

# Social area

## Occupational Health & Safety

The Group's organizational culture is based primarily on continuous improvement of work environment conditions by ensuring the safety of employees, subcontractors and guests staying on the Companies' premises. Our goal is "zero accidents", both for our own employees and for subcontractors' staff.

On 3 April 2019 the Board of KOGENERACJA S.A. adopted the Declaration of Quality Policy, the Declaration of Environmental Policy and the Declaration of Health and Safety at Work Policy. The Integrated Management System policies in the safety area are fleshed out in the Health & Safety Policies of each company.

The Health & Safety Policy is based on the following assumptions:

- all accidents and major malfunctions can be prevented,
- no job is so important and no service is so urgent that we cannot take time to perform our work safely,
- safe approach to work is an essential element of professionalism,
- high technology culture is necessary to ensure safe and reliable operation of installations and equipment,
- high level of security is an important condition for sustainable business success.

**Table. Total number of work-related accidents**

	KOGENERACJA S.A.		EC Zielona Góra S.A.	
	from 1 January to 31 December 2020	from 1 January to 31 December 2019	from 1 January to 31 December 2020	from 1 January to 31 December 2019
Total number of accidents at work	1	0	1	0
Fatal accidents	0	0	0	0
Group accidents	0	0	0	0
Accident frequency rate *	1,7	0,0	4,2	0,0
Absence rate **	0,0	0,0	0,2	0,0
Number of accidents of subcontractors	4	2	1	1

\* Accident frequency rate of employees = number of accidents with loss of the day \*  
1 000 000 hours / number of working hours

\*\* Absence rate = number of hours of absence / 1 000 hours worked

## Safety assessment and monitoring

KOGENERACJA Group aims to reduce occupational hazards by promoting the safety culture in many different ways, including:

- implementation of corrective and remedial measures based on multidimensional identification and assessment of risks,
- learning lessons from incidents,
- searching for best practices both within and outside the Group,
- observation of employee behaviors.

To be able to fully assess the progress in the development of the safety culture, in 2010 the Group implemented a system of safety culture audits. The audits cover 13 business areas, including safety management, effective communication, quality procedures and standards and management engagement. The safety culture is assessed on a five-point scale. As a result, the safety management systems are effectively used and continuously developed.

## Safety as a part of staff performance evaluation

Safety-related conduct is among the most important factors in the assessment of employees' performance. On the other hand, each year employees evaluate their workplace in terms of health & safety through a satisfaction survey, looking at whether safety issues are accorded sufficient priority and whether supervisors are directly involved in the prevention of occupational hazards.

## Site visits of Management

The system of management field visits is designed to identify and eliminate inappropriate conditions or actions which might give rise to serious incidents. The findings of those visits (both positive and negative ones) are recorded in the dedicated IT system. By keeping a systematic record of observations, occupational hazards can be monitored and preventive actions can be adapted accordingly.

## Zero Accidents Training Centre

In 2017, in the locations of the Group's companies (Wrocław, Zielona Góra), a Zero Accidents Training Centre was established as part of the "Partnership for Security" program whose aim is to raise awareness of occupational health and safety, mainly among the employees of external companies.

## Methods of promoting Occupational Health & Safety

The Group implements the following staff development programs in the area of occupational health & safety: "Work Smart!" and occupational safety knowledge contests and the Safety Culture Assessment Survey.

## Employment policies and management

In 2018, the Group implemented a new HR policy entitled Human Capital Management Strategy in PGE Group. Conformance with the policy objectives is monitored. The terms of remuneration of the Group companies' employees are governed by the following documents: the Collective Labor Agreement, the Regulations of the Company's Social Fund, additional regulations and agreements with the trade unions and General Procedures, which expand on the Human Capital Management Strategy.

The Group companies carry out regular employee surveys to find out about their attitudes and degree of work satisfaction. Their results are analyzed and corrective actions are designed as necessary. Outcomes of the surveys are communicated to all employees and constitute one of the key elements of assessment of the Management Board Members of KOGENERACJA S.A. and EC Zielona Góra S.A.

The Group companies offer additional medical care for all employees. Other benefits include an Employee Pension Scheme and partial refunds of the costs of sports activities or cultural events.

Additionally, the Company adopted a structured approach to managing diversity, although no formal document has been adopted in this area. We undertake activities addressed to selected employee groups (e.g. Voluntary Terminations Program, Leave until Retirement). In 2017, KOGENERACJA S.A. introduced flexible working hours for single-shift job positions.

## Relations with employee representatives

Social dialogue is a preferred method of consultations with the employees. KOGENERACJA S.A. and EC Zielona Góra S.A. pursue independent policies in this area.

At KOGENERACJA S.A., there are four trade union organizations:

- Intercompany Trade Union Organization for Continuous Operation and Maintenance Employees (Międzyzakładowa Organizacja Związkowa Związku Zawodowego Pracowników Ruchu Ciągłego)
- Inter-Company Solidarity Trade Union Organization (Międzyzakładowa Organizacja Związkowa NSZZ „Solidarność”)
- Inter-Company Trade Union Organization for Energy Sector Employees (Międzyzakładowa Organizacja Związkowa Związku Zawodowego Energetyków)
- Trade Union of HR Division Employees (Związek Zawodowy Pracowników Kadrowych)

At EC Zielona Góra S.A., employees are members of three trade union organizations:

- Inter-company Solidarity Trade Union Committee of EC Zielona Góra S.A. (Międzyzakładowa Komisja Związkowa NSZZ Solidarność Elektrociepłowni „Zielona Góra” S.A.)
- Trade Union of Maintenance Employees of EC Zielona Góra S.A. (Związek Zawodowy Pracowników Ruchu Ciągłego Elektrociepłowni „Zielona Góra” S.A.)
- Alternative Trade Union of EC Zielona Góra S.A. (Związek Zawodowy „Alternatywa” Elektrociepłowni „Zielona Góra” S.A.)
- Intercompany Trade Union for PGE Capital Group Employees (Międzyzakładowa Organizacja Związkowa Pracowników Grupy Kapitałowej PGE).

**Table. Employees covered by the collective agreement**

	KOGENERACJA S.A.		EC Zielona Góra S.A.	
	from 1 January to 31 December 2020	from 1 January to 31 December 2019	from 1 January to 31 December 2020	from 1 January to 31 December 2019
Number of employees covered by a collective bargaining agreement	401	353	137	132
Percentage of employees covered by a collective bargaining agreement	99	99	95	95

## Development and education

Training is available for all employees of the Group in a wide range of subjects: professional, occupational health and safety, soft skills development, IT, managerial and management systems. The scope of training is determined during annual individual interviews. The Group offers a partial or full refund of the costs of university education. The training rules are regulated by the procedure: Training and Development Principles in the PGE Capital Group.

**Table. Average number of training hours per year and training costs**

	KOGENERACJA S.A.		EC Zielona Góra S.A.	
	from 1 January to 31 December 2020	from 1 January to 31 December 2019	from 1 January to 31 December 2020	from 1 January to 31 December 2019
Total number of training hour	6 355	5 442	3 121	1 537
Cost of training	177	319	80	166
Cost of training per employee (PLN)	436	897	562	1 200
Number of trained employees	418	340	152	123
Hours of training per employee	16	15	21	11

**Table. Average number of training days by employment structure**

	KOGENERACJA S.A.		EC Zielona Góra S.A.	
	from 1 January to 31 December 2020	from 1 January to 31 December 2019	from 1 January to 31 December 2020	from 1 January to 31 December 2019
<b>Number of days of training in the reported period per employee</b>	<b>2,0</b>	<b>1,9</b>	<b>2,8</b>	<b>1,4</b>
Higher managerial posts	1,6	7,0	2,1	4,8
Managerial posts	3,2	2,1	1,9	2,2
Experts, specialists	2,1	1,9	2,8	1,0
Administrative employees	3,6	1,1	2,6	-
Production employees	4,0	1,8	2,8	1,0

Employees are subject to annual competency assessments. The process is regulated by the following procedures: Assessment of competence at PGE Group and the Procedure for reviewing and monitoring periodic performance. The results of performance reviews form the basis for determining employees' training and development needs.

**Table. Percentage of employees subject to regular evaluation**

	KOGENERACJA S.A.		EC Zielona Góra S.A.	
	from 1 January to 31 December 2020	from 1 January to 31 December 2019	from 1 January to 31 December 2020	from 1 January to 31 December 2019
Number of employees subject to assessment	405	356	137	132
Percentage of employees subject to assessment	100	99	95	95

## Employment level

The principles, responsibilities and steps of the recruitment process as well as the recruitment tools consistent with the law in force, the Code of Ethics and the rules of no discrimination in the workplace are set out in the general procedure Corporate employment rules at PGE Group.

The *Rules* of hiring employees and modifying terms of employment and the Staff recruitment instruction set out the procedure to be followed in the course of the employee hiring process, while the Corporate hiring rules at PGE Group set out the principles of onboarding new employees and employees who change their job roles.

**Table. Total number of employees by type of employment and type of employment contract, divided based on gender**

	KOGENERACJA S.A.				EC Zielona Góra S.A.			
	As at 31 December 2020		As at 31 December 2019		As at 31 December 2020		As at 31 December 2019	
	Women	Men	Women	Men	Women	Men	Women	Men
Employed on:								
full-time contract	59	346	53	305	35	108	31	107
part-time contract	0	0	0	0	1	0	1	0
indefinite period	52	333	50	292	33	101	27	96
definite period	7	13	3	13	3	7	5	11
Mandate contract	0	0	0	0	0	0	0	0
Contract of specific work	0	0	0	0	0	0	0	0
Total number of employees by gender	59	346	53	305	36	108	32	107
Total number of employees (FTE)	<b>405</b>		<b>358</b>		<b>144</b>		<b>139</b>	
Contracts for the provision of management services	-	<b>2</b>	-	<b>2</b>	-	<b>2</b>	-	<b>2</b>

**Table. Total number and share of new hires and leavers**

	KOGENERACJA S.A.		EC Zielona Góra S.A.	
	As at 31 December 2020	As at 31 December 2019	As at 31 December 2020	As at 31 December 2019
<b>Total number of new employee hires*</b>	<b>74</b>	<b>33</b>	<b>12</b>	<b>13</b>
Women	14	4	4	5
Men	60	29	8	8
<30 years	11	11	4	0
30-50 years	41	21	7	13
>50 years	22	1	1	0
<b>Percentage of new employee hires</b>	<b>18</b>	<b>9</b>	<b>9</b>	<b>9</b>
Women	3	1	3	4
Men	15	8	6	5
<30 years	3	3	3	0
30-50 years	10	6	5	9
>50 years	5	0	1	0
<b>Total number of employees' leaves</b>	<b>26</b>	<b>35</b>	<b>5</b>	<b>8</b>
Women	7	7	0	6
Men	19	28	5	2
<30 years	1	4	0	0
30-50 years	7	7	0	4
>50 years	18	24	5	4
<b>Percentage of employees' leaves</b>	<b>6</b>	<b>10</b>	<b>3</b>	<b>6</b>

	KOGENERACJA S.A.		EC Zielona Góra S.A.	
Women	2	2	0	4
Men	4	8	3	2
<30 years	0	0	0	0
30-50 years	2	3	0	3
>50 years	4	7	3	3
	0	0	0	0

\*Since the incorporation of six heating plants into the structures of PGE Energia Ciepła S.A. as a part of the Asset Integration Program in 2020, a new unified model for managing production assets has been developed with an indication of the key functions related to the supervision of local engineering. In order to improve the process of managing production assets, the functions performed by the Central Engineering Department at PGE Energia Ciepła S.A. were transferred to companies. Employees were transferred to new employers in accordance with the Article 231 of the Polish Labor Code and are shown in the line Total number of new employee hires: 45 people in the Company and 5 people in the subsidiary.

## Diversity management

Diversity action means any form of activity aimed at the acceptance and effective use of diversity in an organization, i.e. differences in aspects such as gender, age, origin, abilities and appearance, religion and opinion, sexual orientation, disability or work-life balance.

By promoting the idea of diversity, KOGENERACJA S.A. would like to draw the attention of its employees to four issues in particular:

- equality of position between men and women,
- age diversity,
- the balance between private and professional life,
- professional integration of people with disabilities.

The aim of diversity management is to create a working environment facilitating professional and personal development and to create an atmosphere of respect and tolerance for diversity, all of which contributes to organizational efficiency and to the capacity for innovation, as well as to the implementation of corporate social responsibility.

The Company undertakes actions aimed at selected employee groups:

- the company adopts the principle of diversity in the recruitment process,
- the Energy Career project, which is a response to generational change in the Company.

The Company communicates internally and externally its approach to diversity:

- KOGENERACJA S.A. is a signatory to the Charter of Diversity, an international initiative promoted by the European Commission, which obliges organizations to pursue a policy of equal treatment and diversity management, to ensure equality of access to promotions and training, as well as to actively counteract discrimination and mobbing in the workplace,
- monitoring and reporting by age and gender, employment, education, wages were implemented,
- in 2018, Procedure to prevent mobbing and discrimination was implemented,
- physical activity, work and life balance, stress prevention and healthy diet are promoted.

PGE Polska Grupa Energetyczna S.A., as a listed company, declares that the process of selection of persons for managerial and management positions takes into account such elements as appropriate education, professional experience, qualifications and competences of the candidates and does not disqualify the candidates in any way due to the principle I.Z.1.15 of Code of Best Practice for WSE Listed Companies. Within the PGE Group, the above mentioned declaration is also applied to the Company.

**Table. Composition of the Management Board and Supervisory Board of KOGENERACJA S.A. by gender and age (in persons)**

	As at 31 December 2020		As at 31 December 2019	
	Women	Men	Women	Men
<30 years	0	0	0	0
30-50 years	0	0	0	2
>50 years	0	2	0	0
<b>Management Board</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>2</b>
<30 years	0	0	0	0
30-50 years	0	3	0	4
>50 years	1	3	1	2
<b>Supervisory Board</b>	<b>1</b>	<b>6</b>	<b>1</b>	<b>6</b>

**Table. Composition of the Management Board and Supervisory Board of Kogeneracja S.A. by gender and age (in persons)**

	As at 31 December 2020		As at 31 December 2019	
	Women	Men	Women	Men
<30 years	0	0	0	0
30-50 years	0	0	0	2
>50 years	0	2	0	0
<b>Management Board</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>2</b>
<30 years	0	0	0	0
30-50 years	0	3	0	4



	As at 31 December 2020		As at 31 December 2019	
>50 years	1	3	1	2
<b>Supervisory Board</b>	<b>1</b>	<b>6</b>	<b>1</b>	<b>6</b>

**Table. Composition of the workforce by gender and age (in persons)**

	KOGENERACJA S.A.				EC Zielona Góra S.A.			
	As at 31 December 2020		As at 31 December 2019		As at 31 December 2020		As at 31 December 2019	
	Women	Men	Women	Men	Women	Men	Women	Men
<30 years	8	28	4	25	0	6	0	3
30-50 years	26	145	23	112	25	52	21	53
>50 years	25	173	26	168	11	50	11	51
<b>Total number of employees</b>	<b>59</b>	<b>346</b>	<b>53</b>	<b>305</b>	<b>36</b>	<b>108</b>	<b>32</b>	<b>107</b>
<30 years	2	7	1	7	0	4	0	2
30-50 years	7	36	7	31	17	36	15	38
>50 years	6	43	7	47	8	35	8	37
<b>Share of employees (%)</b>	<b>15</b>	<b>85</b>	<b>15</b>	<b>85</b>	<b>25</b>	<b>75</b>	<b>23</b>	<b>77</b>

## Anti-corruption and human rights

The business activities of the PGE Capital Group are conducted on the basis of the standards of ethics and transparency, which are included in the internal regulations implemented for this purpose, such as the Code of Ethics of the PGE Capital Group, the Code of Conduct for Business Partners of the PGE Capital Group Companies, the Anti-Corruption Policy of the PGE Capital Group.

On 31 December 2013, the Group joined the UN Global Compact, the world's largest initiative promoting corporate social responsibility and sustainable development. As a result, the Group made a commitment to pursue a development strategy while respecting the ten principles referring, inter alia, to human rights, labor rights, environmental protection and combating corruption.

At the beginning of 2018, the Anti-Corruption Policy of the PGE Capital Group was implemented, which regulates the principles of counteracting corruption and avoiding conflicts of interest in the PGE Capital Group and the application of measures contributing to ensuring compliance with the applicable regulations in this respect. In 2018, all employees in the Group were trained in the knowledge of the Code of Ethics and the Anti-Corruption Policy.

All employees of the Group underwent training in the Code of Ethics and the Anti-Corruption Policy.

The anti-corruption policy is aimed at:

- defining the key actions implemented in the PGE Capital Group to prevent corruption and avoid conflicts of interest
- defining the principles, powers and responsibilities for preventing corruption and avoiding conflicts of interest,
- defining rules for giving and receiving business gifts and other benefits,
- continuous awareness-raising of employees and others on the prevention of corruption and conflict of interest.

The policy is a detailed description of the provisions of the Code of Ethics of the PGE Capital Group, in particular the principle *We do not tolerate corruption or unfair behaviour*. It also refers to the Code of Conduct for Business Partners PGE Capital Group companies. The policy expands on the provisions of the Code of Ethics of PGE Group, in particular on the principle of no tolerance for corruption and misconduct. It also refers to the Code of Conduct for business partners.

*The Code of Conduct for Business Partners* is available on the corporate website. According to the Code, the information about procurement proceedings should be included in the Terms of Reference and in other related documents (e.g. contract templates). Business partners are required to read and understand the provisions of the Code and agree to comply with them already at the stage of the procurement process.

The Group companies adhere to the Code of Ethics of PGE Polska Grupa Energetyczna S.A., which contains the declaration of Respect for human rights. Consequently, we respect such rights as the right to dignity, freedom of association, freedom of opinion, freedom of expression and the right to privacy. Additionally, the principles and methods of preventing bullying and discrimination in the Group are governed by the Procedure to prevent mobbing and discrimination in the workplace adopted in 2018.

The Board of Ethics, composed of the Company employees, has been in place at KOGENERACJA S.A. since 2004. The role of the Board of Ethics is to promote ethical attitudes and behavior among employees. The rules of handling reports of actual or alleged instances of non-compliance are set out in the Group's general procedure called Reporting and Handling Instances of Non-Compliance at PGE Group and Protection of Whistleblowers.

The Group conducts its business in a responsible manner, observes the laws and regulations in its operations, including in particular those relating to the prevention of corruption, the prevention of money laundering and the financing of terrorism, regulations relating to the observance of employee rights, health and safety at work, fire safety regulations, competition law, property protection regulations and environmental protection regulations, and takes due care to verify its employees, associates, contractors and subcontractors and expects the same from all its Business Partners.

## Local communities and social engagement

KOGENERACJA S.A. engages in activities for the benefit of local communities. In 2020, the total amount spent by the Company on aid activities was nearly PLN 400,000. Last year, the Company once again financially supported socially sensitive customers from

the municipalities of Wrocław and Siechnice in paying bills for the collected heat, as part of the PGE Energia Ciepła program "We share heat". The aid was directed at the mentees of the Wrocław Care and Education Center and to the families indicated by the Municipal Social Welfare Center in Siechnice.

In 2020, with the support of KOGENERACJA S.A. the mentees of other care centers have also benefited - the Youth Social Therapy Center No. 2 in Wrocław, which has been under the patronage of the company for over a decade, the mentees of the Polish Knights of Malta Foundation and the KARAN Foundation helping the addicted. The company also joined the medical facilities in Wrocław in the fight against the coronavirus. The funds for the fight against the pandemic were received by the Provincial Specialist Hospital of J. Gromkowski and the 4th Military Clinical Hospital. The company also donated disinfectants, gloves and reusable masks to local care facilities.

For 16 years, we have also been one of the donors of the PGE Foundation for Science Development, which was established to honor the late former President of KOGENERACJA Józef Pupka. As part of the activities carried out this year, other beneficiaries received support, and these were, in line with the Foundation's mission, particularly gifted students and students of universities whose financial situation prevents them from developing their abilities.

Our focus is also on measures to improve air quality. In Siechnice, where we have our second heating plant, we plan to launch a modern gas generating unit that will provide cleaner air in the region. Already today, the air quality in the Commune of Siechnice is monitored thanks to telemetry monitoring stations, the purchase of which was co-financed by the Company this year.

The employees of the Wrocław heat and power plant are also involved in helping. The donations obtained as part of this year's collection went to people coming out of homelessness, who are looked after by the Social Integration Club run by KARAN and the Wrocław Center for Social Integration.

Our company also remembers about animals in need. This year, with support from our company, the Ekostraż (Ecoguards) Association organized the second edition of a Christmas auction of a limited series of mascots as part of the project "Because every animal deserves love and care". The funds collected in the course of the auction will be used to help the aggrieved animals under the care of the association.