure and 83.91% of operating expenditure.
- Taxonomy-eligible, but not Taxonomy-aligned (environmentally unsustainable) activities in 2023 accounted for 3.31% of turnover, 0.78% of capital expenditure and 16.09% of operating expenditure of the Group.
- Taxonomy-non-eligible activities in 2023 accounted for 81.21% of turnover, 5.62% of capital expenditure and 0.00% of the operating expenditure of the Group.

Polenergia Group	Turnover	CapEx	OpEx
value in 2023 [PLN million]	5,615.4	327.1	105.1
sustainable activities (Taxonomy-aligned)	869.5	306.2	88.2
unsustainable activities (Taxonomy-eligible but not Taxonomy-aligned)	185.9	2.6	16.9
neutral activities (Taxonomy non-eligible)	4,560.0	18.4	0.0

The section above includes the adjusted value for CapEx, OpEx and Turnover for 2022. The correction is due to an incorrect qualification of one of the Technical screening criteria for activity 4.3.1 Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system.

The following section describes the process of assessing Taxonomy alignment, the applied accounting principles and a detailed description of the three key performance indicators with tables prepared in accordance with the so-called Article 8 Delegated Act, i.e. Commission Delegated Regulation (EU) 2021/2178.

The relatively low proportion of environmentally sustainable turnover, achieved for the second consecutive year, is due to the fact that revenue related to electricity trading forms a major part of the Group's total revenue. This activity remains Taxonomy non-eligible.

Assessment of Taxonomy alignment

A four-stage process was carried out in order to assess Taxonomy alignment:

1. Identification

This stage consisted in reviewing all the activities carried out by Polenergia S.A. and the Group's subsidiaries and determining whether their economic activities, and if so, which activities, are Taxonomy-eligible. The companies' revenue, capital expenditure and operating expenditure were reviewed. In order to identify the respective activities, their descriptions contained in the annexes to Commission Delegated Regulation (EU) 2021/2139 were used and compared to the activities actually carried out. Where the description of the activities was not sufficiently clear, NACE⁴ classification was used in a supportive manner.

2. Allocation

This stage consisted in allocating turnover, capital expenditure and operating expenditure to the respective activities identified in the first stage. The applied allocation methods have been described in detail in the *Accounting principles* chapter.

3. Verification

This stage consisted in two types of assessment:

For all identified economic activities, assessment of the substantial contribution and "do no significant harm" criteria was carried out using the TSCs as set out in the Annexes to Commission Delegated Regulation (EU) 2021/2139 and 2023/2486. Details of the assessment have been presented in the *Verification of compliance with the technical screening criteria* section.

Assessment of compliance with the Minimum safeguards has been carried out. Details of the assessment have been presented in the *Minimum safeguards* section.

4. Calculation

This stage consisted in using the resulting information from stages two and three to draw up tables containing the required information and preparing this supplementary information, as required by Annexes I and II of Commission Delegated Regulation (EU) 2021/2178.

The process was carried out by a team comprising representatives of Polenergia S.A. Group companies with the support of a third-party consulting firm and it was supervised by the Director of Controlling and Investor Relations and by the Director of Accounting at Polenergia S.A.

Minimum safeguards

In accordance with Article 18 of Regulation 2020/852:

*"The minimum safeguards referred to in point (c) of Article 3 shall be 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**."*

Compliance with the Minimum safeguards was assessed in accordance with the recommendations provided for in the *Final Report on Minimum Safeguards*⁵ prepared by Platform on Sustainable Finance. According to the recommendations, any of the following four criteria is a sign of non-compliance with the minimum safeguards:

Inadequate or non-existent corporate due diligence processes on human rights, including labour rights, bribery, taxation, and fair competition.

1. A company has ultimately been held liable or found to be in breach of labour or human rights in certain types of labour or human rights court cases.
2. The lack of collaboration with an OECD National Contact Point (OECD NCP) with regard to a report received by the OECD NCP.

3. Non-response to allegations by the Business and Human Rights Resource Centre (BHRC) within 3 months.

During the verification process at Polenergia Group, non-compliance based on the above-mentioned criteria was assessed as follows:

Criterion 1: Verification of the completeness of the due diligence processes was based on internal verification of the existence and operation of the components of the due diligence process resulting from the framework of those processes provided for in the documents listed in the definition of the minimum safeguards. The design of the due diligence processes in terms of the definition proposed in Article 3(c) of Regulation (EU) 2020/852 of the European Parliament and of the Council is mainly influenced by the provisions of the *UN Guiding Principles on Business and Human Rights* and the *OECD Guidelines for Multinational Enterprises*. Compliance was verified with the use of a compliance assessment tool applying the assessment methodology proposed by the Platform on Sustainable Finance: *World Benchmark Alliance Core UNGP indicators*. As a result of the analysis, it was determined that a complete due diligence process is in place and functions within the organisation in accordance with the guidelines.

Criterion 2: Criterion 2 was verified in the process of completing the answer regarding Criterion 1 by checking that there were no final convictions against the persons listed in the Consideration during the period under review. As a result of the verification, it was determined that there was no information which would make the Group non-compliant under Criterion 2.

Criterion 3: A verification of the OECD NCP notification database was carried out, which showed that there were no existing notifications in relation to the Group during the period under review. [<http://mneguidelines.oecd.org/database/>].

Criterion 4: A verification of the Business and Human Rights Resource Centre (BHRC) notification database was carried out which showed that there were no notifications in relation to the Company/Group during the period under review. [<https://www.business-humanrights.org/en/companies>].

As a result of the verification process, it was determined that Polenergia Group's activities were carried out in accordance with the Minimum safeguards.

Verification of compliance with the Technical screening criteria

Verification of compliance with the Technical Screening Criteria was carried out for all Taxonomy-eligible economic activities and consisted in an assessment of respective criteria of substantial contribution and no significant harm and a check of the extent to which a given activity complies with the TSCs as set out in the provisions of Commission Delegated Regulations (EU) 2021/2139 and 2023/2486.

The following table presents the activities carried out under the TSC compliance assessment for activity 4.3. *Electricity generation from wind power*. This activity accounts for 42.76% of Polenergia Group's Taxonomy-eligible turnover and for almost 42.61% of total capital expenditure. Due to the volume of the report, detailed descriptions of the TSC assessment for each activity have been omitted, and the table below is intended to present the approach and granularity of the assessment; it was carried out in a similar manner for each of the Taxonomy-eligible economic activities.

Substantial contribution criterion	
Climate change mitigation	The activity generates electricity from wind power
Do no significant harm criteria	
Climate change adaptation	Climate risk assessment was carried out for each wind farm under EIA (Environmental Impact Assessment) procedure
Sustainable use and protection of water and marine resources	This criterion only applies to Offshore Wind Farms: in accordance with Annex 1 of Directive 2008/56/EC – at the stage of environmental impact assessment of the project (offshore wind farms – Group I likely to have significant adverse environmental impact according to

	EIA classification and Regulation) – data is collected (monitoring of the biotic and abiotic environment, modelling, including acoustic, impact on ecosystems and biodiversity), and mitigating measures and monitoring of the construction and operation phase of the projects are proposed.
Transition to a circular economy	During the investment process and during the construction of wind farms, technologies with a life cycle of at least 30 years are selected. Turbine met masts are made of steel (100% recyclable), turbine blades are remanufactured (this is the case for the oldest wind farms, e.g. Puck WF), O&M supervision is carried out, maintenance works are planned and carried out on an ongoing basis, preventing major failures or replacement of large components.
Pollution prevention and control	Not applicable
Protection and restoration of biodiversity and ecosystems	For wind farm project purposes, wildlife surveys are carried out (e.g. year-round bird and bat surveys according to the adopted methodologies), which are attached to the application for the decision on environmental conditions, and the impact on migration corridors, protected areas and Natura 2000 is assessed. Ex-post (three-year) monitoring is proposed and imposed in the content of the decision on environmental conditions. For each wind farm project, Group companies conduct environmental monitoring for the construction phase (monthly reports are available). Ex-post reports (three-year evaluations of the impact of the constructed wind farm are submitted to the authority issuing the decision on environmental conditions and to the Regional Directorate for Environmental Protection (RDOŚ) for approval of the methodology and partial results of the annual monitoring, as well as the overall impact assessment after 3 full years of studies). Documents confirming the Project Information Sheets, EIA Reports, environmental inventories, as-built reports are publicly available information (environmental information).

Accounting principles

The following principles were applied in order to calculate the proportion of Taxonomy-eligible and Taxonomy-aligned turnover, capital expenditure (CapEx) and operating expenditure (OpEx).

Turnover

With regard to turnover, the denominator was the consolidated sales revenue of Polenergia Group in 2023, as disclosed in the consolidated financial statements in note 35: "sales revenue". Revenue from Taxonomy-eligible and at the same time Taxonomy-aligned activities was assigned to the numerator.

Capital expenditure (CapEx)

With regard to capital expenditure (CapEx), the denominator was capital expenditure primarily: expenditures on wind and photovoltaic farms as well as the valuation of leasing and development of the distribution network. CapEx is included in the consolidated financial statements in note 12: "property, plant and equipment". The part of CapEx relating to Taxonomy-eligible and at the same time Taxonomy-aligned activities was assigned to the numerator.

Operating expenditure (OpEx)

With regard to operating expenditure (OpEx), the denominator covered all costs used for the ongoing management of the company's assets and for keeping them in good working order. They included such costs as: costs of technical maintenance, installation, repair, security, rental and lease and other costs related to maintaining the proper operation of buildings, equipment and vehicles used by the Group. The part of OpEx relating to Taxonomy-eligible and at the same time Taxonomy-aligned activities was assigned to the numerator.

The data used for calculations were obtained from the financial and accounting system of Polenergia S.A. and from the financial and accounting systems of respective subsidiaries of Polenergia Group.

The Group avoided double counting when allocating turnover and capital expenditure by making appropriate consolidation exclusions in accordance with the applicable accounting regulations. In the case of operating expenditure, which is defined in the Commission Delegated Regulation (EU) 2021/2178 without reference to international financial reporting standards, all accounts in the Group's accounting system were reviewed and the identified items meeting the definition of OpEx were then attributed in each case to a particular Taxonomy-eligible activity or to a set of other operating expenditure (Taxonomy non-eligible).

In this report, the Group discloses for the second time the proportion of Taxonomy-aligned activities and, for the second time, the proportion of Taxonomy-eligible activities. The disclosure in this report relates to the most recent financial year, i.e. the period from 1 January 2023 to 31 December 2023.

No activities contributing to more than one environmental objective were identified during the assessment. Therefore, there was no need for special procedures to avoid double counting.

Verification of compliance with the technical screening criteria was conducted for all Taxonomy-eligible activities and consisted in an analysis of respective substantial contribution and "do no significant harm" criteria. For other activities not exceeding the materiality threshold, the assessment was not conducted, and this type of activity was recognised as Taxonomy-eligible but not Taxonomy-aligned.

The analysis showed that there was no need for a detailed disaggregation of the key performance indicators between the Group's respective operating units in accordance with paragraph 1.2.2.3. of Annex I of Commission Delegated Regulation (EU) 2021/2178. For more information, see the comments on respective key performance indicators.

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.	NO

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

As Polenergia Group only carries out activities related to the two economic activities indicated in the table above, only the rows related to those two activities are included in respective tables accompanying the disclosure of key performance indicators.

Turnover
Table 1: Taxonomy-aligned turnover proportion

Financial year 2023	Year		Substantial contribution criteria							DNSH criteria ("Do No Not Significant Harm")							Minimum safeguards	Taxonomy-aligned proportion of turnover, year 2022	Category (enabling activity or)	Category (transitional activity)
	Code(s)	Absolute turnover PLN million	Proportion of turnover %	Climate change mitigation Y; N; N/EL	Climate change adaptation Y; N; N/EL	Water and marine resources Y; N; N/EL	Circular economy Y; N; N/EL	Pollution Y; N; N/EL	Biodiversity and ecosystems Y; N; N/EL	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N					
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Electricity generation using solar photovoltaic technology	CCM 4.1 / CCA 4.1	16.95700	0.30%	Y	N	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0.23%			
Electricity generation from wind power	CCM 4.3 / CCA 4.3	371.74100	6.62%	Y	N	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	5.71%			
Transmission and distribution of electricity	CCA 4.9 / CCM 4.9	178.86730	3.19%	Y	N	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	2.27%	E		
Installation and operation of electric heat pumps	CCM 4.16 / CCA 4.16	32.05487	0.57%	Y	N	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0.50%			
Infrastructure enabling road transport and public transport	CCA 6.15	0.09276	0.0017%	N	Y	N/EL	N/EL	N/EL	N/EL	Y		Y	Y	Y	Y	Y	0.00%			
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4 / CCA 7.4	1.61566	0.03%	Y	N	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	0.02%	E		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	268.13170	4.77%	Y	N	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	5.49%	E		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		869.46028	15.48%	15.48%	0.0017%	0.00%	0.00%	0.00%	0.00%								14.22%			
Of which enabling				7,99%	0.00%	0.00%	0.00%	0.00%	0.00%									E		
Of which transitional				0.00%															Y	
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				

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High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	CCM 4.30 / CCA 4.30	150.90734	2.69%	Y	N	N/EL	N/EL	N/EL	N/EL									2.64%	
Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	CCM 4.31 / CCA 4.31	35.04226	0.62%	Y	N	N/EL	N/EL	N/EL	N/EL									0.44%	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		185.94960	3.31%	3.31%	0.00%	0.00%	0.00%	0.00%	0.00%									17.29%	
Total (A.1.+A.2.)		1,055.40988	18.79%	18.8%	0.0%	0.0%	0.0%	0.0%	0.0%									31.51%	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		4,560.00312	81.21%																
Total (A+B)		5,615.41300																	

In 2023, Polenergia Group earned revenue of PLN 5,615.413 million. Most of it (PLN 4,560.00312 million) related to energy trading, which is a Taxonomy non-eligible activity. The remaining part of the revenue represented Taxonomy-eligible turnover, including (activities are listed in order from those with the largest proportion of the company's turnover):

- Turnover related to economic activity CCM 4.3 / CCA 4.3 Electricity generation from wind power amounted to PLN 371.74100 million (6.62% of total turnover)
- Turnover related to economic activity CCM 7.6 Installation, maintenance and repair of renewable energy technologies amounted to PLN 268.1317 million (4.77% of total turnover)
- Turnover related to economic activity CCA 4.9 / CCM 4.9 Transmission and distribution of electricity amounted to PLN 178.8673 million (3.19% of total turnover)
- Turnover related to economic activity CCM 4.16 / CCA 4.16 Installation and operation of electric heat pumps amounted to PLN 32.05487 million (0.57% of total turnover)
- Turnover related to economic activity CCM 4.1 / CCA 4.1 Electricity generation using solar photovoltaic technology amounted to PLN 16.957 million (0.30% of total turnover)
- Turnover related to economic activity CCM 7.4 / CCA 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) amounted to PLN 1.61566 million (0.03% of total turnover)
- Turnover related to economic activity CCM 6.15 Infrastructure enabling low-carbon road transport and public transport amounted to PLN 0.09276 million (0.0017% of total turnover)

In the case of economic activity CCM 4.30 / CCA 4.30 *High-efficiency co-generation of heat/cool and power from fossil gaseous fuels* and activity CCM 4.31 / CCA 4.31 *Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system*, it was determined that the criteria for a substantial

contribution to climate change mitigation were not met, so despite meeting all the "do no significant harm" criteria the related turnover was considered Taxonomy-eligible but not Taxonomy-aligned.

In the case of all other activities, it was confirmed that the relevant criteria of substantial contribution to climate change mitigation and the "do no significant harm" criteria were met, and therefore the related turnover was considered to be Taxonomy-aligned.

In 2023, the share of turnover from Taxonomy-aligned activities in total turnover was 15.48%, and the share of turnover from Taxonomy-eligible but not Taxonomy-aligned activities was 3.31%. In total, the proportion of turnover from Taxonomy-eligible activities was 18.79%. The remaining 81.21% of turnover represented revenue from Taxonomy non-eligible activities, i.e. those for which the regulator did not determine Technical screening criteria in the annexes to the delegated acts.

Tables presenting turnover related to the economic activities defined in sections 4.26. to 4.31. of Annexes I and II of Commission Delegated Regulation (EU) 2021/2139

Taxonomy-aligned economic activities (denominator)

Economic activities	Amount and proportion					
	CCM+CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	%	Amount	%	Amount	%
5. Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Commission Delegated Regulation 2021/2139 in the denominator of the turnover	0.0	0.0%	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 Commission Delegated Regulation 2021/2139 in the denominator of the turnover	0.0	0.0%	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 turnover	869.46028	15.48%	601.23582	15.48%	0.09276	0.0017%
8. Total turnover	5,615.413	100.0%	601.23582	15.48%	0.09276	0.0017%

Taxonomy-aligned economic activities (numerator)

Economic activities	Amount and proportion					
	CCM+CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	%	Amount	%	Amount	%
5. Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Commission Delegated Regulation 2021/2139 in the numerator of the turnover	0.0	0.0%	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 Commission Delegated Regulation 2021/2139 in the numerator of the turnover	0.0	0.0%	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 turnover	869.46028	100.0%	869.36753	99.9983%	0.09276	0.0017%
8. Total amount and proportion of Taxonomy-aligned economic activities in the numerator of the turnover	869.46028	100.0%	869.36753	99.9983%	0.09276	0.0017%

Taxonomy-eligible but not Taxonomy-aligned economic activities (numerator)

	Economic activities	Amount and proportion					
		CCM+CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
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 Commission Delegated Regulation 2021/2139 in the denominator of the turnover	150.90734	2.69%	150.90734	2.69%	0.0	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 Commission Delegated Regulation 2021/2139 in the denominator of the turnover	35.04226	0.62%	35.04226	0.62%	0.0	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 turnover	0.0	0.0%	0.0	0.0%	0.0	0.0%
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the turnover	185.9496	3.31%	185.9496	3.31%	0.0	0.0%

Taxonomy non-eligible economic activities

	Economic activities	Amount	Proportion
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Commission Delegated Regulation 2021/2139 in the denominator of the turnover	0.0	0.0%
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Commission Delegated Regulation 2021/2139 in the denominator of the turnover	0.0	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 turnover	4,560.00312	81.21%
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the turnover	4,560.00312	81.21%

In 2023, Polenergia Group incurred capital expenditure of PLN 327.108 million. Most of it related to Taxonomy-eligible economic activities, including (activities are listed in order from those with the largest proportion of the company's capital expenditure):

- CapEx related to economic activity CCM 4.1 / CCA 4.1 Electricity generation using solar photovoltaic technology amounted to PLN 136.104 million (41.61% of total CapEx)
- CapEx related to economic activity CCM 4.3 / CCA 4.3 Electricity generation from wind power amounted to PLN 130.461 million (130.461% of total CapEx)
- CapEx related to economic activity CCA 4.9 / CCM 4.9 Transmission and distribution of electricity amounted to PLN 29.9113 million (9.14% of total CapEx)
- CapEx related to economic activity CCM 6.15 Infrastructure enabling low-carbon road transport and public transport amounted to PLN 9.6967 million (2.96% of total CapEx)

In the case of economic activity CCM 4.30 / CCA 4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuels and activity CCM 4.31 / CCA 4.31 Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system, it was determined that the criteria for a substantial contribution to climate change mitigation were not met, so despite meeting all the "do no significant harm" criteria the related CapEx was considered Taxonomy-eligible but not Taxonomy-aligned.

In the case of all other activities, it was confirmed that the relevant criteria of substantial contribution to climate change mitigation and the "do no significant harm" criteria were met, and therefore the related CapEx was considered to be Taxonomy-aligned.

In addition, Polenergia Group incurred capital expenditure amounting to PLN 18.38255 million (5.62% of total CapEx) related to Taxonomy non-eligible activities.

In 2023, the share of CapEx related to Taxonomy-aligned activities in total CapEx was 93.60%, and the share of CapEx related to Taxonomy-eligible but not Taxonomy-aligned activities was 0.78%. In total, the proportion of capital expenditure related to Taxonomy-eligible activities was 94.38%. The remaining 6.62% of CapEx represented Taxonomy non-eligible activities, i.e. those for which the regulator did not determine Technical screening criteria in the annexes to the delegated act.

Tables presenting CapEx related to the economic activities defined in sections 4.26. to 4.31. of Annexes I and II of Commission Delegated Regulation (EU) 2021/2139
Taxonomy-aligned economic activities (denominator)

	Economic activities	Amount and proportion					
		CCM+CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
5.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Commission Delegated Regulation 2021/2139 in the denominator of the CapEx	0.0	0.0%	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 Commission Delegated Regulation 2021/2139 in the denominator of the CapEx	0.0	0.0%	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 CapEx	306.17300	93.60%	296.4763	90.64%	9.6967	2.96%
8.	Total CapEx	327.10800	100.0%	296.4763	90.64%	9.6967	2.96%

Taxonomy-aligned economic activities (numerator)

	Economic activities	Amount and proportion					
		CCM+CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
5.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Commission Delegated Regulation 2021/2139 in the numerator of the CapEx	0.0	0.0%	0.0	0.0%	0.0	0.0%
6.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31	0.0	0.0%	0.0	0.0%	0.0	0.0%

of Annexes I and II to Commission Delegated Regulation 2021/2139 in the numerator of the CapEx

7.	Amount and proportion of other Taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the CapEx	306.173	100.0%	296.4763	96.83%	9.6967	3.17%
8.	Total amount and proportion of Taxonomy-aligned economic activities in the numerator of the CapEx	306.173	100.0%	296.4763	96.83%	9.6967	3.17%

Taxonomy-eligible but not Taxonomy-aligned economic activities (numerator)

Economic activities	Amount and proportion					
	CCM+CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	%	Amount	%	Amount	%
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 Commission Delegated Regulation 2021/2139 in the denominator of the CapEx	1.43183	0.44%	1.43183	0.44%	0.0	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 Commission Delegated Regulation 2021/2139 in the denominator of the CapEx	1.12062	0.34%	1.12062	0.34%	0.0	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 CapEx	0.0	0.0%	0.0	0.0%	0.0	0.0%
8. Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the CapEx	2.55245	0.78%	2.55245	0.78%	0.0	0.0%

Polenergia S.A. Capital Group

Transmission and distribution of electricity	CCA 4.9 / CCM 4.9	5.86231	5.58%	Y	N	N/EL	N/EL	N/EL	N/EL		Y	Y	Y	Y	Y	Y	6.34%	E	
Infrastructure enabling road transport and public transport	CCA 6.15	0.04200	0.04%	N/EL	Y	N/EL	N/EL	N/EL	N/EL	Y		Y	Y	Y	Y	Y	0.00%		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		88.15484	83.91%	83.87%	0.04%	0.00%	0.00%	0.00%	0.00%								90.37%		
Of which enabling				5,58%	0,00%	0,00%	0,00%	0,00%	0,00%									E	
Of which transitional				0,00%															Y
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	CCM 4.30 / CCA 4.30	15.66092	14.91%	Y	N	N/EL	N/EL	N/EL	N/EL								8.86%		
Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	CCM 4.31 / CCA 4.31	1.24826	1.19%	Y	N	N/EL	N/EL	N/EL	N/EL								0.76%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		16.90918	16.09%	16.09%	0.00%	0.00%	0.00%	0.00%	0.00%								9.62%		
Total (A.1+A.2.)		105.06402	100.00%	99.96%	0.04%	0.00%	0.00%	0.00%	0.00%								100.00%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities (B)		0.00000	0.00%																
Total (A+B)		105.06402																	

In 2023, Polenergia Group incurred operating expenditure amounting to PLN 105.06402 million, which was exclusively related to Taxonomy-eligible economic activities, including (activities are listed in order from those with the largest proportion of the company's operating expenditure):

- OpEx related to economic activity CCM 4.3 / CCA 4.3 Electricity generation from wind power amounted to PLN 78.4389 million (74.66% of total OpEx)

- OpEx related to economic activity CCA 4.9 / CCM 4.9 Transmission and distribution of electricity amounted to PLN 5.86231 million (5.58% of total OpEx)
- OpEx related to economic activity CCM 4.1 / CCA 4.1 Electricity generation using solar photovoltaic technology amounted to PLN 3.81162 million (3.63% of total OpEx)
- OpEx related to economic activity CCM 6.15 Infrastructure enabling low-carbon road transport and public transport amounted to PLN 0.042 million (0.04% of total OpEx)

In the case of economic activity CCM 4.30 / CCA 4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuels and activity CCM 4.31 / CCA 4.31 Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system, it was determined that the criteria for a substantial contribution to climate change mitigation were not met, so despite meeting all the "do no significant harm" criteria the related OpEx was considered Taxonomy-eligible but not Taxonomy-aligned.

In the case of all other activities, it was confirmed that the relevant criteria of substantial contribution to climate change mitigation and the "do no significant harm" criteria were met, and therefore the related OpEx was considered to be Taxonomy-aligned.

In 2023, the share of OpEx related to Taxonomy-aligned activities in total OpEx was 83.91%, and the share of OpEx related to Taxonomy-eligible but not Taxonomy-aligned activities was 16.09%. In total, the proportion of operating expenditure related to Taxonomy-eligible activities was 100%.

Tables presenting OpEx related to the economic activities defined in sections 4.26. to 4.31. of Annexes I and II of Commission Delegated Regulation (EU) 2021/2139

Taxonomy-aligned economic activities (denominator)

	Economic activities		Amount and proportion					
			Climate change mitigation (CCM)		Climate change adaptation (CCA)			
	CCM+CCA Amount %		Amount	%	Amount	%		
5.	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Commission Delegated Regulation 2021/2139 in the denominator of the OpEx		0.0	0.0%	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 Commission Delegated Regulation 2021/2139 in the denominator of the OpEx		0.0	0.0%	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 OpEx	88,15484	100.0%	88.1128	83.87%	0.042	0.04%
8.	Total OpEx	105.06402	100.0%	88.1128	83.87%	0.042	0.04%

Taxonomy-aligned economic activities (numerator)

Economic activities	Amount and proportion					
	CCM+CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	%	Amount	%	Amount	%
5. Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Commission Delegated Regulation 2021/2139 in the numerator of the OpEx	0.0	0.0%	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 Commission Delegated Regulation 2021/2139 in the numerator of the OpEx	0.0	0.0%	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 OpEx	88,15484	100.0%	88.1128	83.87%	0.042	0.04%
8. Total amount and proportion of Taxonomy-aligned economic activities in the numerator of the OpEx	105.06402	100.0%	88.1128	83.87%	0.042	0.04%

Taxonomy-eligible but not Taxonomy-aligned economic activities (numerator)

Economic activities	Amount and proportion					
	CCM+CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	%	Amount	%	Amount	%
5. Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and	15,66092	14,91%	15,66092	14,91%	0.0	0.0%

	II to Commission Delegated Regulation 2021/2139 in the denominator of the OpEx						
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 Commission Delegated Regulation 2021/2139 in the denominator of the OpEx	1,24826	1,19%	1,24826	1,19%	0.0	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 OpEx	16,90918	100%	16,90918	100%	0.0	0.0%
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the OpEx	16,90918	100%	16,90918	100%	0.0	0.0%

Taxonomy non-eligible economic activities

	Economic activities	Amount	Proportion
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Commission Delegated Regulation 2021/2139 in the denominator of the OpEx	0.0	0.0%
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Commission Delegated Regulation 2021/2139 in the denominator of the OpEx	0.0	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 OpEx	0.0	0.0%
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the OpEx	0.0	0.0%

Social information
S1 Own workforce**SBM-2 Interests and views of stakeholders**

Polenergia Group carries out a cyclical, anonymous employee satisfaction survey – the "Employee Satisfaction Survey". The annual survey covers all employees of the Group and is a measure of the ESG Strategy implementation. The survey is also an important tool for Polenergia's dialogue with its employees – its findings are analysed and taken into account in the Group's directional change process and presented to all employees

It should be noted that the selected group of employees participated in the materiality study. The group identified key areas for the Group.

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

No operations at risk of incidents of forced or child labour have been identified in Polenergia Group. The impact that the Group's climate change adaptation management objectives and directions adopted will have on the Group's own employees has not been studied in 2023.

Characteristics of Polenergia Group's employees

There are three occupational groups in the Polenergia Group due to the different nature of operations of each company.

The largest group is composed of office workers, who are employed in the following companies: Polenergia S.A., Polenergia eMobility, Polenergia Dystrybucja, Polenergia Obrót, Polenergia Sprzedaż, Polenergia Fotowoltaika and Polenergia Elektrociepłownia Nowa Sarzyna. Most of these individuals are employed on the basis of an employment contract and a small part on the basis of a cooperation agreement.

Another group includes operators, mechanics and electricians employed by Elektrociepłownia Nowa Sarzyna. This group may also include site managers of wind farms and photovoltaic farms employed by Polenergia S.A. and Dipol, who supervise the operation of individual facilities on site, as well as electrical fitters employed by Polenergia Dystrybucja. They are employed on the basis of an employment contract.

The third group includes traders at Polenergia Fotowoltaika, working mostly under civil law contracts – contract of mandate or on a B2B basis.

S1-1 Policies related to own workforce

Employees are provided with a transparent remuneration and benefits policy, which takes into account the individual contribution of each person as well as the performance of the entire team. These policies are contained in the internal Work Regulations, the Remuneration Regulations and the Annual Performance Evaluation System.

Employees of the Group are subjected to an annual evaluation by their superiors, the aim of which is to review the objectives set for them in the previous year. The degree to which these are achieved contributes to the annual bonuses. At least two interviews are carried out with employees on a regular basis. One, summarising the annual objectives achieved, during which employees prepare objectives for the following year together with their superiors. Another meeting during which they jointly discuss the employee's needs in terms of development and objectives for the entire team, as well as plan appropriate measures in this regard.

Attention to employees' rights

The Polenergia Group's Code of Ethics is an overarching document setting out rules of conduct applicable to all Group employees. The Polenergia Group's Code of Ethics is described in detail as part of the G1-1 disclosure.

Polenergia Group strongly condemns and does not use forced labour or child labour. Polenergia undertakes to perform corrective actions in the event of any irregularity. These activities are the responsibility of: the Ethics Committee and the Compliance Officer.

The full content of the Code of Ethics is available on Polenergia Group's corporate website at: [Polenergia Group Code of Ethics](#).

Occupational health and safety policies

For Polenergia Group, ensuring the highest possible level of safety in the workplace is not only a legal requirement, but a priority due to its adopted values and principles of conduct. Environmental and health and safety procedures were developed based on the health, safety and environment management systems: ISO 14000 (Polenergia Elektrociepłownia Nowa Sarzyna) and OHSAS 18000. The systems implemented were not certified in 2023. Polenergia Group complies with legal requirements, focusing on the detailed regulations governing industry-specific requirements:

- Act of 26 June 1974 Labour Code (consolidated text: Journal of Laws of 2020, item 1320, as amended),
- Ordinance of the Minister of Labour and Social Policy of 26 September 1997 on general health and safety regulations (consolidated text: Journal of Laws of 2003, No 169, item 1650, as amended),
- Ordinance of the Minister of Energy of 28 August 2019 on health and safety at work with energy equipment.
- Act of 7 July 1994 Construction Law (consolidated text: Journal of Laws of 2020, item 1333).

One of the strategic objectives of Polenergia Group is the reliability of its installations and the safety of its employees, business partners, local communities and the environment. This also includes a commitment to comply with all requirements of the law and financing institutions, implement good industry practices, as well as continuously improve the OHS management system.

The system covers all employees, focusing on those performing particularly hazardous works. Polenergia Group has signed an agreement with an occupational medicine physician who supports employees in terms of identification and elimination of hazards and minimising risks and provides consultation in connection with referrals for working at height medicals. Employees are referred for initial, periodic and follow-up examinations in accordance with applicable regulations.

Protection of diversity and prevention of discrimination

In its Code of Ethics, Polenergia Group has described its approach to issues related to discrimination, the promotion of equal opportunities and other ways to enhance diversity and inclusion. Polenergia is a signatory to the Diversity Charter.

S1-2 Processes for engaging with own workers and workers' representatives about impacts

Employees are able to anonymously report any irregularity in terms of material, actual and potential, positive or negative impacts that affect or may affect them. Reports are submitted via the following platform: <https://polenergia.zglaszam.to/>. Reports are confidential – only specially selected people have full access.

Each new hire is informed during the induction training (onboarding) of the option to provide feedback via a satisfaction survey as well as, in the case of irregularities, via the platform available at: <https://polenergia.zglaszam.to/>. The system guarantees security, confidentiality of reports and protection of the whistleblower's identity. The system guarantees security, confidentiality of reports and protection of the whistleblower's identity.

S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns

Employees can raise their concerns and needs in a direct conversation with their manager. Through the platform: <https://polenergia.zglaszam.to/>, employees can report irregularities in an anonymous manner.

During onboarding, each new hire is informed about the channels and form of communication of irregularities (<https://polenergia.zglaszam.to/>, employee satisfaction survey, annual performance review with supervisor).

The Group has policies in place regarding the protection of individuals that use them, including workers' representatives, against retaliation. Each report is anonymous, and the details of whistleblowers are protected.

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

The internal stakeholder group made up of employees is of key importance to Polenergia. In addition to mandatory training, employees have access to training individually agreed with their supervisor to improve their expertise and competences.

Polenergia Group has set an objective in its ESG strategy where: by 2024, the adjusted wage gap between men and women performing equivalent work will be calculated, and by 2030, the inequalities shown by the above calculation will be eliminated.

In addition, the ESG Team – in collaboration with the HR and OHS Departments – prepares a series of initiatives each year to make a positive impact on employees from all Group companies. In the area of OHS and health care, regular training courses and webinars on first aid, promoting healthy lifestyles and preventive screening for diabetes and cancer are held. In 2023, two such meetings were held.

Meetings aimed at promoting mental health activities play an important part. In 2023, a webinar on depression was organized as part of Polenergia Group's collaboration with the Mazovian Centre for Neuropsychiatry. These measures are in line with the objective set in accordance with the ESG Strategy: to develop a methodology for measuring stress among employees and, in the further horizon, to communicate the level of stress expressed using the developed measure and to implement specific solutions to support work-life balance.

Employees are also encouraged to take up sporting challenges that promote an active lifestyle. The first edition of the sports challenge for employees took place in 2023.

In collaboration with a paramedic, Ane Pižl, 4 webinars were held in 2023 to present inclusion language issues in business and private settings. These meetings were very popular among the employees.

Involvement in employee volunteering also has a positive impact on the integration of employees from different companies. In 2023, the ESG Team organised 4 employee volunteering events and 3 fundraisers for those in need. For details on the issues related to the engagement of Polenergia Group employees described above, please refer to the Polenergia Group Social Engagement and Biodiversity Activities Report: [Polenergia Group Social Engagement and Biodiversity Activities Report](#).

S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

S1: Creating a sustainable and inclusive organizational culture

By the end of 2024, an adjusted wage gap between men and women doing equivalent work will be calculated. By 2030, the inequalities revealed by the calculation will be eliminated.

- By 2030, gender participation in the Group's structures will be in line with the regulations implemented at the EU level.
- Regular employee security activities will be carried out to ensure that the number of accidents is 0.
- By the end of 2024, a methodology for surveying stress among employees will be developed. Next, the level of stress reflected in the measure developed will be communicated and specific solutions to support work-life balance will be implemented.
- From the entry into force of the Polenergia Group's Diversity Policy in 2024, its objectives will be implemented.

S1-6 Characteristics of the undertaking's employees

The tables in the following section present a summary of the basic information on Polenergia Group employees for 2023. Due to the alignment of data with the layout required by ESRS standards, some data categories are not comparable year-on-year.

Polenergia Group			
Gender	Period		
	2022	2023	Change y/y
Female	179	211	17.88%
Male	245	267	8.98%
Other	-	0	0
Not disclosed	-	0	0
Total employees	424	483	13.92%

Polenergia Group			
Country	Period		
	2022	2023	Change y/y
Poland	424	483	13.92%

Polenergia Group										
Gender	Period									
	2022					2023				
	Female	Male	Female	Male	Sum	Male	Female	Male	Female	Sum
Number of employees (head count)	179	245	-	-	424	212	270	0	0	482
Number of permanent employees (head count)	143	197	-	-	340	160	202	0	0	362
Number of temporary employees (head count)	36	48	-	-	84	52	68	0	0	120
Number of non-guaranteed hours employees (head count)	-	-	-	-	0	0	0	0	0	0
Number of full-time employees (head count)	175	236	-	-	411	209	265	0	0	474
Number of part-time employees (head count)	4	9	-	-	13	3	5	0	0	8

Polenergia Group			
Period	2022	2023	Change y/y
	Number of employees (head count) who left the organisation during the reporting period	138	55
Employee turnover	32.55%	11.53%	-21.02%

S1-7 Characteristics of non-employee workers in the undertaking's own workforce

The following table presents information about persons cooperating with entities in the Polenergia Group under contracts other than employment contracts.

Polenergia Group											
Gender	2022				2023						
	Female	Male	Other	Not disclosed	Female	Male	Other	Not disclosed	Female	Male	
Number of people working on the basis of civil law contracts (commission and specific work)	82	112	-	-	45	118	0	0	45.12%	-	5.36%
Number of people working on the basis of a cooperation agreement (B2B)	38	202	-	-	32	179	0	0	15.79%	-	-
Number of people on external contracts	0	0	-	-	0	0	0	0	-	-	-

S1-8 Collective bargaining coverage and social dialogue

In 2023, there were no collective bargaining agreements in place at Polenergia Group.

S1-9 Diversity metrics

Polenergia Group cares about diversity among its employees and creates a discrimination-free working environment. The following tables present detailed employment figures for the Polenergia Group in 2023.

Polenergia Group				
2023				
Total employees on employment contracts	Female	Male	Other	Not disclosed
Total number of employees, including:	212	270	0	0
Age group: over 50 years old.	9	35	0	0
Age group: 30-50 years old	136	161	0	0
Age group: under 30 years old	67	74	0	0
2022				
Total employees on employment contracts	Female	Male	Other	Not disclosed
Total number of employees, including:	179	245	-	-
Age group: 51 years old and older.	6	32	-	-
Age group: 31-50 years	109	132	-	-
Age group: 30 years old and younger	64	81	-	-

S1-10 Adequate wages

In 2023, all employees of the Polenergia Group received remuneration above the established level of adequate remuneration (PLN 3,600 gross).

Polenergia Group	
Period	2023
Percentage of employees paid below the established level of adequate remuneration	0.0%

S1-11 Social protection

In the Polenergia Group in 2023, all employees (those with employment contracts) are covered by social protection under public programs.

S1-12 Persons with disabilities

The following table presents data on the share of people with disabilities in the total headcount of Polenergia Group in 2023:

Polenergia Group			
Period	2022	2023	Change y/y
Percentage of employees with disabilities	1.42%	0.84%	-0.58

S1-13 Training and skills development metrics

The table below presents information on training, education and development for employees of Polenergia Group in 2023.

Polenergia Group				
Average number of training hours per employee	Female	Male	Other	Not disclosed
Senior management	41.09	48.96	0.00	0.00
Managers and supervisors	24.15	33.05	0.00	0.00
Other employees	21.78	16.12	0.00	0.00
Total	23.22	23.39	0.00	0.00
Regular employee appraisals – percentage of appraisals that have taken place and interviews planned				
Senior management	114%	88%	0	0
Managers and supervisors	100%	97%	0	0
Other employees	86%	94%	0	0
Total	91%	94%	0	0
Regular employee appraisals – average number of appraisals conducted per employee				
Senior management	73%	50%	0	0
Managers and supervisors	56%	58%	0	0
Other employees	39%	28%	0	0
Total	44%	37%	0	0
Average number of training hours for non-employees				
Persons cooperating with the company on the basis of civil law contracts (contracts for a specific work and contracts of mandate)	19.09	25.53	0.00	0.00

Persons cooperating on a B2B basis	37.25	39.57	0.00	0.00
Persons on external contracts	-	-	0.00	0.00
Total	26.64	33.99	0.00	0.00

The indicators presented in the table above regarding the percentage of appraisals were calculated as follows:

- *Regular employee appraisals – percentage of appraisals that have taken place and interviews planned* – the number of appraisals and interviews held was divided by the expected number of appraisals and interviews for the period in question
- *Regular employee appraisals – average number of appraisals conducted per employee* – the number of appraisals and interviews held was divided by the number of persons employed at that grade at the end of the financial period

In addition, the following table presents information on the training provided to the Management Board of Polenergia S.A.:

Polenergia Group			
Training of members of the Management Board – average number of hours	Women	Men	
Management Board	32	125	

S1-14 Health and safety metrics

The following tables present information about the accident ratios for Polenergia Group in 2023.

Period	2022	2023
Employee accidents		
Minor accidents	2	2
Serious accidents	0	0
Fatal accidents	0	0
Mass accidents	0	0
Number of accidents	2	2
Non-employee accidents		
Minor accidents	-	0
Serious accidents	-	0
Fatal accidents	-	0
Mass accidents	-	0
Number of accidents	0	0
Accidents among employees of subcontractors working on site		
Minor accidents	0	0
Serious accidents	0	0
Fatal accidents	0	0
Mass accidents	0	0
Number of accidents	0	0

Other OHS data

Period:

2023

Number of days of incapacity for work due to work injury/illness at work	288
Number of days of incapacity for work due to work injury/illness at work	0
Number of cases of occupational diseases recorded	0
Number of cases of occupational diseases recorded	0
Employees	2023
Work accident ratio	0.0
Work accident ratio	2.4

Work accident ratios were calculated using the following formula: the respective number of cases was divided by the number of total hours worked by people in own workforce and multiplied by 1,000,000.

S1-15 Work-life balance metrics

Period	Polenergia Group				
	2022		2023		
	Female	Gender	Female	Gender	Gender
% of employees eligible for parental leave	4.27%	0.38%	-	-	-
% of eligible employees who have taken parental leave	88.89%	100.00%	-	-	-

S1-16 Compensation metrics (pay gap and total compensation)

The following table presents the key values for the Polenergia Group's equal pay indicators in 2023:

Period	Polenergia Group	
	2022	2023
CEO Pay Ratio		26.97
Gender Pay Gap (%)		23.03%

The average gross hourly wage was calculated on the basis of the assumptions made: For each company in the Polenergia Group, a weight has been assigned, which is the proportion of the headcount of each grade in the headcount for the respective grades in the entire Polenergia Group. Based on the values obtained, a weighted average salary was calculated for each grade by gender across the Group. Ratio calculated for employees with an employment contract.

The GPG ratio was calculated by dividing the average gross hourly wage of women by the average gross hourly wage of men weighted by the headcount in each of the Polenergia Group companies. Ratio calculated for employees with an employment contract.

Gender Pay Gap (%) – detailed data	Polenergia Group	
	2022	2023
Average gross hourly wage		

Management Board of Polenergia S.A.	28.13%
Senior management	14.76%
Managers and supervisors	5.24%
Other employees	2.70%
Average gross hourly wage + fixed allowances	
Management Board of Polenergia S.A.	28.13%
Senior management	15.28%
Managers and supervisors	6.06%
Other employees	2.47%
Average gross hourly wage + variable allowances	
Management Board of Polenergia S.A.	26.68%
Senior management	14.76%
Managers and supervisors	0.23%
Other employees	3.73%

S1-17 Incidents, complaints and severe human rights impacts

In 2023, there was one formal case of reported harassment and discrimination at Polenergia Group. Upon completion of the investigation, the allegation was not confirmed. There was no record of a penalty, fine or compensation imposed in respect of the Group during the period.

One systemic complaint was recorded, which related to the Polenergia Group's bonus system. The handling of this issue did not involve a penalty or fine. The Group has acknowledged the complaint and is updating the bonus system.

S2 Workers in the value chain

SBM-2 Interests and views of stakeholders

The materiality study involved interviews and a survey with representatives of actors in the Polenergia Group value chain. Impacts on employees in the value chain were one of the potentially material topics investigated.

The findings of the materiality study provide information on internal risk management processes and form the basis for the development of strategic sustainability plans.

As a result of taking into account Polenergia Group's impacts on employees in the value chain, work has been underway to regulate relations with suppliers through the implementation of relevant policies and procedures.

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Polenergia Group's business model interacts with the long value chains of products necessary for the development and ongoing operation of energy facilities.

As at 31 December 2023 and as at the date of this report, no studies have been carried out that would clearly indicate that potential negative impacts on employees in the value chain, as well as risks associated with the impacts, are directly attributable to the Polenergia Group's business model and strategy.

Polenergia Group influences the level of risk and opportunity in relation to the value chain by applying elements of a human rights due diligence process to its relationships with suppliers and subcontractors.

Characteristics of employees in the value chain

Polenergia Group's business model is characterised by a value chain with a far-reaching geographical coverage and a wide variety in the nature of the work carried out by the people working at each stage:

Upstream:

- **Tier 1**
 - In the Polenergia Group's value chain model, Tier 1 is defined as the entities that represent the Polenergia Group's direct suppliers and subcontractors.
 - The people who make up the workforce in this stage of the supply chain include mainly those who work at the facilities at different stages of their life cycle, e.g. during the construction phase or during maintenance in the operational phase.
 - This stage also includes employees of service providers. This group is very diverse and includes both blue-collar and white-collar workers.
 - Polenergia Group's direct suppliers and subcontractors include mostly entities that operate in Poland and the European Economic Area.

- **Tier 2**
 - In the Polenergia Group's value chain model, Tier 2 is defined as the entities that represent subcontractors and suppliers of Polenergia Group's Tier 1 entities.
 - People performing work at this stage of the value chain are involved in the manufacture and distribution of plant components.

- **Cradle -> tier 3+**
 - The stage •Cradle -> tier 3+ includes all other stages of the value chain. Due to the nature of the industry in which Polenergia Group operates, further stages of the value chain include processes related to the extraction and processing of energy inputs and raw materials for the production of plant components.

Downstream:

- Employees of entities that are energy consumers and users of the Polenergia Group's services and products are classified as **consumers, end-users**, and relationships with them are described in the ESRS S4 disclosure.

At the Polenergia Group's operational locations, work is carried out by entities that provide plant maintenance or other services to ensure operational continuity.

Areas at particular risk of human rights violations

As part of the processes carried out for risk identification, no areas at particular risk of human rights violations were identified.

Areas where Polenergia Group identifies a negative or positive impact, or has opportunities or risks, are published as part of the SBM-3 disclosure in this report.

S2-1 Policies related to value chain workers

The Polenergia Group's Business Partner Code (hereinafter the "Business Partner Code") is the overarching policy for ethics and due diligence in the value chain. The Business Partner Code was adopted on 22 June 2023, by a written resolution of the Management Board of Polenergia S.A., as part of the comprehensive work on the Polenergia Group's due diligence process.

The provisions of the Business Partner Code are addressed to suppliers, subcontractors and other business partners of the Polenergia Group.

The Code aims to outline to the Partners the proper legal, social, environmental and ethical standards that Polenergia Group expects to be adhered to.

The structure of the Business Partner Code has been developed taking into account the OECD Guidelines for Multinational Enterprises. The Business Partner Code is part of a broader due diligence process developed using the model set out in the UN Guiding Principles on Business and Human Rights.

The Business Partner Code sets out expectations for conduct in terms of:

1. Compliance with the law, industry standards and ethical principles.
2. Respect for human rights.
3. Respect for workers' rights.
4. Compliance with health and safety rules.
5. Preventing corruption and conflicts of interest.
6. Care for the environment, public health and safety and for local communities.
7. Attention to the quality of products and services.
8. Fair competition and reliable cooperation.
9. Protection of confidential information and personal data.
10. Compliance with international sanctions.
11. Compliance with taxation rules.
12. Responsibility for oversight of employees and subcontractors.

The structure of the Business Partner Code includes provisions that seek to mitigate negative impacts on workers in the value chain and build a responsible and ethical supply chain.

The Code includes a provision condemning and prohibiting all child and forced labour practices.

The application, review and update of the Business Partner Code is overseen by the Polenergia Group Compliance Officer. The Code is available at: [Polenergia Group Business Partner Code](#).

S2-2 Processes for engaging with value chain workers about impacts

As part of the processes in place at Polenergia Group through 2023, a systematic approach to engaging with employees in the value chain has not been established. In 2023, the whistleblowing channel described in disclosure S2-3 was established.

S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns

Polenergia Group's Business Partner Code and Whistleblowing Procedure sets out a path for reporting any breaches or irregularities. The following methods of communication are established:

- Seeking advice or information from the Group Compliance Officer:
 - compliance@polenergia.pl
 - +48507550119
- Submitting a report via the website: <https://polenergia.zglaszam.to/>

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 actions

The key Polenergia Group activities affecting employees in the value chain included: Adoption, by means of a written resolution by the Management Board of Polenergia S.A on 22 June 2023, of the Polenergia Group's Code of Business Partners which sets out standards of conduct in terms of respecting human rights, including labour rights.

The adoption of the Code is a milestone in the establishment of a comprehensive due diligence system in the model set out in the definition of Minimum safeguards of the EU Taxonomy. Along with the

introduction of the Code, Polenergia Group introduced standard compliance clauses that are used in all contracts with suppliers.

S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

S3: Responsible value chain management

- By 2024, the impacts of Polenergia Group's investment projects will be mapped as part of the Human Rights Impact Assessment study. Risks relating to new investment projects will subsequently be mapped.
- Polenergia's goal is that by 2025, 100% of key suppliers will be subject to the provisions of the Business Partner Code. By 2030, 100% of high-risk suppliers will be audited.

The Polenergia S.A. Group is guided by the principles of social responsibility and adherence to the highest ethical standards throughout its supply chain. For this reason, the Polenergia Group's Business Partner Code was developed, addressed to suppliers and subcontractors as well as other business partners.

S3 Affected Communities

SBM-2 Interests and views of stakeholders

Both Polenergia Group's Strategy for 2020-2024 and the company's business model involve communicating with local communities about their views, interests and rights and supporting the development of these communities.

Responsible communication with the environment is one of the pillars of Polenergia Group's sustainable development, fitting into Polenergia Group's business model, which is based on providing green energy and technological solutions to support the energy transition of society. Thus, making a positive impact on both society and the environment is at the core of Polenergia's business.

Polenergia Group's activities for local communities include:

- examination of the impact of the investments on the local environment and ongoing communication with representatives of the community on relevant issues,
- support for environmental measures and, above all, care for biodiversity,
- educational activities,
- funding for local community initiatives (aimed at their integration, support for cultural activities and the elimination of inequalities) and sponsorship activities (in particular for local sports clubs).

Consultation and communication with the local community

Before proceeding with each Polenergia Group project, the managers responsible for the development and subsequent construction phase hold meetings with the residents of the areas where the plants are to be built. The purpose of the meetings is to present the project, explain what it is about and answer any doubts or questions of the members of the local community. In addition, the objectives of Polenergia Group's Social Engagement Policy and opportunities for collaboration are presented during meetings with local authorities.

A Stakeholder Management Plan and a Complaints and Requests Procedure ('grievance mechanism') are implemented from the outset of a given project. Both the site (during the development, construction phase) and the local municipality (during the development, construction and operational phases of the project) provide information on how to lodge a complaint or request, as well as details of a contact person for lodging a complaint or request. The contact persons include: the Manager of the respective site, who resides on the project site, and the Director of the Environmental Protection and Sustainability Department, who maintains the record of notifications and is responsible for the handling and resolution of the case.

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

For the Group, it is not only important to grow in economic terms, but also to take a responsible approach to business, which means caring for local communities and taking responsibility for present and future generations.

The determination of impact on communities was part of the materiality study described in the ESRS 2 disclosures.

Description of local communities affected by Polenergia Group

The Polenergia Group's impact extends to local communities living in the areas where the Group conducts or plans to conduct business.

In the ESG Strategy, the Group has identified a community-related objective, i.e. "Welfare and cooperation with relevant stakeholders", whereby the Group has committed to carry out the identification of social exclusions among local communities and take appropriate actions to address them.

In addition, Polenergia has pledged to maintain a level of 1% of the consolidated net profit of the entire Group from the previous year allocated to social engagement activities with a minimum of 60% of funds allocated to activities supporting the implementation of local community projects.

The local communities identified as key by the Group reside mainly in small rural centres located in the immediate vicinity of the Group's projects. They primarily include: children and young people, people aged 55+, people with disabilities, women from rural backgrounds and neurodiverse people.

S3-1 Policies related to affected communities

Polenergia Group has set out the main objectives for managing impacts on local communities in its Sustainable Development Strategy. In addition, specific objectives are set out in the Group's Social Engagement Policy, defining them as "fulfilling the role of a responsible business and employer, a member of the local community and a good neighbour."

Polenergia Group's Social Engagement Policy identifies the main areas of support for social projects, namely:

- health,
- diversity and equal opportunities,
- education and culture,
- environmental protection.

The aforementioned Policy sets out in a detailed and transparent manner the scope of the assistance provided, the means of obtaining it and its settlement. It is available at: [Polenergia Group Social Engagement Policy](#). It is an integral part of the Public Communication Plan, which also includes a Complaints and Requests Procedure, available at all Group project sites.

Polenergia Group is committed to respecting and observing human rights. The Compliance Officer is responsible for these areas.

The due diligence processes were comprehensively redesigned and streamlined, with the following systems aligned to best market practice:

- management of ethics and whistleblowing issues,
- counteracting negative impacts,,
- preparing a pathway to deal with violations.

The issues listed above are addressed in the following documents:

- Polenergia Group Code of Ethics: [Polenergia Group Code of Ethics](#)
- Anti-Corruption Policy: [Polenergia Group Anti-Corruption Policy](#)
- Polenergia S.A. whistleblowing procedure: [Polenergia S.A. Whistleblowing procedure](#)

S3-2 Processes for engaging with affected communities about impacts

Polenergia Group treats social activities as one of the elements that support the implementation of its long-term development strategy and as an important part of its ESG strategy. Polenergia is committed to building its position as a trusted partner at the local level. It aims not only to deliver good financial performance, but also to care for the local community and the environment.

Polenergia's involvement in local activities is aimed at building sustainable and long-term relationships with local communities at the highest possible level. The Group strives to ensure that relations with the local community are positive, based on mutual respect, inclusive culture, understanding and collaboration.

Polenergia Group's activities are based on coming up with initiatives and offers of support. This is achieved by presenting the Group's Social Engagement Policy in each municipality where Polenergia projects are located or planned.

The Environmental Protection and Sustainability Department, which includes the ESG Team, supports Project Managers in the areas of development, construction and operation in identifying the needs of local communities. The disbursement of funds earmarked for community support was supervised and coordinated in 2023 by the ESG Team.

The method and scope of contact with local communities are outlined in the Polenergia Group's Social Communication Plan. The schedule of communication with stakeholders is created based on the ESAP and SEP documents. Based on this, a Stakeholder Engagement Plan is set up, in collaboration between the Environmental Protection and Sustainability Department and the Photovoltaics and Onshore Wind Farms Department during the development and construction stages of the projects. Once the project has moved into the operational phase, communication with local communities is handled by the ESG Team in collaboration with the Operations Department.

Communication activities addressed to stakeholders and involving the public correspond to the development stages and the selected target groups.

Funds donated for projects in operation were disbursed from the charity budgets for the respective company at the beginning of the year, according to plans prepared by the ESG Team in consultation with individual project managers. A total of 278 assistance agreements for projects in operation were processed.

On the other hand, funds distributed for projects in development and construction were allocated individually by the respective project supervisors in consultation with the ESG Team. A total of 48 assistance agreements for projects in development and construction were processed.

The grants were provided to local institutions, which used the funding donated by Polenergia Group to complete 333 projects.

The impact on indigenous peoples was not identified in the Polenergia Group's projects, and therefore no communication channels dedicated and tailored to the needs of indigenous peoples were established.

S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns

Polenergia Group approaches the process of remediation of negative impacts through the use of the Complaints and Requests Procedure updated on 12 March 2024. Link: [Grievance Mechanism](#). The purpose of this procedure is to establish a transparent and formalised communication process with Polenergia Group's external stakeholders, in particular with local communities. Any stakeholder can submit either verbal or written complaints or requests that relate to the Polenergia Group's projects. Each report is analysed and dealt with by designated persons from the Environmental Protection and Sustainability Department, who delegate the work to the Director of this department.

Complaints or requests may be submitted in Polish or English in the following manner:

- By email – using a form downloaded from the following websites:
 - [Onshore wind farms](#)
 - [Photovoltaic farms](#)
- By regular mail – using a form downloaded from the websites listed above. The form should then be sent to the following address: ul. Krucza 24/26, 00-526 Warszawa.

- In person – by leaving the form in the complaint and request box available at the office of Polenergia S.A. or the office of the project to which the complaint or request pertains at Project construction stage.
- At the Municipal Office during the development and operational stages of the Project.
- By telephone: an employee of Polenergia Group, who receives the request, fills in the complaints and requests form. It is then forwarded to the Environment and Sustainability Director or the Investment Manager to whom this complaint or request refers.

Each Polenergia Group agreement contains ESG Regulations (i.e. data on the objectives of the Polenergia Group Sustainable Development Strategy, the Polenergia Group Code of Ethics, the Polenergia Group Anti-Corruption Policy) and Compliance Regulations (i.e. provisions of the Polenergia Business Partner Code), which are available at: [Policies and procedures](#).

The means of submitting complaints and requests are detailed in the Complaints and Requests Procedure, which is available at: [Policies and procedures](#).

Polenergia has implemented a whistleblowing procedure and platform: Polenergia.zglaszam.to (“Whistleblower platform”). Using the aforementioned platform, representatives or any other persons acting on behalf of a Party or its Subcontractors may report (also anonymously) any irregularities found or suspected. In particular, those involving a breach of the law, the provisions of the Agreement or internal regulations applicable to the Parties, in terms of counteracting corruption or preventing the occurrence of a Conflict of Interest, as well as compliance with the principles or standards set out in the Polenergia Group Business Partner Code. The request is handled in a fully objective and independent manner by the Polenergia Group's Compliance Officer.

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

Polenergia aims to fulfil its role as a responsible business and employer, a member of the local community and a good neighbour, as stated in its Community Engagement Policy, which forms part of its Social Communication Plan. It also declares to be open to the world, responsive to people's needs and ready to help. These responsibilities are carried out with due diligence.

Polenergia Group treats social activities as one of the elements that support the implementation of its long-term development strategy and as an important part of its ESG strategy. The Group's social activities are implemented through: targeted donations, voluntary activities carried out by the Group's employees and support in the form of sponsorship for initiatives related to sport, education, the development of culture and the preservation of cultural heritage, as well as environmental protection. An important element of Polenergia's social engagement is also the Employee Assistance Fund, which is intended to support them in activities carried out for the benefit of those in need.

The indicators considered when developing summaries of community collaboration include: expenditure on charitable and sponsorship activities, number of activities/donations broken down by charitable and sponsorship initiatives, description of selected projects that are representative of the area.

Contact with local communities is maintained on the basis of the developed Social Communication Plan. The individual Project Managers, in cooperation with the ESG Team, engage directly with the authorities of the municipality in question to see what kind of activities are advisable and appropriate in response to the specific needs of the community. Depending on the stage of the Project, there are different needs related to communicating the Project's impact.

Prior to initiating the cooperation, direct meetings and telephone conversations are held to present the policy and, above all, to identify the needs of the respective organisation. Polenergia Group's coordinators are available throughout the duration of the projects.

Selected groups are invited to cooperate and receive funding for specific tasks to support their activation, integration and mobilisation for the benefit of a selected group of residents in a municipality or for the benefit of the entire local community in a given area.

Once cooperation is initiated, a timetable for long-term activities is established. In line with Polenergia Group's Community Engagement Policy, the plan of activities and cooperation with individual communities is developed so that it has a long-term and cyclical reach. With this approach, individual recipient groups can count on Polenergia's support every year. This allows them to plan tasks in advance.

Details of activities in the area of the implementation of Polenergia Group's Community Engagement Policy and biodiversity-related activities are described in the Report for 2023 which summarises these activities: [Polenergia Group Social Engagement and Biodiversity Activities Report](#)

Construction stage:

A potential risk of a negative impact on the local community (limited to the construction stage only) is associated with the transport of materials, equipment and components needed for the construction of wind and photovoltaic farms. As the farms are located close to rural settlements, increased traffic of delivery and construction vehicles may cause inconvenience to local residents, e.g. night transports, noise and vibration, sometimes also dust.

All companies involved in the construction works are present at the kick-off meeting. During the meeting, the following topics are discussed: safety of construction works and OHS issues, organisation of the construction site and works

The works are carried out with a view to meeting both the conditions contained in the Environmental Decision (i.e. ongoing environmental supervision and cooperation with the supervisors) and the initial training in securing and minimising environmental risks on site: securing excavation pits, proper waste and substance management), as well as the good practices of the Polenergia Group. "Transport Schedule" for oversized components is also prepared and consulted with local authorities. Information on the transport is provided at the local information point, on site at the construction office and in the individual villages or cities where such transport is carried out.

Operational stage:

The operation stage does not carry any risks for local communities. The turbines and the GPZ station (if part of the project in question) are under constant surveillance by means of an alarm and camera system. They are also protected by a specialised company. Access to the turbine or the closed area of the main electrical substation is prevented. Hence, in this respect, once put into operation, the facility no longer carries the risk of an accident (e.g. electrocution). Access roads to the turbines are also appropriately marked with information boards.

After commissioning of the facility, post-construction tests are carried out by specialised companies who conduct acoustic measurements and measurements of electromagnetic fields. The results of the measurements are submitted to the relevant administrative authorities for verification. None of the facilities in the operation stage were found to exceed the emission levels.

No substances that may cause groundwater or soil contamination or the storage/use of which carries a risk of explosion are stored at the wind farms in the operating stage. The facilities are continuously inspected (permanent access to Scada) and serviced to prevent potential failures.

Polenergia Group can be contacted at any stage of the Project, through the respective Project Manager, the Environmental Protection and Sustainability Department and through the Complaints and Requests Procedure described in Section S3-3.

In 2023, no community-related issues or incidents involving human rights were reported.

S3-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Making a positive impact on both society and the environment is at the core of Polenergia's business. This approach is reflected in comprehensive due diligence processes to ensure that by making a positive impact in one ESG area, Polenergia Group does not do harm in the others.

Local communities and the society as a whole are an important heterogeneous group of stakeholders for the organisation. Relations with the social environment are a priority for the management both from the point of view of the adopted business strategy and sustainability measures.

Polenergia Group's activities in this area focus on: examination of the impact of the company's investments on the local environment and ongoing communication with representatives of the community on relevant issues: educational activities, charitable activities and sponsorship.

S4 Consumers and end-users

SBM-2 Interests and views of stakeholders

Polenergia Group's important stakeholders include customers and consumers, in particular end users of the energy and services offering distributed energy solutions (photovoltaic installations, heat pumps, energy storage) supplied by the Group, as well as prosumers. The individual companies from Polenergia Group adopt safety and product quality standards to ensure customer and consumer satisfaction, as well as an appropriate level of quality and safety standard for the products and services offered. The impacts of Polenergia Group on consumers and of consumers on Polenergia Group, as well as the level of risk associated with the impacts, were subject to a materiality testing process.

Characteristics of Polenergia Group customers and end-users

Polenergia eMobility

Polenergia eMobility's customers include B2B partners and EV users who use charging services at publicly available charging stations.

To its B2B partners, Polenergia eMobility provides comprehensive services in the following areas: consultancy, station management, support in the station power supply process, design, electrical measurements, installation, commissioning of the station, Office of Technical Inspection testing, as well as operation and maintenance of the charging station.

Polenergia Obrót

Polenergia Obrót's customers include both large and small companies concerned with sustainability. Polenergia Obrót's customers purchase energy from Renewable Energy Sources usually to meet decarbonisation requirements.

Polenergia Sprzedaż

Polenergia Sprzedaż addresses its offering to prosumers and consumers for whom environmental protection is important, but who do not have the opportunity to install a photovoltaic installation.

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Material impacts, risks and opportunities in terms of consumer impacts are identified in the ESRS2 SBM-3 disclosure.

S4-1 Policies related to consumers and end-users

No uniform Policies have been set out at the Polenergia Group level to regulate customer contact. The policy that sets out the general standards for the relationship with each stakeholder, including customers and end-users, is the Polenergia Group's Code of Ethics, described in detail within disclosure G1-1.

S4-2 Processes for engaging with consumers and end-users about impacts

The impact on the consumer is achieved by fulfilling appropriate practices, providing information and delivering services at an appropriate standard of quality throughout the service.

Polenergia Fotowoltaika

Every customer has the opportunity to read information on the safe use of Polenergia Fotowoltaika products in electronic form or available directly from the sales representatives. Polenergia Fotowoltaika complies with the obligation to make product information available in accordance with the legal guidelines. Product data sheets have been developed for all products offered by Polenergia Fotowoltaika, on the basis of applicable international requirements. The company makes every effort to ensure that both the Company's operations and the products offered are safe at every stage of the value chain.

Polenergia Dystrybucja

The procedures that are in place at Polenergia Dystrybucja for labelling and providing information on products and services standardise the process of preparation of technical documentation, labelling confirming certification and traceability and, where applicable, instructions and safety information. Logos, certification marks and an identification number are placed on products according to the procedures. In specific cases, information is placed in the accompanying documentation.

Polenergia eMobility

Customers of Polenergia eMobility, users of the electric vehicle charging services, may at any time familiarize themselves with the electronic content of documents related to the provision of the service, including e.g. terms of service and information clause. In addition, Polenergia eMobility fulfils its legal obligations to inform consumers about the price of the services provided and the components of the tariff directly before using the service on the website. For all publicly accessible charging stations, Polenergia eMobility applies an adopted marking standard, which informs customers about the service provider, enables them to read the contents of the station's operating instructions and fire safety instructions and allows them to identify charging points.

In order to ensure a high quality service, Polenergia eMobility uses a dedicated helpdesk service to provide customers with the necessary technical and information assistance via telephone and email.

Polenergia Obrót

In the process of establishing contact with a prospective customer, full information about Polenergia Group's activities is presented. The customer is then provided with information about the product being offered to them. Following a KYC survey, the customer receives an indicative offer, including technical and economic parameters. When entering the negotiation process, individual contract provisions are discussed and a special calculation and simulation model is prepared, which presents economic scenarios for the customer's energy supply.

Regular meetings are held during the performance of the contract, led by a dedicated Account Manager. In addition to invoices, the customer also receives detailed billing reports.

Polenergia Sprzedaż

Customers can read the current terms and conditions of Polenergia Sprzedaż's product offering (i.e. Product Pricing, document templates, T&Cs) on the following website [Polenergia Sprzedaż](#)). The process of concluding a contract is completely remote. The customer completes an intuitive online form themselves and then receives electronic documentation in their e-mail inbox. After reviewing the documents, the customer signs the contract using the secure Autenti platform.

The process of acquiring prosumer customers is carried out by Polenergia Fotowoltaika. Helpline consultants conclude an electricity contract in the name and on behalf of Polenergia Sprzedaż, using the secure Autenti platform.

S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Customers can report any concerns using the customer contact channels established for the respective company. Information on available contact channels regarding the services provided is available on the corporate websites of individual Polenergia Group companies.

Polenergia Group's customers can use the infringement reporting procedure set out in the Code of Ethics. This procedure is described in disclosure G1-1.

Polenergia eMobility

In direct communication with customers, the correspondence process is carried out through dedicated contact channels: dedicated e-mail addresses, a helpdesk service provided via telephone and e-mail. The company actively participates in direct contact with customers through social media.

Polenergia Obrót

Customer service is the responsibility of the Key Account Manager for the respective customer during the contract period. Customers have the option to send any information or comments on the performance of the contract to the contact details indicated in the contract. The cPPAs also include compliance provisions on "whistleblowing" and a contact address: compliance@polenergia.pl.

Polenergia Sprzedaż

Customers of Polenergia Sprzedaż can provide any information or submit comments through the following channels: web form, telephone number and e-mail address, which are available on the website: [Polenergia Sprzedaż](#).

Polenergia Fotowoltaika

Polenergia Fotowoltaika has adapted the procedure for reporting concerns, comments and complaints to the applicable legislation,

Customers of Polenergia Fotowoltaika can provide any information or submit comments through the following channels: web form, telephone number and e-mail address, which are available on the website: [Polenergia Fotowoltaika - Contact](#).

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**Polenergia Obrót**

Polenergia Obrót carries out an initial verification of the Counterparty before submitting an offering. This verification is performed using the Know Your Customer form by the Credit Risk Officer in accordance with the Credit Risk Management Procedure.

Contract provisions and calculation formulas are presented in a transparent and detailed manner. The customer is provided with detailed calculation simulations in order to understand the economic scenarios and the outcome of the contract.

Polenergia Sprzedaż

The safety-related activities of Polenergia Sprzedaż result from the applicable laws and procedures of the Group. A complaint database is maintained. Polenergia Sprzedaż has been working on updating processes and procedures that will increase customer satisfaction and reduce the number of complaints.

Polenergia Fotowoltaika

Polenergia Fotowoltaika has been implementing solutions and measures on an ongoing basis to put in place all improvements and facilities for consumers and end-users, and to enhance service quality and data security.

S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Polenergia eMobility, Polenergia Sprzedaż, Polenergia Obrót and Polenergia Fotowoltaika do not have specific targets in this area.

Governance information

G1 Business conduct

G1-1 Corporate culture and business conduct policies

Polenergia Group operates in an ethical and lawful manner, and the implementation of corporate social responsibility and sustainability principles is a key concern for the Group. The Group makes efforts to ensure that values always follow business development and this process is supported by internal regulations. The most important of these is the Code of Ethics, which serves as a practical guide for compliance with the law, good manners, standards of conduct arising from the Group's organisational culture and generally accepted good practices

The Code of Ethics is not intended to be a detailed instruction on how to act in every situation. Such detailed rules of conduct are contained in policies, by-laws and internal procedures, concluded agreements or are derived directly from the provisions of applicable law.

The Polenergia Group Code of Ethics has been adopted at Group level.

The Code of Ethics was updated in late 2022 and early 2023. As a result, the updated Code of Ethics was adopted on 17 January 2023.

The Ethics Committee has been operating in the Group since 2015. In 2020, in connection with the implementation of the CSR Strategy in the area of "Ethical business conduct", an update of the Ethics Committee's Regulations was drawn up. This Committee's role is to respond to and eliminate irregularities arising within the Group's structures and, most importantly, to develop and promote the ethical principles and values set out in the Code of Ethics that has been implemented, among the Group's employees and partners. Before the final version of the regulations was drafted, it was consulted with employees.

The Compliance Officer is responsible for implementing and operationalizing the Code of Ethics.

The Ethics Committee and the Compliance Officer monitor the validity of the Code of Ethics on an ongoing basis and are also involved in providing training in this area. The Code of Ethics is reviewed periodically and updated at least once every two years.

The overarching provision of the Code of Ethics is Polenergia Group's commitment to human rights.

Polenergia Group implements universally recognized human rights, in particular those contained in:

- the Universal Declaration of Human Rights
- the United Nations Guiding Principles on Business and Human Rights
- the United Nations Sustainable Development Goals
- the European Commission Recommendations
- the Ten Principles of the United Nations Global Compact
- the Conventions of the International Labour Organisation.

The Code of Ethics applies to all employees (regardless of the legal basis of employment) and all permanent contractors (regardless of the form or scope of cooperation) of Polenergia S.A. and its subsidiaries (Polenergia Group). It is composed of the Polenergia Group's ethical values. Specific duties

are derived from these values, and their fulfilment is the responsibility of every person acting on behalf of the Group, regardless of the cooperation basis or role.

Polenergia Group's ethical values:

- 1. Respecting and promoting human rights and labour standards**
2. The organization respects and complies with international and local standards on the prohibition of all discrimination and labour law, particularly the norms arising from the conventions of the International Labour Organisation.
- 3. Respect and openness**
4. Cooperation at Polenergia is based on the principles of understanding, assistance and camaraderie, in particular by sharing knowledge and experiences and creating a friendly working atmosphere. In its activities, Polenergia Group is guided by the principles of openness and honesty, creates an environment of open and direct communication about all events that may affect the Group's business. Teamwork and collaboration in the execution of tasks is promoted.
- 5. Environmental protection, dialogue and cooperation with local communities**
6. Polenergia Group conducts its business with the environment in mind by developing clean, environmentally friendly energy. Polenergia is committed to sustainable development and sees it as the most important criterion of the Company's social responsibility. The Group strives to apply the highest standards in environmental protection and cares for preserving and restoring biodiversity. Polenergia builds its approach in line with the UN Sustainable Development Goals, the Paris Agreement and the principles of the European Union taxonomy.
- 7. Integrity**
8. Polenergia Group absolutely respects the principle of integrity in its activity. Polenergia is firmly opposed to any form of corruption and makes efforts to counteract it. The Group follows the principles of fair competition. Accepting or offering financial advantages (e.g. bribes), personal advantages (e.g. promises of employment) or other illegal benefits, in particular to public officials, political party representatives, counterparties, business partners and customers, is strictly prohibited under the Polenergia Group's Anti-Corruption Policy.
- 9. Responsibility and commitment**

Polenergia is actively, responsibly and creatively involved in our tasks and is responsible for their proper performance.

The Group is obliged to comply with the law, internal policies, procedures and instructions, and the principles of community life and good business practice. In case of doubt, uncertainty or difficulty in interpretation, Polenergia Group's employees consult their supervisors or the Compliance Officer. The Group is committed to the non-disclosure of confidential information, the protection of personal data and the prevention of money laundering and the financing of terrorism.

Polenergia Group's mission is to consolidate its position as a leader in the transition of the Polish energy market. In pursuit of this goal, the Group is committed to growth not only in economic terms, but is guided by social responsibility for present and future generations.

Polenergia's values:

- Passion – we act with determination and commitment
- Accountability – we fulfil our obligations in a transparent and reliable manner
- Leadership – we set new standards for Polenergia and its stakeholders
- Self-improvement – we care about the highest quality of Polenergia's activities
- Ambition – we always set the bar high

At Polenergia Group, the employees most exposed to corruption or bribery activities are those who are in direct contact with the customer, the salespeople working at Polenergia Fotowoltaika and the project development and construction managers who are engaged in dialogue with local authorities. They act in accordance with the Polenergia Group's Business Partner Code, which clearly sets out the issues concerning transparent collaboration with the aforementioned groups.

Whistleblowing system

In an effort to build a culture of openness, Polenergia has put in place a dedicated whistleblowing system for reporting irregularities, crimes and abuse. The system is described in the Whistleblowing Procedure, which came into effect on 17 January 2023. It explains how a person who becomes aware of an irregularity is obliged to report it.

The main whistleblowing channel is the platform available at: <https://polenergia.zglaszam.to/>. The system guarantees security, confidentiality of reports and protection of the whistleblower's identity.

There is an alternative reporting procedure, if the report concerns any of the persons involved in the process of dealing with Reports (e.g. the Compliance Officer), the Platform enables noting this fact on the form. In such a case, the report is automatically forwarded to the Director of the Legal and Transaction Department and is subsequently examined by objective and independent persons appointed by the latter. The Director of Legal Department also replaces the Compliance Officer in the event of other objective obstacles that prevent him/her from investigating the report in question.

The Compliance Officer may receive a report from a whistleblower who is not an employee or associate of the Company by means other than those described above – for example, by email or by personal notification. In such a case, the Compliance Officer may decide to enter the report on the Platform for further consideration

The Group undertakes to take remedial actions, which may involve:

- initiating appropriate (e.g. disciplinary) proceedings against the person who committed the irregularity or others, if the findings of the proceedings justify it,
- modifying existing procedures (to prevent the recurrence of similar irregularities in the future),
- conducting additional education or training activities,
- taking action in the area of internal control or risk management,
- making structural changes or reallocating powers,
- taking appropriate legal measures, including reporting to the relevant body or taking legal action,
- recommending the payment of compensation or recompense to the harmed persons,
- recommending other actions to remove or minimise the effects or, where this is impossible, to compensate for the negative effects of the irregularity.

The whistleblowing system is supervised by an independent Ethics Committee, which upholds ethical standards throughout the Group.

Polenergia protects whistleblowers by ensuring: protection of the identity and confidentiality of the report, protection against retaliation and the right to receive feedback. Furthermore, data identifying the whistleblower, even indirectly, can only be disclosed upon the whistleblower's prior, explicit consent. All additional information is available in: [Whistleblowing procedure of Polenergia S.A.](#)

Combating corruption

Anti-corruption is an important area of corporate responsibility.

On 17 January 2023, Polenergia Group adopted a new Anti-Corruption Policy: [Polenergia Group Anti-Corruption Policy](#). It contains a description of measures that should be taken in the event of suspected corruption. The whistleblowing platform provides a system for reporting incidents: <https://polenergia.zglaszam.to/>. It ensures that each report is processed in a prompt, independent and objective manner. It ensures that each report is processed in a prompt, independent and objective manner.

Employee training offered in Polenergia Group is regulated in the Polenergia Group Training Policy.

All employees and associates of Polenergia Group undergo initial onboarding training, compliance training and annual refresher training on compliance issues (in particular covering the topics of counteracting corruption, verification of business partners, counteracting money laundering and terrorist financing, application of compliance clauses, whistleblowing rules), which ends with a knowledge test.

G1-2 Management of relationships with suppliers

Polenergia Group does not have a policy aimed at preventing late payments.

Polenergia Group's approach to the management of ethics in the value chain is outlined in Polenergia Group Code of Conduct for Business Partner: [Polenergia Group Code of Conduct for Business Partners](#). The Code sets out in detail the standards on, among other issues, compliance and ESG that the Group expects from its partners, suppliers of goods and services and the organisations with which it collaborates.

The Code was updated in June 2023, and since then contracts entered into by Polenergia Group have included compliance clauses that impose an obligation on partners to comply with the Code. The Code's provisions are reviewed and updated, if necessary, at least once a year by the Group Compliance Officer. If new risks and issues that should be included in the Code are defined, it is revised in response to the need identified. At the same time, the rules of conduct with regard to the Group's partners are laid down in the Code of Ethics and apply to all employees of the Group.

For a detailed description of the Code's provisions, see response S2-1: Policies related to value chain workers.

G1-3 Prevention and detection of corruption and bribery

Every employee and counterparty of Polenergia is obliged to read and comply with the Group's anti-corruption principles. Each Employee is also required to attend anti-corruption training.

The Compliance Officer is the person responsible for investigating corruption and bribery cases. The President of the Management Board of Polenergia S.A. oversees compliance with the principles arising from the Anti-Corruption Policy: [Polenergia Group's Anti-Corruption Policy](#). Conclusions on its application and overall compliance activities are reported to the Management Board twice a year by the Compliance Officer.

G1-4 Confirmed incidents of corruption or bribery

In the financial year 2022/2023, Polenergia Group did not record any convictions or fines for violations of anti-corruption and anti-bribery legislation.

Polenergia Group identifies risks of corrupt behaviour. This is the responsibility of the directors and managers in the areas they oversee. They pay attention to and respond to any situation that may give rise to corrupt behaviour. Supervisors at Polenergia attach particular importance to educational activities in this area with regard to their subordinate employees. In addition, all employees receive initial and periodic (annual) training in the area of compliance.

The Group did not identify any incidents related to corruption, as well as dismissals or penalties imposed on employees related to corruption or bribery. During the reporting period, there were also no incidents involving contracts with partners and no court cases involving corruption or bribery brought against Polenergia Group and its employees.

G1-5 Political influence and lobbying activities

The entire compliance area (including ensuring compliance of lobbying activities) is supervised by the President of the Management Board. However, the Company is not engaged in lobbying activities.

The Group has not made financial or in-kind political contributions. No member of the bodies has held a comparable position in public administration in the two years preceding such appointment in the reporting period.

Polenergia Group is not legally obliged to be a member of a chamber of commerce or other organisation that represents its interests.

G1-6 Payment practices

Polenergia Group attaches particular importance to timely payments in accordance with the Act on the prevention of excessive delays in commercial transactions. The Polenergia Group has an Accounting Policy in place and the Procedure on the circulation of accounting documents, the process of accepting invoices and the recording of accounting documents at Polenergia S.A. the aim of which is to ensure a transparent, consistent and correct document circulation process. Contractual payment terms do not exceed 30 days. In 2023, the Polenergia Group was not party to legal proceedings in connection with late payments.