
	Procedure introducing procedure	No P-D036
Date: 12.03.2024 r.	Polenergia Group Environmental and Social Policy	INFORMATION AND COMMUNICATION

Polenergia Group Environmental and Social Policy

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1. Recitals and commitment of Polenergia Group

Polenergia Group is the largest Polish private energy group which consists of vertically integrated companies generating power from renewable and low-carbon sources. It is also active in the area of electricity distribution and trading. Polenergia Group is the first Polish company to subordinate its vision of growth to building a zero-carbon economy.

Polenergia Group adopted a Sustainable Development Strategy with a time horizon extending to 2030. That strategy 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 to be climate-neutral by 2050.

Polenergia Group develops its business in line with best practice in the area of ESG, promoting sustainable development, meeting current needs without prejudice to future generations' needs, committing itself to protecting the environment, health and safety of all stakeholders and ensuring safe use of its facilities.


Polenergia Group's business philosophy is based on the belief that responsible actions towards our stakeholders are the basis for conducting productive, profitable and sustainable business, and value creation and sustainable development are complementary, equivalent objectives. The activities carried out are based on the conviction that the company's success must not be at the expense of the environment or human dignity. It promotes an approach where sustainable development and transparent communication are permanently included in the catalogue not so much of good practices but simply of the obligations of responsible businesses. Therefore, in the spirit of social responsibility, Polenergia Group adopts this Environmental and Social Policy as a determinant of values and objectives.

2. Objective

The objective of environmental and social policy is:

- **Formulation, implementation and communication** of a coherent approach to managing environmental and social impacts in Polenergia Group (understood as Polenergia S.A., subsidiaries and co-subsidiaries),

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- **Application of all industry requirements, acts and regulations** in the process of development of each branch of Polenergia Group's activity in the areas of environmental and community impact,
- Application of the **best market practices and guidelines**, including the UN Global Compact agenda; the Paris Agreements; the NZE (Net-zero emission) scenario of the 2050 IEA International Energy Agency, ISO14001 and ISO 26000 environmental standards,
- **Implementing and ensuring the effective functioning** of organisational processes and structures which are aimed at identifying, assessing, managing and reporting, as well as establishing, improving and monitoring the effectiveness of environmental and social impact management,
- **Active engagement and management and promotion** of the leading ESG practices, both in Polenergia Group and in the industry, aimed at increasing ESG awareness, as well as continuous improvement of reporting in line with evolving best practices,
- Ensure a **balanced supply chain** where the selection of partners and subcontractors depends on the guarantee of works being performed in accordance with the applicable national and EU law and the standards of the financing institutions,
- Ensuring **transparent, clear and publicly accessible communication** based on on verifiable and timely information and analyses of activities, products and services in the context of their potential impact on the environment and society.

3. Task and activities


Polenergia Group is committed to protect the environment, supports the engagement of all stakeholders, especially employees, cooperates with local communities, builds partnerships for the Sustainable Development Goals and conducts educational activities on ESG.

Protection of the environment

Taking measures to protect and restore the health of the environment, with particular emphasis on biodiversity, defined as:

- Minimising the environmental impact and reducing the environmental risk associated with operations,
- Implementing the Energy 2051 original standard, which guarantees customers the purchase of green energy produced from integrated and managed sources

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by the Group companies, taking into account the principles of sustainable development,

- Implementing permanent natural supervision during all construction projects in Polenergia Group,
- Efficient, sustainable and responsible use of the entrusted natural resources, while improving the efficiency of their use, incorporating the Circular Economy (CE) principles at the investment planning stage,
- Supporting the zero greenhouse gas (GHG) emissions target in operations by or before 2050,
- Prioritising biodiversity conservation at all levels and in all the investment projects conducted by Polenergia Group¹;
- Introducing monitoring and analyses on wind and photovoltaic farms to evaluate ongoing actions to improve biodiversity and minimise the impact on space – both at the construction and operational stages,
- Ensuring Polenergia's achievement of the net zero impact target for biodiversity by 2040;
- Engaging in a constructive dialogue with nature defenders, including listening to their arguments and thoroughly analysing reservations and concerns.

Employees

- Supporting projects of social engagement and volunteering of Polenergia Group employees.

Cooperation with local communities


Polenergia Group recognises the important role of local communities in its surrounding – it operates

in partnership with communities, respecting their needs and initiatives through the following activities:

- Respecting and taking into account the safety, welfare and environmental interests of communities in which the Group operates, in all business decisions, the implementation of the principle of just transition,
- Maintaining active communication with local communities from the beginning of the investment throughout its lifetime, in accordance with the Policy on Communication

¹Detailed assumptions for diversity protection are set out in the Biodiversity Protection Strategy of Polenergia Group.

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with stakeholders and the public concluded as part of the Grievance Mechanism ,

- Subsidising of social engagement projects carried out by local communities, including: diversity and equal opportunities, education and culture, environment, sport and health.²

Education

- Polenergia Group carries out educational activities, including all age groups and stakeholders,
- It conducts employee education programmes and supports educational initiatives in local communities, promoting environmental and social awareness,
- It strives to promote innovative learning solutions and educational activities in order to raise public awareness of ecology and sustainable lifestyle,
- It works with independent scientific centres to identify reductions in environmental and community impact,
- It invests in R&D by promoting innovative technologies and practices that have a positive impact on the environment and society.

Cooperation and partnerships for Sustainable Development Goals


- Polenergia Group recognises that environmental protection is a challenge that requires global cooperation. It is essential for the effective protection of the planet. The Group also declares cooperation with the relevant bodies, institutions and international organisations in this regard,
- Polenergia Group, through membership in international organisations and other industry fora, is involved in discussions aimed at increasing the ESG awareness on private and public markets and improving reporting and protocols in line with evolving best practices.

Monitoring

- Polenergia Group regularly monitors and reports on the implementation of the Environmental and Social Policy, which is regularly evaluated and improved. Ambitious, measurable and continuously improved objectives are set for improving the environment, health and safety at work,
- It ensures the participation of competent and qualified staff and external experts in the implementation of policy objectives.

²The purpose, scope and manner of funding is described in the Social Engagement Policy of Polenergia Group.

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4. Risks

Risks associated with the environment and local community have been addressed in the universe of Polenergia Group risks in three areas: management, operational and exogenous. The Group conducted a detailed analysis of climate risks aimed at identifying short-, medium- and long-term physical and transformative risks related to climate change and to the issues of sustainable development.³The risks were identified and written down in the Polenergia Group Risk Register.

5. Management structure

Sustainable development of Polenergia Group, which consists of activities in all relevant issues falling within the scope of the ESG, is a priority area of interest for the Capital Group authorities. The Group dedicates adequate resources at the level of supervision and implementation of operational activities. These rules apply to all companies of Polenergia Capital Group.

Effectiveness of the corporate environmental and social impact management process is ensured through an established methodology and structure of roles and responsibilities for environmental and social impact management. The environmental impact management process is described in internal regulations which indicate the manner of performing and settling the performance of obligations in this regard.

The Management Board of Polenergia S.A. supervises the management of the environmental impact policy by:


- Reviewing and approving annual operational plans in the field covered by the Environmental and Social Policy and quarterly review of the plan with its actual implementation,
- Ensuring that qualified and competent management and team are assigned to implement this Impact Management Policy,

³The study of risks, threats and opportunities related to climate change was carried out in accordance with the original

AXIS® methodology, which is an option of the MAX® (Materiality Assessment Matrix) methodology used by the consultant, adapted to two- and three-criteria risk assessment. 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.

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- Analysing the significant risks related to managing environmental and community impacts and management's response to risks,
- Responding to potential environmental risks associated with the environmental and community impact management area.

Each Employee of Polenergia Group is obliged to participate in the environmental impact management process in accordance with the scope of responsibilities described in detailed internal regulations. Basic obligation of the Employee in this regard is to keep the superiors informed of any new, relevant circumstances which may have an impact on the environment, in particular the impact on nature, ecosystem and society through Polenergia Group operations.

6. Division of roles and responsibilities

Activities related to the implementation of the Environmental and Social Policy are the responsibility of the Member of the Management Board responsible for ESG. Operational matters lie within the competence of the Environmental Protection and Sustainable Development Department. Direct supervision of the performance of the activities is exercised by the Director of the Environmental Protection and Sustainable Development Department. The teams that are responsible for specific areas (environmental protection and biodiversity, and the team responsible for social engagement) and report directly to the Department Director are subordinate to the Environmental Protection and Sustainable Development Department.


7. Periodic policy review

This Policy is a leading document in the Environmental and Community impact management process in Polenergia Group. The Policy shall be reviewed and updated periodically and, if necessary, more frequently , at least once a year.

8. General definitions

- **The UN Global Compact agenda** is the world's largest sustainable business initiative; www.ungc.org.pl
- **The Paris Agreement** – is a legally binding international climate treaty. Its overarching goal is to hold “the increase in the global average temperature to well below 2°C above pre-industrial levels” [The Paris Agreement | UNFCCC](#)

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- **The IEA International Energy Agency's NZE (Net-Zero Emission) 2050 scenario** is a normative scenario that shows a path for the global energy sector to achieve net-zero CO₂ emissions by 2050, with developed economies achieving net-zero emissions before others
- **ISO14001 standard** – one of the ISO standards used in environmental management
- **ISO 26000 standard** – provides guidance on basic principles of social responsibility, recognition of social responsibility and stakeholder engagement, key areas and issues related to social responsibility
- **EU taxonomy** – establishes criteria for determining whether an activity can be considered environmentally sustainable
- **CSRD Directive** – one of the most important EU legal acts – Corporate Sustainability Reporting Directive. Corporate Sustainability Reporting Directive for sustainable development applies to all countries of the European Union and imposes specific ESG reporting obligations
- **Science-based Targets initiative** – ambitious company action on climate – science-based targets (sciencebasedtargets.org)
- **IPCC Reports, COP15** – Intergovernmental Panel on Climate Change is the Intergovernmental Panel on Climate Change
- **OECD Guidelines** – concern due diligence in the responsible conduct of business activities www.oecd.org/pl
- **GHG PROTOCOL** – the world's most widely used greenhouse gas accounting standards www.ghgprotocol.org
- **TCFD** – presents a number of recommendations aimed at establishing a framework for companies in the field of climate risk management [Home – Resilience](#)
- **TNFD** – (The Taskforce on Nature-related Financial Disclosures) Taskforce for the disclosure of financial information related to the environment.

The documents taken into account in the development of the Environmental and Social Policy include:

EU taxonomy, CSRD Directive, Science-based Targets Initiative, IPCC reports, COP15; OECD Due Diligence Guidance for Responsible Business Conduct.

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