

ZMIENIAMY SIĘ  
DLA WAS



**ZEPAK**  
Energia dla Ciebie

## ESG STRATEGY 2024-2028



RAZEM TWORZYMY LEPSZĄ PRZYSZŁOŚĆ

Jesteśmy członkiem:

 **PROGRAM / CZYSTA / POLSKA**

## SUSTAINABLE DEVELOPMENT GOALS

Being aware of its impact on the environment, ZE PAK Group („Group” or „CG” or „ZE PAK”) wants to set standards and responsibly manage its entire value chain. For the first time, the Group developed the Social Responsibility Strategy for 2017-2020, which set key lines of action and goals (KPIs) focused on the one hand on optimizing efficiency and continuous improvement of results in the environmental and social dimension, as well as on ensuring compliance in areas of significant impact on the environment. Nevertheless, the key areas defined at that time, although still valid, were supplemented with new aspects of social responsibility related to the transformation of the Group **and the transformation of its business model into a sustainable one.**

ZE PAK Group's sustainable development strategy (hereinafter referred to as the "ESG Strategy"), updated due to changes in the ownership structure, i.e. Cyfrowy Polsat S.A. (hereinafter referred to as "CP") taking over operational control over the green asset portfolio within PAK-Polska Czysta Energia sp. z o.o. group (hereinafter referred to as "PAK-PCE") in 2023, in which ZE PAK has a minority share, takes into account ESG factors, i.e. those related to the impact on the environment (Environmental), the social environment (Social) and corporate governance (Governance) and focuses on:

- decarbonisation of the business model and its transformation towards a sustainable economy, in line with the energy transformation of the Eastern Wielkopolska region,
- in ESG areas, not directly related to transformation, on activities consistent with the logic of striving to improve existing processes, typical of Total Quality Management (TQM) and ensuring at least compliance with legal requirements and expectations of the environment.



### Selected key Sustainable Development Goals (determined by United Nations Organization - UN SDGs)



# Our mission



## The mission of **ZE PAK SA**

is to gradually increase production of environmentally clean electricity and heat in an efficient and safe way.

## The Company's strategy is oriented towards **development and modernity**

founded on state-of-the-art technology, innovative organizational solutions, and a highly specialized staff of engineers and technicians.



## Business model transformation

ZE PAK has been an important link in the National Energy System for decades. It is also important for the industrial functioning of Konin subregion and on the local labor market.

As a producer of electricity that has so far based its production mainly on lignite, the Group has consciously decided to gradually reduce the generation of electricity from coal and to develop projects in the area of electricity generation from low- and zero-emission sources as well as the production and use of green hydrogen:

- a project of a low-emission source of electricity - a CCGT unit at the location of the former Adamów power plant,
- construction of a large-scale PV farm in Przykona,
- in cooperation with CP - development of the structure of subsidiaries of PAK-PCE, whose activities focus on generating electricity from renewable sources and generating and using green hydrogen.

## Continuous improvement

- ZE PAK Group focuses primarily on ensuring ongoing security for the natural and social environment, while ensuring continuity and stability of production.
- The companies of ZE PAK SA Group, against the backdrop of the local and rather small labor market, are perceived as a **stable and trustworthy employer**.
- With the aim of minimizing the impact of the energy sector on the environment, the Group strives to **improve the circular economy**, e.g. through the use of condensing heat in order to heat the city of Konin, the use of by-products of flue gas desulphurisation (gypsum) for the production of gypsum products or plasterboards and the use of furnace waste to produce a mix for road bases and binders.

# Main ESG 2024-2028 strategy goals



Environment



Social



Governance



## E - environment

**Goal 1:** Transformation towards zero and low-emission energy – carried out independently and in cooperation with CP

**Goal 2:** Entering the hydrogen fuel and zero-emission automotive industry – carried out in cooperation with CP

**Goal 3:** Responsible exit from the mining industry (lignite) and conventional lignite-based production, respecting the social and natural environment – carried out independently

**Goal 4:** Being a good neighbor and a member of the local community: reducing the impact of current operations on the social and natural environment – carried out independently

**Goal 5:** Striving for a circular economy (CE) – carried out independently



## S - social

**Goal 6:** Being a responsible employer in the region



## G - governance

**Goal 7:** Ensuring a high-quality management system and its continuous improvement, taking into account social and environmental aspects in the decision-making process – carried out independently

Business model transformation

Continuous improvement

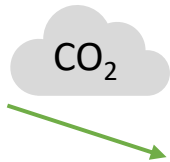


# Goal 1: Transformation towards zero and low-emission energy

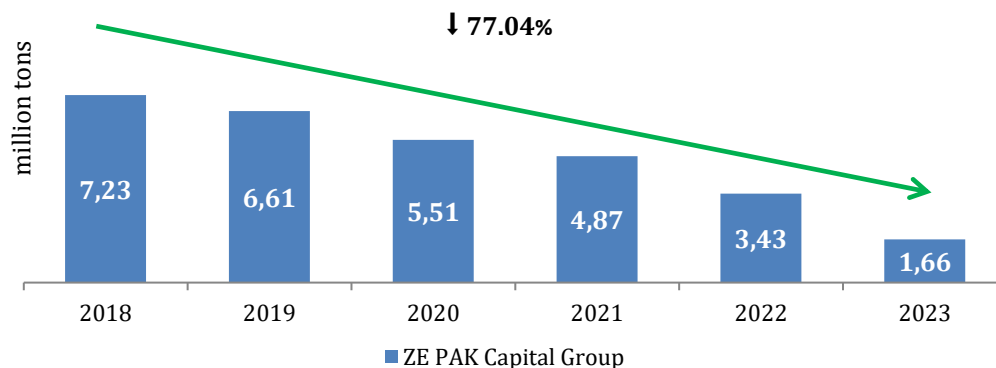
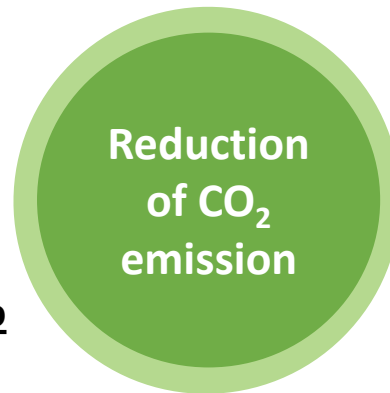
## OBJECTIVES AND ASSUMPTIONS: Transformation to a low or zero-emission economy



**Energy transformation from coal to RES** – from black to zero and low-emission energy – **in cooperation with Polsat Plus Group**



**CO<sub>2</sub> emissions from electricity production reduced over the last 5 years – 77.04% decrease compared to 2018**



Building the first in Europe, nationwide, **full value chain of the green hydrogen economy** **in cooperation with Polsat Plus Group** – future investment, reduction of CO<sub>2</sub> emissions, clean air and zero-emission fuel of the future.

**Decommissioning of coal production\*** – The scenario assumes the operation of coal-fired units 1, 2 and 5 in Pątnów Power Plant until 2024. For the unit of 474 MW (former Pątnów II Power Plant) the baseline scenario is to work by the end of 2025. The Company has the right to decide on the extension depending on external factors (power system demand, market situation, regulatory environment).



**Indicators - the level of CO<sub>2</sub> and other harmful emissions substances in scope 1, 2 and 3 – with reference to GHG Protocol methodology**

\* In recent years, devices with a capacity of 1293 MW have been switched off in ZE PAK SA Capital Group. In the largest power plant in the Group - Pątnów, only 4 coal-fired units are left from the originally available 7 units

# Goal 1: Transformation towards zero and low-emission energy (steps)

- **Abandonment of lignite mining** - shutdown and decommissioning of coal-fired units in Pątnów Power Plant.
- **Investments in the production of electricity from the sun** - purchase of photovoltaic projects ready for implementation and construction of photovoltaic farms on reclaimed areas owned by ZE PAK SA Group – **implementation of the investment in cooperation with CP within the PAK-PCE structure, where ZE PAK is a minority shareholder, as well as independent implementation of photovoltaic projects - PV Przykona with a capacity of approximately 280 MW, which will be adapted to cooperate with the newly constructed gas-steam block on the premises of the former Adamów Power Plant.**
- **Investments in the production of electricity from wind** - purchase of ready-to-implement wind projects and construction of wind farms on reclaimed areas owned by ZE PAK SA Group - **implementation of the investment in cooperation with CP within the PAK-PCE structure, where ZE PAK is a minority shareholder.**
- **Investments in the production of electricity from biomass** - adaptation of coal boilers to biomass combustion in Konin Power Plant - **implementation of the investment in cooperation with CP within the PAK-PCE structure, where ZE PAK is a minority shareholder.**
- **Production of electricity based on a low-emission energy source, which is a gas and steam unit under construction** on the site of the former Adamów coal power plant, implemented by PAK CCGT.
- **Investments in nuclear energy** - establishing cooperation with the Korean company KHNP in order to assess the potential possibility of using the infrastructure and assets of Pątnów Power Plant for the development of a nuclear energy project.

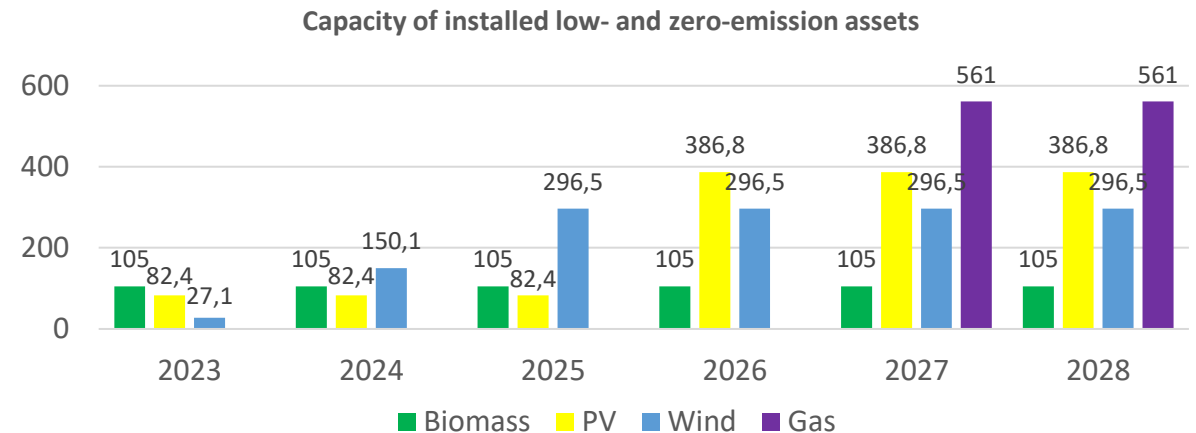
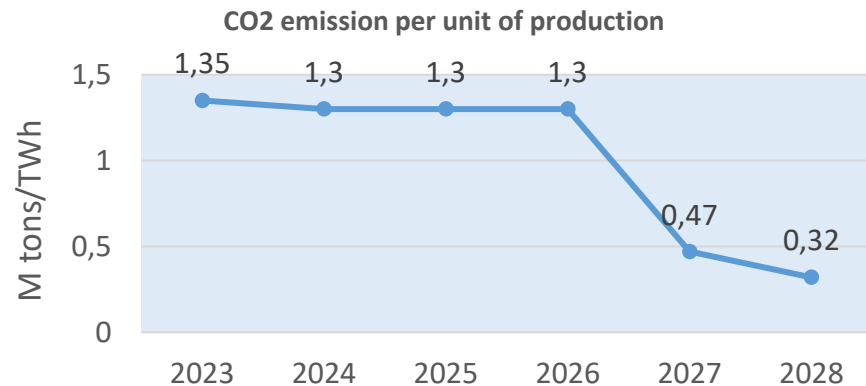


# Goal 1: Transformation towards zero and low-emission energy (KPIs)



Meter definition	2023	2024	2025	2026	2027	2028
scenario for mining and exploitation of lignite units	Józwin open pit – mining finished	Units 1,2 & 5 in Pątnów I Power Plant – exploitation finished	base case scenario assumes the shutdown of unit 9 at Pątnów II power plant at the end of the year	Emission and installed capacity indicators given below will apply only if a decision is made to extend coal operations		
amount of direct CO2 emissions from energy production per unit of production (m tons/TWh)*	1.35	1.30	1.30	1.30	0.47	0.32
installed capacity of low- and zero-emission assets (MW) (wind farms + photovoltaics + biomass) (incl. PAK-PCE Group assets) + CCGT	214.5	337.5	483.9	788.3	1 349.3	1 349.3

\* indicator calculated as the number of purchased EUAs divided by net electricity production, excluding energy from biomass, photovoltaics and wind



# Goal 1: Transformation towards zero and low-emission energy – expected changes in the production capacity of ZE PAK Group

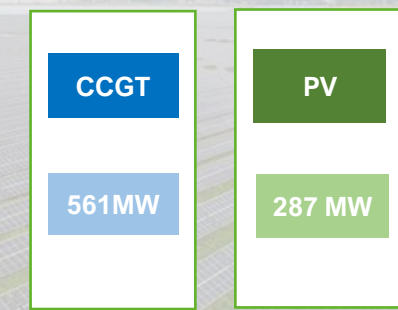
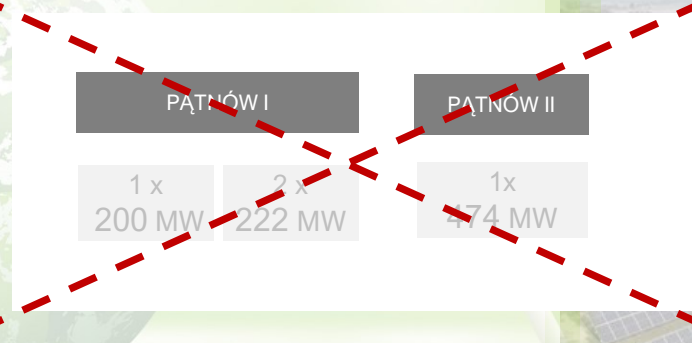
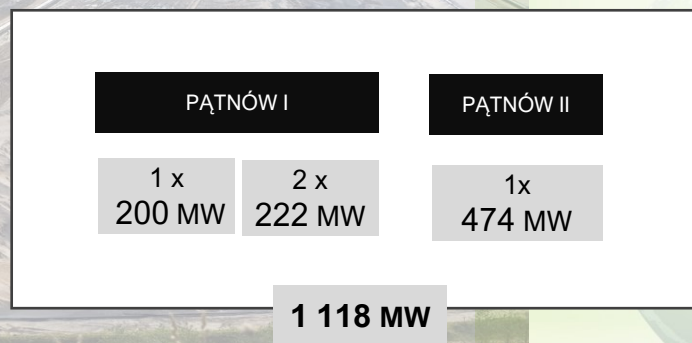
CURRENT STATE

DEVELOPMENT PLANS (2028)

LIGNITE CAPACITY

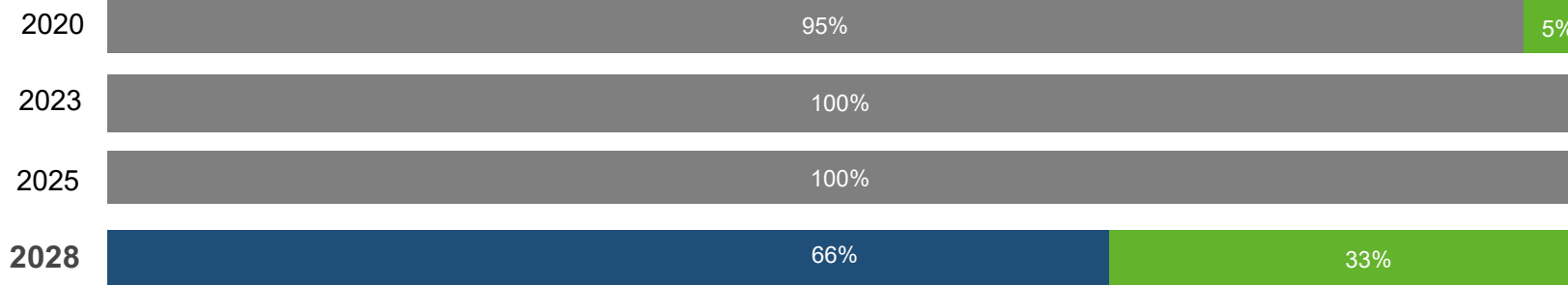
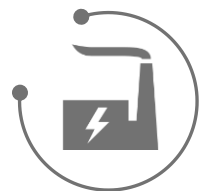
LIGNITE CAPACITY

RENEWABLE AND LOW-EMISSION SOURCES



Installed capacity by fuel type

LIGNITE

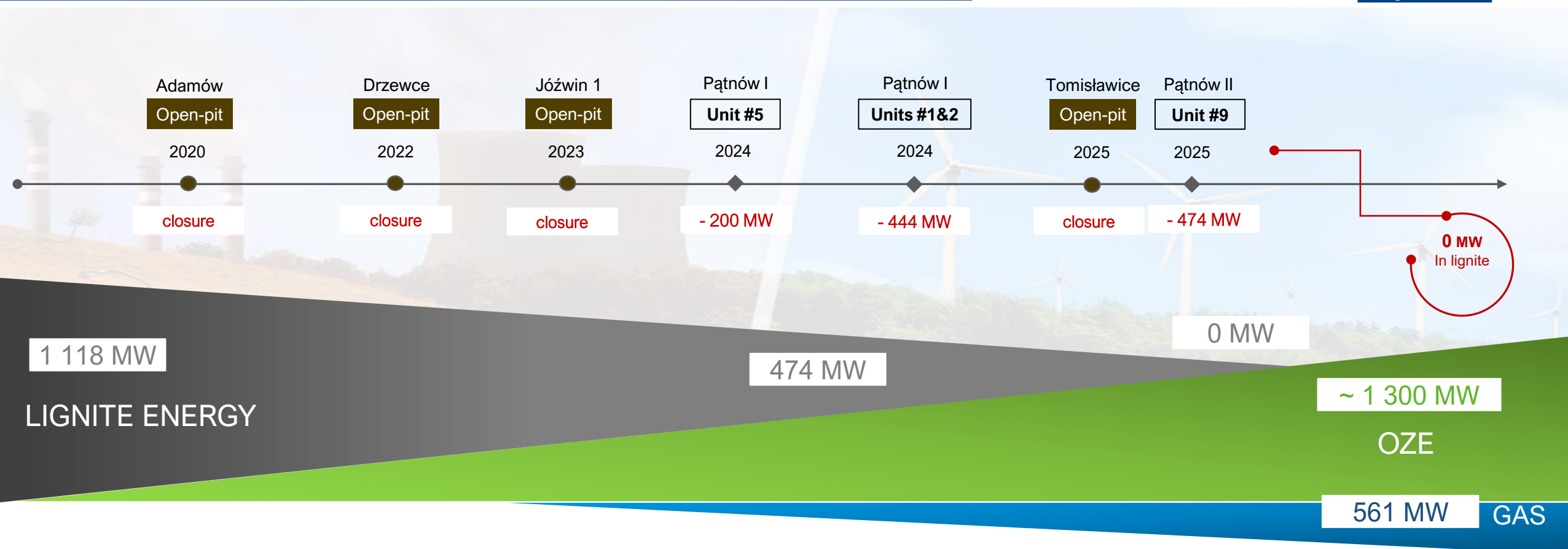


GAS & RES





# Goal 1: Transformation towards zero and low-emission energy – Plans for exiting conventional engineering



1 118 MW

LIGNITE ENERGY

474 MW

~ 1 300 MW

OZE

561 MW

GAS



Based on the administrative decisions received, unit 9 (474MW) can operate until 2030, however, assuming timely implementation of the CCGT & PV transformation projects that will replace ZE PAK's generating capacity, it may be closed as early as 2027

GOALS	IMPLEMENTATION	TIME HORIZON
<ul style="list-style-type: none"> <li>• <b>production of electricity from the sun</b> - purchase of ready-to-implement photovoltaic projects and construction of photovoltaic farms on reclaimed land owned by ZE PAK SA Group, <a href="#">in cooperation with CP within the PAK-PCE structure, where ZE PAK is a minority shareholder, as well as independent implementation of photovoltaic projects</a></li> </ul>	<p>The first large-scale photovoltaic farm in Poland with a capacity of 70 MWp was built on post-mining land in the Brudzew Commune and has been producing electricity since October 2021.</p> <p><b>Przykona</b> photovoltaic farm with a capacity of approximately <b>280 MW</b> will be implemented independently within ZE PAK Group and will be adapted to cooperate with the newly constructed gas-steam block located on the premises of the former Adamów Power Plant.</p>	<p><b>October 2021</b></p> <p><b>2026</b> – planned date of commissioning</p>
<ul style="list-style-type: none"> <li>• <b>Investments in the production of electricity from wind</b> - purchase of ready-to-implement wind projects and construction of wind farms on reclaimed area owned by ZE PAK SA Group - <a href="#">implementation of the investment in cooperation with CP within the PAK-PCE structure, where ZE PAK is a minority shareholder</a></li> </ul>	<p>The first ready-made wind farms with a total capacity of 27 KW were put into operation in <b>III quarter of 2023</b>.</p> <p>Another <b>270 MW</b> are in the implementation process with a planned delivery date in <b>2024 and 2025</b>.</p>	<p><b>III quarter of 2023</b></p> <p><b>2024 &amp; 2025</b></p>
<ul style="list-style-type: none"> <li>• <b>energy production using a gas-steam unit</b> – implementation of the project to build a gas-steam unit with a capacity of up to 600 MWe on the premises of the former Adamów Power Plant</li> </ul>	<p>In <b>September 2023</b>, a general contracting agreement and a long-term service agreement were signed.</p>	<p><b>I quarter of 2027</b> – planned date of commissioning</p>
<ul style="list-style-type: none"> <li>• <b>prospective projects related to nuclear energy</b> - establishing cooperation with an external partner, the state-owned Korean company Korea Hydro &amp; Nuclear Power Co., Ltd., in order to assess the potential possibility of using the infrastructure and assets of Pątnów Power Plant for the development of a nuclear energy project</li> </ul>	<p>In <b>April 2023</b>, ZE PAK SA and PGE SA established a joint special purpose vehicle, PGE PAK Energia Jądrowa SA with its registered office in Konin. In November 2023, a principal decision was issued by the Ministry of Climate and Environment, which allows work to commence in the indicated location and confirms the compliance of the planned investment with the objectives of Poland's energy policy.</p>	



## Goal 2: Entering the hydrogen fuel and zero-emission automotive industry (steps)

- **Production of green hydrogen in cooperation with CP within the PAK-PCE structure, where ZE PAK is a minority shareholder** - an important area of operation of Konin Power Plant will be the production of green hydrogen, which will be produced from renewable sources.
- **Hydrogen refuelling stations in cooperation with CP within the PAK-PCE structure, where ZE PAK is a minority shareholder** - construction of hydrogen refueling stations and providing them with mobile hydrogen locomotives.
- **Production of zero-emission buses in cooperation with CP within the PAK-PCE structure, where ZE PAK is a minority shareholder** - development of the concept and implementation of the project for the production of an innovative city hydrogen bus. Construction of a production plant for buses powered by hydrogen cells, together with an office building and accompanying infrastructure.



# Goal 2: Entering the hydrogen fuel and zero-emission automotive industry (KPIs)



Definicja miernika	2023	2024	2025	2026	2027	2028
amount of green hydrogen sold [tons] <small>(cumulatively, within the PAK-PCE structure, where ZE PAK is a minority shareholder)</small>	7	232	723	2 063	4 080	6 670
amount of hydrogen buses produced <small>(cumulatively, by company from PAK-PCE group, where ZE PAK is a minority shareholder)</small>	20	23	24	54	99	154





GOALS	IMPLEMENTATION	TIME HORIZON
<ul style="list-style-type: none"> <li>• <b>production of electricity from biomass and production of green hydrogen</b> in cooperation with CP within the PAK-PCE structure, where ZE PAK is a minority shareholder – e.g. adaptation of coal-fired boilers for biomass combustion in Konin Power Plant. An important area of activity of Konin Power Plant is to be the production of green hydrogen in the electrolysis process</li> </ul>	<p>In Konin Power Plant, two coal-fired units have been adapted to burn biomass. The construction of the hydrogen plant is at the implementation stage.</p>	<p><b>April 2022</b> – commissioning of the second biomass unit at Konin Power Plant</p> <p><b>Turn of I and II half of 2024</b> – planned completion of the construction of the hydrogen plant</p>
<ul style="list-style-type: none"> <li>• <b>hydrogen refuelling stations</b> in cooperation with CP within the PAK-PCE structure, where ZE PAK is a minority shareholder - construction of publicly accessible hydrogen refuelling stations</li> </ul>		<p><b>In 2023</b>, the first hydrogen refueling stations were put into operation in Warsaw and Rybnik. <b>In 2024</b>, the planned completion of work on stations in Gdańsk, Gdynia and Lublin.</p>
<ul style="list-style-type: none"> <li>• <b>production of zero-emission busses</b> in cooperation with CP within the PAK-PCE structure, where ZE PAK is a minority shareholder - development of the concept and implementation of the project for the production of innovative hydrogen city bus</li> </ul>	<p>A prototype was built that received EU homologation.</p> <p>A hydrogen bus factory was built in Świdnik.</p> <p>The first delivery of hydrogen-powered electric buses for the city of Rybnik was completed.</p>	<p><b>May 2022</b> – presentation of the hydrogen bus</p> <p><b>II half of 2023</b> – completion of the factory construction</p> <p><b>I quarter of 2023</b> – delivery of the first 20 hydrogen buses was carried out</p>



## Goal 3: Responsible exit from the mining industry (lignite) with respect for the social and natural environment (steps)

- **End of lignite mining** in own mines.
- **Completion of the reclamation of post-mining areas** - carrying out demolition and reclamation works in the areas covered by mining and restoring the post-mining areas to use depending on the nature of the reclamation (e.g. water, agricultural, forestry).
- **Restoration of natural water relations**, disturbed by years of exploitation, by filling water reservoirs created in post-mining areas in the water-direction reclamation process, filling and disappearing depression craters, while stabilizing flows in watercourses in the transitional period until natural balance is restored.
- **Providing hot water generated from power plant cooling**, heating the city of Konin thanks to the modernization of turbines at the Konin Power Plant from condensing to cogeneration.



# Goal 3: Responsible exit from the mining industry (lignite) with respect for the social and natural environment (KPIs)



Improving and restoring natural water conditions in post-mining areas*	
Filling the reservoir after Lubstów i Głowy open-pits	2024-2025
Filling the reservoir after Roztoka open-pit	2024-2025
Filling the reservoir after Józwin open-pit	2024-2028
Filling the reservoir after Drzewce open-pit	2024-2028
Filling the reservoir after Adamów open-pit	2024-2028

Technical reclamation of post-mining areas*	
Submitting applications for the reclamation of post-mining areas	2024-2025
Completion of technical reclamation – 419 ha	2026
Completion of technical reclamation – 510 ha	2027
Completion of technical reclamation – 672 ha	2028

\* By the end of 2028, technical reclamation will be completed in an area of 1,602 ha

\* By the end of 2028, it is planned to achieve a capacity of over 800 million m3 in water reservoirs in Konin-Turek region



## Goal 4: Being a responsible employer in the region (steps) (1/2)

- **Development of employees in the lignite mining and electricity generation area** - offering employees previously employed in the generation area who have not yet obtained retirement rights or the so-called mining leave, assistance in finding a job in ZEPAK Group or Polsat Group companies or outside them, in enterprises in the region, including professional retraining.
- **A decent level of remuneration** - maintaining the average remuneration at an attractive level compared to the average in the communes where ZE PAK SA Group conducts its operations.
- **Dialogue with the social side** - dialogue between the company's authorities and trade union representatives to discuss current problems and long-term challenges. Reducing the risk of escalating disputes.
- **Development and training** - ensuring an effective system of professional training, both in terms of mandatory and optional training, expanding the competences of employees.





## Goal 4: Being a responsible employer in the region (steps) (2/2)

- **Effective health and safety training** - regular training of employees on health and safety rules, with particular emphasis on practical aspects relating to the risks associated with the performance of work at specific jobs in ZE PAK SA Group. Building awareness of threats, the need to avoid routine, recklessness or not using individual protection measures.
- **Safety analysis** - recording and analyzing accidents and near misses.
- **Collective and individual protection equipment** - guaranteeing the budget for the purchase of necessary individual and collective protection equipment that ensures the highest level of protection.
- **First aid and qualified pre-medical rescue workers** - providing regular training to refresh and constantly improve the competences of employees who support professional rescuers and are able to provide first aid before the arrival of professional rescuers in the event of an accident (equipping them with marked helmets, means of communication and measures necessary to provide first aid).



# Goal 4: Being a responsible employer in the region (KPIs)

Meter definition	2023	2024	2025	2026	2027	2028
employment level (in persons)	2 623	2 464	2 326	2 208*	1 387*	1 112
average salary in ZE PAK SA Group / average salary announced by the Central Statistical Office for Konin subregion	≥100%	≥100%	≥100%	≥100%	≥100%	≥100%
number of work days lost due to strike actions	0	0	0	0	0	0
accident frequency rate	<100% values from the previous year	<100% values from the previous year	<100% values from the previous year	<100% values from the previous year	<100% values from the previous year	<100% values from the previous year

\* only in case of extension of coal operations



# As of today:



# Goal 5: Striving for a circular economy (CE) (steps)

- **Optimal management of flue gas desulphurization by-products (gypsum)** - use of the raw material by companies outside ZE PAK Group, i.e. in mushroom farming, for the production of gypsum products, plasterboards and by cement plants.
- **Optimal management of furnace waste** - use of the raw material by companies outside ZE PAK Group, i.e. for the production of mixes for road foundations and road binders.
- **Condensing heat management** - Providing hot water generated from cooling the power plant in the cogeneration process, heating the city of Konin thanks to the modernization of turbines in Konin Power Plant from condensing to cogeneration. (see goal 3)
- **Recovery of raw materials from the demolition of industrial facilities** - striving to recover all valuable raw materials from mining and manufacturing infrastructure facilities that are extinguished and intended for liquidation (e.g. ferrous and non-ferrous metal scrap, concrete rubble).
- **Responsible procedures with other waste** - proper management of waste that is currently unsuitable for reuse in the economy.





# Goal 5: Striving for a circular economy (CE) (KPIs)

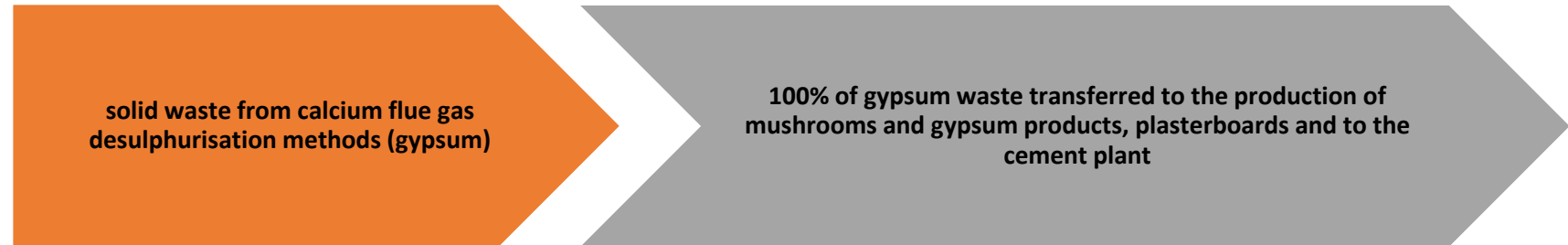


Meter definition	2023	2024	2025	2026	2027	2028
degree of economic use of the raw material from flue gas desulphurization	~100%	~100%	~100%	~100%	~100%	~100%
degree of economic use of combustion waste	≥100% the level of the previous period	≥100% the level of the previous period	≥100% the level of the previous period	≥100% the level of the previous period	≥100% the level of the previous period	≥100% the level of the previous period
degree of economic use of demolition material	~100%	~100%	~100%	~100%	~100%	~100%



**GOAL: Reuse as much waste as possible**

## GYPSUM WASTE



## FURNACE WASTE



## Goal 6: Being a good neighbor and a member of the local community: reducing the impact of current operations on the social and natural environment (steps) (1/2)

- **Ensuring high-quality operational management** - providing operational management systems that minimize the risk of anomalies and deviations, ensure the stability of plant operation and continuity of their production, minimizing the risk of environmental failure and maximizing safety for the natural and social environment.
- **Impact of mining activities on the environment** - monitoring and mitigating the impact of current mining activities on the social and natural environment (including impact on surface and underground waters, noise emissions, dust emissions from opencast mines related to mining, conveyor belt transport and erosion).
- **Reducing the emission of other gaseous and particulate pollutants emitted to the atmosphere from electricity generation** - optimization of the emission of pollutants such as NO<sub>x</sub>, SO<sub>2</sub>, and particulate matter adopted by the administration authorities for ZE PAK SA Group by maximizing the use of modernized installations and equipped with effective filters, while limiting the use of amortized installations and depleted until the complete cessation of energy production from lignite. Ongoing optimization of biomass units operation.
- **Application of BAT standards** - continuous or periodic monitoring of emissions of trace amounts of other pollutants, such as mercury, hydrogen chloride, hydrogen fluoride.



## Goal 6: Being a good neighbor and a member of the local community: reducing the impact of current operations on the social and natural environment (steps) (2/2)

- **Mining damage** - reliable and timely estimation of the amount of mining damage, their repair or compensation for losses incurred by private persons and local government units by way of an amicable agreement.
- **Dialogue with local entrepreneurs directly or indirectly related to the work of ZE PAK SA Group** - openness to dialogue with local entrepreneurs who either cooperate with ZE PAK SA Group (subcontractors, suppliers) or are otherwise related to ZE PAK SA Group (e.g. fishing), responding to signals coming from them, understanding expectations, reassuring possible fears.
- **Local social commitment** - openness to dialogue with local communities: both representatives of local administration and local leaders. Focusing social involvement on local communities and their problems, in particular those communities that are in the sphere of influence of ZE PAK plants and projects implemented by ZE PAK Group, and for which the activities of ZE PAK SA Group are associated with nuisances.



# Goal 6: Being a good neighbor and a member of the local community: reducing the impact of current operations on the social and natural environment(KPIs)



Meter definition	2023	2024	2025	2026	2027	2028
number of major environmental accidents	"zero"	"zero"	"zero"	"zero"	"zero"	"zero"
number of serious social conflicts	"zero"	"zero"	"zero"	"zero"	"zero"	"zero"





## GOAL

**Supporting local communities** through social involvement, so as to compensate, as far as possible, nuisances related to the operation of plants, where they cannot be eliminated or reduced



## ACTIONS



We use condensing **heat** - We provide hot water generated from cooling the power plant in the cogeneration process, we heat the city of Konin thanks to the modernization of turbines in Konin Power Plant from condensing to cogeneration.



Konin energy basin has a unique cooling system based on an open water circuit. The lakes it covers are included in the cooling cycle of the Pątnów and Konin power plants. All lakes are connected by a system of canals with a total length of about 26 km and form a closed circuit in which the flow of water is regulated by culverts and pumping stations. Discharging waste heat to nearby lakes obviously affects their ecosystems, but it has also made these reservoirs **particularly valuable for fishing and fish farming**.



We have been cooperating for years with the **Polsat Foundation**, one of the largest non-governmental organizations operating in Poland, which has been directing its help to sick children and their parents for over twenty years.



We are a strategic partner of the **International Children's Song and Dance Festival** in Konin and the festival "For the Earth, for us" in Uniejów.



We promote and support various types of sports events.



We transfer the developed good standards of cooperation with local governments to other locations throughout Poland, where RES and hydrogen projects are developed.

## Goal 7: Ensuring a high-quality management system and its continuous improvement, including social and environmental aspects in the decision-making process (steps) (1/2)

- **Management systems** - continuous improvement and maintenance of certified integrated management systems in the area of production and service works.
- **Human rights** - ensuring respect for human rights in the organization and in the supply chain, making employees and associates aware of them, as well as ensuring effective mechanisms for monitoring and preventing unacceptable behaviour.
- **Counteracting corruption and bribery** - ensuring and continuously improving procedures, training and internal control mechanisms relating to the risk of corruption and bribery.
- **Mechanisms for reporting irregularities and protection of „whistleblowers”** - ensuring effective internal procedures for reporting violations of the law (including anonymous reporting) and protection of the person reporting violations.
- **Diversity policy** - initiation of work aimed at developing a diversity policy corresponding to the specificity of the industry and the implemented business model.



## Goal 7: Ensuring a high-quality management system and its continuous improvement, including social and environmental aspects in the decision-making process (steps) (2/2)

- **Ensuring effective reporting and transparency in the field of ESG** - publication of annual non-financial statements/reports to the extent that at least meets the legal requirements.
- **Effective internal control system** - ensuring effective internal procedures in force in the companies of ZE PAK Group, mechanisms for managing IT systems used for recording economic events and preparing financial and non-financial statements as well as data and system protection mechanisms, rules for supervision over the preparation of financial and non-financial statements, rules for verifying and evaluation of reports, internal audit and other elements of control.



# Goal 7: Ensuring a high-quality management system and its continuous improvement, including social and environmental aspects in the decision-making process. (KPIs)



Meter definition	2023	2024	2025	2026	2027	2028
number of significant fines or sanctions related to the violation of social and environmental interests, human rights, or confirmed practices of a corrupt, anti-market, monopolistic nature and related to the activities of ZE PAK SA Group	"zero"	"zero"	"zero"	"zero"	"zero"	"zero"



# RESPECT FOR HUMAN RIGHTS - as of today:

## Human rights issues of particular importance to the Group in accordance with the Universal Declaration of Human Rights

### OUR ACTIONS

- ❖ **recognition of the inalienable rights and dignity of the individual regardless of any differences between people** (*Art. 1 and Art. 2*) We respect diversity and at the same time do not accept any forms of discrimination or mobbing.
- ❖ **the right to life, liberty and security of oneself** (*Art. 3*) e.g. ensuring a high level of occupational health and safety We eliminate or reduce threats and minimize the effects of accidents, if any, carried out on the basis of an occupational risk assessment.
- ❖ **prohibition of humiliation** (*Art. 4*) in the context of the risk of mobbing; ZE PAK SA has adopted the Code of Ethics, which is available to all employees on the Company's internal website. Not only does it guarantee the above-mentioned rights of the individual, but it is itself a tool to resolve potential conflicts. It contains a mechanism for both settling doubts and reporting suspicions of potential behavior that violates its provisions. The Code of Ethics also stigmatizes other behaviors that violate human rights, such as child labour, forced labor or slave labour.
- ❖ **the right to ownership** (*Art. 17*) in the context of the purchase of land from third parties We carry out land purchases in a way that limits negative emotions, these are always difficult situations, especially since real estate often has not only financial but also emotional value for its owners. These are often the households that are inherited by successive generations. However, limiting, and ultimately refraining from producing electricity based on lignite, will result in a slowdown and, ultimately, in the suspension of further land purchases.
- ❖ **the right to social insurance** (*Art. 22*) The Group scrupulously observes its obligations related to the payment of social security contributions (ZUS) The Group precisely complies with its obligations related to the payment of social security contributions (ZUS)
- ❖ **the right to equal pay for equal work and the right to join trade unions** (*Art. 23*) We provide procedural solutions in the field of fair remuneration, i.e. analogous remuneration for similar work, regardless of non-substantive differences between employees. Monitoring of the level of wages and possible differences in the level of remuneration due to gender was also initiated. Nevertheless, one should be aware of the strong domination of mining professions, as well as jobs in the energy sector by men. As a result, there is a relatively small percentage of women among the employees of ZE PAK SA Group, and what is more, they dominate in certain areas (finance, human resources).
- ❖ **the right to leave and rest** (*Art. 24*) The Group records due holiday days. It also actively supports the leisure and activities of employees (e.g. by subsidizing for holidays and offering sports passes). These issues have been formally regulated in the regulations of the Company Social Benefits Fund (CSBF).





## CODE OF ETHICS

- ✓ adopted in 2017, updated in 2023,
- ✓ is available to all employees on the Company's internal website,
- ✓ guarantees the rights of the individual,
- ✓ is a tool for resolving potential conflicts,
- ✓ contains a mechanism for both resolving doubts and reporting suspicions about potential behaviors that violate its provisions.

## REGULATIONS FOR REPORTING VIOLATIONS OF LAW

ZE PAK SA and companies from the capital group employing more than 250 people (PAK KWB Konin SA, PAK Górnictwo sp. z o.o. and PAK Serwis sp. z o.o.) have adopted the "Regulations for reporting violations of the law", which includes:

- ✓ internal procedure for reporting violations of the law,
- ✓ follow-up procedure,
- ✓ whistleblower protection procedure,
- ✓ internal procedure for documenting received complaints,
- ✓ procedure for handling complaints about gender-based violence and harassment (GBVH).

