RESPONSIBLE BUSINESS REPORT 2011
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Dear Sirs,

I present to you the first report from the sustainable development of the ENERGA Group. This publication is unique for us as it summarizes the efforts and actions taken in an area that is important for the development of our Group. It also constitutes confirmation of our maintaining a balance between the operations, ethics, ecology and the needs of all the stakeholders. The said maintaining of appropriate proportions is material for us because of the values that underlie our operations: Man, Environment and ENERGA understood as transparency and integrity in action.

The presentation of this report falls on the fifth anniversary of the establishment of the ENERGA Group. Both this jubilee and the range of projects we have been committed to so far encourage summaries. What was the year 2011 for us? It certainly meant further implementation of the investment program. Further investments in power grids and preparing the construction of new generation capabilities are our answer to the challenges faced by the power sector.

In the case of the ENERGA Group, care for the natural environment is not an empty declaration. Thanks to consistent investments in water power plants, biomass combustion systems and the connection of further wind power plants, we are a leading vendor of green energy in Poland today. However, we aim higher. ENERGA is currently carrying out preparation work for the implementation of the management system compliant with the Eco Management and Audit Scheme (EMAS). In this way, we will confirm that the environmental management within the Group meets the European standards and translates into our environmental effectiveness. We are glad that our activities related to the development of an innovative and environment-friendly power industry are recognized among industry representatives and experts, and not only. Among other things, we can boast the Economic Award of the RP President in the Green Economy category and the title of Brand of High Reputation PremiumBrand.

According to the “three Es” rule adopted in the ENERGA Group: effectiveness, economy and ecology, we try to persuade to our customers that these values do not have to be mutually exclusive. The sale of products from the Smart Eco line is
an example of such activities. Thanks to the solutions offered within that Group, our customers can reduce not only their energy expenditure but also their negative impact on the natural environment.

We were the first on the domestic energy market to commence construction of intelligent networks. The ENERGA-OPERATOR company operating within the Group is among the European leaders in the implementation of intelligent metering technology. One example includes the IntelligentPeninsula (Helski) project in progress – it is a combination of several investments that will translate into a radical reduction in the number of interruptions in energy deliveries and will improve the possibility of connecting small energy producers to the grid.

We are proud of our social commitment. Confirmation of the social sensitivity of the Group can be seen in the ENERGA for You program, covering five key areas: sports, education, philanthropy, patronage and nature. More than 40 thousand children took part in the Energy Planet educational project in late 2011 and early 2012 and learned what electric energy is and how to use it safely and rationally while protecting the environment at the same time. In turn, about 300 thousand young sports enthusiasts have already participated in our sports programs supporting the development of children and youngsters.

We do not forget about our workers, without whom it would not be possible to attain the established goals. It is our priority to guarantee extensive development prospects for them. We have introduced a motivation system thanks to which workers have an opportunity to improve their skills, which translates into business results for the Group. The title of Solid Employer 2011 is the best proof of our care for our employees.

I am glad that, despite the unfavourable market situation last year, the ENERGA Group was able to respond effectively to the needs of its stakeholders and, at the same time, improve the financial results and work out the highest profit in its history with as much as 85 percent of it delivered to the shareholders in the form of a record high dividend. I believe that the sustained development direction chosen by us is a good path for our Group.

Miroslaw Bielinski, President of the ENERGA SA Executive Board
In 2010, the European Reconstruction and Development Bank (ERDB) assigned funds to the ENERGA Group for strengthening of the distribution network in order to make it possible to produce higher energy volumes from renewable sources in Poland.

The financing agreement assumes the development by the ENERGA Group of an Environmental and Social Action Plan (ESAP) that will contain the undertaking of an increased commitment and dialogue with stakeholders and the development of a report on corporate social responsibility (CSR). The CSR report is a part of the roadmap mentioned in the ESAP. It describes the commitment of workers and management in the campaign for sustained development.

The commitment of ERDB on behalf of customers such as ENERGA goes beyond issues related to compliance with environmental laws or social aspects in favour of a partnership aimed at a better and more sustainable development of the company, the attainment of energy effectiveness, guarantee of equality of the sexes as well as the management of the strategic risk related to such issues as coal emission ratios, water security or resistance to climate changes. The ERDB plays an important role in the financing of pro-environmental activities in all countries it operates in.

The Bank encourages entities it cooperates with to generate CSR reports in which the Company can share its successes with stakeholders, show challenges it faces and present its future goals related to sustained economic, social and environmental development.

The Bank is ready to support the Company in its activities in favour of the implementation of sustained development initiatives and, at the same time, monitor the implementation of ESAP in line with the contractual provisions.
1.1
ABOUT THE CAPITAL GROUP

1.1.1
VISION, MISSION, STRATEGIC VALUES AND GOALS


The ENERGA Group has 2,887 million customers of energy (including 2,581 individual customers), and a 16.1% share in the market of electric energy distribution.

The vision of the ENERGA Group is to create a compact, effective and innovative capital group that, thanks to the cooperation and mutual support of all entities, will be a leader in the quality of services and customer service in the Polish market of utility media, continuously improving its effectiveness.

The mission of the ENERGA Group is the “Guarantee of the comfort of life and work”.
Values of the ENERGA Group

**MAN**
*Together, Education, Future of children, Partnership, joy of life, Integrity*

**ENVIRONMENT**
*Ecology, Education, Symbiosis, ENERGA*

**ENERGA Group**
*Certainty, Innovativeness, Stability, Transparency, Openness*

**Values** promoted by the company:

1. **Man.**
   ENERGA wants to render services in such a manner that allows its customers, workers and commercial partners to enjoy life, realize their passions and find professional fulfilment. This entails the promotion of principles of integrity, building of relations based on partnership and support for the education of children.

2. **Environment.**
   The Group cares for the natural environment through its pro-environmental activities and investments and ecological education.

3. **ENERGA.**
   All employees of the Group are obliged to respect the following values: openness, transparency, integrity in action and cooperation. All entities of the Group are obliged to support one another.
## 1.1.2
### TRANSFORMATION
OF THE ENERGA GROUP

#### Transformation process in the ENERGA Group

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
<th>Details</th>
</tr>
</thead>
</table>
| 2004 | Consolidation of companies within the G-8 Group | • ENERGA Gdańska Kompania Energetyczna SA (the acquiring company, currently ENERGA-OPERATOR SA),  
• Zakład Energetyczny Koszalin SA,  
• Zakład Energetyczny Słupsk SA,  
• Energetyka Kaliska SA,  
• Zakład Energetyczny Płock SA,  
• Zakład Energetyczny Toruń SA,  
• Elbląskie Zakłady Energetyczne SA,  
• Zakład Energetyczny SA in Olsztyn. |
| 2006 | Establishment of ENERGA SA with its registered office in Gdańsk. Founders of the company | • State Treasury (51% stocks),  
• ENERGA-OPERATOR SA (previously ENERGA Energy Concern) (32% stocks),  
• ENERGA Elektrownie Ostrołęka SA (previously Zespół Elektrowni Ostrołęka SA) (17% stocks). |
| 2007 | Increase in the equity of ENERGA SA | • The Minister of the State Treasury increases the equity of ENERGA SA assuming the shares of the new issue in exchange for the contribution of 85% stocks of ENERGA-OPERATOR SA and 85% stocks of ENERGA Elektrownie Ostrołęka SA. The ENERGA Group emerges (the Group). As a result of the redemption of founding stocks belonging to ENERGA-OPERATOR SA and ENERGA Elektrownie Ostrołęka SA and modification of the statute, the State Treasury becomes the sole partner. |

#### UNBUNDLING
In the energy sector is the separation of the distribution activity from the generation activity and the activity related to trade in energy. Subsequent reorganization activities of the Group aimed at fulfilling the requirements of Directive 2003/54/EC and the Energy Law act were mainly related to ENERGA-OPERATOR SA in order to separate the energy trade, customer service and other auxiliary activities from the core business of ENERGA-OPERATOR SA. Among other things, the unbundling process involved the separation of the energy trade in ENERGA-OBROT SA and the separation of ENERGA-OPERATOR SA as an Operator of the Distribution System (ODS). Pursuant to the decision of the President of the Energy Regulatory Office of June 24, 2008, ENERGA-OPERATOR SA was established as the ODS for the period starting on December 31, 2020, i.e. for the entire duration of the concession for electric energy distribution held by the company.
### 1.1. ABOUT THE CAPITAL GROUP

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>• Separation of the energy trade activity from ENERGA-OPERATOR SA to ENERGA-OBRÓT SA whose business involves the trade in electric energy and, as of July 1, 2009, also wholesale trade in electric energy. All stocks in the initial capital of ENERGA-OBRÓT SA were assumed by ENERGA SA.</td>
</tr>
</tbody>
</table>
| 2008 | • Adoption of the Division Plan for ENERGA-OPERATOR SA by Executive Boards of ENERGA-OPERATOR SA and ENERGA SA to meet the requirements provided for in the provisions of Directive 2003/54/EC concerning common rules for the internal market in electricity and the act of April 10, 1997 – Energy Law as regards the legal form in which the activity of the operator of a distribution system should be carried out.  
• Meetings of shareholders of companies adopted resolutions concerning the division of ENERGA-OPERATOR SA and an increase in the equity of ENERGA SA through the issue of new stocks assigned to the State Treasury.  
• The division of ENERGA-OPERATOR SA took place by way of the transfer of a part of the assets of ENERGA-OPERATOR SA (divided company) to ENERGA SA (acquiring company).  
• Separation of the activity of customer service offices, settlements and invoicing of electricity and the distribution service as well as debt collection from ENERGA-OPERATOR SA to ENERGA Obsługa i Sprzedaż Sp. z o.o. |
| 2009 | • Accession to GK Energa OPEC Sp. z o.o. – an agreement concerning the sale by the City of Ostrołęka of shares in the Ostrołęckie Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. in Ostrołęka, ul. Celna 13 of 25.02.2009 on behalf of Energa SA. |
| 2010 | • Consolidation of the illumination activity taken over by ENERGA Oświetlenie Sp. z o.o.  
• Consolidation of energy production from renewable sources (OZE) involving the transfer of assets from companies belonging to the water power plant segment to ENERGA HYDRO Sp. z o.o.  
• Consolidation of the telecommunication IT activity and the acquisition of selected IT processes by the newly established ENERGA Informatyka i Technologie Sp. z o.o. (completed in 2011).  
• Centralization of accounting and HR-payroll services (ENERGA Centrum Usług Wspólnych Sp. z o.o.). |
| 2011 | • Activities related to the restructuring and reorganization of the distribution segment within the Operator of the Distribution System (ODS) – ENERGA-OPERATOR SA and companies supporting the activity of the ODS.  
• Consolidation of the servicing and renovation service of production companies (ENERGA Serwis Sp. z o.o.). |
| 2012 | • Merger of supply companies with Zakład Energetyczny Płock – Centrum Handlowe Sp. z o. o. as the acquiring company.  
• Transfer of processes and assets from the area of the operating and investment activity of ENERGA-OPERATOR SA to five new companies established in the Group.  
• Planned continuation of the consolidation of the OZE segment and the consolidation of the CHP segment. |

### PRIVATIZATION

On September 29, 2010, the Ministry of the State Treasury signed an agreement concerning the sales of 84.19% of stocks of ENERGA SA on behalf of Polska Grupa Energetyczna SA (PGE). On January 2011, the President of the Office for Competition and Consumer Protection (UOKiK) issued a decision prohibiting the acquisition of control over the ENERGA Group by PGE arguing that it would entail a material reduction of the competition on the electricity market. PGE appealed against the UOKiK decision to the Regional Court in Warsaw – the Court of Competition and Consumer Protection (SOKiK) but the hearing ended on May 14, 2012 with the award dismissing the PGE appeal. The PGE management decided not to appeal against the SOKiK award, which became final on June 12, 2012. In light of the above-mentioned facts, the ENERGA SA stock sale agreement between PGE and the State Treasury was annulled.
Current structure of the ENERGA Group

At the end of 2011, the ENERGA Group consisted of 57 companies with ENERGA SA as the managing company.

ENERGA Group at the end of 2011:
- 57 companies,
- 54 production facilities,
- 11,426 workers.

Structure of the ENERGA Group broken down into key activity segments

*Companies with the role of leaders of individual segments
In addition to the main chain of values of the Group covering electricity and heat production, distribution of and trade in energy as well as customer service, common service centres providing accounting, HR & payroll, administrative (ENERGA Centrum Usług Wspólnych Sp. z o.o.) and IT services (ENERGA Informatyka i Technologie Sp. z o.o.) also play a material role in the structure of the Group. ENERGA Serwis Sp. z o.o. is responsible for the renovation and servicing of companies belonging to the production segment.

A key operational area of the ENERGA Group is the territory of Poland. ENERGA Slovakia is the only company belonging to the Group that operates outside Poland.

The dominating entity that manages the Group and establishes investment goals and development directions is ENERGA SA whose main shareholder is the State Treasury.
Companies belonging to the Group included in the report

- **ENERGA SA** – management of the Group,
- **ENERGA Elektrownie Ostrołęka SA** – generation of electric energy and heat,
- **ENERGA-OBRÓT SA** – wholesale trade in electric energy and its sales,
- **ENERGA-OPERATOR SA** – distribution of electric energy, Operator of the Distribution System,
- **ENERGA HYDRO Sp. z o.o.** – generation of electric energy in run-of-river power stations (core business),
- **ENERGA Elektrociepłownia Kalisz SA** – production of and trade in heat and electricity,
- **ENERGA WIND Sp. z o.o.** – investment processes in the area of wind energy (operating as ENERGA Elektrownie Wiatrowe Sp. z o.o. by July 7, 2012),
- **ENERGA Kogeneracja Sp. z o.o.** – generation of heat and electricity,
- **ENERGA Obsługa i Sprzedaż Sp. z o.o.** – end-to-end customer service, settlements and invoicing of customers for electric energy and the distribution service, debt collection in the name and on behalf of ENERGA-OPERATOR SA and ENERGA-OBRÓT SA and the sales of complementary products,
- **ENERGA OPEC Sp. z o.o.** – transmission and distribution, trade in heat in the area of Ostrołęka,
- **ENERGA Oświetlenie Sp. z o.o.** – consolidation of illumination within the grid served by the Group.

Additionally, several dozen other specialized companies belong to the Group, e.g. ENERGA Innowacje Sp. z o.o. and ENERGA Invest SA. The latter is the leader of the ENERGA PRO-GAZ program providing for the construction of new sources of energy generation with the total electric power of ca. 1000 MWe by the end of 2015. Natural gas will be the key fuel in these new sources, whose CO₂ emission will be 40% lower than in coal units with the same power, and pollutants such as sulphur oxides and dusts will be practically eliminated.
This report covers 11 companies belonging to the ENERGA Group: ENERGA SA, ENERGA Elektrownie Ostrołęka SA, ENERGA Elektrociepłownia Kalisz SA, ENERGA WIND Sp. z o.o. (previously ENERGA Elektrownie Wiatrowe Sp. z o.o.), ENERGA HYDRO Sp. z o.o., ENERGA Kogeneracja Sp. z o.o., ENERGA-OBRÓT SA, ENERGA Obsługa i Sprzedaż Sp. z o.o., ENERGA OPEC Sp. z o.o., ENERGA-OPERATOR SA and ENERGA Oświetlenie Sp. z o.o. These are key companies covered by the project of the Environmental Management System and Sustainable Development Mechanisms in the ENERGA Group.

Financial data

The year 2011 saw another improvement in financial results. The net profit of the Group amounted to 661 million PLN while EBITDA (operational profit plus amortization) was 1.469 billion PLN. Sales revenues of the Group were closed at the level of more than 10 billion PLN in 2011, which entails the yoy growth of more than 11%. In comparison to the year 2007, revenues increased by 45%, net profit increased by 375% and EBITDA – by 117%.

2011 financial results of the ENERGA Group:
- EBITDA 1 469 million PLN,
- best financial result in the history of the Group,
- sales revenue increase in the ENERGA Group calculated year on year according to IFRS by 11.6%.

The ENERGA Group publishes financial data in line with the International Financial Reporting Standards approved by the European Union (hereinafter: IFRS) and in line with the Polish Standards of Reporting (PSR).
Consolidated financial data for the ENERGA Group*

The direct economic value generated and distributed considering revenues, operational costs, employee remuneration, grants and other investments on behalf of the community, non-distributed profits and payments to owners of the capital and state institutions.

<table>
<thead>
<tr>
<th>Numeric value (in MM PLN)</th>
<th>Revenues</th>
<th>Operational costs</th>
<th>Employee remuneration and benefits</th>
<th>Payments on behalf of investors**</th>
<th>Payments on behalf of the state*</th>
<th>Investments in communities</th>
<th>Retained economic value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10 857.48</td>
<td>8 150.95</td>
<td>1 147.89</td>
<td>291.91</td>
<td>867.53</td>
<td>4.53</td>
<td>394.67</td>
</tr>
</tbody>
</table>

* Data from the consolidated FS for 1.01.–31.12.2011 according to the IFRS cover all companies belonging to the ENERGA Group.

**Additionally, as a part of the arrangement of its ownership structure, the ENERGA Group completed a repurchase of stocks in subordinated companies owned by the State Treasury in 2011 (ENERGA-OPERATOR SA and ENERGA Elektrownie Ostrołęka SA constituting 14.55% and 4.38% of the equity respectively) for the total of 585.6 million PLN.

The segments of energy distribution, trade and generation had the greatest share in the generated operational profit of the Group. The productivity increase was attained thanks to significant investments in the modernization and development of the distribution network as well as a reduction of operational costs and improvement in management effectiveness as a result of the restructuring process encompassing the entire Group covering the centralization of common services and the merger of companies and assets with a similar operational range.
The last five years saw a dynamic growth in key figures, both in the balance sheet and in the income statement. In 2011, consolidated revenues of the ENERGA Group exceeded 10 billion PLN for the first time in its history. Consolidated investments in tangible and intangible assets from 2007 to 2011 amounted to more than 4.8 billion PLN with more than half of that amount consisting of expenditure borne within the last two years.

The realization of such an ambitious investment program would not have been possible without the acquisition of external sources of financing. We gained the trust of such institutions as the European Reconstruction and Development Bank, European Investment Bank and the Nordic Investment Bank, which extended long-term credits for the implementation of a program involving the modernization and development of the distribution grid worth more than 2 billion PLN. Following these investments, commercial banks also considered it worthwhile to support our investment plans and provided financing for the Group amounting to nearly 1 billion PLN.

Aleksandra Gajda-Gryber
Director of the Finance Management Centre, ENERGA SA
1.1.3
BUSINESS STRATEGY OF THE ENERGA GROUP AS A CONTINUOUS SEARCH FOR INNOVATIVE SOLUTIONS FOR THE FUTURE

Innovativeness and investments in new technologies constitute the basis for the business strategy of the ENERGA Group. The implementation of this strategy is designed to result in a competitive position of the Group on the market and financial effectiveness.

The currently realized business strategy of the company was developed for the years 2009-2015. It establishes basic directions of short- and long-term activities and focuses on management effectiveness, investments of strategic importance for energy security and on innovations and modern technologies of service.

Pillars of the strategy of the ENERGA Group for 2009-2015:
1. Sales and service.
2. Productivity of distribution.
3. Renewable energy sources.
5. Cooperation.

Strategic goals of the ENERGA Group

**Sales and service**

**Goal:** Attainment of a permanent competitive edge as regards customer service and active sale of services offered by the Group.

The goal in that area is the leading position in quality of service in the Polish market of the sales of electricity and other utility media. Among other things, that goal is to be attained thanks to a modern and efficient customer service system. The implementation of tasks is up to ENERGA Obsługa i Sprzedaż Sp. z o.o. that unified the customer service standards and extended the number of channels used in contacts with customers (IVR – interactive voice reporting system, e-CSC, t-CSC, virtual CSC) and ENERGA-OPERATOR SA that implements the remote reading of meters.
### Productivity of distribution

**Goal:** The attainment of the highest possible – and, at the same time, accepted by the regulator – productivity in the area of electricity distribution services to create the Group’s capability of expansion.

Productivity improvement is to be attained by a reduction of network losses through network modernization and the replacement of low-efficiency transformers, a 50% reduction in network failure frequency by 2020 and implementation of remote reading of meters.

### Renewable energy sources

**Goal:** Attainment of the leading position in the construction of dispersed and, in particular, renewable sources of energy.

The Group wants to attain that goal through the construction of wind farms, biogas power plants, biomass fuelled power plants and local water power plants.

### Conventional power generation

**Goal:** Optimisation of the development of conventional power generation by the capital share of strategic partners in jointly managed ventures in that area.

The Group plans investments in conventional generation blocks jointly with a strategic partner or partners. It wants to guarantee its access to generation sources and the possibility of electricity purchase at the best possible price without the need for a 100% ownership of a new investment.

### Cooperation

**Goal:** Creation of a model of cooperation with end customer in which the energy recipient can at the same time be a co-generator and supplier of services offered by the Group.

The Group suggests a cooperation model to customers in which they can also become producers and suppliers of products and services on its behalf. It offers the possibility of installation of the technical infrastructure enabling electricity production from renewable sources to small and medium enterprises and certain households; at the same time, it guarantees the purchase of the generated surpluses at an attractive price.
Investment rankings

Ratings assigned by international agencies show that the action taken by the Group and the defined strategic goals contribute to the strengthening of its position in the market as a stable and reliable partner.

In December 2011, the Moody’s rating agency assigned the investment rating of Baa1 with a negative perspective to the Group (reflecting the uncertainty related to the ownership structure of the ENERGA Group) while the Fitch Ratings agency assigned a BBB rating with a stable perspective to the ENERGA Group in January 2012.

ENERGA Group:
- BBB rating – with a stable perspective according to Fitch Ratings,
- Baa1 rating with a negative perspective according to Moody’s.

Corporate ordinance

The ENERGA Group attaches great importance to corporate governance principles and follows the rules of the Good Practices of Public Companies and good practices of companies listed on the Warsaw Stock Exchange.

The Code of Good Practices via which the company informs of its mission, vision, goals and rules resulting from an attempt to attain a balance between all entities committed to the operation of ENERGA SA and the ENERGA Group is a document regulating the corporate governance issues in ENERGA SA.

The key goal of the Group related to corporate governance and mentioned in the Code of Good Practices is “the continuous improvement in the value of assets entrusted by shareholders and the value of stocks of the company considering the rights other than shareholders of entities committed to the operation of the company and the ENERGA Group, in particular, its contracting parties, creditors and workers”.

Overriding goals and values mentioned in the Code of Good Practices of ENERGA SA:
1. Customer service.
2. Innovativeness.
4. Sustainable development.
By the end of 2012, the Code of Good Practices currently in force in ENERGA SA will also be introduced in other companies belonging to the Group, which will make it possible to unify the rules of conduct in the Group as regards corporate governance.

**Principles of corporate governance in ENERGA SA:**

1. **Honest intentions and no abuse of rights** entailing, among other things, loyalty and diligence in management thanks to the taking of action within the limits of rational economic risk, social responsibility and sustainable development.

2. **The protection of shareholders and stakeholders** of ENERGA SA meaning respect for the will of shareholders and the dispersed shareholding, dialogue with stakeholders and transparency of activities.

3. **Transparent and efficient information policy** with the use of traditional and modern methods of communication ensuring quick access to information for shareholders and other stakeholders.

4. **Compliance** – respecting the rules of compliance and preventing adverse events in the planning, decision-making and realization processes.

The goal of the Group is to balance two models of corporate governance – agency and corporate model – so as to balance the ownership title with control over its execution in the course of the decision-making process and to balance the right to the information with obligations relating to confidential information security. Another goal is to reduce the risk and balance complicated relations between various groups of interests and priorities presented in the valid Energy Policy of Poland by 2030.

The ENERGA SA Code of Good Practices is one of the tools that support the realization of the above-mentioned assumptions.

According to the rules of corporate governance, separate independent management and supervisory agencies operate in each company consisting of individuals who meet the criteria defined by companies in terms of qualifications and experience. In certain companies, Supervisory Boards define such criteria for Executive Boards while the information concerning competencies of Executive Board members are available from websites.

To avoid a conflict of interests, specific procedures exist in the majority of companies belonging to the ENERGA Group to guarantee the independence of individuals who are members of management agencies. In certain companies, these rules are also included in contracts.
with the individuals they apply to. The Group also takes other actions to prevent fraud. Even though no cases of corruption were observed in the reported period and no company had cases in court relating to corrupt practices, the Group actively manages the risk of such events. One of the steps taken to this end included the organization of a training course in corruption prevention in which representatives of the managerial staff from individual companies within the Group took part. The training was carried out by the Central Anti-Corruption Bureau.

Composition of management agencies and supervisory agencies of individual companies:

| ENERGA SA |

Agencies of the company:
Executive Board, Supervisory Board, General Meeting.

The Supervisory Board nominates the Executive Board of the company.

Composition of the Executive Board:
Miroslaw Bielinski – President,
Roman Szyszko – Financial Vice-President
Wojciech Topolnicki – Vice-President for Development Strategy (after the change of content in 2012).

The General Meeting nominates the Supervisory Board.

Content of the Supervisory Board of ENERGA SA:
Henryk Wozniak – Chairman,
Zbigniew Wtulich – Deputy Chairman,
Agnieszka Poloczek – Secretary,
Grazyna Roznowska,
Marian Gawrylczyk,
Miroslaw Szreder,
Roman Jacek Kuczkowski.
(As a result of changes in 2012, Iwona Zatorska-Pantak became a Member of the SB while Henryk Wozniak and Grazyna Roznowska left it. Zbigniew Wtulich became the Chairman of the SB).

Shareholders of the Company:
State Treasury – 84.18%,
other shareholders – 15.82%.
1.1. ABOUT THE CAPITAL GROUP

ENERGA-OPERATOR SA

Agencies of the company:
Executive Board, Supervisory Board and the General Meeting.

The Supervisory Board nominates the Executive Board of
the company.

Composition of the Executive Board:
Rafał Czyżewski – President,
Wojciech Orzech – Vice-President,
Robert Świerzyński – Vice-President,
Lidia Serbin-Zuba – Executive Board Member.

Composition of the Supervisory Board of ENERGA-
OPERATOR SA:
Mirosław Bieliński – Chairman,
Mirosław Czapiewski – Deputy Chairman,
Waldemar Wojciech Juszczyński, Marek Kozik, Ewa
Szpakowska, Agnieszka Borek (the latter two replaced in
2012 by Maciej Cichocki and Łukasz Felicjan Dziekoński).

Shareholders of the Company:
ENERGA SA – 99.7378%,
ENERGA-OPERATOR SA – 0.0006%,
other shareholders – 0.2616%.

ENERGA-OBRÓT SA

Agencies of the Company are:
Executive Board, Supervisory Board, General Meeting.

Composition of the Executive Board:
Leszek Nowak – President,
Marcin Ludwicki – Vice-President,
Ireneusz Kulka – Vice-President.

Composition of the Supervisory Board:
Roman Szyszko – Chairman,
Alina Rocka – Deputy Chairman (ceased to be a SB
member in 2012),
Paweł Gałazin – Secretary,
Maria Stępniwska – Member
Marek Szysz – Member (as of 23.01.2012: Ewa Szpakowska).

The only shareholder of the company is ENERGA SA.

ENERGA Obsługa i Sprzedaż Sp. z o.o.

Agencies of the Company are:
the Executive Board and the Supervisory Board, the
Meeting of Partners

Composition of the Executive Board:
Krzysztof Rogaliński – President,
Tomasz Onichowski – Vice-President,
Leszek Mrazek – Vice-President (nominated in January 2012).

**Composition of the Supervisory Board:**
Michał Dudziak – Chairman,
Artur Chmura – Deputy Chairman,
Michał Zalewski – Secretary.
Krzysztof Peretko and Anna Malinowska – Members,
(As a result of changes in 2012, Leszek Nowak joined the Board becoming the SB Chairman and replacing the previous Chairman, Michał Dudziak).

The only shareholder of the company is ENERGA-OBRÓT SA.

(In 2012, Maciej Cichocki left the SB while Wojciech Has and Michał Dudziak joined it).

**Shareholders of the Company:**
ENERGA SA – 89.38%,
other shareholders – 10.62%.

**ENERGA Kogeneracja Sp. z o.o.**

**Agencies of the Company are:**
Executive Board, Supervisory Board, the Meeting of Partners.

**Composition of the Executive Board**
(as of October 3, 2011):
Marek Dec – Executive Board president,
Jacek Garbol – Vice-President.

The Supervisory Board consists of three members including one elected by staff of the company.

**Composition of the Supervisory Board:**
Jolanta Szydłowska – Chairman,
Dariusz Jacek Zieleński – Deputy Chairman,
Grzegorz Szafirowicz – Secretary to the Board.

The holder of all shares is ENERGA SA.
1.1. ABOUT THE CAPITAL GROUP

ENERGA Elektrociepłownia Kalisz SA

Agencies of the Company are:
Executive Board, Supervisory Board, General Meeting.

Composition of the Executive Board:
Marek Bartczak – President,

Composition of the Supervisory Board:
Jacek Garbol – Chairman,
Piotr Mrozek – Deputy Chairman (as of 2012: Andrzej Moszczyński),
Bernard Niemiec – Secretary (as of 2012: Zbigniew Musidlak).
The only shareholder of the company is ENERGA SA.

ENERGA HYDRO Sp. z o.o.

Agencies of the Company are:
Executive Board, Supervisory Board, the Meeting of Partners.

Composition of the Executive Board:
Andrzej Tersa – President,
Piotr Kaczyński – Vice-President.

Composition of the Supervisory Board:
Jacek Szczotowski – Chairman (as of 2012: Wojciech Topolnicki),
Iwona Dembska – Deputy Chairman,
Zenon Kanka – Secretary (as of 2012: Andrzej Barański).
The only shareholder of the company is ENERGA SA.

ENERGA WIND Sp. z o.o.

(formerly ENERGA Elektrownie Wiatrowe Sp. z o.o.)

Agencies of the Company are:
Executive Board, Supervisory Board and the Meeting of Partners.

Composition of the Executive Board:
Ryszard Jopp – President (from 24.07.2006 to 15.09.2011),
Artur Szulc – Vice-President (from 13.12.2010 to 25.07.2011),
Wojciech Więcławek – President,

As a result of changes, the Executive Board as of 1.03.2012 consists of:
Wojciech Więcławek – President,
Krzysztof Stepanienko – Vice-President.

In the course of the financial year 2011, the Supervisory Board was operating within its first term that lasted as of March 23, 2011; it was the first year of operation of the Board within that term.

Composition of the Supervisory Board:
Jacek Tylek – Chairman,
Marcin Biniaś – Deputy Chairman,
Przemysław Brzywcy – Secretary,
(In 2012, Przemysław Brzywcy replaced Marcin Biniaś as the Deputy Chairman while Paweł Szawłowski became the Secretary).

**ENERGA Oświetlenie Sp. z o.o.**

**Agencies of the Company are:**
Executive Board, Supervisory Board, the Meeting of Partners.

The Executive Board consists of 1-3 members nominated by the Supervisory Board for the duration of the joint three-year term.

**Composition of the Executive Board:**
Arkadiusz Majoch – President,
Andrzej Lange – Vice-President,
Janusz Henryk Leszcz – Vice-President.

**Composition of the Supervisory Board:**
Tomasz Lubicki – Chairman,
Roman Piotrowski – Deputy Chairman,
Miron Suchołbiak – Secretary.

The only shareholder of the company is ENERGA SA.

**ENERGA OPEC Sp. z o.o.**

**Agencies of the Company are:**
Executive Board, Supervisory Board and the Meeting of Partners.

**Composition of the Executive Board:**
Zenobia Gadomska – President,
Tadeusz Śniadała – Vice-President.

**Composition of the Supervisory Board:**
Ewa Mirońska – Chairman,
Anna Trzeciak – Deputy Chairman,
Marcin Biniaś – Secretary (as of 16.01.2012: Marcin Biniaś; earlier: Robert Nosorowski), Tadeusz Romanowski – Member of the SB.

**Holders of shares in the company:**
ENERGA Elektrownie Ostrołęka SA – 70.03%,
ENERGA SA – 29.75%,
other shareholders – 0.22%.
Internal audit and control

The Audit and Control Office operates in the ENERGA SA Group to guarantee the compliance of activities initiated in the Group. The activity of the Office is based on internal audit standards of ENERGA SA compliant with international standards of professional practice of internal audit developed by the Institute of Internal Auditors. This fact is reflected in regulatory documents of the Office such as the Audit Card, Instruction of the Audit and Control Office on rules of execution of audit and control tasks and the rules of execution of audits in the ENERGA Group appended to the Holding Agreement. Auditors employed in the Audit and Control Office carry out their tasks executing the mission of the internal audit aimed at adding value to the organization and streamlining its operations with the maintained independence and objectivism.

1.1.3.1

Management of relations with stakeholders

The size of the ENERGA Group and the variety of its companies resulting from the specific nature of operation of individual entities are the reasons why key stakeholder groups are different for each of them. As a result, each company identifies different stakeholder groups whose expectations are varied.

The stakeholder identification process itself is different in each company. In ENERGA Kogeneracja Sp. z o.o., it is a component of the corporate strategy development process while it is less formal in other companies and, in certain cases, such as ENERGA Elektrociepłownie Kalisz SA, the process of stakeholder identification and prioritising is carried out with regard to individual projects implemented by the company. The key criterion according to which stakeholders are analysed is the impact on the given company or project.

According to the analyses of stakeholders carried out by companies with particular stress on the opinion of ENERGA SA as the managing entity, key groups of stakeholders were defined from the perspective of the Group along with their expectations of the Group.
Key stakeholders from the ENERGA Group perspective and their expectations:

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual customers</td>
<td>• continued deliveries of energy at an affordable price</td>
</tr>
<tr>
<td></td>
<td>• Attractive terms of cooperation</td>
</tr>
<tr>
<td></td>
<td>• Clear terms of cooperation</td>
</tr>
<tr>
<td></td>
<td>• Implementation of innovative solutions</td>
</tr>
<tr>
<td>Largest institutional customers</td>
<td>• Maintenance of a safe level of financial ratios</td>
</tr>
<tr>
<td></td>
<td>• Timely settlement of liabilities</td>
</tr>
<tr>
<td></td>
<td>• Progress of investments</td>
</tr>
<tr>
<td></td>
<td>• clear information about the spending of borrowed money</td>
</tr>
<tr>
<td>Financing institutions</td>
<td>• Assurance of the energy security of the country</td>
</tr>
<tr>
<td></td>
<td>• Reliability of energy deliveries</td>
</tr>
<tr>
<td>Regulator</td>
<td>• Maximization of profits – good financial results</td>
</tr>
<tr>
<td></td>
<td>• Influence on the economic development via employment and market activity</td>
</tr>
<tr>
<td></td>
<td>• Transparent information about the activity, in particular, about pending investments</td>
</tr>
<tr>
<td></td>
<td>• Cost optimisation</td>
</tr>
<tr>
<td></td>
<td>• Implementation of solutions safe for the environment</td>
</tr>
<tr>
<td>Institutional stakeholders:</td>
<td>• Reliable and timely information about the conducted business</td>
</tr>
<tr>
<td>Ministry of the State Treasury,</td>
<td>• Stability of employment</td>
</tr>
<tr>
<td>Ministry of the Economy,</td>
<td>• Attractive salary</td>
</tr>
<tr>
<td>Ministry of the Environment</td>
<td>• Good atmosphere at work</td>
</tr>
<tr>
<td></td>
<td>• Work security guarantee</td>
</tr>
<tr>
<td></td>
<td>• Generation of development opportunities</td>
</tr>
<tr>
<td>Media</td>
<td>• Minimized possible negative impact of investments on the environment (social and natural)</td>
</tr>
<tr>
<td></td>
<td>• Transparent communication as regards investments, carried out in advance</td>
</tr>
<tr>
<td></td>
<td>• Compensation for inhabitants and the community at large for potential losses resulting in the course of investments</td>
</tr>
<tr>
<td>Employees</td>
<td>• Social commitment and sponsoring of the investor in the location of investments</td>
</tr>
<tr>
<td>Local communities (including local governments)</td>
<td>• Business ethics</td>
</tr>
<tr>
<td>in investment locations</td>
<td>• Timely payments</td>
</tr>
<tr>
<td>Suppliers</td>
<td>• Clear terms of cooperation</td>
</tr>
<tr>
<td>Business partners</td>
<td>• Stability of the partner</td>
</tr>
</tbody>
</table>

In the majority of companies, dialogue with key stakeholders takes on very different forms even though it is not a continuous process. Among other things, these are individual activities and meetings (ENERGA WIND Sp. z o.o.), employee satisfaction surveys and an ongoing dialogue with customers of corporate products (ENERGA Kogeneracja Sp. z o.o.), dialogue panels and focus panels (ENERGA Obsługa i Sprzedaż Sp. z o.o.). Many formal
and informal tools have also been implemented in companies belonging to the Group to make it possible for shareholders to submit recommendations and guidelines for the Executive Board.

The publication of this report generated on the basis of the international “Guidelines for the reporting of sustained development issues GRI” taking into account report creation rules specified in the Guidelines is the Group’s answer to the expectation of stakeholders as regards the transparent, reliable and complete communication of activities and condition of companies, taking into account not only economic aspects but also social and environmental ones.

**Dialogue with employees**

Employees are the key group of stakeholders for each enterprise. In the ENERGA Group that employs more than 11 thousand people, dialogue is a significant component of the management of employee relations as it helps include them in common activities contributing to the development of the Group and individual companies.

Promoting and supporting the dialogue with employees, the ENERGA Group also follows the recommendations and instructions of the European Commission on the perception of corporate governance in which dialogue between the executive board and employees and shareholders is indicated as important. The Legal Commission of the European Parliament expressed it in the report on the corporate governance framework in European enterprises of March 8, 2012. That document stresses that, among other things, corporate governance should facilitate relations with various interested parties in the enterprise, e.g. with employees who contribute to the success and results of the enterprise and remain dependent on them.
The importance of the dialogue with employees for the ENERGA Group is corroborated by the steps taken by individual companies belonging to the Group and the implemented mechanisms that streamline that process.

A specialized Social Relations Department was established in ENERGA SA; its task is to coordinate the dialogue and cooperation with employee representatives throughout the ENERGA Group.

Additionally, certain companies introduced other tools making dialogue between employees and the Executive Board possible, e.g.:

**ENERGA Elektrociepłownia Kalisz SA** uses union meetings for the purpose of information and consultation between the highest management agency and formal representatives of employees regarding relations in the workplace.

In **ENERGA HYDRO Sp. z o.o.**, employees can submit remarks in writing directly to the Executive Board of the company and via specific organizational units, e.g. changes in the Organizational Regulation are submitted to the Management Service Section and subsequently transferred to the Executive Board of the company.

In **ENERGA-OPERATOR SA**, regular meetings of the managerial staff with the Executive Board are held. Employees are regularly informed about the progress of design works and important events in the company via the Intranet and publications of the company. Employees can also address questions to individual members of the executive board via the intranet site. Chats are also organized with executive board members.

The corporate magazine, *Emisja*, and the Intranet are effective tools for informing employees of the Group and exchanging opinions.
1.2
SUSTAINABLE DEVELOPMENT

1.2.1.
Report on sustainable development of the ENERGA Group

This report is the first sustainable development report of the ENERGA Group and contains a summary of the previous achievements in attaining goals of sustainable development and corporate social responsibility (CSR) in 11 companies covered by the project of Environmental Management System and Sustainable Development Mechanisms the data stated in the report refers to. If the data applies to companies other than those covered in the report this fact is mentioned and the data are not included as the GRI indicative data. The information included in the report was acquired from individual companies on the basis of analyses carried out by them and the developed statistics. Data concerning forecasts is based on estimates of individual companies.

The report meets the framework rules of GRI reporting (Global Reporting Initiative) recognized worldwide and used by organizations irrespective of their size, operational sector or location. The report preparation process took into account both the rules relating to content definition and the report quality.
To guarantee the inclusion of issues of key importance for the company and the industry in the report:
- it was based on the strategy and values of the ENERGA Group,
- in the process of defining its contents, global, industry reports from sustainable development as well as other publications and reports indicating challenges in the area material for the power sector were analysed.

The report was prepared on the level of application B. It has not been subjected to an external verification. All the data presented in the report – unless specified differently – refers to 2011 (from January 1 to December 31) and describes the situation at the end of that year. The company adopts an annual reporting cycle.

1.2.2
Management of sustainable development in the ENERGA Group

Management in line with the rules of sustainable development entails consideration in the activity of the organization of not only economic aspects but also social and environmental ones through: the definition of the strategic goal supporting business goals, development of plans for implementing and monitoring the realization of individual activities and the selection of a person responsible for the coordination of CSR/sustainable development tasks. This is why individuals responsible for sustainable development and CSR were nominated in certain companies belonging to the ENERGA Group and, in three companies, a separate team was established to tackle social responsibility issues.

The realization of such a scheme of conduct makes sustainable development not an additional activity for the company but rather a support in attaining business objectives. To guarantee effective implementation of individual aspects of sustainable development, it is also necessary to include them in the system of evaluation of results of the managerial staff. This is why various mechanisms and tools exist in individual companies belonging to the ENERGA Group to analyse results of activities carried out by management agencies from the
1.2. SUSTAINABLE DEVELOPMENT

point of view of economic, environmental and social issues:

- results of the company including economic, environmental and social aspects are included in the objectives of the executive board subject to evaluation by the Supervisory Board.

- at a meeting of the Supervisory Board, the Executive Board presents a report from its activity as an agency, a report from the activity of the company and the financial statements for the given year presenting the action taken and its results. Economic issues are continually monitored as a part of the work of organizational units of companies.

- Monthly monitoring of the realization of economic and financial plans is carried out.
SAVE THE ENVIRONMENT

Do not switch on artificial lightning during the day, use natural light. Uncover windows, make sure they are clean, as dirty ones can absorb as much as 30% of the light.
1.3 MAN

MAN IS THE KEY VALUE FOR THE ENERGA GROUP. THIS MEANS THAT CARE FOR THE CUSTOMERS, WORKERS AND LOCAL COMMUNITIES ARE PRIORITIES. CARING FOR THE WORK ENVIRONMENT, THE ENERGA GROUP STRIVES TO GUARANTEE THE MAXIMUM COMFORT, SECURITY AND DEVELOPMENT POSSIBILITIES TO ITS WORKERS. IT IS OPEN TO THE NEEDS OF ITS CUSTOMERS, TRIES TO MEET THEIR EXPECTATIONS THROUGH THE IMPLEMENTATION OF INNOVATIVE SOLUTIONS. COMPANIES BELONGING TO THE ENERGA GROUP ARE ACTIVE MEMBERS OF THE COMMUNITIES THEY OPERATE IN. THEY ALSO TAKE ACTION REACTING TO SOCIAL CHALLENGES MATERIAL FROM THE POINT OF VIEW OF OPERATIONS OF THE GROUP AS A WHOLE AND INDIVIDUAL COMPANIES.

1.3.1 ENERGA FOR WORKERS

As one of the largest employers in Poland, the Group understands its role as a responsible employer taking care for its workers and also defining standards and indicating related good practices. The Group fulfils its duties on behalf of workers under that law and also takes additional steps towards staff development and knowledge sharing.

At the end of 2011, more than 11 thousand people worked in the entire Group including 8 613 people in companies covered in this report: 2 242 women and 6 371 men. The total costs of salaries, social insurance and other benefits calculated according to the IFRS amounted to 1 147.89 million PLN in the reported period (applies to the Group). Employment figures in individual companies varied considerably and were directly dependent on the area and operational range of the given company.

The specific nature of work and objectives in enterprises belonging to the power sector, in particular, in generation companies, is the reason why there are many more men than women employed in the Group.
Employment in companies* belonging to the ENERGA Group in 2011

<table>
<thead>
<tr>
<th>ENERGA Group Companies</th>
<th>Women</th>
<th>Men</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENERCA Elektrownie Ostrołęka SA</td>
<td>132</td>
<td>867</td>
<td>999</td>
</tr>
<tr>
<td>ENERCA Elektrociepłownia Kalisz SA</td>
<td>12</td>
<td>99</td>
<td>111</td>
</tr>
<tr>
<td>ENERCA WIND Sp. z o.o.</td>
<td>7</td>
<td>8</td>
<td>15</td>
</tr>
<tr>
<td>ENERCA SA</td>
<td>79</td>
<td>93</td>
<td>172</td>
</tr>
<tr>
<td>ENERCA HYDRO Sp. z o.o.</td>
<td>52</td>
<td>216</td>
<td>268</td>
</tr>
<tr>
<td>ENERCA Kogeneracja Sp. z o.o.</td>
<td>48</td>
<td>240</td>
<td>288</td>
</tr>
<tr>
<td>ENERCA-OBRÓT SA</td>
<td>67</td>
<td>94</td>
<td>161</td>
</tr>
<tr>
<td>ENERCA Obsługa i Sprzedaż Sp. z o.o.</td>
<td>782</td>
<td>282</td>
<td>1 064</td>
</tr>
<tr>
<td>ENERCA OPEC Sp. z o.o.</td>
<td>23</td>
<td>50</td>
<td>73</td>
</tr>
<tr>
<td>ENERCA-OPERATOR SA</td>
<td>1 010</td>
<td>4 211</td>
<td>5 221</td>
</tr>
<tr>
<td>ENERCA Oświetlenie Sp. z o.o.</td>
<td>30</td>
<td>211</td>
<td>241</td>
</tr>
<tr>
<td>Ogółem</td>
<td>2 242</td>
<td>6 371</td>
<td>8 613</td>
</tr>
</tbody>
</table>

* Employees with employment contracts in 11 companies analysed for the purpose of this report.

On average, 3 men were employed in the Group for every woman employed in 2011 (women constituted 26.02% of the staff while men constituted 73.98% in the reported period). The only company employing more (more than twice as many) women than men was ENERGA Obsługa i Sprzedaż Sp. z o.o. A high share (nearly 50%) of women was also employed in ENERGA WIND Sp. z o.o. and in ENERGA SA.

The ENERGA Group is an employer open to the needs of the staff.

Even though the majority of its companies employ full-time workers, the managerial staff does not limit employment to this one form. The Group also permits part-time employment.
1.3. **MAN**

**Work duration of staff in the ENERGA Group in 2011**

<table>
<thead>
<tr>
<th>Companies belonging to the ENERGA Group</th>
<th>Staff employed full time under an employment contract</th>
<th>Staff employed part time (3/4 of the full-time employment) under an employment contract</th>
<th>Staff employed part time (1/2 of the full-time employment) under an employment contract</th>
<th>Staff employed part time (1/4 of the full-time employment) under an employment contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENERGA Elektrownie Ostrołęka SA</td>
<td>Women 131, Men 865</td>
<td>Women 0, Men 0</td>
<td>Women 0, Men 0</td>
<td>Women 0, Men 0</td>
</tr>
<tr>
<td>ENERGA Elektrociepłownia Kalisz SA</td>
<td>Women 12, Men 99</td>
<td>Women 0, Men 0</td>
<td>Women 0, Men 0</td>
<td>Women 0, Men 0</td>
</tr>
<tr>
<td>ENERGA WIND Sp. z o. o.</td>
<td>Women 6, Men 7</td>
<td>Women 0, Men 0</td>
<td>Women 0, Men 0</td>
<td>Women 0, Men 0</td>
</tr>
<tr>
<td>ENERGA SA</td>
<td>Women 77, Men 88</td>
<td>Women 1, Men 2</td>
<td>Women 1, Men 3</td>
<td>Women 0, Men 0</td>
</tr>
<tr>
<td>ENERGA HYDRO Sp. z o.o.</td>
<td>Women 49, Men 212</td>
<td>Women 0, Men 1</td>
<td>Women 0, Men 1</td>
<td>Women 0, Men 1</td>
</tr>
<tr>
<td>ENERGA Kogeneracja Sp. z o.o.</td>
<td>Women 48, Men 240</td>
<td>Women 0, Men 0</td>
<td>Women 0, Men 0</td>
<td>Women 0, Men 0</td>
</tr>
<tr>
<td>ENERGA-OBRÓT SA</td>
<td>Women 67, Men 94</td>
<td>Women 0, Men 0</td>
<td>Women 0, Men 0</td>
<td>Women 0, Men 0</td>
</tr>
<tr>
<td>ENERGA Obsługa i Sprzedaż Sp. z o.o.</td>
<td>Women 781, Men 282</td>
<td>Women 0, Men 0</td>
<td>Women 0, Men 0</td>
<td>Women 1, Men 0</td>
</tr>
<tr>
<td>ENERGA OPEC Sp. z o. o.</td>
<td>Women 23, Men 50</td>
<td>Women 0, Men 0</td>
<td>Women 0, Men 0</td>
<td>Women 0, Men 0</td>
</tr>
<tr>
<td>ENERGA-OPERATOR SA</td>
<td>Women 998, Men 4 203</td>
<td>Women 4, Men 1</td>
<td>Women 7, Men 6</td>
<td>Women 1, Men 1</td>
</tr>
<tr>
<td>ENERGA Oświetlenie Sp. z o.o.</td>
<td>Women 28, Men 210</td>
<td>Women 2, Men 0</td>
<td>Women 0, Men 1</td>
<td>Women 0, Men 0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>Women 2 220, Men 6 350</strong></td>
<td><strong>Women 7, Men 4</strong></td>
<td><strong>Women 14, Men 16</strong></td>
<td><strong>Women 1, Men 1</strong></td>
</tr>
</tbody>
</table>

Staff of the Group are employed under various types of contracts: for an unlimited duration, limited duration, mandate contract, contract for specific work and self-employment. A great majority of the self-employed consists of representatives of the managerial staff employed by individual companies belonging to the ENERGA Group under management contracts.

89% of the staff are employed under an open-ended employment contract.
Forms of employment in the ENERGA Group in 2011

<table>
<thead>
<tr>
<th>Companies belonging to the ENERGA Group</th>
<th>Staff employed for an unlimited time period under an employment contract</th>
<th>Staff employed for a limited time period under an employment contract</th>
<th>Staff employed under a mandate contract</th>
<th>Staff employed under a contract for specific work</th>
<th>Self-employed</th>
</tr>
</thead>
<tbody>
<tr>
<td>--------------------------------------</td>
<td>----------------------------------------------------------</td>
<td>----------------------------------------------------------</td>
<td>---------------------------------</td>
<td>---------------------------------</td>
<td>---------------</td>
</tr>
<tr>
<td>ENERGA Elektrociepłownia Kalisz SA</td>
<td>Women: 12 Men: 90</td>
<td>Women: 0 Men: 9</td>
<td>Women: 0 Men: 0</td>
<td>Women: 0 Men: 0</td>
<td>Women: 0 Men: 0</td>
</tr>
<tr>
<td>ENERGA OPEC Sp. z o. o.</td>
<td>Women: 22 Men: 49</td>
<td>Women: 1 Men: 1</td>
<td>Women: 0 Men: 0</td>
<td>Women: 0 Men: 0</td>
<td>Women: 0 Men: 0</td>
</tr>
</tbody>
</table>

Due to the transformation in progress in the Group, significant changes can be seen in employment in individual companies in the reported period. In most cases, the rotation of staff takes place within the ENERGA Group, i.e. as a result of the restructuring processes in progress, employees change employer without any significant change in their duties, terms and job location. 2186 people left the analysed companies belonging to the ENERGA Group in 2011. Most resignations, i.e. 1328, were reported in ENERGA-OPERATOR SA. The companies recruited 545 workers in the same period.
### 1.3. MAN

#### Total number of staff who left individual companies belonging to the ENERGA Group in 2011

<table>
<thead>
<tr>
<th>Companies belonging to the ENERGA Group</th>
<th>Women</th>
<th>Men</th>
<th>under 30 years of age</th>
<th>30-50 years</th>
<th>over 50 years of age</th>
<th>Rural inhabitants</th>
<th>City inhabitants</th>
<th>Total women and men</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENERGA Elektrownie Ostrołęka SA</td>
<td>22</td>
<td>321</td>
<td>0</td>
<td>74</td>
<td>269</td>
<td>N/A</td>
<td>N/A</td>
<td>343</td>
</tr>
<tr>
<td>ENERGA Elektrociepłownia Kalisz SA</td>
<td>3</td>
<td>21</td>
<td>1</td>
<td>6</td>
<td>17</td>
<td>1</td>
<td>23</td>
<td>24</td>
</tr>
<tr>
<td>ENERGA WIND Sp. z o. o.</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>ENERGA SA</td>
<td>28</td>
<td>47</td>
<td>5</td>
<td>59</td>
<td>11</td>
<td>11</td>
<td>64</td>
<td>75</td>
</tr>
<tr>
<td>ENERGA HYDRO Sp. z o.o.</td>
<td>11</td>
<td>26</td>
<td>4</td>
<td>7</td>
<td>26</td>
<td>17</td>
<td>20</td>
<td>37</td>
</tr>
<tr>
<td>ENERGA Kogeneracja Sp. z o.o.</td>
<td>0</td>
<td>6</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>ENERGA-OBRÓT SA</td>
<td>23</td>
<td>10</td>
<td>3</td>
<td>27</td>
<td>3</td>
<td>2</td>
<td>31</td>
<td>33</td>
</tr>
<tr>
<td>ENERGA Obsługa i Sprzedaż Sp. z o.o.</td>
<td>194</td>
<td>71</td>
<td>19</td>
<td>151</td>
<td>95</td>
<td>218</td>
<td>47</td>
<td>265</td>
</tr>
<tr>
<td>ENERGA OPEC Sp. z o. o.</td>
<td>8</td>
<td>58</td>
<td>3</td>
<td>40</td>
<td>23</td>
<td>14</td>
<td>52</td>
<td>66</td>
</tr>
<tr>
<td>ENERGA-OPERATOR SA</td>
<td>156</td>
<td>1</td>
<td>172</td>
<td>98</td>
<td>650</td>
<td>333</td>
<td>995</td>
<td>1 328</td>
</tr>
<tr>
<td>ENERGA Oświetlenie Sp. z o.o.</td>
<td>1</td>
<td>8</td>
<td>1</td>
<td>5</td>
<td>3</td>
<td>3</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>446</td>
<td>1</td>
<td>1 740</td>
<td>1 021</td>
<td>1 029</td>
<td>599</td>
<td>1 221</td>
<td>2 186</td>
</tr>
</tbody>
</table>

#### Total number of workers hired in individual companies belonging to the ENERGA Group in 2011

<table>
<thead>
<tr>
<th>Companies belonging to the ENERGA Group</th>
<th>Women</th>
<th>Men</th>
<th>under 30 years of age</th>
<th>30-50 years</th>
<th>over 50 years of age</th>
<th>Rural inhabitants</th>
<th>City inhabitants</th>
<th>Total women and men</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENERGA Elektrownie Ostrołęka SA</td>
<td>2</td>
<td>9</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>N/A</td>
<td>N/A</td>
<td>11</td>
</tr>
<tr>
<td>ENERGA Elektrociepłownia Kalisz SA</td>
<td>0</td>
<td>9</td>
<td>6</td>
<td>3</td>
<td>0</td>
<td>5</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>ENERGA WIND Sp. z o. o.</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>ENERGA SA</td>
<td>15</td>
<td>28</td>
<td>15</td>
<td>23</td>
<td>5</td>
<td>4</td>
<td>39</td>
<td>43</td>
</tr>
<tr>
<td>ENERGA HYDRO Sp. z o.o.</td>
<td>4</td>
<td>8</td>
<td>7</td>
<td>3</td>
<td>2</td>
<td>8</td>
<td>4</td>
<td>12</td>
</tr>
<tr>
<td>ENERGA Kogeneracja Sp. z o.o.</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>ENERGA-OBRÓT SA</td>
<td>19</td>
<td>25</td>
<td>23</td>
<td>21</td>
<td>0</td>
<td>8</td>
<td>36</td>
<td>44</td>
</tr>
<tr>
<td>ENERGA Obsługa i Sprzedaż Sp. z o.o.</td>
<td>78</td>
<td>61</td>
<td>80</td>
<td>57</td>
<td>2</td>
<td>114</td>
<td>25</td>
<td>139</td>
</tr>
<tr>
<td>ENERGA OPEC Sp. z o. o.</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>ENERGA-OPERATOR SA</td>
<td>23</td>
<td>210</td>
<td>29</td>
<td>135</td>
<td>69</td>
<td>52</td>
<td>181</td>
<td>233</td>
</tr>
<tr>
<td>ENERGA Oświetlenie Sp. z o.o.</td>
<td>7</td>
<td>40</td>
<td>19</td>
<td>26</td>
<td>2</td>
<td>13</td>
<td>34</td>
<td>47</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>151</td>
<td>394</td>
<td>185</td>
<td>275</td>
<td>85</td>
<td>205</td>
<td>329</td>
<td>545</td>
</tr>
</tbody>
</table>
Resignations of staff in ENERGA-OPERATOR SA mainly resulted from the restructuring of the enterprise (transfer of 110 workers to the ENERGA Common Service Centre and 636 to ENERGA-OPERATOR Techniczna Obsługa Odbiorców Sp. z o.o.) as well as individual resignations of workers entailing the payment of compensation (401 people).

In other companies, material changes of employment were also related to the transformation of the entire Group. As a result of the sale of the organized part of ENERGA WIND Sp. z o.o., a majority of workers were transferred pursuant to art. 23 of the Labour Code to ENERGA HYDRO Sp. z o.o. Changes of employment in ENERGA Obsługa i Sprzedaż Sp. z o.o. resulted from the implementation of three large programs by the company: transfer of certain workers from the HR and payroll area to ENERGA CUW (21 people), transfer of certain workers dealing with merger agreements etc. to ENERGA-OPERATOR SA and the implementation, throughout the year, of the Voluntary Resignation Program started in mid 2011. Changes of employment in ENERGA OPEC Sp. z o.o. taking place in 2011 resulted mostly from the transfer of 60 workers to ENERGA Serwis Sp. z o.o.

In ENERGA-OBRÓT SA, changes of employment resulted from the development of the company: it identified the need to employ experts from the market, from beyond the Group. To a small degree, employment changes also resulted from the transfer of some workers from the HR and payroll area to ENERGA CUW.

In connection with the consolidation and restructuring processes taking place in the ENERGA Group, Voluntary Resignation Programs were launched in 21 companies belonging to the Group in 2010-2011. In total, these programs were addressed to 3203 workers and more than 1 500 workers took advantage of them till the end of 2011 (including 933 workers who resigned in 2011).
The ENERGA Group as an employer constantly treats as a priority the professionalism of workers related to the stability of employment and low staff rotation despite the restructuring processes. For that reason, the Group has extended and continuously extends its wide range of benefits offered to the staff. It also cares for the active recreation of its workers after work and on holidays. Goals of the “Actively after hours” program include: popularisation of active leisure time among workers of the ENERGA Group and their families, integration of workers, improved satisfaction from work and promotion of sports disciplines and entities sponsored by the ENERGA Group to participants in the action. Suggestions addressed to workers are mainly implemented depending on the possibilities resulting from executed sponsoring agreements. Other actions result from bottom-up staff initiatives resulting from the staff willingness to share their interests and skills. Events organized as a part of the program are cyclical, carried out with the voluntary organizational support of staff of the ENERGA Group. Their forms and contents vary so that all the participants can find their areas of activity.

The Group also established worker pension schemes financed by each of the employers at the level of 7% of the salary. Additionally, social benefit funds are financed annually from profits generated by companies belonging to the Group.

As the winner of the Solid Employer title, the ENERGA Group stresses respect for human rights. In practice, this respect is shown most fully in the freedom of association guaranteed to workers. This fact is corroborated in the data referring to the number of workers covered by collective agreements and the membership of associations in individual companies.

### Workers covered with collective agreements in 2011

<table>
<thead>
<tr>
<th>Companies belonging to the ENERGA Group</th>
<th>Percentage of all employees covered by collective agreements</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENERGA Elektrownie Ostrołęka SA</td>
<td>84%</td>
</tr>
<tr>
<td>ENERGA Elektrociepłownia Kalisz SA</td>
<td>100%</td>
</tr>
<tr>
<td>ENERGA WIND Sp. z o. o.</td>
<td>60%</td>
</tr>
<tr>
<td>ENERGA SA</td>
<td>100%</td>
</tr>
<tr>
<td>ENERGA HYDRO Sp. z o.o.</td>
<td>72%</td>
</tr>
<tr>
<td>ENERGA Kogeneracja Sp. z o.o.</td>
<td>100%,</td>
</tr>
<tr>
<td>ENERGA-OBRÓT SA</td>
<td>no data</td>
</tr>
<tr>
<td>ENERGA Obsługa i Sprzedaż Sp. z o.o.</td>
<td>100%</td>
</tr>
<tr>
<td>ENERGA OPEC Sp. z o.o.</td>
<td>100%</td>
</tr>
<tr>
<td>ENERGA-OPERATOR SA</td>
<td>86%</td>
</tr>
<tr>
<td>ENERGA Oświetlenie Sp. z o.o.</td>
<td>65%</td>
</tr>
</tbody>
</table>
More than 60 company and intercompany union organizations operate in the entire Group. The association membership share reaches 62% for the entire Group. Union organizations belong to three labour unions and federations of labour unions representative at a national level: NSZZ Solidarność, Labour Union of Engineers and Technicians and the College of Labour Unions.

Five unions operate in ENERGA SA. These are: MK NSZZ Solidarność ENERGA-OPERATOR SA Branch in Gdańsk, MZZP of the ENERGA Capital Group, MZZP of the ENERGA Energy Concern Branch Energetyka Kaliska in Kalisz SA, ZZIT MOZ in the ENERGA Capital Group Branch in Gdańsk and NZZP of the ENERGA Capital Group.

Another sign of respect for human rights in the ENERGA Group is the guarantee of equal conditions of employment to all workers and prevention of discrimination. None of the companies reported any cases of it in 2011 so the firms did not take any related steps. The analysed companies did not identify any activities endangering the right to freedom, the right of association and the right to collective disputes.

The majority of companies failed to identify any activities entailing any material risk of occurrence of forced or compulsory labour or cases of violation of the rights of native communities in their operations or in 10 of their key suppliers and subcontractors. ENERGA Elektrownie Ostrołęka SA, which obtains declarations of no compulsory labour from its suppliers as a preventive measure, is gradually introducing Global Compact declarations to their agreements and contracts.

None of the companies identified any danger of child labour in their operations. Irrespective of that fact, ENERGA Elektrownie Ostrołęka SA obtains declarations of no child labour from its suppliers.
The ENERGA Group attaches great importance to the guarantee of occupational health and safety.

Many occupational health and safety commissions operate in individual companies. This topic is also discussed in official agreements between the Group and labour unions including the Collective Labour Agreement regulating issues related, among other things, with personal protective equipment, joint occupational health and safety commissions with management and worker participation, participation of worker representatives in occupational health and safety controls and audits, training and education, complaint procedures, the right to refuse to do dangerous jobs and periodical inspections.

**Krzysztof Miller**  
*Occupational Health and Safety Specialist in ENERGA SA*

Occupational health and safety issues are a priority for the ENERGA Group, reflected not only in the actions taken but also in its effects. Among these actions, it is worthwhile stressing that the number of occurring fatal, grave and collective accidents is low considering the complexity of the Group including the number of employees and the number and variety of dangers existing in the work environment.

To avoid accidents, workers are equipped with effective and ergonomic means of protection from dangers in the work environment, modern and safe work technologies are introduced and developed, among other things, for the work done under voltage.

The ENERGA Group strives to guarantee appropriate training for the staff, both in occupational health and safety and as regards professional skills necessary for a given position.
Accidents at work in selected companies belonging to the ENERGA Group in 2011

<table>
<thead>
<tr>
<th>Companies belonging to the ENERGA Group</th>
<th>Number of accidents at work</th>
<th>Number of fatal accidents</th>
<th>Total number of days of inability to work due to accidents at work</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Women</td>
<td>Men</td>
<td>Women</td>
</tr>
<tr>
<td>ENERGA Elektrownie Ostrołęka SA</td>
<td>1</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>ENERGA Elektrociepłownia Kalisz SA</td>
<td>0</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>ENERGA WIND Sp. z o. o.</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>ENERGA SA</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>ENERGA HYDRO Sp. z o.o.</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>ENERGA Kogeneracja Sp. z o.o.</td>
<td>0</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>ENERGA-OBRÓT SA</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>ENERGA Obsługa i Sprzedaż Sp. z o.o.</td>
<td>5</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>ENERGA OPEC Sp. z o.o.</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>ENERGA-OPERATOR SA</td>
<td>6</td>
<td>66</td>
<td>0</td>
</tr>
<tr>
<td>ENERGA Oświetlenie Sp. z o.o.</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13</strong></td>
<td><strong>82</strong></td>
<td><strong>0</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Companies belonging to the ENERGA Group</th>
<th>Frequency of accidents ratio</th>
<th>Gravity of accidents ratio</th>
<th>Number of collective and grave accidents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Women</td>
<td>Men</td>
<td>Women</td>
</tr>
<tr>
<td>ENERGA Elektrownie Ostrołęka SA</td>
<td>8.4</td>
<td>5.99</td>
<td>0</td>
</tr>
<tr>
<td>ENERGA Elektrociepłownia Kalisz SA</td>
<td>0</td>
<td>23.8</td>
<td>0</td>
</tr>
<tr>
<td>ENERGA WIND Sp. z o. o.</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>ENERGA SA</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>ENERGA HYDRO Sp. z o.o.</td>
<td>19.2</td>
<td>4.6</td>
<td>57</td>
</tr>
<tr>
<td>ENERGA Kogeneracja Sp. z o.o.</td>
<td>0</td>
<td>0.139</td>
<td>0</td>
</tr>
<tr>
<td>ENERGA-OBRÓT SA</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>ENERGA Obsługa i Sprzedaż Sp. z o.o.</td>
<td>6.39</td>
<td>10.63</td>
<td>30</td>
</tr>
<tr>
<td>ENERGA OPEC Sp. z o. o.</td>
<td>0</td>
<td>63</td>
<td>0</td>
</tr>
<tr>
<td>ENERGA-OPERATOR SA</td>
<td>5.92</td>
<td>15.67</td>
<td>18.66</td>
</tr>
<tr>
<td>ENERGA Oświetlenie Sp. z o.o.</td>
<td>0</td>
<td>4.74</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>39.91</strong></td>
<td><strong>128.23</strong></td>
<td><strong>105.66</strong></td>
</tr>
</tbody>
</table>
Individual companies strive to guarantee the safety and personal protection to their workers. All firms in which such a need exists due to the specific nature of the work guarantee the required personal protection equipment to their workers. Occupational health and safety commissions with the management and worker participation operate in each of the companies in which such an obligation results from regulations in force. Worker representatives participate in occupational health and safety controls and audits and in determining the circumstances and causes of accidents occurring at work. Most of them are Social Labour Inspectors elected by workers, mainly to provide additional monitoring of working conditions in addition to obligatory preventive activities of occupational work and safety services operating in all the analysed companies.

**Company of possibilities**

Understanding the value of investments in workers, the Group offers a wide range of training courses and development and education programs to its workers and opens interesting career paths to the best of them. It finances specialist courses for workers, training courses, high school, postgraduate and doctoral studies as well as language courses for staff.

Every year, more than ten employees of the Group can get financing for MBA studies. Certain companies such as ENERGA-OPERATOR SA have their own systems of training and development activities for managers and workers. Talent support programs also function in key companies. The Periodical Staff Evaluation System developed for its needs helps select candidates for promotion.

An annual evaluation sheet consisting of three parts is applied in ENERGA SA. The first part evaluates competencies and attitudes, the second defines tasks (the part dedicated to specialist and higher positions) while the third relates to the development of competencies. In the development part of the sheet, superiors note their opinions about further stages of development of their subordinates, mention their strengths and select two areas for development indicating suggested forms of competence development at the same time. In a conversation with a subordinate, the superior decides what areas of soft skills or knowledge should be developed. He can also suggest forms of skill development such as training, courses, studies, coaching or mentoring. Training indications can refer to the need to improve knowledge, entrust new tasks or build other competencies. Workers of ENERGA SA can suggest to their superiors which training courses they would like to participate in but the implementation of activities included in staff evaluation sheets is the priority.
Training projects are also prepared in the Group for the needs of various companies and addressed to individual groups of employees, e.g. financial training for financial services or training in project management for investment services. They are adapted to the needs submitted to HR by persons in charge of various areas in ENERGA SA.

The ENERGA Group aims at maintaining high levels of motivation and commitment of staff. Because of that, a staff opinion survey was carried out in ENERGA SA that defined the current commitment of staff and indicated further development directions for the organization.

<table>
<thead>
<tr>
<th>Companies belonging to the ENERGA Group</th>
<th>Women</th>
<th>Men</th>
<th>Top management</th>
<th>Medium management</th>
<th>Professional workers</th>
<th>Administrative and organizational workers</th>
<th>Technical workers</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENERGA Elektrownie Ostrołęka SA</td>
<td>20.67</td>
<td>16.5</td>
<td>0</td>
<td>45.8</td>
<td>30</td>
<td>19</td>
<td>16.5</td>
<td>8.67</td>
</tr>
<tr>
<td>ENERGA Elektrociepłownia Kalisz SA</td>
<td>48</td>
<td>231</td>
<td>72</td>
<td>27</td>
<td>104</td>
<td>28</td>
<td>48</td>
<td>0</td>
</tr>
<tr>
<td>ENERGA WIND Sp. z o. o.</td>
<td>36</td>
<td>9</td>
<td>133</td>
<td>21</td>
<td>31</td>
<td>No statistics</td>
<td>No statistics</td>
<td>0</td>
</tr>
<tr>
<td>ENERGA SA</td>
<td>3.9</td>
<td>16.1</td>
<td>3.5</td>
<td>3.5</td>
<td>1.5</td>
<td>3.1</td>
<td>8.4</td>
<td>0</td>
</tr>
<tr>
<td>ENERGA HYDRO Sp. z o.o.</td>
<td>22</td>
<td>22</td>
<td>55</td>
<td>35</td>
<td>32</td>
<td>25</td>
<td>19</td>
<td>0</td>
</tr>
<tr>
<td>ENERGA Kogeneracja Sp. z o.o.</td>
<td>46.4</td>
<td>32</td>
<td>112</td>
<td>96</td>
<td>88</td>
<td>18</td>
<td>56</td>
<td>18</td>
</tr>
<tr>
<td>ENERGA-OBRÓT SA</td>
<td>16</td>
<td>16</td>
<td>22</td>
<td>17</td>
<td>17</td>
<td>16</td>
<td>17</td>
<td>0</td>
</tr>
<tr>
<td>ENERGA Obsługa i Sprzedaż Sp. z o.o.</td>
<td>11.2</td>
<td>9.7</td>
<td>4</td>
<td>22.8</td>
<td>8</td>
<td>11.86</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>ENERGA OPEC Sp. z o.o.</td>
<td>No statistics</td>
<td>No statistics</td>
<td>No statistics</td>
<td>No statistics</td>
<td>No statistics</td>
<td>No statistics</td>
<td>No statistics</td>
<td>No statistics</td>
</tr>
<tr>
<td>ENERGA-OPERATOR SA</td>
<td>No statistics</td>
<td>No statistics</td>
<td>No statistics</td>
<td>No statistics</td>
<td>No statistics</td>
<td>No statistics</td>
<td>No statistics</td>
<td>No statistics</td>
</tr>
<tr>
<td>ENERGA Oświetlenie Sp. z o.o.</td>
<td>31</td>
<td>22</td>
<td>67</td>
<td>67</td>
<td>65</td>
<td>13</td>
<td>15</td>
<td>16</td>
</tr>
</tbody>
</table>
1.3.2
ENERGA FOR CUSTOMERS

The mission of the ENERGA Group focuses the attention of all its companies on the customer. However, the term “customer” takes on a different meaning for each of them, its role and significance is different and the customer profile differs as well.

For certain companies belonging to the Group, e.g. ENERGA CUW, customers are other entities belonging to the Group.

In certain cases, other entities belonging to the Group serve the end customer on behalf of the companies. For example, customer service in the name and on behalf of ENERGA-OPERATOR SA and ENERGA-OBRÓT SA is carried out by ENERGA Obsługa i Sprzedaż Sp. z o.o.

ENERGA-OPERATOR SA (EOP) and ENERGA-OBRÓT SA (EOB) are key business customers of ENERGA Obsługa i Sprzedaż Sp. z o.o. (EOiS). To guarantee the highest quality of service, the company established the Executive Board Representative for the purpose of relations with EOB and the EOP Cooperation Office. Additionally, coordinators of the cooperation with both internal customers were established.

Quality is the most important criterion of the cooperation between EOiS and its customers. It is possible for us to maintain the highest customer service standards thanks to qualified workers who guarantee the performance under our agreements with business customers. The firm has also invested in many solutions supporting the implementation of the service process such as simplified procedures and the use of modern communication methods.

Thanks to our attitude to work and cooperation, we continue to improve our organization, thus supporting the development of the entire ENERGA Group.

Jarosław Ciechanowicz
Executive Board representative, Team of Advisors, ENERGA Obsługa i Sprzedaż Sp. z o.o.
Customers of companies belonging to the ENERGA Group in 2011

- **ENERGA OPEC Sp. z o.o.**, ENERGA-OBRÓT SA, Individual customers, industrial and communal customers in north-eastern Poland
- **ENERGA-OBRÓT SA**, Recipients of heat and electricity in Kalisz, ENERGA-OBRÓT SA
- **Other companies belonging to the Group**
  - Individual and business customers
  - Local government, other institutional customers
  - ENERGA-OBRÓT SA, ENERGA-OPERATOR SA, institutional ordering parties taking advantage of EOiS services

The following companies among those mentioned above sell energy directly: ENERGA-OBRÓT SA, ENERGA OPEC Sp. z o.o. , ENERGA Oświetlenie Sp. z o.o., ENERGA-OPERATOR SA, ENERGA Elektrownie Ostrołęka SA and Elektrociepłownia Kalisz SA.
**Changes for the better – customer service**

While attaining the first of the strategic goals of the Group, i.e. the attainment of a permanent competitive edge in customer service and active sale of services offered by the Group, ENERGA Obsługa i Sprzedaż sp. z o.o. responsible for that area took steps aimed at improving service standards: their adaptation to customer needs and expectations and to market standards. Such steps include:

- the unification of service standards in all contact channels, implementation of organizational and technological solutions making it possible to shorten the customer processing time and improve satisfaction from the service,
- development of contact channels and extension of service functionalities,
- traffic management in channels in order to guarantee minimizing unit costs of service.

**Network of Customer Service Centres**

The key method available to customers to settle matters to date was to visit a traditional customer service centre the network of which was based on premises acquired from ENERGA-OPERATOR SA in 2008. The outlets had:

- varied design,
- varied range and time of service,
- poor locations (frequently in peripheral areas).

The key rule of the implemented modernization of traditional service centres was the introduction of a uniform standard, range and time of service, unification of aesthetic standards, relocation and reduction of locations to selected centres (in line with results of geomarketing analyses). At the end of 2011, there were 27 CSC including 10 “nBOK”, i.e. corporate flag outlets.
On-the-phone service

In previous years, it was possible to settle selected customer service issues on the phone in specific locations but such solutions were isolated and local. A centralized “tBOK” (call centre) was created in early 2010 to accept calls from the entire operational area of the ENERGA Group under a single telephone number (0-801 555 500 for individuals, 555 555 555 for firms). The range of issues processed on the phone is gradually being extended and an increasing number of service functions are automated, ultimately with the significant use of the IVR technology (Interactive Voice Response – a telecommunication system enabling an interactive service of the caller).

In practice, the calls make it possible for customers to settle 95% of issues. Exceptions include actions that require a personal appearance and/or written form such as agreement execution or the lodging of a complaint.

Complaints and processing of written applications

Due to the requirements of the energy law, some services still have to be in writing and the correspondence channel is maintained.

With the development of the eCSC and the website, complaints and written applications can be sent by e-mail. This form of contact is also subject to development and automation; among other things, implementation of an electronic system for the processing of customer issues for the entire firm.

eCSC

The Electronic Customer Service Centre (http://eBOK.energa.pl) is a central Internet platform available to all customers of the company (both individuals and institutional and business customers) on a 24/7 basis. Access to the platform is free of charge and enables the customer to log on and use basic service functions:

- view the account balance and payment term,
- presentation of current and archival data from invoices and deposits,
- view information about concluded agreements,
- presentation of charts and statistics related to energy consumption,
- independent settlement of consumed energy on the basis of meter indications stated by the customer,
- electric energy purchase in the prepaid system,
- information about new products and promotions,
- sending queries and contact with a consultant.
Additionally, the Group was working on a mobile eCSC application in 2011 and the application was launched in 2012. The eCSC application is available for mobile devices (smartphones and tablets) equipped with iOS or Android operating systems. A special optimised version of the eCSC platform, i.e. light version, was prepared for other mobile devices with Internet access not equipped with one of the aforementioned operating systems.

**Website**
- **Virtual Service Centre**

Continuously updated web service with new functionalities being developed, in particular, the “customer service” tab contains basic information, explanations (instructions and tutorials) and downloadable forms. A customer can also submit an application for a master agreement or a change of tariff.

The Virtual Customer Service Centre (http://wBOK.energa.pl) is a modern interactive platform available from the website, via which customers can learn about the full range of services provided by the Group. Specially developed thematic sections such as: Offer for the household, Offer for the firm, ENERGA Group and Promotions contain answers to the majority of questions asked by potential and existing customers.

For companies selling energy, the customer loyalty guarantee is a key category of activities. Sales companies belonging to the ENERGA Group took many steps in 2011 to monitor customer satisfaction and identify customers’ needs and respond to them.
### Action taken by sales companies to monitor customer satisfaction

<table>
<thead>
<tr>
<th>Company</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENERGA Obsługa i Sprzedaż Sp. z o.o.</td>
<td>Mystery customer research (monthly report)</td>
</tr>
<tr>
<td>ENERGA-OBRÓT SA</td>
<td>Customer satisfaction surveys. The survey covers both sales and service processes and the satisfaction with other areas of corporate activity: products, marketing, etc.</td>
</tr>
<tr>
<td>ENERGA OPEC Sp. z o.o.</td>
<td>Cyclical customer satisfaction and loyalty surveys.</td>
</tr>
<tr>
<td>ENERGA-OPERATOR SA</td>
<td>Cyclical customer satisfaction surveys relating to implementation of the acquisition process and the processing of failure and service reports.</td>
</tr>
</tbody>
</table>

Responding to the needs and issues shown in customer satisfaction surveys, ENERGA OPEC Sp. z o.o. introduced a range of improvements and changes, including:

- shorter customer service time,
- shorter time needed to connect a building to the heating network,
- shorter time standards relating to failure repairs.

The company also introduced a loyalty program for key customers.

According to research carried out in 2011, 72% of customers of OPEC Sp. z o.o. are satisfied with its services.

Marketing communication is also an important component in building relations with customers. Transparency, reliability and communication based on verified data and facts, not misleading for customers, constitute the basis of responsibility in the area of marketing activity. None of the companies belonging to the Group reported any cases of non-compliance with regulations on marketing and advertising in the analysed period. Additionally, a verification of activities from the point of view of compliance with marketing, advertising and sponsoring regulations takes place once a year in ENERGA-OPERATOR SA.
1.3. MAN

Customer Advocate

The Customer Advocate function was established by the ENERGA Group in 2008 and was a significant innovation in activity on behalf of customers. The position was located in ENERGA Obsługa i Sprzedaż Sp. z o.o. and responded to the realities of the partial regulation of the electricity market in Poland. On the one hand, the role of the Customer Advocate is to explain and make the customers aware of their rights and ways to execute them; on the other hand, it is to present the position of customers in the company so as to make it possible for the company to respond to their needs. The Advocate audits the direct service and controls complaint processes.

1.3.3
ENERGA FOR YOU

Man is one of the three key values defined by the Group, which is why ENERGA willingly supports initiatives significant for local communities in which the Group operates.

Sponsoring activities of the Group help it build a strong and recognizable brand supporting the mission, vision, values and strategic goals of the capital group.

Areas of sponsoring activities of the ENERGA Group

According to item 3 of the “Sponsoring Regulation Model in companies with the State Treasury participation” appended to the Order No. 5 of the Minister of the State Treasury of February 13, 2009, the ENERGA Group limits its sponsoring activity to certain areas indicated in that model:
- sponsoring of professional sports clubs organized in the form of joint-stock companies participating in professional leagues,
- sponsoring of ventures defined by the Model as CSR activities,
- sponsoring of activities supporting business relations (conferences, congresses, symposiums, fairs, grants and others).
The ENERGA Group as a significant market player and employer is also aware of its influence on the socio-economic environment, e.g. related to employment and resulting from the conducted business, especially generation. This is why, as an active member of the community it operates in, it carries out a range of activities in the area of social commitment. Some of these tasks are carried out in the form of national programs while others are local initiatives in the realization of which the Group cooperates with local governments and other stakeholders.

Four years ago, the ENERGA for You program was created to promote activities focused on the following values: man, joy of life, education, environment, ecology, security and the future of children. It covers five key areas: sports, education, philanthropy, patronage and nature.

ENERGA Sport is a project focused on the promotion of physical activity among young people, development of positive attitudes to life and education in the spirit of fair play. ENERGA Sport makes it possible for young sports people to realize their passions thanks to participation in attractive and efficiently organized competitions.

Key programs implemented as a part of the ENERGA Sport:
- **ENERGA Basket Cup** – the largest basketball program for primary school children. More than 225 thousand competitors have taken part in the three editions of the program held so far;
- **ENERGA Athletic Cup** – the program whose main assumption is to encourage children and youths in the Pomorskie Voivodship to take part in sports activities. As a part of the program, eight selected centres in which young sportsmen exercise are equipped with specialized training and starting equipment and teachers/instructors receive additional remuneration.
ENERGA Education covers activities improving awareness of the safe use of electric appliances, promoting the rational use of electric energy and development of pro-environmental attitudes. The long-term participation of the Group in the national campaign “Safely with the current” and the initiation of an internal educational program Energy Planet in 2009 to teach children appropriate attitudes to electricity are excellent examples of activity in that area.

The Energy Planet is implemented in the form of a contest for teachers and pupils of grades 1-3 in primary schools in Poland. Its key goal is to promote knowledge of electricity and its safe and rational use among children aged 6-9 as well as to encourage teachers and schools to educate children in that area with the use of teaching materials provided by ENERGA.

Thanks to their participation in the second edition of the contest in 2011, nearly 40 thousand children learned what electric energy is and how to use it safely and rationally. Nearly 14 thousand students learned this during the school lessons also carried out by employees of ENERGA-OPERATOR SA while nearly 26 thousand students learned about it during a visit to the Energy Planet village in the home towns of winners of the contest, i.e. Bielsk Podlaski, Bytów, Elbląg, İlawa, Koło, Malbork, Ostrów Wielkopolski, Płońsk, Szczycno and Świdwin.

About 5 thousand adults also visited the Energy Planet. Honorary patronage over the contest was provided by the Minister of National Education and the Ombudsman for Children.

Scientific contests organized by ENERGA SA also aim at the development and popularisation of knowledge of the power industry.

As of 2011, ENERGA SA has been awarding the best doctoral theses and, thanks to a grant project, financially supporting the most interesting research projects from the Gdańsk University of Technology and, ultimately, also from other technical universities located within the operational range of the ENERGA Group.
Activities promoting science are also reflected in the contest organized since 2011 for students of post-secondary electric or energy schools located within the operational range of companies belonging to the ENERGA Group. The finals of the first edition of that contest were held in June 2012 under the slogan: “Electric energy in the future. Vision of 2050”.

The key idea of the contest is to encourage youngsters and teachers to go beyond the school patterns and gain modern knowledge of the power industry.

To implement social objectives more effectively, the Group established the ENERGA Foundation that, since the beginning of its activity, has granted 2.5 million PLN to nearly 200 public benefit organizations. Additionally, after the 2010 flood, the Foundation donated 1.5 million PLN to gminas to remedy the consequences of the disaster and help the victims from the flooded areas. The Foundation also finances scholarships for children who lost their relatives, purchases of medical equipment, varied rehabilitation activities, e.g. hippotherapy, and also implements many other activities improving the quality of life for sick and disabled children.

The Foundation also supports the activity of local centres of culture in which children and young people can spend their time creatively. However, most of the Foundation’s activities focus on help to charity organizations and victims of fate. For its activity, commitment and transparency of operation, the ENERGA Foundation obtained the status of a public benefit organization in 2011.
The **ENERGA Patronage** program is another expression of the social and sponsoring activity of the Group. It supports cultural ventures: both spectacular and smaller ones that are important for local communities. Among other things, the Group sponsors the Polish Chamber Philharmonics in Sopot directed by Wojciech Rajski, which also willingly participates in charity actions. It took part in the organization of a concert on Children’s Day for children from orphanages and foster care families from the Pomorskie Voivodship. The Group also supported the jubilee album of the Raz Dwa Trzy group who donated a part of the revenues from sales of the album to the account of the ENERGA Foundation.

**Pro-social activities of ENERGA SA also include:**

- contest of knowledge about the power industry for post-secondary schools focusing on the power industry,
- a project involving the renovation of historical trackless trolleys in Gdynia combined with the purchase of ecological, energy-saving vehicles,
- the “Shine” action – a contest for the most beautifully illuminated city/gmina combined with the propagation of rules of safe use of appliances,
- support for municipal and university projects related to internships and scientific work.

As of 2009, ENERGA SA has been publishing the “Acta Energetica” Scientific Quarterly of Power Engineers in cooperation with the Gdańsk University of Technology. It is a modern scientific magazine presenting results of research and implementations of solutions in the power industry. More than 80 articles by Polish and foreign authors have been published in “Acta Energetica” so far.

In 2011, the total value of investments of the ENERGA Group in communities understood as the cost of issued grants amounted to 4.5 million PLN.
Nie włączaj z dnia sz/tucznego oświetlenia, korzystaj z naturalnego. Odsłaniaj okna, dbaj o ich czystość, brudne mogą pochłaniać aż 30% światła.

Po zakończeniu ładowania zawsze wyjmuj ładowarkę z kontaktu. Nawet gdy nie jest do niej podłączone żadne urządzenie, ładowarka pobiera prąd.

SAVE THE ENVIRONMENT

Order electronic versions of bills and give up printouts if you can.

**Katarzyna Karolak**
Senior environmental protection specialist in the Environment and Sustainable Development Office in ENERGA SA

Energy is a product necessary for the daily functioning of all people, firms and institutions. At the same time, its generation impacts the natural environment.

ENERGA as a strong and modern capital group with a supranational range feels responsible for the environment it operates in. Appreciating the importance of environmental protection and, at the same time, considering stakeholders’ expectations, ENERGA continues to improve the related operations of its companies. This is why the ENERGA Group improves the share of energy from RES in the total energy generated and, at the same time, implements new innovative solutions and invests in the modernization of existing conventional power plants.

We believe that, thanks to such activities, we not only reduce our negative impact on the natural environment but also direct the attention of our customers to issues related to climate protection and make it possible for them to make more environment-friendly choices.
1.4.1 GREEN ENERGY

The ENERGA Group tries to minimize its negative impact on the environment, among other things, by investments in the infrastructure and the implementation of environment-friendly solutions. This strategy made the ENERGA Group the leading firm on the domestic market of energy generated from renewable sources.

Share of various energy sources in the total energy production in the Group in 2011.

- **Coal 72.4%**
- **Water 21.5%**
- **Biomass 6.1%**

1.29 TWh – green energy production by the ENERGA Group in 2011, including:

- Włocławek Water Power Plant 0.857 TWh,
- Small Water Power Plants – 0.128 TWh,
- biomass – 0.3 TWh.

Nearly 30% - the share of green energy in the total energy production of the Group.

10.3% – the share of electricity production from RES in the ENERGA Group in the production of electric energy from RES in Poland.
1.4. Environment

Total consumption of raw materials in 2011
- applies to materials and raw materials used for the operating needs of the organization and in production processes

<table>
<thead>
<tr>
<th>Raw material</th>
<th>ENERGA Elektrownie Ostrołęka SA</th>
<th>ENERGA Elektrociepłownia Kalisz SA</th>
<th>ENERGA Kogeneracja Sp. z o.o.</th>
<th>ENERGA HYDRO Sp. z o.o.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal (in tons)</td>
<td>155 0436</td>
<td>31 112</td>
<td>143 191</td>
<td>0</td>
</tr>
<tr>
<td>Biomass (in tons)</td>
<td>249 832</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Gas (in m³)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Fuel oil (in tons)</td>
<td>2 486</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Water (in m³)</td>
<td>2 486</td>
<td>0</td>
<td>152</td>
<td>51 788 113 456</td>
</tr>
</tbody>
</table>

Investments in water power plants, biomass combustion systems and the connection of new wind, water and biogas power plants continue to increase the share of energy from RES in the total volume of energy generated and sold by the Group.

Energy from water

Water power plants constitute the largest source of energy from RES in the Group. The ENERGA Group has a network of 47 owned facilities: it owns 46 run-of-river power plants and 1 pumped storage power plant, thus occupying the position of leader in the production of energy in run-of-river water power plants.

47 owned water power plants:
• 46 run-of-river power plants,
• 1 pumped storage power plant.
At present, 7% of electric energy is generated from renewable sources of energy in Poland, with more than a half of it coming from water power plants. ENERGA HYDRO Sp. z o.o. is the largest enterprise in the country associating water power plants.

We use 47 facilities and generate 41% of electric energy from water power plants in Poland. Estimates show that ca. 1/3 of the economically attractive hydropower potential of the country has been utilized. This means that ENERGA HYDRO Sp. z o.o. can play a significant role in the production of electricity in the future, thanks both to the damming of large rivers for power generation purposes and the construction of small power plants.

Hydropower is of particular importance in power engineering because it is not only a renewable source but also the energy of water is used in pumped storage power plants, which constitute a tool for power and frequency regulation in the domestic power system. Water power plants also play a fundamental role in plans concerning power system reconstruction in the event of a blackout (complete loss of voltage) in the National Power System.

The Włocławek Power Plant, the largest flow-of-river power plant in Poland, is the main generating source. Other facilities consist of 45 small flow-of-river water power plants, most of them located on rivers of the Pomorze region, and the Żydowo Pumped Storage Power Plant.

**Energy from biomass**

Biomass is another RES in the ENERGA Group.

ENERGA Elektrownie Ostrołęka SA belonging to the Group is a pioneer of the Polish power industry in the utilization of vegetable biomass. It has the largest power unit in the country adapted to biomass combustion, i.e. a 35MW fluidised bed boiler.

ENERGA Elektrownie Ostrołęka SA produces 0.3 TWh of electric energy from biomass.
The Group’s production volume is going to increase as ENERGA Kogeneracja Sp. z o.o. began the construction of a new source of renewable energy in the Elbląg heat and power plant in June 2011, i.e. a cogeneration power block with the installed power of 25 MWe/30 MWt fuelled with biomass only. The block will cogenerate green electric energy and heat for the needs of the inhabitants of Elbląg.

The investment will help increase internal production capacities, acquire another renewable source of energy and reduce carbon dioxide emissions from the heat and power plant to the atmosphere by nearly 155 thousand tons per annum. Commissioning is planned for the beginning of 2013.

**Wind energy**

At the end of the analysed period, there were 248 wind farms connected to the ENERGA-OPERATOR SA network, most of them in the Koszalin and Toruń regions. The total power of connected wind farms amounted to 1000 MW, which means that the majority of the installed wind power in Poland is connected to ENERGA-OPERATOR SA. Additionally, other 702 wind farms with the total power of 4800 MW await connection.

**248 wind farms connected to the network of ENERGA-OPERATOR SA.**

**Total power of wind farms 1 000 MW**

The total power of all systems using RES connected to the network of ENERGA-OPERATOR SA amounted to **1300 MW** at the end of the analysed period, i.e. **40% of the power from RES installed in Poland.**
Sustainable development, effective use of energy and the common use of renewable sources create great challenges for the power industry. They entail considerable changes in the energy generation structure, as well as an increased importance of the customer in the improvement of power effectiveness. They will also significantly influence the operation of power grids.

When planning the network development today, we particularly place emphasis on investments that make it possible to generate power from wind farms and continue to search for new solutions to guarantee the connection of sources of “green” energy. We work on implementing a scheme of intelligent networks enabling not only more effective management of energy consumption, but also the launch of small household systems generating electricity from the forces of nature.

Renewable sources of energy are of key importance for the activity of the ENERGA Group as their use is currently an important challenge for the industry related to energy generation and trade. An increased share of RES is imposed in the community and national regulations. However, this is not the only reason: increased awareness of consumers makes energy buyers direct their attention more frequently to raw materials used in the production of energy.

Impact on the climate vs. companies generating energy from conventional sources

The continued discussion in Europe on the tightening of requirements concerning CO$_2$ emissions and the promotion of low-emission sources of energy are the reason why issues related to climate protection become a priority for the power sector. Companies belonging to the ENERGA Group generating energy from conventional sources issued 3.5 million tons of CO$_2$ in 2011 with ENERGA Elektrownie Ostrołęka S.A. having the greatest share in that issue, i.e. 90%.
1.4. ENVIRONMENT

The ENERGA Group is aware of its impact on the environment; this is why it takes a range of steps to minimize it. Initiatives promoting the reduced emission of greenhouse gases include the replacement of coal with biomass. Thanks to this method, ENERGA Elektrownie Ostrołęka SA reduced the emission of greenhouse gases by 402 thousand ton of CO₂ in one year.

The improved operating quality of the distribution network entails lower losses of energy and less CO₂ emitted to the atmosphere.

Reduced emission of pollutants to the air

The activity of companies belonging to the Group generating energy from conventional sources caused the emission of 23 thousand tons of pollutants to the air in 2011 with 81% generated by ENERGA Elektrownie Ostrołęka SA. Sulphur compounds and nitrogen oxides constitute the majority of pollutants.

Emission of pollutants to the air broken into companies generating energy from conventional sources

To minimize the impact on the natural environment by reducing the volume of pollutants, ENERGA Elektrownie Ostrołęka SA implements a range of investment projects.
### Realized and planned investments of ENERGA Elektrownie Ostrołęka SA to reduce the environmental impact

<table>
<thead>
<tr>
<th>Investments in progress</th>
<th>Environmental effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Construction of a Flue Gas Desulphurisation System in the Ostrołęka Power Plant B – realization 2005–2007</td>
<td>Reduction of the SO₂ concentration in the issued flue gas from ca. 1 800 mg/Nm³ to 250 mg/Nm³ and dusts from 50 mg/Nm³ to less than 20 mg/Nm³</td>
</tr>
<tr>
<td>2. Modernizations of electrofilters in blocks in the Ostrołęka Power Plant B – realization 2008–2009</td>
<td>Reduction of the issued concentration by ca. 200 mg/Nm³ to less than 50mg/Nm³</td>
</tr>
<tr>
<td>3. Reduction of NOₓ in the OP-650 boiler No. 1 in the Ostrołęka Power Plant B – realization 2009–2010</td>
<td>Reduction of NOₓ concentration in flue gas from 480 mg/Nm³ to 250 mg/ Nm³</td>
</tr>
<tr>
<td>4. Increased share of combusted biomass</td>
<td>Reducing the negative environmental impact is possible thanks to an intensified power effectiveness of the system. This is why companies belonging to the ENERGA Group take a range of related steps. ENERGA Kogeneracja Sp. z o.o. commenced an investment related to the construction of a 25 MWe biomass block, the construction of a biomass co-incineration system and the construction of a water purification station in 2011. ENERGA OPEC Sp. z o.o. will carry out eleven tasks reducing losses in heat distribution networks in Ostrołęka in 2012-2013.</td>
</tr>
<tr>
<td>Co-incineration (to 12% of biomass in combusted fuel) – realization 2005–2006</td>
<td>Reduced emission of pollutants:</td>
</tr>
<tr>
<td></td>
<td>• SO₂ – 299.4 Mg/year,</td>
</tr>
<tr>
<td></td>
<td>• dust – 19.0 Mg/year,</td>
</tr>
<tr>
<td></td>
<td>• Combustion waste – 2 939.3 Mg/year</td>
</tr>
<tr>
<td></td>
<td>Reduced emission of CO₂ within SHE by 47 125 Mg/year</td>
</tr>
<tr>
<td>Construction of an off-mill biomass feeding system (to 30% of biomass in combusted fuel) – realization 2011</td>
<td>Reduced emission of pollutants:</td>
</tr>
<tr>
<td></td>
<td>• SO₂ – 790.0 Mg/year,</td>
</tr>
<tr>
<td></td>
<td>• dust – 5 Mg/year,</td>
</tr>
<tr>
<td></td>
<td>• Combustion waste – 24 473.0 Mg/year</td>
</tr>
<tr>
<td></td>
<td>Reduced emission of CO₂ within SHE by 401 469 Mg/year</td>
</tr>
<tr>
<td>5. Reduction of NOₓ in boilers 1, 2, 3 e in the Ostrołęka Power Plant B – realization 2013-2015</td>
<td>Planned reduction of NOₓ concentration to less than 200 mg/Nm³</td>
</tr>
<tr>
<td>Construction of a heat source in the Ostrołęka Power Plant B</td>
<td>Planned reduction of the emission of pollutants:</td>
</tr>
<tr>
<td>6. – replacement of the worn and high-emission Ostrołęka Power Plant A – realization 2012-2014</td>
<td>• SO₂ – 2 331.0 Mg/year,</td>
</tr>
<tr>
<td></td>
<td>• NOₓ – 280 Mg/year,</td>
</tr>
<tr>
<td></td>
<td>• dust – 206.0 Mg/year,</td>
</tr>
<tr>
<td></td>
<td>• CO₂ – 164 504.0 Mg/year,</td>
</tr>
<tr>
<td></td>
<td>• combustion waste – 12 525.0 Mg/year</td>
</tr>
</tbody>
</table>

* For more info about investments, see the ENERGA Investments section.
1.4. ENVIRONMENT

Water collection and consumption

Conventional power industry entails significant water consumption, among other things, for process purposes. In light of diminishing global water resources, minimizing the power industry’s impact on water reservoirs is an important indicator for the power industry based on conventional raw materials. At present, companies belonging to the ENERGA Group do not purify or process discharged water. ENERGA Elektrownie Ostrołęka SA uses water in closed loop systems.

Waste handling

Power industry based on conventional sources generates significant volumes of waste. In total, the ENERGA Group generated more than 386 002 Mg of waste in 2011, including 87% generated by ENERGA Elektrownie Ostrołęka SA. The greatest part of the waste consisted of bottom ash slags generated by ENERGA Elektrownie Ostrołęka SA and ENERGA Kogeneracja Sp. z o.o., i.e. 84% of the waste bulk generated by the Group. This is why the search for solutions making it possible to reuse bottom ash slags is important. The possibility of reusing such waste depends on its quality.

To corroborate the quality of the offered product and improve possibilities of access to customers of bottom ash slags, ENERGA Elektrownie Ostrołęka SA made a preliminary registration in the REACH IT system in 2008. It is an IT system enabling all interested parties (European Chemicals Agency, European Commission, competent agencies of EU member states, the industry, non-governmental organizations and the society) to collect, exchange, submit, evaluate, process and view the information on chemicals under the REACH regulation.

### Total volume of water collected from any water source by the organization and intermediaries in thousands of m³ (applicable to companies generating energy from conventional sources) [000 m³]:

<table>
<thead>
<tr>
<th>Source</th>
<th>Total Volume (000 m³)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>595 688</td>
</tr>
<tr>
<td>a)</td>
<td></td>
</tr>
<tr>
<td>a) 1.</td>
<td></td>
</tr>
<tr>
<td>a) 1.1</td>
<td></td>
</tr>
<tr>
<td>a) 1.</td>
<td></td>
</tr>
<tr>
<td>b)</td>
<td></td>
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<td>b) 1.</td>
<td></td>
</tr>
<tr>
<td>b) 1.1</td>
<td></td>
</tr>
<tr>
<td>b) 1</td>
<td></td>
</tr>
<tr>
<td>b) 11</td>
<td></td>
</tr>
</tbody>
</table>

### Total volume of water collected from the following sources (only applicable to water collected and used by the organization itself) in 000 m³/year (applicable to companies generating energy from conventional sources) [000 m³/year]:

<table>
<thead>
<tr>
<th>Source</th>
<th>Total Volume (000 m³/year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surface waters, including water from:</td>
<td>584 651</td>
</tr>
<tr>
<td>Rivers, including:</td>
<td>584 651</td>
</tr>
<tr>
<td>– for cooling purposes</td>
<td>579 912</td>
</tr>
<tr>
<td>– for other purposes</td>
<td>4 739</td>
</tr>
<tr>
<td>Underground waters, including:</td>
<td>366</td>
</tr>
<tr>
<td>– for cooling purposes</td>
<td>0</td>
</tr>
<tr>
<td>– for other purposes</td>
<td>366</td>
</tr>
</tbody>
</table>
According to the regulation, all chemical substances produced or imported to the EU have to be registered in the European Chemicals Agency (ECHA). The registration requires the presentation of information about physicochemical, toxicological and ecotoxicological properties of substances and the related potential risk. In the light of the requirements imposed by REACH, the registration in REACH IT ensured greater freedom to Ostrołęka SA power plants in the selection of buyers of incineration by-products (UPS) – e.g. bottom ash slags and fly ash that can be used in various branches of the industry and, in Poland, most frequently for road construction.

In 2011, 256 770 tons (nearly 80%) of bottom ash slags generated by companies belonging to the ENERGA Group were sold and reused in the construction industry. ENERGA Kogeneracja Sp. z o.o. sells 100% of the produced bottom ash slags.

Waste generated by the ENERGA Group also includes dangerous waste whose total weight amounted to 2 971 Mg in 2011.

The significant volumes of the generated waste are why their handling is a significant component of the environmental impact management by companies belonging to the ENERGA Group.

Because of the storage method, the greatest volumes of waste generated in the Group (except for bottom ash slags) are disposed of to landfill sites.
### 1.4. ENVIRONMENT

**Waste management method (without bottom ash slag)**

<table>
<thead>
<tr>
<th>Waste management method</th>
<th>Weight of waste (in Mg)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recovery</td>
<td>10 256.96</td>
<td>Mainly ENERGA Elektrociepłownia Kalisz SA</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The waste is recovered with the use of methods: R1, R14 and R15</td>
</tr>
<tr>
<td>Incineration (or used as fuel)</td>
<td>7 052.50</td>
<td>ENERGA Elektrownie Ostrołęka SA</td>
</tr>
<tr>
<td>Storage in landfills</td>
<td>59 616.62</td>
<td>Including 99% by ENERGA Elektrownie Ostrołęka SA</td>
</tr>
<tr>
<td>Storage in the plant</td>
<td>39.974</td>
<td>ENERGA Elektrownie Ostrołęka SA and ENERGA Kogeneracja Sp. z o.o.</td>
</tr>
<tr>
<td>Other</td>
<td>28.45</td>
<td>Neutralization (ENERGA Kogeneracja Sp. z o.o.)</td>
</tr>
</tbody>
</table>

Rational waste management in service companies entails waste segregation and reuse. Even though office waste seems insignificant in comparison with the total waste generated by companies, more and more firms direct their attention to that aspect of their activity.

**Service companies belonging to the ENERGA Group generated 92 Mg of waste in the reported period. About a half is recycled.**

**Waste management method**

<table>
<thead>
<tr>
<th>Waste management method</th>
<th>Total weight of waste (in Mg)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reuse</td>
<td>13.99</td>
<td>Cardboard sold for reuse (ENERGA Obsługa i Sprzedaż Sp. z o.o.)</td>
</tr>
<tr>
<td>Recycling</td>
<td>46.41</td>
<td>ENERGA Oświetlenie Sp. z o.o.</td>
</tr>
<tr>
<td>Other</td>
<td>3.32</td>
<td>Segregated waste transferred to other entities and, subsequently, subjected to respective processes of recycling, recovery, reuse, depending on its properties (ENERGA OPEC sp. z o.o.)</td>
</tr>
</tbody>
</table>
Biodiversity

The scale of operations of the ENERGA Group and its line of business, especially in generation companies, influence biodiversity. Aware of their responsibility, the companies analyse their activity and its negative impact on biodiversity and try to introduce initiatives to minimize that impact.

<table>
<thead>
<tr>
<th>Form of nature protection</th>
<th>Number of areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nature 2000</td>
<td>22</td>
</tr>
<tr>
<td>Landscape parks or their buffer zones</td>
<td>13</td>
</tr>
<tr>
<td>Nature reserves</td>
<td>27</td>
</tr>
<tr>
<td>Protected landscape areas</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>65</td>
</tr>
</tbody>
</table>

Companies belonging to the ENERGA Group and generating energy from conventional sources are aware of the impact on biodiversity in the vicinity of the following facilities:

- in its activity including the operation of the “Łęg” landfill for waste other than dangerous and neutral and the introduction of pollutants to air, ENERGA Elektrownie Ostrołęka SA inventoried an impact on 7 species of birds and the Nature 2000 area – Lower Narew Valley area occupying 2.2 km².

- ENERGA Elektrociepłownia Kalisz SA determined its direct impact on biodiversity due to the activity of suppliers (coal mines whose operations directly influence biodiversity).

- ENERGA Kogeneracja Sp. z o.o. owns a landfill for combustion waste in Jagodno (Elbląg gmina) occupying 11.82 ha. The landfill is located in the area of Nature 2000:
  1. Vistula Lagoon and Vistula Spit (Special Habitat Protection Area),
  2. Vistula Lagoon (Special Bird Protection Area) and in the Elbląg Upland Landscape Park. The Elbląg Bay bird reserve is located near the landfill. Even though the landfill was created in 1961, no negative impact on the environment has been observed so far. Results of the monitoring of surface and underground waters in the vicinity of the landfill functional since 1992 corroborated this fact.
1.4. ENVIRONMENT

1.4.2
EMAS ECO MANAGEMENT AND AUDIT SCHEME

The ENERGA Group prepares for management in line with the EMAS Eco Management and Audit Scheme even now analysing its activities against Scheme indicators. EMAS (Eco Management and Audit Scheme) is an instrument introduced by the European Union pursuant to the regulation of the European Parliament and the Council of the EU of April 1995 to encourage various organizations to continuously improve their environmental activities. The company’s accession to the EMAS means that its ambition is to go beyond the minimum compliance with the regulations and that it is going to continue to improve the effectiveness of its environmental activity. The ENERGA Group already complies with certain requirements of the scheme.

“EMAS is a trademark defining the organization’s striving for perfection. The fundamental assumption of the scheme (...) is to note and distinguish those organizations that voluntarily go beyond the scope of basic requirements defined in legal regulations and continuously strive to attain the best results in their daily pro-environmental activities. Thus, accession to the EMAS is an entry to an elite club of those organizations that treat environmental aspects equally with other components of the conducted business and continuously attempt to improve and minimize their impact on the environment”.

Source: www.mos.gov.pl
On the one hand, the implementation of a management system compliant with EMAS is a goal that is important for us because it will be confirmation that the environmental management in the ENERGA Group meets European standards. On the other hand, we believe that an effective environmental management translates into environmental effectiveness understood as the guarantee of legal compliance, minimized impact on the environment and an economic effect, which will help the ENERGA Group maintain its leading position when it comes to an environment-friendly renewable power industry. EMAS is a complex scheme and its implementation requires a lot of effort in the entire organization. However, we are aware that it is another step the ENERGA Group should make to confirm the importance of environmental issues for our organization.

**Consequences of accession to EMAS**

<table>
<thead>
<tr>
<th>DUTIES</th>
<th>PROFITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Each organization willing to register in the EMAS has to implement an environmental management system in line with ISO 14001, publish an environmental declaration verified by an independent, accredited environmental verifier and actively include workers in the environmental management process as well as act in line with the law.</td>
<td>Enterprises registered in the system are perceived as effective and transparent in Europe and worldwide. EMAS registration means that an organization has an efficient environmental management system that significantly contributes to a reduction of operational costs. However, EMAS entails not only reducing the negative impact on the environment; it also entails effective risk management, i.e. reduced risk of failures and accidents and minimizing their potential consequences.</td>
</tr>
</tbody>
</table>
### 1.4. ENVIRONMENT

**EMAS indicators for companies belonging to the ENERGA Group**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>A: Annual impact in the area</th>
<th>R=A/B(^1)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Energy efficiency</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy consumption for internal needs</td>
<td>GJ</td>
<td>607 626</td>
<td>3 353</td>
</tr>
<tr>
<td><strong>Water</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water consumption (from owned and other sources)</td>
<td>m(^3)</td>
<td>609 079 606</td>
<td>3 361 422</td>
</tr>
<tr>
<td>Groundwater consumption</td>
<td>m(^3)</td>
<td>370 587</td>
<td>2 045</td>
</tr>
<tr>
<td>Surface water consumption(^2)</td>
<td>m(^3)</td>
<td>597 934 244</td>
<td>3 299 912</td>
</tr>
<tr>
<td><strong>Fuels</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hard coal</td>
<td>Mg</td>
<td>1 724 739</td>
<td>9 519</td>
</tr>
<tr>
<td>Fuel oil</td>
<td>Mg</td>
<td>2 638</td>
<td>15</td>
</tr>
<tr>
<td>Biomass</td>
<td>Mg</td>
<td>249 832</td>
<td>1 379</td>
</tr>
<tr>
<td><strong>Biodiversity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Built-up areas</td>
<td>m(^2)</td>
<td>4 314 136</td>
<td>23 809</td>
</tr>
<tr>
<td><strong>Emissions:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CO(_2)</td>
<td>Mg</td>
<td>3 536 9883</td>
<td>19 520</td>
</tr>
<tr>
<td>SO(_2)</td>
<td>Mg</td>
<td>11 633</td>
<td>64</td>
</tr>
<tr>
<td>NO(_x)</td>
<td>Mg</td>
<td>6 308</td>
<td>35</td>
</tr>
<tr>
<td>PM</td>
<td>Mg</td>
<td>629</td>
<td>3</td>
</tr>
<tr>
<td>Volatile organic compounds</td>
<td>Mg</td>
<td>1 144</td>
<td>6</td>
</tr>
<tr>
<td>HCl</td>
<td>Mg</td>
<td>411</td>
<td>2</td>
</tr>
<tr>
<td><strong>Waste</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bottom ash slags</td>
<td>Mg</td>
<td>324 305</td>
<td>1 790</td>
</tr>
<tr>
<td>Other than dangerous</td>
<td>Mg</td>
<td>58 806</td>
<td>325</td>
</tr>
<tr>
<td>Dangerous</td>
<td>Mg</td>
<td>2 972</td>
<td>16</td>
</tr>
</tbody>
</table>

1) B: annual result of the organization = 181.197 million EUR.
2) Except for water used by ENERGA HYDRO Sp. z o.o. for the flow through turbines, for the production of electric energy (water exempt from charges, water discharged to the river).
3) CO\(_2\) emission from production sources (ENERGA Elektrownie Ostrołęka SA, ENERGA Elektrociepłownia Kalisz SA and ENERGA Kogeneracja Sp. z o.o.)

*EMAS indicators were calculated for the annual impact in individual areas of 11 companies stated in the report and for the annual financial result of the entire ENERGA Group stated in the consolidated financial statements for 2011.*
The Regulation of the European Parliament and the Council (EC) No. 1221/2009 of November 25, 2009 on voluntary participation by organizations in a Community eco-management and audit scheme (EMAS) is an update of the first regulation of 1993. The regulation contains all the recommendations of ISO 14001 and, additionally, requires greater transparency of the organization (public environmental declaration), assurance and evidence of the full legal compliance and improvement of effects of the environmental activity and commitment of employees.

1.4.3
PRODUCTS AND INFRASTRUCTURE

The ENERGA Group introduces many initiatives to promote solutions reducing energy consumption in Poland. One of them is the Smart Grid. These are intelligent power grids enabling the communication among all participants in the energy market to integrate dispersed energy sources, improve effectiveness and deliver power services with guaranteed cost reduction.

ENERGA-OPERATOR SA is one of the domestic leaders in the implementation of smart grids including equipment automation, IT application in areas related to grid management and remote metering. Early in 2012, the company attempted to join the European association EDSO for Smart Grids that, with the European Commission, builds new development and management standards and participates in the development of legal regulations relating to smart distribution grids.
ENERGA-OPERATOR SA is one of the European leaders in the implementation of intelligent metering technologies (AMI). All large-scale customers already use remote reading meters. Such meters will also be installed in more than 100 thousand households in 2012. ENERGA-OPERATOR SA wants to invest about 6 billion PLN in the modernization of the grid and power stations by 2015, among other things, in the systems of construction and development of smart grid components. ENERGA wants to be the first power group in Poland to implement such solutions on a mass scale.

The first effects of that plan can be seen at the Helski Peninsula where the company is implementing a modern remote reading system for electricity meters. The Intelligent Peninsula project combines remote reading, automatic grid management and other technical activities that will result not only in a radical reduction of the number of outages but also make it possible to connect small energy producers to the grid, e.g. household wind turbines and also electric car charging stations in the future.

The Smart Eco product and service line is an expression of the care for the natural environment. It covers a full range of products that help reduce energy consumption in enterprises and households, optimise its consumption and even produce it independently. There are three rules that determine all activities of being a part of Smart Eco: effectiveness, economy and ecology. The Smart Eco line introduced in 2010 includes solutions addressed to individuals and numerous solutions for firms.

The Smart Eco line dedicated to individuals was combined in the Energy House package. Services and products covered in that package make it possible for customers to create ecological micro power plants in their houses with the use of household renewable sources: heat pumps, solar collectors and wind turbines. Customers who decide to install green micro power plants in their houses get the opportunity to resell electricity to the power grid and to attain revenues from green certificates. Products and services included in the package: solar collectors, among other things, for the heating of hot tap water for which GK ENERGA helps get financing from the funding program of the National Environmental Protection and Water Management Fund, heat pumps making it possible to heat and cool the house and reduce expenditure as well as actual settlement and prepaid settlement services.
making it possible for the customer to independently settle the consumed energy on the basis of meter readings and independent decisions about the payment term as well as payment for electric energy to be used in the future.

The package of Smart Eco services addressed to firms includes: energy Package, Cheaper with Energa, passive power compensation and Smart Fit. These services make it possible for firms to reduce energy expenses (also in the case of passive energy thanks to the use of condenser batteries), get attractive rebates for contract prolongation, adapt the amount of the electric and commercial charge and get a price guarantee for a year.

**Investments in the infrastructure by ENERGA-OPERATOR SA**

ENERGA-OPERATOR SA spent 1.243 billion PLN on investments in 2011. Thanks to these funds, it built and modernized more than 2 700 km of line sections of all voltages with connections.

In total, the company concluded 17 900 grid connection agreements. ENERGA-OPERATOR SA created 5 main power supply points in 2011. A station with lines feeding electricity to the Gdańsk Arena was one of them as part of the preparation of the Euro 2012 championship. Thanks to investments of the company, energy losses were reduced by 124 MWh, i.e. by 5% in 2011 (for more info about investments carried out by ENERGA-OPERATOR SA, see the ENERGA Investments section).
1.4.4
**ENERGA for nature**

The ENERGA Group takes many actions promoting nature protection. Some of them are national while others are local and include both educational projects and specific activities having a positive influence on nature.

The **Energy Ringers** action is an initiative of the Group with a global and positive influence on the environment. The first such project in Poland and Europe is the joint initiative of the ENERGA Group and the Polish Society of Nature Lovers, “pro Natura”. The project involves the training of employees of the Group by the staff of the Ornithological Station at the Polish Museum and Institute of Zoology of the Polish Academy of Sciences (MiIZ PAN). After the training, employees obtain a ringer license and ring birds in cooperation with natural scientists from the pro Natura society. The ringing of white storks facilitates the identification of individual specimens and makes it possible to follow them after they leave nests on their travels in Europe and Africa. More than 4 thousand birds were labelled by 2011.

Everybody can take part in the Care for Storks action initiated by the ENERGA Group to help and protect the life of white storks via web pages dbajobociany.pl and bocianopedia.pl which the company provided for Internet users. Each visitor to the page can create his/her own stork. For each 1000 storks, the Group erects 1 additional platform for stork nests. ENERGA has installed more than 7.6 thousand platforms for stork nests within the last few years. The structures installed in the operational area of the company provide nesting places for at least 15 thousand (about 14 percent) of storks coming to Poland.

* ENERGA for Nature is a part of the ENERGA for You program.
ENGERA for the white stork by 2011 in numbers:

• 4 thousand ringed young white storks,
• 7.5 thousand platforms for stork nests on electric poles,
• 16 thousand Internet users take part in the campaign of the Group thanks to which new platforms for stork nests are created.

The Fund for Nature initiative introduced by the Group in cooperation with the Polish Society of Nature Lovers “pro Natura” is an example of a local range activity. As a part of a grant contest, the ENERGA Group provides funds to the naturalists for the protection of selected animal and plant species. Under 2 editions of the project, funds were spent, for example, on the reconstruction of the local population of goosanders and common goldeneye on Sobieszewska Island, protection from erosion and washout of an island on the Nysa Kłodzka river where many valuable bird species have their breeding grounds, protection of the hibernaculum of bats in Uniemyśl and the preservation of bird breeding grounds in the Vistula Valley. Thanks to the Fund for Nature, it was also possible to retain the sites of downy willow: one of the rarest vascular plants in Poland, and the population of Betula Humilis Schrank in the Czyżówka Valley. Rivers on which power plants belonging to the Group are located are also restocked each year as a result of the company’s initiative.
Species supported by the Fund for Nature:

• **Bats**
  – a group of animals helped by PTOP Salamandra as part of the project “Improvement of site conditions in the hibernaculum of bats in a bunker in Trzaskowo”.

• **Downy willow**
  – the species helped by the “Pro Habitat” Habitat Protection Society as part of the project “Active protection of endangered sites of downy willow Salix lapponum L. in the Podlaskie Voivodship”.

• **Common goldeneye**
  – the species helped by the KULING Waterfowl Research Group as part of the project “Goosanders and common goldeneyes return to the Sobieszewska Island”.

• **Goosander**
  – the species helped by the KULING Waterfowl Research Group as part of the project “Goosanders and common goldeneyes return to the Sobieszewska Island”.

• **Common gull**
  – the species helped by the Dolnośląski Nature Protection Movement as part of the project “Islands of the Nysa Kłodzka”.

• **Yellow-spotted whiteface**
  – the species helped under the project “Active protection of the yellow-spotted whiteface (Leucorrhinia pectoralis) in the peat fields in Lekoman (the gmina of Zagnańsk)” by the Owl Protection Association.

• **Snake’s head**
  – the species helped under the project “People and mechanical scythes save the snake’s head” by the Association for Development and Promotion of the Podkarpacie Region Pro Carpathia.

*Projects carried out in the years 2009–2010.*
1.5 ENERGA
Nie włączaj za dnia sz/tucznego oświetlenia, korzystaj z naturalnego. Odsłaniaj okna, dbaj o ich czystość, brudne mogą pochłaniać aż 30% światła.

Po zakończeniu ładowania zawsze wyjmuj ładowarkę z kontak/tu. Nawet gdy nie jest do niej podłączone żadne urządzenie, ładowarka pobiera prąd.
SAVE THE ENVIRONMENT

After the battery charging is complete, always disconnect the charger from the socket. Even if no device is connected to it, the charger continues to consume energy.
The effective management of the Group is reflected in the annual improvement of its financial results that turned out to be the best in the Group's history in the reported period. Investments and innovations as well as management based on the values mentioned above help build a stable capital group. This strategy brings about the desired results, which is reflected not only in financial results but also in numerous distinctions awarded to the Group in various contests as well as high positions of the ENERGA Group in rankings.

1.5.1 EFFICIENT ORGANIZATION

Among other things, the effective management in the ENERGA Group is attained thanks to the introduction of many systems and processes streamlining the management of the organization. A risk management system has been implemented in the Group and, at present, the Group is preparing itself for management in line with the EMAS scheme. Individual companies belonging to the Group also have separate management systems (e.g. ISO standards).
**Risk management system**

The ENERGA Group was one of the first power engineering groups in Poland to introduce a Risk Management System. That system, based on the COSO II methodology, enables bottom-up identification of potential events that can influence assets of the Group, risk maintenance within the determined limits and the taking advantage of appearing development opportunities. In 2011, ENERGA SA implemented a system for the process management of the Group combined with the risk management system. For the purpose of planning operations, it uses the internally prepared and adopted document titled “Risk management policy in the ENERGA Group” according to which risks are analysed – including operational risks.

Key risks for the Group were defined under that system and individuals responsible for their management were indicated. Appropriate tools were also developed to manage the risk efficiently. The risk register is regularly checked by appropriate entities.

The system has already been implemented in several companies belonging to the Group, e.g. in ENERGA SA, ENERGA-OBRÓT SA, ENERGA Obsługa i Sprzedaż Sp. z o.o., ENERGA Elektrownie Ostrołęka SA and ENERGA-OPERATOR SA, in which appropriate documents and procedures regulating the risk management issues were also created (in ENERGA-OBRÓT SA, it is a Book of risk management rules in the key business area of ENERGA-OBRÓT SA). It is currently being implemented in other entities.

Those firms belonging to the Group that do not have an officially implemented risk management system yet take steps to minimize the probability of risks materializing. In the majority of companies, the prudence rule is applied and risk registers are created for individual projects. Project risks are analysed in the project initiation process before the commencement of its implementation and updated in the course of implementation.

End-to-end risk management in the Group is also one of the tools that support identification and management of economic, environmental and social issues. Environmental and social risks are stated in the risk register for the ENERGA Group.

To implement the risk management system efficiently, some of the companies established teams responsible for that area.
Management in line with ISO standards

The quality of management processes is extremely important for the ENERGA Group. To confirm that individual companies belonging to the Group are managed in line with the best international standards, appropriate systems are implemented and companies have certificates as evidence of their application. A few companies belonging to the ENERGA Group have ISO certificates for quality management and environmental management.

In November 2005, ENERGA OPEC Sp. z o.o. implemented the Quality Management System ISO 9001:2000 and the Environmental Management System ISO 14001:2004. The official awarding of the certificate took place during the celebration of the 30th anniversary of heat engineering in Ostrołęka. The system is continuously maintained and improved as evidenced by positive results of external audits.

ENERGA Elektrownie Słupsk Sp. z o.o. obtained a TUV certificate for implementation of the Integrated Quality and Environmental Management System in line with the ISO 9001:2000 and ISO 14001 even earlier, in December 2002 (currently a part of ENERGA HYDRO Sp. z o.o.). ENERGA WIND Sp. z o.o., after the firm changed from ENERGA Elektrownie Słupsk Sp. z o.o., has had a Quality and Environmental Management System compliant with ISO 9001:2000 since 2002; a renewal audit was carried out in 2012 and the validity of the certificate was prolonged to 2013. ENERGA Elektrociepłownia Kalisz SA. also has a management system compliant with the requirements of ISO 9001, ISO 14001, PN-N-18001.

1.5.2 KNOWLEDGE MANAGEMENT

The ENERGA Group believes that success is built on knowledge. This is why it carried out educational activities and creates space for knowledge sharing both within an organization and among external stakeholders.

To facilitate information exchange between employees and companies belonging to the ENERGA Group, the Knowledge Database was created – an electronic platform collecting official legal, commercial, financial, technical, etc. documents arranged chronologically and thematically, divided into individual companies belonging to the Group and available via the Internet. The tool was created for the managerial staff and employees of the ENERGA Group using corporate documents in their work as well as for potential investments in the privatisation process.
The need to create space for the storage of the most important information and documents of the Group results not only from the quantity of information generated daily but also from:

- the need to structure the information submitted for management purposes by companies to various organizational units of ENERGA SA,
- necessary prompt access to the information in connection with varied business needs of the Group,
- the need to streamline the information flow processes within individual enterprises and the entire Group.

The system was built on the FILE NET electronic platform and uses functionalities of that tool for the automatic introduction of a document to the system, approval before publication, monitoring of the supply and full-text search (OCR function).

The solution was implemented in 16 entities from the ENERGA Group initially. By the end of 2012, the system will cover all companies and will be made available to several thousand people. Each user has a specified role in the system: from coordinators introducing documents to the Knowledge Database to business owners approving the subject matter of documents, to readers.

The operation and development of the Knowledge Database is the responsibility of the Team for Knowledge Database and Corporate Documentation. An agreement on the cooperation in the ENERGA Group in which all companies accepted the rules and methods of supplementing the Knowledge Database for the purpose of staff safety and due to formal reasons.

The structure of the system makes it possible to realize the strategy of the Group with all its goals, priorities, schedules and modes of operation. It optimises relations between employees of the Group and streamlines the information flow in such a big structure. At the same time, the Knowledge Database supports initiatives and ideas related to the development of the Group through the creation of individual Repositories for the data on ventures.

Knowledge management in the ENERGA Group is not limited in time. The concept became a process that triggers changes in the operation of the organization. They entail continuous striving for perfection based on the learning of new values, activity patterns, acquisition of new competencies and creating thinking. To share knowledge with external stakeholders, the Group launched a special vortal which is a platform of knowledge and experience exchange for those interested in energy-
1.5. Energa

saving construction and for representatives of suppliers of energy-saving construction, illumination, heating products and services and household appliances. An extensive knowledge database containing more than 400 articles and 30 films with the related advice can be found at www.ekooszczedni.pl. The database is an overview of expert knowledge and practical advice on available technologies and passive construction solutions, and it is regularly expanded. It contains advice and directions on how to build in an energy-saving way and how to live economically and in tune with nature. Users of the portal can learn that, thanks to the application of solar panels, heat pumps and household wind turbines, they can produce heat and green current in their homes with the possibility of reselling surpluses in the future to, among others, the ENERGA Group.

1.5.3 Transparency

One of the key expectations of stakeholders of the ENERGA Group is the transparency of activities of the Group and its individual companies. This is why the ENERGA Group maintains its corporate service in which the most important information for the shareholders is published: info on financial results of the Group (published according to the EU IFRS guidelines), strategy of the Group and pending investments. The majority of companies also have their own websites. They contain the necessary information about the organization including the business profile and corporate agencies.

To guarantee the availability of information about the Group to all those interested, the www.grupaENERGA.pl website was adapted to the needs of the disabled and meets the requirements of the eEurope 2002 directive. In turn, the www.ENERGA.pl service was adapted to the requirements of the disabled by its compliance with international standards of accessibility for disabled users: WAI (issued by the W3C organization) and Section 508 (in force in the USA).

1.5.4 Investments

The ENERGA Group has undergone a significant transformation within the last few years including a change of attitude to investments. Investment spending in 2007 and 2008 were nearly entirely reconstructive while they focus on the most innovative and environment-friendly technologies today. To carry out investment projects aimed at the construction of new energy generating sources, ENERGA Invest was established in the Group.
Marcin Szpak  
Director of the Investment Centre in ENERGA SA

The ENERGA Group focuses on modern, clean and unique solutions in the generation, distribution and sale of energy. Even in difficult times full of challenges, ENERGA does not give up the activities that improve energy effectiveness and assure the value growth of the Group. Investments in distribution grids, the modernization and optimisation of generation sources as well as modern, friendly solutions in the sales of energy make it possible to think optimistically about the future.

The ENERGA Group faces great challenges. Commenced investments in new generation capacities (gas and RES), further modernization of transmission grids and strengthening the position in the liberalizing energy sales market entail new challenges and opportunities. Even today, ENERGA proves that the combination of staff aspirations with modern technologies and respect for the natural environment results in a positive value on the Polish energy market.

The value of investments of the ENERGA Group is expected to exceed 25 billion PLN by the end of 2020, including more than 12 billion PLN for the construction of energy generating systems using both conventional sources with low-emission parameters and renewable sources. The total power of planned facilities will amount to around 1700 MWe.

One of the most important investments planned by the ENERGA Group consists in the construction of generation sources fuelled with natural gas.

The first such project consists of a gas and steam power plant in Grudziądz. It will be one of the largest investments of this kind in Poland: the plant having the power of around 500 MWe will generate approx. 3.2 thousand GWh of energy annually, which entails a net efficiency of more than 57% p.a. and the possibility to supply approx. 1 million households. The annual consumption of gas necessary to produce such quantities of energy is estimated at ca. 0.7 billion Nm³.
Additionally, modern technological solutions are meant to reduce carbon dioxide emission from that plant by 40% in comparison with a coal unit with the same power and production scale. Construction will commence in 2014 and last 3 years.

**Power plant in Grudziądz**
- 3.2 million MWh of energy per annum.
- possible supply for 1 million of households.
- CO₂ emission 40% lower than in a coal unit with the same capacity and production.

Another project involves the construction of a gas and steam power plant in Gdańsk. It will be fuelled by natural gas and its assumed power will be around 500 MW depending on the selected turbine. The plant is supposed to generate ca. 3.2 TWh annually.

**Gdańsk Power Plant**
- 3.2 million MWh of energy per annum.
- possible supply for 1 million of households.
- CO₂ emission lower by 40% than in a coal unit with the same capacity and production.

Equally important investments are to guarantee the reliable operation of the Power Plant B belonging to ENERGA Elektrownie Ostrołęka SA. The company is carrying out two investments improving the effectiveness of energy transformation and an increased share of renewable fuels:
- off-mill biomass feeding system for boilers of Power Plant B,
- construction of a heat source for the city of Ostrołęka.

The goal of the first investment, i.e. the construction of an off-mill forest and vegetable biomass feeding system for boilers of Power Plant B, is to extend the company’s possibilities of biofuel incineration entailing an improved possibility to obtain a greater number of certificates of origin (green certificates), increased production of energy from renewable sources, reduced emission of CO₂, reduced release of gas pollutants to the atmosphere, reduced quantity of furnace waste released to the Łęg landfill and the utilization of agricultural and wood waste for the production of pellets and briquettes.

The investment should result in a reduction in the emission of pollutants: sulphur dioxide by 790 Mg/year, dust by 5 Mg/year, and combustion waste by 24 473 Mg/year.

The goal of the second project called Construction of a heat source for the city of Ostrołęka is to guarantee heat deliveries to the municipal heat distribution system. The Heat and Power Plant A is a depleted plant with low efficiency, not meeting emission standards after 2015. At present, three OP-130 boilers operate in the natural
derogation mode (20 thousand hours of operation). The basic component of the investment consists in the modernization of the technical equipment of the Power Plant “B” (among other things, steam turbine sets for blocks 1-3 and selected pipelines) and the construction of new systems (among other things: heat accumulator, reserve started oil steam boilers), the use of existing heat exchangers in the Heat and Power Plant “A” and adaptation of the system of heating pipelines in ENERGA Elektrownia Ostrołęka SA so as to enable the generation and distribution of hot water and process steam for external customers and for internal needs.

The investment should result in a reduction in the emission of pollutants: sulphur dioxide by 2 331 Mg/year, nitrogen oxides by 280 Mg/year, dust by 206 Mg/year, combustion waste by 12 525 Mg/year, and carbon dioxide by 164 504 Mg/year.

Planned investments of the ENERGA Group in RES also include a 2nd barrage on the Vistula below Włocławek. The key goal of that project is to improve the security of nearby inhabitants thanks to a reduced flood risk in the vicinity of the river with the use of the water potential. Regional security is an overriding public interest that makes the investments indispensable and also possible in the Nature 2000 area. The Vistula program provides for the construction of a barrage on the Vistula with a water power plant and the associated infrastructure.

The power plant planned under that investment is supposed to have approx. 80 MW of power obtained from water. Construction is to commence in 2015 while investments are estimated at ca. 3.5 billion PLN. The investment will enable the generation of ca. 350 GWh of electric energy annually.

The plant will not only increase the “green” energy production in the Group but also guarantee improved productivity of the Włocławek Power Plant and improve the security of the first barrage on the Vistula.

**Vistula program**
- barrage on the Vistula river.
- Water power plant, power: ca. 80 MW.

Plans of the ENERGA Group also provide for the creation of highly efficient, low-emission cogeneration plants. Systems fuelled by natural gas will meet the criteria of highly efficient cogeneration thanks to which they will qualify for support in the form of yellow certificates. It is assumed that CHP Elbląg will have power of ca. 115 MWe and 83 MWt. The plant will generate 566 GWh of electric energy and 1 267 TJ of heat annually.
The construction of a cogeneration plant of CHP Kalisz is planned to guarantee heat supplies to customers in Kalisz. The plant is assumed to be fuelled by natural gas and have power of 20 MWe and 19 MWt. The CHP will generate 150 GWh of electric energy and ca. 500 TJ of heat annually. Other concepts are also being considered to guarantee heat deliveries to the city of Kalisz. Investments in the CHP fuelled by natural gas will amount to ca. 440 million PLN.

Another investment of the ENERGA Group consists in the construction of a new renewable energy source, i.e. a cogeneration power block in Elbląg with the power of 25 MWe/30 MWt burning biomass in the form of agro pellets. Construction commenced in June 2011. The block will cogenerate “green” electric energy and heat for the needs of inhabitants of Elbląg. The annual production of electric energy will amount to 160 GWh and ca. 800 TJ of heat. The investment will help increase internal production capacities, acquire another renewable source of energy and reduce carbon dioxide emission to the atmosphere by nearly 155 thousand tons per annum. Commissioning is planned for the beginning of 2013.

Projects carried out by companies belonging to the ENERGA Group from the segment of renewable sources of energy constitute a separate group of investments. Applying the best practices developed in carrying out investments in renewable sources of energy, the Group develops own generation sources as well as verifies and acquires projects on varied development stages. By 2020, the ENERGA Group is going to build systems based on renewable energy sources (including, wind power plants) having the total power of ca. 400 MW.

The Group is going to commission wind farms with the total power of 250 MW by 2018. The Group is to commence construction of the first wind farms acquired and developed by ENERGA WING in the nearest future. With its partner, Kopalnia Węgla Brunatnego Adamów SA with its registered office in Turek, the Group will commission the “Przykona” wind farm, having power of up to 36 MW and generating ca. 92 GWh per annum.
Acquisition of the environmental decision is planned in June 2013 while the construction, commissioning and approval are to take place by the end of 2015. The “Drzewiany” wind farm is also supposed to begin operations in that year. It will have power of 48 MW and the annual generation of energy will amount to ca. 112 GWh. The investment will require spending 300 million PLN in the Bobolice gmina (Koszaliński Poviat).

Investments planned in the ENERGA Group will entail not only the construction of new facilities. A huge part of the spending will be assigned to the development and modernization of the distribution network. The strategy of ENERGA-OPERATOR SA provides for the spending of at least 5 billion PLN by 2015. It is the largest spending level in the history of the company. As a result, more than 5.6 thousand km of network, 36 Main Supply Points and 2 800 km of networks of all voltages will be modernized.

All the planned investments in energy distribution are estimated at 5.5 billion PLN in total. The ENERGA Group acquired some of the funds for realization of these investments from international institutions: European Bank for Reconstruction and Development, European Investment Bank and the Nordic Investment Bank. By 2015, ENERGA-OPERATOR SA is to connect 144 thousand new customers to the grid and implement the remote reading of meters for the majority of its customers.

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**Planned investments of ENERGA-OPERATOR SA**

- 5.6 thousand km of new networks
- 36 Main Supply Points
- Modernization of 2 800 km of the grid
- Connection of 144 thousand new customers

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The strategy of ENERGA-OPERATOR SA for the years 2009-2015 contains six key objectives. Two of them directly describe activities whereby the company can meet the quality requirements of electricity supplies.

These objectives are: improved reliability and quality of electricity supplies, development and modernization of the infrastructure and its adaptation to new needs. The completion of tasks contained in the National Investment Program is designed to help meet requirements resulting from the forecasted growth in demand for power and energy and forecasts of a growth in the number of customers served in the operational area of ENERGA-OPERATOR SA.
1.5. **ENERGA**

Forecasted demand for power and energy in years 2011-2015

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</tr>
</thead>
<tbody>
<tr>
<td>Average annual peak demand</td>
<td>MW</td>
<td>3 114.0</td>
<td>3 111.0</td>
<td>3 145.0</td>
<td>3 179.0</td>
<td>3 214.0</td>
<td>3.21%</td>
</tr>
<tr>
<td>Annual demand for electric energy</td>
<td>MWh</td>
<td>24 464 310.9</td>
<td>24 854 454.0</td>
<td>25 124 632.0</td>
<td>25 398 411.0</td>
<td>25 676 662.0</td>
<td>4.96%</td>
</tr>
<tr>
<td>Number of final recipients</td>
<td>pcs.</td>
<td>2 892 432.0</td>
<td>2 940 265.8</td>
<td>2 984 432.3</td>
<td>3 029 259.5</td>
<td>3 074 760.5</td>
<td>6.30%</td>
</tr>
<tr>
<td>including new ones, connected in the given year</td>
<td>pcs.</td>
<td>21 634.0</td>
<td>35 113.0</td>
<td>36 027.0</td>
<td>36 425.0</td>
<td>36 752.0</td>
<td>69.88%</td>
</tr>
</tbody>
</table>

Source: ENERGA-OPERATOR SA Development Plan; Forecasted security of electricity deliveries in the operational area of ENERGA-OPERATOR SA.

Network spending SECTION A and SECTION B in 2012–2015 [MM PLN]

<table>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>SECTION B</td>
<td>Modernization and recovery of existing assets</td>
<td>545</td>
<td>563</td>
<td>616</td>
<td>619</td>
<td>2 343</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1 180</td>
<td>1 306</td>
<td>1 243</td>
<td>1 239</td>
<td>4 968</td>
</tr>
</tbody>
</table>

The National Investment Program sheet contains four programs of infrastructure modernization and improvement. These activities are closely related to implementation of the corporate strategy. These programs involve:

1. **The modernization and recovery of power grids.**
   Replacement of ducts in existing lines, an increase in the permitted operating temperature of existing lines and the replacement of supporting structures. These investments will improve the capacity of lines to guarantee energy supplies to customers. They can also indirectly influence a reduction of CO₂ emissions as, thanks to the use of new technologies and the replacement of old, worn lines, a slight reduction in power generation can be expected in power plants with the maintained required level of electric energy supplies to customers, mainly thanks to reduced losses in the distribution of electric energy.
2. Modernization and recovery of transformers.
The replacement of transformers is meant to reduce their power because of the expected growth in demand for energy. The investments are supposed to guarantee energy deliveries to customers. The replacement of transformers due to their age can have a slight indirect influence on reducing CO₂ emissions as, thanks to the use of new technologies and the replacement of old, worn units, a slight reduction in power generation can be expected in power plants with the maintained required level of electric energy supplies to customers, mainly thanks to reducing losses in the replaced units. Determining the potential reduction in CO₂ emissions is difficult to estimate and would require a detailed analysis.

3. Modernization and recovery of stations
The replacement of switchgear in substations due to its age and, as a consequence, reduced failure rate and renovations of station buildings are meant to guarantee the security of energy supplies to customers. Modernizations through the replacement of switchgear in substations do not affect the reduction of CO₂ emissions.

4. Reduction of energy losses in MV/LV transformers.
Significant progress has been observed in the construction of distribution transformers within the last few decades. One of the key advantages of new appliances includes the min. double reduction of no-load losses and load losses by 20-25%. The modern construction of transformers guarantees high dielectric strength, high lightning resistance and short-circuit strength. Implementation of the program will involve the replacement of transformers in existing MV/LV transformer stations. Old and worn units with high losses of electric energy will be replaced with new units with low levels of losses. Transformers will be replaced on a “power for power” basis in the operational area of ENERGA-OPERATOR SA. Only new unused equipment licensed for use and meeting the EU ecological standards defined in announcements of the President of the Polish Committee for Standardization on the list of unified standards will be installed. The expected effect of the loss reduction rate in transformers can translate into a significant reduction in CO₂ emissions.
1.5. ENERGA

**Reduction in CO₂ emission in consecutive years of implementing the Transformers project (loss reduction)**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>2011</th>
<th>2012</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantity of electric energy saved</td>
<td>MWh</td>
<td>1 058.0</td>
<td>4 152.0</td>
<td>5 210.0</td>
</tr>
<tr>
<td>Quantity of reduced CO₂ emissions</td>
<td>thousand/year</td>
<td>0.924</td>
<td>4.329</td>
<td>5.353</td>
</tr>
</tbody>
</table>

*Source: materials describing the program.*

The replacement of switching transformers in ENERGA-OPERATOR SA will be possible thanks to EU support. The company has already received nearly 9 million PLN from the National Fund for Environmental Protection and Water Management under the Operational Program “Infrastructure and Environment” supporting activities related to effective energy distribution. Thanks to that fact, 1 069 worn, switching transformers, more than 35 years old, will be replaced in all branches of the company by the end of 2013. The Management of ENERGA-OPERATOR SA expects the company to reduce losses by 54% for the entire project as a result of replacements, which will make it possible for the company to save more than 4 GWh of energy annually.

1.5.5

ENERGA FOR INNOVATIONS

The ENERGA Group believes that the implementation of innovative solutions is necessary for continuous development. This is why a special company has been established in the Group to realize these assumptions. ENERGA Innowacje was established on November 15, 2010. It was a consequence of activities initiated by the ENERGA Group in June 2010 when the management of the Group decided to establish an innovation implementation program called Energy of Inventions.

The fundamental assumption constituting the basis for the activities mentioned above consists in the Group attaining a competitive edge in new business areas, reacting to significant changes in the competitive environment.
Dariusz Chrzanowski
Head of the Development and Financing Department in ENERGA Innowacje

ENERGA Innowacje identified development areas that can be an answer to challenges appearing in the environment such as the market liberalization process (including the expected release of tariff G), changing share of the obligation to buy green energy, the increase in investments based on renewable energy sources that cannot keep up with that obligation as well as intensifying investments in energy effectiveness. Irrespective of the development rate of renewable energy sources and the range of investments in conventional generation sources, the demand for energy will significantly exceed its supply in 3-5 years. Identified development opportunities provide a chance to minimize dangers resulting from weaknesses of the Group including, in particular, its limited ability to compete on the market of the basic product, i.e. electric energy.

Factors determining the selection of a development area include:
- liberalization of the electric energy market (including the privatisation of its key players),
- further expected growth in prices of electricity,
- changing support of RES (systems of certificates and public funds, new draft regulations),
- increased energy effectiveness and the rational use of energy (appliances, buildings),
- development perspective for disperser sources of energy and the cogeneration of electric energy and heat,
- intensifying consumer protection (especially after the release of prices in group G / Energy Regulatory Office, Office of Competition and Consumer Protection),
- policies of developed countries and agreements on climate,
- development of the concept of smart grids and supply and demand management,
- development prospect for electric cars.

The above-mentioned factors impacting the energy market determine the appearance of a significant
potential for innovations on the energy market and its closest environment. Active participation in innovations on the accelerating market enables the consistent building of a competitive edge. On the one hand, consistently implemented innovations will help develop the portfolio of products and services and, on the other hand, they will make it possible to deliver solutions not available from the market or available but not cost-effective (frequently acquired abroad). In light of these facts, the company intends to search for innovations, in particular, in the following areas:

- renewable sources of energy (wind, water, sun),
- generation,
- energy distribution and transmission,
- power technologies for households,
- power technologies for firms,
- conscious use of energy,
- storage of energy.

Under the program, ENERGA Innowacje Sp. z o. o. provides a wide range of support measures: from financial to technical (tests, licences, patents, project commercialisation). Energy of Inventions is different from other similar programs available in the market (incubators, grants, etc.) as it provides for work with innovators almost from scratch. A design or invention does not have to be patented, tested and prepared for marketing. The company guarantees their development on all stages. Participants in the program get substantive and financial support of the innovation commercialisation process. Thanks to that fact, they will be able to work on the innovations until the product is developed without the need to commit their own capital and resources each time to develop the innovation. The program will create an appropriate infrastructure for the work on innovations and guarantee mechanisms financing their development (among other things: EU funds), testing and production.

The Energy of Inventions program is addressed to innovators, mainly to employees of small and medium enterprises, R&D entities and employees and students of universities from the Pomorskie Voivodship having well-motivated innovative ideas.

The Program is implemented in three stages: preliminary evaluation of submissions, evaluation of an innovation, invitation to cooperate and development of selected innovations. Submitted innovations are evaluated by members of the Innovation Council consisting of representatives of the organizer and people from scientific and business circles. Detailed info can be found here: http://www.energa-innowacje.pl/.
The Group also searches for innovative solutions participating in scientific research projects. In 2011, ENERGA SA as a member of a consortium with the PAN Fluid-Flow Machinery Institute of Robert Szewalski continued its participation in the implementation of Research Task No. 4 titled “Development of integrated technologies for the generation of fuels and energy from biomass, farming and other waste”. Electricity and heat production technologies developed under the project will be based on renewable sources (biomass, waste) and will constitute a component of the dispersed power system. Research Tasks No. 4 of the Strategic Project is exceptional thanks to the scale of the direct commitment of science and the range of financial funds from the National Centre for Research and Development (70 million PLN). Designed demonstrator systems use the latest scientific achievements in energy and heat generation from biomass, not previously seen in the country.

ENERGA includes innovative ideas and solutions in what it offers to customers. Examples include the Smart Eco brand concentrating the best solutions improving the effectiveness of energy currently available from the market. Smart Eco combines many innovative services and products enabling a more rational use of energy and a reduction of expenditure. Smart Eco solutions make cheaper use and effective management of energy possible (audit, settlements) along with its generation (technology) and even use for promotional and advertising purposes (more about Smart Eco products in the Products and Infrastructure section).

Another initiative of the Group promoting innovative solutions involved an addition of 9 environment-friendly Fiat Panda cars with electric engines to the Group’s fleet.
1.5. ENERGA

These eco-cars do not emit exhaust gases and are ten times cheaper to use than traditional cars. A driver who drives 2 thousand km per month in an electric car uses ca. 240 kWh of energy for which he will pay nearly 65 PLN. A car with a combustion engine will consume ca. 130 l of petroleum for the same distance. With high prices of fuels, the monthly savings per one car can even amount to 600 PLN. In comparison with models with traditional engines, electric Fiat Panda cars have lower engine power but a slightly higher torque. These cars can be charged from a simple electric socket (230 V, 16 A). To be fully “tanked”, a car needs about six hours, which is sufficient to drive 150 km.

The position of the ENERGA Group as the leader of technological innovations is to be strengthened thanks to the most advanced program of remote metering of customers in Poland, constituting the basis for the construction of smart grids: a system reacting, among others, to the needs related to the charging of electric cars (more about Smart Grids in the Products and Infrastructure section).

**Computerization of operations**

In many cases, the implementation of innovative solutions requires an appropriate technological infrastructure including the IT infrastructure. This is why IT services support the realization of key strategic projects of the Group. Business strategy of the ENERGA Group translates into the IT strategy relating both to the IT service organization method and the support of business objectives thanks to the computerization of individual operational areas. The assumption was made that the IT in the Group should be compact, effective and innovative. The first objective is attained through the establishment of a coherent, centrally managed organization with a uniform service model. Effectiveness is attained thanks to: the definition and implementation of IT processes, monitoring and optimisation of cost effectiveness, guarantee of IT services in line with requirements and unification of architecture. In turn, innovativeness is attained thanks to the guaranteed flexibility of the IT architecture enabling the implementation of new functionalities and the generation and realization of projects adding value to the business. All IT projects are implemented up to the high standards of the security of data and processes served in the IT environment of the Group.
1.5.6  
ENERGA IN THE MARKET

As one of the industry leaders, the ENERGA Group also understands its responsibility for active participation in the public debate on topics important for the industry. This is why companies belonging to the ENERGA Group actively participate in industry organizations and associations. Some of them such as ENERGA SA, ENERGA-OBRÓT SA and ENERGA-OPERATOR SA have their representatives on Executive Boards of organizations they belong to. Organizations to which individual companies belong:

ENERGA SA

The firm also takes part in projects or commissions of the following associations and ombudsman organizations (operating on behalf of other organizations and firms): Voivodship Social Dialogue Commission (in the name of the Society of Power Industry Employers), representative office in the Polish Electricity Committee in the structures of Eurelectric – Management Committee.

ENERGA Elektrownie Ostrołęka SA

ENERGA WIND Sp. z o.o.

ENERGA Elektrociepłownia Kalisz SA
1.5. ENERGA

ENERGA HYDRO Sp. z o.o.
Organizations: Society of Power Industry Employers, Local Tourist Organization in Pruszcz Gdański.

ENERGA Kogeneracja Sp. z o.o.
Organizations: Polish Association of Professional Heat and Power Plants (PTEZ), Union of Professional Heat and Power Plant Employers (ZPEC), Polish Cogeneration Club Kogen Poland, Business Centre Club.

Employees of the company participated in the debates of the Consultation Board of the Energy Exchange and took part in the Trade Forum (Energy Exchange and the Commodity Clearing House). Additionally, employees of the company at the same time being members of the Association of Energy Trading participated in the works of the Intersystem Exchange Team and the Exchange Team.

ENERGA-OBRÓT SA

ENERGA Obsługa i Sprzedaż Sp. z o.o.
Organizations: Society of Power Industry Employers with its registered office in Warsaw.

ENERGA OPEC Sp. z o.o.
Organizations: Economic Chamber of Polish Heat Engineering and the Business Centre Club.

ENERGA-OPERATOR SA
Organizations: Polish Association of Electricity Transmission and Distribution, Prime Alliance, EDSO for Smart Grids, Business Centre Club, Union of Power Plant Employers.

The firm participates in the projects of the Polish Association of Electricity Transmission and Distribution (passive power distribution, acquisition of EU funds for the replacement of transformers, transmission grid operation and maintenance manual).

ENERGA Oświetlenie Sp. z o.o.
Organizations: Society of Power Industry Employers, Pomeranian Union of Employers “Przedsiębiorczość”.
The ENERGA Group is also committed to the benchmarking and promotion of sustainable development. Two companies belonging to the Group: ENERGA SA and ENERGA WIND Sp. z o.o. are signatories of external codes relating to sustainable development:

- ENERGA SA is a signatory of the Declaration for sustainable development in the power industry.
- ENERGA WIND Sp. z o.o. signed the Code of Ethics in the wind power industry sector.

Companies from the Group are also active on the international forum. ENERGA-OPERATOR SA is a member of EDSO for Smart Grids. That organization, associating 25 members from 16 countries of the European Union, builds new development and management standards and participates in the development of legal regulations relating to smart distribution grids in cooperation with the European Commission. Cooperation between ENERGA-OPERATOR SA and the largest operators of distribution systems in Europe will contribute to the development of Smart Grid technology in Poland, which will entail improved security of the electric energy supply.

Another important initiative of ENERGA-OPERATOR SA involves accession to the international organization PRIME Alliance. The organization works with the European Commission and actively participates in the creation of appropriate legal regulations. It associates nearly 40 of the largest players on the market of smart power grids and its goal is to create a global communication standard for the equipment and development of AMI – PRIME PLC systems. Its development will entail a reduction of implementation costs of smart meters. As a part of its cooperation with the association, ENERGA-OPERATOR SA will have an opportunity to model solutions related to data transmission from the remote metering system. It should bring about a reduction in prices for smart meters and improve the independence of network enterprises from suppliers of specific appliances and technologies.

**Market practices vs. administrative and court decisions**

The ENERGA Group is an active market entity service with nearly 3 million of customers. This is why it strives to carry out all its activities not only in line with the laws but also with the best market practices and for potential defaults to be efficiently remedied. In justified situations, companies from the Group initiate the introduction of changes in market practices that external institutions could consider unfavourable for customers.
In 2011, the Office for Competition and Consumer Protection inspected templates of agreements concluded with consumers by power enterprises in Poland. The audit resulted in 13 decisions concerning the violation of collective interests of consumers. Nine firms voluntarily undertook to cease the questionable practices and, with regard to three firms, the OCCR imposed 4.345 million PLN worth of financial penalties. Firms that voluntarily undertook to change the illegal provisions in contracts with customers included two companies belonging to the ENERGA Group. One company belonging to the Group paid the financial penalty of around 261 thousand PLN.

In 2011, ENERGA-OBRÓT SA had five court and administrative proceedings including four explanatory proceedings and one proceeding in a case. The President of the OCCP issued a decision on December 30, 2011 on the application of a practice violating collective interests of consumers by the company and imposed on the entity the obligation to cease such practices by modifying certain provisions contained in contracts with customers, annexing of contracts already existing in legal transactions and by concluding new contracts in line with the assumed undertaking. The company will introduce appropriate changes and annexes by the end of 2012.

Two court and administrative proceedings were carried out against ENERGA-OPERATOR SA. The proceedings for an abuse of a dominating position resulted in a financial penalty imposed by the OCCR of 260.7 thousand PLN. As a result of the second proceeding concerning the application of abusive clauses, the OCCR imposed on the company the obligation to cease the application of provisions and change existing agreements.

The transformation of the Group and changes in the ownership structure of individual companies are the reason why they were party to court proceedings concerned with anti-monopoly issues a few times. In total, court or administrative proceedings were pending against three companies belonging to the ENERGA Group as regards practices violating the freedom of competition or anti-monopoly regulations in which the organization was a participant (a party against which charges were brought) in the reported period.
1.5.7
SUCCESSES OF THE GROUP

Various achievements of the ENERGA Group are recognized by the media and various organizations. Awards and high positions awarded to the ENERGA Group in competitions and rankings in which the Group occupies the leading position or a position near the top are evidence of that fact.

- **51st place in the ranking of the 500 largest firms** of Central and Eastern Europe compiled by the “Rzeczpospolita”.

- **16th place among the largest Polish firms** in the ranking of Rzeczpospolita “List 500” published in April 2011.

- **Golden Clamps of 2011** for the best corporate magazine in Poland for “Emission”, a magazine for the staff of the ENERGA Group.

- **High Reputation Brand** - PremiumBrand 2012.

- **Impactor 2011** for the “Illuminate on holidays with ENERGA” campaign in the category: “Non-standard Marketing Project of the Year”.

“Illuminate on holiday with ENERGA” is the nationwide contest for the most beautiful Christmas illuminations of cities and houses. The winning project was organized for the second time and promoted safe and energy-saving solutions for the illumination of houses and city areas. “Illuminate” consists of two contests: a popularity contest for cities and a photographic contest for individuals. As many as 261 thousand people used the “Light map of Poland” encouraging participation in the action.
1.6
GLOSSARY

AMI (Advanced Metering Infrastructure)
– a system whose main function is the reading, storage, processing and provision of data from electricity meters.

CHP (cogeneration)
– combined generation of electric energy and heat, integrating the production of useful electric energy and heat in a single process.

COSO II
– an integrated framework structure for corporate risk management. The COSO II standard presents integrated risk management as a process consisting of eight inseparable components: internal environment, determination of objectives, identification of events, risk assessment, reaction to risk occurrence, control activities, information and communication, monitoring.

Corporate social responsibility (CSR)
– an approach to the management of an organization assuming the voluntary consideration of social interests by the company when striving to attain economic goals, making decisions and carrying out activities. CSR assumes the care for ethics principles, staff rights, human rights, social environment and the natural environment. It is assumed that corporate social responsibility should be an integral part of the corporate policy in addition to economic goals of the firm.

Global Compact
– an initiative for corporate responsibility and sustainable developed managed by the UN General Secretary. Global Compact is a call for the business to adhere to 10 basic principles related to human rights, staff rights, environmental protection and anti-corruption practices in its activity and promote corporate social responsibility (CSR). The coordination of the Global Compact initiative of the UN General Secretary in Poland is up to the Office of the UN Development Program (UNDP).
Global Reporting Initiative (GRI)
– a non-governmental organization with its seat in Holland, acting for the development and promotion of Sustainability Reporting Guidelines. The application of GRI guidelines has a global range. They can be used by all firms willing to submit end-to-end reports from their economic, environmental and social activities.

Stakeholder
– a person or entity interested in the operations of the firm and assuming varied risks related to its activities as well as those persons or entities that the firm influences through its activity, e.g. employees, customers, suppliers, representatives of the administration and members of the local community.

RES (Renewable Energy Sources)
– sources of energy whose consumption does not entail their long-term deficit, i.e. those whose resources renew themselves in a short period. Renewable sources include power from the wind, sun, water, geothermal electricity and biomass.

Sustainable development
– socio-economic development according to which activities carried out in the area of politics, economy or society take into account the maintaining of a balance in the natural environment. Its goal is to use natural resources of the Earth in a manner that guarantees the possibility of their use for future generations.

REACH (Registration, Authorization, Evaluation and Restriction of Chemicals)
– a legal regulation that came into force on June 1, 2007. According to it, all chemical substances produced or imported to the European Union have to be registered in the European Chemicals Agency (ECHA). The registration requires the presentation of information about properties of a substance and the related potential risk: physicochemical, toxicological and eco-toxicological risks.
### 1.7 GRI Table

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## 1.8 CSR Coordinators in companies

1. Energa Operator SA – Iwona Ludwicka
   – Head of the Environmental Protection Office

2. Energa SA – Katarzyna Karolak
   – Senior Environmental Protection and Sustainable Development Specialist

3. Energa Obrót – Zdzisław Dahlke
   – Head of the Strategy Department

4. ENERGA Obsługa i Sprzedaż Sp. z o.o. – Jarosław Ciechanowicz
   – Executive Board Proxy

5. Energa Elektrownie Ostrołęka SA – Maciej Prusaczyk
   – Head of the Process Control and Environmental Protection Department

6. Elektrociepłownia Kalisz SA – Piotr Cieślak
   – Head of the Basic Production Department

7. Energa OPEC Sp. z o.o. – Elżbieta Jędrak
   – Environmental Protection Specialist

8. Energa Hydro Sp. z o.o. – Jolanta Sikorska
   – Head of the Environmental Protection Office

9. Energa Wind Sp. z o.o. – Gabriela Misterkiewicz-Pietrzak
   – Environmental Specialist

10. Energa Kogeneracja Sp. z o.o. – Joanna Paleńska
    – Independent Clerk, Executive Board Office

11. Energa Oświetlenie Sp. z o.o. – Robert Snider
    – Head of the Marketing Department
I would like to thank everybody who contributed to this report. Thanks to decisions made by the Executive Board, the commitment of employees, managers and CSR coordinators as well as thanks to the support of the team of PwC advisors, the ENERGA Group is publishing its first integrated summary of results of activities for sustainable development.

I hope that it will become an annual event.

I encourage you to share your opinions about this publication so that the next edition can not only document continuous development but also more effectively react to the expectations of our stakeholders.

Sławomir Krakowiak
Project Manager of the Environmental Management System and Sustainable Development Mechanisms in the ENERGA Group project.

We encourage you to share your remarks and opinions. Please send your comments to:
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or Anna.Mankowska@energa.pl