

POTENTIAL OF ENEA GROUP

We are the second-largest player on the electricity market in Poland. We deliver our products and services to almost 2.5 million Customers, contributing to the energy security of the country.

Business model

We feel responsible for the development of the economy and we are aware of our impact on energy efficiency. For this reason, we strive to ensure reliability throughout our supply chain.

We take a leading position in the market in terms of providing integrated products and services in the raw materials and energy and other innovative services for a wide range of Clients.

The Enea Group in numbers:

- **6.3 GW** total installed electrical power;
- **26 503 GWh** of generated electricity (net) - increase by 5,530 GWh in relation to 2017;
- **122,800 km** of distribution lines with connections;
- **3** mining fields;
- **16,500** Employees who meet the expectations of our Clients in their everyday work.

The market position is the result of cooperation and synergy between our companies carrying out specific functions and tasks.

Group companies are present in four segments:

Mining

- coal production;
- Sales of hard coal;
- Securing the raw material base for the Group.

The Enea Group carries out the process of hard coal mining through the company Lubelski Węgiel Bogdanka SA, which is one of the leaders on the market of hard coal producers in Poland. The company sells approximately 85% of its production within the Group.

Generation

- Generation of electricity based on hard coal, biomass, gas, wind, water and biogas;
- Heat production;
- Heat transfer and distribution;
- Trading in electricity.

In the manufacturing processes there are plants located in Koziernice and Połaniec, heat and power plant in Białystok, Municipal District Heating in Piła (MEC Piła) and heating company in Oborniki (PEC Oborniki), wind farms located in Bardy, Darżyno and Baczyna, 21 hydroelectric power plants and biogas plants located in Gorzesław and Liszkowo.

Distribution

- Delivery of electricity;
- Planning and ensuring the development of the distribution network;
- Operation, maintenance and repairs of the distribution network;

- Management of measurement data.

The energy is distributed via the distribution network based on the concession granted to Enea Operator by the President of the Energy Regulatory Office.

Trading

Retail trading:

- Electricity and gas fuel trading on the retail market;
- Product range and services adapted to the needs of Customers;
- Comprehensive Customer service.

Wholesale trading:

- Optimization of the portfolio of wholesale electricity and gas fuel contracts;
- Activities on product markets;
- Providing access to wholesale markets.

Retail trade in electricity is carried out by Enea SA through sales offices for business Clients and 32 modern Customer Service Centres.

Strategy and development directions

We are constantly adapting to the market environment, being an active participant in positive changes in the Polish economy. Our goal is to develop new, innovative business lines and technologies.

Vision:

Enea is a leading supplier of integrated raw materials, energy products and services and of the other innovative services for a wide range of Customers, valued for its quality, comprehensiveness and reliability.

Mission:

Enea supplies constantly improved products and services, anticipating expectations of Customers thanks to motivated teams working in a friendly, safe and innovative organization.

We implement the "**Development Strategy of Enea Group until 2030**", in which we defined **60 strategic initiatives**, of which more than **50% are of an innovative nature**. The implementation of initiatives enhancing the business potential will support, among others, the development of the Group's innovative products, services and business lines of Enea. Some of the initiatives will have a significant impact on social and environmental issues related to the Enea Group's

activities (e.g. clean coal technologies, hybrid renewable energy systems, development of energy micro- and macroelastomers, electromobility).

As part of the adopted Strategy, we have defined **15 goals** facilitating a systematic increase in our value. We accomplish our goals with relation to the following four perspectives:

The owner' perspective:

- Lasting relationships with Customers, systematically falling costs of reaching and maintaining the Client;
- Large, controlled participation in selected market segments;
- Maintaining the financial security of the Enea Group;
- High margin of packaged services and products;
- Innovation in all aspects of the Enea Group's operations.

Customer perspective:

- Low generalized purchase cost, support in financing purchases from the Enea Group's offer;
- Attractive price-to-quality ratio of the offered product and service packages ;
- Ability to satisfy comprehensive needs, whether expressed or not;
- Delivering what is needed at the right moment (not only what was ordered);
- The feeling of being "taken care of" by an ethical, reliable and innovative supplier.

Process perspective:

- Efficient, integrated management of flexible, open competence groups in clearly defined business lines, in the preferred role of Business Operators on entrusted assets;
- Creating an optimal mix of products and services for well-identified Clients in cooperation with business partners;
- Efficiently reaching Customers and delivering the promised values, on time, at the right price and right quality.

Perspective of development:

- Designing and implementing the process of shaping the modern Organizational Order at all levels in the whole Enea Group;
- Sustainable investments in intangible and tangible assets.

We monitor the implementation of the adopted objectives through key performance indicators defined in the perspective until **2025**, defined separately for each segment. The bases for calculating the ratios were the values set in **2015**.

KEY EFFICIENCY INDICATORS DEFINED IN THE PERSPECTIVE OF UP TO 2025

Key performance indicators defined in the perspective up to 2025			
Segment	Goals	Base Value 2015	Target Value 2025
MINING	Coal consumption index for own needs	43%	75%
	Demand for hard coal	5.5 million tons	10.9 million tons
TRADING	Sales of electricity to end customers	16,2 TWh	20,1 TWh
GENERATION	Installed conventional generation capacities	3,2 GW	5,8 – 6,3 GW
	Energy production from own conventional sources	12,3 TWh	20,7 – 22,8 TWh
DISTRIBUTION	SAIDI	410 minutes	144 minutes
	SAIFI	5.36 minutes	1.69 minutes
	Net loss rate in distribution	0,069	0,059

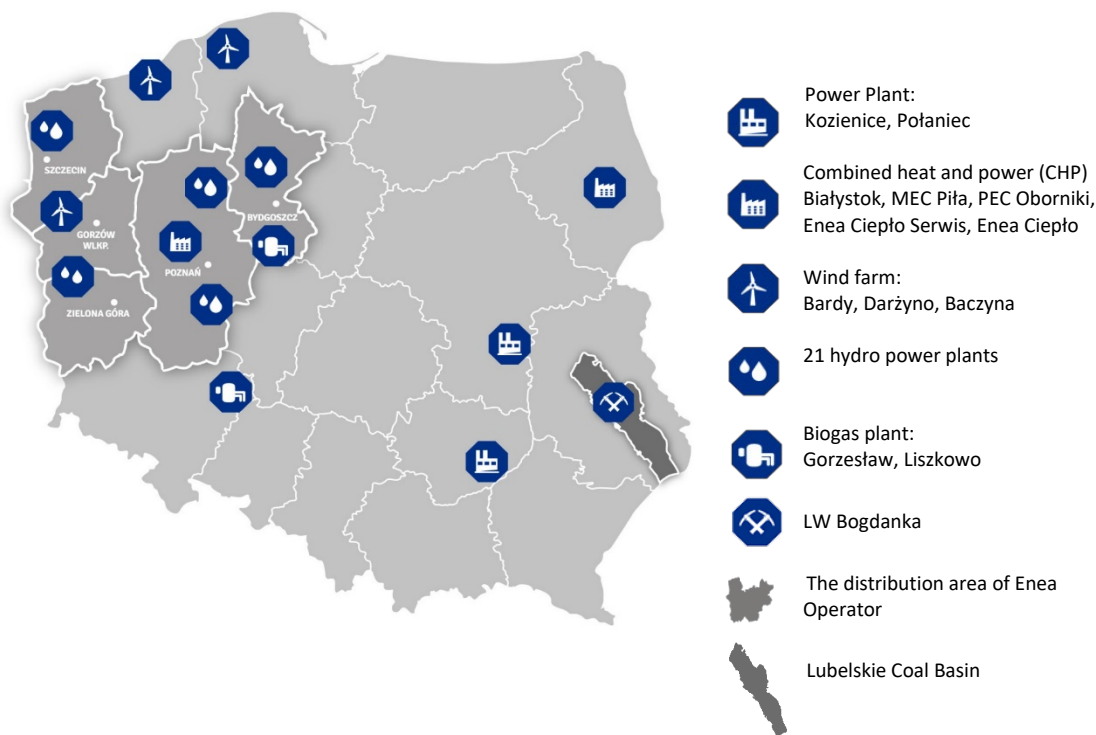
Group structure

The market position is the result of cooperation and the synergy between our companies. Our subsidiaries, in accordance with their competences, perform specific functions and business tasks.

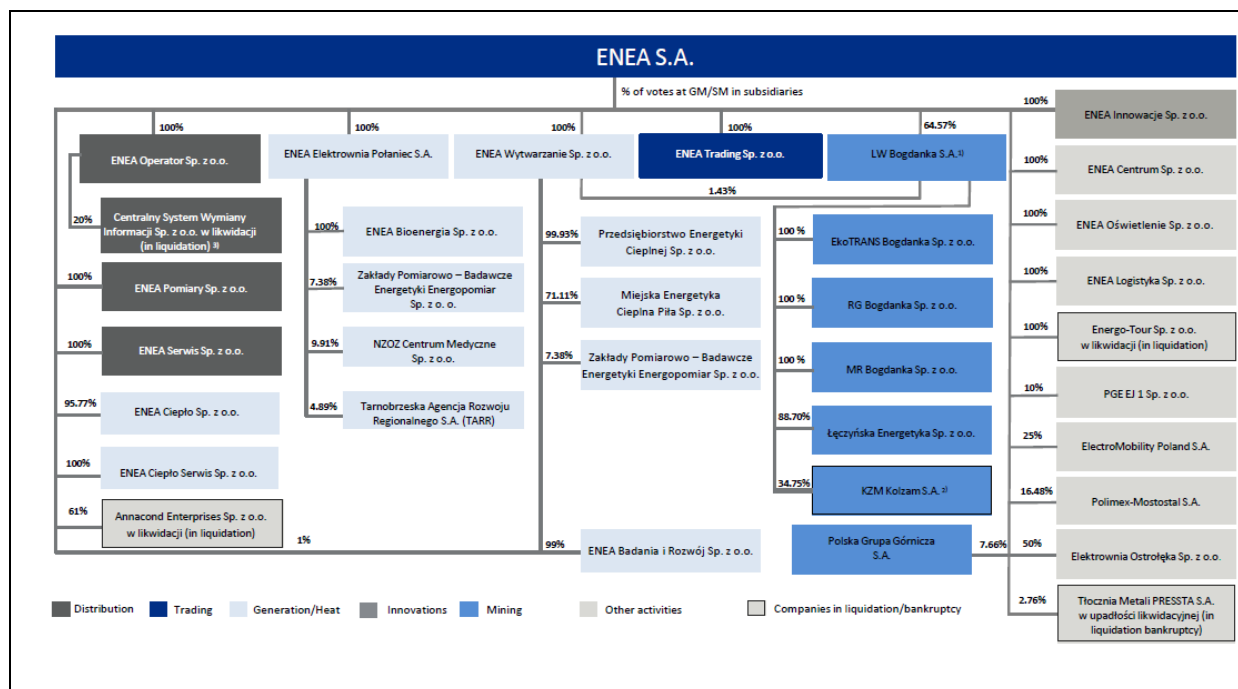
The Enea Group has 6 leading entities:

- Enea SA (trading in electricity);
- Enea Operator Sp. z o.o. (distribution of electricity);
- Enea Wytwarzanie Sp. z o.o. and Enea Elektrownia Połaniec SA (production and sale of electricity and heat);
- Enea Trading Sp. z o.o. (wholesale trade in electricity);
- Lubelski Węgiel Bogdanka SA (coal mining).

Other entities of the Group provide support activities for these companies. The structure of the Enea Group also includes minority interests in entities held by subsidiaries of Enea SA, i.e. in particular Enea Wytwarzanie Sp. z o.o., Enea Elektrownia Połaniec SA and Lubelski Węgiel Bogdanka SA.



GROUP ORGANIZATION STRUCTURE



¹ Enea SA together with Enea Wytwarzanie Sp. z o.o. owns 65.999% of the number of votes at the GM.

² The decision to discontinue bankruptcy proceedings / the company does not conduct business.

³ On December 4, 2018, the Extraordinary General Meeting of Shareholders of Centralny System Wymiany Informacji Sp. z o.o. adopted a resolution declaring the company to be liquidated.

Impact on the economy

The key element affecting the development of the national economy is the investment in energy infrastructure, which has a positive impact on the growth of the Gross Domestic Product.

Construction of the Ostrołęka C Power Plant - facts, assumptions and objectives.

We are actively influencing energy security and economic development of the country by implementing the project for the construction of Ostrołęka C.

- The contract was signed on July 12, 2018 in Ostrołęka;
- stable, high efficiency, coal-fired, with low-emission energy source and power of 1000 MW, power block;
- The investment was based on modern technologies that meet the highest environmental standards;
- The first synchronization of the new block will take place in 2023;
- Designed for maximum flexibility, short start-up time, increased and decreased speed;
- The technologies used will facilitate the full management of combustion by-products.

EXPLORE OUR PROJECTS

Energy Warehouses - "EnergyStore"

Thanks to co-financing from the National Centre for Research and Development, Enea Operator has the opportunity to carry out projects significant for the development of the energy sector. The National Centre for Research and Development offers a number of programs that support the creation of modern solutions and technologies that increase innovation. One of the programs in which Enea Operator participates is Measure 1.2. Sectoral R & D programs.

As part of the research and development project "Innovative system services of energy storage increasing the quality and efficiency of electricity use", five energy stores connected to low voltage networks using various technologies will be created. The aim of the project is to use energy storage in electricity grids to improve the quality and efficiency of electricity use and to develop a product offer for Customers.

Horizon 2020

Horizon 2020 is a program for financing research and innovation in the European Union, whose task is to create a coherent system of financing innovation: ranging from a scientific concept, through a research phase, to the implementation of new solutions, products or technologies. Its budget for 2014-2020 is nearly EUR 80 billion.

As part of the Horizon 2020 program, Enea participates in the international project iDistributedPV, which is to help with the effective integration of solar sources. The project started on 1 September 2017 and its duration is 30 months. It is supported by a European consortium of twelve partners from six European countries: Spain, Germany, Greece, Poland, Lithuania and Italy. The coordinator of the project is APPA (Solar PV Industry Association) from Spain.

The goal of iDistributedPV is to create inexpensive integrated solutions to increase the penetration of dispersed solar cells (e.g. households / larger buildings / park areas) with relation to the successful integration of photovoltaic devices or energy storage.

E-Van

The assumption of the program is to develop an innovative, emission-free delivery vehicle. The project is supported by the National Centre for Research and Development, which since 2017 has been intensively supporting and initiating research and development projects in the field of electromobility in Poland. Enea SA, Energa Operator, PGE Dystrybucja and Tauron Dystrybucja joined the project. The end of the project is scheduled for 2022.

Fast charging stations for vehicles in Szczecin

Enea Serwis has won an order for design documentation, connection to the power grid and the launch of three new fast charging stations for electric vehicles. The new points will make it possible to supplement the energy level in the range from 0% to 80% of the 24-kilowatt hour battery capacity in less than 30 minutes. Participation in this project is another contribution to initiatives related to electromobility in Poland.

Photovoltaic power plant in Szczecin

The next undertaking of Enea Serwis was the construction of a photovoltaic power plant with estimated power of 420 kW together with power connections. The West Pomeranian Centre of Oncology in Szczecin became the investor. The construction of the power plant was completed in the third quarter of 2018. The power plant was divided into two parts: a free-standing one with electrical power of 404.24 kW and installed on the roof of an administration building with electric power of 18.60 kW.

Reduction of electrical energy losses in transformers

The main objective of this pilot project is to develop a calculation algorithm that will facilitate the process of selecting a transformer for the conditions of the actual load in medium voltage stations to low, based on previous measurements. Enea Operator implements this project with the Poznań University of Technology on co-financing by the National Fund for Environmental Protection and Water Management.

EXPLORE OUR INVESTMENTS

Investments made by Enea Operator in 2018:

- Construction of GPZ Choszczno II;
- Construction of GPZ Recz;
- Reconstruction of GPZ Zdroje;
- Reconstruction of GPZ Dąbie;
- Reconstruction of GPZ Żary;
- Construction of overhead 110 kV overhead line Choszczno II - Recz.

Investments planned for the next years by Enea Operator:

- Construction of a 110 kV overhead line from Pniewy to Nowy Tomyśl;
- Construction of a 110 kV overhead line from Środa to Kromolice;
- Construction of the RS Garaszewo with the reconstruction of 110 kV overhead line between Kromolice - Nagradowice, Kromolice - Swarzedz (section from the SE Kromolice to GPZ Nagradowice) and the construction of a new 110 kV line from Kromolice to Gadki (section from the SE Kromolice to GPZ); Nagradowice
- Construction of a 110 kV overhead line from Babimost to Zbąszynek;
- Construction of a new 110 kV switchgear in GPZ Fordon with the construction of a double-circuit 110 kV overhead cable from Fordon - cut line 110 kV from Jasiniec to Świecie;
- Construction of a 110 kV cable line from Bydgoszcz Północ to Bydgoszcz Śródmieście;

- Construction of the 110 kV overhead line from Piła Krzewina to Miasteczko Krajeńskie;
- Reconstruction of 110 kV linear sequence from Morzyczyn to Drawski Młyn;
- Construction of leads from SE Baczyzna;
- Modernization of the 110 kV line of the Leśniów - Bytnica - Debrznica - Sulęcín route;
- Reconstruction of linear line 110 kV from Gorzów (Baczyzna) - Witnica - stand 65 to Dębno;
- Reconstruction of the 110 kV overhead line from Wronki to Czarnków Płty;
- Reconstruction of the 110 kV overhead line from Gryfino to Żydowce;
- Reconstruction of the 110 kV overhead line Reclaw - Nowogard - Maszewo;
- Construction of GPZ Skwierzyzna II with a power line;
- Construction of GPZ Garbary with 110 kV cable connections;
- Construction of GPZ Towarowa;
- Construction of GPZ Suchy Las;
- Reconstruction of GPZ Pomorzany;
- Reconstruction of GPZ Leszno Gronowo;
- Reconstruction of GPZ Wronki ;
- Reconstruction of GPZ Piła Południe.

Investments made by Enea Wytwarzanie in 2018:

- Installation of the Catalytic Flue Gas Denitrification System (SCR) on the 500 MW unit No. 10;
- Adjustment of the production equipment to conclusions (BAT):
 - Modernization of the 200 MW unit electrostatic precipitator No. 6.

Investments planned for the subsequent years by Enea Wytwarzanie:

- Installation of the Catalytic Flue Gas Denitrification System (SCR) on the 500 MW unit No. 9;
- Replacement of an electro filter of the 500 MW block No. 9;
- Adjustment of the manufacturing equipment to conclusions BAT:
 - Modernization of the 200 MW unit electrostatic precipitator No. 2;
 - Modernization of the 200 MW unit electrostatic precipitator No. 7.

Investments made by Enea Elektrownia Połaniec in 2018:

- Installation of the Catalytic Flue Gas Denitrification System (SCR) on unit No. 4.

Our approach to sustainable development

Our activity is based on the principles of sustainable development, according to which we make responsible decisions regarding economic efficiency, Employees, the environment and relations with the environment. We are aware that our decisions have an impact on the present, but also on the future. Today, we create everything that will remain after us, and what further generations will benefit from.

Sustainable Development Goals

Goals (SDGs) are a set of activities aimed at achieving sustainable development in three aspects: economic, social and environmental. They cover all regions of the world and provide the tools to engage governments, non-governmental

organizations, business and people. There are 17 objectives of Sustainable Development and they were adopted at the United Nations summit in 2015, setting the direction of changes for 2015-2030.

The Enea Group declares active participation in the implementation of the selected five SDGs:

4. QUALITY EDUCATION



Goal No. 4: "Ensure high quality education for all and promote lifelong learning"

Accepted globally:

Significantly increase the number of adolescents and adults who have appropriate skills, including technical and vocational skills, needed when getting a job, finding a decent job and developing entrepreneurship.

Ensure that all learners acquire knowledge and acquire the skills needed to promote sustainable development, including education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of diversity culture and the contribution of culture to sustainable development.

Activities of the Enea Group:

- **The patron schools project** - a comprehensive program of support for sectoral education, the aim of which is to ensure the continuity of employment of Employees at production and electromotive sites, and to reduce the risk of the occurrence of the so-called generational gap in the Group. Enea Group is looking for qualified specialists, and these may be provided by schools that prepare for the profession of future energy industry;
- **Dual education** - The Enea Group, in cooperation with the Poznań University of Technology, has been offering the most talented students of Electrical Engineering the opportunity to provide practical training within the framework of dual studies since October 2018. Five young people learn their profession in a real working environment. For them, it is primarily an opportunity to gain appropriate professional experience, which is the most valuable resource on the Labour market;
- **Install yourself in Enea** - the organization of internships and apprenticeships in order for young people to gain the first professional experience;
- **Enea Talent Academy** - grant and scholarship projects support the talents of young people who want to develop their passions in three areas: science, art and sport. The organizers of the campaign are the Enea Foundation and Enea;
- **Enea Sport Academy** - the program has been implemented for several years in cooperation with the sports club Enea Energetyk Poznań. It is aimed at promoting physical activity and supporting children and youth in their development so that they can improve their sporting talents under the supervision of professionals;
- **Safe Preschooler Academy** - a preventive action aimed at propagating safe behaviour among children in the yard, at home and on the way to playschool. The action is carried out by the Municipal Police Headquarters in Poznań with the participation of the Fire Brigade and Enea Operator;
- **Energy Market Modelling** - Enea Trading competition, which aims to popularize the energy market and the specificity of the energy industry in Poland, addressed to Polish university students. The competition gives the opportunity of starting an expert career and the opportunity to learn about innovative solutions implemented in the Enea Group;
- **Not so terrible electricity** - educational lessons on energy addressed to children, implemented as part of competence volunteering;
- **Enea for Generations. Together about safety** - action planned for seniors who play a very important role in the lives of multi-generational families by engaging in the care and upbringing of grandchildren. The aim of the program is to educate, shape consumer awareness and support fire protection in households. The organizers of the campaign are the Enea Foundation, the State Fire Brigade and the My50 + Association;

- **Good energy across borders** - the goal of the project, organized by the Enea Foundation, is the multi-generational integration of Poles living outside the homeland borders. In connection with this initiative, the project's creators want to maintain Polish identity, encourage parents and young people to learn Polish, Polish history, culture and traditions.

More activities contributing to Goal 4 are located here: SOCIETY SUPPORT

5. GENDER EQUALITY



Goal No. 5: "Achieve gender equality and strengthen the position of women and girls"

Globally accepted assumptions:

Finish discrimination in all forms against women and girls around the world.

Spread the use of technology, in particular information and communication technologies, to contribute to the empowerment of women.

Activities of the Enea Group:

- **Women's Power Plant - Women's Forum** - a project activating the women of the Połaniec Power Plant and the inhabitants of Połaniec and the surrounding area, including cyclical meetings and workshops devoted to various topics: "Be Healthy", "Be Beautiful" and "Be Safe". The aim of the project is to raise the sense of self-worth, safety and health for women;
- **Mission Prevention. Together, we will defeat melanoma!** - a pilot health prophylaxis program, within which the issues of cancer prevention, basic methods and principles of self-control and recognition of disturbing skin changes, methods of preventing melanoma and the principles of safe and reasonable use of the sun are discussed;
- **Enea for Health** - a project carried out with the Enea Foundation, under which cytological research was organized, in which women from the Koziernice commune took part;
- **Ida June** - an initiative to prevent breast cancer, addressed to women, whose aim is to educate about the need for breast examination. The project included a breast examination, which was used by 410 women and lectures on early diagnosis of cancerous changes and self-examination instructions.

7. CLEAN AND AVAILABLE ENERGY



Goal No. 7: "Provide everyone with access to stable, sustainable and modern energy at an affordable price"

Globally accepted assumptions:

Ensure universal access to affordable, reliable and modern energy services.

Significantly increase the share of renewable energy sources in the global energy mix.

Double the growth rate of global energy efficiency.

Increase international cooperation to facilitate access to clean energy research and technologies in the field of renewable energy, energy efficiency and advanced and cleaner fossil fuel technologies, while also promote investment in energy infrastructure and clean energy technologies.

Expand infrastructure and modernize technologies that allow access to modern and sustainable energy services for all residents of developing countries, in particular least-developed countries, developing small island states and inland countries, in accordance with their development programs.

Activities of the Enea Group:

- **Energy Cluster** - partnership with the Leszno Energy Cluster in the scope of achieving a balance between the demand and the supply of eclectic energy;
- **RES** - development of Renewable Energy Sources;
- **CO₂ reduction** - investments allowing to limit unitary CO₂ emissions;
- **Energy + photovoltaic** - offer for the design, assembly and service of photovoltaic panels as well as the possibility of signing prosumer contracts;
- **Enea Smart** - energy-saving products for homes and businesses;
- **Enea Eco** - anti-smog offer for households;
- **Fast charging stations for vehicles** - drivers of electric and hybrid cars can use three new charging stations in Szczecin. The points will facilitate the supplementation of the energy level within a range from 0% to 80% of the capacity of the 24-kilowatt hour battery in less than 30 minutes;
- **EnergyStore** - the use of energy storage in electricity grids to improve the quality and efficiency of electricity use and the development of the product offer for Clients;
- **Digital pens** - introduction of an intelligent pen for signing contracts, enabling the archivization of documents and reducing paper circulation;
- **Chat with a consultant** - modern communication tools with Clients. By this means, you can quickly ask the consultant questions, check the invoice status and payment history, enter the meter status, or contact Enea in terms of other matters related to Customer service.

More activities contributing to Goal No. 7 can be found here: CUSTOMERS AND PRODUCTS

8. DECENT WORK AND ECONOMIC GROWTH



Goal No. 8: "To promote stable, balanced and inclusive economic growth, full and productive employment and decent work for all people"

Globally accepted assumptions:

Achieve a higher level of economic efficiency through diversification, technological modernization and innovation, as well as by focusing on high value added and high value sectors of the labour intensity indicator.

Promote development policies supporting production activities, thus creating decent jobs, entrepreneurship, creativity and innovation. Encourage the formalization and development of micro-sized, small and medium- sized enterprises, including access to financial services.

Protect Employee rights and promote a safe working environment for everyone, including workers, migrant workers, in particular migrant women and people with precarious employment.

Significantly reduce the percentage of young people who are unemployed or do not participate in education and training.

Activities of the Enea Group:

- **Conditions of employment** - ensuring stable employment conditions for 16,500 Employees;
- **Training** - access to training, development and courses for Employees;
- **Employee rights** - respecting the rights of Employees, freedom to associate and enter into trade unions;
- **Diversity** - deriving benefits from diversity and not differentiating between Employees due to gender, race, nationality, disability, age, sexual identity, trade union membership, ethnic or social origin, religion or political beliefs;
- **Install yourself in Enea** - the organization of internships and apprenticeships for young people to gain their first professional experience.

More activities contributing to the implementation of objective No. 8 can be found here: POTENTIAL MANAGEMENT OF EMPLOYEES

11. SUSTAINABLE CITIES AND COMMUNITIES



Goal No. 11: "Make cities and human settlements safe, stable, sustainable and inclusive"

Globally accepted assumptions:

Ensure all people have access to adequate, safe and affordable housing and basic services, as well as improving living conditions.

Ensure sustainable urbanization and participation in integrated and sustainable planning and management of human settlements in all countries.

Lower the negative indicator of the city's negative impact on the environment per capita, paying particular attention to air quality and management of municipal waste and other pollutants.

Activities of the Enea Group:

- **Ostrołęka C Power plant**- implementation of the construction of a modern, low-emission energy block affecting Poland's energy security;
- **Fast charging stations for vehicles** - launch of three new fast charging stations for electric and hybrid vehicles;
- **E-van** - participation in creating an innovative, emission-free delivery vehicle.

More activities contributing to Goal No. 11 are here: INFLUENCE ON THE ECONOMY

Management culture

We coordinate a number of processes that facilitate achieving the set goals. We perform individual tasks in the area of their competencies to achieve maximum efficiency.

The parent company in the Group is Enea. The main management bodies of Enea include the Management Board and the Supervisory Board. The Management Board's competences include all matters of the company that are not reserved by law or the Articles of Association of the company for the General Meeting or the Supervisory Board. The Management Board represents the company in all judicial and extrajudicial activities. It operates on the basis of the provisions of the Code of Commercial Companies, the Articles of Association and the Regulations of the Management Board.

As of 31 December 2018, the Enea Management Board is represented by four people who combine management and operational functions in the company's structures. The President of the Management Board is responsible for the strategic area, and individual Members of the Management Board are responsible for the following areas: corporate, commercial and financial. Each member of the Management Board has the right and obligation to manage the company's affairs as part of their regular activities.

Members of the Management Board of Enea SA



Mirosław Kowalik

President of the Management Board



Piotr Adamczak

Vice President of the Management Board
responsible for Sales Affairs



Piotr Olejniczak

Vice President of the Management Board
responsible for Financial Affairs



Zbigniew Piętka

Vice-President of the Management Board
responsible for Corporate Affairs

The Supervisory Board of Enea constantly supervises the company's operations. Its competences include all activities and rights specified in the Articles of Association of the company and the Code of Commercial Companies. As of 31 December 2018, the Supervisory Board of the company consists of nine members.

Members of the Supervisory Board of Enea SA

- **Stanisław Kazimierz Hebda**, Chairman of the Supervisory Board;
- **Paweł Jabłoński**, Vice Chairman of the Supervisory Board;
- **Piotr Mirkowski**, Secretary of the Supervisory Board;
- **Ireneusz Kulka**, Member of the Supervisory Board;
- **Paweł Andrzej Korobłowski**, Member of the Supervisory Board;
- **Roman Stryjski**, Member of the Supervisory Board;
- **Sławomir Brzeziński**, Member of the Supervisory Board;
- **Tadeusz Mikłosz**, Member of the Supervisory Board;
- **Wojciech Klimowicz**, Member of the Supervisory Board.

CHANGES IN COMPOSITION AND SUPERVISORY BOARD

In 2018 there were changes in the composition of the Enea Supervisory Board. Mr. Paweł Skopiński resigned from the position of Supervisory Board member and Mr. Ireneusz Kulka took up his place, appointed on the basis of the Minister of Energy statement of March 22, 2018.

On April 16, 2018, Enea's Management Board was informed of the statement dated 13 April 2018 by the Minister of Energy regarding the dismissal of the Member of the Supervisory Board of the company - therefore, on April 15, 2018, Mr. Ireneusz Kulka was dismissed from the company's Supervisory Board. In addition, on April 16, 2018, the Extraordinary General Meeting of Enea removed Mr. Rafał Bargiel and Mr. Piotr Kossak from the Supervisory Board of Enea, and appointed Mr. Ireneusz Kulka and Mr. Paweł Jabłoński to the Supervisory Board, the resolution concerning the appointment of Mr. Paweł Jabłoński, came into force upon its adoption with effect from the day the candidate obtained a positive opinion from the Council for companies with the participation of the State Treasury and state legal persons, from April 20, 2018.

On 31 July 2018, the company duly received the resignation of Mr. Rafał Szymański from the position of a member of the Supervisory Board of Enea dated the same day.

The last change, which took place on September 24, 2018, was the adoption of a resolution by the Extraordinary General Meeting of Enea on the appointment of Mr. Paweł Andrzej Korobelski to the company's Supervisory Board.

Managing identified risks

GRI 103-2

We systematically manage the risks associated with our activities. In the Enea Group the corporate risk management (ERM) concept is in place, based on a coordinated model.

The Group Enea manages corporate risk in such a way as to minimize the potential effects of a given risk. In the adopted model, through the use of organizational units dedicated for this purpose, Enea coordinates the corporate risk management process. The implementation of the adopted assumptions is possible thanks to the structure under which the Enea Risk Management Department is located, which consists of two offices responsible for financial risk management and business risk management, as well as business continuity and insurance. At the same time, the Group companies have the units in their structures that are responsible for the risk management area that cooperate with the Risk Management Department Enea. The companies have an organizational division into the Front Office, Middle Office and Back Office.

The efficiency of the enterprise risk management process is ensured by:

- a system of business continuity management which aims at the identification of processes critical to the business activity of the companies belonging to ENEA Group and the implementation of such mechanisms and procedures which will ensure their continuity in an emergency situation,
- identification of non-financial risks at the level of individual companies belonging to ENEA Group, resulting from the specific nature of business activity exercised,
- division of the process into specific segments for which documentation has been prepared in the form of policies, procedures and methodologies,
- division of the process into stages covering the identification and assessment of new risks, monitoring of existing risks and their reporting,
- operational management of risk by the companies belonging to ENEA Group within the limits granted and in accordance with principles approved by the ENEA Group Risk Committee.

DOCUMENTS REGULATING RISK MANAGEMENT

Policies, Procedures and Methodologies regulating the issues of risk management in the Enea Group:

- Enterprise Risk Management Policy of Enea Group (ERM Policy)
- Enterprise Risk Management Methodology of Enea Group
- Liquidity Management and Liquidity Risk Management Policy of Enea Group
- Liquidity Management and Liquidity Risk Management Procedure of Enea Group
- Foreign Exchange Risk Management and Interest Rate Risk Management Policy of Enea Group
- Foreign Exchange Risk Management and Interest Rate Risk Management Procedure of Enea Group
- Credit Risk Management Policy of Enea Group
- Credit Risk Management Procedure of Enea Group
- Commodity Risk Management Policy of Enea Group
- Commodity Risk Management Procedure of Enea Group
- Business Continuity Management Policy of Enea Group
- Business Continuity Management Methodology of Enea Group
- Insurance Policy of Enea Group
- The Policy of Enea Group for ensuring integrity and transparency in the electricity and natural gas wholesale market
- The Policy of Enea Group for Preventing Abuse in Financial Instruments Markets in the Area of Commodity Derivatives, Greenhouse Gas Emission Allowances and Bundled Products.

As part of the risk map in the Enea Group, the following non-financial risks have been identified that may have a significant negative impact on social, Employee, environmental, anti-corruption and bribery issues or human rights issues:

ENVIRONMENTAL AREA			
AREA	COMPANY NAME	NON FINANCIAL RISK	RISK MANAGEMENT
GENERATION	Enea Wytwarzanie	<ol style="list-style-type: none"> 1. risk of negative impact on the environment by emissions of nitrogen oxides and dust to the air. 2. Risk of impact on natural resources near the location of the Kozenice Power Plant. 3. The risk of incorrect and untimely reporting of the National Centre for Emotional Balancing and Management (KOBiZE), resulting in the calculation of administrative penalties for untimely settlement of the volume of emissions. 4. The risk of interrupting the morphological continuity of rivers on which hydroelectric plants and damming stages are located. 5. The risk of impact on wind chiropterofauna and avifauna, 	<ol style="list-style-type: none"> 1. In 2018, the company finalized investments that will reduce the emissions of nitrogen oxides and dust to the air by building a catalytic flue gas denitrification plant (SCR) on the 500 MW block No. 10 and electro filter modernization of the 200 MW block No. 6. 2. The company continues the constant supervision introduced in 2016 on the area of the Kozenice Power Plant and in its immediate vicinity, and conducts the protection of species, under which, among other things, it conducts permanent environmental supervision during the works of modernization of the Power Plant track at the smooth snake's sites. 3. The risk is minimized by effective supervision over the implementation of the "CO₂ emission monitoring plan", which is an integral part of the currently binding decision of the Mazovian Marshal

		<p>which may result in the increased mortality of a given population.</p>	<p>Office, enabling the emission of greenhouse gases. Verification of the annual report on emissions takes place in two stages: pre-verification and final report.</p> <p>4. The company has developed variant analyses regarding the use of the most favourable solutions on a given hydropower plant in order to maintain the morphological continuity of the rivers. In addition, the company cooperates with state entities in order to build fish passages in places where it is necessary, e.g. fish passages on the Rega river (completed investments) and a pier on the Drawa river (investment under construction).</p> <p>5. The company commissions and supervises the monitoring of the impact of its wind farms on the chiropteroфаuna and avifauna population. At present, there was no increase in mortality in any of these populations.</p>
GENERATION	Enea Elektrownia Połaniec	<p>1. Risk of adverse impact of the Połaniec Power Plant on the natural environment through the functioning of the plant, emissions of nitrogen oxides and dust into the air.</p>	<p>1. The company minimizes the identified risk by carrying out infrastructural investments and modernization works. In 2018, the company completed the modernization of sewage treatment plants, IOS and installation on unit no. 4 of the catalyst SCR, resulting in the reduction of nitrogen oxide emissions from about 500 mg / Nm³ to below 200 mg / Nm³. The company also modernized the electrostatic precipitators of units 2-7, thus limiting dust emissions.</p>
GENERATION	Enea Ciepło - Białystok Heat and Power Plant	<p>1. Risk related to environmental aspects being elements of activities or products having a significant impact on the environment in the following areas: groundwater abstraction, furnace waste disposal, generation and discharge of rainwater - industrial and rainwater to surface water, and dropping of rainwater to ground, SO₂ emissions, NO₂, dust.</p> <p>2. The risk of occurrence of emergency situations affecting the natural environment, concerning, among others: the leakage of chemical compounds from storage tanks, oil from transformers and turbine sets; fire of power equipment, coal and wood dust; damage to the container with a radioactive source; pollution of social and living water.</p>	<p>1. Based on the adopted key characteristics and specific operational criteria, the Company constantly monitors identified significant environmental aspects.</p> <p>2. In the area of identified potential emergency situations, the methods of reacting to the existing situation, preventive actions preventing the occurrence of failures and actions aimed at preparing for the response in the event of a breakdown were defined. An Emergency Rescue Group operates in the company, which is a dedicated unit to participate in the conditions of failure.</p>

GENERATION	Enea Ciepło	1. Environmental risks related to pollutant emissions: NOx, dust, SO ₂ , CO ₂ , CO, HCl, HF (identified in the procedure PŚ-4.3-01 "Identification of environmental aspects").	1. The company has a continuous emissions monitoring system including two independent heat emitters from the "West" Heating Plant, which provide control of the level of emissions emitted in a continuous system. The Company, in order to counteract the materialization of the pollutant emission risk, applies to the I-OŚ-15 instruction "Analysis of CO ₂ emission monitoring risk2", which identifies and determines the probability of risk occurrence and the effects of risks. The matrix and the risk table have been defined in the instructions. Additionally, the control of individual stages of operations, starting from determining the amount of fuel consumed, through monitoring the combustion process, monitoring data collection and processing, and ending with the calculation of the total emissions, affects the reduction of individual environmental risks. The company also implements investments that limit the negative effects of the impact on the environment. An example of this type of investment is a change in the way of heating in the "West" Heat Plant, the aim of which is to convert a coal-fired boiler to natural gas. In 2019, the investment will significantly reduce dust and gas pollution.
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OSH AREA			
AREA	COMPANY NAME	NON-FINANCIAL RISK	RISK MANAGEMENT
DISTRIBUTION	Enea Operator	1. The risk associated with the threat of an accident at work.	1. In order to eliminate the potential threat, the company's Health and Safety campaign "Our choice - safe work" is conducted. As part of the campaign, educational meetings are held in the field of safe work while operating the chainsaw and the methods and rules for evacuating the victims from heights. In addition, the company conducts awareness raising activities in the area of potential threat situations through the dissemination of educational materials, which include information posters,

			<p>voltage indicators, health and safety gadgets. The company has an electronic newsletter promoting safety and hygiene of working conditions. In addition, the company conducts occupational risk assessments in accordance with the approved methodology of the Polish Society for Transmission and Distribution of Electricity "Occupational risk in electricity distribution companies".</p>
GENERATION	Enea Elektrownia Połaniec	<ol style="list-style-type: none"> 1. The risk of Contractors performing work in contravention of health and safety regulations at the Połaniec Power Plant. 2. The risk of having only theoretical knowledge about extinguishing fires and using fire extinguishers. 	<ol style="list-style-type: none"> 1. In order to familiarize the Employees of individual contractors with internal health and safety requirements, a document was prepared entitled "Basic requirements for Contractors performing works for the Power Plant, rules for appointing coordinators, their duties and authorizations and obligations of the Power Plant Employees when commissioning works for Contractors". The document specifies, among other things, that: all people prior to commencing work on the site of the Power Plant are obliged to: <ul style="list-style-type: none"> - conduct an occupational safety training organized by the representatives of the Power Station and undergo an examination to check knowledge of this training; - familiarize yourself with the health and safety regulations and rules at the site of the Power Plant 2. In order to acquire new and necessary skills in saving life, or putting out a fire and evacuating, the number of practical exercises was increased. Periodical training programs include exercises using handheld fire extinguishing equipment, including: extinguishing fire extinguishers with water fogging "burning bath", propane gas burning, extinguishing with dry powder extinguishers and CO₂: biomass, woodchip, use of an internal hydrant. In addition, classes were provided to provide first aid on the issue of the AED and the use of rescue equipment of the Power Plant.

GENERATION	Enea Ciepło Serwis	1. Risks arising from work related to the removal of insulation asbestos - cement of the heating network. The risk of occupational diseases.	1. In the company carried out periodical training of occupational health and safety and fire protection for physical Employees and people managing Employees who are exposed, or may be exposed to asbestos dust in connection with the work they perform, and also measures harmful, burdensome and dangerous factors in positions such as: welder, access coordinator and chips, inspector of biomass devices, master of biomass, heavy equipment operator, driver, Employee removing asbestos - cement insulation, fitter of heating equipment and installations.
GENERATION	Enea Ciepło	1. Risks related to the performance of duties on parts of machinery and equipment that constitute the equipment of the machinery park and were purchased before January 1, 2003 and the risks associated with work performed at heights. The risk of occupational diseases.	1. In order to counteract the occurrence of identified risks in the company, the process of supervision over the work environment and safe working instructions at individual positions were implemented. In addition, the company conducts activities that allow the adaptation of machines that are part of the company's equipment to the minimum requirements for occupational health and safety in the use of machines by Employees during work.
SUPPORT	Enea Centrum	1. The risk of a traffic accident and the risk of fire.	1. The basis for determining and estimating the occupational risk in the company is the occupational risk card developed for the workplace. Due to the identified risks, the company conducts activities and actions in the form of trial evacuation drills, trainings in safe driving, first aid trainings for company Employees and systematic inspections of workstations and rooms.

EMPLOYEE AREA			
AREA	COMPANY NAME	NON-FINANCIAL RISK	RISK MANAGEMENT
GENERATION	Enea Elektrownia Połaniec	1. The risk of not providing the optimal level of competence for maintaining the proper implementation of the company's tasks in 2018-2020 (during the generational change).	1. The main methods of risk management are related to: determination of staffing needs in the company, analysis of Employee retirement rights, constant monitoring of staff turnover, planning and effective implementation of recruitment processes, implementation of training, including training at the workplace, drawing up multi-annual employment plans.
DISTRIBUTION	Enea Operator	2. Risk resulting from difficulties in acquiring competent Employees, resulting from low interest in the profession of an electrical technician (generation gap risk).	1. The company manages the risk by establishing cooperation with vocational schools as part of the Group's patronage project Enea and undertakes attempts to adapt the curriculum of the aforementioned schools to their needs. At the same time, the company actively participates in Job Fairs and conducts

			<p>activities aimed at promoting the company as a potential employer. To this end, it organizes apprenticeships and placements as part of the "Install yourself in Enea" program. In 2018, the company signed nine contracts with industrial schools in its area of operations. The scope of the contracts provides for the financing of didactic Laboratories, assistance in organizing trips, competitions, scholarships for the most talented people, assistance in acquiring specialist vocational qualifications. In addition, the company participates in the Dual Training project, which enables the acquisition of professional experience, professional knowledge and practical skills under the supervision of specialists from the Group already during the studies. Enea Operator has also signed a tri-partite agreement with the University of Zielona Góra and the Centre for Vocational and Continuous Education "Elektryk" in Nowa Sól for the creation of a pilot class under its own patronage, to promote the classes with a teaching profile in the profession of an electrician and future acquisition of Employees among school graduates .</p>
SUPPORT	Enea Serwis	1. Risk of generation gap.	<p>1. Activities in the aspect of a generation gap in 2018 include: signing eight agreements with patron schools in Szczecin, Poznań, Gorzów Wielkopolski, Bydgoszcz, Leszno, Nowa Sól, Sulęcín and Gniezno, and signing a contract for student internships within the framework of dual (practical) studies.</p>

SOCIETY AREA			
AREA	COMPANY NAME	NON-FINANCIAL RISK	RISK MANAGEMENT

DISTRIBUTION	Enea Operator	1. Risk of protests by various social groups related to the implementation of investment tasks (especially linear investments) Enea Operator - so-called NIMBY effect ("not in my backyard"). Establishment of protest committees, groups of people, self-proclaimed "plenipotentiaries" and others sabotaging construction processes.	1. The document "Standards for building and implementing communication and PR strategies for key network investments of Enea Operator" was adopted, which contains internal communication standards both between the organizational units of Enea Operator and between the investor and contractors. The document also contains external communication standards, understood as the inclusion of the external Stakeholders in the communication process, including local communities and local governments.
TRADING	Enea	1. Risk of undermining relationships with key Stakeholders of the company, including Clients, as a result of improper communication and dialogue.	1. In order to counteract the risk materialization, the company: <ul style="list-style-type: none"> - develops multi-channel communication with the external environment, - implements the corporate social responsibility strategy and the "good neighbour" policy by running proprietary projects and involvement in social projects and programs implemented by public entities, - constantly monitors the situation and events that may result in outbreak of social unrest, - conducts systematic Customer satisfaction surveys.

HUMAN RIGHTS AREA			
AREA	COMPANY NAME	NON-FINANCIAL RISK	RISK MANAGEMENT
TRADING	Enea	1. Risk of occurrence of mobbing, discrimination or other unacceptable behaviour.	1. The company counteracts the materialization of risk through appropriate education and information for Employees, organizing training for managers and other Employees, and publishing a series of articles devoted to mobbing, discrimination and other unacceptable behaviour. The company has implemented "Anti-mobbing and discrimination policy and other unacceptable behaviour at Enea SA". A satisfaction survey is also planned, including questions about unacceptable behaviour.

