ZE PAKSA CAPITAL GROUP

MANAGEMENT BOARD'S REPORT ON ZE PAK SA's AND ZE PAK SA CAPITAL GROUP'S ACTIVITIES IN 2024

30 APRIL 2025

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1. SELECTED CONSOLIDATED FINANCIAL DATA

Selected consolidated financial data	*PLN thousand 12 months of 2024 period from 1/1/2024 until 31/12/2024*	*PLN thousand 12 months of 2023 period from 1/1/2023 until 31/12/2023*	*EUR thousand 12 months of 2024 period from 1/1/2024 until 31/12/2024*	*EUR thousand 12 months of 2023 period from 1/1/2023 until 31/12/2023*
Sales revenues	2 185 257	3 105 807	507 703	685 851
Profit/loss on operating activities	264 613	689 469	61 478	152 254
Gross profit/loss	241 496	682 361	56 107	150 685
Net profit/loss for the financial year	262 915	722 659	61 083	159 584
Net profit for the parent company's shareholders	262 928	745 110	61 086	164 542
Comprehensive income	261 782	719 465	60 820	158 878
Net cash from operating activities	480 048	(439 034)	111 530	(96 951)
Net cash from investment activities	(478 409)	(488 697)	(111 149)	(107 918)
Net cash from financial activities	(29 689)	(1 009)	(6 898)	(223)
Net change in cash and cash equivalents	(28 050)	(928 740)	(6 517)	(205 092)
Net profit per share (in PLN/EUR per auction)	5,17	14,66	1,20	3,24
Weighted average number of shares	50 823 547	50 823 547	50 823 547	50 823 547
	as at 31/12/2024	*as at 31/12/2023*	*as at 31/12/2024*	*as at 31/12/2023*
Total assets	3 849 821	3 589 708	900 964	825 600
Fixed assets	2 281 276	1 592 159	533 882	366 182
Current assets	1 568 545	1 997 549	367 083	459 418
Total equity	2 175 475	1 911 513	509 121	439 630
Basic capital	101 647	101 647	23 788	23 378
Equity allocated to parent company shareholders	2 173 282	1 911 513	508 608	439 630
Total liabilities	1 674 346	1 678 195	391 843	385 969
Long-term liabilities	619 761	579 396	145 041	133 256
Short-term liabilities	1 054 585	1 098 799	246 802	252 714
Book value per share (in PLN/EUR per share)	42,80	37,61	10,02	8,65
Weighted average number of shares	50 823 547	50 823 547	50 823 547	50 823 547

Selected financial data of ZE PAK SA	*PLN thousand 12 months of 2024 period from 1/1/2024 until 31/12/2024*	*PLN thousand 12 months of 2023 period from 1/1/2023 until 31/12/2023 (transformed data)*	*EUR thousand 12 months of 2024 period from 1/1/2024 until 31/12/2024*	*EUR thousand 12 months of 2023 period from 1/1/2023 until 31/12/2023 (transformed data)*
Net revenues from the sale of products, goods and materials	2 119 031	3 213 066	492 317	709 537
Profit/loss on operating activities	28 371	651 451	6 591	143 859
Gross profit/loss	64 862	664 472	15 069	146 734
Net profit/loss	65 192	584 412	15 146	129 055
Net cash from operating activities	367 187	(817 956)	85 309	(180 628)
Net cash from investment activities	(347 115)	(184 475)	(80 646)	(40 737)
Net cash from financial activities	(263)	(268)	(61)	(59)
Total net cash flows	19 809	(1 002 699)	4 602	(221 425)
Net profit per share (in PLN/EUR per share)	1,28	11,50	0,30	2,54
Weighted average number of shares	50 823 547	50 823 547	50 823 547	50 823 547
	as at 31/12/2024	*as at 31/12/2023*	*as at 31/12/2024*	*as at 31/12/2023*
Total assets	3 033 269	2 842 621	709 869	653 777
Fixed assets	2 422 186	1 883 371	566 858	433 158
Current assets	611 083	959 250	143 010	220 619
Equity	2 058 025	1 992 833	481 635	458 333
Basic capital	101 647	101 647	23 788	23 378
Liabilities and provisions for liabilities	975 244	849 788	228 234	195 443
Long-term liabilities	128 304	129	30 027	30
Short-term liabilities	115 653	142 809	27 066	32 845
Book value per share (in PLN/EUR per share)	40,49	39,21	9,48	9,02
Weighted average number of shares	50 823 547	50 823 547	50 823 547	50 823 547

Selected consolidated financial data has been converted using the following exchange rates:

- data concerning the comprehensive income statement (income statement) and the cash flow report (cash flow statement) according to an exchange rate, which is the arithmetic mean of the average NBP exchange rates on each last working day of the month within the financial period, from 1 January 2024 to 31 December 2024, i.e., 4.3042 EUR/PLN, and from 1 January 2023 to 31 December 2023, i.e., 4.5284 EUR/PLN.
- data on individual items of the financial standing statement (balance sheet) according to the average EUR/PLN exchange rate set by the National Bank of Poland (NBP) as at 31 December 2024, i.e., 4.2730 EUR/PLN, and as at 29 December 2023, i.e., 4.3480 EUR/PLN.

2. DESCRIPTION OF THE COMPANY AND OF THE CAPITAL GROUP

2.1. Basic information on the Company and Capital Group

Basic information on the Company

ZE PAK Spółka Akcyjna (formerly Zespół Elektrowni Pątnów – Adamów – Konin Spółka Akcyjna, hereinafter also referred to as 'ZE PAK SA' or the 'Company') operates as a joint-stock company under the provisions of the Code of Commercial Companies and other generally applicable provisions of Polish law. The Company was established as result of transforming Zespół Elektrowni Pątnów – Adamów – Konin state-owned company with its registered office in Konin into a company wholly owned by the State Treasury under the business name of Zespół Elektrowni "Pątnów – Adamów – Konin" Spółka Akcyjna. The deed of transformation was signed on 29 December 1994 in the presence of a notary public Elżbieta Brudnicka from a Notarial Office in Warsaw. On 31 December 1994, the Company was entered into the commercial register section "B" by the District Court in Konin under number RHB 847. Based on the decision of the District Court in Poznań, 22nd Commercial Department of KRS dated 21 June 2001, the Company was entered into the Register of Entrepreneurs. Currently the Company is entered into the Register of Entrepreneurs kept by the District Court Poznań Nowe Miasto and Wilda in Poznań, IX Commercial Department, under the KRS number 0000021374. The Company was established for an unlimited period of time.

Name:	ZE PAK Spółka Akcyjna
Legal status:	joint-stock company
Short name:	ZE PAK SA
Registered office and address:	ul. Kazimierska 45, 62-510 Konin, Poland
Phone number:	+48 63 247 30 00
Fax number:	+48 63 247 30 30
Website:	www.zepak.com.pl
E-mail address:	zepak@zepak.com.pl
KRS (National Court Register):	0000021374
REGON (Business Registry No.):	310186795
NIP (Tax ID No.):	665-000-16-45

According to the Company's Articles of Association, the Company's core business is the generation and sale of electricity and the generation and sale of heat. The Company generates energy from conventional sources. The Company decided to gradually shut down its lignite power generation activities and to get involved in a number of projects focusing its future activities on low-carbon and carbon-neutral energy sources. The Company may operate in the Republic of Poland and abroad. It should be taken into account that both the Company and the Group are currently in the process of significant changes regarding the nature of future activities. Currently undertaken investment projects are being implemented through special purpose vehicles, also in cooperation with external partners. This method of the Group's activities will result in transforming the Company into a holding entity, accumulating shares in companies responsible for the implementation of separate projects.

Company's shares are listed on the regulated market operated by the Giełda Papierów Wartościowych SA in Warsaw (Warsaw Stock Exchange). Company's shares are dematerialised and marked by the Krajowy Depozyt Papierów Wartościowych SA (National Depository for Securities) with the securities code ISIN PLZEPAK00012.

In 2024, the share capital of ZE PAK S.A. remained unchanged. As at 31 December 2024, the Company's share capital amounted to PLN 101 647 094.00, broken down into 50 823 547 class A bearer shares with a face value of PLN 2.00 each, representing 50 823 547 votes at the Company's General Meeting, comprising 100% of the total votes at the Company's General Meeting.

The Company has no branches (establishments).

Basic information on the Capital Group

As at 31 December 2024, the ZE PAK SA Capital Group (also referred to hereafter as the 'Group', 'Capital Group', 'ZE PAK SA Group') comprised the parent company ZE PAK SA, 11 subsidiaries, 4 joint-control companies and companies where ZE PAK SA holds shares and consolidates using the equity method. A detailed list (historical and valid as at the statement date) of the companies that make up the ZE PAK SA Capital Group and the others where ZE PAK SA holds shares is presented in Table 1.

The companies of greatest importance to the Group due to their scale of operations are ZE PAK SA, which is involved in the generation of electricity and heat, and PAK KWB Konin SA, which is involved in lignite mining. The Group's conventional generating assets in 2024 comprised four lignite-powered units with a total capacity of 1 118 MW located at the Pątnów power plant, in central Poland, in the Wielkopolskie province. Units No. 1, 2 and 5 at the Pątnów Power Plant were decommissioned at the end of the year. Only one coal-fired unit (9 – Pątnów II), with a capacity of 474 MW, is currently being operated. The mining assets of the Group are concentrated within PAK KWB Konin SA, which has been reducing the scale of its operations over the recent years. PAK KWB Konin SA is currently operating only one, last open-pit mine – Tomisławice.

The Group has been gradually reducing its lignite mining and lignite power generation activities for several years until the ultimate total cessation of these activities. The current baseline scenario predicts that operations associated with coal extraction and coal-fired power generation will continue until the currently exploited Tomisławice open-pit bed is exhausted, which the Company believes to take place no later than mid-2026.

PAK CCGT sp. z o.o., i.e., a company that is a 100% subsidiary of ZE PAK, responsible for preparing and implementing a project covering the construction of a gas unit within the former coal-fired Adamów power plant is one of the prospective assets. Construction work commenced in December 2023. Work progress at the end of 2024 is 33.4%, with the expected unit commissioning date set for Q3 2027. The Group continues to work on acquiring external funding for the project. The process is extending beyond the originally planned schedule. At present, the project is being implemented based on own resources and with funds raised from bridging funding. At the same time, in January 2025, the Company announced that the signing of a term sheet with PGE SA on the potential disposal of the project. The document provides for negotiating PGE SA's exclusivity until the end of June 2025, but does not prevent continued search for external debt financing.

Another venture currently at the phase of primarily preparatory and planning work is the project to build a large wind farm near Opole. In Q2 2024, the Company acquired 99% of the shares in a project that plans to construct a wind farm with a total capacity of 50 MW in the area of three counties in the Opolskie Province. Preparatory and design work is currently underway to bring the project to a ready-to-build stage. Due to its scale, the Group will consider securing an external partner for this project.

The ZE PAK SA Group is cooperating with the Polsat Plus Group by jointly developing a structure of PAK – Polska Czysta Energia sp. z o.o. ('PAK – PCE') subsidiaries, whose activities focus on renewable energy generation and the production and use of green hydrogen. 50.5% of the shares in PAK – PCE and, thus, control over the company, is held by Cyfrowy Polsat SA, while ZE PAK SA is a minority shareholder with 49.5% of the shares in PAK – PCE. PAK – PCE is implementing a wide range of forward-looking investment projects in the field of renewable energy sources and the production and use of green hydrogen are in progress. PAK – PCE's main generating assets in the RES area are two biomass units generating electricity and heat with a total capacity of 110 MW, located at the Konin Power Plant, an 83 MW photovoltaic farm located in Brudzew and two wind farms: Kazimierz Biskupi, Miłosław, Przyrów and Człuchów, with a total capacity of approximately 150 MW. At the same time, wind projects with a total expected capacity of around 146 MW are under development by further SPVs. The concept of constructing a comprehensive green hydrogen chain is under development in the field of hydrogen-related projects.

In addition to the companies from the main areas of the Group's activities, the Group also includes other companies, which are engaged, among others, in: carrying out construction and assembly works, maintenance works, services, production and trading activities for the purpose of satisfying their own needs as well as providing comprehensive services to the industry.

The vast majority of the sales revenue generated by the Group comes from the sale of electricity. The Group also generates revenues related to the Capacity Market mechanism, as a result of winning power market auctions (primary market) and by taking over power obligations from other entities (secondary market). This is supplemented by revenues from the sales of heat and biomass, as well as construction and renovation contracts. Revenues from the termination of long-term contracts for the sale of electricity constituted an additional source of sales revenues in 2024, depending on the level of generation costs and energy prices in the market and production volumes. The Group, by having lignite mines within its structure, provides the Pątnów power plant with access to continuous supplies of lignite for its house-load generation systems located in the direct vicinity of the mines. The vertically integrated Group allows for optimisation of lignite inventories and supplies while coordinating lignite extraction with its demand for this fuel. This is supplemented by coal supplies from third-party vendors.

Through the person of the main shareholder, the Group is linked to other entities in which Zygmunt Solorz holds a significant interest, directly or indirectly.

Figure 1: Chart of ZE PAK SA subsidiaries as at 31 December 2024 and the statement publication date

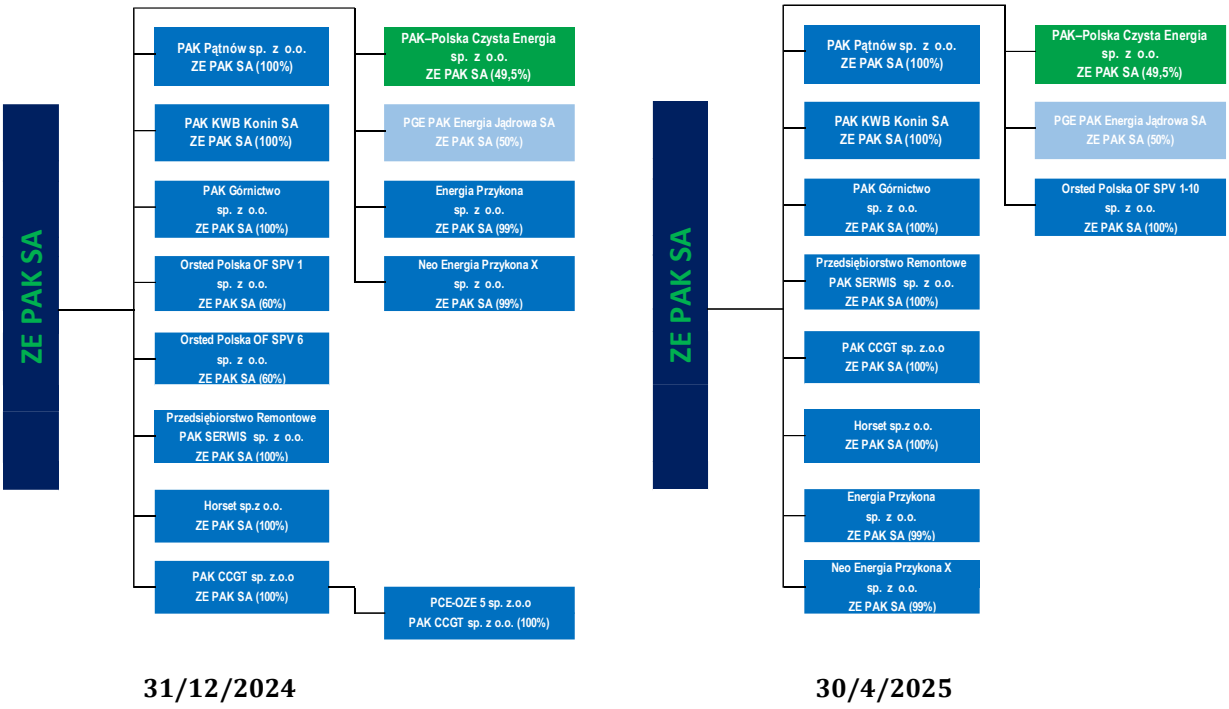


Table 1: List of companies where ZE PAK SA holds shares

Unit	*Registered office*	*Scope of activity*	*Group's share in capital*		
			As at statement publication date	*As at 31 December 2024*	*As at 31 December 2023*
ZE PAK SA subsidiaries					
"PAK Kopalnia Węgla Brunatnego Konin" SA	62-540 Kleczew ul. 600-lecia 9	Lignite extraction	100.00%	100.00%	100.00%
"PAK Górnictwo" sp. z o.o.	62-510 Konin ul. Przemysłowa 158	Repair and maintenance of machinery	100.00%	100.00%	100.00%
Przedsiębiorstwo Remontowe "PAK SERWIS" sp. z o.o.	62-510 Konin ul. Przemysłowa 158	Renovation and construction services	100.00%	100.00%	100.00%
"PAK CCGT" sp. z o.o.	62-510 Konin ul. Kazimierska 45	Electricity generation	100.00%	100.00%	100.00%
"PCE – OZE 5" sp. z o.o.	62-510 Konin ul. Kazimierska 45	Electricity generation	100.00%	100.00%*	100.00%*
"PAK Pątnów" sp. z o.o.	62-510 Konin ul. Kazimierska 45	Electricity generation	100.00%	100.00%	100.00%
"Ørsted Polska OF SPV 1" sp. z o.o.**	04-028 Warsaw Al. Stanów Zjednoczonych 61A	Electricity generation – offshore wind power	100.00%	60.00%	60.00%
"Ørsted Polska OF SPV 2" sp. z o.o.**	04-028 Warsaw Al. Stanów Zjednoczonych 61A	Electricity generation – offshore wind power	100.00%	60.00%	60.00%

"Ørsted Polska OF SPV 3" sp. z o.o.**	04-028 Warsaw Al. Stanów Zjednoczonych 61A	Electricity generation – offshore wind power	100.00%	60.00%	60.00%
"Ørsted Polska OF SPV 4" sp. z o.o.**	04-028 Warsaw Al. Stanów Zjednoczonych 61A	Electricity generation – offshore wind power	100.00%	60.00%	60.00%
"Ørsted Polska OF SPV 5" sp. z o.o.**	04-028 Warsaw Al. Stanów Zjednoczonych 61A	Electricity generation – offshore wind power	100.00%	60.00%	60.00%
"Ørsted Polska OF SPV 6" sp. z o.o.**	04-028 Warsaw Al. Stanów Zjednoczonych 61A	Electricity generation – offshore wind power	100.00%	60.00%	60.00%
"Ørsted Polska OF SPV 6" sp. z o.o.**	04-028 Warsaw Al. Stanów Zjednoczonych 61A	Electricity generation – offshore wind power	100.00%	60.00%	60.00%
"Ørsted Polska OF SPV 8" sp. z o.o.**	04-028 Warsaw Al. Stanów Zjednoczonych 61A	Electricity generation – offshore wind power	100.00%	50.00%	50.00%
"Ørsted Polska OF SPV 9" sp. z o.o. (formerly "Mawzorino Investments" sp. z o.o.)**	04-028 Warsaw Al. Stanów Zjednoczonych 61A	Electricity generation – offshore wind power	100.00%	50.00%	50.00%
"Ørsted Polska OF SPV 10" sp. z o.o.**	04-028 Warsaw Al. Stanów Zjednoczonych 61A	Electricity generation – offshore wind power	100.00%	50.00%	50.00%
"Horset" sp. z o.o.	03057 Kiev/Ukraine ul. Smoleńska 31/33		100.00%	100.00%	100.00%
"Energia Przykona" sp. z o.o.	02-797 Warsaw ul. Franciszka Klimczaka 1	Electricity generation	99.00%	99.00%	-
"Neo Energia Przykona X" sp. z o.o.	02-797 Warsaw ul. Franciszka Klimczaka 1	Electricity generation	99.00%	99.00%	-
Companies where ZE PAK SA holds shares and consolidates using the equity method					
"PAK – Polska Czysta Energia" sp. z o.o.	62-510 Konin ul. Kazimierska 45	Activities of central companies, excluding financial holdings	49.50%	49.50%	49.50%
Jointly controlled companies (not subject to consolidation)					
PGE PAK Energia Jądrowa SA	62-510 Konin ul. Kazimierska 45	Electricity generation	50.00%	50.00%	50.00%

* *Entities with partially or completely indirect share of ZE PAK SA via other ZE PAK SA Group companies*

** *Notification of the intent to merge PAK Pątnów (Acquiring Company) sp. z o.o. with ten Ørsted Polska OF SPV 1 - 10 companies (Acquired Companies)*

As at 31 December 2024, the share in the general number of votes held by the Group in subsidiaries is equal to the Group's share in capitals of these subsidiaries.

Description of Group structural changes

In 2024, two new project companies appeared within the Group's structure, the shares of which were acquired by the Company on 27 June 2024, namely, Energia Przykona sp. z o.o. and Neo Energia Przykona X sp. z o.o. They are implementing an investment project that covers renewable energy system complexes in the form of wind power plants in the Opolskie Province, with a total expected connection capacity of approx. 500 MW. In the case of Neo Energia Przykona X sp. z o.o., the amendment was registered with the National Court Register on 12 July 2024, while the amendment related to Energia Przykona sp. z o.o. was registered on 30 August 2024.

On 14 January 2025, already after the end of the reporting period, ZE PAK SA purchased from PAK CCGT sp. z o.o. 100% of the shares in PCE – OZE 5 sp. z o.o.

As of 1 January 2025, ZE PAK SA holds 100% of the shares in ORSTED Polska of SPV 1 sp. z o.o.; ORSTED Polska of SPV 2 sp. z o.o.; ORSTED Polska of SPV 3 sp. z o.o.; ORSTED Polska of SPV 4 sp. z o.o.; ORSTED Polska of SPV 5 sp. z o.o.; ORSTED Polska of SPV 6 sp. z o.o.; ORSTED Polska of SPV 7 sp. z o.o.; ORSTED Polska of SPV 8 sp. z o.o.; ORSTED Polska of SPV 9 sp. z o.o.; ORSTED Polska of SPV 10 sp. z o.o.

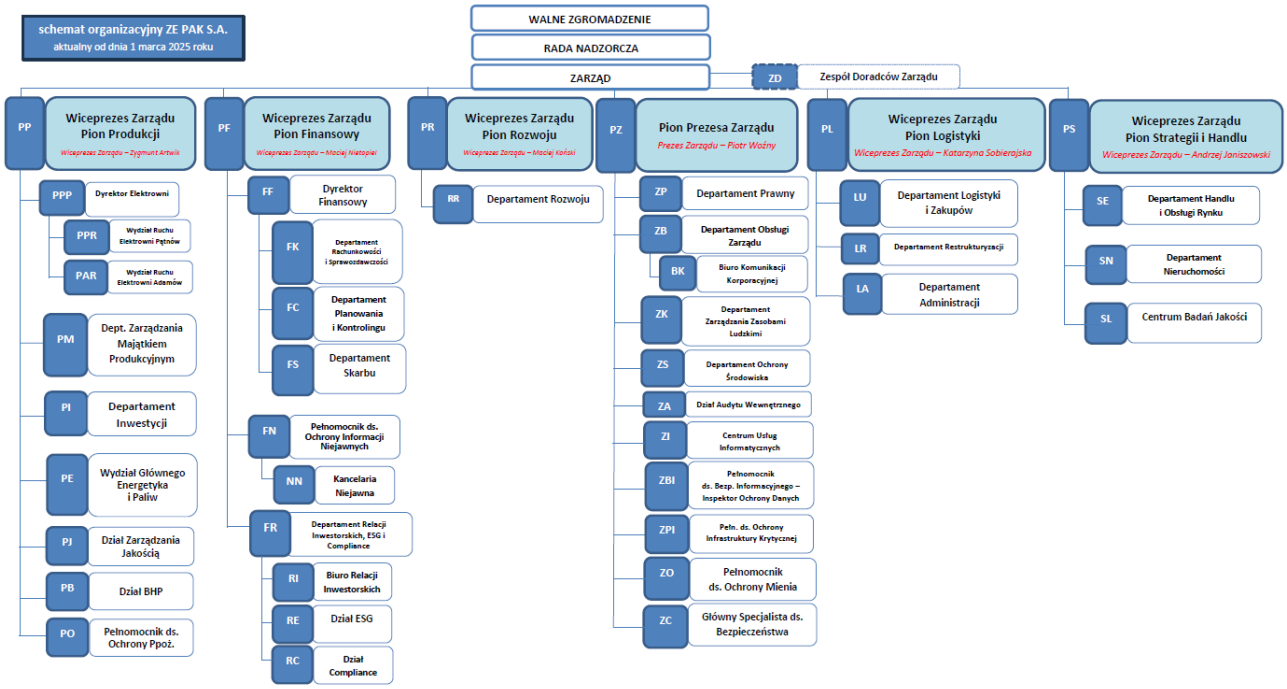
2.2. Basic principles and changes related to the ZE PAK SA Capital Group and Company management rules

Aiming at ordering key issues related to management of the Capital Group in which ZE PAK S.A. is the parent company and, at the same time, the owner of capital seeking a satisfactory return on the funds engaged, a Head Office directly reporting to the President of the Management Board operates within the organisational structure of the Company. The responsibilities of the Head Office include, among others, issues associated with corporate governance. The basic tasks of the Head Office as part of corporate governance include supervision over the activities of the ZE PAK SA Capital Group and other companies wherein ZE PAK SA holds shares or stocks. This unit coordinates the coherence of the activities by all Group entities and monitors their compliance with the applicable legislation, as well as the interests of the Capital Group as a whole.

In accordance with the policy implemented within the Group, its key subsidiaries, members of the ZE PAK SA Management Board may act as members of the management boards at these companies, while acting as the members of supervisory boards in other Group companies. In addition, to ensure the correct functioning of the corporate governance body, the Management Board of ZE PAK SA recommends to the Supervisory Board of ZE PAK SA, the candidatures of other management and supervisory board members of the Group companies.

The Company's organisational structure includes created organisational divisions that bring together the Company's organisational units (departments, offices, branches, etc.). Individual organisational divisions are managed by ZE PAK SA's Management Board members in accordance with the internal division of competences made by the Company's Supervisory Board. The members of the Management Board at ZE PAK SA cooperate and coordinate activities related to the Company's affairs and ensure the proper cooperation of the divisions and organisational units managed by them. The areas of the Company's activities managed by individual Management Board members are defined by the Company's organisational by-laws, which determine the organisation of the Company's as an enterprise.

Figure 2. Company's organizational structure with an internal division of competences



The ZE PAK SA Capital Group operates shared service centres in the following fields:

- legal, services for the Groups' companies,
- investments,
- accounting, finances and controlling,
- HR and payroll,
- environmental protection,
- logistics and procurement,
- administration.

Shared services centres provide services in the field defined above under contracts concluded by ZE PAK SA with Group companies. The concentration of competences in particular areas is aimed at improving the quality of services provided and optimising the operating costs of the ZE PAK SA Capital Group.

The nature of the new projects means that a number currently undertaken investment project initiatives will be implemented by special purpose vehicles, often in cooperation with third-party partners. This method of the Group's activities will result in transforming the Company into a holding entity, accumulating shares in companies responsible for the implementation of separate projects.

2.3. Described structure of main capital deposits or main capital investments made within the Capital Group

Information on the structure of the ZE PAK SA Capital Group can be found above in point 2.1 of this report. The primary capital investment in 2024 was the acquisition of shares in companies aiming to develop wind farm with an assumed capacity of 500 MW.

2.4. Characteristics of the main products, goods and services, and the main outlet markets and supply sources

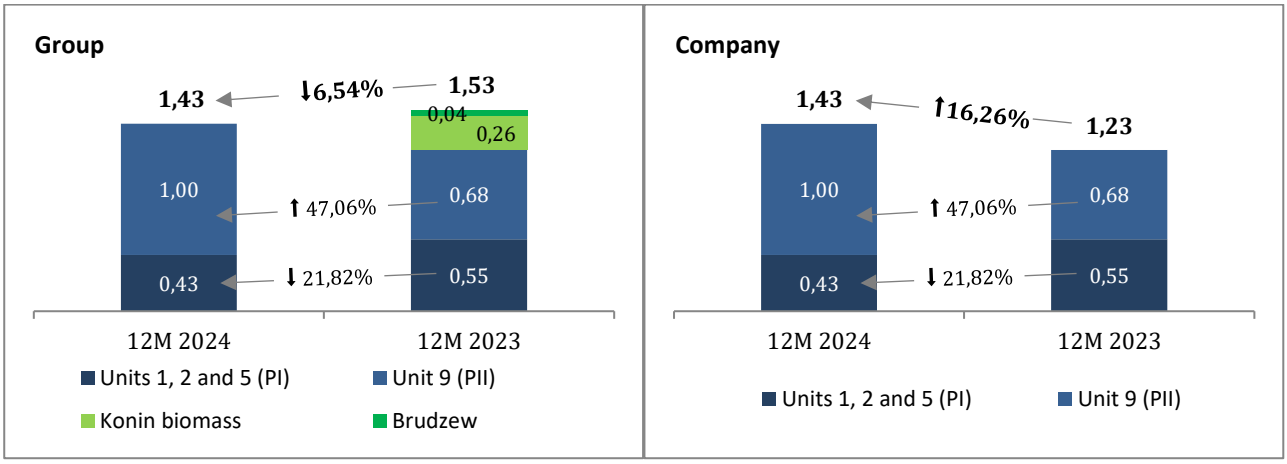
The ZE PAK SA Capital Group focuses its current activities on several fields. The primary one is undoubtedly the generation of electricity from conventional sources and the participation in the generation of electricity from renewable

energy sources, lignite extraction, wholesale electricity trading and measures to ensure an adequate amount of CO_2 emission allowances. Furthermore, the companies functioning within the Group deal with, among others, execution of construction and installation work, maintenance work, services, manufacturing and trade activities, aimed at fulfilling the needs and providing comprehensive services to the industry. In 2024, the Company conducted its activities mainly in the Polish market. The exception is the activity related to certain transactions on CO_2 emission allowances, which were concluded with foreign counterparties. In addition, also one of the companies in the renovation segment, i.e., PAK Serwis sp. z o.o., provides services to foreign entities, mainly German companies related to the energy sector. One of the Group companies, i.e., Horset sp. z o.o., has been registered in Ukraine and is preparing for potential commercial activities.

The Group is an electricity producer and has so far based its production mainly on lignite; however, being aware of the challenges associated with operations in the field of emission-intensive energy sources, it has decided to gradually reduce its coal-fired electricity generation, until complete phase-out in mid-2026.

Total net electricity generation at the Group's power plants in 2024 amounted to 1.43 TWh, i.e., 6.54% lower than in the previous year. Units 1,2 and 5 (Pątnów I) generated 0.43 TWh, while unit 9 (Pątnów II) – 1.00 TWh. The lower amount of coal available for extraction at the mines supplying the Company contributed to a minor decrease in Pątnów I and Pątnów II generation output. After the 2023 sales transaction to the Polsat Plus Group, the generating assets of the Konin power plant that are part of PAK – PCE assets are subject to disclosures in the statements of the Polsat Plus Group. The case of electricity generation at the Brudzew photovoltaic farm is similar. The ZE PAK SA Group discloses generation volumes from assets where it holds a dominant interest (or until it held a dominant interest – until the end of June 2023).

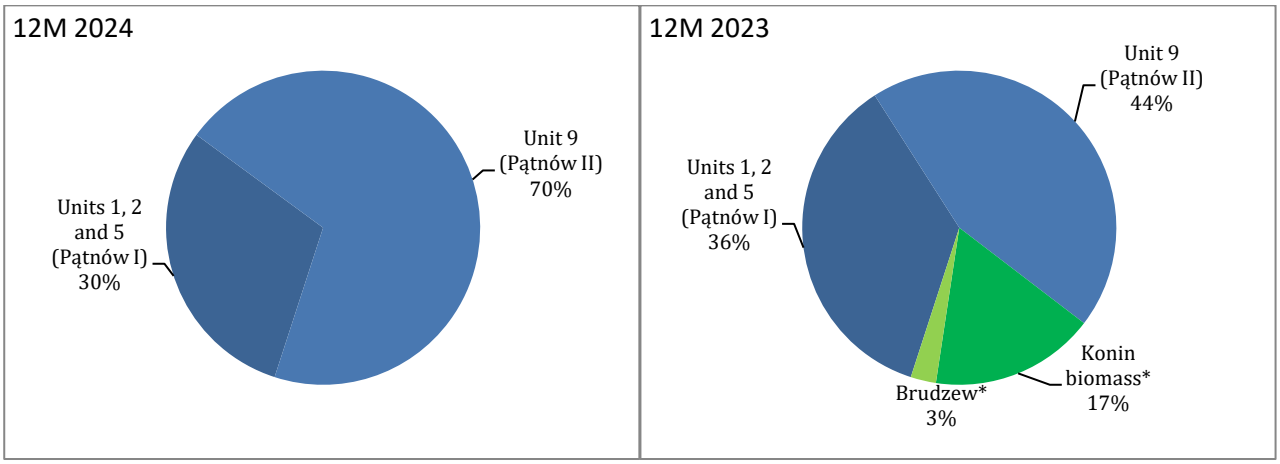
Graph 1: Net electricity production



Source: internal data

In the implementation of the plan to gradually move away from coal-fired power generation, the Group's mine does not undertake significant investments in the extraction segment and thus relies on the currently operated Tomisławice open pit, whose resources are decreasing. This, in turn, impacted energy generation capacity over the past year.

Graph 2: Generation structure broken down by individual power plants



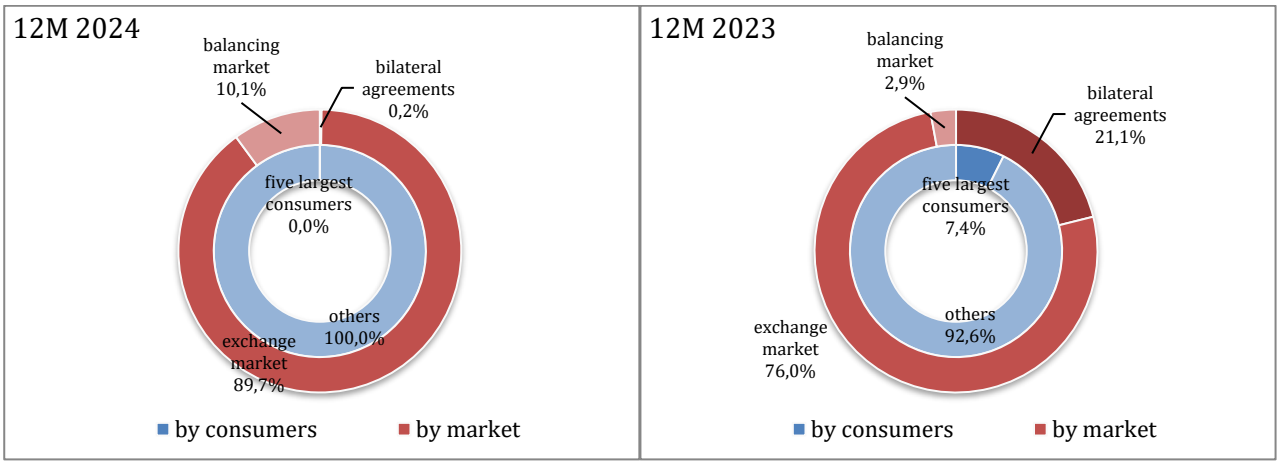
Source: internal data

** data for H1 2023 due to CP taking control over the asset package belonging to PAK – PCE where ZE PAK SA is a minority shareholder*

In addition to power generation, the Group is also a wholesale power trader. In 2024, the Group sold a total of 2.05 TWh of internally generated and market-acquired electricity, 22.93% less than in 2023. Less coal available for extraction in the mines supplying the Company contributed to the decrease in the output of coal-fired units. This impacted the production capacities, while one of the factors contributing to lower sales of purchased electricity was non-recognition of the sales previously conducted by PAK – Volt SA and PAK – PCE Biopaliwa i Wodór sp. z o.o., due to selling the control stake in PAK – Polska Czysta Energia sp. z o.o., (the sole shareholder of the aforementioned companies) to Cyfrowy Polsat.

The main direction of electricity sales in 2024 were sales on the exchange market, which accounted for 89.8% of the total volume of energy sold. Under bilateral contracts concluded mainly with electricity trading companies operating on the Polish market, Group companies sold 0.2% of the total annual volume of energy sales realised in 2024. Transactions with end consumers accounted for 0.2% of the total electricity sales volume. The electricity balancing market complements the sales structure. Therein the Group companies sold 10.1% of the total electricity sales volume for last year.

Graph 3: Energy sales structure by consumers (inner ring) and market (outer ring)



Source: internal data

Electricity sales revenues (total - generated and traded, less excise duty) accounted for 78% of the Group's total sales revenues in 2024, while revenues received from the termination of long-term contracts (LTCs) accounted for 3.37% of the Group's sales revenues.

Heat generated in the Group's power plants is sold to local consumers. The consumers are local industrial manufacturers. The Group sold 994 TJ of heat in the previous year. Heat sales comprised 1.02% of the Group's total sales revenues.

The capacity market revenues in 2024 amounted to PLN 158 090 thousand and constituted 7.23% of the Group's sales revenue.

In 2024, ZE PAK SA was the sole supplier of biomass to PAK – PCE Biopaliwa i Wodór sp. z o.o. Until 30 June 2023, this revenue was excluded for the purposes of consolidating the Group's results. Due to the loss of control over PAK – Polska Czysta Energia sp. z o.o., revenue is recognized as of July 2023. In 2024, the revenue amounted to PLN 245 090 thousand or 11.22% of the total revenue.

It is worth mentioning the activities related to construction and assembly work when considering significant sources complementing the revenue structure. PAK Serwis sp. z o. o., one of the Group's companies, implements such tasks for the Group and for third-party entities. The main external consumers are entities from the industrial construction sector, and the electricity generation and distribution sector. The revenues on services provided for such third-party entities accounted in 2024 for 2.78% of the total sales revenues of the Group. Remaining activities generated 5.16% of the total revenues in the previous year.

The main raw material used by the Group for energy generation is lignite. Extracted lignite is delivered directly from open pit mines to nearby power plants. Therefore, lignite extraction within the ZE PAK Group is strictly related to the volume of electricity produced by the power plants located in the vicinity of the mines. Purchases from third-party suppliers supplement supplies from own open pits.

3. DESCRIPTION OF ACTIVITIES

3.1. Significant events in the accounting year, as well as events after the balance sheet date affecting current and future activities

Significant events in the accounting year

The composition of both the Company Management Board and the Company Supervisory Board changed during the reporting period. The description of these changes can be found in clause 9.11. "Personal composition, its changes and a description of the activities of management and supervisory bodies" in this statement.

Changes to the ZE PAK SA Management Board

At a meeting of the Company's Supervisory Board on 23 January 2024, the Company's Supervisory Board appointed Mr Maciej Koński to the Management Board, entrusting him with the function of Vice-President of the Management Board. The resolution on the appointment became effective upon its adoption.

Changes in the ZE PAK SA Supervisory Board

On 24 June 2024, during an Ordinary General Meeting of Company Shareholders, two new persons were appointed as members of the Company's Supervisory Board, namely, Justyna Magdalena Kulka and Beata Jakacka-Sitek. The resolutions on the appointment became effective upon adoption.

An Extraordinary General Meeting of Company Shareholders on 7 October 2024, acting pursuant to Art. 385(1) of the Code of Commercial Companies, adopted resolutions on dismissing members of the following Company's Supervisory Board: (i) Jarosław Grzesiak, (ii) Tobias Solorz, who also served as a Deputy Chairman of the Company's Supervisory Board, and (iii) Piotr Żak, who also served as a Deputy Chairman of the Company's Supervisory Board. The resolutions became effective upon adoption.

Final judgement on the environmental decision concerning the Tomisławice open-pit

In a judgement of 25 June 2024, the Supreme Administrative Court, after a conducted hearing, dismissed the cassation appeal of the Greenpeace Polska Foundation and one individual against the judgement of the Provincial Administrative Court in Poznań of 18 June 2020, which dismissed an appeal against the decision of the Self-Government Appeals Court in Konin dated 27 September 2019, refusing to declare invalid the final decision of the Head of Wierzbinek Commune of 7 August 2007, which establishes the environmental conditions of the consent for PAK Kopalnia Węgla Brunatnego Konin SA implementing a project involving the extraction of lignite from the Tomisławice deposit, which lies within the boundaries of the Wierzbinek Commune.

In the verbal recitals behind the decision, the Supreme Administrative Court stated that the material gathered in this case, which had been conducted for several years, did not indicate in any way that there had been a gross violation of the law

when issuing the aforementioned environmental decision, and thus, there were no grounds to declare the decision of the Head of Wierzbinek Municipality of 7 August 2007 invalid.

The judgement of the Supreme Administrative Court, which is favourable to the Company, is final and legally binding upon its delivery.

Acquisition of shares in companies operating wind projects

On 27 June 2024, the Company made a joint investment with PAK – Polska Czysta Energia sp. z o.o. (PAK – PCE), a company within the Cyfrowy Polsat Group, which involved concluding contracts on the acquisition from Goalscreen Holdings Limited of the shares in Energia Przykona sp. z o.o. and Neo Energia Przykona X sp. z o.o., along with liabilities against project companies are implementing an investment venture that covers renewable energy system complexes in the form of wind power plants in the Opolskie Province, with a total expected connection capacity of approx. 500 MW.

At the current stage, the Company's investment concerns 99% of the share capital in project companies, and the remaining shares in Project Companies have been acquired by PAK – PCE. At the same time, the Company and PAK – PCE concluded a term sheet document that sets out the terms of a future shareholders agreement, expected to, among other things, grant PAK – PCE the right to increase its share in project companies and continuous supervision over investment projects through positions in the supervisory boards of such companies.

Decommissioning of Units No. 1, 2 and 5 at the Pątnów Power Plant

The Company decided to decommission power units 1, 2 and 5 at the Pątnów Power Plant at the end of 2024. The total capacity of decommissioned units was 644 MW. The Company had already communicated the intent to gradually reduce power unit capacity. The Patnów Power Plant is currently operating the last unit, with a capacity of 474 MW.

Significant events after the balance sheet date

Singing a term sheet with PGE SA on the potential disposal of shares in PAK CCGT sp. z o.o. and in PGE PAK Energia Jądrowa SA

On 23 January 2025, the Company and PGE Polska Grupa Energetyczna SA ('PGE SA') signed a Term Sheet document on the potential disposal of ZE PAK SA to PGE SA:

- 100% of the shares in the PAK CCGT sp. z o.o. special purpose vehicle, which is implementing the 600 MWe gas-fired CCGT project along with associated infrastructure, and
- 50% of the shares in PGE PAK Energia Jądrowa SA, wherein PGE SA and ZE PAK SA currently hold 50% of the shares each.

Under the Term Sheet, the parties agreed fundamental terms of a potential transaction of share and stock disposal and PGE Sa's exclusivity in relation to conducting negotiations by 30 June 2025 (planned date of transaction closure). The exclusivity referred to in the preceding sentence shall not apply to activities conducted by PAK CCGT sp. z o.o. in terms of acquiring funding under "Project Finance" that will be continued. The Term Sheet does not oblige the parties to complete the transaction. The detailed terms of a potential transaction will be determined after PGE conducts a due diligence study with the help of third-party legal, financial and tax consultants, as well as technical and environmental advisers.

Bridging financing for PAK CCGT sp. z o.o.

On 25 April 2025, PAK CCGT sp. z o.o. (a subsidiary of the Company) acquired bridging financing in relation to the implementation of the gas-fired unit construction project at the Adamów Power Plant. PAK CCGT sp. z o.o. concluded a credit agreement with the EFG bank (with its seat in Luxembourg) for PLN 600 MM, with a repayment deadline of 31 December 2025. The financing is to provide the Company with a possibility for continued project implementation. The loan bears interest at arm's length, based on a WIBOR reference rate plus a margin.

3.2. Important agreements concluded in the financial year

Significant agreements for the Group's activity

Due to the characteristics of the business and markets in which the ZE PAK SA Capital Group operates, the basic contracts concluded with the main suppliers and consumers in the ordinary course of business are of a standard nature. Contracts for the supply of the main raw material in the form of lignite are of a long-term nature and the main suppliers are

subsidiaries of ZE PAK SA. Contracts supplementing coal supplies are concluded with third-party vendors. The exchange market is the primary instrument in the field of electricity sales. In the area of purchasing CO_2 emission allowances, ZE PAK SA is signing framework agreements with individual counterparties specifying the basic terms of cooperation. On the other hand, the purchase itself is made within separate transactions for specific quantities and at current market prices. The majority of CO_2 emission allowances are purchased in forward transactions.

Contracts related to credits, loans and guarantee facilities received

In 2024, the Group's companies concluded the following agreements regarding loans, borrowings and guarantee facilities:

Contracts related to credits and guarantee facilities received

1. ZE PAK SA concluded Annex No. 6 to the guarantee facility agreement with one of the banks. Under the concluded annexes, the validity period of the guarantee facility agreement was extended until 31 March 2025. The available guarantee limit is PLN 50 000 thousand.
2. ZE PAK SA and one of the banks concluded Annex No. 3 to the limit guarantee agreement, extending its validity until 30 June 2025. The available revolving limit is PLN 100 000 thousand.
3. ZE PAK SA and one of the banks concluded Annex No. 8 to the multi-purpose credit limit agreement. Pursuant to the concluded Annex, the validity agreement was extended until 31 March 2025. The available multi-purpose credit limit is PLN 50 000 thousand. Overdraft facility interest rate according to WIBOR 1M rates plus bank margin.
4. PR PAK SERWIS sp. z o.o. and one of the banks concluded Annex No. 17 to the multi-purpose credit limit agreement, extending agreement validity until 31 March 2025. The available revolving multi-purpose credit limit is PLN 20 000 thousand. The interest rate according to the WIBOR rate amounts to 1M plus the bank's profit margin.
5. PR PAK SERWIS sp. z o.o. and one of the insurance companies concluded Annex No. 5 to the framework agreement for the provision of contractual warranties under the revolving limit extending the term of the agreement until 07 October 2025. The available revolving limit is PLN 5 000 thousand.
6. PR PAK SERWIS sp. z o.o. and one of the insurance companies concluded Annex No. 4 to the contract of mandate for periodic contractual insurance warranties, extending the agreement term until 16 October 2025. The available renewable limit is PLN 3 000 thousand.

Agreements regarding loans granted

1. On 6 June 2024, ZE PAK SA signed Annex No. 1 to the loan agreement of 24 November 2023, wherein ZE PAK SA granted a loan of PLN 280 000 thousand to PAK CCGT sp. z o.o., with a maturity deadline until the end of December 2041.
2. On 6 June 2024, ZE PAK SA signed Annex No. 2 to the loan agreement of 29 June 2022, wherein ZE PAK SA granted a loan of PLN 950 thousand to PAK CCGT sp. z o.o. with a maturity deadline until the end of June 2026.
3. On 28 June 2024, ZE PAK SA granted a loan to Energia Przykona sp. z o.o. for PLN 17 745 thousand, with a maturity deadline of 29 March 2026. The loan is intended for the implementation of the Opole Project.
4. On 28 June 2024, ZE PAK SA granted a loan to Energia Przykona sp. z o.o. for EUR 216 thousand, with a maturity deadline of 29 March 2026. The loan is intended for the implementation of the Opole Project.
5. On 28 June 2024, ZE PAK SA granted a loan to Neo Energia Przykona X sp. z o.o. for PLN 3 351 thousand, with a maturity deadline of 15 February 2026. The loan is intended for the implementation of the Opole Project.
6. On 28 June 2024, ZE PAK SA granted a loan to Neo Energia Przykona X sp. z o.o. for EUR 1 185 thousand, with a maturity deadline of 15 February 2026. The loan is intended for the implementation of the Opole Project.
7. On 26 August 2024, ZE PAK SA granted a surety for PAK – PCE Stacje H2 sp. z o.o. to CINEA for the amount of EUR 5 965 thousand, in connection with PAK – PCE Stacje H2 and CINEA signing a grant agreement.
8. On 20 August 2024, ZE PAK SA granted a loan to Energia Przykona sp. z o.o. for PLN 17 000 thousand, with a maturity deadline of 31 December 2027. The loan is intended for the implementation of the Opole Project.
9. On 20 August 2024, ZE PAK SA granted a loan to Energia Przykona sp. z o.o. for PLN 29 700 thousand, with a maturity deadline of 31 December 2027. The loan is intended for the implementation of the Opole Project.

10. On 30 August 2024, Energia Przykona sp. z o.o. granted a loan to Energia Opole sp. z o.o. for PLN 5 028 thousand, with a maturity deadline of 31 August 2031. The loan is intended for the implementation of the Opole Project.
11. On 30 August 2024, Energia Przykona sp. z o.o. granted a loan to Energia Opole sp. z o.o. for PLN 11 235 thousand, with a maturity deadline of 31 August 2031. The loan is intended for the implementation of the Opole Project.
12. On 30 August 2024, Energia Przykona sp. z o.o. granted a loan to Energia Opole sp. z o.o. for PLN 12 845 thousand, with a maturity deadline of 31 August 2031. The loan is intended for the implementation of the Opole Project.
13. On 30 August 2024, Neo Energia Przykona X sp. z o.o. granted a loan to Energia Opole sp. z o.o. for PLN 12 845 thousand, with a maturity deadline of 31 August 2031. The loan is intended for the implementation of the Opole Project.
14. On 21 October 2024, ZE PAK SA granted a loan to Energia Przykona sp. z o.o. for PLN 17 745 thousand, with a maturity deadline of 31 December 2027. The loan is intended for the implementation of the Opole Project.
15. On 21 October 2024, ZE PAK SA granted a loan to Energia Przykona sp. z o.o. for EUR 216 thousand, with a maturity deadline of 31 December 2027. The loan is intended for the implementation of the Opole Project.
16. On 21 October 2024, ZE PAK SA granted a loan to Neo Energia Przykona X sp. z o.o. for PLN 3 351 thousand, with a maturity deadline of 31 December 2027. The loan is intended for the implementation of the Opole Project.
17. On 21 October 2024, ZE PAK SA granted a loan to Neo Energia Przykona X sp. z o.o. for EUR 1 185 thousand, with a maturity deadline of 31 December 2027. The loan is intended for the implementation of the Opole Project.
18. On 2 December 2024, ZE PAK SA granted a loan to PCE – OZE 5 sp. z o.o. for PLN 4 500 thousand, with a maturity deadline of 31 December 2027.
19. On 13 December 2024, ZE PAK SA signed Annex No. 2 to the loan agreement of 24 November 2023, wherein ZE PAK SA granted a loan of PLN 600 000 thousand to PAK CCGT sp. z o.o., with a maturity deadline until the end of December 2041.

Granted and obtained guarantees and sureties

1. On 28 March 2024, PAK KWB SA granted a surety for ZE PAK SA to PGE Polska Grupa Energetyczna SA in the amount of PLN 19 124 thousand in connection with ZE PAK SA/PGE Polska Grupa Energetyczna SA/PGE PAK Energia Jądrowa SA signing a shareholders' agreement on 11/8/2023 in relation to the principles of corporate governance and operations of PGE PAK Energia Jądrowa SA.
2. On 10 May 2024, ZE PAK SA granted a surety for PAK – PCE Polski Autobus Wodorowy sp. z o.o. to PKO Leasing SA in the amount of PLN 34 694 thousand in connection with the aforementioned companies concluding 10 loan agreements.
3. On 26 August 2024, ZE PAK SA granted a surety for PAK – PCE Stacje H2 sp. z o.o. to CINEA in the amount of EUR 5 965 thousand in connection with the aforementioned companies concluding a grant agreement.

Table 2: List of granted guarantees and sureties as at 31 December 2024

	2024			
	ZE PAK SA Group		***ZE PAK SA***	
	PLN thousand	*EUR thousand*	*PLN thousand*	*EUR thousand*
Granted guarantees	**10 267**	**448**	**4 000**	**-**
- including for Group companies	40	-	-	-
Sureties granted	**534 605**	**598 839**	**515 481**	**598 839**
- including for Group companies	-	-	-	-

Table 3: List of guarantees and sureties received in 2024, as at 31 December 2024

	2024	
	ZE PAK SA Group	***ZE PAK SA***

	PLN thousand	*EUR thousand*	*PLN thousand*	*EUR thousand*
Received guarantees	**88 915**	**132 606**	**875**	**-**
- including from Group companies	40	-	-	-
Sureties received	**47 310**	**-**	**-**	**-**
- including from Group companies	-	-	-	-

Agreements concluded with affiliates on terms other than market terms

In 2024, there were no agreements concluded on terms different than market terms between the affiliates of the ZE PAK Capital Group.

3.3. Execution of the investment programme

The main project currently implemented by the ZE PAK Group is the construction of a 600 MW class gas-steam unit at the site of the former Adamów power plant. Design work is also underway in preparation for the development of the Przykona photovoltaic farm with a capacity of around 280 MW. In addition, the acquired Opole Wind Farm project involves the construction of wind farms with a total capacity of 500 MW in three districts of the Opolskie province.

Construction of the Adamów CCGT gas and steam unit

A decision was made in 2022 to develop a project involving the construction of the Adamów CCGT unit with a maximum capacity of 600 MWe. Owing to gas fuel, the new power plant will be characterised by the lowest emissions among conventional energy sources, and its high operational availability and flexibility will enable effective stabilisation of electricity production from renewable sources and the Polish power system. The project is being implemented at the site of the former Adamów coal-fired power plant, which is now demolished.

A contract with a general contractor of civil work – a consortium between Siemens Energy Global GmbH Co KG, Siemens Energy sp. z o.o. and Mytilineos SA – was concluded and came into force in 2023. Construction work commenced in December 2023. Work progress at the end of 2024 is 33.4%, with the expected unit commissioning date set for Q3 2027.

The planned unit was designed and will be constructed by the general contractor as a single-shaft unit: with one SGT4 4000F gas turbine, an SGEN5-3000W generator, a heat recovery boiler steam generator (HRSG), an SST5-5000 condensing steam turbine generator and a wet fan cooling tower. The project is implemented on a 'turnkey' basis, covering the execution of all work, including design, obtaining selected administrative decisions on behalf of the ordering party, supplies, civil work, installation, staff training, commissioning, trial run, power plant commissioning and provision of warranty services for a period of two years starting from power plant commissioning.

The facility under construction won a capacity market auction in December 2021, obtaining 17 years of support in the form of payments for the declared capacity.

3.4. Risk management

In conducting its activities, the Group is exposed to a series of risks, occurring actually, potentially or theoretically, present in the industry as well as on the markets wherein the Capital Group's companies operate. These are factors which originate both from the inside of the Group as well as from its environment. Given the formalization of the realm related to the risk encountered within the Group's activities, a comprehensive document titled "Principles of Risk Management for the ZE PAK S.A. Capital Group" ('Management Principles') was developed. The Management Rules have been developed and implemented to identify and determine the boundaries of risk, which occur or can occur in the ZE PAK S.A. Capital Group, as well as to specify the mechanisms used to mitigate risk exposure in the course of conducting activities in the energy and extraction sectors, and to minimise the effects of the risk, which due to the specificity of the ZE PAK S.A. Capital Group's primary production operations cannot be eliminated in its entirety.

The Capital Group's business model and strategy were established pursuant to the aforementioned principles. The fundamental principle of the business model executed by the Group in the realm of its economic activities, namely, extraction, generation and commercial, is to maximise the production and profit while simultaneously complying with the risk mitigation principle.

In order to achieve its business goals, the Group accepts incurring the risk, but only to the extent and pursuant to principles specified in the Management Rules. All types of business risks and situations resulting in exposure to risk are constantly minimised, provided that the Management Principles or the Board's decisions do not authorise specific deviations. The specific roles and the scope of liability for decisions and actions related to the executed market policy and strategy were distinguished in relation to the Group's capital structure and the organisational chart of particular companies. A particular role related to the compliance and correct application of the Management Principles is played by the task team named the "Risk Management Committee", which acts as an advisory body to the ZE PAK SA Management Board. The body was appointed by the Order of the President of the Company's Management Board. The main task of the Risk Management Committee is to recognize and identify, as well as substantively assess all economic risk with a value exceeding PLN 10 million, related to the economic activities conducted by the Group.

The scope of the Group's risk management featured identification of specific areas of risks related to the execution of the established business goals:

- raw material risks,
- production risks,
- market risks and related financial risks,
- operational risks related to the operation of IT systems,
- risk in the area of information security,
- unstable economic situation,
- unknown level of the dynamics related to the change in the economic model from the current one based primarily on fossil fuels to the future one based on low- and zero-emission sources and energy storage,
- need to convince the local community to the proposed model for the future operation of a company of regional significance.

Each area of risk identified above included the identification of specific types of risks related a specific area. The type of a given risk has been comprehensively described, with theoretical examples of its occurrence within the Group's operations. Each type of risk also features specific forms of action aiming at its minimisation or elimination, a specific benchmark was also assigned and the so-called 'key performance indicator', i.e., the minimum performance level, was specified wherever possible.

Directors and employees of organisational units allocated to a given area of risk are subject to inspection in the scope of compliance with the Management Principles, appropriately to their scope of activities. The management of the organisational units is responsible for the proper and compliant with the Management Principles execution of tasks by subordinate organisational units and individual positions. The Management Principles also include an in-depth description of the correct reporting process regarding identified risk, as well as the procedure in the event of identified violations of the principles set out therein.

According to the Management Principles, the compliance with the procedures and methods described in the document can be neglected only in case of obtaining the approval of the ZE PAK SA's Management Board expressed in writing. In such case, a special procedure also described in the Management Principles is applied.

Information on financial instruments with respect to risks related to price changes, credit risk, material cash flow disruptions and liquidity loss is included in Note 38 to the consolidated financial statement, which also contains information on the financial risk management objectives and methods. For information on transactions for which hedge accounting is applied, see Note 39.3 to the consolidated financial statement.

3.5. Described use of emission proceeds

In 2024, the Companies from the ZE PAK SA Group did neither issue debt nor equity securities, hence, did not record proceeds on issue.

4. MAIN BUSINESS RISK FACTORS

The process of predicting the future performance of the ZE PAK SA Capital Group requires to take into account a number of factors, whether actual, potential or theoretical, occurring within the industry and the markets wherein the Group operates. These are factors which originate both from within the Group, as well as from its environment. The Management Board believes these can be divided into continuous in each period and incidental in the period to which the interim report relates.

The most important factors with constant impact on the Group's results include the following:

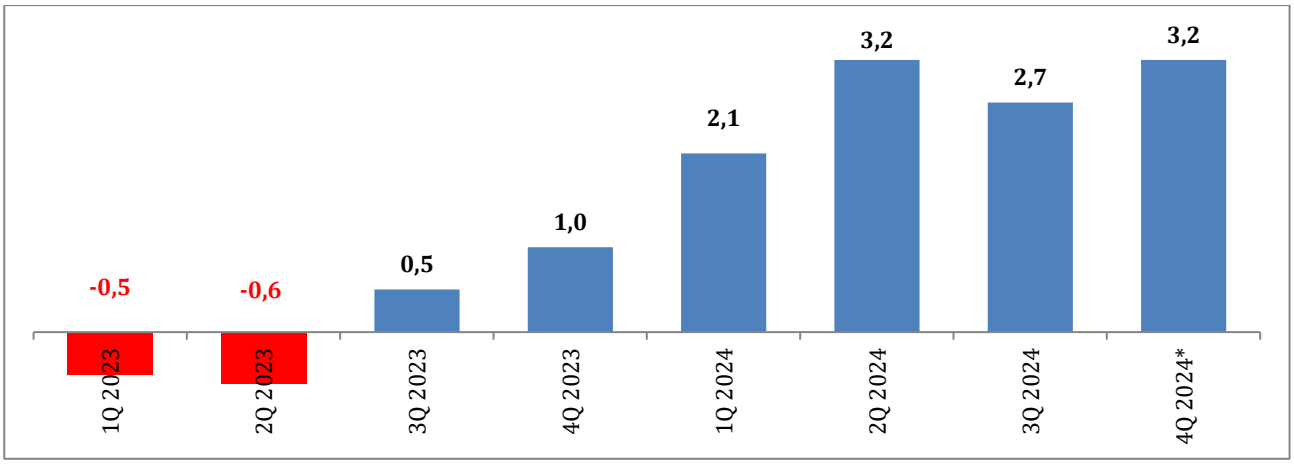
- macro-economic trends in the Polish economy and the demand for electricity;
- regulatory environment;
- electricity prices;
- costs of extraction and transport of coal and other fuels;
- CO_2 allowance costs;
- seasonality and meteorological conditions;
- investment expenses;
- EUR/PLN exchange rate and interest rates.

Macro-economic trends in Polish economy and the demand for electricity

When conducting activities within the territory of Poland and obtaining most revenues from the sale of electricity, it is necessary to take into consideration the macro-economic trends in the Polish economy. An increase in real GDP and industrial production in Poland, the development of the services sector and an increase or decline in individual consumption are factors of particular importance. All of the aforementioned factors significantly affect the demand for electricity and its consumption.

According to a preliminary estimate, non-seasonally adjusted gross domestic product (GDP) in Q4 2024 increased by 3.2% year-on-year in real terms, compared with an increase of 1.0% in the corresponding quarter of 2023 (at constant annual average prices of the previous year). The primary factor for economic growth in Q4 2024 was domestic demand.

Graph 4: GDP dynamics (%) in relation to the analogous quarter of the previous year



** So-called preliminary gross domestic product estimate for Q4 2024, not adjusted seasonally, in foxed average annual prices for the previous year.*

Source: Central Statistical Office data

According to the data disclosed on the ENTSO-E Transparency Platform (net volumes), Poland's electricity generation in 2024 totalled 176.891 TWh[1] , an increase of 15.42% year-over-year.

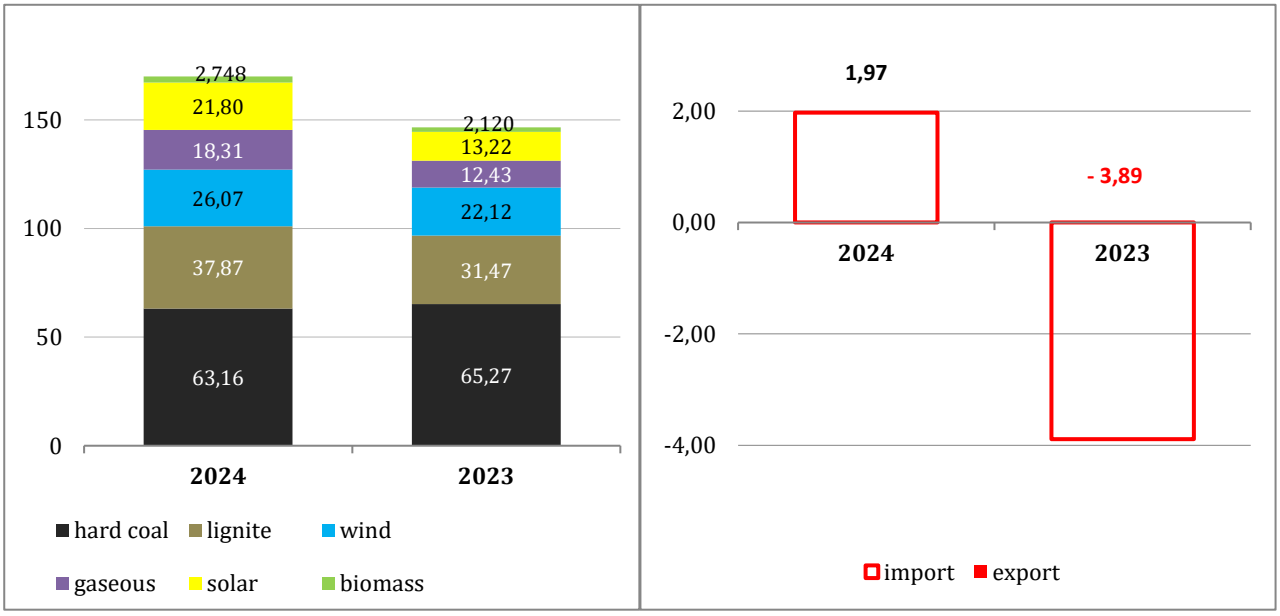
Coal-fired power plants accounted for the largest share of the generation structure, with hard coal-based generation amounting to 63.16 TWh. Lignite led to the generation of 37.87 TWh. Based on a year-over-year comparison, there was a decrease in generation based on both hard coal (down by 3.23%) and lignite, down by 20.34%. It should be noted that the largest increases were recorded in solar, gas and biomass power generation. In the case of solar power generation, 21.80 TWh were recorded in 2024, an increase by as much as 64.92% relative to the previous year. Generation output from gas-fired power plants increased by 47.26% compared to the same period in 2023, amounting to 18.31 TWh. Biomass-fired power plants generated 2.75 TWh, 29.62% more than in the previous year. Wind power plants generated 17.88% more electricity than during the same period last year.

[1] Based on Entsoe Transparency Platform
https://transparency.entsoe.eu/generation/r2/actualGenerationPerProductionType/show

According to data on the operation of the National Power System and the Balancing Market presented by Polskie Sieci Elektroenergetyczne SA, the foreign exchange balance in 2024 was 1.97 TWh on the import side, meaning that Poland was an importer of electricity.

Polskie Sieci Elektroenergetyczne SA indicates that the gross domestic consumption of electricity in 2024 was 168.96 TWh[2] and increased by 0.86% compared to 2023.

Graph 5: Electricity generation structure and balance of foreign electricity exchange – TWh



Source: own study based on PSE and ENTSO-E data

Regulatory environment

Electricity market players operate in a regulatory environment subject to continuous change, mainly through the impact of EU law on national law. The most important legal regulations applicable to all electricity generators are the Energy Law, the Act on Renewable Energy Sources, which defines the principles of support for specific energy generation technologies, and the Environmental Protection Law, which defines the principles of sustainable use of the environment. The above-mentioned Acts transpose into the Polish legal order the directives and regulations of the European Commission and international conventions concerning, among others, the principles of a uniform wholesale electricity market, environmental protection and climate change (including CO_2 emissions). It is also necessary to take into consideration the tax law provisions, as well as interpretations and recommendations issued by the Energy Regulatory Office, in particular. Any changes in the aforementioned areas could have a major impact on the Group's operations. Regulatory risk is one of the most significant in the electricity generating industry.

Issues associated with the capacity market operation are important factors that could affect the financial results of ZE PAK SA.

On 16 December 2021, as a result of a main auction for the 2026 supply year, the Group company PAK CCGT sp. z o.o. concluded a capacity contract for 17 years of supply, contracting 493 MW of a capacity obligation at a base price of PLN 400.39/kW/year. The value of the concluded capacity contract for the first year of supply (2026) is PLN 197 392 270.00.

Revenue from the Capacity Market has been a significant income item for the Group since 2021. Starting in the supply year 2025, the Group no longer holds any primary markets capacity contracts for its only coal-fired unit, currently operated by ZE PAK SA, i.e., Unit No. 9 at the Pątnów Power Plant. The absence of Unit 9's participation in the primary market in 2025 is due to the fact that it was originally scheduled to be decommissioned at the end of 2024, however, after the unit's operation has been extended by just over one year, as of 1 January 2025 Unit No. 9 can generate revenues from

[2] According to Table No 3. The structure of electricity generation in domestic power plants, the volumes of electricity exports and domestic electricity consumption – monthly and cumulatively from the beginning of the year – gross amounts available on the PSE S.A. website.

secondary capacity market transactions. Since 2022, Poland has been making efforts to extend the capacity market for coal-fired units until the end of 2028. On 21 May 2024, the Council of the European Union adopted a reform of the EU electricity market, including, among other things, an extension of the derogation period for supporting coal-fired units under capacity mechanisms until the end of 2028. The EU reform and the resulting amendments to the Capacity Market Act are likely to impact the financial performance of the ZE PAK SA Group's coal assets in H2 2025. As at the date of publishing this report, *the Act of 24 January 2025 amending the Capacity Market Act*is is already in force. The amendment to the Capacity Market Act modified a number of provisions, including Art. 15 and Art. 49a of the Capacity Market Act, giving capacity market units, which include only generating units that started commercial operation prior to 4 July 2019, the opportunity to participate in the supplementary auctions that the amended legislation introduces. Therefore, the amended regulations have opened up the possibility for Unit no. 9 at the Pątnów Power Plant to take part in the supplementary capacity market auction conducted for H2 2025, which, at the same time, does not prevent Unit no. 9 from participating in the secondary capacity market in the second half of 2025 either.

An important event in the light of the Company's financial performance related to the regulatory environment is the Balancing Market reform that has been under implementation since 2019. Its second stage entered into force on 14 June 2024. The adopted change in market rules is a very complex process involving the entire power sector, including the industry's IT service providers. The implemented changes constitute a huge reform of the Balancing Market, which introduced, among other things, a new market architecture, as well as new market-based rules for the sale of balancing capacities, new settlement rules on the Balancing Market and different rules for payments for commissioning (which are disappearing as a separate settlement item). With the entry into force of the second stage of the Balancing Market reform, ZE PAK SA as a Balancing Service Provider (BSP) on arm's length, offers a catalogue of balancing services to a Transmission Network Operator, including, in addition to balancing energy, balancing capacities that include frequency maintenance reserve, frequency restoration reserve, replacement reserve and operational reserve. The provision of these services by coal-fired units owned by ZE PAK SA constitutes a new source of revenue for the Company, related to the use of the units for balancing the National Power Grid and maintaining its stability.

Electricity prices

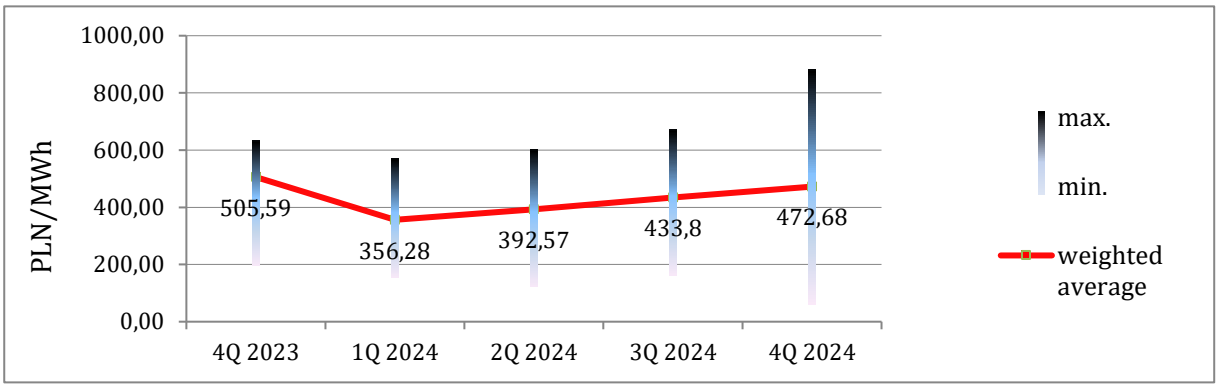
ZE PAK SA's resources include lignite-fired generating facilities, and the Company generates the vast majority of its revenue from the generation and sale of the electricity produced by such plants. ZE PAK SA is an active member of the Towarowa Giełda Energii SA (Polish Power Exchange-TGE SA), where it contracts most of its production and also sells energy on the Balancing Market. In view of the above, the risk of a change in the price at which the company sells electricity is crucial to its revenue levels.

The following information is based on quotes from TGE SA.

On the day-ahead market of the Exchange Commodity Market on TGE SA, energy prices have been in a slight upward trend throughout 2024, but this is still not the price level as at the end of 2023 (in relation to Q4 2023, there still is a shortfall of PLN 33 to break the threshold of PLN 500/MWh and reach the level as at the end of 2023, i.e., PLN 505.59). In Q4 2024, the average of the TGeBase listings was at 472.68 PLN/MWh, a further increase in the average of the listings in relation to Q3 2024 of 38.88 PLN/MWh, i.e., 8.96%. In contrast, turnover in Q4 2024 (approximately 11.5 TWh) was 3.74% lower than in Q3 2024.

Comparing the corresponding periods of 2024 and 2023, the average of the listings in Q4 was lower by as much as PLN 32.91/MWh relative to Q4 2023, i.e., by approximately 6.51%, while the trading volume for the aforementioned periods was lower in Q4 2024 by more than 5 TWh, i.e., by 30.51%.

Graph 6: TGeBASE energy prices

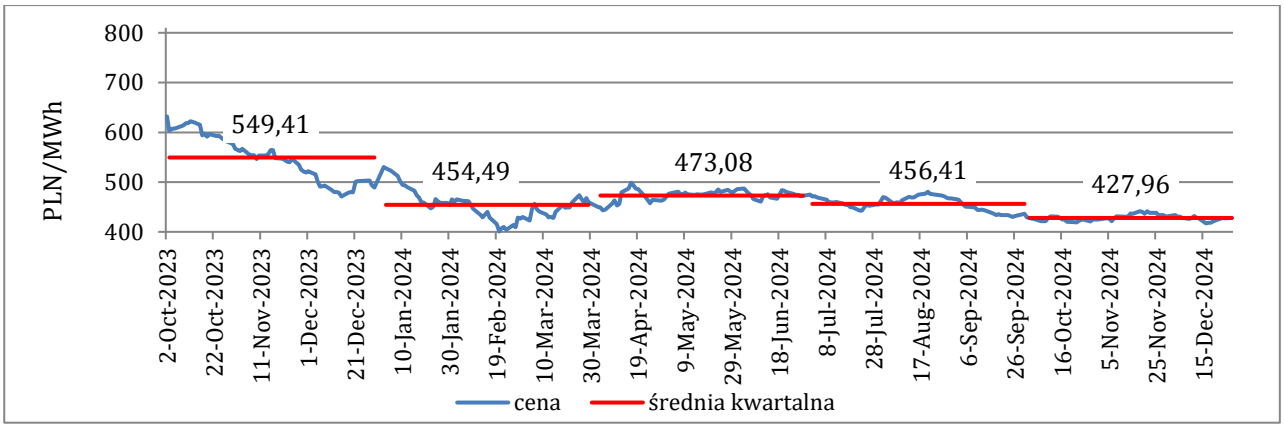


Source: own study based on POLPX data

The arithmetic mean of the daily clearing prices (DCP) for the BASE_Y-25 reference futures contract in Q4 2024 recorded the lowest level of all 2024 quarters and amounted to 427.96 PLN/MWh, which translates to a decrease in relation to the BASE_Y-25 futures contract recorded in Q3 2024 by 28.45 PLN/MWh, i.e., by approximately 6.23%. This demonstrates an opposite trend to the spot market (RDNiB) in the corresponding quarters of 2024. The volume of transactions concluded on TGE SA in Q4 on the BASE-Y-25 futures product was at a similar level to Q3 2024, and amounted to 10.33 TWh (10.35 in Q3 TWh).

When comparing the corresponding periods of 2024 and 2023, the average DCP in Q4 was lower by 121.45 PLN/MWh relative to Q4 2023, i.e., by approximately 22.11%, while the trading volume for the aforementioned periods in Q4 2024 was lower by more than 1 TWh, i.e., by almost 10%.

Graph 7: Price of an electricity supply futures contract (band with an annual supply)



Source: own study based on POLPX data

Fuel costs and supplies, coal extraction costs

The most important element of the costs related to electricity generation in the companies of the ZE PAK SA Group is the fuel cost. The prices of fuel largely determine the competitiveness of particular electricity production processes. In 2024, ZE PAK SA power plants produced electricity based on lignite. Furthermore, light and heavy fuel oil were used in minimum quantities for ignition purposes within the process of electricity generation. Since 1 January 2025, generation has only been conducted in one lignite-fired unit fired by lignite - Unit 9 at the Pątnów Power Plant, with a capacity of 474 MW.

The supplier of lignite to ZE PAK SA is PAK KWB Konin SA. Also important for the financial result is the level of costs associated with lignite extraction, which largely depends on factors that are beyond the direct control of the Company, such as, e.g., the geological conditions of the deposits at the final stage of their exploitation.

Currently, the Company is operating only the Tomisławice open pit. The deposit exploited by PAK KWB Konin SA has a specific resource reserve. The possibility of achieving the assumed level of electricity generation depends on the mining

capacity and quality of the coal mined from the currently exploited deposit. In view of the limited deposit resources at the end of their mining phase, supplementary supplies from an external party that balance the assumed energy volumes to be produced are becoming increasingly important.

CO_2 emission allowance costs

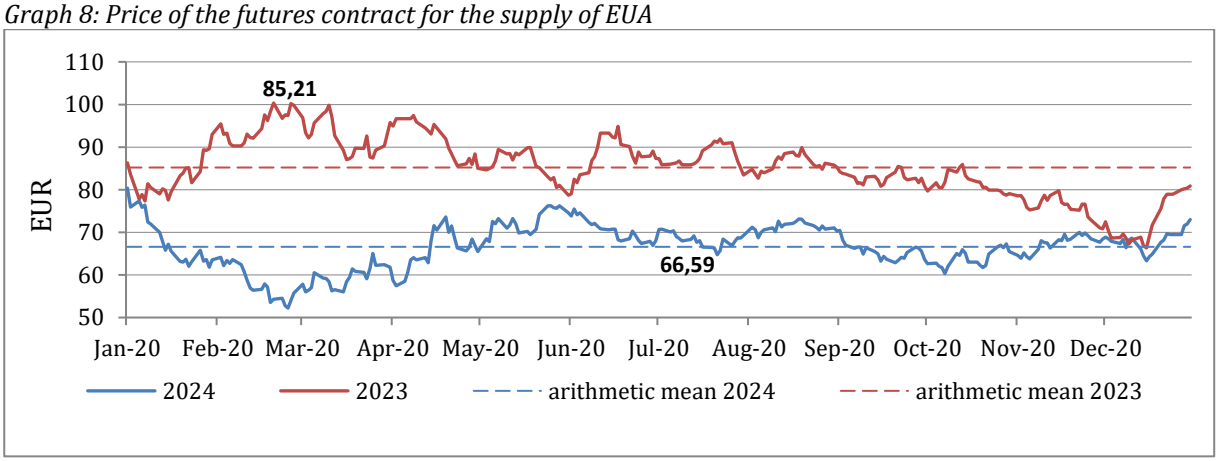
The activities in the scope of production of electricity and heat from conventional sources are associated with the need to bear the CO_2 emission costs. Due to the fact that these costs represent an important item in the structure of costs incurred by the producers of lignite-based energy, the impact of emitted CO_2 quantities and the allowance CO_2 emission price risk are of great importance to the operating results.

The entire amount of emission allowances required by the ZE PAK SA Group in 2024 had to be purchased on the secondary market.

In 2024, the EUA price fluctuated in the EUR 53-80 range. At the beginning of the year, we saw a downward trend from €80 to as low as €53 in February 2024. In the second quarter of 2024, the price bounced back to €75, following gas prices. Q3 was characterised by price declines, with EUA prices ranging between €63 and €70. In July and August 2024, the CO_2 market was stable, with an arithmetic mean EUA price of EUR 69.67. Prices recorded continued slight increase of 2 EUR/EUA compared to June 2024. In the second half of August, EUA prices rebounded to EUR 72. The price increase may have been caused by increased purchases of EUAs by investment funds in association with the deadline for redeeming EUAs for 2023 at the end of September 2024, and gas prices on world markets. The end of August and September of this year saw declines in EUA price. An increase in the number of CO_2 allowance sales by investment funds and declines in gas prices may have driven the EUA price down to EUR 65 at the end of Q3 2024. October saw a continued strong correlation between EUA prices and gas prices. Prices were in the EUR 60-66 range, recording drops and increases of up to EUR 4 day-over-day. Ultimately, October ended with the price at approximately EUR 65.5. In November 2024, prices increased and reached a level of approximately EUR 69.9 at the end of the month. Temperature drops and gas price increases have been price drivers. The price increase in the EUA market was in line with the seasonal increase in previous years. The end of 2024 recorded increases in CO_2 allowance prices to nearly €72, despite an earlier price drop to €63 in mid-December.

The arithmetic mean of EUAs in 2024 was EUR 66.59, compared to EUR 85.21 in 2023.

Graph 8: Price of the futures contract for the supply of EUA



Source: own study based on ICE data

Seasonality and meteorological conditions

The demand for electricity, particularly among consumers, is subject to seasonal fluctuations. The practice so far has shown that electricity consumption was higher in the winter (mainly due to low temperatures and shorter days) and lower in the summer (due to the holiday period, higher ambient temperatures, and a longer day). A systematic increase in the demand for electricity in the summer has been recorded over the last few years, which is mainly caused by the rising number of operated air conditioners and cooling devices

Regardless of the aforementioned factors, the meteorological conditions are becoming increasingly important for the Group's production volume. Given the increasing share of RES in the segment of energy producers, mainly wind sources, but also the increasing generation based on photovoltaic sources, when estimating the ZE PAK SA's output volume, weather conditions, with particular regard to wind and insolation conditions, become increasingly important.

Please bear in mind that in periods when weather conditions favour production from RES sources, the demand for the power from ZE PAK SA's conventional power plants may be periodically reduced. And by analogy, it may increase during periods of lower RES production.

Seasonality and meteorological risks are becoming more important every year due to the installed capacity of weather-dependent sources increasing within the National Power Grid.

Capital expenditure

In 2025, only one conventional generating asset of the Group is in operation – Unit No. 9 at the Pątnów Power Plant. The operation is continuous, so the asset may need ongoing maintenance shutdowns in 2025 to conduct maintenance work. The asset is still needed within the National Power Grid to stabilise the production of RES sources.

Given the Group's strategy of phasing-out lignite-based electricity generation, the anticipated increased level of capital expenditure in the subsequent periods, associated with the Group's plans to construct a CCGT unit at the Adamów Power Plant, a wind farm in the Przykona commune and the implementation of a wind farm project near Opole should be taken into account. The scale of the projects and the anticipated level of capital expenditure are significant in the light of the ability to generate cash flow based on current operations. The level of capital expenditure had a major impact, and according to expectations will still have a major impact on the results of operating activities, debt level and cash flows. Execution delays, investment programme changes and exceeding budget thresholds can have a severe impact on future capital expenditure, as well as on the results, financial standing and development perspectives.

The Group continues to work on acquiring external funding for the implementation of the CCGT project. The process is extending beyond the originally planned schedule. At present, the project is being implemented based on own resources and with funds raised from bridging funding. At the same time, in January 2025, the Company announced that the signing of a term sheet with PGE SA on the potential disposal of the project. The document provides for negotiating PGE SA's exclusivity until the end of June 2025, but does not prevent continued search for external debt financing. The Group does not currently have the capacity to finance the project entirely from its own resources. In the absence of a project sales transaction and the simultaneous extended process of obtaining external debt financing, the Group will have to consider other ways to enable the continuation of the CCGT unit construction or temporary suspend the project will have to be considered. This may involve additional costs and complicate the execution work schedule, which the Group is unable to estimate today.

EUR/PLN exchange rate, interest rate level

Despite the fact that the Group conducts its activities in Poland, where it incurs costs and gains revenues in Polish zloty, there is a couple of significant factors which make the financial results dependent on the EUR/PLN exchange rate. The most important factors include:

- transactions related to EUA purchase settled in EUR,
- one of the companies from the renovation segment, PAK Serwis sp. z o.o. is handling its orders outside of Poland, settling them in EUR.

The Group's companies apply instruments aimed at limiting the risk related to exchange rate changes, e.g., for a part of the flows associated with the purchase of CO_2 emission allowances. Forward transactions are used to secure the exchange rate. Management Boards are constantly monitoring the financial position and market situation and can make the decision to use financial instruments limiting the exchange rate risk, if needed. According to the principles applicable at ZE PAK SA Group, potential transactions will have the form of security and will be adapted to the secured item in terms of volume and maturity date. The decision on the choice of the security instrument will also include the following: price, market liquidity, product simplicity, easiness of quotation and accounting as well as flexibility.

As at 31 December 2024, the Group had no long-term financial liabilities with variable interest rates (loans, borrowings).

5. DESCRIPTION OF THE FINANCIAL AND ASSET STANDING

5.1. Principles of preparing a financial statement

The Group develops consolidated financial statements based on the International Financial Reporting Standards approved by the European Union. These standards, collectively referred to as International Financial Reporting Standards (IFRS), also include International Accounting Standards (IAS) and Interpretations issued by the Standing Interpretations Committee and the International Financial Reporting Interpretations Committee.

Significant accounting principles applied in relation to the Group's Consolidated Financial Statement have been discussed in Note 12 of the Group's Consolidated Financial Statement for 2024.

ZE PAK SA develops its financial statements based on the act on accounting of 29 September 1994.

The accounting principles (policy) used in the development of the financial statement are presented in clause 6 of the Introduction to ZE PAK SA's Financial Statement for the year concluded on 31 December 2024.

5.2. Characteristics of basic economic and financial quantities

Consolidated profit and loss statement and the consolidated comprehensive income statement

Total sales revenues from continued operations in 2024 amounted to PLN 2 111 584 thousand. A decrease by PLN 1 583 948 thousand or 42.86% compared to 2023.

The decrease in total sales revenue in 2024 was primarily impacted by the reduced revenue from electricity sales due to both a price lower by 37.35% and a 22.64% decrease in total sales volume, both own and purchased power. The reduction in production output was mainly influenced by the non-recognition of energy sales realised in 2023 at PAK – PCE Biopaliwa i Wodór sp. z o.o. in the discontinued operations section. Whereas the decrease in the volume of electricity purchased resulted in the absence of the electricity volume realised in 2023 at PAK – Volt SA in the discontinued operations section. Net output volumes of the Group's individual power plants are shown in Chart 9.

In 2024, capacity market revenues amounted to PLN 158 027 thousand and decreased by PLN 9 454 thousand, or 5.64%, compared to the same period of the previous year. Lower revenues were realised as a result of lower earnings in the secondary market despite a 28.02% higher auction price for 2024.

Heat sales revenues in 2024 amounted to PLN 22 375 thousand and declined relative to 2023 by PLN 34 020 thousand, i.e., by 60.32%. The reduction in heat sales was mainly influenced by the non-recognition of energy sales realised in 2023 at PAK – PCE Biopaliwa i Wodór sp. z o.o. in the discontinued operations section.

Biomass sales revenues in 2024 amounted to PLN 245 090 thousand and exceeded those in 2023 by PLN 63 994 thousand, or 35.34%. This was a result of the fact that revenues realised from PAK – PCE Biopaliwa i Wodór sp. z o.o. on the sale of biomass until 30 June 2023 were excluded for the purposes of consolidating the Group's results.

Revenues from construction contracts in 2024 decreased relative to the amount received in the same period of the previous year by PLN 30 980 thousand, which is 33.79%. The decrease in revenue in the audited period was related to a lower implementation degree of projects by PAK Serwis sp. z o.o., which operates in the renovation segment.

Other sales revenues in 2024 amounted to PLN 78 746 thousand and increased by PLN 60 507 thousand or 331.75% in relation to 2023.

In 2024, in association with the sale of the controlling stake in PAK – Polska Czysta Energia sp. z o.o. in July 2023, there were no units in the ZE PAK SA Group generating and selling property rights based on energy certificates of origin.

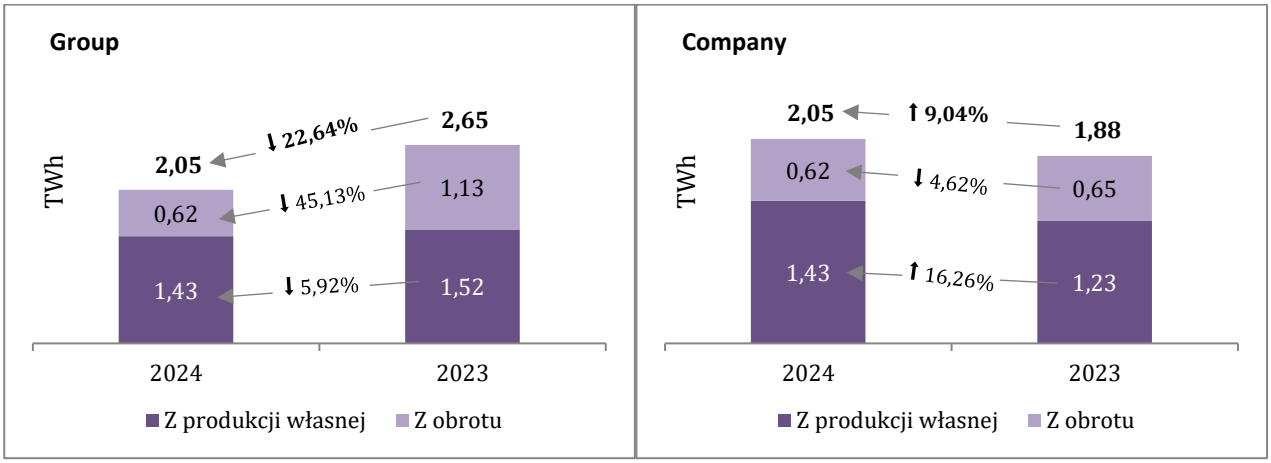
Revenues from the termination of the LTC (termination of the long-term capacity and energy purchase contract) in 2024 amounted to PLN 73 709 thousand and decreased by PLN 56 795 thousand, i.e., by 42.52%, as a result of exhausting the pool of available funds awarded as support in 2024.

Table 4: Specification of consolidated sales revenues

	PLN thousand 12-month period concluded on 31 December 2024	*PLN thousand 12-month period concluded on 31 December 2023*	*PLN thousand change*	*% dynamics*
Revenues from the sale of goods and services, including:	2 111 584	3 695 532	(1 583 948)	(42,86)
– revenues from sales of own electricity	1 168 589	1 938 705	(770 116)	(39,72)
– revenues from sales of electric energy from trade	378 041	1 241 920	(863 879)	(69,56)
– capacity market revenues	158 027	167 481	(9 454)	(5,64)
– revenues from sales of thermal energy	22 375	56 395	(34 020)	(60,32)

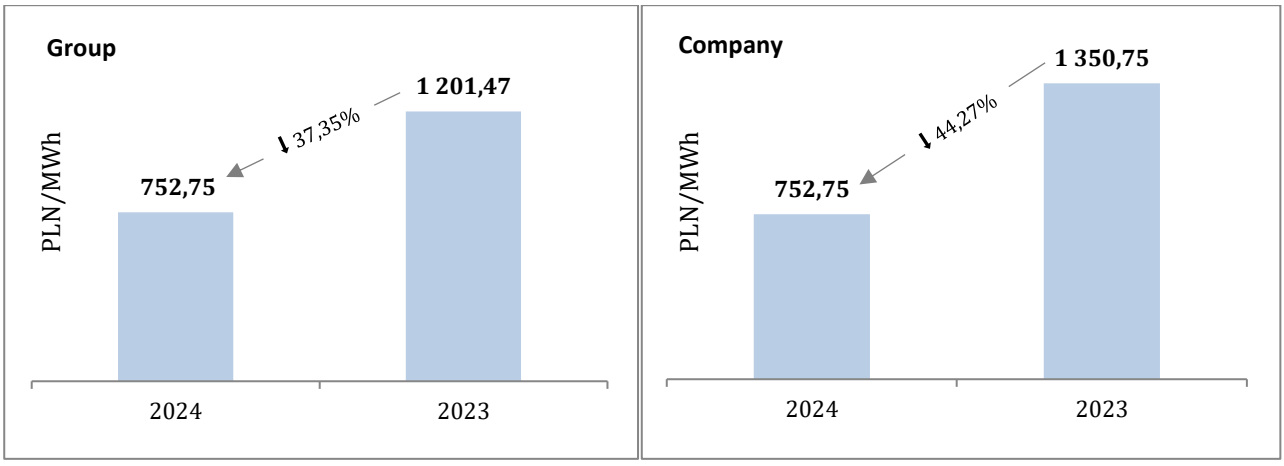
– revenues from biomass sales	245 090	181 096	63 994	35,34
– revenues from construction contracts	60 716	91 696	(30 980)	(33,79)
– other sales revenues	78 746	18 239	60 507	331,75
Excise tax	(36)	(43)	7	(16,28)
Other revenues, including:	73 709	169 514	(95 805)	(56,52)
– property rights on energy certificates of origin	-	39 010	(39 010)	(100,00)
– Compensation for termination of long-term contracts	73 709	130 504	(56 795)	(43,52)
Total sales revenues, of which:	**2 185 257**	**3 865 003**	**(1 679 746)**	**(43,46)**

Graph 9: Electricity sales



Source: internal data

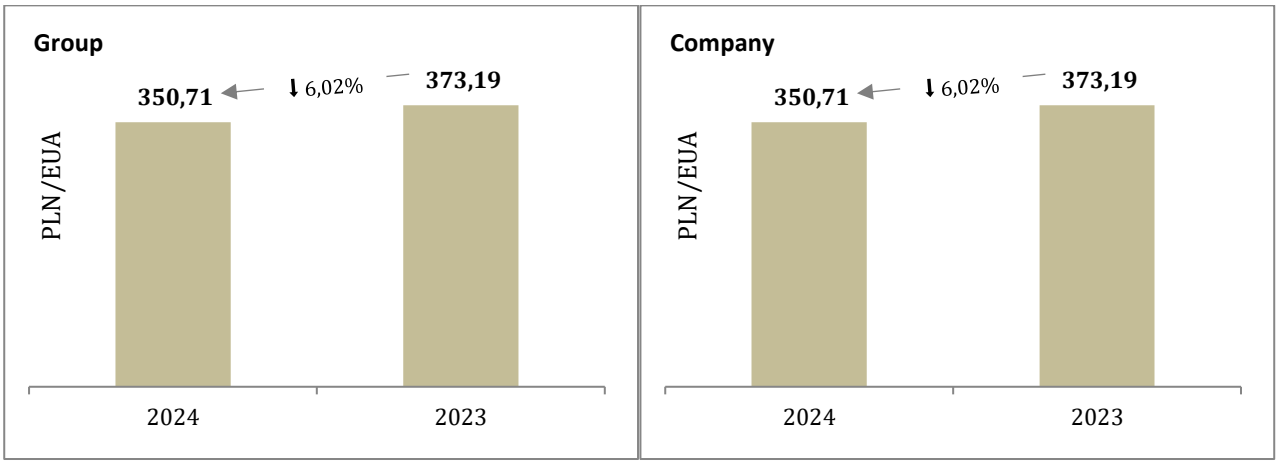
*Graph 10: Average electricity sales prices**



* *Average price, calculated as electricity sales revenues (own, traded and system services) divided by the sales volume.*

Source: internal data

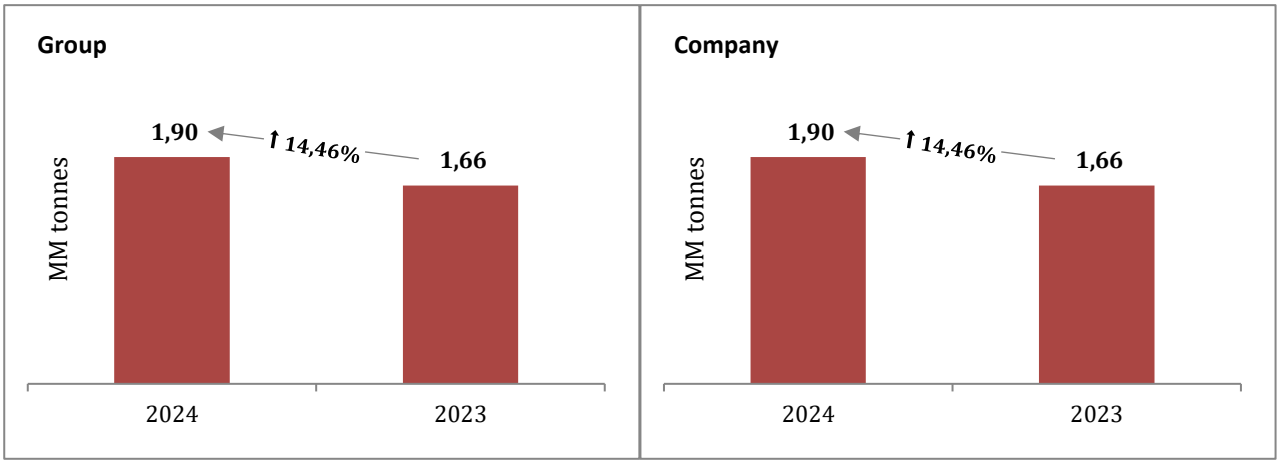
Graph 11: Average acquisition prices of CO_2 emission allowances (EUA)*



* *Average price calculated as EUA purchase costs for a given period divided by CO_2 emission volume.*

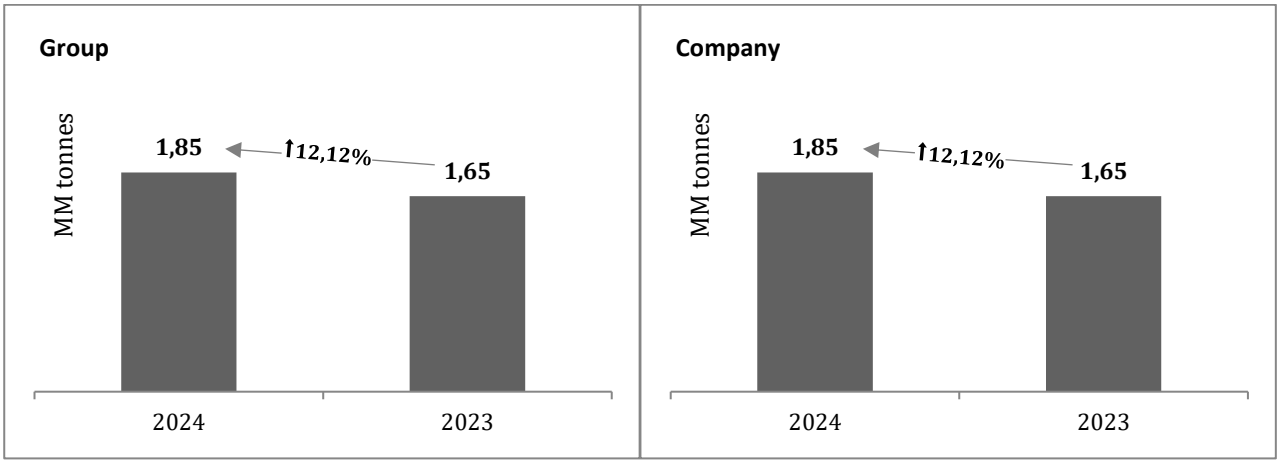
Source: internal data

Graph 12: Lignite consumption



Source: internal data

Graph 13: CO_2 emissions related to combusting non-renewable fuels in the process of electricity generation



Source: internal data

Selling prime costs in 2024 amounted to PLN 1 822 677 thousand and decrease by PLN 783 116 thousand or 30.05% in relation to 2023. The reduction in cost of prime costs was driven by the lower value of purchased electricity for resale due to a decrease in the volume of energy traded and a reduction in energy market prices, a decline in material consumption costs (no biomass consumption costs, among others), lower tax costs related to the absence of a levy on the price difference payment fund in 2024 and lower employee benefit costs.
On the other hand, the increase was impacted by higher carbon costs as due to increased emission volumes.

Other operating revenues in 2024 amounted to PLN 56 392 thousand and were lower by PLN 15 521 thousand than those obtained in the corresponding period of the previous year. The main factor behind the reduction in revenue was the lower profit realised on the sale of non-financial fixed assets compared to last year, as well as the absence of revenues from the sale of CO_2 emission allowances and a decline in the revenue on the sale of other materials.

Selling costs in 2024 amounted to PLN 1 322 thousand and were lower by PLN 6 442 thousand or 82.97% than those incurred in the same period last year due to the absence of electricity trading in the same period of last year within the sales segment.

Overheads in 2024 amounted to PLN 158 278 thousand and were lower than those incurred in the previous year by PLN 4 115 thousand, i.e., 2.53%.

Other operating costs in 2024 amounted to PLN 49 718 thousand and decreased by PLN 452 091 thousand, i.e., 90.09%compared to the previous year. The main factor influencing the reduction in costs in 2024 was the absence of an increase in provisions disclosed in 2023 and amounting to PLN 469 350 thousand.

In 2024, the ZE PAK SA Group took a profit on operating activities of PLN 264 613 thousand.

Table 5: Selected items of the consolidated income statement (continuing and discontinued operations combined)

	PLN thousand 12-month period concluded on 31 December 2024	*PLN thousand 12-month period concluded on 31 December 2023*	*PLN thousand change*	*% dynamics*
Total continuing and discontinued operations				
Sales revenues	**2 185 257**	**3 865 003**	**(1 679 746)**	**(43,46)**
Selling prime cost	(1 822 677)	(2 605 793)	783 116	(30,05)
Gross profit (loss) on sales	362 580	1 259 210	(896 630)	(71,21)
Other operating revenues	56 392	71 913	(15 521)	(21,58)
Selling costs	(1 322)	(7 764)	6 442	(82,97)
Overheads	(158 278)	(162 393)	4 115	(2,53)
Other operating costs	(49 718)	(501 809)	452 091	(90,09)
Share in profit (loss) of affiliates measured using the equity method	54 959	29 239	25 720	87,96
Profit (loss) from operating activities	**264 613**	**688 396**	**(423 783)**	**(61,56)**
Financial revenues	27 977	65 972	(37 995)	(57,59)
Financial costs	(51 094)	(134 751)	83 657	(62,08)
Profit on investment disposal and valuation of suspended investment	-	219 293	(219 293)	(100,00)
Gross profit (loss)	**241 496**	**838 910**	**(597 414)**	**(71,21)**
Income tax (tax burden)	21 419	(116 251)	137 670	(118,42)
Net profit (loss)	**262 915**	**722 659**	**(459 744)**	**(63,62)**
EBITDA*	**281 620**	**728 384**	**(446 764)**	**(61,34)**

* *The Company defines and calculates EBITDA as the profit/(loss) on operating activities (calculated as the net profit/(loss) for the accounting year corrected by the (i) income tax (tax load), (ii) financial revenues, as well as (iii) financial costs) corrected by the depreciation (shown in the income statement), as well as impairment write-downs against tangible assets, intangible assets, and mining assets.*

Table 6: Consolidated costs by type

	PLN thousand 12-month period concluded on 31 December 2024	*PLN thousand 12-month period concluded on 31 December 2023*	*PLN thousand change*	*% dynamics*
Depreciation and amortization	17 007	37 807	(20 800)	(55,02)
Fixed and mining asset impairment write-downs	-	2 181	(2 181)	(100,00)
Impairment write-downs against inventories	418	4 124	(3 706)	(89,86)
Consumption of materials	304 475	486 663	(182 188)	(37,44)
Outsourcing	164 333	94 371	69 962	74,14
Taxes and fees excluding excise tax	140 572	260 179	(119 607)	(45,97)
CO_2 emission costs	648 706	607 662	41 044	6,75
Employee benefits	354 052	379 443	(25 391)	(6,69)
Other costs by type	27 096	45 980	(18 884)	(41,07)
Value of goods and materials sold and of sold energy purchased in trade	468 628	1 090 863	(622 235)	(57,04)
Total costs by type	**2 125 287**	**3 009 273**	**(883 986)**	**(29,38)**

The results in 2024 were adversely impacted by a negative P&L on financing activities amounting to PLN 23 117 thousand associated with the lower interest income and a realised loss on the sale of receivables, negative exchange rate differences and a discount on the reclamation provision. The result on financing activities in 2023 was also positive and amounted to PLN 150 514 thousand owing to an event of profit on disposal of investments and the valuation of retained investment related to the disposal of the majority stake in PAK – PCE.

In 2024, the Group took a gross profit of PLN 241 496 thousand. The net profit in 2024 amounted to PLN 262 915 thousand.

Consolidated financial standing statement

The carrying amount as at 31 December 2024 was PLN 3 849 821 thousand, and increased by PLN 260 113 thousand, i.e., 7.25%, relative to 31 December 2023.

As at 31 December 2024, fixed assets amounted to PLN 2 281 276 thousand. Compared to 31 December 2023, it is an increase of PLN 689 117 thousand, i.e., by 43.28%. The largest increase related to the item of tangible fixed assets (property, plant and equipment), which increased by PLN 281 605 thousand and the intangible assets, which increased by PLN 351 332 thousand.

As at 31 December 2024, current assets amounted to PLN 1 568 545 thousand. Compared to 31 December 2023, they decreased by PLN 429 004 thousand, i.e., by 21.48%. As at 31 December 2024, the largest decrease of PLN 240 537 thousand was recorded by other short-term non-financial assets, and of PLN 161 637 thousand in trade and other receivables.

Table 7: Selected items from consolidated assets

	PLN thousand 31 December 2024	*PLN thousand 31 December 2023*	*PLN thousand change*	*% dynamics*
Fixed assets				
Tangible fixed assets	611 916	330 311	281 605	85,25
Fixed asset advance payments	448 187	471 270	(23 083)	(4,90)
Right-of-use assets	34 154	37 541	(3 387)	(9,02)
Investment property	1 725	1 753	(28)	(1,60)
Intangible assets	354 102	2 770	351 332	12 683,47
Other long-term financial assets	47 193	18 404	28 789	156,43
Shares in affiliates and joint ventures measured with the equity method	775 761	720 802	54 959	7,62

Other long-term non-financial assets	77	47	30	63,83
Deferred tax assets	8 161	9 261	(1 100)	(11,88)
Total fixed assets	**2 281 276**	**1 592 159**	**689 117**	**43,28**
Current assets				
Emission allowances	602 688	581 068	21 620	3,72
Inventories	7 478	14 848	(7 370)	(49,64)
Trade and other receivables	401 793	563 430	(161 637)	(28,69)
Income tax receivables	-	473	(473)	(100,00)
Other short-term financial assets	-	11 348	(11 348)	(100,00)
Other short-term non-financial assets	50 316	290 853	(240 537)	(82,70)
Assets under contracts with clients	311	1 520	(1 209)	(79,54)
Cash and cash equivalents	505 959	534 009	(28 050)	(5,25)
Total current assets	**1 568 545**	**1 997 549**	**(429 004)**	**(21,48)**
TOTAL ASSETS	**3 849 821**	**3 589 708**	**260 113**	**7,25**

As at 31 December 2024, the *equity* item of the balance sheet amounted to PLN 2 175 475 thousand and increased by PLN 263 962 thousand or 13.81%, compared to the balance at the end of the previous year, mainly as a result of the realisation of the net profit for 2024.

As at 31 December 2024, liabilities amounted to PLN 1 674 346 thousand, which means that they decreased by PLN 3 849 or 0.23% during a single year. This includes an increase in long-term liabilities by PLN 40 365 thousand or 6.97% to PLN 619 761 thousand, and a decrease in short-term liabilities by PLN 44 214 thousand or 4.02% to PLN 1 054 585 thousand.

Table 8: Selected items from consolidates liabilities

	PLN thousand 31 December 2024	*PLN thousand 31 December 2023*	*PLN thousand change*	*% dynamics*
Equity				
Basic capital	101 647	101 647	-	-
Supplementary capital	1 347 425	1 235 173	112 252	9,09
Other reserve capitals	3 472	3 472	-	-
Retained profits/Accumulated losses	720 756	571 308	149 448	26,16
Exchange rate differences related to foreign unit conversion	(18)	(87)	69	(79,31)
Equity allocated to parent company shareholders	**2 173 282**	**1 911 513**	**261 769**	**13,69**
Non-controlling interest equity	2 193	-	2 193	-
Total equity	**2 175 475**	**1 911 513**	**263 962**	**13,81**
Long-term liabilities			-	-
Interest-bearing loans and borrowings	-	-	-	-
Long-term employee benefits	24 104	24 103	1	0,00
Long-term trade liabilities and other financial liabilities	128 595	445	128 150	28 797,75
Long-term lease liabilities	29 136	35 879	(6 743)	(18,79)
Subsidies and income prepayments and accruals	4 980	5 026	(46)	(0,92)
Other long-term provision accruals	432 896	488 888	(55 992)	(11,45)
Deferred income tax provisions	50	25 055	(25 005)	(99,80)
Total long-term liabilities	**619 761**	**579 396**	**40 365**	**6,97**
Short-term liabilities			-	-
Trade liabilities and other financial liabilities (short-term)	188 400	173 124	15 276	8,82
Short-term lease liabilities	4 699	3 976	723	18,18
Current portion of interest-bearing loans and borrowings	-	-	-	-

Other non-financial liabilities	30 916	36 142	(5 226)	(14,46)
Income tax liabilities	1 297	15 326	(14 029)	(91,54)
Short-term employee benefits	4 387	4 921	(534)	(10,85)
Subsidies and short-term deferred income	46	46	-	-
Liabilities under contracts with clients	7 194	8 042	(848)	(10,54)
Other short-term provisions and accruals	817 646	857 222	(39 576)	(4,62)
Total short-term liabilities	**1 054 585**	**1 098 799**	**(44 214)**	**(4,02)**
Total liabilities	**1 674 346**	**1 678 195**	**(3 849)**	**(0,23)**
TOTAL LIABILITIES	**3 849 821**	**3 589 708**	**260 113**	**7,25**

Consolidated cash flow statement

In 2024, the Group generated a positive cash flow balance from operating activities amounting to PLN 480 048 thousand, which was higher by PLN 919 082 thousand, i.e., 209.34%, compared with the previous year. The largest factor behind the increase in net cash from operating activities was the significantly lower expenditure on the purchase of CO_2 emission allowances.

In 2024, investment activities involved expenditures for the acquisition of fixed assets in the amount of PLN 481 854 thousand. This included expenditures related to investments described more thoroughly in section 3.3 of this report. There were also sales of assets in the amount of PLN 24 787 thousand.

The balance of cash operations under financing activities in 2024 was a negative PLN 29 689 thousand. The flow balance mainly consisted of the amounts repaid by Energia Przykona sp. z o.o. and Neo Energia Przykona X sp. z o.o. in relation to the loans received from the previous owners as a result of ZE PAK SA's acquisition of shares in the aforementioned companies.

Cash amount decreased during 2024 by PLN 28 050 thousand and at the end of the year amounted to PLN 505 959 thousand.

Table 9: Selected items of the consolidated cash flow statement

	PLN thousand 12-month period concluded on 31 December 2024	*PLN thousand 12-month period concluded on 31 December 2023*	*PLN thousand change*	*% dynamics*
Cash flows from operating activities				
Gross profit (loss), including:	241 496	838 911	(597 415)	(71,21)
continued operations	241 496	682 361	(440 865)	(64,61)
discontinued operations	-	156 550	(156 550)	(100,00)
Adjustments for:				
Depreciation and amortization	16 961	37 760	(20 799)	(55,08)
Interest and shares in profits	(55 415)	777	(56 192)	(7 231,92)
(Profit) loss on exchange rate differences	(58)	(1)	(57)	5 700,00
(Profit) loss on investment activities	(9 017)	367 069	(376 086)	(102,46)
(Increase) decrease in receivables	407 500	(256 514)	664 014	(258,86)
(Increase) decrease in inventories	7 370	2 914	4 456	152,92
Increase (decrease) in liabilities, except for loans and borrowings	1 629	(43 209)	44 838	(103,77)
Change in provisions, prepayments/accruals and employee benefits	509 072	857 763	(348 691)	(40,65)
Income tax paid	(15 761)	(93 542)	77 781	(83,15)
Expenses on CO_2 emission allowances	(628 278)	(1 698 402)	1 070 124	(63,01)
Other	4 549	(452 560)	457 109	(101,01)
Net cash from operating activities, including:	**480 048**	**(439 034)**	**919 082**	**(209,34)**
continued operations	480 048	(593 508)	1 073 556	(180,88)
discontinued operations	-	154 474	(154 474)	(100,00)

Cash flows from investment activities				
Sales of tangible fixed assets and intangible assets	24 787	4 719	20 068	425,26
Acquisition of tangible fixed assets and intangible assets	(481 854)	(575 949)	94 095	(16,34)
Expenses and proceeds related to other financial assets	(22 388)	(157 977)	135 589	(85,83)
Acquisition of an affiliate after the deduction of acquired assets	-	(7 594)	7 594	(100,00)
Repayment of loans granted	-	229 031	(229 031)	(100,00)
Received dividends	2	19	(17)	(89,47)
Interest received	-	19 054	(19 054)	(100,00)
Other	1 044	-	1 044	-
Net cash from investment activities, including:	**(478 409)**	**247 648**	**(726 057)**	**(293,18)**
continued operations	(478 409)	247 648	(726 057)	(293,18)
discontinued operations	-	(736 345)	736 345	(100,00)
Cash flows from financial activities				
Repayment of loans, borrowings and debt securities	(29 426)	-	(29 426)	-
Interest paid	(263)	(1 009)	746	(73,93)
Net cash from financial activities, including:	**(29 689)**	**(1 009)**	**(28 680)**	**2 842,42**
continued operations	(29 689)	(459 764)	430 075	(93,54)
discontinued operations	-	458 755	(458 755)	(100,00)
Increase (decrease) in net cash and cash equivalents, including:	**(28 050)**	**(928 740)**	**900 690**	**(96,98)**
continued operations	(28 050)	(805 624)	777 574	(96,52)
discontinued operations	-	(123 116)	123 116	(100,00)
Cash at beginning of period, including:	**534 009**	**1 462 749**	**(928 740)**	**(63,49)**
continued operations	534 009	1 339 633	(805 624)	(60,14)
discontinued operations	-	123 116	(123 116)	(100,00)
Closing cash balance	**505 959**	**534 009**	**(28 050)**	**(5,25)**

Individual income statement

The net product, goods and material sales revenues in 2024 amounted to PLN 2 119 031 thousand and decreased in relation to 2023 by PLN 1 096 592, i.e., 34.10%.

The decline in revenues was primarily due to a decrease in electricity sales revenues, associated with a 44.27% increase in the average price realised, even despite a 9.04% increase in the total sales volume. Bear in mind that generated electricity in-house sales recorded an increase of 16.26%, and purchased electricity sales recorded a decline o 4.62%. The net generation volumes of the Company's individual power plants are shown in Chart 1.

In 2024, capacity market revenues amounted to PLN 158 027 thousand and decreased by PLN 9 454 thousand, or 5.64%, compared to the same period of the previous year. Lower revenues were realised as a result of lower earnings in the secondary market despite a 28.02% higher auction price for 2024.

Heat sales revenues in 2024 amounted to PLN 22 375 thousand and increased relative to 2023 by PLN 3 803 thousand, i.e., by 20.48%, owing to achieving a higher average sales price, while recording a decline in the volume of supplied heat.

Revenues from the sale of other goods in 2024 amounted to PLN 257 162 thousand and were lower than those in 2023 by PLN 56 229 thousand, i.e. by 17.94%. The main cause was a decrease in revenues from the sale of biomass following a decline in its average selling price.

The revenues from the sales of services recorded by the Company were higher by PLN 4 733 thousand, i.e. 8.53%. The main reason for the increase in revenues was the expansion of the scope of support services provided by the company as part of the shared services centre for entities outside of the Group.

In 2024, the Company had no units from based on which property rights from energy certificates of origin are generated and sold.

Revenues from the termination of the LTC (termination of the long-term capacity and energy purchase contract) amounted in 2024 to PLN 73 709 thousand and decreased by PLN 56 796 thousand, i.e., by 43.52%, as a result of exhausting in 2024 the pool of available funds awarded as support.

Table 10: Specification of sales revenues

	PLN thousand 12-month period concluded on 31 December 2024	*PLN thousand 12-month period concluded on 31 December 2023 (restated)*	*PLN thousand change*	*% dynamics*
Revenues from sales of goods and services, including:	1 985 091	3 085 499	(1 100 408)	(35,66)
– revenues from sales of own electricity	1 168 589	1 689 793	(521 204)	(30,84)
– revenues from sales of purchased electricity	378 938	840 764	(461 826)	(54,93)
– capacity market revenues	158 027	167 481	(9 454)	(5,64)
– revenues from sales of thermal energy	22 375	18 572	3 803	20,48
– revenues from sales of goods	257 162	313 391	(56 229)	(17,94)
– revenues from sales of services	60 231	55 498	4 733	8,53
Other revenues, including:	73 709	130 124	(56 415)	(43,35)
– revenues from the production of certificates of origin		(381)	381	(100,00)
– Compensation for termination of long-term contracts	73 709	130 505	(56 796)	(43,52)
Net revenues from the sale of products, goods and materials	**2 119 031**	**3 215 623**	**(1 096 592)**	**(34,10)**

Production costs of products sold amounted in 2024 to PLN 1 542 653 thousand and decreased by PLN 358 878 thousand in relation to 2023, i.e., by 18.87%. The decreased cost was mainly influenced by lower material consumption costs as a result of the decline in purchase price of lignite and lower tax costs due to the absence of a levy on the price difference payment fund in 2024, while the increase was mainly affected by higher CO_2 emission costs.

The value of goods and materials sold in 2024 amounted to PLN 465 455 thousand and was lower than in the previous year by PLN 182 763 thousand, i.e., by 28.19%, as a result of a lower purchase price, and a lower volume of purchased energy.

Selling costs in 2024 amounted to PLN 1 346 thousand and were higher compared to the previous year by PLN 192 thousand, i.e., by 16.64%, as a result of higher electricity trading volume.

Overheads in 2024 amounted to PLN 59 088 thousand and were lower than those incurred in the previous year by PLN 5 731 thousand, i.e., by 8.84%.

A detailed analytical presentation of costs is shown in Table 12.

Table 11: Selected income statement items

	PLN thousand Year concluded on 31 December 2024	*PLN thousand Year concluded on 31 December 2023 (restated)*	*PLN thousand Change*	*% Dynamics*
Net revenues from sales of products, goods and materials, including:	**2 119 031**	**3 213 066**	**(1 094 035)**	**(34,05)**
– Net product sales revenues	1 482 931	2 061 468	(578 537)	(28,06)
– Net revenues from goods and material sold	636 100	1 151 598	(515 498)	(44,76)
Costs of products, goods and materials sold, including:	2 008 108	2 549 749	(541 641)	(21,24)

– Manufacturing costs of products sold	1 542 653	1 901 531	(358 878)	(18,87)
– Manufacturing costs of goods and materials sold	465 455	648 218	(182 763)	(28,19)
Gross profit (loss) on sales	110 923	663 317	(552 394)	(83,28)
Sales costs	1 346	1 154	192	16,64
Overheads	59 088	64 819	(5 731)	(8,84)
Sales profit (loss)	50 489	597 344	(546 855)	(91,55)
Other operating revenues	15 542	74 194	(58 652)	(79,05)
Other operating costs	37 660	20 087	17 573	87,48
Profit (loss) from operating activities	**28 371**	**651 451**	**(623 080)**	**(95,64)**
Financial revenues	58 631	63 128	(4 497)	(7,12)
Financial costs	22 140	50 107	(27 967)	(55,81)
Gross profit (loss)	**64 862**	**664 472**	**(599 610)**	**(90,24)**
Income tax	(330)	80 060	(80 390)	(100,41)
Net profit (loss)	**65 192**	**584 412**	**(519 220)**	**(88,84)**

Other operating revenues in 2024 amounted to PLN 15 542 thousand and were lower than previous year's by PLN 58 652 thousand, i.e., by 79.05%. Lower revenues in 2024 result mainly from taking profit in 2023 on the disposal of non-financial fixed assets, and revenues on provision release.

Other operating costs in 2024 amounted to PLN 37 660 thousand and increased by PLN 17 573 thousand, i.e., by 87.48%, compared to the previous year. The higher income in 2024 resulted from the realisation of a loss on the disposal of non-financial fixed assets.

An operating profit of 28 371 thousand was recorded in 2024.

Financial revenues in 2024 amounted to PLN 58 631 thousand and were lower than recorded in the previous year by PLN 4 497 thousand, i.e., by 7.12%. The reduction in financial income was mainly due to lower bank interest.

Financial costs in 2024 amounted to PLN 22 140 thousand and were lower than previous year's by PLN 27 967 thousand, i.e., 55.81%. The lower level of costs was primarily driven by lower realised foreign exchange losses.

The Group took a net profit of PLN 65 192 thousand in 2024.

Table 12: Unit costs by type

	PLN thousand *Year concluded on 31 December 2024*	*PLN thousand* *Year concluded on 31 December 2023 (restated)*	*PLN thousand* *Change*	*%* *Dynamics*
Depreciation and amortization	4 011	1 952	2 059	105,48
Material and energy consumption	668 109	971 878	(303 769)	(31,26)
Outsourcing	141 765	115 229	26 536	23,03
Taxes and fees	683 263	757 456	(74 193)	(9,80)
Remuneration	93 494	93 368	126	0,13
Social security and other benefits, including:	22 606	21 358	1 248	5,84
pensions	6 976	8 035	(1 059)	(13,18)
Other costs by type	5 142	8 490	(3 348)	(39,43)
Costs by type	**1 618 390**	**1 969 731**	**(351 341)**	**(17,84)**

Individual balance sheet

The carrying amount of the Company as at 31 December 2024 was PLN 3 033 269 thousand and increased by PLN 190 648 thousand or 6.71% in comparison to 31 December 2023.

Fixed assets increased in value by PLN 538 815 thousand to PLN 2 422 186 thousand, or by 28.61%. The largest increments occurred within the long-term investment item, primarily owing to the acquisition of shares in Energia Przykona sp. z o.o. and Neo Energia Przykona X sp. z o.o., and an increased balance of loans granted as a result of granting loans to PAK CCGT sp. z o.o.

Current assets decreased by PLN 348 167 thousand, i.e., by 36.30%. At the end of 2024, the biggest changes were recorded in receivables, which decreased by PLN 352 850 thousand, mainly due to a lower level of VAT receivables and security deposits.

Table 13: Selected individual asset items

	PLN thousand 31 December 2024	*PLN thousand 31 December 2023*	*PLN thousand Change*	*% Dynamics*
Fixed assets	**2 422 186**	**1 883 371**	**538 815**	**28,61**
Intangible assets	604 090	583 441	20 649	3,54
Tangible fixed assets, including:	48 267	23 189	25 078	108,15
1. Tangible assets	4 165	5 973	(1 808)	(30,27)
2. Capital work in progress	24 459	7 460	16 999	227,87
3. Advance payments for capital work in progress	19 643	9 756	9 887	101,34
Long-term receivables	-	-	-	-
Long-term investments	1 764 324	1 270 397	493 927	38,88
Long-term prepayments and accruals	5 505	6 344	(839)	(13,23)
Current assets	**611 083**	**959 250**	**(348 167)**	**(36,30)**
Inventories including:	7 990	17 008	(9 018)	(53,02)
1. Materials	7 809	17 007	(9 198)	(54,08)
2. Goods	177	-	177	-
3. Advance payments for supplies	4	1	3	300,00
Short-term receivables	362 633	715 483	(352 850)	(49,32)
Short-term investments	240 066	223 360	16 706	7,48
1. Short-term financial assets, including:	240 066	223 360	16 706	7,48
– in affiliates	-	1 070	(1 070)	(100,00)
– in other entities	-	-	-	-
– cash and other cash assets	240 066	222 290	17 776	8,00
2. Other short-term investments	-	-	-	-
Short-term prepayments	394	3 399	(3 005)	(88,41)
Basic capital contributions due	**-**	**-**	**-**	**-**
Equity shares (stocks)	**-**	**-**	**-**	**-**
Total assets	**3 033 269**	**2 842 621**	**190 648**	**6,71%**

As at 31 December 2024, equity amounted to PLN 2 058 025 thousand, an increase of PLN 65 192 thousand, or 3.27% compared to the end of 2023. This is the consequence as a result of the net profit taken for 2024.

The level of provisions at the end of 2024 amounted to PLN 730 341 thousand and was higher than in the previous year by PLN 25 151 thousand, i.e. by 3.57%, primarily due to an increase in 'provisions for redeeming carbon dioxide emission allowances'.

In 2024, the level of non-current liabilities increased by PLN 128 175 thousand as a result of recognising contingent liabilities related to the acquisition of shares in Energia Przykona sp. z o.o. and Neo Energia Przykona X sp. z o.o. As at the end of 2024, short-term liabilities decreased relative to 2023 by PLN 27 156 thousand, or 19.02%. The largest decrease in liabilities was related to trade and tax liabilities.

Table 14: Selected individual liability items

	PLN thousand 31 December 2024	*PLN thousand 31 December 2023*	*PLN thousand Change*	*% Dynamics*
Equity	**2 058 025**	**1 992 833**	**65 192**	**3,27**
Basic capital	101 647	101 647	0	0,00
Supplementary capital	1 881 440	1 769 188	112 252	6,34
Revaluation capital	6 274	6 274	0	0,00
Other supplementary capitals (funds)	3 472	3 472	0	0,00
Profit (loss) from previous years	-	(472 160)	472 160	(100,00)
Net profit (loss)	65 192	584 412	(519 220)	(88,84)
Write-offs from net profit during the financial year (negative value)	-	-	0	-
Liabilities and provisions for liabilities	**975 244**	**849 788**	**125 456**	**14,76**
Provisions for liabilities	730 341	705 190	25 151	3,57
1. Deferred income tax provisions	-	-	0	-
2. Provision for retirement and similar benefits	24 109	27 455	(3 346)	(12,19)
3. Other provisions	706 232	677 735	28 497	4,20
Long-term liabilities	128 304	129	128 175	-
1. To related entities	-	-	0	-
2. To other entities in which the entity has equity interests	-	-	0	-
3. To other entities, including:	128 304	129	128 175	-
– loans and borrowings	-	-	0	-
– other financial liabilities	128 304	-	128 304	-
– other	-	129	(129)	(100,00)
Short-term liabilities	115 653	142 809	(27 156)	(19,02)
1. Liabilities to related entities	47 483	7 960	39 523	496,52
2. Liabilities against other entities, in which the entity has equity interests	1 733	-	1 352	354,86
3. Liabilities against other entities, including	63 311	130 898	(67 587)	(51,63)
– loans and borrowings	-	-	0	-
– other financial liabilities	-	-	0	-
– trade-related, with a maturity date of:	42 594	97 707	(55 113)	(56,41)
– advanced payments received for deliveries	31		31	-
– related to taxes, customs duties, social and health insurance, and other public-law titles	10 034	24 776	(14 742)	(59,50)
– remunerations	4 129	4 206	(77)	(1,83)
– other	6 523	4 209	2 314	54,98
4. Special funds	3 126	3 570	(444)	(12,44)
Prepayments and accruals	946	1 660	(714)	(43,01)
Total liabilities	**3 033 269**	**2 842 621**	**190 648**	**6,71**

Individual cash flow statement

In 2024, the Company generated a positive cash flow balance from operating activities amounting to PLN 367 187 thousand, which was lower by PLN 1 185 143 thousand compared to the previous year. The largest factor behind the increase in net cash from operating activities was the significantly lower expenditure on the purchase of CO_2 emission allowances, and the level of receivables decreasing throughout the year.

The capital expenditure under investment activities in 2024 were higher than proceeds by PLN 162 640 thousand. The proceeds realised included receipts from sureties granted and dividends received. Expenditure mainly include the

acquisition of shares in Energia Przykona sp. z o.o. and Neo Energia Przykona X sp. z o.o. and loans granted to PAK CCGT sp. z o.o. for the implementation of the investment scheme.

Cash operations under financing activities in 2024 consisted only of interest-related expenses, which amounted to PLN 263 thousand.

Cash amount increased during 2024 by PLN 19 809 thousand and at the end of the year amounted to PLN 239 390 thousand.

Table 15: Selected individual cash flow statement items

	PLN thousand *Year concluded on 31 December 2024*	*PLN thousand* *Year concluded on 31 December 2023*	*PLN thousand* *Change*	*%* *Dynamics*
Cash flows from operating activities				
Net profit (loss)	65 192	584 412	(519 220)	(88,84)
Total adjustments	301 995	(1 402 368)	1 704 363	(121,53)
1. Depreciation and amortization	4 011	1 952	2 059	105,48
2. Profits (losses) on foreign exchange differences	2 034	(5 887)	7 921	(134,55)
3. Interest and shares in profits (dividends)	(30 713)	(27 618)	(3 095)	11,21
4. Profit (loss) on investment activities	(16 446)	(40 736)	24 290	(59,63)
5. Change in provisions	631 809	590 099	41 710	7,07
6. Change in inventories	9 018	(2 787)	11 805	(423,57)
7. Change in receivables	355 151	(263 731)	618 882	(234,66)
8. Change in short-term liabilities, excluding loans and borrowings	(27 277)	43 398	(70 675)	(162,85)
9. Change in prepayments and accruals	2 686	1 344	1 342	99,85
10. Other adjustments	(628 278)	(1 698 402)	1 070 124	(63,01)
Net cash flows from operating activities	**367 187**	**(817 956)**	**1 185 143**	**(144,89)**
Cash flows from investment activities				
Proceeds	20 763	575 226	(554 463)	(96,39)
1. Disposal of intangible and legal assets, as well as tangible fixed assets	-	66 837	(66 837)	(100,00)
2. From financial assets, including:	20 763	508 389	(487 626)	(95,92)
– in affiliates	19 724	507 952	(488 228)	(96,12)
– in other entities, including:	1 039	437	602	137,76
dividends and shares in profits	2	18	(16)	(88,89)
other proceeds related to financial assets	1 037	419	618	147,49
Expenses	367 878	759 701	(391 823)	(51,58)
1. Acquisition of intangible and legal assets, as well as tangible assets	27 747	21 954	5 793	26,39
2. Financial assets, including:	340 131	737 747	(397 616)	(53,90)
– in affiliates	340 131	737 747	(397 616)	(53,90)
Net cash flows from investment activities	**(347 115)**	**(184 475)**	**(162 640)**	**88,16**
Cash flows from financial activities				
Proceeds	-	-	-	-
Expenses	263	268	(5)	(1,87)
1. Interest	-	-	-	-
Net cash flows on financial activities	**263**	**268**	**(5)**	**(1,87)**
Total net cash flows	**19 809**	**(1 002 699)**	**1 022 508**	**(101,98)**
Cash flow change in the balance sheet, including:	17 775	(996 812)	1 014 587	(101,78)
cash flow change related to foreign exchange differences	2 034	5 887	(3 853)	(65,45)

Cash at beginning of period	**219 581**	**1 222 280**	**(1 002 699)**	**(82,04)**
Cash at end of period, including	**239 390**	**219 581**	**19 809**	**9,02**
restricted cash	7 884	6 972	912	13,08

Consolidated and individual financial ratios

The realisation of both consolidated and individual net profit in 2024 resulted in all profitability ratio recording positive values.

The total debt ratio at the end of 2024 slightly decreased in the Group and recorded a minor increase within the Company, meaning that the level of provisions and liabilities decreased and increased, respectively, in relation to the carrying value.

The current liquidity ratio indicates the extent to which short-term liabilities and provisions, including provisions related to carbon dioxide emission allowances, are covered by current assets and the value of purchased carbon allowances. The values of Group and Company indicators are above unity, which means that the liquidity-related standing of the Group and Company at the end of 2024 is stable.

Table 16: Consolidated ratios

					%
		2024	*2023*	*Change*	*Dynamics*
ROE	*%*	12,09	37,81	(25,72)	(68,02)
ROA	*%*	6,83	20,13	(13,30)	(66,07)
Net sales profitability	*%*	12,03	18,70	(6,67)	(35,67)
Overall debt ratio	*x times*	0,43	0,47	(0,04)	(8,51)
Current liquidity index	*x times*	1,49	1,82	(0,33)	(18,13)

* *Calculated net sales profitability (on continued and discountinued operations combined).*

Table 17: Individual indices

					%
		2024	*2023 (restated data)*	*Change*	*Dynamics*
ROE	*%*	3,17	29,33	(26,16)	(89,19)
ROA	*%*	2,15	20,56	(18,41)	(89,54)
Net sales profitability	*%*	3,08	18,19	(15,11)	(83,07)
Overall debt ratio	*x times*	0,32	0,30	0,02	6,67
Current liquidity index	*x times*	1,55	2,00	(0,45)	(22,50)

5.3. Significant off-balance sheet items

The description of significant off-balance sheet items can be found in Notes 33, 34 and 35 of the Group's consolidated financial statement for 2024.

5.4. Projected financial standing

The Group has been limiting its activities associated with coal extraction and energy generation fired by lignite for several years. The extraction from two lignite open pits has been completed and power units with a total capacity of 644 MW have been decommissioned in recent years. The Group is entering 2025 as an operator of its last open-pit (Tomisławice) and its last coal-fired unit at the Pątnów Power Plant, with a capacity of 474 MW. A significant reduction in the scale of basic operating activities translates to lower electricity generation capacity and potential for profiting from it. Simultaneously, please note that the magnitude of reducing fixed costs associated with coal-related activities is proportionally lower relative to the scale of operation reduction. In addition, please bear in mind that the cessation of operations (especially extraction operations) entails costs for a number of years to come. In practice, these are the reclamation costs, as well as public and legal levies (e.g., property tax) that the Group will incur within the period necessary to bring the site operated in previous years into compliance with certain legal regulations. The time schedule for phasing out Group's generation activities provides for the generation of power based on lignite coal until all the coal

from the currently operated Tomisławice open pit mine is extracted. This means that generation activities will not be conducted in the Group beyond the end of H1 2026. After phasing out lignite power generation, costs associated with reclaiming land affected by extraction and generation activities will have to be covered from accumulated funds, the sale of assets or revenues generated by potential new investment projects.

For years the Group has been working in an effort to optimise the use of available assets previously employed within its generation operations. Currently, the most advanced project is the construction of the 574 MW CCGT gas-fired unit at the site of the former Adamów coal-fired power station. The project was granted support through winning the capacity market auction in December 2021 and concluding a 17-year capacity contract. Construction work commenced in December 2023. Work progress at the end of 2024 is 33.4%, with the expected unit commissioning date set for Q3 2027. Work is currently underway to secure external funding for the project. This work is extending beyond the originally planned schedule, but there is now a noticeable change in the perception of such projects by financial institutions (due to, among other things, project compatibility with the taxonomy and the possibility of obtaining instruments to secure the repayment of the financing granted for such a project). The project is currently being implemented based on own funds and funds obtained through bridging financing (the acquisition of bridging financing is reported by the Company in the note on events after the balance sheet date in the consolidated financial statement for the year concluded on 31 December 2024).

At the same time, in January 2025, the Company announced the signing of a term sheet with PGE SA on the potential disposal of the project. The document provides for negotiating PGE SA's exclusivity until the end of June 2025, but does not prevent continued search for external debt financing.

The ZE PAK SA Group does not currently have the capacity to finance the project entirely from its own resources. In the absence of a project sales transaction and the simultaneous extended process of obtaining external debt financing, other ways to enable the continuation of the CCGT unit construction or temporary suspend the project will have to be considered. This may involve additional costs and complicate the execution work schedule (project suspension is provided for in certain cases in the contract with the project contractor). In its going concern assessment, the Management Board also considers such alternative scenarios.

The Group is also working on using the assets currently employed to generate lignite-based electricity at the Pątnów power plant. One of the potential projects currently being analysed is the modernisation of the 474 MW coal-fired unit at the Pątnów Power Plant and convert it to gas-fired. The advantage of this solution is lower capital expenditure expected than in the case of constructing a gas-fired unit from scratch. Awareness of the high needs of the national power grid in terms of flexible generating units adapted to cooperate with an increasing number of non-controllable RES sources prompted the Group to thoroughly analyse such a solution. For this purpose the Group has obtained gas network connection conditions and applied for power grid connection conditions, and expects them to be issued by the end of May 2025. However, it should be taken into account that the decision to implement such a project depends on an in-depth analysis of the work schedule and capital expenditure, which the Group is working on assisted by a professional consultant. Also relevant to the decision will be the possible support scheme for the project in question.

The circumstances described above may impact the assessment of the Group's future activities, including the assessment of the Group's going concern. The planned phase-out of the current coal-based business with all its consequences and the simultaneously implemented process associated with the construction of a CCGT unit generate the aforementioned risks, the materialisation of which may adversely affect the Group's future financial standing.

Simultaneously, the Management Board has thoroughly analysed cash flow forecasts and confirms that the said analysis indicates a potential generation of sufficient, positive cash flows, for at least 12 successive months after the date of this financial statement. This analysis was conducted based on assessing the scenarios described above, including under the assumption of selling the currently implemented CCGT construction project in accordance with the boundary conditions described in the term sheet.

As a result, the Management Board believes that the Group's current financial standing and the cash flows planned under the adopted assumptions allow for an expectation that the Group will not encounter any problems in settling its financial liabilities and fulfilling its business intentions within the 12 months from the date of this financial statement.

5.5. Specification of factors affecting current and future financial results

In essence, bear in mind that there are currently two key factors influencing the Group's current and future financial result:

1. The Group has been limiting its activities associated with coal extraction and energy generation fired by lignite for several years. The extraction from two lignite open pits has been completed and power units with a total capacity of 644 MW have been decommissioned in recent years. The Group is entering 2025 as an operator of its last open-pit

(Tomisławice) and its last coal-fired unit at the Pątnów Power Plant, with a capacity of 474 MW. A significant reduction in the scale of basic operating activities translates to lower electricity generation capacity and potential for profiting from it. Simultaneously, please note that the magnitude of reducing fixed costs associated with coal-related activities is proportionally lower relative to the scale of operation reduction. In addition, please bear in mind that the cessation of operations (especially extraction operations) entails incurring costs for a number of years to come. In practice, these are the reclamation costs, as well as public and legal levies (e.g., property tax) that the Group will incur within the period necessary to bring the site operated in previous years into compliance with certain legal regulations. The time schedule for phasing out Group's generation activities provides for the generation of power based on lignite coal until all the coal from the currently operated Tomisławice open pit mine is extracted. This means that generation activities will not be conducted in the Group beyond the end of H1 2026. After phasing out lignite power generation, costs associated with reclaiming land affected by extraction and generation activities will have to be covered from accumulated funds, the sale of assets or revenues generated by potential new investment projects.

2. For years the Group has been working in an effort to optimise the use of available assets previously employed within its generation operations. Currently, the most advanced project is the construction of the 574 MW CCGT gas-fired unit at the site of the former Adamów coal-fired power station. The project was granted support through winning the capacity market auction in December 2021 and concluding a 17-year capacity contract. Construction work commenced in December 2023. Work progress at the end of 2024 is 33.4%, with the expected unit commissioning date set for Q3 2027. The Group continues to work on acquiring external funding for the project. The process is extending beyond the originally planned schedule. At present, the project is being implemented based on own resources and with funds raised from bridging funding. At the same time, in January 2025, the Company announced the signing of a term sheet with PGE SA on the potential disposal of the project. The document provides for negotiating PGE SA's exclusivity until the end of June 2025, but does not prevent continued search for external debt financing. The Group does not currently have the capacity to finance the project entirely from its own resources. In the absence of a project sales transaction and the simultaneous extended process of obtaining external debt financing, the Group will have to consider other ways to enable the continuation of the CCGT unit construction or temporary suspend the project will have to be considered. This may involve additional costs and complicate the execution work schedule, which the Group is unable to estimate today.

In addition to the aforementioned factors associated with the current period of transition processes in the Group, the power sector business is also affected by aspect typical of the entire electricity generating industry.

In 2019, a package of regulations called "Clean Energy for All Europeans" (Winter Package) was enacted, fundamentally affecting national legislation in the energy sector. The entry into force of these regulations, in particular the Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (the so-called 'Market Regulation'), is very important from the point of view of the Polish capacity market, since those regulations, as of 21 July 2025, exclude support for facilities emitting more than 550 g CO_2/kWh when generating electricity based on fossil fuels. On 14 March 2023, the European Commission presented a draft energy market reform commonly known as the EMD (Electricity Market Design) reform, which aims to improve the structure of the EU electricity market and also to protect the European Union from manipulation in the wholesale energy market. The EMD reform is in fact a package of implementing regulations primarily amending the 'Market Regulation' and the REMIT regulation (giving ACER powers to conduct checks on the application of the regulation analogous to those held by the ERO). The EMD reform has affected the shape of the Polish capacity market. Within the implementation of the derogation provided for by the Market Regulation, the Legislator has amended the Capacity Market Act by introducing an additional tendering process, which involves generating units that started commercial operation prior to 4 July 2019, and emit more than 550 g of fossil fuel CO_2 per kWh of electricity, will, as an exception, be allowed to have liabilities or receive payments or liabilities for future payments. The act provides for the possibility of four supplementary auctions for the following supply periods, namely, the second half of 2025 (semi-annual auction) and for the supply years 2026, 2027 and 2028 (annual auctions). Supplementary auctions will, by nature, be an extension of the existing capacity market processes and will only be organised if a generating resource sufficiency issue is identified following the primary capacity market processes for a given supply year (main auction and supplementary auctions).

In addition to the above-described reform of the European electricity market, when assessing the market and regulatory environment of the electricity producer and seller, several phenomena of particular relevance last year must be taken into account, the effects of which may also affect the Group's performance in the future:

- work on achieving climate neutrality by the European Union (raising reduction targets),
- growth of RES-related capacity in the NPS, in particular intensive growth of photovoltaic systems,
- entry into force of the balancing market reform on 14 June 2024.

The ZE PAK SA Group generates most of its revenues from the generation and sales of electricity, therefore the price for which it sells electricity is very important for the results of its activities. Analysing current market trends in the context of the level of electricity prices on wholesale energy markets primarily requires a look at the prices quoted on the Polish

Power Exchange ("POLPX" or "TGE"). For many years, the primary factors significantly affecting the level of exchange quotations on the SPOT market (DAM&IDM of the POLPX) have been the volume of wind generation, the state of reserves in the NPS system, the volume of transmission capacity made available for cross-border exchange and the status of customer contracts on the forward electricity market. Another factor has gained in importance over the last three years, namely, the solar conditions. Due to the significant and dynamic growth of installed photovoltaic capacity, they affect energy prices, especially in the spring and summer.

Electricity trading volumes on TGE amounted to 131 691 879 MWh in 2024, a decrease of 10.7% compared to 2023[3] (147 462 826 MWh), including a 2.7% decline in trading volumes on the futures market and a 21.4% reduction in turnover on the spot market. The weighted average price of a "BASE" contract (the so-called "band", i.e., the delivery of a fixed amount of energy over a specific unit of time) on the POLPX Day-Ahead Market was at 424.94 PLN/MWh in 2024, a decrease of 108.68 PLN/MWh, i.e., almost 20%, compared to the corresponding price in 2023 (533.62 PLN/MWh). In turn, the weighted average price of the annual contract with band delivery in 2025 (BASE_Y-25) on the 'CFM' futures market amounted to PLN 449.8/MWh for the whole of 2024, which means a decrease of 192.39 PLN/MWh, i.e., almost 30%, in relation to the price in the listings of the BASE_Y-24 contract in 2023 (642.19 PLN/Mwh). The significant decrease in the annual average price of the BASE_Y-25 annual contract can be associated with the stabilisation of electricity price levels and the increase in installed RES capacity.

The price of CO_2 emission allowances ('EUAs'), which the emitter is obliged to redeem in an amount corresponding to the volume of CO_2 emitted into the atmosphere, is currently, in addition to the cost of coal and auxiliary fuels, the factor most decisive in terms of the competitiveness of a lignite-based power utility company. The volume of Group-required allowances must be purchased on the market. The level of prices at which the Group purchases CO_2 emission allowances has had in previous years and will continue to have a significant impact on the Group's future financial performance, as long as the Group continues to produce energy from lignite or gas. It is reasonable to assume that, given the plans to phase out coal-based generation, this impact should diminish in the long term. In 2025, ZE PAK SA, as a consequence of its consistent policy of energy transition towards climate neutrality, will operate only one lignite-fired power unit – Unit No. 9 at the Pątnów Power Plant, with a capacity of 474 MW. The CO_2 Emission Allowance Market is one that is currently most exposed to price changes caused by political decisions resulting from the directions of the debate on the shape of the European Emissions Trading Scheme (EU ETS) reform, which has been continuing for several years, as well as the ongoing economic transition. Prices on the CO_2 allowance market in 2024 did not experience a uniform trend. At the beginning of the year, prices recorded a decline from EUR 80 to as low as EUR 53. In the second quarter, the market saw price increases, with periodic downward price adjustments. CO_2 listings at the end of 2024 were at a level of EUR 72. In 2024, a correlation of the EUA price trend with gas prices could be observed. Due to already generating electricity on only one coal-fired unit, currently any changes in the regulatory environment, which are assumed to increase the cost of CO_2 emissions to a lesser extent than in previous years when the power plant was recorded a significantly higher production volumes, will increase the cost of energy production, since at the moment ZE PAK SA has a secured price of EUA units for the majority of the 2025 electricity production plan. However, given the Group's investment in the construction of the CCGT unit in Adamów, the prices of emission allowances will, to a lesser extent due to the significantly lower emissivity of gas sources compared to coal-fired sources, continue to be an important factor influencing the Group's financial performance in the future.

Another factor that will undoubtedly have an impact on the Group's future financial performance, associated with the EMD reform described in the first part, is the participation of the Group's generating units in the capacity market. ZE PAK SA has been an active participant since the establishment of the Capacity Market. The only operated coal-fired unit No. 9 at the Pątnów Power Plant does not have capacity contracts from the primary market for the supply year 2025. However, the unit is certified to participate in the secondary capacity market, where it can take over capacity obligations from other participants. In the first half of 2025, ZE PAK will be able to be active in the secondary capacity market, but after 1 July 2025 it will have limited contracting opportunities, as it will only be able to take-over capacity obligations contracted until 31 December 2019 from other secondary market entities. Now that the reform of the entire electricity market – EMD (electricity market design) – has been adopted and these provisions have been implemented into the Polish legislation, an opportunity will open up for ZE PAK SA to record increased revenues from the capacity market, to cover the fixed operating costs of unit No. 9 at the Pątnów Power Plant, through the possible participation of this unit in a supplementary auction. In 2021, as a result of an auction for the supplies in 2026, a ZE PAK SA's subsidiary, PAK CCGT sp. z o.o., concluded a capacity contract for 17 years of supply, contracting 493 MW of capacity obligation at a base price of 400.39 PLN/kW/year. Moreover, when dealing with issues related to the capacity market, it is also important to note that the capacity market does not only mean payments for the participants, but also certain obligations and financial penalties for those who fail to perform or inappropriately perform the contracted capacity obligation.

[3] TGE information from www.tge.pl

Bear in mind that, as of 2019, intensive work has been continuing on the balancing market reform, bringing the market into line with the requirements of European law. Changes to the balancing market were being introduced in stages. The second stage of the reform entered into force on 14 June 2024, and introduced, among other things, a new market architecture, as well as new market-based rules for the sale of balancing capacities, new settlement rules on the Balancing Market and different rules for payments for commissioning. With the entry into force of the second stage of the Balancing Market reform, ZE PAK SA as a Balancing Service Provider (BSP) on arm's length, offers a catalogue of balancing services to a Transmission Network Operator, including, in addition to balancing energy, balancing capacities that include frequency maintenance reserve, frequency restoration reserve, replacement reserve and operational reserve. The provision of these services by coal-fired units owned by ZE PAK SA constitutes a new source of revenue for the Company, related to the use of the units for balancing the National Power Grid and maintaining its stability.

5.6. Unusual factors and events affecting achieved financial results

At the end of 2024, the generation of electricity by Units No. 1 and 2 at the Pątnów power plant was decommissioning, which means that as of the beginning of 2025, electricity is generated only in Unit No. 9 at the Pątnów power plant. Operating one power unit will translate into less capacity and lower operating flexibility. Complete phase-out of lignite power generation is expected in H1 2026.

6. FINANCIAL ASSET MANAGEMENT

6.1. Assessment of financial asset management

The Group manages its current financial resources in a flexible manner, employing cash liquidity analysis models and planning future cash flows based on periodically prepared financial forecasts in the short- and long-term perspective. Using the aforementioned tools, Companies of the Group execute current monitoring and analyses of the receivable and liability maturity dates, as well as adjust the deadlines and bank account balances to the amounts of cash flows. Excess cash is managed by investing in less risky financial market instruments, which mainly include bank deposits. The period of increased cash demand is usually the turn of the Q1 and Q2. This is due to the fact that the Company hedges the volume of CO_2 emission allowances in the forward market and, as their redemption date approaches (end of April each year), needs cash to acquire them. Overdraft credit facilities are used to ensure flexibility during periods of increased cash demand.

The process aimed at obtaining external financing for the further implementation of the power unit project at PAK CCGT sp. z o.o. is currently very important from the perspective of the need for funding. The Group continues to work on acquiring external debt funding for the project. The process is extending beyond the originally planned schedule. At present, the project is being implemented based on own resources and with funds raised from bridging funding. The Group does not currently have the capacity to finance the project entirely from its own resources. In the absence of a project sales transaction and the simultaneous extended process of obtaining external debt financing, the Group will have to consider other ways to enable the continuation of the CCGT unit construction or temporary suspend the project will have to be considered. This may involve additional costs and complicate the execution work schedule, which the Group is unable to estimate today.

6.2. Assessment of investment plan implementation

The Group currently has several investment projects at various development stages. The adopted method of implementing planned investments is mainly based on the use of resources obtained through current activities as well as external financing. In planning the funding, the Group's companies take into consideration a series of existing or future factors which can have substantial impact on the executed program. The projected financing structure of particular investment plans also takes into consideration the levels of a series of financial indexes, such as the debt or liquidity index, in a way which allows to obtain their optimal levels.

The biggest challenge at the moment is the financing of the gas unit construction project, which has already started at the Adamów power plant. The project is currently financed through own funds, but external financing is required for further implementation.

7. SIGNIFICANT DEVELOPMENT FACTORS AND PROSPECTS

Directional activities designated by the Group's Strategy

From the point of view of strategy directions, the ZE PAK SA Group is at a crucial juncture. The Group has been limiting its activities associated with coal extraction and energy generation fired by lignite for several years. The extraction from two lignite open pits has been completed and power units with a total capacity of 644 MW have been decommissioned in recent years. The Group is entering 2025 as an operator of its last open-pit (Tomisławice) and its last coal-fired unit at the Pątnów Power Plant, with a capacity of 474 MW. Please bear in mind that the cessation of operations (especially extraction operations) entails costs for a number of years to come. In practice, these are the reclamation costs, as well as public and legal levies (e.g., property tax) that the Group will incur within the period necessary to bring the site operated in previous years into compliance with certain legal regulations. The time schedule for phasing out Group's generation activities provides for the generation of power based on lignite coal until all the coal from the currently operated Tomisławice open pit mine is extracted. This means that generation activities will not be conducted in the Group beyond the end of H1 2026.

In relation to the planned phasing out of coal-related activities, for years the Group has been working in an effort to optimise the use of available assets previously employed within its generation operations. Currently, the most advanced project is the construction of the 574 MW CCGT gas-fired unit at the site of the former Adamów coal-fired power station. The project was granted support through winning the capacity market auction in December 2021 and concluding a 17-year capacity contract. Construction work commenced in December 2023. Work progress at the end of 2024 is 33.4%, with the expected unit commissioning date set for Q3 2027. The Group continues to work on acquiring external funding for the project. The process is extending beyond the originally planned schedule. At present, the project is being implemented based on own resources and with funds raised from bridging funding. At the same time, in January 2025, the Company announced the signing of a term sheet with PGE SA on the potential disposal of the project. The document provides for negotiating PGE SA's exclusivity until the end of June 2025, but does not prevent continued search for external debt financing. The Group does not currently have the capacity to finance the project entirely from its own resources. In the absence of a project sales transaction and the simultaneous extended process of obtaining external debt financing, the Group will have to consider other ways to enable the continuation of the CCGT unit construction or temporary suspend the project will have to be considered. This may involve additional costs and complicate the execution work schedule, which the Group is unable to estimate today.

Another venture currently at the phase of primarily preparatory and planning work is the project to build a large wind farm near Opole. In Q2 2024, the Company acquired 99% of the shares in a project that plans to construct a wind farm with a total capacity of 50 MW in the area of three counties in the Opolskie Province. Preparatory and design work is currently underway to bring the project to a ready-to-build stage. Due to its scale, the Group will consider securing an external partner for this project.

One of the potential projects currently being analysed is the modernisation of the 474 MW coal-fired unit at the Pątnów Power Plant and convert it to gas-fired. The advantage of this solution is lower capital expenditure expected than in the case of constructing a gas-fired unit from scratch. Awareness of the high needs of the national power grid in terms of flexible generating units adapted to cooperate with an increasing number of non-controllable RES sources prompted the Group to thoroughly analyse such a solution. For this purpose the Group has obtained gas network connection conditions and applied for power grid connection conditions, and expects them to be issued by the end of May 2025. However, it should be taken into account that the decision to implement such a project depends on an in-depth analysis of the work schedule and capital expenditure, which the Group is working on assisted by a professional consultant. Also relevant to the decision will be the possible support scheme for the project in question.

ZE PAK SA is also a minority shareholder (49.5%) in PAK – Polska Czysta Energia sp. z o.o. (PAK – PCE), around which a structure of special purpose vehicles, responsible for activities within individual RES technologies, is being gradually developed. The completed transaction involving sales of the majority stake in PAK – PCE sp. z o.o. to the Cyfrowy Polsat Group, guaranteed obtaining a financially strong partner in the implementation of a wide range of prospective investment projects in the field of renewable energy sources, as well as generation and utilization of 'green' hydrogen. The ZE PAK SA Group is also actively participating in the development of the PAK – PCE structure on an operational level.

8. SHAREHOLDING STRUCTURE SPECIFICATION

8.1. Shareholding structure

As of 31 December 2024, the Company's share capital amounted to PLN 101 647 094.00 and is divided into 50 823 547 shares with a face value of PLN 2.00 each.

The following table shows the list of shareholders holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the Company's General Meeting, according to the information available to the Company based on the notifications provided on the acquisition/disposal of the Company's shares as at the date of this report and as at 31 December 2024 and 31 December 2023.

Table 18: List of shareholders holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the General Meeting of the Company*

Shareholder	*pcs* *Number of shares and corresponding number of votes at the General Meeting*			*%* *Share in the total number of stocks/votes*		
	30.04.2025	*31.12.2024*	*31.12.2023*	*30.04.2025*	*31.12.2024*	*31.12.2023*
Zygmunt Solorz (indirectly) through:	**33 523 911**	**33 523 911**	**33 523 911**	**65,96**	**65,96**	**65,96**
– Argumenol Investment Company Limited	33 523 911	33 523 911	33 523 911	65,96	65,96	65,96
Nationale-Nederlanden OFE	**4 503 242**	**4 503 242**	**4 503 242**	**8,86**	**8,86**	**8,86**
OFE PZU "Złota Jesień"	**4 635 719**	**4 635 719**	**4 635 719**	**9,12**	**9,12**	**9,12**
PTE Allianz Polska SA	**3 491 456**	**3 491 456**	**3 491 456**	**6,87**	**6,87**	**6,87**

* *List developed according to the information held by the Company based on the provided notifications on the acquisition/disposal of shares.*

The structure of shareholders holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes as at the date of submission of this annual report for 2024 does not differ from the corresponding list of the periodic report for 2023.

The Company is not aware of any agreements, which would result in future changes in the shareholding structure of the current shareholders.

8.2. Acquisition of own shares

The Company did not acquire own shares in 2024.

8.3. Stocks and shares of entities of the ZE PAK SA Capital Group held by management and supervisory persons

The table below presents (direct and indirect) holding of the Company's shares and the stocks/shares in affiliates of the Company held by management personnel as at 31 December 2023 and as at the date of this statement.

Table 19: Status for shares in the Company and shares/stocks in entities affiliated with the Company held by managing personnel as at 31 December 2024 and as at the statement date.

Full name	*ZE PAK SA shares*		*Shares/stocks in ZE PAK SA affiliates*	
	volume	*face value*	*volume*	*face value*
Piotr Woźny	0	0	0	0
Zygmunt Artwik	0	0	0	0
Maciej Nietopiel	0	0	0	0
Andrzej Janiszowski	0	0	0	0
Katarzyna Sobierajska	0	0	0	0
Maciej Koński	0	0	0	0

The table below presents (direct and indirect) holding of the Company's shares and the stocks/shares in affiliates of the Company held by management personnel as at 31 December 2024 and as at the date of this statement.

Table 20: Company's share holdings as well as affiliates' share/stock holdings by the supervisory personnel as at 31 December 2024 and as at the date of statement development.

Full name	*ZE PAK SA shares*		*Shares/stocks in ZE PAK SA affiliates*	
	volume	*face value*	*volume*	*face value*
Zygmunt Solorz	**33 523 911**	2 PLN	0	0
Justyna Magdalena Kulka	0	0	0	0
Wiesław Walendziak	0	0	0	0
Tomasz Szeląg	0	0	0	0
Henryk Sobierajski	0	0	0	0
Sławomir Zakrzewski	0	0	0	0
Alojzy Z. Nowak	0	0	0	0
Beata Jakacka-Sitek	0	0	0	0

8.4. Employee shares programme control system

The Company does not have an employee share programme, therefore, there is no control system of the employee share programme.

9. DECLARATION OF COMPLIANCE WITH CORPORATE GOVERNANCE RULES

The declaration of compliance with corporate governance rules is presented in accordance with Art. 70(6) cl. 5) of the Regulation of the Minister of Finance dated 29 March 2018 on current and periodic information provided by issuers of securities and conditions for recognising as equivalent the information required by the law of a non-member state.

9.1. Set of applied corporate governance rules

As of 1 July 2021, ZE PAK SA is subject to a set of corporate governance principles for companies listed on the WSE Main Market – Best Practices for WSE Listed Companies 2021 ('DPSN 2021'), adopted by Resolution No. 13/1834/2021 of the Exchange Supervisory Board of 29 March 2021.

The Company's Management Board, within the competencies granted to it by the Articles of Association and the generally binding legal regulations, exercises due care in order to ensure the Company's compliance with the Code of Best Practices to the greatest extent possible. The number and scope of principles which were not applied in 2024 have been described in detail in the section below. The Company's Management Board makes all exceptional efforts in order for the Company's information policy towards investors, both individual and institutional, comprising the execution of guidelines included in the Code of Best Practices, to be compliant with the expectations. The Company strives to minimise both the number and scope of principles that have been waived. In addition, for reasons not attributable to the Company, not all principles contained in the Best Practice are applied.

The text of the Best Practice 2021 is published on the website of the Warsaw Stock Exchange at:
DPSN 2021 - https://www.gpw.pl/pub/GPW/files/PDF/dobre_praktyki/DPSN21_BROSZURA.pdf
In accordance with the Best Practices, the Company has published information on the status of Company's application of the principles contained in the Best Practices at:
https://ri.zepak.com.pl/upload/files/GPW_dobre_praktyki_ZEPAK_PL.pdf

9.2. Set of waived DPSN 2021 principles

Below you can find corporate governance rules, which the Company has not complied within its activities in 2024, together with an explanation of the Company's position regarding each specific departure.

Principle 1.4.2 DPSN 2021

Information on the strategies in the ESG shall, among others, present the equal pay index for its employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target.

Explanation of the reasons for not applying principle 1.4.2.

Due to the specific nature of the Company's business operating in the heavy industry segment, men (in the production area) constitute a clear majority in the workforce and therefore the Company does not keep such statistics. However, remuneration in the Company is tailored to the level of education and competence and the position occupied and is not in any way dependent on the gender or age of the employee.

Principle 2.1. DPSN 2021

A Company should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.

Explanation of the reasons for not applying principle 2.1.

The Company has not developed a diversity policy in relation to the management board and supervisory board. According to standards applicable at the Company, such objective criteria as knowledge, experience, competences and skills required to hold assigned functions are decisive when selected management and supervising personnel. In the Company's opinion, the cited criteria can ensure effective and efficient operation of the Company and the implementation of the adopted strategy.

Principle 2.2. DPSN 2021

Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals
of the established diversity policy referred to in principle 2.1.

Explanation of the reasons for not applying principle 2.2.

Persons making decisions related to appointing members of the management board and supervisory board ensure the versatility of these bodies, guided by current Company needs, expressed through taking into account the appropriate professional experience, competences and education exhibited by the candidates, which are required to perform the functions entrusted to them. The principle does not apply in terms of satisfying the imposed index of a 30% minimum minority share. The Company believes that the adoption of a fixed minority share ratio in the Company's bodies may lead to a situation where the criterion of belonging to a minority will have a decisive impact on the selection of a candidate at the expense of the criteria which are most important in the Company's opinion, such as relevant professional experience, competence and education.

Principle 2.11.6 DPSN 2021

The annual report contains information regarding the degree of implementation of the diversity policy applicable to the management board and the supervisory board, including the achievement of goals referred to in principle 2.1.

Explanation of the reasons for not applying principle 2.11.6.

Due to the absence of a developed diversity policy and the explanation of the non-application of principle 2.1., the annual report of the supervisory board will not contain information on the degree of implementation of the Company's diversity policy.

Principle 4.1. DPSN 2021

The Company shall enable their shareholders to participate in a general meeting by means of electronic communication (e-meeting) if justified by the expectations of shareholders notified to the company, provided that the company is in a position to provide the technical infrastructure necessary for such general meeting to proceed.

Explanation of the reasons for not applying principle 4.1.

The Company offers real-time coverage of the general meeting, but in the Company's opinion the current shareholding structure does not justify real-time two-way communication allowing shareholders to speak during the general meeting while at a location other than the venue of the meeting. The possibility to exercise voting rights in person or by proxy is an established practice during the Company's general meetings of shareholders.

Principle 6.2. DPSN 2021

Incentive schemes should be constructed in a way necessary among others to tie the level of remuneration of members of the company's management board and key managers to the actual long-term standing of the company measured by its financial and non-financial results as well as long-term shareholder value creation,

sustainable development and the company's stability.

Explanation of the reasons for not applying principle 6.2.

There are currently no incentive schemes within the Company; however, the Company assumes that should such a scheme be adopted it will be compliant with the Best Practice principles.

Principle 6.3. DPSN 2021

If company's incentive schemes include a stock option programme for managers, the implementation of the stock option programme should depend on the beneficiaries' achievement, over a period of at least three years, of pre-defined, realistic financial and non-financial targets and sustainable development goals adequate to the company, and the share price or option exercise price for the beneficiaries cannot differ from the value of the shares at the time when such programme was approved.

Explanation of the reasons for not applying principle 6.3.

There are no incentive schemes based on stock options or other stock-related instruments implemented within the Company; however, the Company assumes that should such a scheme be adopted it will be compliant with the Best Practices principles.

9.3. Changes in the status of applying the DPSN 2021 principles implemented in the financial year

Principle 1.3.1

The company also incorporates ESG topics into its business strategy, in particular, covering environmental issues, including climate change metrics and risks and sustainability issues.

The principle is applied.

Company comment regarding the application of this principle

In October 2020, the Company announced its strategy directions to gradually phase-out conventional power generation and concentrate its future activities in the field of renewable energy sources and the use of green hydrogen. The Company has also adopted an ESG strategy for 2024 – 2028 covering environmental issues, including metrics and risks associated with climate change.

Principle 1.3.2

The company also integrates ESG topics into its business strategy, in particular, covering social and labour issues, related, among others, to measures taken and planned to ensure gender equality, sound working conditions, respect for employee rights, dialogue with local communities, customer relations, among others.

The principle is applied.

Company comment regarding the application of the principle in question.

The Company has adopted a sustainable development strategy (ESG) for the 2024 – 2028 period. Its scope covers also social and labour issues.

9.4. Incidental violation of DPSN 2021 principles

Principle 4.4.

Media representatives are allowed to be present at general meetings.

Comment regarding the incidental violation of principle 4.4

The Company offers real-time coverage of the general meetings and makes the recorded proceedings of the general meetings available on its website. Due to the nature of the Extraordinary General Meeting of the Company, convened for 7 October 2024, the Company believes that media presence could disrupt orderly conduct.

9.5. Description of the main features of internal inspection and risk management systems applied in relation to the preparation of financial and consolidated financial statements

The process of developing Company's financial statements as well as the Capital Group's consolidated financial statements involves using internal control and risk management mechanisms, such as Company's internal procedures, mechanisms of managing IT systems used for registration of economic activities and development of financial statements, as well as data and system protection mechanisms, principles of supervision over the preparation of financial statements, principles of verification and assessment of statements, internal audit and other control elements.

The development of the Company's financial statements as well as the Group's consolidated financial statements is executed in an orderly manner, pursuant to the organisational structure of the Company and Group. The management accounting tools and IT systems implemented in the Company and Group for the purpose of registration of economic events in books of account provide the basis for the evaluation that the Company's financial statements and the Group's consolidated financial statements reliably and clearly present the Company's and Group's financial and economic situation.

The basic regulations in the scope of development of financial statements include: the Company's accounting policy in accordance with the Accounting Act of 29 September 1994, International Financial Reporting Standards ('IFRS'), approved by the European Union, the procedure of closing the books of account of companies including the Capital Group, as well as the financial statement and consolidated financial statement development requirements imposed by the Warsaw Stock Exchange.

As of the date of development of this statement, the Company did not make a decision on keeping the books of account in the Group according to the International Financial Reporting Standards ('IFRS'). Therefore, the process of development of financial statements in the Group takes place in two stages. Firstly, all the companies of the Group develop their own individual statements pursuant to the Polish accounting standards. These statements are studied if they meet the conditions specified in the Accounting Act. Next, the companies transform individual statements based on the accounting policy determined for the Group, in accordance with the International Financial Reporting Standards ('IFRS') and using the so-called sheets of transition into financial statements in the IFRS standards. Thus, developed individual statements are the basis for the development of the Group's consolidated financial statement. An automatic process of importing data from the SAP ERP system to the SAP BPC consolidation system takes place only in the case of ZE PAK SA.

The Group's consolidated statement is developed with the use of the SAP BPC IT system. A stand-alone central unit in the parent company (i.e., ZE PAK SA) merged with accounting departments in individual subsidiaries functions within the system. The consolidation process is started with the central unit opening access for companies to enter data into the system, the subsidiaries have the possibility to access their historical data at any time, but without the possibility of their adjustment. The central unit constantly monitors the entry of data by the companies, and then, after entering individual data, it starts the consolidation process. This process is based on defined business rules, which determine the content of consolidation adjustments. Furthermore, the consolidation process allows for entering manual adjustments by the central unit. The result of the consolidation process completion includes a complete package of the financial statement together with explanatory notes in Excel files, which is then exported to a Word file after verification.

The Management Board is responsible for the Company's internal control system and for its effectiveness in the process of developing financial statements and periodical reports developed and published in accordance with the Resolution of the Minister of Finance of 29 March 2018 on the current and periodical information submitted by issuers of stocks as well as conditions for the recognition as equally important of information required by the regulations of the law of a country not comprising a member state.

The substantive supervision over the process of development of the Company's and Group's financial statements and periodical reports is executed by a member of the Management Board responsible for financial issues. The organisation of works related to the development of financial statements is the responsibility of the CFO, who together with the Chief Accountant develops a schedule of work leading to the development of the statements.

The Company's effective internal control and risk management systems related to the process of financial reporting is ensured owing to:

- development of procedures specifying the principles and division of responsibility in the development process of financial statements,
- specification of the scope of reporting pursuant to the mandatory provisions of the Accounting Act and International Financial Reporting Standards,
- implementation and execution of supervision over the use by the Capital Group's companies of coherent accounting principles as well as
- semi-annual inspections and annual audits of the financial statements of ZE PAK S.A. and Capital Group by an independent statutory auditor.

The annual and semi-annual financial statements are subject to the independent auditing and inspection by the independent statutory auditor, who gives an opinion on the reliability and clarity of such a statement as well as correctness of account books comprising the basis for the statement development.

The choice of a statutory auditor is made by the Supervisory Board, from a group of reputable auditing companies, which guarantee high service standards and the required independence.

Financial statement audits are conducted:

- pursuant to the provisions of Chapter 7 of the Accounting Act of 29 September 1994,
- pursuant to the National Standards of Financial Auditing within the meaning of International Standards on Auditing, adopted by the resolution of the National Chamber of Statutory Auditors (KRBR) of 10 February 2015 as amended and the KRBR resolution of 7 July 2017.

In particular, the audits include verification of correctness of the accounting rules used by the Company and Group, verification of significant estimates, verifying – in a random manner – accounting evidence and records, which the amounts and information included in the financial statement result from, as well as comprehensive assessment of the financial statement.

The Company's and Group's financial results are regularly monitored during the financial year and are subject to periodical evaluation made by the Supervisory Board. During regular sessions of the Supervisory Board, the Company's Management Board provides information regarding the current financial situation of the Company and ZE PAK SA Group.

The Company's and Group's task is to develop such a financial statement, which includes numerical data and verbal clarifications, which:

- reliably and clearly presents all information significant for the evaluation of the financial and economic standing at a given day, as well as the financial result for a given period,
- was properly developed in all the significant aspects, that is, in accordance with the accounting rules resulting from the International Financial Reporting Standards, as well as the related interpretations published in the form of the European Commission regulations, and according to the requirements of the Accounting Act and executive regulations issued on its basis, as well as on the basis of correctly kept books of account,
- is compliant with the regulations and provisions of the Company's Articles of Association, which affect the financial statement content.

The Company hold documentation, which describes its adopted accounting principles, specified in Art. 10 of the Act on Accounting. The applied principles of cost accounting, asset and liability measurement, as well as financial result determination are pursuant to the Act on Accounting and the International Financial Reporting Standards.

The Management Board is responsible for the correct accounting of the Company and Group. The Company keeps account books within the integrated SAP ERP IT system. This system, like the aforementioned SAP BPC consolidation system of statements, ensures a division of competence, coherence of operation entries in the books, as well as control between the main book of account and auxiliary books. The records kept enable determining the financial result, VAT tax and other budget liabilities. Accounting records ensure correctness and completeness of entries. The chronology of economic events is observed. Entries in account books reflect the actual state, and data is entered in a complete and correct manner, based on accounting records qualified for entry. The continuity of entries and correctness of the applied

procedures are ensured. Accounting records meet the requirements of the Act on Accounting. Ledgers are kept at the Company's registered office. There is a possibility to modify the system operation in order to ensure the adequacy of technical solutions to the changing accounting principles and legal standards. The system includes the documentation both in the part related to end users as well as in the technical part. The system's documentation is subject to periodical verification and updating. The Company implemented organisational and system solutions in terms of ensuring proper use and security of data and hardware access protection systems. Access to the financial record system resources is restricted via proper rights, which are provided to authorised employees only to the extent of their responsibilities and activities.

The Company has an internal audit system in place aimed at conducting an independent and objective assessment of risk management and internal control systems. The internal audit is conducted on the basis of the auditing regulations. The audit executes planned and temporary auditing tasks both in the parent company as well as in the Group's companies. The audit plans are developed on the basis of the risk analyses. Audit results are reported to the Company's Management Board. Information on internal audit activity also constitutes the subject of analyses by the Audit Committee.

As part of the control activities, the periodic management reporting is subject to evaluation in terms of presented information, especially in the context of analysing the deviations from assumptions adopted in financial plans.

9.6. Shareholders holding significant blocks of shares

The table below shows shareholders with significant blocks of shares, according to the best of Company's knowledge, based on notifications submitted to the Company.

*Table 21: Shareholders holding, directly or indirectly, significant blocks of shares (above 5%), pursuant to information held by the Company and based on notifications on the acquisition/disposal of Company shares, as at the date of report submittal**

Shareholder	*Number of shares*	*Percentage share in share capital*	*Number of votes*	*The percentage share in the total number of votes*
Zygmunt Solorz (indirectly) through: Argumenol Investment Company Limited.	33 523 911	65,96%	33 523 911	65,96%
Nationale-Nederlanden Otwarty Fundusz Emerytalny	4 503 242	8,86%	4 503 242	8,86%
OFE PZU "Złota Jesień"	4 635 719	9,12%	4 635 719	9,12%
PTE Allianz Polska SA	3 491 456	6,87%	3 491 456	6,87%

* *According to the information held by the Company based on the provided notifications on acquisition/disposal of shares.*

9.7. Holders of stocks providing special control rights

As at 31 December 2024 and as at the date of development of this statement, the Company has not issued stocks giving special control rights.

9.8. Restrictions on exercising the voting right

According to the Company's Articles of Association and other internal documents of the Company, as at 31 December 2024 and as at the date of development of this statement, there are no limitations regarding the execution of the voting right.

9.9. Restrictions on the transfer of the ownership right of stocks

As at 31 December 2024 and as at the date of development of this report, the Company is not in any way limited in terms of transferring the ownership to Company's stocks.

9.10. Rules of the appointment and dismissal of management and supervisory personnel

Management Board

The Management Board is made up of 3 to 6 members appointed for a joint term. The composition of the Management Board includes: President of the Board, Vice-Presidents and other Board members. The number of Management Board members and their functions are specified by the Supervisory Board. The Management Board's term is three years. The President, Vice-Presidents and other members of the Management Board are appointed and dismissed by the Supervisory Board in a secret ballot. The President, Vice-Presidents and other members of the Management Board can be dismissed or suspended in duties also by the General Meeting.

The Management Board handles Company's cases and represents the Company. The Management Board operates pursuant to applicable law, the Company's Articles of Association and Regulations of: the Management Board, Supervisory Board, Company Organizational Regulations, Work Regulations and Employee remuneration rules, as well as General Meeting resolutions.

Management Board's resolutions are required in cases exceeding common governance, in particular:

1) adopting and changing the organizational rules that specify the organization of the Company's enterprise,
2) taking loans and borrowings,
3) proxy establishment,
4) granting loan guarantees and sureties,
5) acquisition and disposal of properties, perpetual usufruct or share in a property or perpetual usufruct.

Management Board's resolutions are also required in cases where the Board addresses the General Meeting and the Supervisory Board.

Supervisory Board

The Supervisory Board is made up of at least 5 members appointed for a joint term. The Supervisory Board's term is five years. The members of the Supervisory Board are appointed and dismissed during the General Meeting. The General Meeting, prior to the appointment of Supervisory Board members for a new term, specifies the number of members of the Supervisory Board. In a secret ballot, the Supervisory Board elects the Chairperson, Secretary of the Board, Deputy Chairperson and, if deemed necessary, two Deputy Chairpersons from among its members.

The Supervisory Board should include two members satisfying the criteria of independence provided for an independent supervisory board member within the meaning of the Committee's Recommendation of 15 February 2005 on the role of non-executive directors or directors who are members of supervisory boards in stock-exchange listed companies and (supervisory) board committees (2005/162/EC), taking into account the Good Practices of Companies Listed on the Warsaw Stock Exchange. A candidate for an Independent Supervisory Board Member provides the Company, prior to his/her appointment as a Board member, with a written declaration on meeting independence criteria.

Pursuant to the act of 11 May 2017 on expert auditors, audit firms and public supervision (cons. text., Dz. U. of 2024, item 1035), the Company has the status of a public interest entity within the meaning of this Act, therefore, should have an Audit Committee. The audit committee is composed of at least 3 members. At least one of the audit committee members has knowledge and skills in the field of accounting or auditing financial statements. Pursuant to the said act, most audit committee members, including its chairperson, must satisfy the criteria of independence from a given public interest entity.

The Board supervises the Company's activities in all areas of its operation.

The competence of the Supervisory Board includes issues reserved by the Code of Commercial Companies and the Company's Articles of Association, in particular:

1) examination of the Company's annual financial statement and consolidated financial statement both in terms of their conformity with the books, documents and the facts, examination of the annual report of the Management Board on the activities of the Company including an assessment of Management Board, and examination of the Management Board's proposal concerning profit distribution or loss coverage, and submission of a written report on the results of the above examinations to the Ordinary General Meeting,
2) preparation and presentation to the Ordinary General Meeting of a report on the activities of the Supervisory Board, evaluation of the Company's standing, evaluation of the manner in which the Company fulfils its information obligations, evaluation of the reasonableness of the Company's policy, including, among others, its pricing policy,

as well as evaluation of the internal control system and the significant risk management system, in each of the aforementioned cases taking into account the corporate governance principles adopted by the Company,
3) approval and amendment of the Company's Management Board Regulations and the Company's Organisational Regulations,
4) approval of the Work Regulations and the Employee Remuneration Rules,
5) determination of principles and amounts of remuneration for Management Board Members,
6) suspension in duties due to significant reasons, in a secret ballot, of the Board's President, Vice-Presidents as well as other Management Board members or the entire Management Board,
7) delegating a Member or Members of the Supervisory Board for a period not exceeding three months to temporarily perform the duties of a Company's Management Board Member who has been dismissed, who has resigned or who is unable to perform his/her duties for other reasons,
8) determination of the remuneration for the Supervisory Board Member or Members delegated to temporarily perform the duties of the Management Board Member,
9) selection of an expert auditor to examine Company's financial statements,
10) the approval of the Company's and the Group's multi-annual operating programmes, including the Company's and Group's operating strategies, as prepared by the Management Board,
11) approval of the Company's quarterly and annual action plans, as well as the Group's quarterly and annual action plans, especially involving generation and revenue plans, type cost plans, unit cost plans, remuneration plans, investment plans as well as renovation and maintenance plans.
12) approval of the terms, plans and prices related to the Company purchasing or selling goods and services. to the extent determined by resolution of the Supervisory Board,
13) approval of bidder selection in the Company's tender procedures and approval of bids submitted by the Company under tender procedures, within the scope defined by resolution of the Supervisory Board,
14) approval of employment in the positions of a director, deputy director, expert or advisor, regardless of the grounds for such employment, in particular, under the employment relationship, as well as other legal relationships. The consent of the Supervisory Board is also required to modify or terminate the employment referred to above,
15) consent to seek, modify or waive any concession or permit referred to in Art. 4(2) of the Articles of Association, as well as to their transfer or provision to third parties,
16) consent to the Company issuing bonds other than bonds convertible into shares or bonds with pre-emptive rights,
17) approval of the plan of merger and division of the Company prior to its agreement, as well as a Company transformation plan.

In addition, the following matters fall within the competence of the Supervisory Board:

1) consideration of and giving opinions on cases submitted by the Board and comprising the subject of General Meeting's resolutions,
2) consent to any acquisition, disposal, subscription or encumbrance of shares in companies, as well as any title to shares in other than companies, entities and organisations,
3) consent to advance payment to shareholders on account of anticipated dividends,
4) consent to the conclusion by the Management Board of any agreement for the provision of consultancy services,
5) consent to the execution by the Company of any Qualified Legal Act subject to such exemptions, as may be provided for by a resolution of the Supervisory Board.
6) consent to any acquisition and disposal of properties, the right of perpetual usufruct or a share in property or perpetual usufruct, as well as to the establishment of a limited right in rem on properties, perpetual usufruct or a share in property, with a value up to the amount referred to in Art. 1(4) cl. 4.15 of the Articles of Association,
7) conclusion by the Company with an entity affiliated to the Company of a significant agreement within the meaning of the provisions on current and periodic information provided by issuers of securities admitted to trading on a regulated market, excluding typical agreements concluded by the Company on an arm's length basis in the course of its business,
8) consent to candidates proposed by the Company's Management Board to perform functions in the governing bodies of the Group's companies, designation by the Management Board of persons to perform functions in the bodies of companies and other entities in which the Company participates directly or indirectly.

At the request of the Management Board, Supervisory Board grants Board members approval to hold positions in the authorities of the companies, in which the Company holds shares, as well as to receive remuneration in this regard.

9.11. Personal composition, its changes and a description of the activity of management and supervisory bodies

Management Board

In the financial year of 2024, the Company's Management Board composition was as follows:

1) Piotr Woźny – President of the Management Board,
2) Zygmunt Artwik – Vice-President of the Management Board,
3) Maciej Nietopiel – Vice-President of the Management Board,
4) Andrzej Janiszowski – Vice-President of the Management Board,
5) Katarzyna Sobierajska – Vice President of the Management Board

On 23 January 2024, the Company's Supervisory Board appointed Mr Maciej Koński to the Management Board, with the role of the Vice-President of the Management Board.

On 24 June 2024, the Company's Supervisory Board appointed the Management Board for a new, 8th term, with the composition unchanged relative to the previous composition. The resolution on the appointment became effective upon its adoption. As at the date of publishing this statement, the Company's Management Board is composed as follows:

1) Piotr Woźny – President of the Management Board,
2) Zygmunt Artwik – Vice-President of the Management Board,
3) Maciej Nietopiel – Vice-President of the Management Board,
4) Andrzej Janiszowski – Vice-President of the Management Board,
5) Katarzyna Sobierajska – Vice-President of the Management Board,
6) Maciej Koński – Vice-President of the Management Board.

Supervisory Board

As at the beginning of the reporting period, the composition of the Supervisory Board was as follows:

1) Zygmunt Solorz – Chairman of the Supervisory Board,
2) Tobias Solorz – Deputy Chairman of the Supervisory Board,
3) Piotr Żak – Deputy Chairman of the Supervisory Board,
4) Wiesław Walendziak – Secretary of the Supervisory Board,
5) Tomasz Szeląg – Supervisory Board Member,
6) Henryk Sobierajski – Supervisory Board Member,
7) Sławomir Zakrzewski – Independent Member of the Supervisory Board,
8) Alojzy Z. Nowak – Independent Member of the Supervisory Board,
9) Jarosław Grzesiak – Supervisory Board Member

An Ordinary General Meeting of Company Shareholders on 24 June 2024, acting pursuant to Art. 385(1) of the Code of Commercial Companies, adopted resolutions on appointing the following members of the Company's Supervisory Board: (i) Mrs Justyna Kulka and (ii) Mrs Beata Jakacka- Sitek. The resolution on the appointment became effective upon its adoption.

An Extraordinary General Meeting of Company Shareholders on 7 October 2024, acting pursuant to Art. 385(1) of the Code of Commercial Companies, adopted resolutions on dismissing members of the following Company's Supervisory Board: (i) Jarosław Grzesiak, (ii) Tobias Solorz, who also served as a Deputy Chairman of the Company's Supervisory Board, and (iii) Piotr Żak, who also served as a Deputy Chairman of the Company's Supervisory Board. The resolutions became effective upon adoption.

On 25 November 2024, the Company's Supervisory Board adopted a resolution to entrust Mrs Justyna Kulka with the function of Deputy Chairwoman.

As at the date of signing this statement, the ZE PAK SA Supervisory Board is composed as follows:

1) Zygmunt Solorz – Chairman of the Supervisory Board,
2) Justyna Magdalena Kulka – Deputy Chairman of the Supervisory Board,
3) Wiesław Walendziak – Secretary of the Supervisory Board,
4) Tomasz Szeląg – Supervisory Board Member,
5) Henryk Sobierajski – Supervisory Board Member,
6) Sławomir Zakrzewski – Independent Member of the Supervisory Board,
7) Alojzy Z. Nowak – Independent Member of the Supervisory Board,
8) Beata Jakacka-Sitek – Independent Member of the Supervisory Board.

Members of the Supervisory Board who satisfy the independence criteria referred to in Art. 129(3) of the Act of 11 May 2017 on expert auditors, audit firms and public oversight, and the principle 2.3. of Best Practices 2021 are: Sławomir Zakrzewski and Alojzy Z. Nowak.

In the execution of their code-based and statutory obligations in 2024, the Supervisory Board held nine sessions adopting a total of 148 resolutions.

During the reporting period, the Supervisory Board collectively supervised the Company's activities in all areas of its operation. The Supervisory Board is primarily focused on the following issues:

1) evaluation of statements developed for the financial year of 2023,
2) expressing consent on the Company's activities resulting in incurring liabilities valued in excess of PLN 500 thousand,
3) issuing opinions on the applications submitted by the Management Board with regards to cases related to the Company's current activities,
4) approving activities associated with the restructuring process in progress at the ZE PAK SA Capital Group,
5) selection of an audit firm to attest sustainability reporting for 2024-2025.

Audit Committee

In 2024, the Audit Committee debate in the following composition:

1) Sławomir Zakrzewski – Chairman of the Audit Committee,
2) Tomasz Szeląg,
3) Alojzy Z. Nowak.

A member of the Audit Committee with knowledge and skills in the industry in which ZE PAK SA operates is Mr Sławomir Zakrzewski, who acquired these through his extensive professional experience in the construction and energy sectors, gained both domestically and abroad. A member of the Audit Committee with knowledge and skills in the field of accounting is Mr Tomasz Szeląg, who acquired these through his education and perfected them by holding numerous managerial positions requiring the said knowledge and skills. The members of the Audit Committee satisfying the criterion of independence are Mr. Sławomir Zakrzewski and Mr. Alojzy Z. Nowak.

The Company has developed a policy for the selection of the audit firm to conduct an audit and a policy for the provision of permitted non-audit services by the audit firm, entities affiliated with the audit firm and a member of the audit firm's network.

Main assumptions of the policy for selecting the audit firm to conduct the audit:

1) In accordance with the Company's Articles of Association, the body selecting the audit firm for the statutory audit is the Supervisory Board of the Company.
2) The statutory audit remuneration received by the audit firm or its subcontractors, may neither be subject to any conditions, including the outcome of the statutory audit, nor shaped or conditioned upon the provision of additional services that do not constitute the statutory audit of the Company or its affiliates.
3) The Audit Committee of the Company's Supervisory Board approves the procedure for the selection of the audit firm.
4) The Company draws up tender documents for the invited audit firms according to specified criteria.
5) The Company evaluates the bids submitted by audit firms according to the selection criteria specified in the tender documentation, prepares a report containing the conclusions of the selection procedure and submits it to the Audit Committee.
6) The Audit Committee recommends an audit firm selection to the Company's Supervisory Board.
7) If the decision of the Company's Supervisory Board regarding the selection of the audit firm deviates from the Audit Committee's recommendation, the Company's Supervisory Board shall justify the reasons for not following the Audit Committee's recommendation and communicate such rationale Company's General Meeting of Shareholders.

Main principles of the policy on the provision of permitted non-audit services to the Company by the audit firm, its affiliates and a member of the audit firm's network:

1) In implementing the provisions of the Act of 11 May 2017 on expert auditors, audit firms and public oversight ('AoEA'), the Company does not enter into agreements with the audit firm performing the audit, entities related to the audit firm and members of the audit firm's network for the provision of prohibited services within the meaning of Art. 136 of the AoEA.

2) To the extent not related to the Company's tax policy, the Company may commission the audit firm performing an audit or an affiliate of that audit firm or a member of that audit firm's network, with work that constitutes permitted non-audit services.
3) The legality of the performance of work referred to in point 2 shall be supervised by the Audit Committee. Prior to the Company commissioning the services referred to in point 2, the Audit Committee assesses the independence risk and liability securities referred to in Art. 69-73 of the AoEA.
4) The policy also lists the main types of permitted and prohibited services.

The recommendation for the selection of the audit firm to conduct the audit was made following a selection procedure organised by the Company that meets the applicable criteria and such recommendation meets the Company's conditions in terms of the auditor's product.

In September 2024, the Audit Committee of the ZE PAK SA Supervisory Board adopted a Resolution on the Audit Committee's recommendation to the ZE PAK SA Supervisory Board regarding the selection of an audit firm for the attestation of sustainability reporting in 2024-2025.

The Audit Committee of the ZE PAK SA Supervisory Board met with the representatives of the Company twice in 2024.

9.12. Operation procedure of the General Meeting, its key powers and a description of shareholders' rights and how to exercise them

General Meeting

The General Meeting is held in cases specified in the Code of Commercial Companies, as well as the Company's Articles of Association. The General Meeting, as a rule of thumb, is convened by the Company's Management Board and debates as ordinary or extraordinary. In case of summoning a General Meeting by an entity or body other than the Company's Board, the Board is obligated to cooperate with the entity or body in order to take any legally specified actions required to summon, organize or hold a General Meeting. Since the first day of the Company's shares being listed on the regulated market of the Giełda Papierów Wartościowych w Warszawie SA (Warsaw Stock Exchange), General Meetings can take place via electronic communication devices. The decision on organising a General Meeting through electronic communication devices is made by the Company's Supervisory Board.

The General Meeting takes place in Warsaw or at the Company's registered office. The General Meeting shall be broadcast in real time, with a link to the video broadcast of the General Meeting made available on the Company's website after the debates are closed.

The General Meeting of ZE PAK SA shall be convened by way of announcement on the Company's website and in the manner set out for the transmission of current information pursuant to the provisions on public offering and the conditions for introducing financial instruments into the organised trading system and on public companies.

The materials made available to shareholders in relation to the General Meeting, including drafts of resolutions proposed for passing, as well as other important materials are made available by the Company at http://ri.zepak.com.pl/.

The basic competencies of the General Meeting include:

1) examination and approval of the Management Board's statement of the Company's activities, as well as the financial statement for the previous accounting year, and granting a discharge to the members of Company's bodies on account of their fulfilment of duties,
2) distribution of profit and loss coverage,
3) change in the subject of Company's activities,
4) amendments to the Company's Articles of Association,
5) increase or decrease of the share capital,
6) authorisation of the Management Board to acquire own shares for redemption,
7) appointment and dismissal of Supervisory Board members,
8) determining the remuneration of Supervisory Board members,
9) Company merging, division and transformation,
10) Company termination and liquidation,
11) emission of convertible bonds or bonds with right of priority and subscription warrants,
12) disposal and lease of an enterprise or its organized part, and establishing a limited right in rem thereon,
13) establishment and cancellation of the Company's capitals and funds,

14) conclusion by the Company of a credit, loan, surety or other similar agreement with a member of the Company's Management Board, Supervisory Board, proxy or Company liquidator or for any of these persons,
15) conclusion by a subsidiary of a credit, loan, surety or other similar agreement with a member of the Company's Management Board, Supervisory Board, proxy or Company liquidator or for any of these persons,
16) any decisions regarding claims for remedy of damage done during the Company's establishment or executing management or supervision, as well as
17) use of share capital.

People who are shareholders 16 days prior to the date of the General Meeting have the right to participate in the General Meeting. A prerequisite for admitting a shareholder to participate in a General Meeting is the shareholder providing a personal certificate on the right to participate in the General Meeting, issued by an entity handling the securities account.

A shareholder participates in General Meeting sessions and executes the right of vote in person or through a proxy.

A shareholder representing at least 1/20 of the Company's share capital is entitled to request specific issues to be included in the Company's General Meeting agenda. The request shall be submitted to the Company's Management Board no later than 21 days prior to the Company's General Meeting.

The shareholder who requests to include specific cases in the General Meeting's agenda should demonstrate the possession of an appropriate number of shares at the date of request submission, attaching a deposit certificate to the request, issued by the entity keeping the stocks account.

The shareholder representing at least 1/20 of the Company's share capital can submit resolution drafts regarding the cases introduced into the General Meeting's agenda or cases which are to be introduced into the agenda in written or electronic form and prior to the date of the General Meeting.

During the General Meeting, each of the shareholders authorised to participate in the General Meeting can submit drafts of resolutions in terms of cases introduced into the agenda.

Resolutions by the General Meeting are adopted by an absolute majority of votes cast, unless the Code of Commercial Companies stipulates otherwise. One Company share entitles to one vote at the General Meeting.

9.13. Description of rules regarding amendments to the Company's Articles of Association

Amendments to the Company's Articles of Association pursuant to the Code of Commercial Companies and provisions of the Company's Articles of Association, require the General Meeting to pass a suitable resolution and an entry into the register of entrepreneurs. The General Meeting can authorize the Company's Supervisory Board to determine a consolidated text of the amended articles of association or to introduce editorial changes specified in the General Meeting's resolution. The amendments to the Articles of Association become binding upon being entered into the register of entrepreneurs. In 2021, one amendment was introduced to the Company's Articles of Association. It concerned a change of the Company's name from Zespół Elektrowni Pątnów-Adamów-Konin Spółka Akcyjna to ZE PAK Spółka Akcyjna, while in March 2022, the General Meeting of Shareholders adopted the new amended consolidated text of the Company's Articles of Association, filed with the National Court Register and effective as of the registration of the amendment by the National Court Register in the Register of Entrepreneurs, i.e., as of 14 June 2022. The consolidated text of the Articles of Association is available at the Company's website.

9.14. Information on the remuneration system and the remuneration amount for management and supervisory personnel

The remuneration system at ZE PAK SA is based on the Corporate Collective Labour Agreement for ZE PAK SA employees as of 19 October 2021 (CCLA). Only members of the Management Board, the chief accountant and key managers with management contracts are not subject to the provisions of the Collective Labour Agreement. The Company's Collective Bargaining Agreement entered into force on 1 January 2022, which results from the procedure for registering the agreement with the Regional Labour Inspector in Poznań.

The basic employee remuneration components contained in the CCLA include an individual monthly basic salary, a monthly statutory bonus, a length-of-service bonus, an annual bonus, and a post-employment benefit and allowances. The employees are also entitled to receive awards from the Management Board President's Fund and social benefits.

The Management Board determines the principles of remuneration for key managers under individual contracts. The basic remuneration component is the base salary. Key managers are entitled to receive a discretionary bonus awarded by way

of a decision of the Management Board. Key managers are also entitled to certain components under the Corporate Collective Labour Agreement.

Members of the ZE PAK SA Management Board are paid under individual management contracts, the content of which is developed by the Supervisory Board of the Company. In 2020, the Company's General Meeting adopted the "Remuneration Policy for Members of the Management Board and Supervisory Board of ZE PAK SA" (in 2024, the General Meeting passed a resolution to re-adopt the Policy in its current form for a further term). The Policy is aimed at ensuring a constant increase in the value of the Company, the implementation of which by the Management Board and the Supervisory Board requires – among other things – an appropriate shape of the remuneration structure for the Management Board and Supervisory Board members throughout the entirety of their duties. This is achieved by limiting the remuneration of these individuals to a fixed portion, allowing them to perform their duties with respect to the Company's overall business without limiting themselves to achieving selected goals only. The volatility of the market, social and economic situation, as well as the need to respond flexibly to emerging business risks and opportunities, do not justify the rigid definition of such objectives. The need to respond flexibly to changing situations and emerging challenges is ensured – in the case of the Management Board members – by the possibility of granting them bonuses. This provides the flexibility to ensure the stable existence of the Company and its long-term interests. Management Board members are entitled to a monthly salary. They can also be granted a discretionary award. No severance pay is anticipated in the event of a dismissal from the Management Board. There are no provisions on compensation in the event of a discharge due to a merger or acquisition.

The Company does not have an incentive or bonus program based on the Company's capital.

Table 22: Information on the value of remuneration paid in 2024 by the Company and the Company's subsidiaries to all acting Management Board members in 2024

Name and surname of the Management Board member	*PLN thousand (Gross) remuneration paid by the Company*	*PLN thousand including variable elements of remuneration**	*PLN thousand (Gross) remuneration paid by the Company's subsidiaries*	*PLN thousand In total:*
Piotr Woźny	1 513,78	1 000,00	2 694,10	4 477,88
Zygmunt Artwik	1 020,00	300,00	1,30	1 021,30
Maciej Nietopiel	721,91	300,00	555,50	1 277,41
Andrzej Janiszowski	1 060,00	700,00	2233,10	3 293,10
Katarzyna Sobierajska	1 014,45	300,00	0,00	1 014,45
Maciej Koński	376,45	0,00	139,00	515,45
Total	**5 381,59**	**2 600,00**	**7,00**	**11 599,59**

* *Variable remuneration components included awards and bonuses, severance pays for dismissal of the Management Board, equivalents for holiday leave and retirement benefits.*

Table 23: Information on the value of non-cash benefits granted in 2024 by the Company and the Company's subsidiaries to all acting Management Board members in 2024

Name and surname of the Management Board member	*PLN thousand Total estimated value of non-cash benefits granted by the Company*	*PLN thousand Total estimated value of non-cash benefits granted by the Company's subsidiaries*	*PLN thousand Total*
Piotr Woźny	0,0	-	0,0
Zygmunt Artwik	0,0	-	0,0
Maciej Nietopiel	10,8	-	10,8
Andrzej Janiszowski	0,0	-	0,0
Katarzyna Sobierajska	0,0	-	0,0
Maciej Koński	0,0	-	0,0
Total	**10,8**	**-**	**10,8**

In 2024, the total amount of remuneration, understood as the value of remuneration, bonuses and benefits received in cash, in kind or in any other form, paid by the Company and the Company's subsidiaries to Management Board members amounted to PLN 11 610.39 thousand. The given amount shall be treated as the gross value of remuneration paid or due in the period from 1 January to 31 December 2024.

The members of the ZE PAK S.A. Supervisory Board are remunerated under Resolution No. 12 of the Extraordinary General Meeting of 15 April 2019, which set the monthly salary for the Chairperson of the Supervisory Board at PLN 15 thousand, Deputy Chairperson of the Supervisory Board at PLN 12 thousand, and for other members at PLN 10 thousand.

Table 24: Information on the value of remuneration, as well as the value of non-cash benefits paid by the Company in 2024, as well as the Company's subsidiaries to all acting Supervisory Board members in 2024

	PLN thousand	*PLN thousand*	*PLN thousand*
Name and surname of the Supervisory Board member	*Value of (gross) remuneration paid by the Company and the Company's subsidiaries*	*Total estimated value of non-cash benefits granted by the Company and the Company's subsidiaries*	*Total*
Zygmunt Solorz	900,9	0,0	900,9
Tomasz Szeląg	120,9	0,0	120,9
Wiesław Walendziak	120,9	0,0	120,9
Justyna Magdalena Kulka	437,53	0,0	437,53
Sławomir Zakrzewski	120,0	0,0	120,0
Jarosław Grzesiak	521,66	0,0	521,66
Alojzy Z. Nowak	120,0	0,0	120,0
Piotr Żak	648,51	0,0	648,51
Tobias Solorz	648,51	0,0	648,51
Henryk Sobierajski	120,0	0,0	120,0
	52,33	0,6	52,93
Total	**3 811,24**	**0,6**	**3 811,84**

In 2024, the total amount of remuneration, understood as the value of remuneration, bonuses and benefits received in cash,
in kind or in any other form, paid by the Company and the Company's subsidiaries to the Supervisory Board amounted to PLN 3 811.84 thousand. The given amount shall be treated as the gross value of remuneration paid or due in the period from 1 January to 31 December 2024.

The Company has no liabilities associated with pensions and benefits of a similar nature towards former executives, supervisors or former members of administrative bodies and no liabilities incurred in connection with such pensions.

10. DECLARATION REGARDING THE DIVERSITY POLICY

With reference to Art. 70(6) cl. 5 let. m) of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information, the Company declares that no separate document describing the diversity policy with regard to the Management Board and the Supervisory Board has been adopted in the ZE PAK SA Group and in ZE PAK SA. According to standards applicable at the Company, such objective criteria as knowledge, experience, competences and skills required to hold assigned functions are decisive when selected management and supervising personnel. In the Company's opinion, the cited criteria can ensure effective and efficient operation of the Company and the implementation of the adopted strategy. At the same time, other management solutions related to the issue of diversity management have been adopted. The Group is highly committed to high corporate culture standards and the creation of a working environment free from any form of discrimination. Employees are appraised based on their performance and not gender, age, nationality or ethnicity.

The restructuring process, which has been continuing for years, has meant that most vacancies had been filled through internal recruitment (as part of transfers between departments and companies). As a side effect of the measures to reduce lay-offs and focus the recruitment process on people already employed in the Group's companies, there was no significant inflow of young employees and, thus, the average age of the workforce increased. At some point this could lead to numbers of significant retirement leaves and staff shortages. Therefore, the ZE PAK SA Group actively monitors changes in the workforce age structure to avoid the adverse consequences of losing a large proportion of experienced employees without adequately preparing their successors.

At the same time, the Code of Ethics adopted within the Company includes both a diversity policy, which guarantees equal treatment regardless of gender, age, world view, religion, political views, etc. The document constitutes a tool for reporting potential incidents of discrimination on any grounds. It defines desirable and undesirable behaviour within the organisation, while simultaneously constituting its ethical policy. Due to its nature, it also incorporates elements of the

anti-discrimination policy, anti-corruption policy and procedures for reporting violations and irregularities, non-compliance with legal obligations, occupational health and safety and environmental safety hazards, unfair competition practices and attempts to conceal any of the above. It applies to all employees, regardless of their position or seniority. In 2020, the Code of Ethics was also implemented in other Group companies.

In association with commencing work on the implementation of Directive (EU) 2022/2381 of the European Parliament and of the Council of 23 November 2022 on improving gender balance among directors of listed companies and related measures (Women on Boards Directive) into national legislation, the Company decided to develop a gender balance policy for management and supervisory bodies as soon as the law regulating these issues was promulgated.

The Company also adopted the Procedure for whistleblowing violations of the Act on Public Offerings and Conditions for Introducing Financial Instruments to the Organised Trading System and on Public Companies, Regulation 2017/1129 and Ethical Procedures and Standards, which gives employees the possibility to report inappropriate unsafe or unethical behaviour by their employers in a safe and simple manner, as well as providing full protection to the whistleblowers. The Company also adopted the Whistleblowing Regulations in 2021, which sets out the Company's internal whistleblowing procedure, follow-up procedure and whistleblower protection procedure.

Both the Code of Ethics and the Whistleblowing Procedure can be found on the Company's Intranet site.

The Company currently believes such solutions to be sufficient.

Figures related to diversity of the Company's and the Group's Management Board and Supervisory Board can be found in this statement, in the Company's Board Statement on sustainable development for 2024 related to the Capital Group in the subsection – 'Information on Social Matters'.

11. CAPITAL GROUP SUSTAINABILITY REPORTING FOR 2024

11.1. General information

ESRS 2 General disclosures

BP-1 – General basis for preparation

ZE PAK SA with its seat in Konin, ul. Kazimierska 45 and the ZE PAK SA Capital Group ('ZE PAK SA Group'), which it forms, is a company listed on the Warsaw Stock Exchange and in previous years was subject to the obligation to publish statements on non-financial data, i.e., it satisfied the criteria established for the largest public interest entities (listed in the catalogue in Art. 3(1e)(1) to (6) of the Act on Accounting). Therefore, it belongs to the group of companies that were obliged in previous years to share information on non-financial data. The Act of 6 December 2024 amending the Act on Accounting, the Act on Statutory Auditors, Audit Firms and Public Supervision and certain other acts, which was promulgated on 17 December 2024 and came into force on 1 January 2025, imposed an obligation on ZE PAK SA Group to publicly disclose information on sustainable development imposing new reporting obligations as defined by the Corporate Sustainability Reporting Directive (CSRD-2022/2464), taking into account the European Sustainability Reporting Standards (ESRS).

This document constitutes a *sustainability statement* ('Statement', 'Report') as defined by the aforementioned standards and fulfils the statutory *sustainability reporting* obligations under the Accounting Act. It applies to all ZE PAK SA Group companies included in the consolidated management statement. This simultaneously sets a reporting limit (e.g., for the estimation of the carbon footprint). It refers to the period from 1 January 2024 to 31 December 2024, with an indication of significant events that occurred after 31 December 2024 and prior to signing the statement. The statement has been attested by an independent auditor, providing limited assurance on the compliance of sustainability reporting with the requirements of the Corporate Sustainability Reporting Directive (CSRD).

In the Statement, the Group referred to its current and potential impact, taking into account the value chain, in aspects that it considered relevant. It is noteworthy that, in the case of lignite-fired energy generation activities, the value chain is integrated, i.e., it covers all stages, starting with mining activities, and ending with the resale of the energy generated. Of course, the ZE PAK SA Group Companies employ a number of product and service suppliers. This also includes supplementing the demand for lignite by purchasing some of it from third-party operated deposits. Although the ZE PAK SA Group tries to select its partners carefully, building relationships with large, established entities, it is aware that it does not have full knowledge of the individual social and environmental impact of specific business entities.

The ZE PAK SA Group did not exercise the option to discard information on intellectual property, know-how or innovation results due to its confidential nature (ESRS 1 section 7.7 Classified and sensitive information and information on intellectual property, know-how or innovation results).

BP-2 – Disclosures in relation to specific circumstances

The ZE PAK SA Group believes that there were no special circumstances that would dictate a different understanding of the short-, medium- or long-term than that adopted in the European Sustainability Reporting Standards (ESRS). In relation to the short-term time horizon this means a period adopted by ZE PAK Group SA as the reporting period in its financial statements; for the medium-term time horizon – a period from the end of the short-term reporting period to 5 years; and for the long-term time horizon – a period longer than 5 years. The perspective adopted in the ESRS reflects well the cycles in which the Group operates and the planning periods it assumes.

The quantitative data disclosed in the individual tables of the report is, in principle, actual data extracted from internal reporting and records kept. For the convenience of report users, any data-specific limitations have been indicated directly in a relevant place in the report (next to a specific table). In a small number of cases, where it was impossible to present actual data, the Company decided to make estimates. This refers to the carbon footprint, which is not measured, but rather calculated based on fuel and energy consumption data, using appropriate conversion factors, according to the approach described in "The GHG Protocol Corporate Accounting and Reporting Standard" (Scope 1 and 2). Similarly, estimates were also made for Scope 3 carbon footprint. Information on the calculation methods employed can be found directly in the clause that deals with ESRS indicator E1 E1-6 (Greenhouse gas scope 1, 2 and 3 gross emissions and total greenhouse gas emissions, Climate change). The methods applied were in accordance with the "Technical Guidance for Calculating Scope 3 Emissions. Supplement to the Corporate Value Chain (Scope 3) Accounting & Reporting Standard".

As this is the first reporting period wherein sustainability reporting has become mandatory, and thus, the first of its kind, it does not include any references to similar reports from earlier reporting periods. In consequence, it does not include references to identified mistakes in previous-period data that would require rectification (nor were any mistakes identified in prior statements on non-financial data that were developed under earlier regulations that would require rectification).

The Group has exercised the opportunity to incorporate by reference the following ESRS indicators:

- GOV-1 – The role of the administrative, management and supervisory bodies
- SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model(s)
- E1-3 – Actions and resources in relation to climate change policies

The ZE PAK SA Group has taken the opportunities provided by the stage-wise implementation of the legislation, i.e., the powers indicated in ESRS 1 Appendix C in relation to SBM-3 (48)(e) and the disclosures relating to anticipated financial outcomes arising from the significant risks and opportunities associated with individual environmental impact areas, i.e.: E1-9, E2-6, E3-5, E4-6 and E5-6.

The Company has not defined additional ESG-related metrics that include upstream or downstream value chain data, as well as quantitative metrics and monetary amounts subject to a high level of measurement uncertainty. In the reporting year, it did not obtain such ESG metrics from suppliers (e.g., information on their carbon footprint), although it does apply the 'Vendor Assessment Sheets' that focus on aspects such as attention to, for example, timeliness or the suppliers having certified management systems (see: G1-2).

GOV-1 – The role of the administrative, management and supervisory bodies

The Board supervises the Company's activities in all areas of its operation. The Supervisory Board shall be entitled to obtain from the Company's Management Board regular and comprehensive information on all material matters related to the operations of the Company and its subsidiaries and affiliates, and on the risks associated with such business and risk management methods. The Company has an Audit Committee, the members of which were appointed by the Supervisory Board from among the members of this body. Whereas the majority of the Audit Committee members, including its chairman, meet the conditions of independence pursuant to the provisions of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision (Dz.U.2017.1089). Members of the Audit Committee also have knowledge and skills in accounting or auditing, and know-how and expertise in the industry wherein the Group operates, including in terms of energy and climate transition issues. Information on the educational background and experience of individual Supervisory Board members can be found at https://zepak.com.pl/pl/o-firmie/wladze-spolki/rada-nadzorcza.html.

The Company's Management Board is made up of 6 members appointed for a joint 8th term. The composition of the Management Board includes: President of the Management Board and 5 Vice-Presidents of the Management Board, 5

men (83%) and 1 woman (17%). The number of Management Board members and their functions are specified by the Supervisory Board. The Management Board's term is three years. Information on the educational background and experience of individual Management Board members can be found at https://zepak.com.pl/pl/o-firmie/wladze-spolki/zarzad-spolki.html.

The various bodies, and management structure they make up, as well as the scope of responsibilities of each individual are described in the Corporate Governance Statement, which constitutes part of the Management Report. These include, in particular, subchapters: 9.10, 9.11 and 9.12.

As at the date of publication of the report, there were 6 men (75%) and 2 women (25%) making up the Supervisory Board. The percentage of independent Supervisory Board members is 37.5%.

The bodies of ZE PAK SA did not include any persons nominated by the employee side.

Table 25: *Division of responsibilities of Board Members, taking into account to areas of sustainable development*

GENERAL MEETING
SUPERVISORY BOARD
MANAGEMENT BOARD ----------→BOARD ADVISORY TEAM
President of the Board's Division Piotr Woźny
• Organisation and management, organisational structure • Supervision over the Shares Services Centre in the following fields: Legal, Company Authority Services, HR Management and Environmental Protection. • Auditing and internal control • Managing IT services • Information security management • Critical infrastructure and property protection • Personal data protection • Cybersecurity
Vice-President of the Board Production Division Zygmunt Artwik
• Managing production assets • Management of electricity and heat generation at Company's power plants • Supervision over the operation and overhauls of power equipment at Company's power plants • Supervision over the operation of the Integrated Quality, Security and Environment Management System • Strategy and risk analysis management related to overhaul activities • Technical supervision and documentation management • Coal and biomass fuel supply management • Investment and modernisation plan management
Vice-President of the Board Financial Division Maciej Nietopiel
• Management and administration over Company's finances • Supervision over the Shares Services Centre in the following fields: Accounting, Controlling and Finances • Obtaining external funding for Company's purposes • All matters related to property insurance • Investor relations • Supervision over fulfilling information obligations as per regulations applicable to public companies • **Sustainability reporting** • Supervision over classified information protection • Defence system and civil defence at ZE PAK SA

• Supervision over cooperation with military, local government and internal service administration units
Vice-President of the Board Development Division Maciej Koński
• Implementation of the Company's current development strategy, particularly in the field of hydrogen and nuclear technologies • Supervision over cooperation and maintaining contact with domestic and foreign R&D centres
Vice-President of the Board Logistics Division Katarzyna Sobierajska
• Logistics and procurement process management • Supervision over the procedure of selecting vendors, and the correct and transparent conduct of tender proceedings • Supervision over the analysis of fixed asset, material and part sales procedures • Supervision over Company restructuring and structural changes • Company administration management • Company car fleet management
Vice-President of the Board Strategy and Commercial Division Andrzej Janiszowski
• Selection policy for service, civil work, material and finished capital goods providers • Supervision over the strategy for the sale and purchase of electricity, CO_2 allowances and Property Rights, as well as Guarantees of Origin and capacity obligations • Managing chemical research and analyses conducted at the Quality Research Centre • Implementation of electricity and heat sales policy • Supervision over Company's investment or modernisation projects • Supervision over the operational management of the Capacity Market • Managing land within CG assets

GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

The individual ESG aspects have their own business owners responsible for managing them within their business areas (e.g., occupational health and safety or environmental protection). The business owners of each area, exhibiting relevant knowledge and skills, communicate key events, risks and impacts to the company authorities at an area-specific frequency. They are also responsible for accurate internal reporting, as well as submitting required reports to administrative authorities.

At the same time, sustainability reporting is coordinated by an organisational unit responsible for the Investor Relations (IR) area, which also coordinates the entire public reporting, including management reports, which the sustainability statement is a part of. Simultaneously, statement development is supervised by a member of the management board responsible for public reporting. The statement, like the entire report, is subject to the approval of the Supervisory Board and is signed by individual Board Members. In the course of its work in 2024, the Management Board and Supervisory Board dealt with issues that directly fall in line with the ESG theme, such as environmental protection or OHS.

The Management Board, as a body responsible for the sustainability statement, accepted the scope of sustainability reporting at an earlier stage by formally approving dual existence analysis results. Throughout the reporting period, i.e., in 2024, the Management Board did not consult employee representatives on sustainability information relevant to the unit's employees, how it was obtained and verified. Legislative amendments introducing such an obligation were introduced by the Act of 6 December 2024, amending the Act on Accounting, the Act on Statutory Auditors, Audit Firms and Public Supervision and certain other acts, which was promulgated on 17 December 2024 and entered into force on 1 January 2025. Nevertheless, after concluding the financial year but prior to the publication of the report, the employee-relevant information on the group's sustainability and how it was obtained and verified was consulted with employee representatives. Employee representatives did not make any comments and considered that they were in line with the

factual circumstances and legal situation. At the same time, employee representatives were involved in the dual materiality assessment process (questionnaires).

GOV-3 – Integration of sustainability-related performance in incentive schemes

The document "Remuneration policy for members of the ZE PAK SA Management Board and Supervisory Board"[4] was adopted by way of Resolution No. 29 of the Ordinary General Meeting of Zespół Elektrowni Pątnów-Adamów-Konin Spółka Akcyjna (now ZE PAK SA) with its seat in Konin on 19 June 2020, and the remuneration level for the members of the Management Board is determined by the Supervisory Board, based on the recommendation of the Supervisory Board Remuneration Committee. In 2024, it was once again presented to the Company's Ordinary General Meeting of Shareholders, which adopted it in its current form by way of Resolution No. 24 of 24 June 2024. In 2024, the aspects associated with the achievement of ESG targets, including climate targets, were not directly taken into account in the incentive (bonus) schemes for the members of the Management Board and the Supervisory Board. Detailed information on the applicable remuneration scheme for executives and supervisory staff, see section *9.13. Information on the remuneration system and the remuneration amount for management and supervisory personnel*.

The remuneration for the members of the Management Board and Supervisory Board is not directly linked to sustainability.

It should be noted at this point that ZE PAK SA has withdrawn from setting fixed targets for Management Board and Supervisory Board members, which would be decisive for their remuneration, justifying this action by the excessive volatility of market conditions, and the resulting need for dynamic and flexible adaptation. At the same time, individual Management Board members, who demonstrate the flexible approach to emerging challenges, can count on bonuses. Therefore, a decision to award a bonus can also be linked to the approach to ESG challenges, including in areas related to climate change. It is worth stressing at this point that the activities fundamental for the ZE PAK SA Group are related to the transformation of its business model towards a more sustainable one, wherein energy will be generated based on low- and zero-emission sources. In consequence, the implementation of key business and environmental action, including those focused on climate, are often the same.

GOV-4 – Statement on sustainability due diligence

In the light of the Directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence (CSDD), announced in July 2024 in the Official Journal of Laws of the EU, has not yet entered into force and is expected to do so in a few years' time, the Group has not yet started implementing solutions to ensure compliance with the aforementioned directive.

At the same time, with relatively limited – due to the exploitation of the Group's own fuel resources – purchases from third parties, the Group has implemented tendering procedures that ensure sufficient transparency from its perspective and enable exercising due diligence both in the selection of a bid and in its cooperation with the respective entity. It is worth noting at this point that, as far as large investment projects are concerned, the are associated with specific solutions in the field of exercising due diligence, due to the involvement of reputable financial institutions. Quite often they are much more demanding than most solutions found on the market.

Table 26: Key elements of the due diligence process (for more see IRO-1 in ESRS G1)

Basic due diligence process elements	Clauses in a sustainability statement
a) taking into account due diligence in corporate governance, strategy and business model	References in the report: ESRS 2 GOV-2, ESRS 2 GOV-3, ESRS 2 SMB-3, SMB-3-E1, E1-2, E2-1, E3-1, SMB-3-E4, E4-2, E5-1, SMB-3-S1, S1-1, SMB-3-S3, S3-1, GOV-1-G1, G1-1, G1-2, G1-3 In relation to the upstream part of the value chain (vendors), these are mainly: • The procurement procedures in force in the companies of the ZE PAK SA Group (including criteria for

[4] This document, as one of the corporate documents, is publicly available at the company's IR website: https://ri.zepak.com.pl/upload/aggregate/uchwała_-_polityka_wynagrodzeń_18_06_20.pdf.

	satisfying technical conditions, market conditions and reliability): vendors, among others, are subject to qualification based on current (previous) cooperation, supply inspections and their periodic evaluation (among others, through audits) • The procurement process is supported by an electronic purchasing platform, which eliminates certain risks, e.g., it prevents viewing bids already submitted prior to the deadline
b) cooperation with affected stakeholders at all key stages of the due diligence process	References in the report: ESRS 2 GOV-2, ESRS 2 SBM-2, ESRS 2 IRO-1, IRO-1-E1, SMB-3-E1, E1-2, IRO-1-E2, E2-1, IRO-1-E3, E3-1, IRO-1-E4, E4-2, IRO-1-E5, E5-1, SBM2-S1, S1-1, ESRS 2 SBM-2-S3, S3-1, IRO-1-G1, G1-1, G1-2, G1-3 In relation to the upstream part of the value chain (vendors), these are mainly: • The management system introduces 'Vendor assessment sheets' in addition to obvious factors such as, e.g., the quality of supplies, level and constancy of prices and payment terms, it takes into account, e.g., timeliness or whether suppliers have certified management systems. • Feedback to vendors (procurement processes) • Communicating audit results to the Management Board and Supervisory Board
c) identification and assessment of adverse impact	References in the report: ESRS 2 SBM-3, ESRS 2 IRO-1, SMB-3-E1, IRO-1-E1, ,IRO-1-E2, IRO-1-E3, SMB-3-E4, IRO-1-E4, IRO-1-E5, SBM2-S1, SMB-3-S3, IRO-1-G1 In relation to the upstream part of the value chain (vendors), these are mainly: • Detecting irregularities and misuse in relation to the activities of organisational units, and establishing the causes and consequences of the irregularities identified, as well as persons responsible for them • The management system introduces 'Vendor assessment sheets' in addition to obvious factors such as, e.g., the quality of supplies, level and constancy of prices and payment terms, it takes into account, e.g., timeliness or whether suppliers have certified management systems
d) taking action to limit identified adverse impacts	References in the report: E1-1, E1-3, E2-2, E3-2,-E4-1, E4-3, E5-3, S1-3, S1-4, S3-3, S3-4, S3-3, S4-3, G1-3 In relation to the upstream part of the value chain (vendors), these are mainly: • Internal control system ("ZE PAK SA Internal Audit Regulations"), which includes self-control of work correctness, functional control and institutional control • Audits are planned (in accordance with the annual plan approved by the Board of Directors), ad hoc (at the

	direction of the Board of Directors or the Supervisory Board) and follow-up • Examination and assessment of the activities of the ZE PAK SA Group organisational units and companies in terms of thrift, legality, purposefulness, reliability and transparency of documentation (processes)
e) monitoring the effectiveness of these actions and providing relevant information in this regard	References in the report: E1-4 – E1-6; E2-3 – E2-5, E3-3 – E3-4, E4-4- E4-5, ,E5-3 – E5-5, S1-5 – S1-17, S3-5, G1-4 – G1-6 • Evaluating cooperation with vendors and updating the list of qualified vendors • Implementing corrective and remedial actions (e.g., communication and implementation of post-audit recommendations).

GOV-5 – Risk management and internal controls over sustainability reporting

The individual relevant aspects of ESG, have their own business owners. Individual business units manage these at an operational level, reporting both the results and the risks associated, conducting, most often formalised and properly documented, internal reporting in this regard. They are also responsible for external reporting, other than this statement, and required under other regulations (e.g., environmental reporting on the use of the environment). In the case of certain results, such as greenhouse gas emissions critical to the image of the ZE PAK SA Group, quantitative data is verified by an auditor (regardless of an expert verification that covers this statement).

At the stage of developing this statement, the work related to obtaining them is coordinated by an investor relation department, which draws up the entire management report and public reporting. It reports directly to a member of the Management Board responsible for finances.

Due to changes in sustainability reporting requirements, the Group has chosen not to incur additional expenditure associated with the purchase of external tools to support it. As a result, the Group currently does not use any additional IT system in relation to its sustainability reporting that would support the collection and aggregation of all ESG quantitative data, with such data being extracted from various reporting systems that are managed and controlled by their business owners. For some of the data (e.g., on employment), HR systems enable full aggregation and consolidation at Group level. As regulatory reporting requirements stabilise, the Group does not rule out implementing an additional tool to assist with the process. Simultaneously, the relatively low complexity of the group and its organisational structure means that the acquisition of individual data, including ensuring its completeness with regard to reporting boundaries, does not entail a particularly high risk. It should also be mentioned that the person, who coordinates the entire process, analyses and clarifies any possible doubts at the data consolidation stage (e.g., if a high variability of results with respect to the previous period is observed, etc.).

The main risks identified by the ZE PAK SA Group in relation to sustainability reporting include:

regulatory risk – due to changing and unclear legislation on sustainability reporting, also the absence of sector-specific standards;

data quality risk – difficulties in collecting, analysing and verifying data required by the CSRD, EU Taxonomy;

operational risk – the absence of appropriate processes and tools adapted for sustainability monitoring and reporting;

value chain risk – incorrect reporting of vendor operations in the field of sustainability (no transparency and limited insight into actual ESG practices of own vendors, especially downstream the value chain).

Strategies of mitigating the primary identified risks:

- continuous monitoring of legal developments and training for staff from specific departments, such as the Department of Investor Relations, ESG and Compliance, Controlling Dept. or Environmental Protection Dept. (e.g., organised by the Polish Association of Listed Companies or postgraduate studies in ESG);
- gradually introducing data collection automation through the use of sustainability monitoring and reporting technology, and raising staff awareness in terms of data quality importance;
- working with certified vendors and following due diligence principles.

The Group has not formalised a system for prioritising sustainability reporting risks. Their initial validation will be reasonable upon closing the first reporting cycle.

Formally, the body responsible for reporting, including sustainability reporting, is the Management Board, overseen by the Supervisory Board.

(see: *GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies).*

SBM-1 – Market position, strategy, business model(s) and value chain

Business model

The ZE PAK SA Capital Group is one of the most important electricity producers on the Polish power market. At the same time, it is an important element of the country's energy system, co-guaranteeing its stable functioning. The Group does not sell electricity to retail customers, only to business customers who supply other entities (natural and legal). Therefore, the Group does not control whom the energy it produces, resells and feeds into the National Power Grid (KSE) will ultimately be supplied to. Due to the nature of the National Power Grid, it can only assume that it will be consumed domestically for the dominant part.

The ZE PAK SA Group is a privately-owned (not controlled by the State Treasury) energy group, consisting of vertically-integrated entities active in lignite mining, power generation from conventional and renewable sources and energy trading.

In the current, extremely difficult geopolitical situation, it should be emphasized that energy generation of the ZE PAK SA Group is entirely based on domestic fuel, with lignite coming from local deposits. Therefore, **energy generation within the ZE PAK SA Group was and is independent of fuel import** and the associated risk. With the construction and commissioning of new natural gas-based assets and, in the longer term, a nuclear power plant[5], it will begin to use fuels that do not come from Polish deposits, but will still remain independent of imports from Russia or Belarus.

From the perspective of its current operations, companies of greatest importance to the Group due to their scale of operations are **ZE PAK SA**, which is involved in the **generation of electricity and heat**, and **PAK KWB Konin SA**, which is involved in **lignite mining**. These operations are supplemented by wholesale trading of electricity, activities aiming at guaranteeing the adequate number of CO_2 emission allowances as well as production and sale of heat. For years, the Group has also included other companies that deal with, i.a., the execution of construction and installation work, maintenance work, services, manufacturing and trade activities, aimed at fulfilling the demands and providing comprehensive services to the industry.

At the same time, in the light of the significant carbon footprint of conventional power generation, a few years ago the Group embarked on an unprecedented transition towards more sustainable low- and zero-carbon generating sources. Hydrogen technologies have also been included in the Group's scope of interest.

The Group's conventional generating assets in 2024 comprised four lignite-powered units with a total capacity of 1 118 MW located at the Pątnów power plant, in central Poland, in the Wielkopolskie province. Units No. 1, 2 and 5 at the Pątnów Power Plant were decommissioned at the end of the year. Only one coal-fired unit (9 – Pątnów II), with a capacity of 474 MW, is currently being operated. The mining assets of the Group are concentrated within PAK KWB Konin SA, which has been reducing the scale of its operations over the recent years. PAK KWB Konin SA is currently operating only one, last open-pit mine – Tomisławice.

The Group has been gradually reducing its lignite mining and lignite power generation activities for several years until the ultimate total cessation of these activities. The current baseline scenario predicts that operations associated with coal extraction and coal-fired power generation will continue until the currently exploited Tomisławice open-pit bed is exhausted, which the Company believes to take place no later than mid-2026.

PAK CCGT sp. z o.o., i.e., a company that is a 100% subsidiary of ZE PAK, responsible for preparing and implementing a project covering the construction of a gas unit within the former coal-fired Adamów power plant is one of the prospective assets. Construction work commenced in December 2023. Work progress at the end of 2024 is 33.4%, with the expected unit commissioning date set for Q3 2027. The Group continues to work on acquiring external funding for the project. The process is extending beyond the originally planned schedule. At present, the project is being implemented based on own resources and with funds raised from bridging funding. At the same time, in January 2025, the Company announced the signing of a term sheet with PGE SA on the potential disposal of the project. The document provides for negotiating PGE SA's exclusivity until the end of June 2025, but does not prevent continued search for external debt financing.

[5] Activity (investment) outside of consolidation and consequently, not covered by this statement.

Another venture currently at the phase of primarily preparatory and planning work is the project to build a large wind farm near Opole. In Q2 2024, the Company acquired 99% of the shares in a project that plans to construct a wind farm with a total capacity of 50 MW in the area of three counties in the Opolskie Province. Preparatory and design work is currently underway to bring the project to a ready-to-build stage. Due to its scale, the Group will consider securing an external partner for this project.

The ZE PAK SA Group is cooperating with the Polsat Plus Group by jointly developing a structure of PAK – Polska Czysta Energia sp. z o.o. ('PAK – PCE') subsidiaries, whose activities focus on renewable energy generation and the production and use of green hydrogen. 50.5% of the shares in PAK – PCE and, thus, control over the company, is held by Cyfrowy Polsat SA, while ZE PAK SA is a minority shareholder with 49.5% of the shares in PAK – PCE. PAK – PCE is implementing a wide range of forward-looking investment projects in the field of renewable energy sources and the production and use of green hydrogen are in progress. PAK – PCE's main generating assets in the RES area are two biomass units generating electricity and heat with a total capacity of 110 MW, located at the Konin Power Plant, an 83 MW photovoltaic farm located in Brudzew and two wind farms: Kazimierz Biskupi, Miłosław, Przyrów and Człuchów, with a total capacity of approximately 150 MW. At the same time, wind projects with a total expected capacity of around 146 MW are under development by further SPVs. The concept of constructing a comprehensive green hydrogen chain is under development in the field of hydrogen-related projects.

By 2024, the Group was operating on a scale that enabled reaching revenue levels set out in the table below, with a year-end headcount of 2 419.

All company personnel are employed in the domestic segment.

Table 27: Power-related revenues

	Sector according to European Sustainability Reporting Standard - SEC 1 Sector Classification (Working Draft, 15.01.2024)		**2024**
Total revenues (PLN thous.), including:	-	-	2 185 257
- power-related revenues	Power Production and Energy Utilities	code: UPE	2 185 257

Including broken down into operating segments (in thous.):

	Generation	*Extraction*	*Renovations*	*Other*	*Consolidation adjustments*	*Total*
Sales revenues	**2 117 824**	**627 672**	**167 062**	**129 810**	**(857 111)**	**2 185 257**

The ZE PAK SA Group, while generating revenues from fossil fuel-based energy, did not simultaneously receive revenues related to the production of chemicals, manufacturing controversial weapon types, as well as cultivation and production of tobacco (i.e., those indicated in the SBM-1 40 d requirement).

ESG Strategy

ZE PAK SA Group's ambitious development strategy, focused on a rapid transition towards clean power generation technologies and a radical reduction of its carbon footprint, initiated an internal reorganisation of the Group, including a discussion on functional strategies, also on the sustainability strategy. The key areas of responsibility identified in the original strategy are still relevant, and the nature of the day-to-day impact of conducted operational activities will be diminishing in many areas, this will be a gradual process and will still require management attention. The transition of the business model, in addition to the gradual reduction of the existing impact categories, will mean new challenges and new aspects of responsibility towards the environment, which must be included in a new management approach and sustainability strategy.

The ZE PAK SA Group Sustainability Strategy for 2024-2028 developed at the beginning of 2023 (updated at the start of 2024) takes into account ESG factors, i.e., these concerning the environmental impact (**E**nvironmental), social environment (**S**ocial) and corporate governance (**G**overnance), and focuses:

- on business model decarbonisation and its transition towards a sustainable economy, as part of the energy transformation of the Eastern Wielkopolska region,

- in ESG areas, not directly related to the transition, on actions in line with the logic of striving to improve existing processes, typical of total quality management (TQM) and ensuring with legal requirements and expectations of the environment, at minimum.

Each of the seven objectives has been assigned metrics (KPIs) and their values, which they should achieve in the following years, as well as directions of activities or projects (also described by the metrics), which will be part of the implementation of the aforementioned objectives.

At the same time, a strategic decision was taken in mid-2023 to transfer the ownership of a majority stake in PAK – PCE sp. z o.o., which brings together special purpose vehicles that are responsible for operations in the fields of specific renewable technologies (including photovoltaic farms, wind farms, biomass energy, hydrogen generation and the hydrogen bus project). In the light of the above, the Company has updated the Strategy to include its shareholding in the PAK – PCE group. The new owner has become the Polsat Plus Group, whose key shareholder, as in the case of the ZE PAK SA Group, is Mr Zygmunt Solorz. Increasing the capital commitment of the Polsat Plus Group that was previously a minority stakeholder means obtaining a capital-strong partner that will be able to guarantee the implementation of a wide range of prospective investment projects in the field of renewable energy sources, as well as the production and use of green hydrogen. The ZE PAK SA Group still holds almost half of the company's shares and, given its business competence, remains an entity on whose employees the significant burden of operational management of PAK – PCE's assets will rest. At the same time, however, the transfer of the majority stake to the Polsat Plus Group will have a significant impact from the perspective of both financial and non-financial reporting – i.e., especially when reporting under the operating control principle, it will result in multiple items being reported by the new majority shareholder. As a result, e.g., the levels of selected indicators assumed in the ZE PAK SA Group's Sustainable Development Strategy for 2024-2028 will formally not be achievable (this applies, e.g., to the volume of direct CO_2 emissions from energy generation per unit of energy (1 MWh)), because the ZE PAK SA Group will recognize emissions from conventional power generation, but no longer the clean generation source (PAK – PCE sp. z o.o).

ZE PAK SA Group's sustainable development strategy for 2024-2028

For decades, ZE PAK SA has been an important link in the National Power Grid. It has an important impact on the industrial functioning of the Konin subregion and on the local labour market. As a producer of electricity, having so far based its generation primarily on lignite, the Group has consciously made a decision to gradually reduce coal-based energy generation and develop projects in the field of electricity based on low-emission and emission-neutral sources, as well as the production and use of green hydrogen:

- a low-carbon electricity project in the form of a CCGT unit at the site of the former Adamów power station,
- construction of a large-scale PV farm in Przykona,
- acquisition of a large wind farm project located near Opole,
- in cooperation with CP – developing the structure of PAK – PCE subsidiaries, whose activities focus on renewable energy generation and the production and use of green hydrogen.

The strategy is based on the seven following objectives, with the first three related to business transition and decarbonisation, and the next three to optimizing non-financial results of the business, and the last one is a management objective:

Objective 1: Transition towards low- and zero-emission power – implemented independently and in cooperation with CP.

Objective 2: Entering the hydrogen fuel and zero-emission automotive industries – implemented independently and in cooperation with CP.

Objective 3: Responsible phase-out from the extraction (lignite) industry with respect for the social and natural environment – implemented independently.

Objective 4: Being a responsible regional employer – implemented independently.

Objective 5: Striving for circular economy (CE) – implemented independently.

Objective 6: Being a good neighbour and member of the local community: limiting the impact of current operations on the social and natural environment – implemented independently.

Objective 7: Ensuring high-quality management system and its continuous improvement, taking into account social and environmental issues in the decision-making process – implemented independently.

All these goals have been assigned measurable objectives (KPIs):

Table 28: ESG Strategy goals for 2024-2028

	2023	2024	2025	2026	2027	2028
Objective 1: Transition towards zero- and low-emission power.						
mining and operation scenario for coal-fired units	Jóźwin open pit – mining phase-out	Units No. 1, 2 and 5 at the Pątnów power plant – decommissioning	The baseline scenario assumed decommissioning of unit No. 9 at the Pątnów II power plant by the end of the year.	The emission and installed capacity indicators shown below will only apply if a decision is taken to extend coal-based operations		-
direct CO_2 emission volume related to energy generation per energy unit (1 MWh)*	1,35	1,30	1,30	1,30	0,47	0,32
installed capacity of low- and zero-emission assets (wind farms + PV + biomass (together with PAK – PCE group assets) + gas-steam unit)	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 generation, not including electricity based on biomass, photovoltaics and wind*						
Objective 2: Entering the hydrogen fuel and zero-emission automotive industries.						
(targets from this area have been discarded as they relate to the activities of PAK – PCE, wherein ZE PAK SA is a minority shareholder and which is not consolidated in this reporting)						
Objective 3: Responsible phase-out from the extraction (lignite) industry with respect for the social and natural environment.						
Improvement and restoration of natural water relations within post-mining areas*			Technical reclamation of post-mining land*			
Filling the reservoir after the Lubstów and Głowy open pits	2024-2025		Filling request for post-mining land reclamation	2024-2025		
Filling the reservoir after the Roztoka open pit	2024-2025		Technical reclamation completion – 419 ha	2026		
Filling the reservoir after the Jóźwin open pit	2024-2028		Technical reclamation completion – 510 ha	2027		
Filling the reservoir after the Drzewce open pit	2024-2028		Technical reclamation completion – 672 ha	2028		
Filling the reservoir after the Adamów open pit	2024-2028					
** It is planned to reach a capacity of more than 800 million m3 in water reservoirs from the Konin-Turek region by the end of 2028*			** Completion of technical reclamation of an area of 1 602 ha is planned by the end of 2028*			
Objective 4: Being a responsible regional employer.						
	2023	**2024**	**2025**	**2026**	**2027**	**2028**
employment level (in persons)	2 623	2 464	2 326	2 208*	1 387*	1 112
average remuneration within the ZE PAK SA	≥100%	≥100%	≥100%	≥100%	≥100%	≥100%

Group/average remuneration announced by the Central Statistical Office for the Konin subregion						
number of plan shut-down days related to strike actions	0	0	0	0	0	0
accident frequency rate	<100% of the previous year value	<100% of the previous year value	<100% of the previous year value	<100% of the previous year value	<100% of the previous year value	<100% of the previous year value
** only in case of extending coal-based operations*						
Objective 5: Striving for circular economy (CE).						
degree of economic utilization of flue gas desulfurization raw material	~100%	~100%	~100%	~100%	~100%	~100%
degree of economic utilization of combustion waste	≥100% of the previous period level	≥100% of the previous period level	≥100% of the previous period level	≥100% of the previous period level	≥100% of the previous period level	≥100% of the previous period level
degree of economic utilization of demolition raw materials	~100%	~100%	~100%	~100%	~100%	~100%
degree of economic utilization of flue gas desulfurization raw material	~100%	~100%	~100%	~100%	~100%	~100%
Objective 6: Being a good neighbour and member of the local community: limiting the impact of current operations on the social and natural environment.						
number of major environmental accidents	'zero'	'zero'	'zero'	'zero'	'zero'	'zero'
number of major social conflicts	'zero'	'zero'	'zero'	'zero'	'zero'	'zero'
Objective 7: Ensuring high-quality management system and its continuous improvement, taking into account social and environmental issues in the decision-making process.						
number of significant penalties or sanctions associated with the violation of social or environmental interests, human rights or confirmed practices of corrupt, anti-market, monopolistic nature and related to the activities of the ZE PAK SA Group	'zero'	'zero'	'zero'	'zero'	'zero'	'zero'

All goals have been broken down into specific actions and projects that are part of their implementation, as well as reaching Sustainable Development Goals (SDGs).

Value chain

Due to a rather strongly integrated and encompassing the initial section of the value chain associated with the production of electricity from lignite, the sale of which is still the Group's main source of revenue, the supply chain is relatively limited in this area, i.e., the Group's activities, down to supplementary purchases (KWB Sieniawa), it involves the sourcing of basic raw material in the form of lignite from the deposits it exploits. Therefore, purchases from external vendors are limited, primarily to various types of services related to the maintenance and overhauling owned assets, or professional services in support areas. However, a number of maintenance works is also conducted by entities within the ZE PAK SA Group (e.g., PAK Serwis).

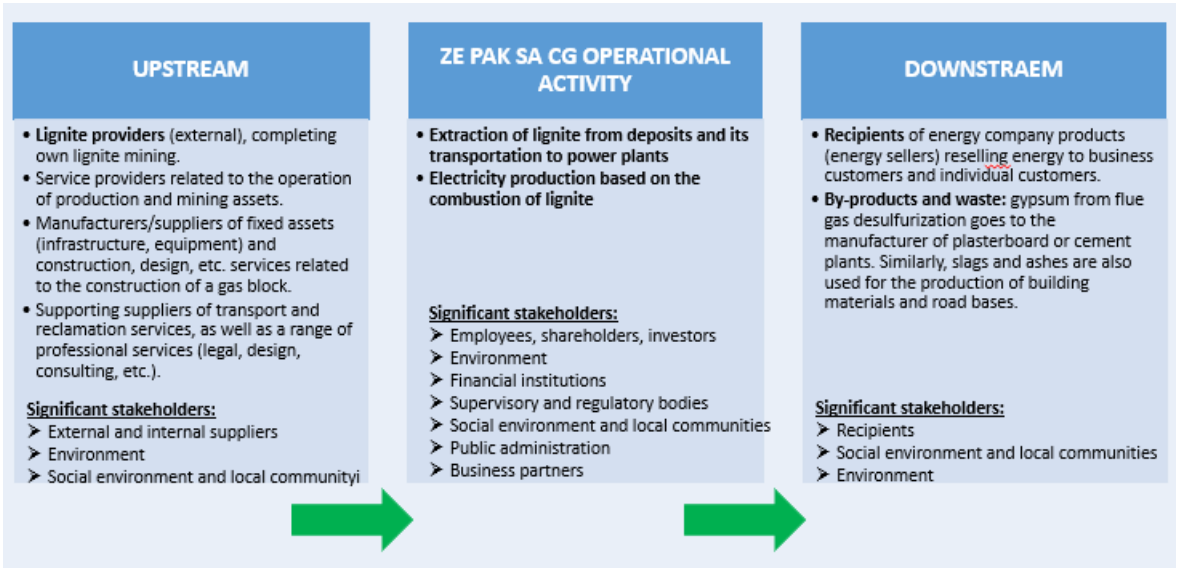
The Group also purchases certain quantities of fuel resources (fuel oil, mazout), which are also employed at its plants, as well as lime meal or urea, crucial in flue gas desulphurisation and denitration processes. Of course, it also purchases, albeit in relatively small quantities, other fuels used for purposes different than directly for electricity generation (diesel, petrol).

This situation, with the transition currently underway, will change and not only in the longer, but even in the medium term. The planned phasing out of the last remaining lignite-based assets will eliminate the need for this fuel, both from own deposits and possible supplementary purchases. On the other hand, the launch of generation based on generation assets, with the use of other fuels – natural gas and nuclear fuel (a project outside the consolidation and scope of this statement) – will involve significant fuel purchases from third parties.

Simultaneously, the ongoing transition, i.e., investment in new generation assets and the decommissioning of phased-out ones, involves the purchase of various construction services, infrastructure elements, equipment, as well as a range of professional services. It also means a significant involvement of external parties in demolition and remediation work.

The ZE PAK SA Group's dominant source of revenue and its leading product is electricity, primarily lignite-based. However, the ZE PAK SA Group does not conduct activities related to the distribution, supply and sale of energy to end users. As a participant in the National Power Grid, it supplies contracted electricity volumes to the grid, and also acts in the area of energy trading, e.g., in the event of generation losses occurring. The power at the ZE PAK SA Group is sold on the exchange market, where it is mainly purchased on the other side by large entities involved in its further distribution, supply and sale to end users, namely, businesses and households. The consequence of such a business model structure is that the absence of Group's contact with consumers, which also results in limited scope of relevant ESG aspects related to consumers in terms of direct impact (e.g., related to customer service, communication reliability or protection of consumers' personal data).

Value chain and material stakeholders interfacing with processes within the value chain



SBM-2 – Interests and view of stakeholders

In the course of defining material sustainability issues for the ZE PAK SA Group for the period 2024-2028, a materiality analysis was conducted at the beginning of last year, following the extended questionnaire method for the Company's various stakeholder groups, while observing the double materiality principle. The materiality study resulted in a list of key stakeholders, material issues broken down into environmental and climate change matters, social issues including labour, corporate governance issues and a list of material non-financial risks. This analysis referred to the overall activities of the ZE PAK Group, i.e., it included the activities, and consequently the cash inflows, of all companies consolidated in its financial statement (information on the Group's structure as at the balance sheet date, see subsection *2.1. Basic information on the Company and Capital Group).* As a consequence of the changes to the business model some impact categories have lost relevance. This was taken into account during the re-verification of stakeholder consultation results that immediately preceded the sustainability reporting process.

Similar analyses will be repeated or periodically validated exactly because of the business model transition ongoing within the ZE PAK Group. Changes in the scope of activities will induce changes in the scope of impacts (even if not the category of impact itself – it is expected for similar, if not the same, ESG aspects to be relevant – their nature or severity). In turn, the observations and the resulting conclusions will be taken into account in the reviews of the Sustainable Development Strategy in order to maintain consistency (i.e., the strategy addressing those issues that are relevant to stakeholders).

The various stakeholder groups (stakeholders) differ, both in terms of areas of interest, expectations and concerns, as well as the communication form and frequency. These expectations and concerns, more often related to aspects that represent risks rather than opportunities, are consequently articulated in different forms and at different levels. In some cases, such information reaches managers and, only in the form of opinions or observations by the latter, the company authorities (e.g., at work meetings). However, its majority is reported directly to the Management Board, whose members are directly involved in, e.g., a formalised process of social dialogue with trade unions, meetings with investors or municipalities, significantly affected by both the operations and the transformation of the ZE PAK Group.

Key stakeholder groups include the following:

Table 29: Key stakeholders

Stakeholder	Involvement type	Objective and issues addressed
Employees and associates	Internal communication system Intranet Materiality study participation Internal meetings and events	Professional development and work conditions Issues directly or indirectly associated with energy transition in the context of employment stability and restructuring Availability of additional social benefits and OHS
Labour union	Current cooperation	Employee issues An important role in mediating between the employer and employees is played by trade unions representing the employees, the dialogue with whom is formalised but also, traditionally, constructive and cooperative. Consequently, conflicts have not escalated over the last few years and the parties have jointly worked out solutions beneficial to employees in the context of, e.g., the planned phase-out of lignite mining.
Natural environment	Communication with NGOs and environmental organisations	Mitigating adverse impact on the environment and sustainable waste management

Investors and stakeholders	Investor relations and communications at https://ri.zepak.com.pl/pl/ and via the e-mail ri@zepak.com.pl Performance conferences General Meeting of Shareholders	Corporate business strategy, including ESG strategy. Broadly understood results of the Group and Company, risks and growth prospects Activities in relation to sustainable development (ESG)
Financial institutions	External Company website Direct meetings and teleconferences Performance references	Company business strategy and sustainable development Compliance with EU Taxonomy Financial performance
Business clients and consumers	Direct meetings Group's external communication	Business plans, performance indicators Since energy is traded on the exchange and many transactions are completed dynamically in real time, buyer interest is limited to basic parameters, such as volume and price.
Internal, external vendors and subcontractors	Ongoing contact and cooperation	Cooperation terms, timeliness, payments,
Domestic and EU regulator and supervisors	External Company website Ongoing and periodic reports	Timeliness and quality of reported corporate documents
Business partners	Regular communication as part of cooperation with business partners, direct meetings, industry events, sustainability reports	Transparent cooperation principles
Local environment and communities	Social media Local events Activities conducted as part of cooperation with partners.	Identification of social issues Group transition, land reclamation and providing recreational value, but also newly constructed and planned facilities. An extremely important issue is how water reclamation of the former open pits is conducted and the involvement in these activities of the local government officials, who are members of the Powidzki Landscape Park Association, which brings together 8 communes: Powidz, Ostrowite, Kleczew, Wilczyn, Witkowo and Jeziora Wielkie, Orchowo, Trzemeszno. Delays in this regard will contribute to the lowering level in natural lakes (Lake Wilczyńskie, Lake Ostrowskie, Lake Powidzkie). At the same time, given the strong direct or indirect links of the residents with the Group (employment in the Group itself or in companies cooperating with the Group), the transition may give rise to some concerns. The reduction in the scale of taxes that the Group will pay to communal budgets may also be concerning, since it will be indirectly felt by their residents as well. The attention of the public is primarily focused on energy availability, with a particular emphasis on economic availability in the context of increasing electricity prices (due to the lack of retail energy sales, the Group is not directly affected by these issues).

Public administration and local authorities	Face-to-face meetings Mailing	At the local level, issues related to pending administrative proceedings. A keen interest in the transition of the Group and the consequent phasing out of individual units or mining facilities. The cessation of mining production, as well as the decommissioning of generating facilities, has consequences both for the employment of the local population and for the tax revenues of local government budgets.

The expectations and interests of the aforementioned groups were taken into account in the dual materiality analysis (IRO-1) and in the process of identifying the nature of impacts, risks and opportunities (IRO): (a) indirectly – through the application, at Stages I and III, of dual materiality analysis, (b) directly – through the involvement of selected interest group representatives in the process of evaluating pre-selected material aspects (Stage II of dual materiality analysis).

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model(s)

Issues related to the risk management approach and key business risk factors to which the operations of the ZE PAK Group SA are exposed have been described in the following sections of this management report on the operations of the ZE PAK SA Group, respectively, chapter 3.4. Risk management, and 4. Main business risk factors. Risks in the ESG category are an integral part of the business risks identified therein. A particular business risk category is often identical to a particular ESG risk aspect, and in other cases, ESG issues are just one of the dimensions of the risk described. In chapter 4. *Main business risk factors* and *5.5. Specification of factors affecting current and future financial results,* the Group provides a broader description of the risks' economic consequences that are reflected in the impacts and risks described in SBM-3. In turn, in chapter *5.2. Characteristics of basic economic and financial quantities*, the Group has indicated the provisions made in 2024 in connection with selected operational aspects, reflected in the impact aspects listed below (e.g., provisions for reclamation, provisions for redemption of CO_2 emission allowances). In turn, the information on the funding of various activities aimed at implementing the strategy can be found in *6. Financial asset management* and 7. *Significant development factors and prospects.* On the other hand, the information that enables assessing business model resilience in terms of its ability to counteract significant impacts and risks can be found in chapters 5. *Description of the financial and asset standing*, *6. Financial asset management* and 7. *Significant development factors and prospects.*

Although a binding list of business risks includes those identified in Chapter 4. *Main business risk factors,* their analysis in terms of sustainability and ESG factors, can be dissected as follows:

Table 30: Material risks associated with sustainable development

Area acc. to ESRS	Impact, risk or opportunity character (description)	Character of area impacts				Impact presence in the value chain			Time perspective		
		positive (opportunity source)	negative (risk source)	actual	potential	upper chain part (vendors)	own operations	lower chain part (consumers)	short-term	medium-term	long-term
Climate impact (associated with carbon footprint of operations)	With regard to impact materiality, energy generation based on lignite, similarly to the combustion of other fuels, entails significant CO_2 emissions into the atmosphere and thus, according to current knowledge, contributes to exacerbating global climate change. At the same time, from the perspective of financial materiality, the costs of CO_2 emission allowances constitute a significant item in the structure of the costs incurred, which, with the simultaneous considerable volatility of their market prices, translates into a very significant impact on the results of ZE PAK SA Group's operations. In view of the above, the Group is gradually phasing out production based on lignite. The last major decommissionings of consecutive Units 1, 2 and 5 (generation cessation) occurred at the end of 2024 at the Pątnów Power Plant. By 2025, only one unit at this power plant, unit No. 9 (the former Pątnów II power station), will be in operation. Simultaneously, the planned launch of energy generation based on natural gas combustion will also involve direct, albeit significantly lower, CO_2 emissions. The risks referred to above currently impact the ZE PAK SA Group, but the scale of exposure decreases as lignite-based power generation is reduced. Therefore, in the medium term, when unit 9 is decommissioned and energy generation based on natural gas and supplementary RES assets (photovoltaic and		✓	✓			✓	✓	✓	✓	✓

Area acc. to ESRS	Impact, risk or opportunity character (description)	Character of area impacts				Impact presence in the value chain			Time perspective		
		positive (opportunity source)	negative (risk source)	actual	potential	upper chain part (vendors)	own operations	lower chain part (consumers)	short-term	medium-term	long-term
	wind farms) is commissioned at the same time, the scale of the risk will be significantly cut. Moreover, in the medium to long term, energy generation based on: • natural gas by a power plant that meets the low-emission criteria, • other assets (existing or planned), including assets in which the ZE PAK SA Group has interest but which are not consolidated in its results will enable the Group to become an energy transition beneficiary. This is because it has the potential to optimally balance zero-emission RES assets, such as photovoltaic and wind farms with zero- or low-emission assets characterised by production stability and flexibility (biomass, gas-fired and nuclear-fired power generation). (see: *4. Main business risk factors,* $Co2_2$ emission allowance costs; ESRS E1)										
Climate change impact on conducted business	Among other things, the ZE PAK SA Group is exposed to the physical risks of climate change, and the variability of atmospheric conditions translates into both fluctuations in electricity supply and demand.		✓	✓	✓		✓		✓	✓	✓

Area acc. to ESRS	Impact, risk or opportunity character (description)	Character of area impacts				Impact presence in the value chain			Time perspective		
		positive (opportunity source)	negative (risk source)	actual	potential	upper chain part (vendors)	own operations	lower chain part (consumers)	short-term	medium-term	long-term
	In the medium to long term, a portfolio of generating assets, referred to in the section above ('Adverse climate impacts')[6], the ZE PAK SA Group is likely to achieve a power generation model with a low carbon footprint and significant generation stability. This in turn can be a source of significant market advantage. (see: *4. Main business risk factors*, *Seasonality and meteorological conditions* and *Scenario analysis* cl. ESRS E1 SBM3)										
Environmental impact associated with atmospheric emissions	The combustion of lignite and other fossil fuels (including gaseous fossil fuels) entails atmospheric emissions of, among others, SO2, NOx, and particulate matter (PM), which in turn has an adverse impact on the environment. They are disproportionately less emitted through mining activities, i.e., mining operations involve organised atmospheric emissions of pollutants from the boiler house providing heat for the mine's welfare facilities. In the case of open-pit mining operations, fugitive dust emissions are also important: technological (mechanical). Gradually shifting the generation burden to other assets will result in a significant reduction in the impact scale, i.e. gas		✓	✓			✓		✓	✓	✓

[6] Including non-consolidated assets.

Area acc. to ESRS	Impact, risk or opportunity character (description)	Character of area impacts				Impact presence in the value chain			Time perspective		
		positive (opportunity source)	negative (risk source)	actual	potential	upper chain part (vendors)	own operations	lower chain part (consumers)	short-term	medium-term	long-term
	combustion emissions have a lower level of impact. In contrast, sources such as photovoltaics or wind turbines do not emit this type of pollutants. In turn, the operation of a nuclear power plant, not covered by the consolidation and this report, involves the presence of radioactive materials (nuclear fuel and waste), but these substances are not emitted into the air. (see: ESRS E2 Pollution)										
Environmental impact associated with a potential failure or leak	Current operations involve the risk of accidents, which can result in oil, mazout and acid spills, and consequently, local contamination of the ground and water environment. Ash pulp or overlaying water leaks to the soil and water environment should also be considered. Hypothetically, there could also be a leakage of the oil used in a wind turbine. Depending on the scale, scope and nature of the potential accident, potential environmental costs may vary, as well as the costs for the Group's associated with counteracting the accident, limiting the scale of its outcomes or activities related to restoring the environment to its state prior to the hypothetical accident. The operation of a nuclear power plant, not covered by the consolidation and this report, involves a very small failure risk, and such facilities, especially with the currently employed		✓	✓	✓		✓		✓	✓	

Area acc. to ESRS	Impact, risk or opportunity character (description)	Character of area impacts				Impact presence in the value chain			Time perspective		
		positive (opportunity source)	negative (risk source)	actual	potential	upper chain part (vendors)	own operations	lower chain part (consumers)	short-term	medium-term	long-term
	technology and safeguards, are extremely safe. However, accidents that have historically occurred have huge and long-lasting social and environmental impacts (Chernobyl, Fukushima). (see: ESRS E2 Pollution)										
Environmental impact associated with the disturbance and restoration of natural water relations	Mining activities conducted over the years and the need to pump and discharge groundwater from the area of open pits have resulted in the creation of so-called 'depression funnels' and also impact surface waters (e.g., reduced flow in watercourses influenced by the mine and increased flow in watercourses due to the discharge of water from the underground and surface open pit drainage). Water-focused reclamation of post-mining areas, conducted in a manner that allowed the funnel and the pit itself to fill too quickly, could result in lowering groundwater levels and disrupting the surface water stability. The reduction, and ultimate decommissioning of mining will lead to a results of water filling in reclaimed open pits. Indirectly, the disturbance of natural lake levels also affects the socio-economic situation (e.g., tourism). They will be visible in the medium term, but also, to some extent, in the long term. At the same time, however, the presence of the resulting water reservoirs will increase the extent of water retention in areas that today are among the areas with the highest levels of water stress	✓	✓	✓	✓		✓		✓	✓	✓

Area acc. to ESRS	Impact, risk or opportunity character (description)	Character of area impacts				Impact presence in the value chain			Time perspective		
		positive (opportunity source)	negative (risk source)	actual	potential	upper chain part (vendors)	own operations	lower chain part (consumers)	short-term	medium-term	long-term
	in Poland. Therefore, especially in the long term, the impact will enable more water to be retained. It will also, of course, involve specific opportunities for tourism and recreational development. (see: ESRS E3 *Water and marine resources*)										
Environmental impact associated with affecting the biosphere of the Konin Lakes	The heat discharged into the surface waters of the Konin Lake complex has affected the primordial, natural biological life of these lakes. On the one hand, it has allowed for the economic development of businesses related to fishing and fish farming (including stocking material); on the other hand, it has indirectly, through intensive fishing management, led to the introduction of a number of invasive species, alien to the original biosphere. Changes in the volume of heat discharged, may affect the species structure of the Konin Lakes. It should be noted that the current scale of exposure, with the reduction in lignite-based energy generation, is disproportionately smaller than that recorded in previous years. (see: ESRS E4 *Biodiversity and ecosystems*)		✓	✓	✓		✓	✓	✓	✓	✓
Environmental impact associated with affecting	In the vicinity and the impact zone ZE PAK SA Group's plants, there are several areas of natural value, which could potentially be adversely affected by economic activities.		✓	✓	✓		✓		✓	✓	✓

Area acc. to ESRS	Impact, risk or opportunity character (description)	Character of area impacts				Impact presence in the value chain			Time perspective		
		positive (opportunity source)	negative (risk source)	actual	potential	upper chain part (vendors)	own operations	lower chain part (consumers)	short-term	medium-term	long-term
valuable natural areas	The impact of filling open pits after decommissioned mines with water is of particular significance in the current situation. This can also affect areas with high biodiversity. (see: ESRS E4 *Biodiversity and ecosystems*)										
Environmental impact associated with waste generation and management	A number of waste categories are generated due to operational activities, as well as construction work (investment projects, demolition work), which ZE PAK SA Group must ensure are properly managed and, where possible, reused. As a result, particularly given the economic utilisation of a significant proportion of the by-products from the operations, the risks associated with waste generation are controlled, although they do, of course, exist. The risk of ash pulp or overlaying water leaks to the soil and water environment should also be mentioned. Current generation phase-out entails a reduction in the mass of waste generated. This, in turn, will already lead to a reduced exposure to associated risks in the medium term. On the one hand, new assets, including planned and non-consolidated assets, will not generate significant waste directly related to production, on a scale associated with solid fuel combustion (gas combustion does not result in the generation of ash; photovoltaics and wind farms do not generate waste in the	✓	✓	✓	✓		✓	✓	✓	✓	

Area acc. to ESRS	Impact, risk or opportunity character (description)	Character of area impacts				Impact presence in the value chain			Time perspective		
		positive (opportunity source)	negative (risk source)	actual	potential	upper chain part (vendors)	own operations	lower chain part (consumers)	short-term	medium-term	long-term
	post-production cycle, other than associated with maintenance and servicing). At the same time, however, the ZE PAK SA Group, like other operators of photovoltaic and wind farms, will face in the longer term the challenge of having to manage the remnants of depleted elements of this infrastructure (i.e., decommissioned photovoltaic panels and wind turbines). Nuclear power involves the need for safe management of radioactive waste. They are generated in disproportionately smaller volumes, but require particular care, especially given the new threats, just to mention those related to terrorism. (see: ESRS E5 *Resource use and circular economy)*										
Social impact associated with employment restructuring and transformation	Energy transition, and the associated phasing out of lignite power generation and mining, mean a gradual job redundancies both in mining and in the power plants themselves. This, in turn, means job losses and the need to find new sources of income for a number of households in the region. Moreover, the effects of the transformation will affect not only those directly employed by the ZE PAK SA Group, but also those in companies directly or indirectly related to its operations. (see: ESRS S1 *Own workforce*)		✓	✓	✓		✓		✓	✓	✓

Area acc. to ESRS	Impact, risk or opportunity character (description)	Character of area impacts				Impact presence in the value chain			Time perspective		
		positive (opportunity source)	negative (risk source)	actual	potential	upper chain part (vendors)	own operations	lower chain part (consumers)	short-term	medium-term	long-term
Social impact associated with OHS hazards	The conducted operational activities (mining, energy) involve a number of natural and traumatic hazards at workplaces. Workers are also exposed to harmful factors (e.g., noise, dust, high temperature, high pressure, electric current, explosive atmospheres and moving parts of machinery). Factors related to work arduousness include inadequate lighting and night-time employment. The energy transition and new generating assets will also mean changes in the exposure of individual jobs to hazards. (see: ESRS S1 *Own workforce*)		✓	✓	✓		✓		✓	✓	✓
Social risk associated with arising discrepancies between the employer and employees	A potential divergence of positions between the employer and worker representatives (trade unions) could lead to an organisational crisis which, in an extreme case, has the potential to turn into a strike and production downtime. (see: ESRS S1 *Own workforce*)		✓	✓			✓		✓	✓	✓
Social risk associated with violations of	This aspect includes the risks associated with no respect for the dignity of the individual by superiors and co-workers, as well as the theoretical danger of an employer restricting the freedom of association or strike.		✓		✓	✓	✓			✓	✓

Area acc. to ESRS	Impact, risk or opportunity character (description)	Character of area impacts				Impact presence in the value chain			Time perspective		
		positive (opportunity source)	negative (risk source)	actual	potential	upper chain part (vendors)	own operations	lower chain part (consumers)	short-term	medium-term	long-term
human and labour rights	The energy transition and changes to the ZE PAK SA Group's business model will mean loss of full control over the upstream value chain, which is ensured by the highly integrated model. Therefore, in contrast to the model wherein the ZE PAK SA Group controlled extraction activities[7] aimed at fuel acquisition, in the case of other fuels (e.g., natural gas), it will no longer have this control, also in the context of respect for employee and human rights. (see: ESRS S1 *Own workforce*)										
Social impact associated with the appearance of mining damage, land buy-out and other nuisances to local communities	Lignite exploitation progressing over the years and the shifting mining front, directly involved land buy-outs, which could cause public resistance. For many years, exploitation has also resulted in mining damage, as well as other nuisances (e.g., increased noise in the area of the plants, or water relation disturbance). In turn, the construction of new assets and the conducted construction work may cause new nuisances and public concerns (e.g., related to – not consolidated in this statement – the planned nuclear power). (see: ESRS S3 *Impacted communities*)		✓	✓	✓		✓		✓	✓	✓

[7] With accuracy down to supplementary purchases from KWB Sieniawa.

Area acc. to ESRS	Impact, risk or opportunity character (description)	Character of area impacts				Impact presence in the value chain			Time perspective		
		positive (opportunity source)	negative (risk source)	actual	potential	upper chain part (vendors)	own operations	lower chain part (consumers)	short-term	medium-term	long-term
Social risk associated with impacting the activities of local fish farms	A change in the scale of energy generation, or, more specifically, reduced volume of heat required by fish farms in their farming operations (especially fry farming), could disrupt their business. Even more if in the medium and long term. At the same time, the area of operations that is key from the perspective of fish farms, is located in the area of the Konin Power Plant, fired by biomass, which significantly limits their exposure to risk (this plant belongs to a company where the Group is a minority shareholder and does not consolidate it in its sustainability reporting). (see: ESRS S3 *Impacted communities*)	✓	✓	✓	✓		✓	✓	✓	✓	✓
Political commitment risk	Larger-scale economic activity can always give rise to risks associated with expectations of an entity's economic involvement on one side of the political discourse and/or attempts of unethical influence on the decisions and actions of politicians, at both national and local level. Due to its nature, risks will persist across all time horizons. Although it can occur at any stage of the value chain, the Group's reporting focuses on counteracting within its own operations. (see: ESRS S3 *Impacted communities*)		✓		✓		✓		✓	✓	✓

Area acc. to ESRS	Impact, risk or opportunity character (description)	Character of area impacts				Impact presence in the value chain			Time perspective		
		positive (opportunity source)	negative (risk source)	actual	potential	upper chain part (vendors)	own operations	lower chain part (consumers)	short-term	medium-term	long-term
Risk of corruption and other unethical behaviour	Any organisation, especially a large one, which employs a large number of people and also handles significant funds, is potentially at risk of unethical behaviour, including that bearing the hallmarks of corruption and bribery. This, in turn, implies the need to implement formal and procedural solutions that not only limit the risk of pathological behaviour, but also allow irregularities to be detected quickly and effectively. Due to its nature, risks will persist across all time horizons. Because of its character, corruption involves two parties. Therefore, when focusing on its own activities, the Group must take into account that not only people within the ZE PAK Group, but also partners upstream or downstream within the value chain, may be involved in the potential scam. (see: ESRS G1 *Business conduct*)		✓		✓	✓	✓	✓	✓	✓	✓

Issues related to the risk management approach and key business risk factors to which the operations of the ZE PAK Group SA are exposed have been described in the first section of this management report on the operations of the ZE PAK SA Group, namely, chapter 3.4. Risk management, and 4. Main business risk factors. Risks in the ESG category are an integral part of the business risks identified therein. A particular business risk category is often identical to a particular ESG risk aspect, and in other cases, ESG issues are just one of the dimensions of the risk described (a full list of business risk can be found in chapter 4).

IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities

ZE PAK SA Group decided to assess in advance the **ESG aspects listed in the ESRS terms of their materiality and, consequently, the ones that should be included in the non-financial reporting.** Such an analysis was conducted for the 2023 Non-Financial Data Statement, still under development based on the requirements of the previous NFDR directive and on GRI standards.

Such analysis was conducted by the ZE PAK SA Group based on the principle of so-called **dual materiality**, indicated in the ESRS, i.e., the simultaneous **assessment of impact materiality** and **financial materiality** of individual ESG issues indicated in Addendum A to ESRS 1 General requirements. The first of these, i.e., the **assessment of impact materiality**, concerns significant actual or potential positive or negative impacts of a company on people or the environment in the short-, medium- or long term. Impacts include those related to the entity's own upstream and downstream operations and value chain, including through its products and services, as well as business relationships. On the other hand, the assessment of **financial materiality** corresponds to the identification of information considered material to the original users of the financial statements for general purposes when making decisions on the provision of resources to the entity. In particular, information is considered material if the omission, distortion or concealment of a fact could influence the decisions made by those users.

The ZE PAK SA Group conducted a multi-stage assessment, documenting its various stages, and representatives of the ZE PAK SA Management Board were involved in its review and approval.

Stage I (inter-organisation analysis) The individual aspects in relation to impact materiality were assessed taking into account the factors identified in the ESRS and the OECD Guidelines for Multinational Enterprises (MNEs), i.e., (a) scale, (b) scope, (c) irreversible nature of the impact (according to an adopted five-stage scale). The following rough scale was helpful in the case of individual assessment aspects:

- individual aspects of social or environmental impacts, such as scale, extent, irreversibility of its nature
- financial consequences.

Each impact was rated as per an adopted 5-point scale, where 1 meants negligible significance, and 5 meant very high significance.

An assessment of the occurrence probability (e.g., risk materialisation) was also imposed on these evaluations (according to an adopted five-level scale), where: 1 – "Very unlikely / almost impossible (may potentially happen within a period not longer than 25 years)", 2 – "Very unlikely (may happen within a period not longer than 10 years)", 3 – "Quite likely (may happen within a period not longer than 5 years)", 4 – "Very likely (not longer than 3 years), 5 – "Certain or very likely (has happened/is happening within the reporting period or may happen with a period not longer than 1 year)". Those ESG aspects for which the total rating obtained was higher than the preconceived value were considered to be potentially relevant.

A first, working assessment of the materiality of individual sustainability issues was carried out internally and the results were presented to the ZE PAK SA Vice-President of the Management Board for approval. This was followed by a second step involving stakeholders.

Stage II (consultation). Bearing in mind the **ESRS expectations in terms of working with interested parties (stakeholders) in, among other things, identifying and assessing materiality**, the results of assessment Stage I, were juxtaposed with stakeholder feedback through an online survey. A total of 55 stakeholders were involved in the consultation process and were invited to participate in a survey that summarised the main results of the assessment conducted during the first step. Those invited for the consultations were able to state whether the issues considered by the ZE PAK SA Group as important were such in their opinion and should be included in the report or not. They were also able to additionally comment on a particular aspect (e.g., pointing out some narrower aspects related to the issue that ZE PAK Group should pay more attention to). Twenty-two people responded to the survey, and their assessments and comments were superimposed on the earlier assessments. A transparent key was adopted. If at least 50% of the respondents indicated that an aspect should be included in the report, it was considered important. The results did not differ significantly from the version developed internally (through consultations, one issue recommended for inclusion in the report by less than 50% of respondents was dropped from reporting). **The very scope of issues itself is also not materially different from that reported in previous years under the non-financial data statements**.

Since the dual materiality analysis was conducted well in advance, at the stage of drawing up this management report, i.e., early 2025, the Group decided to review and update its results. This verification was internal in nature and was supplemented by, among others, an additional analysis of the reporting scopes of competing companies or those otherwise likely to provide a reference point for the ZE PAK SA Group. At this stage, it was decided to extend the scope of reporting onto issues related to avoiding political involvement and lobbying activities, as well as those related to corporate culture. The ZE PAK SA Group, with the accuracy down to the conducted non-financial reporting analysis of other entities, did not employ additional external data sources in the analytical process.

A matrix of relevant sustainability issues – dual materiality analysis results

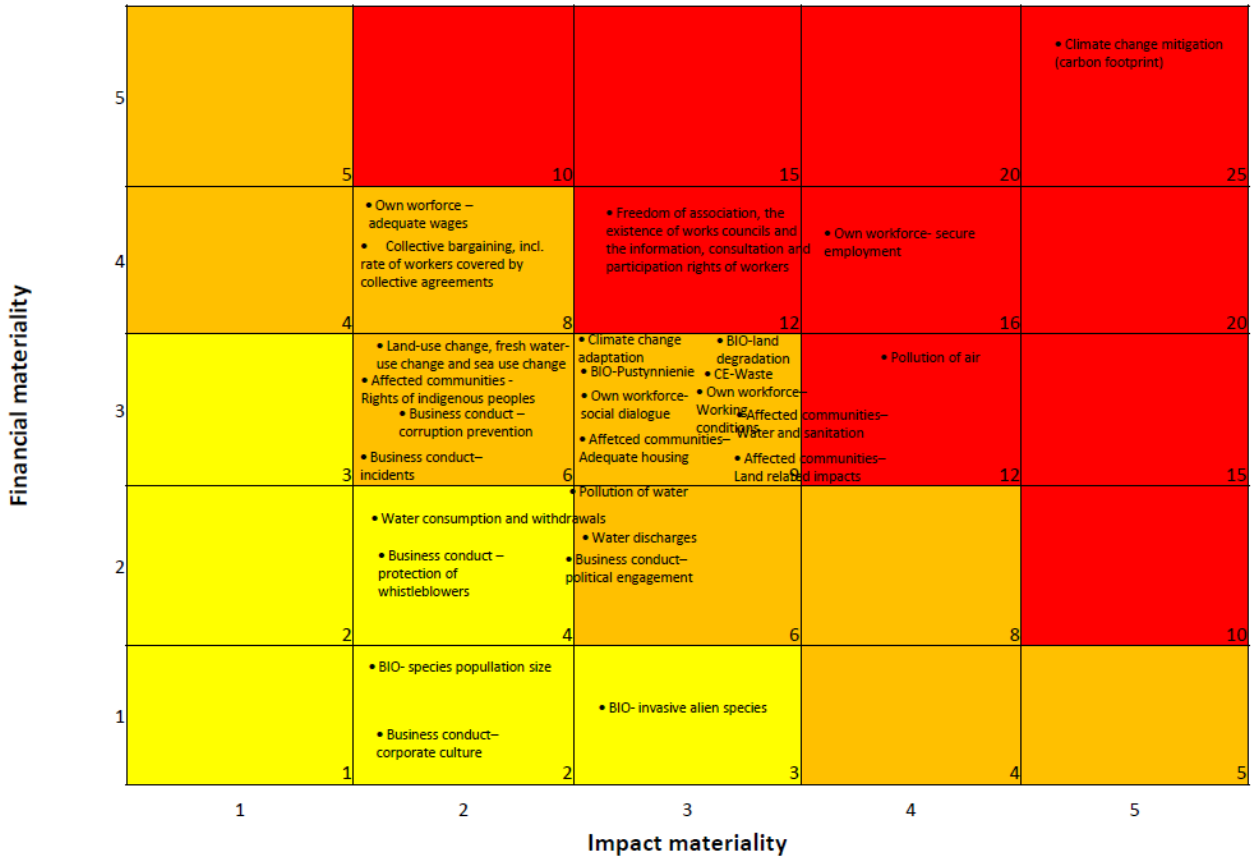


Table 31: Significant issues resulting from the dual materiality analysis

No.	Aspect (topic)	Subtopic	Smaller topic unit
1	Climate change	Climate change adaptation	
2	Climate change	Climate change mitigation (carbon footprint of operations)	
3	Pollution	Air pollution	
4	Pollution	Water pollution	
5	Water and marine resources	Water	Water intake and consumption
6	Water and marine resources	Water	Water discharges
7	Biodiversity and ecosystems	Direct biodiversity loss impact factors	Change in land use, change in freshwater and marine water use
8	Biodiversity and ecosystems	Direct biodiversity loss impact factors	Invasive alien species
9	Biodiversity and ecosystems	Impact on species status	Individual species population
10	Biodiversity and ecosystems	Impact on ecosystem range and status	Land degradation
11	Biodiversity and ecosystems	Impact on ecosystem range and status	Desertification
12	Resource use and circular economy	Waste	

13	Own workforce	Work conditions	Employment security
14	Own workforce	Work conditions	Adequate pay
15	Own workforce	Work conditions	Social dialogue
16	Own workforce	Work conditions	Freedom of association, existence of work councils, and employee rights to information, consultation and participation
17	Own workforce	Work conditions	Collective bargaining, including the percentage of employees covered by collective agreements
18	Own workforce	Work conditions	Health, Safety and Environment
19	Impacted communities	Economic, social and cultural rights of communities	Adequate housing conditions
20	Impacted communities	Economic, social and cultural rights of communities	Water and sanitation
21	Impacted communities	Economic, social and cultural rights of communities	Soil impact
22	Impacted communities	Rights of indigenous peoples	Prior, voluntary and informed consent
	Business conduct	Corporate culture	
23	Business conduct	Whistle-blower protection	
	Business conduct	Political influence and lobbying activities	
24	Business conduct	Corruption and bribery	Prevention and detecting, including training
25	Business conduct	Corruption and bribery	Incidents

11.2. Environmental information

Information disclosure in accordance with Art. 8 of Regulation 2020/852 and Commission Delegated Regulation (EU) 2021/2178

Pursuant to Art. 8(1) of Regulation (EU) 2020/852, companies subject to Art. 19a or 29a of Directive 2013/34/EU of the European Parliament and of the Council(2) shall be required to disclose information on how and to what extent their activities relate to environmentally sustainable business activities, i.e., business activities that are eligible for and comply with taxonomy based on the criteria indicated in the regulations.

Through the information below, the ZE PAK SA Group have disclosed turnover, capital expenditure and operating expenditure related to assets or processes associated with environmentally sustainable business activities. The method of data presentation is further clarified in Annex I of Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information on environmentally sustainable business activities to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting, and specifying the method to fulfil this information disclosure obligation. It takes into account the updates on the form of presentation set out in Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023, supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems and for determining whether that economic activity causes no significant harm to any of the other environmental objectives and amending Commission Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities.

Reference is also made below to Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities.

Identification of activities as environmentally sustainable

An economic activity qualifies as environmentally sustainable if it:

- makes a significant contribution to meeting one or more environmental objectives,
- does not cause serious harm to any environmental objective,
- is conducted in accordance with minimum guarantees,
- meets the technical eligibility criteria that have been established by the Commission.

The objective was to analyse individual economic activities of the ZE PAK SA Group in terms of meeting the four criteria above. To do that:

1. The business activities conducted were analysed, **identifying those aspects that are taxonomy-compliant** within the meaning of Article 1 of Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021. This review covered revenue categories, capital expenditure implemented (CapEx) and operating expenditure incurred (OpEx). The initial analysis and identification stage precluded making any exclusions due to the low relevance of specific activities.
   In preparing the 2024 statement and thus updating its business aspects identified a year earlier in terms of its current activities, the ZE PAK SA Group has taken into account the activities relevant to sustainability that were announced as annexes to a relevant regulation over the last two years. In particular, this involves the Commission (EU) completing the list of economic activities that qualify as making a significant contribution to climate change mitigation or adaptation, as well as the Commission (EU) publishing technical eligibility criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems.
2. For activities significantly contributing to climate change mitigation, climate change adaptation, sustainable use and conservation of water and marine resources, transition to a circular economy, pollution prevention and control, or protection and restoration of biodiversity and ecosystems, taking into account the exemptions introduced, it was also verified whether individual activities **meet the so-called 'technical taxonomy criteria'** for all six environmental objectives (i.e., the criteria for significant contribution).

3. It has been assessed whether, if an activity meets the technical criteria for a minimum of one objective, **such an activity is not without detriment to achieving other environmental objectives** (i.e., the criteria under the 'do no significant harm' principle),
4. **Meeting the so-called minimum safeguards was assessed** for all activities, both those meeting the technical criteria and those not.
5. The revenues (turnover), expenditure (CapEx) and operating costs (OpEx) associated with the aforementioned taxonomy-eligible activities were summarised, broken down into those that meet the technical criteria and those that do not, or that harm other objectives, failing to meet the principle of no significant harm, or those that would fail to meet the principle of minimum safeguards. The Company has also identified activities that qualify as *transitional activities (T*) or *enabling activities (E)*.

Step 1: Identification of taxonomy-eligible activities

The ZE PAK SA Group has already repeatedly reviewed its business model and related business activity types in terms of identifying compliant activities, i.e., by developing non-financial data statements for 2021, 2022 and 2023. In 2024, similarly to previous years, revenue (turnover), capital expenditure (CapEx) and operating expenditure (OpEx) were reviewed at stage of identifying taxonomy-compliant activities. In order to mitigate the risk of overlooking and consequently failing to take into account any activity that has an impact on sustainability, no materiality threshold was set at this stage and no exclusions were applied. At the same time, however, the results of the analysis conducted in 2024 were extremely influenced by 3 factors:

- **transfer of ownership over a majority stake in PAK – PCE sp. z o.o. to the Polsat Plus Group** - a company that brings together special purpose vehicles responsible for activities in the field of specific renewable technologies (e.g., photovoltaic farms, wind farms, biomass power, hydrogen generation and the hydrogen bus project). In practice, this means that the taxonomy-eligible business activities, previously reported in statements will no longer be recognised as activities of the ZE PAK SA Group, and the values disclosed in this statement will only relate to H1 2023, when PAK – PCE sp. z o.o. was still part of the ZE PAK SA Group;
- the ZE PAK Group's continued activities in the field of **gas-fired power** will fit into the technical criteria of taxonomy-eligible activities, with which it was supplemented in March 2022;
- the establishment in June 2023 of technical eligibility criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and **protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems** will significantly expand the range of ZE PAK Group's activities shown as taxonomy-eligible (activities related to mine decommissioning, and the reclamation of post-mining and post-industrial areas).

As a consequence, there have been significant changes in the range of taxonomy-eligible activities. The results of the taxonomy-compliant activity analysis are presented in the table below:

Table 32*: Analysis results for ZE PAK SA CG taxonomy-eligible activities*

Taxonomy-eligible economic activity			Impact on:		
			Revenues (turnover)	Capital expenditure (CapEx)	Operating expenditure (OpEx)
CCA	14.2.	Flood risk prevention and flood protection infrastructure			✓
CCM CCA	4.1.	Electricity generation using photovoltaic technology		✓	
CCM CCA	4.3.	Wind-based electricity generation		✓	
CCM CCA	7.7.	Exercising the property ownership right	✓		
CCM CCA	4.29	Electricity generation based on gaseous fossil fuels		✓	✓
BIO	1.1.	Preservation, including restoration, of habitats, ecosystems and species			✓
PCC	2.4.	Remediation of contaminated areas and sites			✓
CE	2.6.	Decontamination and dismantling of decommissioned products	✓		
CE	2.7.	Sorting and recovery of materials from non-hazardous waste	✓		
CE	3.3.	Demolition and dismantling of buildings and other structures	✓		✓
WTR	2.1.	Water supply			✓
WTR	2.2.	Municipal wastewater treatment			✓

A number of activities were conducted in 2024, on which the ZE PAK SA Group had not yet generated revenue. In the case of activities such as 4.29, 4.1 and 4.3, to the extent they relate to the photovoltaic farm under construction in Przykona, the wind farm in Opole and the CCGT unit at the site of the former Adamów power plant, theywereand are at the investment stage, i.e., they were recognised as capital work in progress and as such included in fixed assets and disclosed under capital expenditure (CAPEX).

Step 2: Allocation of financial quantities related to identified taxonomy-compliant activities

Based on the financial and accounting records kept, the ZE PAK Group allocated turnover, capital expenditure (CapEx) and operating expenditure (OpEx) quantities to each of the taxonomy-compliant activities identified above. This step has been implemented pursuant to the accounting rules set out in *Annex I of Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021, Supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.* The volumes identified on the basis of the financial and accounting records are the denominators of the indicators referred to in *Art. 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088*

Step 3: Technical eligibility criteria verification

The technical staff of the business units responsible for each of the identified taxonomy-compliant activities assessed the conformity of these activities with the technical criteria, both with regard to the so-called 'substantial contribution' and the *'do no significant harm' (DNSH*) principle criteria.

This analysis was conducted taking into account all six environmental objectives, for which such criteria have been developed and published. These objectives are:

- climate change mitigation,
- climate change adaptation,
- sustainable use and preservation of water and marine resources;
- transition to circular economy;
- preventing and controlling pollution;
- biodiversity and ecosystem protection and restoration

Based on the financial and accounting records kept, the turnover, capital expenditure (CapEx) and operating expenditure (OpEx) have been allocated accordingly for those activities that met the technical eligibility criteria. Thus, they are defined for individual activities to the extent that they meet the technical qualification criteria.

These figures were determined in accordance with the accounting rules set out in Annex I of Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021, supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation. These amounts constitute indicator numerators referred to in Regulation of the European Parliament and of the Council (EU) 2020/852 of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

Step 4: Assessment of meeting minimum safeguards

The ZE PAK SA Group has assessed whether its operations are conducted in a way that ensures meeting the so-called 'minimum safeguards'.

According to Article 18 of Regulation 2020/852 'The minimum safeguards referred to in point (c) of Article 3 shall be procedures implemented by an undertaking that is carrying out an economic activity to ensure the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work, and principles and rights set out in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work, and in the International Bill of Human Rights'.

The *Final Report on Minimum Safeguards*, developed by Platform On Sustainable Finance, was employed in the assessment process, but is not a regulation and is not legally binding. According to the recommendations, one of the four conditions below constitutes the non-fulfilment of the minimum safeguards:

- inadequate or non-existent due diligence processes related to human rights, including labour rights, corruption, taxation and fair competition,
- a company finally held liable or found to have violated labour or human rights law in certain types of labour or human rights court cases,
- failure to co-operate with the OECD National Contact Point (hereafter 'OECD NCP') on a notification accepted by the OECD NCP,
- The Business and Human Rights Resource Centre (BHRRC) took up the allegation against the company and the company did not respond within three months.

The elements of the Group's due diligence process, within the meaning of the aforementioned guidelines, can be reconstructed based on the standards, policies and strategies developed by the Group, in particular the ZE PAK SA Group Code of Ethics, ZE PAK SA Group ESG Strategy 2024-2028 and the Integrated Management System Policy, which define the values, principles of conduct adopted by the Group, as well as the priorities and resources available to the Group. Observance of the adopted values and principles, and the pursuit of the aspirations set out in the documents referred to above are required from both employees and the Group's contractors. Elements of the due diligence process

can also be identified in sustainability reporting activities under the CSRD Directive (EU Directive 2022/2464), the double materiality analysis process in particular. Such a process was completed in early 2024.

Being a generator of conventional energy from carbon-intensive sources at the time, the Group announced back in 2020, among other things, a complete coal phase-out over the few coming years, which it has been successfully implementing ever since. Over the recent years, the ZE PAK SA Group has decommissioned equipment with a capacity of 1 937 MW. Out of the originally available 7 units at the Group's largest power station, Pątnów, only one coal-fired unit (9 – Pątnów II) with a capacity of 474 MW is currently in operation. This, in consequence, translates to the Group's employment restructuring, however, most vacancies have for years been filled based on internal recruitment (in other words, the employment of people working in the ZE PAK SA Group was protected by making transfers between individual departments, plants and companies). The Company actively participates in the development of shielding programmes for power engineers and miners, in particular, paid leave in the energy and mining sectors, which may guarantee mitigating the effects of reducing lignite-based power generation.

The applicable Company's internal regulations related to employment are in line with the applicable provisions of the Labour Law and other national regulations implementing the International Labour Organisation standards ratified by the Republic of Poland into Polish law. The ZE PAK SA Group has implemented formal solutions that determine the relationship between the employer and employees based on the provisions of Polish law, including, among others, work regulations based on the Labour Code Act, Company Collective Agreements based on the Labour Code Act, Employee Benefit Fund regulations based on the Company Employee Benefit Fund Act, and remuneration regulations are in force at entities not covered by the provisions of the Company Collective Agreements. There are Employee Councils in companies meeting the statutory criteria. There are also trade unions functioning within the companies of the ZE PAK SA Group. In issues set out by legal provisions, the ZE PAK SA Management Board and the Management Boards of other companies communicate and consult decisions with employee representatives.

The fundamental aspects associated with the field of people management were also defined several years ago in the ZE PAK SA Group's Social Responsibility Strategy for 2017-2020. In terms of operational management, these have been maintained until the present day, including a reflection in the new ZE PAK Group Sustainable Development Strategy for 2024-2028, albeit taking into account the transition-related requirements.

Since being founded, the ZE PAK SA Group has been declaring its support for local initiatives. The Group's aim is to support the local community through community involvement so that, as far as possible, it can be compensated for those nuisances associated with the operation of the plants, to the extent that they cannot be eliminated or reduced. Through its corporate social responsibility activities, the Company focuses on creating public awareness of important social, environmental or cultural issues. Engaging in events of social nature enables promoting social inclusion and building interpersonal links. In addition to participating in initiatives of a sporting, cultural or health-supporting and technological innovation nature, the Company is a strategic partner of the annual "For the Earth, for Us" festival organised in Uniejów by the Polsat Group, and is also a member of the association Lepsza Polska Programme, announced by Zygmunt Solorz, co-owner of the Polsat Group and the ZE PAK SA Group, which makes it clear that even the smallest actions can stop these adverse changes – they make sense.

Purchasing procedures applicable at ZE PAK SA Group described in management systems also regulate issues related to vendor selection. A prerequisite for the selection of suppliers is that they must be specialised suppliers, meeting the agreed technical and commercial conditions and guaranteeing 100% reliability of supply. In addition, suppliers whose products directly determine the quality of electricity and heat are subject to qualification based on ongoing cooperation with suppliers, control of deliveries and periodic evaluation of them by, among other things, auditing them, as well as updates to the list of qualified suppliers. The management system also introduces "Vendor assessment sheets". In addition to obvious factors such as, for example, the quality of supplies, level and constancy of prices and payment terms, it takes into account, for example, timeliness or whether suppliers have certified management systems.

The Company is responsible for purchases in the field of electricity generation and extraction. The purchasing process itself, as defined at ZE PAK SA by the Vendor Selection Regulations, is supported by an electronic purchasing platform that eliminates certain risks, such as the risk of unfair competition or the possibility of unethical communication with a potential supplier. Simultaneously, all areas, including purchasing, are subject to reviews by internal audit staff, also with regard to the potential occurrence of corrupt events.

There were no gross violations of labour, human rights, employee rights, anti-corruption law, as well as violations in terms of consumer and competition protection, and in terms of tax law in 2024. There were also no administrative proceedings against ZE PAK Group entities or members of their authorities in relation to such violations.

When analysing issues related to respect for human rights, taking into account the Universal Declaration of Human Rights of 10 December 1948, adopted by the United Nations, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights, the Company has highlighted the rights, respecting which may be of particular importance in the case of large industrial enterprises such as the ZE PAK SA Group.

In the dimension relating to the individual and ensuring respect for the individual (*Art. 1*), which means respect for diversity and simultaneous non-acceptance of any form of discrimination (*Art. 2*) or mobbing (*Art. 4*), in addition to respecting and enforcing the legal regulations that guarantee such respect (e.g., the Labour Code), ZE PAK SA has adopted a Code of Ethics, which is available to all employees at the Company's internal website. It not only guarantees the aforementioned rights of the individual, but is itself a tool to resolve potential conflicts. It contains a mechanism for both resolving doubts and reporting suspected potential behaviour that violates the Code of Ethics. It should be stressed that the Code of Ethics also stigmatises other behaviour that violates human rights, such as child labour, forced labour or slave labour.

At the same time, internal regulations at the ZE PAK SA Group guarantee respect for the right to social security (*Art. 22*), or the right to leave and rest (*Art. 24*). The Group scrupulously complies with obligations related to the payment of social insurance (ZUS) contributions or the recording of holidays due (*Art. 24*). It also actively supports employees' leisure and activities (e.g., by subsidising leisure and offering sports passes). These issues are formally regulated in the regulations of the Company Employee Benefit Fund (ZFŚS).

The ZE PAK SA Group also provides procedural solutions for fair remuneration, i.e., analogous remuneration for analogous work regardless of non-substantive features that differentiate employees (*Art. 23*). Monitoring of pay levels and possible gender pay gaps has also been established. Nevertheless, one needs to be aware of the strong male dominance in mining occupations, as well as in jobs within the energy industry. As a result, there is a relatively small percentage of females among the employees of the ZE PAK SA Group and, furthermore, they dominate in certain areas (finances, human resources).

There are Employee Councils in ZE PAK SA Group companies meeting the statutory criteria, elected on the basis of the regulations in force in this respect. There are also a number of trade union organisations operating pursuant to the Trade Union Act. The management boards of Group Companies communicate and consult decisions with employee representatives (meetings between the Management Board, Employee Councils, and trade unions) on matters specified in the legislation. The management believes, freedom of association in trade unions and related rights are ensured (*Art. 23*).

It should be emphasised that suspected violations of any of the human rights, including rights not referred to herein, can and should be reported through the mechanisms provided for in the Code of Ethics. In 2023, the Company additionally developed a Complaint Handling Mechanism that introduces uniform rules related to reporting violations of the law at the workplace, i.e., the Company. The mechanism is applied to employees, but also externally, e.g., to subcontractors, vendors, shareholders, partners or job applicants. It sets out (i) an internal procedure for filing complaints associated with violations of the law; (ii) a follow-up procedure; (iii) a procedure for protecting whistleblowers; (iv) an internal procedure for documenting complaints received; and (v) a procedure for handling complaints of gender-based violence and harassment (GBVH).

Also, no penalties were imposed during the reporting period on the members of the authorities of ZE PAK SA or its subsidiaries, nor were they convicted by final judgements or otherwise held liable for gross violations of the law within the scope referred to in premise two.

The ZE PAK SA Group was not identified as being in breach of the applicable rules by:

- Business and Human Rights Resource Centre (BHRRC) (https://www.business-humanrights.org/en/companies/).
- OECD National Contact Point (http://mneguidelines.oecd.org/database/).

As at the date of publishing this report, there are no pending legal proceedings involving the Company to establish breaches relevant to the minimum guarantees, and no judgements have been made against the Company in 2024 and 2025 indicating that the Company's operations do not comply with the minimum guarantees. Given the lack of litigation cases, it can be concluded that there are no inconsistencies with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

There have been no judgements against the Company, nor have there been any proceedings concluded against the Company, establishing violations relevant to the minimum guarantees (i.e., violations of human rights, labour rights, corruption, fair competition, etc.).

Result summary and presentation

The results obtained in the course of the previous steps have been summarized in tables compliant with the updated template (Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023, supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems and for determining whether that economic activity causes no significant harm to any of the other environmental objectives and amending Commission Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities).

*Table 33: Percentage share of consolidated **turnover** on products and services associated with taxonomy-compliant economic activity in 2024*

	Year			Criteria related to substantial contribution						Criteria related to the DNSH ("do no significant harm") principle									
Economic activity (1)	Code(s) (2)	Turnover (absolute value) (3)	Turnover part, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity (10)	Climate change mitigation (17)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity (16)	Minimum safeguards (17)	Share of taxonomy-compliant (A.1) or taxonomy-eligible (A.2) activity Turnover, year N-1 (18)	**Entailing** activity category (19)	**Transitional** activity category (20)
		PLN thousand	%	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T/N	T/N	T/N	T/N	T/N	T/N	T/N	%	E	T
A. Taxonomy-eligible activity																			
A.1. Types of environmentally sustainable activities (taxonomy-compliant)																			
Decontamination and dismantling of decommissioned products	CE 2.6.	30 743.27	1.41%	N/EL	N/EL	N/EL	EL	N/EL	N/EL	T	T	T	T	T	T	T	0.89%		
Exercising the property ownership right	CCM /CCA 7.7.	172.65	0.01%	EL	EL	N/EL	N/EL	N/EL	N/EL	T	T	T	T	T	T	T	-		
Turnover on sustainable activity (taxonomy-compliant) (A.1)		30 915.92	1.41%	1.41%	0.00%	0.00%	0.01%	0.00%	0.00%								0.89%		
Including enabling (E)		-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%								-		
Including transitional (T)		-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%								-		
A.2. Taxonomy-eligible activity, but not environmentally sustainable (not taxonomy-compliant activity)																			
				EL N/EL	EL N/EL	EL N/EL	EL N/EL	EL N/EL	EL N/EL										
Sorting and recovery of materials from non-hazardous waste	CE 2.7.	1 382.21	0.06%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								-		
Demolition and dismantling of buildings and other structures	CE 3.3.	1 156.50	0.05%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0.23%		

Turnover on activity that is taxonomy-eligible but not environmentally sustainable (not taxonomy-compliant) (A.2).	2 538.71	0.12%	0.00%	0.00%	0.00%	0.12%	0.00%	0.00%								0.23%		
A. Turnover on taxonomy-eligible activity (A.1 + A.2)	33 454.63	1.53%	1.41%	0.00%	0.00%	0.12%	0.00%	0.00%								1.12%		
B. Not taxonomy-eligible activity																		
Turnover on not taxonomy-eligible activity (B)	2 151 802.68	98.47%																
TOTAL (A+B)	2 185 257.31	100.00 %																

Table 33a: Activities related to nuclear energy and natural gas

Row	**Nuclear energy-related activity**	
1	The company researches, develops, demonstrates and deploys innovative electricity generation systems that generate energy under nuclear processes with minimum fuel-cycle waste, finances such activity or is exposed to it.	NO
2	The company constructs and safely operates new nuclear facilities to generate electricity or process heat, including for the purposes of a district heating system or industrial processes, such as hydrogen production, and also modernizes them in terms of safety, using best available technologies, finances such activity or is exposed to it.	NO
3	The company conducts safe operation of existing nuclear facilities generating electricity or process heat, including for the purposes of a district heating system or industrial process, such as hydrogen production from nuclear energy, and also modernizes them in terms of safety, finances such activity or is exposed to it.	NO
	Natural gas-related activity	
1	**The company reconstructs or operates electricity generation systems that use gaseous fossil fuels, finances such activity or is exposed to it.**	**YES**
2	The company reconstructs, modernizes or operates systems for combined heating/cooling and electricity generation using gaseous fossil fuels, finances such activity or is exposed to it.	NO
3	The company constructs, modernizes or operates systems that generate thermal/cooling energy using gaseous fossil fuels, finances such activity or is exposed to it.	NO

Table 33b: Taxonomy-compliant economic activity (denominator)

Row	Economic activity types	Amount and share (information to be disclosed in monetary amounts and percentages)

		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and share of taxonomy-compliant economic activity, referred to in section 4.26 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0	0	0	0	0
2	Amount and share of taxonomy-compliant economic activity, referred to in section 4.27 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0	0	0	0	0
3	Amount and share of taxonomy-compliant economic activity, referred to in section 4.28 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0	0	0	0	0
4	Amount and share of taxonomy-compliant economic activity, referred to in section 4.29 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0	0	0	0	0
5	Amount and share of taxonomy-compliant economic activity, referred to in section 4.30 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0	0	0	0	0
6	Amount and share of taxonomy-compliant economic activity, referred to in section 4.31 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0	0	0	0	0
7	**Amount and share of other taxonomy-compliant economic activity types, not referred to in rows 1-6 above in the denominator of the applicable key performance indicator**	33 454,63	1,53%	33 454,63	1,53%	-	-
8	**Total applicable key performance indicator**	33 454,63	1,53%	33 454,63	1,53%	-	-

Table 33c: Taxonomy-compliant economic activity (numerator)

Row	Economic activity types	Amount and share (information to be disclosed in monetary amounts and percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and share of economic activity pursuant to taxonomy, referred to in section 4.26 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the numerator of the applicable key performance indicator	-	-	-	-	-	-

2	Amount and share of taxonomy-compliant economic activity, referred to in section 4.27 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the numerator of the applicable key performance indicator	-	-	-	-	-	-
3	Amount and share of taxonomy-compliant economic activity, referred to in section 4.28 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the numerator of the applicable key performance indicator	-	-	-	-	-	-
4	Amount and share of taxonomy-compliant economic activity, referred to in section 4.29 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the numerator of the applicable key performance indicator	-	-	-	-	-	-
5	Amount and share of taxonomy-compliant economic activity, referred to in section 4.30 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the numerator of the applicable key performance indicator	-	-	-	-	-	-
6	Amount and share of taxonomy-compliant economic activity, referred to in section 4.31 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the numerator of the applicable key performance indicator	-	-	-	-	-	-
7	**Amount and share of other taxonomy-compliant economic activity types, not referred to in rows 1-6 above in the numerator of the applicable key performance indicator**	**30 915,92**	**1,41%**	**30 915,92**	**1,41%**	-	-
8	**Total amount and total share of taxonomy-compliant economic activity types in the numerator of the applicable key performance indicator**	**30 915,92**	**1,41%**	**30 915,92**	**1,41%**	-	-

Table 33d: Economic activity eligible for taxonomy but not taxonomy-compliant

Row	Economic activity types	Amount and share (information to be disclosed in monetary amounts and percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and share of taxonomy-eligible economic activity but not compliant with taxonomy, referred to in section 4.26 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-	-	-	-	-
2	Amount and share of taxonomy-eligible economic activity but not compliant with taxonomy, referred to in section 4.27 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-	-	-	-	-

3	Amount and share of taxonomy-eligible economic activity but not compliant with taxonomy, referred to in section 4.28 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-	-	-	-	-
4	Amount and share of taxonomy-eligible economic activity but not compliant with taxonomy, referred to in section 4.29 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-	-	-	-	-
5	Amount and share of taxonomy-eligible economic activity but not compliant with taxonomy, referred to in section 4.30 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-	-	-	-	-
6	Amount and share of taxonomy-eligible economic activity but not compliant with taxonomy, referred to in section 4.31 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-	-	-	-	-
7	**Amount and share of other taxonomy-eligible but not taxonomy-compliant economic activity types, not referred to in rows 1-6 above in the denominator of the applicable key performance indicator**	**33 454,63**	**1,53%**	**33 454,63**	**1,53%**	-	**-**
8	**Total amount and total share of taxonomy-eligible but not taxonomy-compliant economic activity types in the denominator of the applicable key performance indicator**	**33 454,63**	**1,53%**	**33 454,63**	**1,53%**	-	**-**

Table 33e: Economic activity not eligible for taxonomy

Row	Economic activity types	Amount	Percentage share
1	Amount and share of economic activity referred to in row 1 template 1, which is an economic activity not eligible for taxonomy pursuant to section 4.26 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-
2	Amount and share of economic activity referred to in row 1 template 1, which is an economic activity not eligible for taxonomy pursuant to section 4.27 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-
3	Amount and share of economic activity referred to in row 1 template 1, which is an economic activity not eligible for taxonomy pursuant to section 4.28 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-
4	Amount and share of economic activity referred to in row 1 template 1, which is an economic activity not eligible for taxonomy pursuant to section 4.29 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-

5	Amount and share of economic activity referred to in row 1 template 1, which is an economic activity not eligible for taxonomy pursuant to section 4.30 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-
6	Amount and share of economic activity referred to in row 1 template 1, which is an economic activity not eligible for taxonomy pursuant to section 4.31 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-
7	**Amount and share of other business activity types not eligible for taxonomy, not referred to in rows 1-6 above in the denominator of the applicable key performance indicator**	**2 151 802,68**	**98,47%**
8	**Total amount and total share of business activity types not eligible for taxonomy in the denominator of the applicable key performance indicator**	**2 151 802,68**	**98,47%**

Accounting principles

The calculation of the Key Performance Indicator for Turnover (KPI Turnover) was based on the ZE PAK SA Group's 2024 financial statement prepared in accordance with International Reporting Standards (IFRS). Net sales revenues from the a/m statement have been adopted as the indicator denominator.

Revenues from taxonomy-compliant activities have been identified based on the assessment of conformity with Regulation (EU) 2020/852. The amount reported in the ZE PAK SA Group's consolidated financial statement on activities identified as taxonomy-compliant has been allocated to the numerator of the key performance indicator.

Information on assessing the conformity with Regulation (EU) 2020/852

Individual revenue categories for the ZE PAK SA Group have been analysed in terms of taxonomy eligibility. This process covered analysing taxonomy-eligible activities. Based on the conducted analysis, four types of taxonomy-eligible activities have been identified:

CCM/CCA 7.7.	Exercising the property ownership right
CE 2.6.	Decontamination and dismantling of decommissioned products
CE 2.7.	Sorting and recovery of materials from non-hazardous waste
CE 3.3.	Demolition and dismantling of buildings and other structures

Individual activities identified above have been analysed in terms of the technical criteria set out for each activity. The requirements of individual technical criteria have been consulted and confirmed with persons in the individual companies having relevant knowledge to confirm whether the technical criterion was met.

The conducted analysis demonstrated that two identified eligible activities are taxonomy-compliant. These include the removal of contamination and dismantling of decommissioned products, as well as exercising property rights.

To avoid double counting, individual revenue amounts have been allocated to a single activity. After assigning to a given activities, they were not included in further analyses.

Contribution to meeting multiple objectives, disaggregation of key performance indicators

In the case of activities falling under climate change mitigation (CMM) and climate change adaptation (CCA), climate change mitigation (CMM) was identified as the predominant objective and the turnover on the above-mentioned activities were attributed to it. The key performance indicator was not disaggregated.

Context-related information

Not applicable.

*Table 34: Percentage share of consolidated **capital expenditure** on products and services associated with taxonomy-compliant economic activity in 2024*

	Year			Criteria related to substantial contribution						Criteria related to the DNSH ("do no significant harm") principle									
Economic activity (1)	Code(s) (2)	Capital expenditure (absolute value) (3)	Turnover part, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity (10)	Climate change mitigation (17)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity (16)	Minimum safeguards (17)	Share of taxonomy-compliant (A.1) or taxonomy-eligible (A.2) activity Capital expenditure, year N-1 (18)	**Entailing** activity category (19)	**Transitional** activity category (20)
		PLN thousand	%	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T/N	T/N	T/N	T/N	T/N	T/N	T/N	%	E	T
A. Taxonomy-eligible activity																			
A.1. Types of environmentally sustainable activities (taxonomy-compliant)																			
Electricity generation using photovoltaic technology	CCM /CCA 4.1.	63.91	0.01 %	EL	EL	N/EL	N/EL	N/EL	N/EL	n/a	T	n/a	T	n/a	T	T	5.92%		
Electricity generation using photovoltaic technology	CCM /CCA 4.3.	1 579.67	0.24 %	EL	EL	N/EL	N/EL	N/EL	N/EL	n/a	T	T	T	n/a	n/a	T	27.10%		
Electricity generation based on gaseous fossil fuels	CCM /CCA 4.29	256 406.26	39.56 %	EL	EL	N/EL	N/EL	N/EL	N/EL	n/a	T	T	n/a	T	T	T	56.89%		T
Capital expenditure related to sustainable activities (taxonomy-compliant) (A.1.)		258 049.84	39.56 %	39.56 %	0.00%	0.00%	0.00%	0.00%	0.00%								89.91%		
Including enabling (E)		-	0.00 %	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%								0.00%		
Including transitional (T)		256 406.26	39.31 %	39.31 %	0.00%	0.00%	0.00%	0.00%	0.00%								56.89%		**T**
A.2. Taxonomy-eligible activity, but not environmentally sustainable (not taxonomy-compliant activity)																			

Capital expenditure on activity that is taxonomy-eligible but not environmentally sustainable (not taxonomy-compliant) (A.2).	-	0.00 %	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%								0.00%		
Capital expenditure on taxonomy-eligible activity (A1 + A.2)	258 049.84	39.56 %	39.56 %	0.00%	0.00%	0.00%	0.00%	0.00%								89.91%		
B. Not taxonomy-eligible activity																		
Operating expenditure on *not taxonomy-compliant activities* (B)	394 192.91	60.44 %																
TOTAL (A+B)	652 242.75	100.0 0%																

Table 34a: Activities related to nuclear energy and natural gas

Row	**Nuclear energy-related activity**	
1	The company researches, develops, demonstrates and deploys innovative electricity generation systems that generate energy under nuclear processes with minimum fuel-cycle waste, finances such activity or is exposed to it.	NO
2	The company constructs and safely operates new nuclear facilities to generate electricity or process heat, including for the purposes of a district heating system or industrial processes, such as hydrogen production, and also modernizes them in terms of safety, using best available technologies, finances such activity or is exposed to it.	NO
3	The company conducts safe operation of existing nuclear facilities generating electricity or process heat, including for the purposes of a district heating system or industrial process, such as hydrogen production from nuclear energy, and also modernizes them in terms of safety, finances such activity or is exposed to it.	NO
	Natural gas-related activity	
1	**The company reconstructs or operates electricity generation systems that use gaseous fossil fuels, finances such activity or is exposed to it.**	**YES**
2	The company reconstructs, modernizes or operates systems for combined heating/cooling and electricity generation using gaseous fossil fuels, finances such activity or is exposed to it.	NO
3	The company constructs, modernizes or operates systems that generate thermal/cooling energy using gaseous fossil fuels, finances such activity or is exposed to it.	NO

Table 34b: Taxonomy-compliant economic activity (denominator)

Row	Economic activity types	Amount and share (information to be disclosed in monetary amounts and percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and share of taxonomy-compliant economic activity, referred to in section 4.26 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-	-	-	-	-
2	Amount and share of taxonomy-compliant economic activity, referred to in section 4.27 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-	-	-	-	-
3	Amount and share of taxonomy-compliant economic activity, referred to in section 4.28 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-	-	-	-	-
4	Amount and share of taxonomy-compliant economic activity, referred to in section 4.29 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	256 406,26	39,31%	256 406,26	39,31%	-	-
5	Amount and share of taxonomy-compliant economic activity, referred to in section 4.30 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-	-	-	-	-
6	Amount and share of taxonomy-compliant economic activity, referred to in section 4.31 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-	-	-	-	-
7	**Amount and share of other taxonomy-compliant economic activity types, not referred to in rows 1-6 above in the denominator of the applicable key performance indicator**	1 643,58	0,25%	1 643,58	0,25%	-	-
8	**Total applicable key performance indicator**	394 192,91	60,44%	394 192,91	60,44%	-	-

Table 34c: Taxonomy-compliant economic activity (numerator)

	Economic activity types	Amount and share (information to be disclosed in monetary amounts and percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%

1	Amount and share of economic activity pursuant to taxonomy, referred to in section 4.26 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the numerator of the applicable key performance indicator	-	-	-	-	-	-
2	Amount and share of taxonomy-compliant economic activity, referred to in section 4.27 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the numerator of the applicable key performance indicator	-	-	-	-	-	-
3	Amount and share of taxonomy-compliant economic activity, referred to in section 4.28 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the numerator of the applicable key performance indicator	-	-	-	-	-	-
4	Amount and share of taxonomy-compliant economic activity, referred to in section 4.29 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the numerator of the applicable key performance indicator	256 406,26	39,31%	256 406,26	39,31%	-	-
5	Amount and share of taxonomy-compliant economic activity, referred to in section 4.30 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the numerator of the applicable key performance indicator	-	-	-	-	-	-
6	Amount and share of taxonomy-compliant economic activity, referred to in section 4.31 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the numerator of the applicable key performance indicator	-	-	-	-	-	-
7	**Amount and share of other taxonomy-compliant economic activity types, not referred to in rows 1-6 above in the numerator of the applicable key performance indicator**	1 643,58	0,25%	1 643,58	0,25%	-	-
8	**Total amount and total share of taxonomy-compliant economic activity types in the numerator of the applicable key performance indicator**	258 049,84	39,56%	258 049,84	39,56%	-	-

Table 34d: Economic activity eligible for taxonomy but not taxonomy-compliant

	Economic activity types	Amount and share (information to be disclosed in monetary amounts and percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and share of taxonomy-eligible economic activity but not compliant with taxonomy, referred to in section 4.26 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-	-	-	-	-

2	Amount and share of taxonomy-eligible economic activity but not compliant with taxonomy, referred to in section 4.27 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-	-	-	-	-
3	Amount and share of taxonomy-eligible economic activity but not compliant with taxonomy, referred to in section 4.28 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-	-	-	-	-
4	Amount and share of taxonomy-eligible economic activity but not compliant with taxonomy, referred to in section 4.29 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-	-	-	-	-
5	Amount and share of taxonomy-eligible economic activity but not compliant with taxonomy, referred to in section 4.30 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-	-	-	-	-
6	Amount and share of taxonomy-eligible economic activity but not compliant with taxonomy, referred to in section 4.31 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-	-	-	-	-
7	**Amount and share of other taxonomy-eligible but not taxonomy-compliant economic activity types, not referred to in rows 1-6 above in the denominator of the applicable key performance indicator**	-	-	-	-	-	-
8	**Total amount and total share of taxonomy-eligible but not taxonomy-compliant economic activity types in the denominator of the applicable key performance indicator**	-	-	-	-	-	-

Table 34e: Economic activity not eligible for taxonomy

	Economic activity types	Amount	Percentage share
1	Amount and share of economic activity referred to in row 1 template 1, which is an economic activity not eligible for taxonomy pursuant to section 4.26 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-
2	Amount and share of economic activity referred to in row 1 template 1, which is an economic activity not eligible for taxonomy pursuant to section 4.27 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-
3	Amount and share of economic activity referred to in row 1 template 1, which is an economic activity not eligible for taxonomy pursuant to section 4.28 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-

4	Amount and share of economic activity referred to in row 1 template 1, which is an economic activity not eligible for taxonomy pursuant to section 4.29 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-
5	Amount and share of economic activity referred to in row 1 template 1, which is an economic activity not eligible for taxonomy pursuant to section 4.30 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-
6	Amount and share of economic activity referred to in row 1 template 1, which is an economic activity not eligible for taxonomy pursuant to section 4.31 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-
7	**Amount and share of other business activity types not eligible for taxonomy, not referred to in rows 1-6 above in the denominator of the applicable key performance indicator**	394 192,91	60,44%
8	**Total amount and total share of business activity types not eligible for taxonomy in the denominator of the applicable key performance indicator**	394 192,91	60,44%

Accounting principles

The basis for calculating KPI Capex was the ZE PAK SA Group's consolidated financial statement for the year concluded on 31 December 2024 – the adopted numerator were costs settled based on:

a) IAS 16 Property, plant and equipment, cl. 73(e) subcl. (i) and (iii);

b) IAS 38 Intangible assets, cl. 118(e) subcl. (i);

c) IAS 40 Investment property, cl. 76(a) and (b) (in the case of a fair value model);

d) IAS 40 Investment property, cl. 79(d) subcl. (i) and (iii) (in the case of a model based on acquisition price or generation cost);

e) IAS 41 Agriculture, cl. 50(b) and (e);

f) IFRS 16 Lease, cl. 73(h).

Taxonomy-compliant capital expenditure have been identified based on the assessment of conformity with Regulation (EU) 2020/852. The amount reported in the ZE PAK SA Group's consolidated financial statement on activities identified as taxonomy-compliant has been allocated to the numerator.

Information on assessing the conformity with Regulation (EU) 2020/852

The individual categories of ZE PAK SA Group's capital expenditures have been analysed pursuant to the provisions of Regulation (EU) 2021/2178, Annex I, para. 1.1.2.2.

Three taxonomy-eligible activities were identified based on the conducted analysis:

CCM/CCA 4.1.	Electricity generation using photovoltaic technology
CCM/CCA 4.3.	Wind-based electricity generation
CCM/CCA 4.29.	Electricity generation based on gaseous fossil fuels

Contribution to meeting multiple objectives, disaggregation of key performance indicators

Based on the conducted conformity assessment, it was determined that three activities contribute substantially to meeting the two environmental objectives, i.e., climate change mitigation (CCM) and climate change adaptation (CCA). The Climate Change Mitigation (CCM) objective was identified as the predominant one and financial quantities were allocated to it.

The key performance indicator was not disaggregated.

Context-related information

Not applicable.

*Table 35: Percentage share of consolidated **operating cost** on products and services associated with taxonomy-compliant economic activity in 2024*

	Year			Criteria related to substantial contribution						Criteria related to the DNSH ("do no significant harm") principle									
Economic activity (1)	Code(s) (2)	Operating expenditure (absolute value) (3)	Turnover part, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity (16)	Minimum safeguards (17)	Share of taxonomy-compliant (A.1) or taxonomy-eligible (A.2) activity Operating expenditure, year N-1 (18)	**Entailing** activity category (19)	**Transitional** activity category (20)
		PLN thousand	%	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T/N	T/N	T/N	T/N	T/N	T/N	T/N	%	E	T
A. Taxonomy-eligible activity																			
A.1. Types of environmentally sustainable activities (taxonomy-compliant)																			
Flood risk prevention and flood protection infrastructure	CCA 14.2.	3 538.98	3.63 %	N/EL	EL	N/EL	N/EL	N/EL	N/EL	n/a	T	n/a	n/a	T	n/a	T	0.00%	E	
Preservation, including restoration, of habitats, ecosystems and species	BIO 1.1.	21 125.58	21.69 %	N/EL	N/EL	N/EL	N/EL	N/EL	EL	n/a	T	n/a	T	T	T	T	4.58%		
Remediation of contaminated areas and sites	PCC 2.4.	62.00	0.06 %	N/EL	N/EL	N/EL	N/EL	EL	N/EL	n/a	T	n/a	n/a	T	n/a	T	0.04%		
Water supply	WTR 2.1.	71.35	0.07 %	N/EL	N/EL	EL	N/EL	N/EL	N/EL	n/a	T	T	n/a	n/a	T	T	0.00%		
Municipal wastewater treatment	WTR 2.2.	24.09	0.02 %	N/EL	N/EL	EL	N/EL	N/EL	N/EL	T	T	T	T	T	T	T	0.00%		
Electricity generation based on gaseous fossil fuels	CCM /CCA 4.29.	378.64	0.39 %	EL	EL	N/EL	N/EL	N/EL	N/EL	n/a	T	T	n/a	T	T	T	0.11%		T
Operating costs related to sustainable activities (taxonomy-compliant) (A.1)		25 200.64	25.87 %	0.39%	3.63%	0.10%	0.00%	0.06%	21.69 %								4.73%		
Including enabling (E)		3 538.98	3.63 %	0.00%	3.63%	0.00%	0.00%	0.00%	0.00%								0.00%		

Including transitional (T)		378.64	0.39 %	0.39%	0.00%	0.00%	0.00%	0.00%	0.00%								0.11%		
A.2. Taxonomy-eligible activity, but not environmentally sustainable (not taxonomy-compliant activity)																			
				EL N/EL	EL N/EL	EL N/EL	EL N/EL	EL N/EL	EL N/EL										
Demolition and dismantling of buildings and other structures	CE 3.3.	6 067.45	6.23 %	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0.76%		
Operating expenditure on activity that is taxonomy-eligible but not environmentally sustainable (not taxonomy-compliant) (A.2).		6 067.45	6.23 %	0.00%	0.00%	0.00%	3.94%	0.00%	0.00%								0.76%		
Operating expenditure on taxonomy-eligible activities (A.1 + A.2)		31 268.10	32.10 %	0.39%	3.63%	0.10%	6.23%	0.06%	21.69 %								5.49%		
B. Not taxonomy-eligible activity																			
Operating expenditure on non taxonomy-eligible activities (B)		66 135.89	67.90 %																
TOTAL (A+B)		97 403.99	100.0 0%																

Table 35a: Activities related to nuclear energy and natural gas

	Nuclear energy-related activity	
1	The company researches, develops, demonstrates and deploys innovative electricity generation systems that generate energy under nuclear processes with minimum fuel-cycle waste, finances such activity or is exposed to it.	NO
2	The company constructs and safely operates new nuclear facilities to generate electricity or process heat, including for the purposes of a district heating system or industrial processes, such as hydrogen production, and also modernizes them in terms of safety, using best available technologies, finances such activity or is exposed to it.	NO
3	The company conducts safe operation of existing nuclear facilities generating electricity or process heat, including for the purposes of a district heating system or industrial process, such as hydrogen production from nuclear energy, and also modernizes them in terms of safety, finances such activity or is exposed to it.	NO
	Natural gas-related activity	
1	**The company reconstructs or operates electricity generation systems that use gaseous fossil fuels, finances such activity or is exposed to it.**	**YES**
2	The company reconstructs, modernizes or operates systems for combined heating/cooling and electricity generation using gaseous fossil fuels, finances such activity or is exposed to it.	NO

3	The company constructs, modernizes or operates systems that generate thermal/cooling energy using gaseous fossil fuels, finances such activity or is exposed to it.	NO

Table 35b: Taxonomy-compliant economic activity (denominator)

	Economic activity types	Amount and share (information to be disclosed in monetary amounts and percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and share of taxonomy-compliant economic activity, referred to in section 4.26 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-	-	-	-	-
2	Amount and share of taxonomy-compliant economic activity, referred to in section 4.27 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-	-	-	-	-
3	Amount and share of taxonomy-compliant economic activity, referred to in section 4.28 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-	-	-	-	-
4	Amount and share of taxonomy-compliant economic activity, referred to in section 4.29 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	378,64	0,39%	378,64	0,39%	-	-
5	Amount and share of taxonomy-compliant economic activity, referred to in section 4.30 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-	-	-	-	-
6	Amount and share of taxonomy-compliant economic activity, referred to in section 4.31 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-	-	-	-	-
7	**Amount and share of other taxonomy-compliant economic activity types, not referred to in rows 1-6 above in the denominator of the applicable key performance indicator**	30 889,46	31,71%	30 889,46	31,71%	-	-
8	**Total applicable key performance indicator**	31 268,10	32,10%	31 268,10	32,10%	-	-

Table 35c: Taxonomy-compliant economic activity (numerator)

	Economic activity types	Amount and share (information to be disclosed in monetary amounts and percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and share of economic activity pursuant to taxonomy, referred to in section 4.26 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the numerator of the applicable key performance indicator	-	-	-	-	-	-
2	Amount and share of taxonomy-compliant economic activity, referred to in section 4.27 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the numerator of the applicable key performance indicator	-	-	-	-	-	-
3	Amount and share of taxonomy-compliant economic activity, referred to in section 4.28 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the numerator of the applicable key performance indicator	-	-	-	-	-	-
4	Amount and share of taxonomy-compliant economic activity, referred to in section 4.29 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the numerator of the applicable key performance indicator	378,64	0,39%	378,64	0,39%	-	-
5	Amount and share of taxonomy-compliant economic activity, referred to in section 4.30 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the numerator of the applicable key performance indicator	-	-	-	-	-	-
6	Amount and share of taxonomy-compliant economic activity, referred to in section 4.31 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the numerator of the applicable key performance indicator	-	-	-	-	-	-
7	**Amount and share of other taxonomy-compliant economic activity types, not referred to in rows 1-6 above in the numerator of the applicable key performance indicator**	24 822,01	25,48%	24 822,01	25,48%	-	-
8	**Total amount and total share of taxonomy-compliant economic activity types in the numerator of the applicable key performance indicator**	25 200,64	25,87%	25 200,64	25,87%	-	-

Table 35d: Economic activity eligible for taxonomy but not taxonomy-compliant

	Economic activity types	Amount and share (information to be disclosed in monetary amounts and percentages)		
		CCM + CCA	Climate change mitigation (CCM)	Climate change adaptation (CCA)

		Amount	%	Amount	%	Amount	%
1	Amount and share of taxonomy-eligible economic activity but not compliant with taxonomy, referred to in section 4.26 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-	-	-	-	-
2	Amount and share of taxonomy-eligible economic activity but not compliant with taxonomy, referred to in section 4.27 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-	-	-	-	-
3	Amount and share of taxonomy-eligible economic activity but not compliant with taxonomy, referred to in section 4.28 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-	-	-	-	-
4	Amount and share of taxonomy-eligible economic activity but not compliant with taxonomy, referred to in section 4.29 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-	-	-	-	-
5	Amount and share of taxonomy-eligible economic activity but not compliant with taxonomy, referred to in section 4.30 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-	-	-	-	-
6	Amount and share of taxonomy-eligible economic activity but not compliant with taxonomy, referred to in section 4.31 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-	-	-	-	-
7	**Amount and share of other taxonomy-eligible but not taxonomy-compliant economic activity types, not referred to in rows 1-6 above in the denominator of the applicable key performance indicator**	6 067,45	6,23%	6 067,45	6,23%	-	-
8	**Total amount and total share of taxonomy-eligible but not taxonomy-compliant economic activity types in the denominator of the applicable key performance indicator**	6 067,45	6,23%	6 067,45	6,23%	-	-

Table 35e: Economic activity not eligible for taxonomy

	Economic activity types	Amount	Percentage share
1	Amount and share of economic activity referred to in row 1 template 1, which is an economic activity not eligible for taxonomy pursuant to section 4.26 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-
2	Amount and share of economic activity referred to in row 1 template 1, which is an economic activity not eligible for taxonomy pursuant to section 4.27 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-

3	Amount and share of economic activity referred to in row 1 template 1, which is an economic activity not eligible for taxonomy pursuant to section 4.28 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-
4	Amount and share of economic activity referred to in row 1 template 1, which is an economic activity not eligible for taxonomy pursuant to section 4.29 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-
5	Amount and share of economic activity referred to in row 1 template 1, which is an economic activity not eligible for taxonomy pursuant to section 4.30 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-
6	Amount and share of economic activity referred to in row 1 template 1, which is an economic activity not eligible for taxonomy pursuant to section 4.31 of Annexes I and II to the Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	-	-
7	**Amount and share of other business activity types not eligible for taxonomy, not referred to in rows 1-6 above in the denominator of the applicable key performance indicator**	66 135,89	67,90%
8	**Total amount and total share of business activity types not eligible for taxonomy in the denominator of the applicable key performance indicator**	66 135,89	67,90%

Accounting principles

The basis for calculating the Opex KPI denominator pursuant to the provisions of Annex No. 1 to Regulation 2021/2178 was extracting direct, non-capitalised expenses, based on the consolidated financial statement of the ZE PAK SA Group for the year concluded 31 December 2024 from the overheads of the ZE PAK SA Group.

Taxonomy-compliant costs have been identified based on the assessment of conformity with Regulation (EU) 2020/852. The amount reported in the ZE PAK SA Group's consolidated financial statement on activities identified as taxonomy-compliant has been allocated to the numerator.

Information on assessing the conformity with Regulation (EU) 2020/852

Individual ZE PAK SA Group's operating expense categories recognized in the denominator of the key performance indicator have been analysed in accordance with the provisions of Regulation (EU) 2021/2178:

Seven taxonomy-eligible activities, including eight taxonomy-compliant ones, were identified based on the conducted analysis:

CCA 14.2.	Flood risk prevention and flood protection infrastructure
BIO 1.1.	Preservation, including restoration, of habitats, ecosystems and species
PCC 2.4.	Remediation of contaminated areas and sites
WTR 2.1.	Water supply
WTR 2.2.	Municipal wastewater treatment
CCM/CCA 4.29.	Electricity generation based on gaseous fossil fuels
CE 3.3.	Demolition and dismantling of buildings and other structures

In terms of compatible activities, four of those were part of two environmental objectives, with climate change mitigation (CCM) as the predominant objective, two were in line with the objective related to the use and protection of water and marine resources, one to the protection and restoration of biodiversity and ecosystems, and one to pollution prevention

Context-related information

Not applicable.

ESRS E1 Climate change

GOV-3 Integration of sustainability-related performance in incentive schemes

See: *ESRS 2 – General disclosures, GOV-3 – Integration of sustainability-related performance in incentive schemes*

E1-1 – Transition plan for climate change mitigation purposes

The fundamental objective of the ZE PAK SA Group's business strategy and the complementary Sustainable Development Strategy for 2024-2028 is to complete a transition of the Group's operating model towards a model wherein energy will be generated based on low- and zero-carbon sources. The document was developed in early 2023[8], followed by an adoption by the Management Board and submittal to the Supervisory Board for information. It assumes the phasing out of conventional coal power and associated mining activities, including the reclamation of areas where lignite mining has taken place. At the same time, the ZE PAK SA Group is incurring, and plans to continue to incurring, significant costs on investing in new, less climate-benign generating sources (issues of securing financing for key transition investments projects are discussed in chapters in *6. Financial asset management* and 7. *Significant factors and development prospects*). In addition to the already made investments in photovoltaic farms, wind farms and biomass-based power and hydrogen generation, in which the Group currently holds a minority stake, the Group has launched the construction of a gas-fired power plant with photovoltaic assets balancing its production. It has also been involved in a project to design

[8] verified and updated in early 2024.

and build one of the two planned nuclear power plants in Poland.[9] (see: *7. Significant factors and development prospects*; SBM-3 – *Material impacts, risks and opportunities and their interaction with strategy and business model(s))*

SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model(s)

The ZE PAK SA Group identifies both opportunities and risks among Key climate aspects identified as material impacts in ESRS 2 SBM-3. It considers both risk of physical and transitional nature. Their character and intensity will change in the medium to long term, along with the energy transition of the business model.

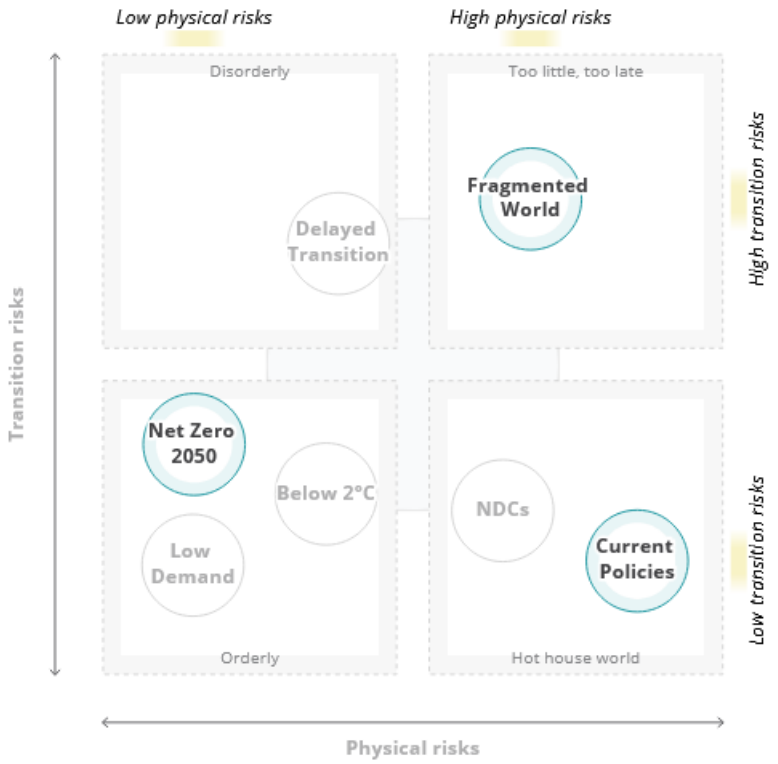
The scenario analysis conducted, including the process of identifying individual risks and categorising them into individual categories (physical risks, transitional risks) and subcategories (acute risks, permanent risks, political and legal risks, technological risks, market risks, reputation risks) was executed internally and was of an expert analysis nature, implemented by those responsible for ESG issues in the ZE PAK SA Group. It employed the *Classification of Climate-Related Perils* (Source: Commission Delegated Regulation (EU) 2021/2139). It focused on the direct impact on the enterprise's business model, albeit taking into account aspects related to the entire value chain. It took into account both the current impact and the future perspective.

It covered three scenarios. All of those have been developed and described by The Network of Central Banks and Supervisors for Greening the Financial System (NGFS)[10]. These scenarios are:

- **Current Policy Scenario (Hot house world),** which assumes abstaining from taking sufficient actions at global level, resulting in a relative high increase of average temperature and intensification of physical risks in nature (both of permanent nature, and extreme weather events). At the same time, the absence of significant pressure from individual governments will mean a relatively low level of economic transition risks, i.e., those associated with the pressure to transform and move towards more sustainable business models.
- **Net Zero 2050**, implemented by, among others, the EU in response to the recommendations of the Paris Agreement, assuming, to put it plainly, taking relatively rapid and profound actions. The expected outcome is a lower global temperature rise and a smaller scale of physical risks. However, the proactive stance of governments and the European Commission will mean more pressure on transformation for enterprises and the associated transition risks.
- **Fragmented World**, assuming fragmented, inconsistent and ultimately ineffective activities to combat global warming. As a result, despite the pressure on transition in some economies (including EU economies) and the associated high level of transition risk for business, there is a significant rise in temperature and exposure to high levels of physical risk.

[9] Activity (investment) outside of consolidation and consequently, not covered by this statement.

[10] Their details are available at https://www.ngfs.net/ngfs-scenarios-portal/explore.



Source: The Network of Central Banks and Supervisors for Greening the Financial System (NGFS)

The approach employed (described below) is consistent with that of the TCFD *(Recommendations of the Task Force on Climate-related Financial Disclosures*, TCFD, June 2017), i.e., TCFD's logic for analysing climate risks at a qualitative level (e.g., in terms of the breakdown into physical and transition risks, as well as further categorisation and characterisation).

The transition of the ZE PAK SA Group towards a sustainable economy was more than just initiated some time ago – it was already largely completed. This eliminates a significant part of the transition risks involved. All this because it is difficult, in the case of conducted or ongoing actions, to talk about the probability of the need to implement them, while simultaneously discussing the risk itself. Moreover, the transition plan under implementation is leading to a rapid and noticeable reduction in greenhouse gas emissions and, therefore, a limitation in associated risks. These are risks fundamental to its business model. Similarly, as a result of the ongoing transition, the social and environmental risks associated with the region's limited water resources will be reduced through increased water retention. Detailed information on the units decommissioned in recent years can be found in Disclosure E1-3, and information related to the development of the generating asset structure, current and future, can be found in Chapter *7. Significant factors and development prospects*

In addition, planned investment projects involving assets are or will be implemented, taking into account current technical requirements for buildings and structures, including the risks that, e.g., violent weather events may entail, which were not necessarily considered when the decommissioned facilities were constructed. Thus, the level of exposure to risks, despite their similar nature, will actually be lower.

IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities

When it comes to key business risk factors directly affecting the company's current financial performance, a factor that is of particular significance and is characterised by volatility is the **cost of CO_2 emission allowances** (see: 4. *Main business risk factors, CO_2 emission allowance costs).* In order to reduce their costs in the medium and long term, the Group strives to have such a generating asset portfolio, as to enable a significant reduction in greenhouse gas intensity and, as a result, the business model's exposure to emission-related costs. This direct risk, impacting the development of significant ongoing costs, the limitation of which **current and planned investments in business model transitions** are expected to

contribute to**, is indirectly linked to the further transition risks described below,** directly related to the transition towards a sustainable economy.

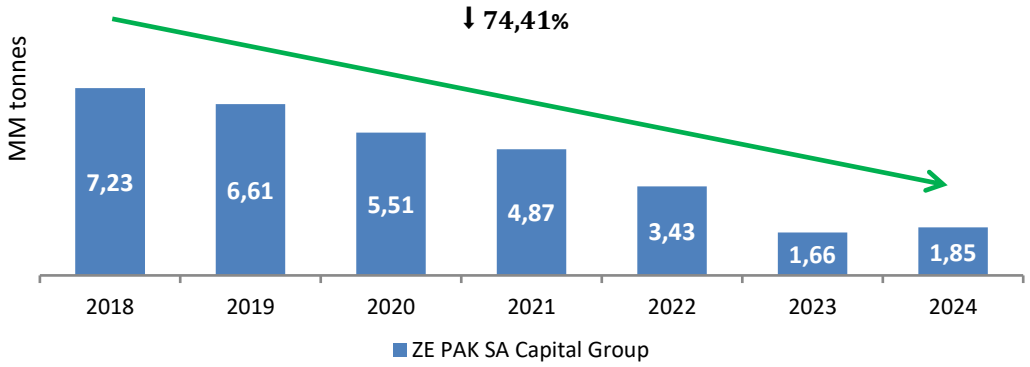
At the same time, however, assets, including generating assets, are exposed to **physical risks**, particularly those of an acute nature associated with violent weather events.

The nature of the individual risks is set out directly in the analysis below.

Climate risk – scenario analysis

The ZE PAK SA Group is an entity whose operations until a few years ago were characterised by a significant carbon footprint both in absolute and relative terms (emissivity per unit of energy generated). The initiated and consistently implemented business model transition strategy translates into multi-year plans, including multimillion-dollar investments in new climate-friendly generating assets and expenditures related to the decommissioning of shut-down carbon-intensive conventional power generating assets, as well as the rehabilitation of brownfield sites. As a result, the carbon footprint of activities in both absolute and relative terms has already decreased significantly (the graph below shows the decrease in emissions over the last few years). ZE PAK SA Group's ambition is to move towards zero-carbon power generation.

CO_2 emissions associated with energy generation in the Group, 2018-2024



In order to continue the pace of investments projects implemented on an unprecedented scale in Poland, the ZE PAK SA Group decided to acquire a capital-strong partner, which in mid-2023 formally became the majority shareholder in PAK – PCE sp. z o.o., a group that has been bringing together clean energy entities and assets for several years. Such a decision enabled ensuring that a wide range of forward-looking investment projects in the field of renewable energy sources and the production and use of green hydrogen are in progress. However, at the same time and from a formal point of view of the rules governing consolidated reporting, including the carbon footprint reporting rules, emissions are consolidated using the operational control method. This means, despite the consistent implementation of the original transformation strategy, that the low- and zero-carbon assets of the PAK – PCE group will not be reported by the ZE PAK SA Group, but by the Polsat Plus Group (the new majority owner of PAK – PCE).

(note: due to Cyfrowy Polsat assuming operational control over the green assets concentrated in PAK – PCE sp. z o.o., the related climate risks have been omitted from this analysis; at the same time, they are included in an analogous analysis published by Cyfrowy Polsat)

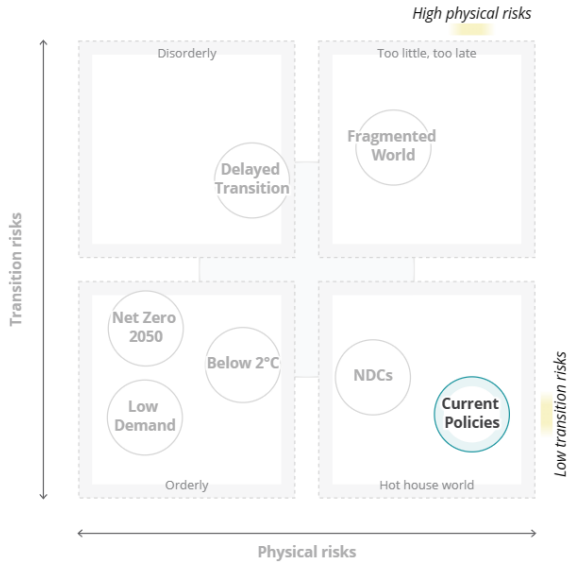
Current and potential sources of the organisation's carbon footprint

Despite the dramatic decrease, still the largest source of the carbon footprint within ZE PAK SA Group and ZE PAK SA is that resulting from the combustion of lignite in the power generation process (Scope 1). Apart from the biogenic emissions associated with biomass combustion, other fuels (mazout, light fuel oil) generate marginal emissions compared to lignite. Similarly, the sources of relatively minor emissions are those associated with the combustion of petrol and diesel. Also, the transport of raw materials, due to the nature of lignite power generation, is not a source of large emissions (biomass, as well as some lignite from KWB Sieniawa are transported). Significant emissions are still associated with other entities generating electricity purchased by the ZE PAK SA Group.

The transition strategy, which is also intended to include assets where the ZE PAK SA Group has a minority stake, involves the gradual phasing out and replacement of conventional coal-fired power generation. It is substituted by biomass, wind farms and photovoltaics. In the interim period, the instability of some RES sources will be compensated for by natural gas-fired power generation, which has significantly lower combustion emissions than lignite. Ultimately, the planned nuclear power plant is to become a key asset[11].

Climate-related physical risks: *Current Policy Scenario (Hot house world)*

A scenario wherein individual economies continue previous policies, and companies fail to take on the challenges of transitioning business models they pursue *(business as usual*) means that there is no need to incur the expenses associated with the transition towards a sustainable economy. At the same time, inaction will, in practice, mean an increase in the physical risks associated with climate change over the next decades.



The assets belonging to the ZE PAK SA Group are quite well prepared for the possible materialisation of physical risks, although of course, any event, particularly of a severe nature, can lead to material losses. First and foremost are weather phenomena such as storms or gales, the scale of which will be extreme (flooding, wind damage, damage to the power grid).

Dissipation of excess heat can be a problem for large, conventional generation facilities, especially in the case of prolonged hot weather combined with drought. However, the unique cooling system, which the interconnected Konin lakes are a key element of, provides ZE PAK SA with a much higher level of safety than that of most power plants in Poland located by rivers (the level of the latter drops significantly and the water temperature rises – as a result, these power plants have to reduce generation output).

Planned new generating facilities will be further prepared for the challenges of the prevailing weather conditions.

Table 36: Potential, identified ***climate-related physical risks*** [IRO-1 AR 11]

temperature-related: constant	
constant	**severe**
Permanently higher average air temperatures will also translate into higher average water temperatures in the Konin lakes, whose water resources are used in the cooling process of conventional power plants. At the same time, however, ZE PAK SA Group's generating assets have a significant advantage in this case over	Heat waves exacerbate the cooling problems of conventional power plants. At the same time, the facilities of the ZE PAK SA Group are in a much better situation than those of other generators cooling down with river water.

[11] Activity (investment) outside of consolidation and consequently, not covered by this statement.

most conventional generating facilities in the country, which cool down using river waters, whose low levels drop significantly during the hot, thus increasing their temperature. Mentioning the possibility of replenishing the water in the Konin lakes in the event of excessive water loss is worth mentioning. (the assumed phasing out of lignite-based units will occur relatively quickly, i.e., these activities will not be conducted over a time perspective wherein such risks could become severe)	
wind-related	
constant	**severe**
No significant impact	Negligible risk of damage to generating infrastructure. Risk of damage to the power grid in the event of violent and extreme weather events (e.g., storms, hurricanes).
water-related	
constant	**severe**
The stepping processes observed in the Wielkopolska region are associated with increasingly higher levels of water stress and the entailed increasing limitations on the water resources that can be used economically in these areas. These constraints may intensify and, therefore, become an obstacle when it comes to further industrial development. With this in mind, the ZE PAK SA Group is already engaged in costly initiatives to increase water retention in the region (including through increased water reclamation of land). At the same time, the industrial areas in the Konin area where the ZE PAK SA Group plants operate are not at risk of flooding in the event of sea level rise, even in the unfavourable scenario of a +3°C or even 4°C rise in global temperature [12].	Very violent atmospheric phenomena associated with the occurrence of sudden and heavy rainfall or rapid melting of snow cover can be disruptive to mining operations (the need to drain large amounts of water from the open pits). However, this will be phased-out in the short perspective. Heavy downpours can disrupt transport to/from plants by damaging roads.
Earth-related	
constant	**severe**
No significant impact	No significant impact on the generating infrastructure; possible landslide hazards in the lignite open pit area. (However, the rate of phasing out of lignite-based mining and power generation activities means that these activities will not be carried out in a perspective where such risks could become acute)

Transition risks and climate-related opportunities *Net Zero 2050*

In a sense in opposition to the scenarios of the *Hot house world* group, a group of scenarios such as Net Zero 2050, which assumes climate neutrality by 2050, offers the hope of avoiding the most severe physical risks to the economy. At the

[12]'Coastal risk screening tool. Land projected to be below annual flood level in 2050' (interactive maps)(https://coastal.climatecentral.org/).

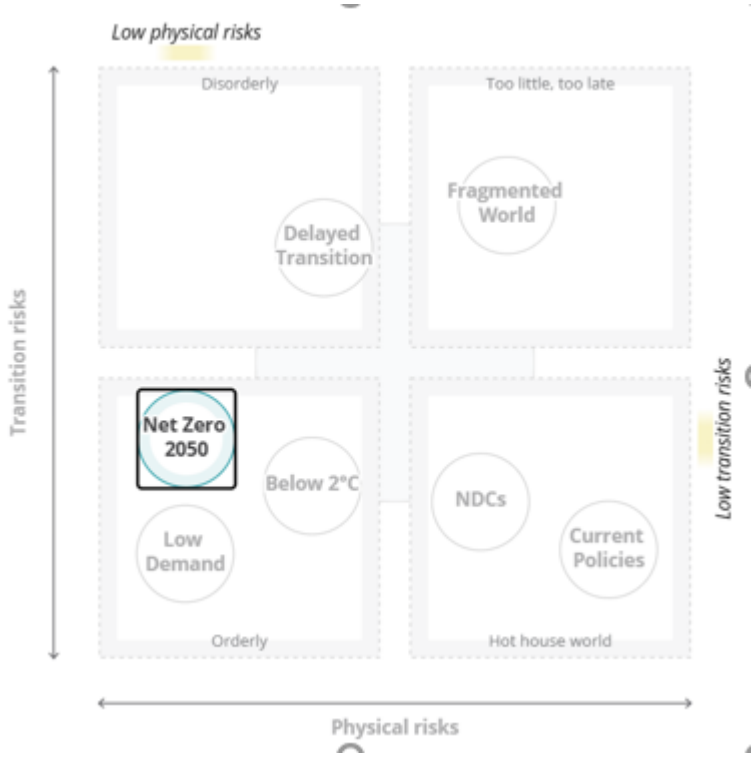
same time, however, the dynamic transition of the economy, including, e.g., the huge financial outlay required, will generate unprecedented challenges for national economies as well as individual companies. It therefore implies a high level of transition risk.

Scenario: Net Zero 2050

Net Zero 2050 is to halt the scale of global warming to around 1.5°C. This is to be achieved by enforcing strict climate policies and implementing costly, innovative solutions. The aim of the measures is to achieve climate neutrality by 2050.

Scenario specifics:

- physical risk: **relatively low**
- transition risk: **high**
- ambitions: <1.5°C
- policy introduction: immediate and smooth
- process change: rapid
- CDR technology use: medium / high
- regional policy variability: average



Source: The Network of Central Banks and Supervisors for Greening of Financial System (NGFS)

Economic policy, and in particular EU climate policy, has challenged ZE PAK Group SA to take steps to profoundly transform its business model so that it can deliver low- and zero-carbon energy to the market, once being an entity characterized by a high carbon footprint. Significant transition risks have become a reality in the case of lignite-based mining and power generation activities. The regulations that have been introduced and, in particular, the resulting rapidly rising cost of emission allowances (ETS) have called the long-term economic viability of this type of activity into question. Moreover, as a consequence of the regulatory solutions being implemented, it would become increasingly difficult to obtain possible external funding for them. As a result, this led to the decision to gradually, albeit quite rapidly, phase-out production, both in terms of mining activities and lignite-based power generation. More mines of the ZE PAK SA Group are being decommissioned and open pit sites are being reclaimed. Individual coal units are also being and will continue to be decommissioned.

These are being replaced by new generating assets, i.e., PAK – PCE-centred photovoltaic (PV) farms and wind farms. At the same time, an investment project to build a gas-fired power station at the site of the former, demolished Adamów power plant will be implemented over the next few years, and will have an important role in stabilising RES-based

electricity generation. Another investment project implemented jointly with the PGE Group will be the construction of a nuclear power plant (not covered by consolidation, and thus, this report).

Past implementations and specific plans for future projects demonstrate that the ZE PAK SA Group is up to the task of an in-depth transition and will move from high-carbon energy generation to clean and climate-friendly power. At the same time, however, this process, apart from excluding assets, only some of which were obsolete and depreciated, means committing huge amount of funds. In addition to the need for external financing, this requires building partnerships with other entities and constructing assets of which the ZE PAK SA Group will be a key, but not sole, investor. With the backing of the Polsat Plus Group, ZE PAK SA Group could afford to invest extensively in RES, but became a minority shareholder in such facilities. In the case of a future nuclear power plant, the shares in the plant are acquired by the ZE PAK SA Group and the PGE SA Group at a 50:50 ratio.

Table 37: Potential identified ***climate-related transition risks and opportunities in individual business segments***

political and legal
• increasing environmental requirements, including regulations resulting in increased costs and reduced profitability of activities with associated greenhouse gas emissions (e.g., from lignite-based power generation), • it is more difficult to obtain financing for projects based on conventional non-renewable fuels (especially coal), while simultaneously promoting activities relevant to sustainable development that meet technical criteria (so-called 'taxonomy'), • greater ESG and emission reporting obligations.
technology
• the lack of prospects for lignite-based power generation technology resulting in the need to phase-out lignite-based power generation and the decommissioning of lignite mines (despite the technological possibility of continuing production, incomplete depreciation of assets and available lignite reserves), • capital commitment to RES technologies, which are, however, in terms of technology, mostly unstable sources (wind, solar), with limited availability of technologies enabling large-scale energy storage, • investing in stable and, at the same time, flexible low- and zero-carbon energy sources that can stabilise production from other RES sources (i.e., ultimately nuclear power; [13]natural gas-fired power in the interim period)).
market
• high prices of emission allowances (ETS), • reluctance of investors and markets to finance coal and lignite related activities, • increasing customer demand for green energy (customer drive to reduce carbon footprint).
repute-related
• aversion to black energy, especially one with a significant carbon footprint.

The impact of associated key transition risk aspects associated was discussed in previous chapters of the report, and can be found in 5. *Description of the financial and asset standing*, *6. Financial asset management* and 7. *Significant development factors and prospects.*

Other scenarios: *Fragmented World*

The complex geopolitical situation, in which it is difficult to assume unanimity among all governments on climate policy, favours one of the least favourable scenarios, i.e., a scenario in which action to combat climate change, if chosen, is taken inconsistently and too late, in general. Approaches of individual governments are divergent, i.e., only some countries or groups of countries, are meeting climate targets. As a result, economies, including those in the EU, that have decided to pursue ambitious climate targets are assuming the burden of the transition risks and costs involved, only to then face physical risks that will become a reality anyway. In the current international situation, such a scenario seems most likely.

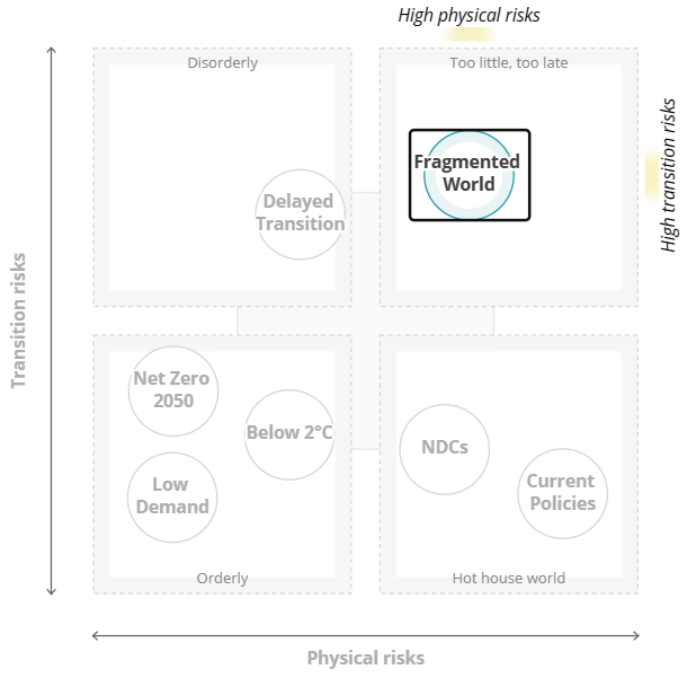
[13] Project prior to consolidation, thus, not covered by this report.

Scenario: Fragmented World

Assumes delays in the implementation of climate policies and their divergence. As a result, it leads to high transition risks in some countries and high global physical risks due to the overall ineffectiveness of the transition towards a sustainable economy.

Countries without established zero-emission targets are following their current policies, while other countries are only partially achieving their objectives (80% of the target). This scenario is part of the *Too little, too late* family of scenarios.

Scenario specifics:
- physical risk: **high**
- transition risk: **high**
- ambitions: 2.3°C
- policy introduction: delayed, fragmented/divergent
- process change: slow at first, fragmented later
- CDR technology use: low / medium
- regional policy variability: high



Source: The Network of Central Banks and Supervisors for Greening of Financial System (NGFS)

In the case of operations, such as those at the ZE PAK SA Group, key transition risks have been realised in practice. Specific regulations and high emission costs are already a reality. The transition, i.e., closure and decommissioning of specific mining and manufacturing facilities, is also a fact. Even if decisions are made to temporarily delay the decommissioning of a particular unit, the process appears to be irreversible. Similarly, some investments in RES have already been made and others are in progress (at various stages) (see more in E1-3 and 7. *Significant factors and development prospects)*

Some of the new assets (wind farms, photovoltaic farms) where the ZE PAK SA Group has a minority stake, may be exposed to physical risks, especially severe wind risks. This can lead to their component getting damaged or the need to suspend work. In contrast, planned power plants will be built taking into account current requirements, including the risks that violent weather events may entail, which were not necessarily considered when the decommissioned facilities were constructed. Thus, the level of exposure to risks, despite their similar nature, will actually be lower.

Current environmental risks and management approach

In the case of **extraction activities (open-pit lignite mines)**, the primary aspects of environmental impact include:

- **impact on site surface** - (open pit mineral extraction involves site surface transformation; originally used land is replaced by spatial landforms (pit, spoil heap) and the associated infrastructure (conveyor belts, haul roads, back-up facilities),
- **impact on surface water** - (among others, reduction of flow in watercourses influenced by the mine and increased flow in watercourses due to discharge of water from underground and surface drainage of the open pit),
- **impact on groundwater** - (formation of a so-called depression funnel as a result of open pit drainage),
- **noise emissions** - (primary machinery associated with the excavation of the overburden and its placement, primary machinery extracting coal, coal and overburden conveyors, road transport),
- **impact of mine facilities on atmospheric air**
  - non-organised dust emissions: process (mechanical), i.e., related to mechanical mining and transport of raw material by belt conveyors; climate, i.e., related to wind erosion of vegetation-free areas,
  - organised emissions of pollutants into the air from the boiler house providing heat for the social facilities of the mine,
- **impact on environmentally valuable areas** (in case the environmentally valuable area is located in the impact zone),
- **risks associated with electromagnetic fields**.

In the case of **energy generation in conventional coal- and biomass-fired power plants**, the following aspects of environmental impact should be distinguished, among others:

- **emissions of compounds associated with coal combustion, e.g., CO_2, SO_2, NOx**,
- **dust emissions**,
- **noise generation** (e.g., due to the operation of power unit turbines),
- **waste generation** (in the process of lignite combustion and flue gas purification),
- **possible leakage of oil, mazout or acids resulting in local contamination of the soil and water environment,**
- **heating of surface water**, lakes (due to the use of lake surface water within the cooling process),
- **leaks of ash pulp** or **overlaying water into the soil and water environment**,
- **industrial wastewater discharge,**
- **electromagnetic field emissions**,
- **terrorism threat, which may result in environmental contamination**.

The various aspects of environmental impact referred to above give rise to specific risks both for business and the natural environment. In fact, it was the excessive environmental costs of energy generation based on lignite combustion, especially in the climate context, that so influenced the economic policy of the EU and Poland, and further on the decision to extinguish this activity in the ZE PAK SA Group and transform towards more environmentally sustainable technologies.

In addition, each of the above-mentioned aspects may in certain situations (e.g., an accident resulting in contamination or above-normal emissions) cause image losses, social conflicts and loss of social consent for the activity, legal or financial sanctions or other decisions resulting in profit depletion. As a consequence, this may mean, for example, an upset in generation stability (the need to temporarily shut down some part of a generating system), a decrease in revenues (reduced output) or an increase in costs (e.g., the need to clean up accident consequences, but also the need to incur additional fees and penalties).

Therefore, the policies and procedures adopted by the ZE PAK SA Group with regard to the mining and conventional power generation areas, as adopted in the new ZE PAK SA Group Sustainable Development Strategy for 2024-2028, focus on ensuring mechanisms and procedures that minimise the risks of anomalies and deviations resulting in an above-normal impact on the natural environment within the extraction or generation process, and minimising atmospheric emissions by optimally shaping the use of the ZE PAK SA Group's current generation capacities and ensuring that the risk of overruns of gaseous emissions into the atmosphere is minimised.

E1-2 – Policies related to climate change mitigation and adaptation

Strategic management

The policy of the ZE PAK SA Group on environmental issues, including climate matters, is set out in the ZE PAK SA Group Sustainable Development Strategy for 2024-2028. The fundamental objective of this strategy is a radical decarbonisation of the business model and its transition towards a sustainable economy. In turn, in relation to ESG areas, not directly related to climate transition, the management approach of the ZE PAK SA Group focuses on actions in line with the logics of pursuing the fine-tuning of existing processes, typical of total quality management (TQM) and ensuring at least compliance with legal requirements and expectations of the milieu.

The Group has consciously made a decision to gradually reduce coal-based energy generation and develop projects in the field of electricity based on low-emission and emission-neutral sources, as well as the production and use of green hydrogen: First and foremost to be mentioned here are:

- a low-carbon electricity project in the form of a CCGT unit at the site of the former Adamów power plant,
- construction of a large-scale PV farm in Przykona,
- acquisition of a large wind-power project and preparation for the ready-to-proceed stage,

further development, in cooperation with Cyfrowy Polsat, of PAK – PCE subsidiaries, whose activities focus on renewable energy generation and the production and use of green hydrogen. The transformation of the ZE PAK SA Group towards new lines of business related to low-carbon and emission-neutral sources of energy generation means benefits related primarily to the radical reduction of greenhouse gas emissions from the combustion of non-renewable fossil fuels and energy generation based on renewable (wind, solar, biomass[14])[15] or other zero-carbon (nuclear power) sources. Given the need to stabilise production generation based on non-renewable sources with a significantly lower carbon footprint (natural gas) is assumed during the interim period of the transition.

Operational management

As with other segments, the framework of ZE PAK SA Group's policy and management approach to environmental issues at the operational level is reflected in the provisions of the ZE PAK SA Group's Social Responsibility Strategy for 2024-2028. At the same time, one should bear in mind the existing certified management systems, with their scope addressing environmental issues, related to:

- the process of electricity and heat generation along with all auxiliary processes, identified environmental aspects, hazards, as well as legal and other requirements (ZE PAK SA),
- work in the field of installation, renovation and servicing of power and industrial equipment, industrial construction services, investment management in the power industry and the industry, as well as modernisation and maintenance of electrical and automation systems in the power industry (Przedsiębiorstwo Remontowe PAK SERWIS sp. z o.o.)

and incorporate the environmental policies of the selected companies, followed by specific procedures that are periodically reviewed and optimised. Their aim, just like the aim of the ZE PAK SA Capital Group Sustainable Development Strategy for 2024-2028, is to ensure a stable and environmentally safe process of lignite extraction, energy generation, and maintenance and modernisation works.

At the same time, selected management aspects that fall in line with the broader scope of environmental management are governed by internal regulations and orders, such as the Book of the Integrated Quality, Safety and Environmental Management System, which constitutes the baseline document in the adopted system that defines the most relevant elements and areas of operation. These often reflect not only applicable national laws, but also specific administrative decisions and permits or environmental impact reports relating to a specific project, facility or plant. The latter, i.e., the environmental impact reports, or more precisely, their description of the anticipated impacts of the planned project on the environment, are in themselves a binding reference point for the managers of individual facilities and plants. This approach is extremely important. It is important to realise that environmental impact reports, rather than universal management systems, on one hand refer to the specificity of a given project, and on the other, unlike many other procedural solutions, are created through dialogue and open consultation with the surroundings. Therefore, solutions minimising the impact on the natural environment are developed under the participation of stakeholders (local authorities, administration, local community, ecological organisations). They also take into account the unique specificity of each site, which is important, for example, in the case of open pits, because even if they are located close to each other, the prevailing site conditions (e.g., geological, hydrological, human settlement location) will be, at most, similar, but not

[14] Biomass combustion emissions, while evidently existing, do not affect the CO_2 balance in nature. The same biomass, if not combusted but subjected to putrefaction processes, would release significant amounts of carbon dioxide into the atmosphere due to the oxidation of the carbon therein. Therefore, biomass combustion is considered to be climate neutral and, crucially, biomass is a renewable fuel.

[15] In mid-2023, ownership of a majority stake in PAK – PCE sp. z o.o., which brings together special purpose vehicles responsible for operations in specific renewable technologies (including photovoltaic farms, wind farms, biomass energy, hydrogen generation, hydrogen bus), was formally transferred to the Polsat Plus Group. The ZE PAK SA Group still remains the owner of almost half of the company and, given its business competences, the entity on whose employees the significant burden of operational management of PAK – PCE's assets will rest.

identical. Therefore, the approach towards environmental management and limiting adverse impacts on the natural surrounding may also be, at most, similar, but not identical.

The starting point for the policy and the procedures based on it is the nature of the business activity's environmental impact. It entails specific risks, which are addressed by particular and constantly improved procedures and process solutions. To briefly define the nature of environmental impact requires dividing it into impacts related to mining activities (lignite mining) and energy generation[16].

E1-3 – Actions and resources in relation to climate change policies

In terms of investments aimed at driving the business model transition towards sustainable and low-carbon energy, details of the actions taken last year and their current status are presented elsewhere in the management report (see: *3.3. Implementation of the investment programme)*

In turn, the existing generating facilities have been modernised and retrofitted with process solutions, primarily associated with adapting them to the ever more stringent environmental standards. Owing to the modernisation of two units at the Pątnów I power plant and the earlier construction of a unit at the former Pątnów II power plant, **generation efficiency increased** (and thus fuel efficiency) at these power plants on one hand, and **emission intensity, including the mass of CO2 per unit of electricity produced, decreased** on the other. This approach also enabled **dramatically reducing emissions of harmful nitrogen and sulphur oxides and dust into the atmosphere**. However, bear in mind that successive tightening of standards eliminating emissions or increasing the fees associated with them has its impact on the economic efficiency of the energy generation process in a conventional manner, using fossil fuels.

The new, extremely ambitious green transition strategy of the ZE PAK SA Group, which assumes a shift towards low-emission and emission-neutral electricity sources is becoming a reality[17]. Investments in new, eco-friendly generation assets are implemented together with the phasing out of lignite-based power generation. This had already begun prior to the formal adoption of the strategy document. The following have been decommissioned in recent years:

- Adamów Power Plant (600 MW: 5 coal-fired units with a capacity of 120 MW each) – last unit decommissioned on 1 January 2018.
- Pątnów I Power Plant (200 MW: 1 coal-fired unit with a capacity of 200 MW - unit No. '4') – decommissioned at the end of 2019.
- Pątnów I Power Plant (200 MW: 1 coal-fired unit with a capacity of 200 MW - unit No. '3') – decommissioned in mid-2020.
- Pątnów I Power Plant (200 MW: 1 coal-fired unit with a capacity of 200 MW - unit No. '6') – decommissioned at the end of 2020.
- Konin Power Plant (93 MW: 2 steam turbine generators in the manifold system with coal boilers) – decommissioned in mid-2020.
- Pątnów I Power Plant (222 MW: 1 coal-fired unit with a capacity of 222 MW - unit No. '1') – decommissioned at the end of 2024.
- Pątnów I Power Plant (222 MW: 1 coal-fired unit with a capacity of 222 MW - unit No. '2') – decommissioned at the end of 2024.
- Pątnów I Power Plant (200 MW: 1 coal-fired unit with a capacity of 200 MW - unit No. '5') – decommissioned at the end of 2024.

As a result, over the recent years, the ZE PAK SA Capital Group has decommissioned power equipment with a capacity of 1 937 MW. The largest power plant in the Group – Pątnów – has only one coal-fired unit in operation left, out of the original 7.

[16] In order to present the cumulative nature of the impacts and associated environmental risks in a concise manner, it was decided to disclose various environmental impact categories in one place, i.e., relating not only to ESRS E1, but also to other standards.

[17] In mid-2023, ownership of a majority stake in PAK – PCE sp. z o.o., which brings together special purpose vehicles responsible for operations in specific renewable technologies (including photovoltaic farms, wind farms, biomass energy, hydrogen generation, hydrogen bus), was formally transferred to the Polsat Plus Group. The ZE PAK SA Group still remains the owner of almost half of the company and, given its business competences, the entity on whose employees the significant burden of operational management of PAK – PCE's assets will rest.

The group plans to decommission all of its coal-fired units **– it has announced a complete coal phase-out within the next few years at the latest. The scenario assumes the operation of the last of the 474 MW coal units (former Pątnów II Power Plant) until the currently exploited lignite reserves in the Tomisławice open-pit are exhausted, which means no longer than until mid-2026. At the same time, due to the measures taken, i.e., asset transformation, annual emissions directly related to energy generation fell by 74.41% between 2018 and 2024. In turn, 'Mandatory Information on Fuel Structure, Impact of Electricity Generation and Energy Efficiency Measures 2024', published by ZE PAK SA, indicated that at energy generation based on lignite in 99.78%, the production of 1 MWh entailed an emission of 1.10336 tonnes of CO2.**

E1-4 – Targets related to climate change mitigation and adaptation

The following objectives and their measures are taken from the *ESG Strategy for 2024-2028*, which is discussed more extensively, including in the context of how to work on it, in ESRS 2 SBM-1.

Table 38: Objectives of the ESG Strategy for 2024-2028 associated with climate change mitigation and adaptation

	2023	**2024**	**2025**	**2026**	**2027**	**2028**
Objective 1: Transition towards zero- and low-emission power.						
mining and operation scenario for coal-fired units	Jóźwin open pit – mining phase-out	Units No. 1, 2 and 5 at the Pątnów power plant – decommissioning	The baseline scenario assumed decommissioning of unit No. 9 at the Pątnów II power plant by the end of the year.	The emission and installed capacity indicators shown below will only apply if a decision is taken to extend coal-based operations		-
direct CO_2 emission volume related to energy generation per energy unit (1 MWh)*	1,35	1,30	1,30	1,30	0,47	0,32
installed capacity of low- and zero-emission assets (wind farms + PV + biomass (together with PAK – PCE group assets) + gas-steam unit)	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 generation, not including electricity based on biomass, photovoltaics and wind*						
Objective 2: Entering the hydrogen fuel and zero-emission automotive industries.						
(targets from this area have been discarded as they relate to the activities of PAK – PCE, wherein ZE PAK SA is a minority shareholder and which is not consolidated in this reporting)						

E1-5 – Energy consumption and mix

The shape of the ESRS E1 E1-5 disclosure describes situations in a typical manufacturing company and not necessarily an energy producer. Hence the symbolic adaptation of the table to the specifics of a power utility. Moreover, additional data is presented in the further disclosures of this chapter (ESRS E1) to allow an interested reader to better understand the performance of the ZE PAK SA Group in this area.

Table 39: Energy consumption and mix

Energy consumption and mix	UoM	2024
I. Energy carrier consumption (energy generation)		
1. total energy generated from fossil sources, including:	**MWh**	**2 350 866,40**
a. consumption of fuel based on coal and coal-related products;	MWh	1 685 801,21
b. consumption of fuel based on crude oil and oil-related products;	MWh	40 253,65
b. consumption of fuel based on natural gas;	MWh	-
d. consumption of fuel based on other fossil sources;	MWh	8,95
e. purchased or acquired electricity, heat, steam or cooling from fossil sources;	MWh	624 802,59
2. total energy generated from nuclear sources:	**MWh**	**0**
3. total energy generated from renewable sources, including:	**MWh**	**3 520,53**
a. fuel consumption in the case of renewable sources, including biomass (with industrial and municipal biowaste), biofuels, biogas, hydrogen from renewable sources	MWh	3 520,53
b. purchased or acquired electricity, heat, steam or cooling from renewable sources; and	MWh	0
c. consumption of renewable energy generated individually without the use of fuel.	MWh	0
Total energy generated (total of 1-3)	**MWh**	**2 354 386,93**
II. Energy sales		
Electricity sales (generated by the organisation)	**MWh**	**1 429 834,96**
Electricity sales (purchased for resale)	**MWh**	**624 802,59**
Thermal energy sales (generated by the organisation)	**MWh**	**276 204,72**
III. Energy consumption by the organisation		
Energy consumption by the organisation (I - II)	**MWh**	**23 544,66**

Table 40: Energy consumption

Energy consumption	UoM	2024
total energy consumption / net revenues	MWh / PLN MM	**10,77**

Comment: based on the knowledge of the total energy (electricity, heat) generated by power units and the total energy contained in the fuels, the share of each fuel in the energy production was estimated, i.e., total energy generated (electricity, heat) converted into MWh was broken down by fuels (coal, mazout, fuel oil) based on the energy contained therein, which in practice means a 98.9% share of lignite (point I.1a) and a 1.1% share of fuel oil and mazout (point I.1b). In addition, the consumption of petrol and diesel insofar as they are petroleum derivatives is included under the item I.1b. The remainder, i.e., corresponding to the % share of biocomponents in these fuels, is shown in cl. I.3a (respectively, assumed 10% for petrol and 7% biocomponent content for diesel (ON)). This item, i.e., I.3a, illustrates all the energy from the biodiesel used. As LPG can be derived from both kerosene oil and natural gas, the energy from this fuel is shown in item I.1d. Item I.1e shows electricity purchased for resale.

Table 41: Key fuel consumption

Energy sources	*UoM*	*2024*
a. Non-renewable sources / total consumption of key non-renewable fuels		

lignite	Mg	1 904 650
fuel oil	Mg	4 060
mazout	Mg	331
diesel oil	Mg	1 888,41
gasoline	Mg	79,59
LPG	Mg	0,66
b. Renewable (RES) sources / consumption of renewable fuels		
biodiesel	Mg	180,92

Table 42: Gross electricity and heat generation

Energy sources	*UoM*	*2024*
a. Non-renewable sources		
Electricity generation (lignite/fuel oil/mazout)	MWh	1 656 400,51
	GJ	5 963 041,84
Heat generation (lignite/fuel oil/mazout)	MWh	48 123,89
	GJ	173 246,00
Total electricity and heat generation	**MWh**	**1 704 524,40**
	GJ	**6 136 287,84**

Table 43: Electricity and heat sales (gross)

Energy sources	***UoM***	***2024***
Renewable sources		
electricity sales (in-house)	MWh	1 429 834,96
	GJ	*5 147 405,86*
electricity sales (purchased for resale)	MWh	624 802,59
	GJ	*2 249 289,31*
heat sales (in-house)	MWh	276 204,72
	GJ	*994 337,00*
Total sales of electricity and heat	**MWh**	**2 330 842,27**
	GJ	***8 391 032,17***

E1-6 - Gross Scopes 1, 2, 3 and Total GHG emissions

Table 44: Gross Scopes 1, 2, 3 and Total GHG emissions

	Information regarding the past		Indirect targets and target years			
	Baseline year	2024	2025	2030	2050	Yearly target in %/baseline year
Scope 1 greenhouse gas emissions						
Gross scope 1 greenhouse gas emissions (t carbon dioxide equivalent)	2024	1 855 742 176.45	-	-	-	-
Percentage of scope 1 GHG emissions from regulated emission trading schemes (%)	-	99.67%	-	-	-	-
Scope 2 greenhouse gas emissions						
Gross scope 2 greenhouse gas emissions (location-based) (t carbon dioxide equivalent)	-	-	-	-	-	-
Gross scope 2 greenhouse gas emissions (market-based) (t carbon dioxide equivalent)	-	-	-	-	-	-
Significant scope 3 greenhouse gas emissions						
Total indirect GHG (scope 3) emissions (t carbon dioxide equivalent)	2024	605 099.63	-	-	-	-
1 Purchased goods and services	2024	945.78	-	-	-	-
[Optional subcategory: Cloud computing services and services provided by centres	-	-	-	-	-	-
2 Investment goods	2024	9 260.12	-	-	-	-
3 Fuel- and energy-related activities (not included in scope 1 or 2)	2024	580 107.56	-	-	-	-
4 Higher-tier transport and distribution	2024	7 687.8	-	-	-	-
5 Wastes generated by operations	2024	344.17	-	-	-	-
6 Business trips	2024	22.49	-	-	-	-
7 Commuting to work	2024	3 251.34	-	-	-	-
8 Higher-tier leased assets	-	-	-	-	-	-
9 Lower-tier transport	-	-	-	-	-	-
10 Processing of sold products	-	-	-	-	-	-
11 Use of products sold	-	-	-	-	-	-
12 End-of-life processing of products sold	-	-	-	-	-	-
13 Lower-tier leased assets	-	-	-	-	-	-
14 Franchises	-	-	-	-	-	-
15 Investments	2024	3 480.79	-	-	-	-
Total greenhouse gas emissions	**2024**	**2 460 841.81**	**-**	**-**	**-**	**-**
Total greenhouse gas emissions (location-based method) (carbon dioxide equivalent t)	**2024**	**2 460 841.81**	**-**	**-**	**-**	**-**
Total greenhouse gas emissions (market-based method) (carbon dioxide equivalent t)	**2024**	**2 460 841.81**	**-**	**-**	**-**	**-**

	UoM	2024
Greenhouse gas emission intensity (Scope 1+2)	tonnes eCO_2/PLN MM	0,85
Greenhouse gas emission intensity (Scope 1+2+3)	tonnes eCO_2/PLN MM	1,13

Calculation methodology:

The above calculations were based on the "GHG Protocol Corporate Standard", while at the same time basing the reporting boundaries determination on the principle of operational control, i.e., including all emissions of controlled entities in the estimates. The same operational control logic has been extended onto specific assets over which Group companies have control (or do not). In its emission estimates the Group employed the Global Warming Potential (GWP) factors according to the IPCC's fifth report of 2013 (the so-called AR5). The departure from the principle of applying their latest version, i.e., AR6 was dictated by a desire to maintain consistency in CO_2 equivalent calculations (further used in the UK Government GHG Conversion Factors for Company Reporting 2024 ('defra') calculations continue to be based on AR5 and not AR6 – upon transition of the UK Government GHG Conversion Factors for Company Reporting from AR5 to AR6, the Group will also use the newer version, i.e., AR6, in supplementary calculations that directly employ GWP factors).

In terms of specific ranges and categories of greenhouse gas emissions:

Scope 1: *in the case of key* ***solid fuels used for energy generation*** *(lignite) that are a dominant element of the carbon footprint, the volume of eCO_2 emissions is determined based on a calculation method, i.e., the sum of daily emissions calculated as the product of daily fuel consumption, its current calorific value, the emission factor determined through chemical analysis of the fuel and the oxidation factor. An advantage of this method is its greater accuracy due to the calculation taking into account the actual parameters of the fuel originating from deposits exploited by ZE PAK SA.*

In the case of ***liquid fuels used for energy generation*** *(mazout, fuel oil), the emission factor is not determined based on chemical analysis results, but the factors according to NOBiZE guidelines are applied. In addition, emissions from the use of flue gas desulphurisation and denitrification systems (also calculated as the consumption of meal and urea solution, and the emission factors they adopted) are also added to the emissions. Emissions from* ***fuels that are not directly used to produce electricity and heat*** *(petrol, diesel, LPG) are calculated using the conversion factors of the UK Government GHG Conversion Factors for Company Reporting (known as 'defra') in its current version. In the case of* ***biodiesel****, using the UK Government GHG Conversion Factors for Company Reporting approach and conversion factors, CO_2 emissions were treated as zero, only including other greenhouse gases that the combustion of this fuel results in the estimates.*

Scope 2: *As far as indirect emissions are concerned, in the case* ***electricity purchased for house-load needs****, the emission factors published by KOBiZE were employed. However, no significant purchases were made in this area in 2024, similarly to heat, cooling or technical steam purchased from third parties. All the electricity was purchased solely for resale and thus, the footprint associated with it was shown in Scope 3 (Cat. 3).*

Scope 3: *for most categories, the relevant UK Government GHG Conversion Factors for Company Reporting (so-called 'defra') and information on their physical fuel consumption (Categories 3), mass of waste (Category 5), person kilometres of business travel (Category 6), number of employees declared in the survey distance to work (Category 9) were used. For Category 3, the carbon footprint associated with the extraction and transport of lignite was omitted – it is sourced in-house (own mines) and these emissions fall within Scopes 1 and 2; for coal from KWB Sieniawa (www.sieniawa.com), its transport footprint (in Cat 4) has been included (at the same time, KWB Sieniawa does not publish information on its Scope 1 and 2 footprint in terms of raw material extraction). The carbon footprint associated with the generation of electricity for resale is also included in Category 3, using a conservative assumption as to its magnitude, i.e. it was estimated taking into account the Poland-specific 'residual mix' indicator (Association of Issuing Bodies (AIB); 2024)). The latter figure is dominant throughout Scope 3.*

For emission estimates in Categories 1 and 2, the Environmentally Extended Input-Output (EEIO) method was employed, i.e., internal financial purchasing data and conversion factors for the nearest purchasing categories, derived from 'Supply Chain Greenhouse Gas Emission Factors v1.2 by NAICS-6' (source: United States Environmental Protection Agency; Tables A of average foreign currency exchange rates of the National Bank of Poland as at the last day of the reporting period).

Others, i.e., the Scope 3 categories not listed above, were considered to be irrelevant or not present in the Group's business model.

E1-7 – GHG removals and GHG mitigation projects financed through carbon credits

The ZE PAK SA Group does not implement projects aimed at removing GHG and limiting GHG emissions funded via CO_2 emission allowance units (E1-7). It conducts a lot of plantings, but this is imposed by reclamation activities and is not considered a targeted project to offset the carbon footprint of the activity. Although approximately 1 263 thousand trees and shrubs were planted under biological reclamation for forest creation in 2024 alone (see: E4-3), which are

estimated to absorb 8 209 500 00 kg of CO_2 per annum when they reach maturity[18], the ZE PAK Group does not report these figures due to the projected and highly erroneous nature of such estimates, the insignificant share compared to the carbon footprint of its operations, and the consequent possibility of being suspected of greenwashing activities.

As a result, the disclosures of the associated data points described in E1-7 (ESRS 1 paragraph 34(b) and Appendix E) have been waived.

E1-8 – Internal carbon pricing

The ZE PAK SA Group does conduct out activities that would involve internal carbon pricing (E1-8). As a result, the disclosures of the associated data points described in E1-8 (ESRS 1 paragraph 34(b) and Appendix E) have been waived.

Simultaneously, in the case of disclosure E1-9, the ZE PAK SA Group exercised the option to omit it based on rules set out in ESRS 1 Addendum C.

ESRS E2 Pollution

ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities

The information covered by the disclosure is included in ESRS 2 IRO-1. The following, are of contextual and complementary nature.

As indicated in an earlier section of the statement *(ESRS E1 – Climate Change, E1-2 – Policies related to climate change mitigation and adaptation*), the activities associated with (a) continued exploitation of lignite deposits, and (b) the energy generation based on the combustion of fossil fuels (lignite) involve emissions of pollutants to air, water and potentially to soil.

Above all, the combustion of lignite and other fossil fuels, despite employing state-of-the-art techniques aimed at limiting the volumes of emitted pollutants, entail **atmospheric emissions of, among others, SO_2, NOx**, as well as **dusts (PM)**. Although the still-operated unit at the Pątnów Power Plant is one of the best and most modern power units in Poland, also in terms of technical solutions for pollution reduction, their emissions are associated with lignite combustion. They are disproportionately less emitted through mining activities, i.e., mining operations involve organised atmospheric emissions of pollutants from the boiler house providing heat for the mine's welfare facilities. In the case of open-pit mining activities, yet another important aspect involves non-organised dust emissions: process (mechanical), i.e., related to mechanical mining and transport of raw material by belt conveyors; climate, i.e., related to wind erosion of vegetation-free areas.

Power plant cooling means **heating surface waters** from the Konin Lake complex (as a result of using surface waters of the lakes in the cooling process), and power unit operation involves the risk of malfunctions, which can result in **leaks of oil, mazout, acids and, consequently, local contamination of the soil and water environment. Ash pulp or overlaying water leaks to the soil and water environment** should also be considered. Power plants are also a source of **industrial effluent emissions** and **electromagnetic field emissions. At the same time, power plants strive to manage wastewater internally without emitting pollutants into the environment.**

Extraction activities and power plant operation also entail noise emissions. The acoustic impact of both the Group's mines and power plants is determined by both administrative decisions and environmental regulations. Mines, due to the type of activity, are located in tan area defined as 'Mining areas and sites', while power plants are located in areas more restrictive in terms of acoustic protection. Neither the extraction activities nor the generation of electricity and heat by the ZE PAK SA CG result in exceeded noise levels in the acoustically protected zone closest to the operations. This is confirmed by the results of noise measurements conducted periodically in the area - they are not higher than the acoustic standards applicable to individual generation locations.

Theoretically, terrorist threats that may result in environmental contamination cannot be ruled out either.

The aforementioned nature of the impact relates to key aspects of the company's environmental impact.

[18] Assuming an annual uptake of 6.5kg of CO_2 per tree.

E2-1 – Policies related to pollution

The policy of the ZE PAK SA Group on environmental issues has been set out in the ZE PAK SA Group Sustainable Development Strategy for 2024-2028. This in turn is rather thoroughly presented in the earlier part of the report *(ESRS 2 General disclosures; SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model(s)*), and in the environmental context presented in the section relating to climate change mitigation*(ESRS E1 Climate change, E1-2 – Policies related to climate change mitigation and adaptation*).

It should be emphasised at this point that the business model transition towards a low- and zero-carbon economy, while focusing on decarbonisation, i.e., primarily reducing CO_2 emissions, will simultaneously lead to a reduction in emissions of other pollutants. To put it differently, a reduction in the combustion of fossil fuels will translate into lower emissions of SOx, NOx, dust and other substances indicated in the kBAT. Similarly, this will also lead to a decrease in the volume of generated waste, other by-products of combustion processes, and wastewater. The abandonment of lignite extraction will enable avoiding the interference with land relief that the construction of an open pit mine entails, the impact on surface and groundwater, as well as the noise and dust associated with the extraction of this raw material.

As already mentioned, in relation to social and environmental impact, not directly related to the transition (i.e., radical decarbonisation), the management approach of the ZE PAK SA Group focuses on actions in line with the logics of pursuing the fine-tuning of existing processes, typical of total quality management (TQM) and ensuring at least compliance with legal requirements and expectations of the milieu. Therefore, the policies and procedures adopted by the ZE PAK SA Group with regard to the mining and conventional power generation areas, as adopted in the new ZE PAK SA Group Sustainable Development Strategy for 2024-2028, focus on ensuring mechanisms and procedures that minimise the risks of anomalies and deviations resulting in an above-normal impact on the natural environment within the extraction or generation process, and minimising atmospheric emissions by optimally shaping the use of the ZE PAK SA Group's current generation capacities and ensuring that the risk of overruns of gaseous emissions into the atmosphere is minimised.

Simultaneously, however, the new projects will entail other environmental impacts that will give rise to risk categories specific to them (e.g., nuclear power[19]).

Apart from those disclosed above, the ZE PAK Group has not introduced any other significant solutions relating to the issues covered by this disclosure and not mentioned above.

E2-2 – Actions and resources related to pollution

In both the extraction and power generation areas, key environmental impact parameters during the production process are monitored, often on a continuous basis. Similarly, reports of potential irregularities are reviewed. However, it should be mentioned that the environmental conditions imposed on conventional generators are becoming increasingly more stringent and this trend is expected to continue. In this context, mention should be made, for example, of the BAT (Best Available Technology) Conclusions, which for the conventional power sector entered into force on 18 August 2021. BAT legislation tightens emission limits for nitrogen oxides (175 mg/m^3 – annual average), sulphur oxides (130 mg/m^3 – annual average) and dusts (8 mg/m^3 – annual average), which so far have been governed by the directive on industrial emissions (IED). Limits for chlorine and fluorine compounds and heavy metals, such as mercury, have also been included in the catalogue of these standards[20]. This poses major organisational and capital challenges for conventional power generators related to the adaptation to new regulations.

The Pątnów Power Plant, and unit 9 in particular, the last of the units in operation at the end of 2024, is one of the best and most modern power units operated in Poland. This also applies to technical solutions for pollution reduction.

[19] Project prior to consolidation, thus, not covered by this report.

[20] Currently, the key document for emissions originating from industrial systems is Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control), as amended by Directive (EU) 2024/1785 of the European Parliament and of the Council of 24 April 2024 amending Directive 2010/75/EU of the European Parliament and of the Council on industrial emissions (integrated pollution prevention and control), and Council Directive 1999/31/EC on the landfill of waste, known as the IED.

The aim of the Industrial Emissions Directive is to control and prevent pollution, and to help guide industrial investment in the way required to transform Europe into a competitive and climate-neutral economy by 2050.

Throughout the year, the emission of pollutants was monitored for compliance with applicable emission standards and requirements of BAT Conclusions. Continuous emission monitoring systems were extended to meet the assumptions regarding monitoring air emissions in the light of kBAT. The correct operation of the continuous measurement systems at ZE PAK SA was supervised, and the functioning of procedures, i.e., QAL3 - quality assurance procedure during operation of flue gas emission monitoring systems compliant with PN-EN 14181, was coordinated. As of 18 August 2021, a number of additional emission monitoring obligations, including metals and semi-metals and an extended range of fuel quality are being fulfilled. The correct operation of protective equipment reducing air emissions was supervised. The production process was coordinated in terms of meeting air emission standards and limits (optimisation of the combustion process at the Pątnów II power plant). The tasks at ZE PAK SA under the PRTR (National Pollutant Release and Transfer Register) were executed through measuring and reporting pollutants. Financial obligations for the emission of pollutants into the atmosphere as part of the operations, i.e., environmental levies, and in the scope of reporting pollutant emissions into the air, were performed.

Due to the impact of pollutant emissions on the immediate surroundings, atmospheric air purity within the impact area of the Group's power plants (air pollutant immission) is also monitored. In 2024, no significant differences were identified between the levels of tested substances and their equivalents measured by stations of the Provincial Inspectorate of Environmental Protection in Wielkopolska.

In the context of emissions of all pollutants, including dust, the past year was satisfactory for the Group. Integrated permits for the combustion systems of ZE PAK Spółka Akcyjna, i.e., Pątnów I Power Plant - units no. K1, K2 and K5, Pątnów II Power Plant - unit No. K9 was adjusted to the requirements of BAT conclusions, taking into account individual deviations from emission limits. The Company conducts its generation activities in line with the permissible emission limits arising from the IED Directive and BAT Conclusions. Constant emission monitoring systems, expanded according to BAT 4 requirements, constitute grounds for the verification of ZE PAK SA's fulfilment of the requirements set out in the Commission Implementing Decision (EU) 2017/1442 on emissions of pollutants into the atmosphere.

In 2024, the emissions at the ZE PAK Group's generating facilities did not exceed permissible emission levels.

As part of the obligation to monitor noise emitted into the environment imposed through integrated permits on fuel combustion facilities at ZE PAK SA, noise emitted from the premises of the Pątnów I power plant and the area after the former Adamów power plant in Turek (background noise) was measured in 2024. The results of conducted tests did not indicate overrun permissible values set out in the permits. Other systems covered by the obligation of noise monitoring were not measured, with the results from 2023 still valid.

Inspections

In 2024, the Provincial Inspectorate for Environmental Protection in Poznań, Konin Branch conducted one planned inspection of ZE PAK SA Group's power plants. The inspection was conducted on 23/5/2024 – 10/6/2024 and involved the Pątnów Power Plant systems. Its scope covered:

- control of compliance with environmental protection requirements by operators of systems requiring an integrated permit,
- quality control of data provided by operators in the National Pollutant Release and Transfer Register,
- control of sulphur content in heavy fuel oil used in fuel-combustion power system.

No violations identified during the inspection.

In 2024, an audit was also conducted by the State District Sanitary Inspector in Konin on 10/12/2024. The audit covered the ZE PAK SA Company, and its subject matter included compliance with the provisions of the Act of 25 February 2011 on chemical substances and their mixtures (Dz. U. of 2022, item 1816), the REACH Regulation, CLP, the Act of 9 October 2015 on biocidal products (Dz. U. of 2021, item 24) and Regulation of the European Parliament and of the Council (EU) No. 528/2012 of 22 May 2012 concerning the making available on the market and use of biocidal product (OJ EU of 2012, No. 167, p. 1, as amended)

There were no comments or objections to the facts described in the report.

PAK KWB Konin was the subject of an audit by the Regional Mining Institute in Poznań regarding the implementation of obligations related to reclamation and decommissioning of open pits. In addition, the Regional Water Management

Board in Bydgoszcz inspected the premises of PAK KWB Konin with regard to compliance with regulations and administrative decisions issued for the Tomisławice open pit.

No follow-up orders were issued.

Major industrial failure prevention programs

In January 2024, ZE PAK SA's Pątnów Power Plant was updated as a facility with an increased risk of a serious industrial failure, taking into account the maximum stock levels of hazardous substances that may be stored at the premises of the Pątnów PP. The notification was handed over to the State Fire Service in Konin and to the Provincial Environmental Protection Inspector in Poznań, Konin Branch.

E2-3 – – Targets related to pollution

The following objectives and their measures are taken from the *ESG Strategy for 2024-2028* , which is discussed more extensively, including in the context of how to work on it, in ESRS 2 SBM-1.

Table 45: Objectives of the ESG Strategy for 2024-2028 associated with pollution

Objective 6: Being a good neighbour and member of the local community: limiting the impact of current operations on the social and natural environment.						
	2023	**2024**	**2025**	**2026**	**2027**	**2028**
number of major environmental accidents	'zero'	'zero'	'zero'	'zero'	'zero'	'zero'

E2-4 – Pollution of air, water and soil

Table 46: Air pollutants

Pollutants as per Annex II to Regulation (EC) No. 166/2006 of the European Parliament and of the Council	UoM	2024
Methane (CH4)	kg	
Carbon oxide (CO)	kg	220 850*
Ammonia (NH3)	kg	10 929*
Nitrogen oxides (NOx/NO_2)	kg	1 305 499*
Sulphur oxides (SOx/SO_2)	kg	385 054*
Arsenic and its compounds (as As)	kg	9
Cadmium and its compounds (as Cd)	kg	9
Chromium and its compounds (as Cr)	kg	857*
Copper and its compounds (as Cu)	kg	53
Mercury and its compounds (as Hg)	kg	63*
Nickel and its compounds (as Ni)	kg	617*
Lead and its compounds (as Pb)	kg	58
Zinc and its compounds (as Zn)	kg	1 812
Chlorine and its inorganic compounds (as HCl)	kg	8 222
Fluorine and its inorganic compounds (as HF)	kg	2
Particulate matter (PM10)	kg	30 853
Microplastics	kg	-
Fluorocarbons HFC-125 (C2HF5)	kg	-
Fluorocarbons HFC-134a (C2H2F4)	kg	0,90
Fluorocarbons HFC-32 (CH2F2) (R-32)	kg	-
Fluorocarbons (R-407C)	kg	26,00

Fluorocarbons (R-410A)	kg	14,00
Other fluorocarbons (HFCs)	kg	13,50
Other dust	kg	-

**pollutants with exceeded applicable threshold value set out in Annex II to Regulation (EC) No. 166/2006.*

Data originates from internal ZE PAK records, predominantly based on continuous or cyclic measurements of individual emissions. All relate solely to atmospheric emissions.

E2-5 – Substances of concern and substances of very high concern

Table 47: Substances of concern and substances of very high concern

Substances of concern and substances of very high concern	UoM	2024
Substances of concern		
Hydrogen	Mg	0,46
Propane-butane	Mg	1,91
Acetylene	Mg	0,64
Oxygen	Mg	2,10
Hydrazine (hydrate)	Mg	1,43
TU 32 turbine oil	Mg	360,01
TG 33 turbine oil	Mg	6,53
Transformer oil	Mg	549,90
S1 heavy fuel oil (mazout)	Mg	2 884,05
Other oils (used)	Mg	62,25
Diesel oil	Mg	4,12
Light fuel oil	Mg	1 637,07
Ammonia water	Mg	1,37
Biocide	Mg	0,73
Sodium hypochlorite (NaOCl)	Mg	1,32
iron sulphate PIX 112	Mg	0,15
Soda lye NaOH	Mg	139,84
Hydrochloric acid HCl	Mg	130,04
Iron chloride Fe Cl3	Mg	2,10
Hydrated lime Ca(OH)2	Mg	4,05
Sodium pyrosulphite Na2S2O5	Mg	1,18
Coagulant PAX XL 19F	Mg	30,00
Sodium phosphate dihydrate	Mg	13,68
Substance of very high concern		
-	-	-

**Non-classified hazardous substances, not included in Regulation Dz.U.2016.138*

In the case of disclosure **E2-6,** the ZE PAK SA Group exercised the option to omit it based on rules set out in ESRS 1 Addendum C.

ESRS E3 Water and marine resources

IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities

As indicated in an earlier section of the statement *(ESRS E1 – Climate Change, E1-2 – Policies related to climate change mitigation and adaptation*), the activities associated with (a) continued exploitation of lignite deposits, and (b) the energy generation based on the combustion of fossil fuels (lignite) involve impact on water resources. Above all, the extraction activities continuing over the years and the need to pump and drain **groundwater** from the area of open-pit mines have resulted in the creation of so-called 'depression funnels'. Deposit exploitation using the open-pit method also impacts **surface waters** (among others, reduction of flow in watercourses influenced by the mine and increased flow in watercourses due to discharge of water from underground and surface drainage of the open pit). The gradual phasing out of open pit mining also means the gradual restoration of natural hydrographic conditions, no longer disturbed by artificial drainage of the mining area. Wherever land reclamation involves water reclamation, water reservoirs will be created, which will be part of nationwide water retention and drought-prevention efforts. Nevertheless, the restoration of natural hydrographic conditions in the interim period may entail their periodic disruption, which will be the result of depression funnels filling with water and the associated reduction in the amount of water in certain surface watercourses. These, in turn, will additionally no longer be supplied with water pumped out of the mining areas. (too rapid filling of the funnel and the pit itself can cause a drop in groundwater levels and disrupt the stability of surface waters). However, due to the reclamation work conducted and planned for the coming years, **a number of water reservoirs will be created in the area favouring water retention**. This is particularly important in Wielkopolska, which is an area affected by steppe formation and characterised by severely limited water resources (high levels of so-called 'water stress').

In turn, the energy generation process involves **discharging heat into surface waters** of the Konin Lake complex, which is important, in particular from the perspective of the ecosystems of these lakes. The planned gas-fired power plant and the nuclear power plant envisaged in the longer time horizon will also require water for cooling purposes. This will entail using water from the Warta River through a pumping station on the Jeziorsko reservoir, transferring the water via the Teleszyna River, the Teleszyna-Kiełbaska Canal and the Kiełbaska River to the power plant.[21]. Due to the nature of the impact, this aspect is described in the biodiversity section (ESRS E4 Biodiversity and ecosystems).

E3-1 – Policies related to water and marine resources

The policy of the ZE PAK SA Group on environmental issues, including water management, has been set out in the ZE PAK SA Group Sustainable Development Strategy for 2024-2028. This in turn is rather thoroughly presented in the earlier part of the report *(ESRS 2 General disclosures; SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model(s)*), and in the environmental context presented in the section relating to climate change mitigation*(ESRS E1 Climate change, E1-2 – Policies related to climate change mitigation and adaptation*).

Particularly noteworthy are the objectives adopted in the Sustainable Development Strategy for 2024-2028, which, under the objective related to a responsible phasing-out of extraction activities, enshrined those relating to **water reclamation of post-mining areas**. They involve the filling of successive water reservoirs created after the various open pits. Given the limited water resources in eastern Wielkopolska and the need for water retention, this activity appears to be particularly important from the perspective of the natural and social environment. As a result of the planned work, a reservoir capacity exceeding 800 MM m^3 is to be reached by the end of 2028. By comparison, the Lake Solińskie in Bieszczady, which is the largest artificial reservoir in Poland, holds 472 MM m^3, and Lake Śniardwy, with the largest surface area, holds approximately 660 MM m^3.

Apart from those disclosed above, the ZE PAK Group has not introduced any other significant solutions relating to the issues covered by this disclosure and not mentioned above.

E3-2 – Actions and resources related to water and marine resources

Water and wastewater management

ZE PAK SA Group plants use water from surface resources, primarily:

- within the energy generation process
  - in technological processes (mainly for hydrotransport of ash-slag pulp) and also, in small quantities, for welfare purposes,

[21] Nuclear power plant project excluded from consolidation, thus, not covered by this report.

- for cooling purposes.

- In extraction operations, an operating mine dewatering an open pit, pumps out water penetrating into the area and discharges into nearby watercourses, resulting in the disruption of the original natural water relations.

Consumption in technological and comfort processes

All water withdrawn from the environment was classified as total consumption in disclosure E3-4. Any water drawn from the environment, once used by power plants, does not formally return to it. This is because post-process wastewater (demi, FGD), wastewater after the potable water treatment process (WTP) and domestic wastewater, is used within the power plant's internal system for ash-slag pulp hydrotransport (this approach, i.e., reusing treated wastewater, reduces the need for additional surface water abstraction). The water, used as a medium for hydrotransporting pulp to a combustion waste landfill, is in turn repeatedly used in a closed cycle (i.e., once the pulp is discharged to the landfill in the form of a water reservoir (the so-called 'Emerald Lake'), it is drawn from it and reused to transport the pulp). Although formally a closed circuit, with water not returning to the environment, in practice the losses associated with its evaporation from the water body (storage site) must be replenished. Hence the annual reported consumption of additional water. However, from an environmental point of view, water evaporation is neutral to the environment (i.e., it does not bear any pollution risks). In 2024, 1 636 803 m^3 of water was withdrawn from the environment, ultimately supplying the pulp hydrotransport system. Of this volume, 613 235 m^3 was water used for other purposes in the first stage, and then sent to the hydro-ashing system after treatment.

Use for cooling purposes

By far the largest volume is water fed to the cooling system (in 2025: 285 928 665 m^3 (units of the former Pątnów I Power Plant) and 250 913 049 m^3 (Unit 9), total: 536 841 714 m3). The system is open, and the water withdrawn, once the equipment has cooled down, is returned to the environment in unchanged quantity and condition (apart from the elevated temperature). These activities do not cause quantitative losses of water in the environment.

From a formal standpoint, the condenser cooling system of the Pątnów Power Plant and Konin Power Plant is an open system. However, this is not a typical solution for many industrial facilities, where cooling is provided by the waters of flowing rivers, whose waters receiving excess heat. The solution can be viewed as a kind of closed circuit, with incorporated natural water reservoirs, connecting them with each other through a system of canals. This system enables replenishing the water from the Warta River in this specific system in the event of a water table decrease. As a result, the relatively constant water level in the lakes allows power plants to operate more effectively in the summer months, a situation impossible in those power plants located on rivers. Thus, ZE PAK SA's power plants are better prepared for the risks entailed by a warming climate, i.e., prolonged droughts, which in the case of ZE PAK SA do not necessarily, with the output levels of recent years, mean that generation has to be significantly reduced. It is a circuit that combines natural reservoirs and man-made solutions into a whole. However, it is in a closed system of sorts and operates practically independently of the other reservoirs and natural watercourses, without affecting their functioning. This is an engineering solution unparalleled in Europe and the world.

The system connects five natural lakes of Konin, which, as a single lake complex, are a cooling water intake, as well as the receiver and cooling point for heated discharge water. The Pątnów power plant draws cooling water from Lake Gosławskie and Lake Pątnowskie. The Konin power plant draws cooling water from Lake Pątnowskie. Water, heated in condensers, is discharged into discharge ducts that distribute it to all lakes of the cooling circuit. The cooling circuit consists of the following connected lakes: Gosławskie, Pątnowskie, Licheńskie, Wąsowskie, Mikorzyńskie and Ślesińskie, canals, pumping stations, culverts and siphons. The cooling circuit common to the Pątnów and Konin Power Plants is called a distant circuit (the volume of water in the distant circuit is approximately 87 188 000 m3). The exception is Lake Gosławskie, which cools water only from the Pątnów Power Plant and is called the a circuit (amount of water in the near circuit of approximately 21 500 000 m3).

The remote cooling circuit operates during a high air and temperature season (summer), in the following manner: heated cooling water drawn by the Central Pump Station from Lake Gosławskie for cooling of the Pątnów Power Plant is partially discharged through a discharge duct back into Lake Gosławskie through 3 overflows, while the remaining part continues to flow through the duct and connects with the discharge water of the Konin Power Plant. Combined channels distribute water to Lake Pątnowskie and lakes: Mikorzyńskie and Licheńskie. From Lake Licheńskie, the "Piotrkowice" pumping station pumps water through channels to Lake Ślesińskie. There may be water shortages in the lakes during summer periods with low rainfall (so-called "dry summers"). These shortages can be supplemented from the Warta River through pumping stations in Morzysław and Pątnów via the Warta - Gopło Channel.

The system created in the 20th century has strongly influenced the biology of the lakes, mainly by contributing to an increase in average lake water temperature. Therefore, this impact aspect is described in the biodiversity section of the report, and not that on water management.

Mining activity

The extraction activities continuing over the years and the need to pump and drain groundwater from the area of open-pit mines have resulted in the creation of so-called 'depression funnels'. Deposit exploitation using the open-pit method also impacts surface waters (among others, reduction of flow in watercourses influenced by the mine and increased flow in watercourses due to discharge of water from underground and surface drainage of the open pit). The gradual phasing out of open pit mining also means the gradual restoration of natural hydrographic conditions, no longer disturbed by artificial drainage of the mining area. Wherever land reclamation involves water reclamation, water reservoirs will be created, which will be part of nationwide water retention and drought-prevention efforts. Nevertheless, the restoration of natural hydrographic conditions in the interim period may entail their periodic disruption, which will be the result of depression funnels filling with water and the associated reduction in the amount of water in certain surface watercourses. These, in turn, will additionally no longer be supplied with water pumped out of the mining areas. (too rapid filling of the funnel and the pit itself can cause a drop in groundwater levels and disrupt the stability of surface waters). However, due to the reclamation work conducted and planned for the coming years, a number of water reservoirs will be created in the area favouring water retention. This is particularly important in Wielkopolska, which is an area affected by steppe formation and characterised by severely limited water resources (high levels of so-called 'water stress').

Other

Hydrogen generation by PAK – PCE, in which the ZE PAK SA Group is a minority shareholder (non-consolidated activity), entails water demand, with hydrogen created based on its electrolysis. Of course, the hydrogen combustion process will recreate water, which will then return to the environment. However, it will end up not necessarily in the region where it is drawn.

Wastewater generated at power plants is treated at on-site treatment plants and, once the achieved parameters are in line with current legislation, is discharged to receiving bodies. However, for many years, power plants have been taking measures to use wastewater in internal systems and prevent water pollution in lakes. Thus, wastewater from the flue gas purification plant, oily wastewater from the washing of industrial floors and filter flushing wastewater from the potable water treatment plant are used to produce ash-slag pulp, so there is no need to use lake water as a transport medium for this purpose. Furthermore, the lakes are not polluted with chemicals. In addition, wastewater from a modern water demineralisation station is used by the flue gas desulphurisation plant for the production of lime milk. Owing to the comprehensive modernisation of the wastewater discharge system at the Pątnów power plant, all wastewater (including domestic and industrial) was managed within the plant's internal system, which contributed to the complete cessation of pollutant emissions to surface waters.

Water stress analysis

According to the *Aquaduct™ Water Risk Atlas*[22] published by the World Resources Institute (WRI), the entire area of the Konin Lakes, where the mining and manufacturing operations of the ZE PAK SA Group are conducted, is a region where the so-called 'water stress'[23] has been identified as 'high' and the overall water risk[24] as 'medium-high'. In contrast, the risk of physical water availability, which contributes to the overall water risk and includes, among others, the water stress issue, has been assessed in relation to this area as "extremely high". This implies the need for very serious economical and rational use of the scarce resources and special care not to pollute them. This is also the priority imposed on the water reclamation of open pits, which will allow the retention of more than 800 MM m^3 of water in a region that has very limited reserves.

Measures taken to reconstruct water resources in the Powidz Landscape Park area

In 2022, actions were taken as a consequence of signing a letter of intent on cooperation in the implementation of a task entitled Increasing the retention and flood protection of the middle Warta river by utilising the potential of the reservoirs in the Biskupia Struga drainage basin and adapting the Ślesiński Channel for water transfer.

[22] https://www.wri.org/applications/aqueduct/water-risk-atlas

[23] water stress measures the ratio of total water intake to available renewable surface and groundwater sources.

[24] Overall water risk measures all water risks by aggregating all selected indicators from the physical quantity, quality and regulatory and reputational risk categories. Higher values indicate higher water risk.

In connection with the decommissioning of extraction activities in the Jóźwin IIB open pit, in order to fill the post-pit area (water reclamation of the pit), PAK Kopalnia Węgla Brunatnego Konin SA obtained the Decision of the Director of the Regional Water Management Board of Wody Polskie in Poznań ref. No. PO.RUZ.4210.20.2024.PK.8 dated 25.04.2024., which grants a water permit for the specific use of water for the purposes of business activity in relation to discharging unpolluted waters from the sunk drainage of the mining facility O/Jóźwin IIB to the final excavation of O/Jóźwin, valid until 6/2/2034.

At the same time, we took **effort** to obtain a water rights permit for the transfer of water from the Warta River and Lake Gosławskie to the Kleczew and Jóźwin reservoir, which will enable shortening the filling period of the Jóźwin terminal reservoir from the initial 33 years to as little as approx. 10 years (assuming pumping at a rate of approximately 1.3 m^3/s for 180 days a year, translating to a volume of approx. 20 MM m^3 of water per year) and will support the natural renewability of groundwater in these reservoirs. Ultimately, the diverted waters will contribute to the restoration of water resources in the Powidz Lakes of the Powidz Landscape Park.

In order to complete the transfer:

- An Information Sheet for a project entitled "Utilising the resources of the pumped Ślesiński Canal and the Warta River to supply post-mining reservoirs in the catchment of the Biskupia Struga" was developed in April 2023.
- On 24/4/2023, PAK Kopalnia Węgla Brunatnego Konin SA applied to the Head of the Kazimierz Biskupi commune for a decision on environmental conditions for the execution of the aforementioned project.
- On 12/1/2024 The Head of the Kazimierz Biskupi commune issued a decision (OŚR.6220.7.2023) stating that there was no need to conduct an environmental impact assessment for the planned undertaking and setting out the conditions for the implementation of a project titled "Utilising the resources of the pumped Ślesiński Canal and the Warta River to supply post-mining reservoirs in the catchment of the Biskupia Struga". (the decision was appealed in Poznań, and pursuant to a decision by the SKO in Konin stating the need to reconsider the case by the body issuing the decision; the Head of the Kazimierz Biskupi commune is conducting investigation proceedings)

Water transfer activities undertaken by ZE PAK SA were in line with the provisions of the Letter of Intent signed on 8 November 2022 by ZE PAK SA, PGW Wody Polskie, local governments and the Miradz Forest District, aimed at restoring water resources in the lakes, natural watercourses and wetlands of the Powidz Landscape Park ('PPK') through the use of the resources of the Ślesiński Canal's headwater and the Warta River to feed post-mining reservoirs in the Struga Biskupia catchment area.

In the letter, the Parties declared that they would cooperate on the implementation of the task entitled "Increasing the retention and flood protection of the middle Warta river by utilising the potential of the reservoirs in the Biskupia Struga drainage basin and adapting the Ślesiński Channel for water transfer", which involves taking measures contributing to faster restoration of water relations in the Powidzki Landscape Park area, i.e., channelling usable water from the Warta River through existing infrastructure of ZE PAK SA to the reservoirs of the Kazimierz Północ and Jóźwin IIB open pits in order to accelerate the restoration of aquifer, which will consequently increase the water tables of the lakes belonging to the Powidzki Landscape Park. The system of water transfer to the reservoirs referred to above will also be employed to increase retention in eastern Wielkopolska and as part of ongoing flood protection, directing some of the surge water from the Warta River through the Warta-Gopło Canal to the reservoirs under development. The activities were supposed to be conducted after securing funding from the Just Transition Fund, where 70% of the funds were to originate from the Just Transition Fund, and the rest from own contributions of local authorities, Wody Polskie and ZE PAK SA.

Unfortunately, this project was blocked by Wody Polskie, which discarded from the project most key items in 2024.

A working meeting participated by all stakeholders was organised on 7 January 2025 in the Wielkopolska Province Marshal's Office in Poznań. Its objective was to discuss the consequences of water deficit and restoring water resources in the lakes of the Powidz Landscape Park and the adjacent areas. The meeting was hosted by Jacek Boguslawski, member of the Management Board of the Wielkopolska Province. The attendees included, among others: Paulina Hennig-Kloska, Minister for Climate and Environment, Joanna Kopczyńska, President of the State Water Management Company Wody Polskie, and Piotr Otawski, General Director for Environmental Protection, Maciej Sytek, Provincial Board Plenipotentiary for Restructuring of Eastern Wielkopolska and President of the Regional Development Agency in Konin, as well as the management staff of the Regional Water Management Boards in Poznań and Bydgoszcz, and

the Powidz starosts, heads and mayors of the communes belonging to the Powidz Landscape Park Association, chaired by Jakub Gwit, Head of the Powidz Commune.

During the meeting, being aware of the fact that the lakes of the Powidz Landscape Park are drying up and need to be saved, the most urgent and feasible tasks arising from the letter of intent signed in November 2022 for the implementation of the project were verified. All signatories to the letter of intent of 2022 confirmed the need to annex the Letter, verify the project list, draw up a new division of responsibilities and a preliminary cost estimate

In January 2025, a Letter of Intent was drafted in the version assuming the implementation of the task without PGW Wody Polskie, under the patronage of the Minister of Climate and Environment, Paulina Hennig-Kloska and the Minister of Infrastructure, Dariusz Klimczak.

Lake monitoring

Water monitoring issues are described in the section on biodiversity (see: *ESRS E4 Biodiversity and ecosystems*).

E3-3 – Targets related to water and marine resources

The following objectives and their measures are taken from the *ESG Strategy for 2024-2028*, which is discussed more extensively, including in the context of how to work on it, in ESRS 2 SBM-1.

Table 48: ESG Strategy Objectives for 2024-2028 related to water and marine resources

Objective 3: Responsible phase-out from the extraction (lignite) industry with respect for the social and natural environment.			
Improvement and restoration of natural water relations within post-mining areas*		Technical reclamation of post-mining land*	
Filling the reservoir after the Lubstów and Głowy open pits	2024-2025	Filling request for post-mining land reclamation	2024-2025
Filling the reservoir after the Roztoka open pit	2024-2025	Technical reclamation completion – 419 ha	2026
Filling the reservoir after the Jóźwin open pit	2024-2028	Technical reclamation completion – 510 ha	2027
Filling the reservoir after the Drzewce open pit	2024-2028	Technical reclamation completion – 672 ha	2028
Filling the reservoir after the Adamów open pit	2024-2028		
** It is planned to reach a capacity of more than 800 million m3 in water reservoirs from the Konin-Turek region by the end of 2028*		** Completion of technical reclamation of an area of 1 602 ha is planned by the end of 2028*	

E3-4 – Water consumption

Table 49: Water consumption

Location	UoM	2024	
		total	including areas of high or v. high water stress (>80%)**
Water demand (water intake)			
groundwater	m^3	265 870	265 870
surface waters (from lakes, rivers, etc.)	m^3	1 370 933*	1 370 933*
municipal or communal water supply	m^3	0	0
total water demand	**m^3**	**1 636 803**	**1 636 803**
Water discharge (waste water management)			
groundwater	m^3	0	0

surface waters (to lakes, rivers, etc.)	m^3	0	0
municipal or communal water treatment plants	m^3	0	0
total discharged water volume	**m^3**	**0**	**0**
Water consumption			
total water consumption	m^3	1 636 803**	1 636 803**
total volume of water used, and recycled and reused wastewater	m^3	613235**	613235**
total volume of stored water	**m^3**	**0**	**0**

** the table does not include water collected for an open cooling system amounting to 285 928 665 m3 (Pątnów I) and 250 913 049 m3 (Block 9), in total: 536 841 714 m3/year, as the collected water, after cooling the equipment, returns to the environment in unchanged condition and volume (apart from the elevated temperature) - therefore, there is no quantitative loss of water to the environment.*

*** Total water consumption is shown in the table as it does not return to the environment. However, the wastewater generated after the technological process (demi, FGD) and after the drinking water treatment process (WTP), as well as domestic wastewater are managed in the power plant's internal system for the hydrotransport of ash-slag pulp to the furnace waste landfill. Through such wastewater utilisation, there is no need for additional surface water intake as a medium to hydrotransport the pulp. Out of the total volume of water collected, 613 235 m^3 of wastewater was generated and sent to hydro ash removal.*

Table 50: Water absorption (m^3 / PLN MM)

Location	UoM	2024	
		total	including areas of high or v. high water stress (>80%)**
water absorption (total energy consumption / net revenues)	**m^3/PLN MM**	**749,02**	**749,02**
water absorption (total energy consumption / net revenues)	**m^3/EUR MM**	**3 223,93**	**3 223,93**

Comment: in the case of ZE PAK SA: surface water includes the sum of total water drawn for. This is non-returnable intake. The amounts of water drawn for cooling purposes, which is returned to the environment in its entirety in unchanged quantity and composition, were not included in the statement. Groundwater for ZE PAK SA is the sum of water drawn at the power plant. In the case of mines, the intake of groundwater from plant's intakes for social-living and fire purposes.

In the case of disclosure **E3-5,** the ZE PAK SA Group exercised the option to omit it based on rules set out in ESRS 1 Addendum C.

ESRS E4 Biodiversity and ecosystems

E4-1 – Transition plan on biodiversity and ecosystems, and taking into account biodiversity and ecosystems in the business model and strategy

The ZE PAK SA Group has not adopted a transition plan for biodiversity and ecosystems. At the same time, within the Sustainability Strategy for 2024-2028, it set a target emphasising zero tolerance for the occurrence of contamination in its operations due to environmental accidents, which are events that can have immeasurably destructive impacts on areas of particular natural value. This means particular care and attention to monitoring those business areas that could result in such incidents. It is also an approach aimed at continuous improvement, which is at the heart of implemented management systems based on the TQM concept.

At the same time, all activities undertaken are implemented based on valid administrative decisions, including integrated permits. Their issuance process may require environmental analyses, compensation measures or environmental monitoring, including species monitoring. By rigorously adhering to the requirements, which are tailored specifically to a particular project or facility, the Group has not, at present, decided to develop additional overarching plans for its impact on ecosystems. However, the key parameters related to biodiversity, the results of potential environmental analyses and the time horizon for action to be taken are determined at the level of individual decisions.

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model(s)

Impact of activities on the immediate natural environment

If an environmentally valuable site were to be located within the **impact zone of a mining or power plant**, its impact on the ecosystems would be adverse. Hence the great care taken to analyse the potential impact of the conducted activities on the surroundings, especially on areas characterised by high natural value.

There are several areas of natural significance within the range of significant impact of the ZE PAK SA Group's plants, both open pit mines and power plants: Among others, the eastern part of the 'Adamów-Koźmin' mining area has been included in the Natura 2000 Special Bird Protection Area – Dolina Środkowej Warty (site code: PLB300002). The same area is located within the reach of the Drzewce open pit drainage. Part of the Drzewcze open pit field A is located within the Natura 2000 area and the rest of the site and field B affects the site. In turn, the 'Nadgoplański Park Tysiąclecia' Landscape Park and Nature Reserve (NPT) is located 7-12 km west of the Tomisławice open pit. In the area of the Tomisławice open pit, there is also the 'Goplańsko – Kujawski' protected landscape area and the 'Jezioro Głuszyńskie' protected landscape area. In turn, Special Habitat Protection Area – "Puszcza Bieniszewska" PLH300011 is in the vicinity of the Pątnów Power Plant, located 2.5 km to the west Within the range of influence of the Pątnów Power Plant, at a distance of approx. 6-8 km to the south of the power plant, there is also a border of a Special Bird Protection Area - "Dolina Środkowej Warty" - PLB300002 and a Special Habitat Protection Area - "Ostoja Nadwarciańska". - PLH300009.

At PAK KWB Konin SA, monitoring of the water environment was conducted for active open pits, as well as the open pits where mining has already been phased-out. At the Tomisławice open pit, monitoring of breeding birds in Ostoja Nadgoplańska, monitoring of natural habitats and plant species was conducted. As part of corrective measures in Ostoja Nadgoplańska, meadows were mowed to restore, preserve or improve the condition of habitats with protected plant species and to create favourable conditions for birds and insects.

Special Area of Habitat Protection PLH300011 'Puszcza Bieniszewska'

The dense forest complex is located at the western edge of the urban-industrial agglomeration of Konin. Almost the entire area is covered by well-preserved oak-hornbeam forests and riparian forests, small areas are occupied by acidophilous and light oak forests. Among them, there are three eutrophic water reservoirs, on the banks of which vast areas of eutrophic rushes and mossy meadows develop. The forest communities are well-preserved and highly diverse. It includes very well-preserved fertile deciduous forests of various types, particularly valuable as a gene reservoir in a landscape subject to very intensive, large-scale anthropopressure (there are extensive external and internal heaps of lignite mines nearby, currently undergoing reclamation).

A total of 8 habitat types from Annex I of the Habitats Directive were identified here. Valuable floristic refuge. Worth noting is the occurrence of a stable population of the Liparis loeseli, a species from Annex II of the Habitats Directive (1 Annex II animal species was also observed here). In addition, at least 12 other nationally or regionally rare species occur here. There are also rich populations of numerous species protected under Polish law.

Threats include air pollution - direct neighbourhood of open pit mines, power plant ash settling ponds and heated waters of Lake Gosławickie; change of groundwater level; change of use. The area is mostly located within 4 nature reserves of Bieniszew (144.1 ha; 1996), Sokółki (240 ha; 1996), Pustelnik (100.25 ha; 1997) and Mielno (93.65 ha; 1957). Entirely within the Powidzko-Bienieszewski Protected Landscape Area (20 480 ha).

Special Protection Area for Birds PLB300002 'Dolina Środkowej Warty'

The area includes the Warta Valley between the villages of Babin (near Uniejów) and Dębno n. Wartą (near Nowe Miasto n. Wartą). The valley varies in width from 500 m to about 5 km, and is filled by silts and sands, with only small areas of shallow peats in drainless depressions. The area of the valley is transformed to a varying degree and used differently.

Within the Kolska Basin, the river is embanked on both sides - floodplains (meadows and pastures, local riparian meadows and vicinage) are located in the zone between the embankments and in the mouths of the Prosna and Kiełbaska rivers. Within the Konin-Pyzdrska Valley, the valley has retained a more natural character.

Its western part has not been embanked and is subject to periodic flooding. This area is occupied by a mosaic of extensively used meadows and pastures, riparian woodlands and oxbow lakes overgrown with reeds. The western part of the area (west of the mouth of the Prosna River) is occupied by a large complex of flooded, near-natural old ash and

elm riparian forests and lowland oak-hornbeam forests. Their significant fragments have been preserved through reserve protection. Due to the construction of the Jeziorsko dam reservoir on the Warta River, the natural hydrological rhythm of the River Warta has been modified, resulting in a variety of habitat changes. The area contains a European rank E 36 bird refuge (Middle Warta Valley).

There are at least 42 bird species from Annex I of the Birds Directive, and 18 species from the Polish Red List (PCK). The area is a very important wetland bird sanctuary, especially during the breeding season. During the breeding season the area is inhabited by more than 10% of the domestic population of the white tern (PCK), more than 2% of the domestic population of the following bird species: gannet, grebe, redshank, platypus, little tern (PCK), white-winged tern (PCK), black tern, tern and at least 1% of the domestic population of the following bird species: ruff (PCK), bittern (PCK), marsh harrier, pond harrier, middle-spotted woodpecker, spotted warbler, bluethroat (PCK), barred warbler, barred warbler, lapwing, grey heron, hoopoe, oddball, crake, great curlew (PCK), ringed plover (PCK) and barred warbler; relatively high abundance is achieved by: hen harrier (PCK), bulbul, corncrake, corncrake, snipe, ortolan, blindworm (PCK), kingfisher and field pipit; the very rare pintail (PCK) probably nests; in addition, hoopoe, oddonia, kestrel and remiz occur in abundance above 1% of the domestic population, and in abundance c. 1% of the domestic population - quail. During the autumn migration there are white egrets (up to 23 individuals), marmots up to 1 500 individuals, cranes (up to 250 individuals) and mixed flocks of geese up to over 5 000 individuals. During the spring migration, tooting ruffs are encountered in numbers of up to 1 200 individuals. The following forms of preservation are employed: Landscape Parks: Nadwarciański (13 428.0 ha), Żerkowsko - Czeszewski (15 640.0 ha), Protected Landscape Area:, Pyzdrski (until 1995, 30000) (16 572.0 ha), Uniejowski (18 000.0 ha), Goplańsko-Kujawski, Nadwarciański, Powidzko-Bieniszewski, Szwajcaria Żerkowska, Złotogórski

Limiting snowmelt floods and unpredictable flooding after heavy summer rains in the period from June to August constitute threats. The change in the hydrological regime leads to a reduction in meadow and pasture management and, consequently, to the expansion of shrub and woody vegetation into open areas. The change in hydrographic conditions also has a negative impact on the health of the riparian forests in the western part of the area.

Special Habitat Protection Area PLH300009 'Ostoja Nadwarciańska'

The refuge is located in the eastern part of Wielkopolska and includes a fragment of the Middle Warta Valley. The Warta Rivers flows here latitudinally in the Warsaw-Berlin Proglacial Valley shaped during the last glaciation.

The floodplain of the Warta River reaches a width of over 4 km locally and is characterised by a great diversity of vegetation, hence creating favourable habitats for many animal species, birds in particular. The present-day valley bottom has been formed mainly as a result of accumulation and erosion activities of riverine waters (mainly the Warta, and to a lesser extent the Prosna and Czarna Struga). The relief is abundant in various fluvial forms, such as river embankments, floodplain with various types of oxbow lakes, dune terrace and dune hills. The waters of the Warta River are characterised by a snowmelt and rainfall regime, with a specific rhythm of freshets and lows determining the environmental conditions of the entire valley, The flood zone still covers most of the refuge, creating periodic floodplains of up to several thousand hectares. These floodplains are mainly formed in spring, during the melt season, and irregularly occur in summer as well. Originally, such floodplains shaped the natural conditions throughout the valley.

At present, they are modified by a rather narrow embankment of the greater part of the valley, as well as the large dam reservoir 'Jeziorsko' in operation since the 1980s. The vegetation cover is very varied. It has mainly retained a semi-natural and natural, dynamic character. There are sporadic fragments of willow riparian forests Salicetum albo-fragilis, which are vanishing on a European scale, while phytocoenoses of riverine vicuñas Salicetum triandro-viminalis, connected with them in succession, are frequent. In small areas, especially on the edges of the valley, currant alder Ribo nigri-Alnetum and accompanying ash-alder fenwoods Fraxino-Alnetum, as well as riverside forms of ash-elder fenwoods Ficario-Ulmetum campestris typicum (now spontaneously expanding their local range) have been preserved. For several hundred years the largest areas have been occupied by wet meadows and pastures (Molinietalia) and rushes of the class Phragmitetea, especially Glycerietum maximae and Caricetum gracilis. Aquatic plant communities of the classes Lemnetea and Potametea are well developed in oxbow lakes. Sandy dunes are overgrown with grasslands of the Koelerio-Corynephoretea class and pine stands. There are also interesting transitional bogs in the depressions without drainage within dune terraces.

The vast majority of the area is dominated by extensive meadow and pasture farming (including the grazing of flocks of geese, which is a tradition in this area) with forestry. Arable fields are concentrated in elevated areas and on the valley edge, where moderate agricultural settlements have developed. Some fragments of the terrain, especially in the Warta River riparian zone, are basically subject only to fluvial processes shaping the natural vegetation. The amphibian fauna is abundant in the refuge (13 out of 18 species occurring in Poland were found here). Other groups of organisms

are less well identified, but there are interesting species of fungi, bryophytes, molluscs, mayflies, leeches, bats and fish.

The high value of this area is determined by the relatively low level of anthropogenic transformation, as natural and semi-natural ecosystems predominate. The international environmental values of the refuge have been confirmed by its inclusion in the CORINE biotopes and ECONET – Poland programmes. The Middle Warta Valley also meets the criteria of important areas for the preservation of wetland biotopes within the framework of the Ramsar Convention. The area is also important for bird preservation.

Landscape Park and Nature Reserve 'Nadgoplański Park Tysiąclecia' (NPT)

The park area is located 7-12 km west of the Tomisławice open pit. A large area within its boundaries is covered by water – 2 130 ha, including Lake Gopło – 2 050 ha. Of the protected plants, mention should be made of yellow water lily and white water lily. Around the lake, the natural arrangement of meadows has been preserved – from wet meadows to fresh meadows and pastures. Birds are the most numerous and interesting in the NPT area. Lake Gopło is the most populated site in Poland for the greylag goose, breeding site of the bittern, marsh harrier, lapwing, skylark and wintering site of the black stork, red-throated duck, silvery gull, plover and, recently, the white-tailed eagle. New species include the purple heron, common pochard, little ringed plover, ruffed plover, grebe and capped plover. The 'Goplańsko – Kujawski' Protected Landscape Area was established in the southern part of the reserve and the landscape park 'Nadgoplański Park Tysiąclecia', along the Warta-Gopło channel, in the area of Sompolno, Wierzbinek and Zarynia. Parts of forests with valuable tree stand, marshes and peat bogs with marsh and meadow vegetation, often on meadows of organic origin, are protected within the boundaries of this area. The 'Kawęczyńskie Brzęki' forest reserve is located within the 'Goplańsko – Kujawski' Protected Landscape Area. The reserve protects an oak-hornbeam forest with a rowan-birch tree. The 'Goplańsko – Kujawski' Protected Landscape Area is connected in its eastern part with the 'Głuszyńskie Lake' Protected Landscape Area. Forests (Orle Forest) and meadow and marsh complexes are valuable.

Unique, semi-natural cooling system

From a formal standpoint, the condenser cooling system of the Pątnów Power Plant and Konin Power Plant is an open system. However, this is not a typical solution for many industrial facilities, where cooling is provided by the waters of flowing rivers, whose waters receiving excess heat. The solution applied in the case of the ZE PAK SA power plant can be viewed as a kind of closed circuit, with incorporated natural water reservoirs, connecting them with each other through a system of canals. This system enables replenishing the water from the Warta River in this specific system in the event of a water table decrease. As a result, the relatively constant water level in the lakes allows power plants to operate effectively in the summer months, a situation impossible in those power plants located on rivers, which have to reduce power in the event of hot droughts (at low water levels). Thus, ZE PAK SA's power plants are better prepared for the risks entailed by a warming climate, i.e., prolonged droughts, which in the case of ZE PAK SA do not necessarily, with the output levels of recent years, mean that generation has to be significantly reduced. It is a circuit that combines natural reservoirs and man-made solutions into a whole. However, it is in a closed system of sorts and operates practically independently of the other reservoirs and natural watercourses, without affecting their functioning. This is an engineering solution unparalleled in Europe and the world.

The system connects five natural lakes of Konin, which, as a single lake complex, are a cooling water intake, as well as the receiver and cooling point for heated discharge water. The Pątnów power plant draws cooling water from Lake Gosławskie and Lake Pątnowskie. The Konin power plant draws cooling water from Lake Pątnowskie. Water, heated in condensers, is discharged into discharge ducts that distribute it to all lakes of the cooling circuit. The cooling circuit consists of the following connected lakes: Gosławskie, Pątnowskie, Licheńskie, Wąsowskie, Mikorzyńskie and Ślesińskie, canals, pumping stations, culverts and siphons. The cooling circuit common to the Pątnów and Konin Power Plants is called a distant circuit (the volume of water in the distant circuit is approximately 87 188 000 m3). The exception is Lake Gosławskie, which cools water only from the Pątnów Power Plant and is called the a circuit (amount of water in the near circuit of approximately 21 500 000 m3).

The remote cooling circuit operates during a high air and temperature season (summer), in the following manner: heated cooling water drawn by the Central Pump Station from Lake Gosławskie for cooling of the Pątnów Power Plant is partially discharged through a discharge duct back into Lake Gosławskie through 3 overflows, while the remaining part continues to flow through the duct and connects with the discharge water of the Konin Power Plant. Combined channels distribute water to Lake Pątnowskie and lakes: Mikorzyńskie and Licheńskie. From Lake Licheńskie, the "Piotrkowice" pumping station pumps water through channels to Lake Ślesińskie. There may be water shortages in the lakes during summer

periods with low rainfall (so-called "dry summers"). These shortages can be supplemented from the Warta River through pumping stations in Morzysław and Pątnów via the Warta - Gopło Channel.

The system created in the 20th century has strongly influenced the biology of the lakes, mainly by contributing to an increase in average lake water temperature. Energy generation by power plants has contributed to the creation of an aquatic ecosystem characteristic only of the heated and well-aerated Konin lakes. The discharge of aerated and warm, but strictly temperature-controlled, water has for years favoured the development of fish breeding, including their reproduction and the production of stocking material. This is further used by fish farms throughout the country. The management in the vicinity of the power plants implemented by fish farms, which are technologically coupled to the cooling circuit, together constitutes a sturgeon fish breeding system that is unique on domestic, and even European scale.

Unfortunately, the unique ecosystem of the Konin lakes, including intensive fishing, creates conditions for colonisation by alien, often invasive species. As many as 41 species alien to the region and at least 58 cryptogamous species, i.e., not clearly native or alien, were recorded there, and their expansion or invasion could and may be due to both natural and anthropogenic causes. The predominant species among the studied ones were stringfish, molluscs and flatworms. At the same time, the lake ichthyofauna was enriched by 12 alien fish species. It was possible to determine the circumstances of lake system colonisation for 58% of the species. Most of them originated from the Pontocaspian and Asian areas. Species from North America, Africa, South America and a few from Australia, Oceania and Central America were also recorded. Some were brought to Poland for commercial purposes (aquaculture, fish-keeping). Others were introduced to the lakes on purpose, e.g., Asian herbivorous fish like grass carp, white trout and spotted trout – as they were to help limit the spread of spiral wallaby (a grass popular in fish-keeping). A significant number of species populated the lakes as 'stowaways' that were accidentally released into the environment, such as due to aquaculture and aquaristics. Some, e.g., the hybrid water lilly, also came, for example, from so-called 'plantings'.

An example of an invasive species may be the bivalve mollusc – Chinese bark beetle – occurring naturally in the Amur and Yangtze rivers, and brought to Poland from Hungary together with farmed herbivorous fish in the early 1980s. It was found by accident in the summer of 1993, during an exploration of the bed of the Pątnów power plant discharge channel. Similarly to the Chinese bark beetle, the stone moroko – a fish naturally found in China, was brought to Poland with stocking material from Hungary, but as a result of its expansion in Poland, it inhabits more than 50 sites, mainly within pond complexes. Its spread has been facilitated by the stocking of farm ponds, lakes and rivers with stocking material of other fish.

A separate group of alien fish species found in Konin lakes includes "escapees" from breeding facilities. The occurrence of sturgeon, rainbow trout, tilapia or golden carp was related to their unintentional introductions. Most of these species do not reproduce in heated lakes. Their impact on the environment and the already poor native lake ichthyofauna is also unknown. The fish inhabiting the lakes are currently under strong pressure from anglers, as well as fish-eating birds congregating in the area of the Konin lakes.

New and planned activities vs biodiversity

In the case of the currently already commissioned investments by the PAK-PCE group, where ZE PAK is a minority shareholder, the exposure to environmental risks will be significantly lower, but will also be of a completely different nature. For example, in relation to photovoltaic farms, it is primarily the landscape that is disturbed during the operational phase, and areas of such farms are often used for agricultural purposes. The ZE PAK SA Group is also looking at projects that allow the use of farmland, e.g., for animal grazing. In the case of wind power, however, it is worth pointing out the threat the turbines may pose to birds and bats in addition to the significant disturbance to landscape.

The new activity types should not cause such a serious nuisance to the public environment as the lignite mines do today. The resulting photovoltaic farm, although it covers a vast area, has been located on reclaimed post-mining land, so its construction did not involve the exclusion of land from agricultural production, land purchases or relocation of residents. There are no large concentrations of people in its immediate vicinity. Anyway, the impact of the photovoltaic farm itself, apart from the transformation of the area, is limited.

IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities related to biodiversity and ecosystems

Due to the specific nature of the impact on individual ecosystems, the ZE PAK SA Group works closely with the administrative bodies issuing environmental decisions. They both take into account the risks and also indicate the required management approach (e.g., in terms of monitoring or environmental compensation).

E4-2 – Policies related to biodiversity and ecosystems

The management approach of the ZE PAK SA Group focuses on reducing the adverse impact of its activities on the natural environment, especially where they could negatively affect areas of high natural value and their ecosystems. This comes down to monitoring key environmental parameters, including strict observance of standard provisions or environmental decision stipulations, which reflect the specificity of both the impact of specific facility and the environment. As a result, the ZE PAK SA Group has implemented environmental monitoring, compensating activities or reclamation as per the indication of administrative bodies and entities, the opinions of which have been taken into account in the course of ongoing proceedings preceding the issuance of environmental decisions.

While the progressive exploitation of lignite resources in earlier decades translated over the years into the purchase of land and its exclusion from agricultural or forestry production, consequently leading to a reduction in the area of arable fields and meadows and deforestation, we can now observe an opposite process. Within the framework of the issued administrative decisions, the ZE PAK Group is restoring post-mining and post-industrial sites by reclaiming them for forestry, agriculture or water. At the same time, no further open-pit mines are being built, and only the exploitation of the coal deposits held by KWB Konin continues.

Apart from those disclosed above, the ZE PAK Group has not introduced any other significant solutions relating to the issues covered by this disclosure and not mentioned above.

E4-3 – Actions and resources related to biodiversity and ecosystems

Impact of activities on the immediate natural environment

In the extraction segment, most key measures to prevent, reduce or compensate for adverse environmental impacts are pre-planned already at the stage of environmental analyses and the development of the environmental impact report. In addition to technical and engineering solutions (appropriate heap shaping, planning solutions to minimise the effects of water condition disturbance due to open pit water draining, etc.), impact standards are strictly defined in individual environmental aspects and environmental monitoring is conducted out throughout the many years of an open pit life cycle, as well as monitoring of water levels in wells, watercourses and water reservoirs, quantity and quality of water discharged to consumers (waters and to the soil), the extent of the depression funnel, dust emissions, noise levels, etc.

In the past year, the mine has conducted:

- quantitative and qualitative monitoring of groundwater and surface water,
- nature monitoring, with particular emphasis on areas of high natural value,
- technical and biological reclamation.

The ZE PAK SA Group conducted reclamation work to restore the usable or natural values of areas degraded and devastated by extraction and industrial activities. In areas where the exploitation of deposits has already been completed, technical reclamation and biological reclamation is conducted with relation to water, forest, agricultural, recreational and other. For example, in 2024, the technical reclamation covered approximately 142 ha, and biological reclamation covered approximately 3 435 ha. Approximately 1 263 thousand trees and shrubs were planted under biological reclamation for forest creation in 2024.

Biological reclamation of final working slopes and internal heaps covered lands after PAK KWB Adamów. At the Adamów, Koźmin and the Władysławów open pit sites, work was in progress involving filling post-mining pits with water, and involving nurturing the slopes of these pits including, among others, nursing the slopes of the Władysławów Reservoir.

A decision was obtained to declare agricultural reclamatation on the internal heap of the Adamów open pit on an area of 10.5750 ha complete.

At PAK KWB Konin areas (in the Konin and Kolsk districts), technical reclamation works were conducted on the internal heaps of the Jóźwin open pit. Technical reclamation was also conducted in terms of shaping and profiling the slopes of the final excavation of the Jóźwin II B open pit.

Biological reclamation with the biological reconstruction of reclaimed areas in modes of water, agriculture, forest and recreation was conducted. Decisions were obtained regarding the completion of agricultural reclamation at Jóźwin II A, Jóźwin II B and Kazimierz Północ on a total area of 55.5251 ha and in otherwise on an area of 2.4307 ha, and forest reclamation on the Drzewce – Field A open pit, covering an area of 18.6310 ha. The flooding of the Lubstow reservoir has been completed and decisions have been obtained on the completion of water reclamation for an area of 22.9356 ha, and in the other direction – sodding and afforestation for an area of 47.0001 ha. Proceedings are underway by the Konin

District Starost's Office to declare the water reclamation of a part of the reservoir after the Kazimierz Północ open pit, at an area of 102.8519 ha, as completed (application submitted in 2023).

At the same time, appeal proceedings are pending; at the Supreme Administrative Court in Warsaw to the appeal of the Kleczew commune against the decision to terminate the reclamation in the water mode of the flooded part of the Kleczew reservoir in the Kazimierz Północ open pit with an area of 242.1941 ha, and at the Provincial Administrative Court in Poznań to the appeal of PAK KWB Konin regarding the recognition of the reclamation of the flooded part of the Kleczew reservoir with an area of 165.3419 ha.

- As of 2023, the final workings of the Drzewce and Jóźwin II B open pits, where lignite mining has been phased-out, are being flooded. Biological reclamation in the forestry mode is ongoing in relation to the Drzewce – Bilczew Field, Field A and Field B open pit, as well as the Tomisławice open pit – external heap, Jóźwin II B open pit and the slope of the Kleczew reservoir, and in the agricultural, recreational and other modes on the Jóźwin II A open pit, Jóźwin II B open pit and LZG (Mining Plant) Kazimierz Północ.

Lake monitoring

Anthropogenic activities have contributed to the formation of an aquatic ecosystem characteristic only of the heated Konin lakes (Gosławskie, Pątnowskie, Ślesińskie, Licheńskie, Wąsowsko-Mikorzyńskie), which is subject to continuous monitoring by ZE PAK SA. The following parameters are variable:

- circulating water quantities,
- discharge water temperature,
- lake water levels,
- use of lakes for cooling ("near" or "distant" circuit only).

All the above-mentioned parameters are subject to constant monitoring. The thermal conditions in lakes and cooling circuit channels of the Pątnów power plant are systematically monitored by ZE PAK SA under the terms of the integrated permit. The monitoring involves:

- surface water temperature measurements at 24 points important for the preservation of the lakes and cooling circuit operation; the measurements are taken at least once a month (in the cold season) and much more frequently (even daily) in the summer season (depending on air temperature),
- continuous, automatic measurement of water temperature at the intakes from the Pątnowskie and Gosławskie lakes,
- continuous, automatic measurement of water temperature at power plant discharges.

A network of control and measurement benchmarks gauges is established on all cooling system facilities. Measurements of water levels and water flows are taken to control the proper functioning of the entire cooling circuit. This is achieved, among other things, by means of water level gauges, installed on the intake and discharge channels and on the lakes. Lake water level fluctuations depend on a number of factors, mainly of a natural character. In turn, the ability to use water to cool the units under operation depends on water quantity and temperature. Physical and chemical monitoring of water is also carried out once a month in all lakes and channels included in the cooling circuit.

E4-4 – Targets related to biodiversity and ecosystems

The following objectives and their measures are taken from the *ESG Strategy for 2024-2028* , which is discussed more extensively, including in the context of how to work on it, in ESRS 2 SBM-1.

Table 51: Objectives of the ESG Strategy for 2024-2028 associated with biodiversity and ecosystems

	2023	**2024**	**2025**	**2026**	**2027**	**2028**
Objective 6: Being a good neighbour and member of the local community: limiting the impact of current operations on the social and natural environment.						
number of major environmental accidents	'zero'	'zero'	'zero'	'zero'	'zero'	'zero'

E4-5 – Impact metrics related to biodiversity and ecosystems change

Table 52: Specification of area sizes with completed technical reclamation, in the course of biological reclamation and seeding, as well as areas with a decision on successfully completed reclamation (hectares)

	2024
Technical reclamation	142
Biological reclamation (in progress)	3 435
Biological reclamation (completed)	169,50

Table 53: Share of lands with a decision on completing reclamation to lands excluded from agricultural and forestry production in mines (%)

	Total since 2006	*2024*
Lands excluded from agricultural and forestry production subject to reclamation (ha)	**3 298,52**	19,74
Lands with obtained decision on reclamation completion (ha)	**3 690,32**	169,50
Share of lands with a decision on completing reclamation to lands excluded from agricultural and forestry production in mines (%)	***112%***	*859%*

Table 54: Reclamation effectiveness index for a given year: % share of lands with a decision on completing reclamation to lands excluded from agricultural and forestry production (%)

	2024
Estimated area of total lands excluded from agricultural and forestry production subject to reclamation (ha)	3 970
Lands with obtained decision on reclamation completion (ha)	169,50
Reclamation effectiveness index (%)	4,3%

Table 55: Plantings

	2024
Number of trees planted (pcs)	1 263 000

In the case of disclosure **E4-6,** the ZE PAK SA Group exercised the option to omit it based on rules set out in ESRS 1 Addendum C.

ESRS E5 Resource use and circular economy

IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities

The main waste stream generated at ZE PAK SA within the generation segment is furnace waste (ash) and solid waste from calcium-based flue gas desulphurisation methods (gypsum). The decommissioning of assets (e.g., demolition work within the premises of the former Adamów Mine and Adamów Power Plant) results in the generation of significant amounts of construction waste, including, in addition to concrete rubble, metal scrap.

The waste generated is primarily managed by external parties as part of waste recovery, i.e., any waste that may be of economic value is returned to the economic cycle. The best example of this is the full use of gypsum from flue gas desulphurisation, mainly for plasterboard production. Non-usable waste is disposed of, including, as is the case of mass-dominant furnace combustion waste, sent to landfill sites belonging to ZE PAK SA CG.

E5-1 – Policies related to resource use and circular economy

The policy of the ZE PAK SA Group on environmental issues, including water management, has been set out in the ZE PAK SA Group Sustainable Development Strategy for 2024-2028, and thoroughly described in its Objective 5: Objective 5: Striving for circular economy (CE). ZE PAK SA Group's management approach is to optimise processes and the day-to-day operations that these processes shape, so as to reduce the mass of waste generated. At the same time, the Group is aware of the very limited impact on the volume of some of these, e.g., the mass of combustion waste resulting from the combustion of lignite, or the mass of gypsum, which is a derivative of flue gas desulphurisation and the amount of sulphur oxides, the atmospheric emissions of which have stopped. Similarly, the mass of waste generated during the demolition of decommissioned facilities, or more precisely, the materials that have been separated and segregated as a result of this work, is a measure of the effectiveness of procedures aimed at recovering economically valuable raw materials.

The Group, while unable to significantly reduce the weight of the primary by-product streams that accompany the production of energy from lignite, aims to put them to economic use to the greatest possible extent. Indeed, even if they have a formal status of waste, they are often raw materials valuable to companies in other industries and sectors. In the case of gypsum, which is produced through flue gas desulphurisation, it has been fully utilised commercially for years. Primarily for the production of gypsum products (plasterboard) and cement works. It is also used to some extent in mushroom farming.

The largest volume of waste is combustion waste, which can also be a raw material for companies outside the ZE PAK SA Group, i.e., it is used to produce mixes for road foundation and road binders. In this case, however, because of their considerable quantities it is difficult to manage their entire mass within the region, and, in turn, their large weight and transport costs limit the economic viability of using them in further locations. As a result, the supply of this raw material is greater than the demand each year, resulting in the need to store its significant proportion.

The Group aims to recover all valuable raw materials from mining and manufacturing infrastructure facilities that are phased-out and planned for decommissioning (e.g., ferrous and non-ferrous metal scrap, concrete rubble). The use of excess heat should also be mentioned. Being a by-product of energy generation, heat is used to heat water at fish farms and their fish hatcheries. (see Objective 3 ZE PAK SA Group's sustainable development strategy for 2024-2028

Appropriate internal documents also set out the principles of how to responsible handle other waste, including currently non-reusable. All the waste is collected by licensed entities holding relevant permits, and their management process is documented. This ensures that even the waste that could not be reused, will not constitute an abnormal risk to the environment.

Apart from those disclosed above, the ZE PAK Group has not introduced any other significant solutions relating to the issues covered by this disclosure and not mentioned above.

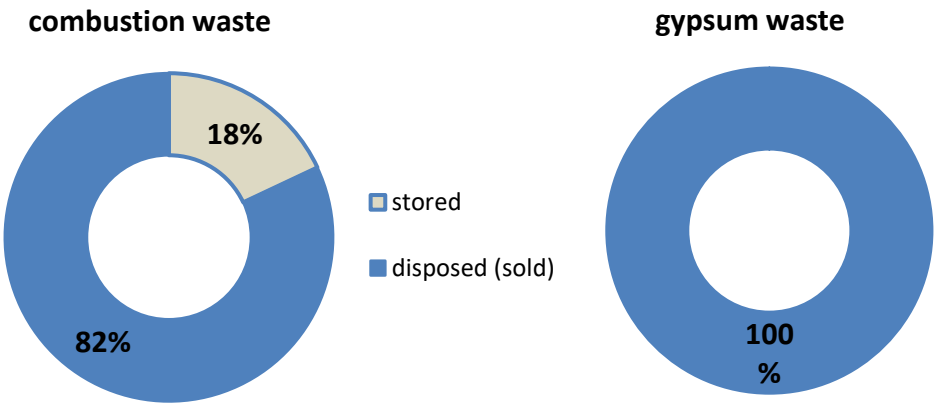
E5-2 – Actions and resources related to resource use and circular economy

In general, a total of 115 377.77 Mg of waste, including 341.39 Mg of hazardous waste were generated in 2024 at KWB Konin. 3 118.38 Mg of waste, including 3.8 Mg of hazardous waste were generated in 2023. 3 838.59 Mg of waste, including 15.8 Mg of hazardous waste were generated in 2022. The generated waste was handed over to companies with relevant permits in terms of waste collection, processing, i.e., recovery or neutralization (except for ash and slag waster from plant boiler houses, which were used for hardening land surfaces, construction of internal road and yard substructures).

At ZE PAK SA, based on the decision of the Marshal of the Wielkopolskie Province of 15/2/2024 concerning the fulfilment of the conditions for recognising fly-ash, ash-slag mix and gypsum as by-products, products are created in the form of mixes for road foundations and road binders, as well as gypsum products and plasterboard. In 2024, approximately 122 000 tonnes of fly-ash by-product and approximately 46.87 thousand tonnes of calcium-based flue gas desulphurisation by-product were produced and sold. The remaining quantity of approximately 26 000 tonnes of fly -ash and fly ash-slag mixture waste was deposited at the Company's landfills.

The combustion and flue gas desulphurisation waste generated in ZE PAK SA meet the requirements of environmental protection and does not endanger human life and health, which was confirmed by tests in the field of physical and chemical, toxicological and ecotoxicological properties executed for the needs of registration of substances in accordance with the REACH regulation's requirements.

Graph 14: Percentage share of managed waste generated at the Company in 2024



The landfills operated by ZE PAK SA in 2024 were monitored in terms of groundwater, surface water and supernatant water quality, at a frequency specified in integrated permits and landfill operation manuals, i.e., one a quarter. Currently, ZE PAK SA owns 4 waste disposal sites, all of them under operation in 2024, i.e.,

- solid waste landfill for the Pątnów open pit (inert waste landfill),
- Zachodnia open pit furnace waste landfill with the so-called Wschodnia open pit evaporator and the solid waste landfill (landfill for non-hazardous and inert waste),
- northern combusted fuel waste storage site Pątnów open pit (landfill for non-hazardous and inert waste),
- open-pit combustion waste disposal site - Gosławice open pit together with the Linowiec evaporator (landfill for non-hazardous and inert waste).

Monitoring was carried out within a basic and supplementary monitoring network. Groundwater quality was monitored through a network of piezometric boreholes located in the vicinity of landfills. The quality of groundwater studied in piezometers and deep wells in 2024 ranged from Class I to V. Overlaying waters occurring at the landfills (used for hydrotransport of combustion waste) were characterised by high mineralisation, high electrolytic conductivity, high pH and total hardness. In addition, landfill monitoring involves an annual assessment of slope stability and subsidence extent. Most scarps monitored in 2024 turned out to be stable. ZE PAK SA is also conducting ongoing reclamation of non-operated waste landfill sections.

Administrative decisions on waste collection and generation are crucial due to the activities executed at **PAK Górnictwo sp. z o.o.** This mainly concerns waste generated in maintenance-renovation and maintenance-repair workshops, conveyor belt renovation halls, electric locomotive repair halls and the water bottling plant.

E5-3 – Targets related to resource use and circular economy

According to the ZE PAK SA Group's Sustainable Development Strategy for 2024-2028, it sets goals for itself aimed at continuous improvement in terms of increasing the degree of return to economic circulation of the original by-product streams that are associated with lignite-fired energy generation:

Table 56: Objectives of the ESG Strategy for 2024-2028 associated with resource use and circular economy

Objective 4: Being a responsible regional employer.

	2024	2025	2026	2027	2028
degree of economic utilisation of flue gas desulfurization raw material (gypsum)	~100%	~100%	~100%	~100%	~100%
degree of economic utilisation of by-products (ashes)	≥100% of the previous period level	≥100% of the previous period level	≥100% of the previous period level	≥100% of the previous period level	≥100% of the previous period level
degree of economic utilization of demolition raw materials	~100%	~100%	~100%	~100%	~100%

E5-4 – Resource inflows

In the case of disclosure **E5-4**, due to the fact that the ZE PAK Capital Group obtains fuel raw materials and not material products, the ZE PAK SA Group exercised the option to omit it based on rules set out in ESRS 1 Addendum C.

E5-5 – Resource outflows

Table 57: Waste management methods

Waste management methods	UoM	2024
non-hazardous as per the management method		
mass of non-hazardous waste when disposal was avoided, including	Mg	43 320,54
preparation for reuse	Mg	0
recycling	Mg	320,54
other recovery processes	Mg	43 000,00
mass of non-hazardous waste when sent for disposal, including	Mg	40 189,42
combustion	Mg	0
storage	Mg	40 125,40
other disposal processes	Mg	64,02
hazardous as per the management method		
mass of hazardous waste when disposal was avoided, including	Mg	52,96
preparation for reuse	Mg	0
recycling	Mg	52,96
other recovery processes	Mg	0
mass of hazardous waste when sent for disposal, including	Mg	7,64
combustion	Mg	
storage	Mg	7,64
other disposal processes	Mg	
total mass of waste not recycled	Mg	**83 197,06**
total % share of waste not recycled	Mg	**99,55%**
Total waste mass	Mg	**83 570,56**

Table 58: Waste type

Waste type	UoM	2024
non-hazardous waste		
10 01 02 Coal fly ash	Mg	9 120,00
10 01 07 Calcium-based reaction wastes from flue-gas desulphurisation in sludge form	Mg	45 918,30
10 01 80 Ash-slag mixtures from wet combustion waste disposal in 10 01 14	Mg	26 279,40
12 01 21 Spent grinding materials other than those mentioned in 12 01 20	Mg	0,70
15 02 03 Absorbents, filtration materials, wiping fabrics (e.g. cloths, rags) and protective clothes other than the ones listed in 15 02 02	Mg	6,20
16 01 03 Used tyres	Mg	18,93
16 02 14 Discarded equipment other than those mentioned in 16 02 09 to 16 02 13	Mg	35,44
16 06 04 Alkaline batteries (excluding 16 06 03)	Mg	0,09
16 06 05 Other batteries	Mg	0,17
17 01 07 Mixtures of concrete, bricks, tiles and ceramics other than those mentioned in 17 01 06	Mg	757,50
17 02 01 Wood	Mg	40,55
17 02 02 Glass	Mg	8,78
17 02 03 Plastics	Mg	1,34
17 04 01 Copper, bronze, brass	Mg	0,54
17 04 02 Aluminium	Mg	0,27
17 04 05 Iron and steel	Mg	594,63
17 04 11 Cables other than those mentioned in 17 04 10	Mg	137,90
17 06 04 Insulation materials other than those mentioned in 17 06 01 and 17 06 03	Mg	26,89
19 08 01 Screening	Mg	1,10
19 12 04 Plastics and rubber	Mg	19,18
Total non-hazardous waste	**Mg**	**82 967,91**
Hazardous waste		
08 03 17 Waste printing toner containing hazardous substances	Mg	0,37
13 02 05 Mineral engine, gear and lube oils not containing chloro-organic compounds	Mg	18,73
13 02 08 Other engine, gear and lube oils	Mg	44,56
13 03 07 Mineral oils and fluids used as electroinsulators and heat carriers not containing chloro-organic compounds	Mg	0,99
13 07 01 - Fuel oil and diesel	Mg	5,42
15 01 10 - Packaging containing residues of or contaminated by hazardous substances (e.g., toxicity class I and II - very toxic and toxic - plant protection products)	Mg	3,25
15 01 11 - Metallic packaging containing a hazardous solid porous matrix (for example asbestos), including empty pressure containers	Mg	0,05
15 02 02 Absorbents, filter materials (including oil filters not otherwise specified), wiping cloths, protective clothing contaminated by dangerous substances	Mg	2,78
16 02 11 - Discarded equipment containing chlorofluorocarbons, HCFC, HFC	Mg	0,06
16 02 13 Discarded equipment containing hazardous components other than those mentioned in 16 02 09 to 16 02 12	Mg	9,72
16 05 06 - Laboratory chemicals, consisting of or containing hazardous substances, including mixtures of laboratory chemicals	Mg	0,01
17 02 04 - Glass, plastic and wood containing or contaminated with hazardous substances (e.g., wooden railway sleepers)	Mg	333,68
16 01 07 - Oil filters	Mg	0,92
16 06 01 - Lead batteries	Mg	1,66
Total non-hazardous waste	**Mg**	**420,54**

As the primary and only product of the ZE PAK Group is energy, it is impossible to talk about tangible products and their packaging. Therefore, disclosure elements related to the products and their packaging have been omitted as not relevant to the business and consequently non-material (ESRS 1 cl. 34b).

In the case of disclosure **E5-6,** the ZE PAK SA Group exercised the option to omit it based on rules set out in ESRS 1 Addendum C.

11.3. Information on social issues

ESRS S1 Own workforce

SBM-2 – Interests and views of stakeholders

Ensuring human resources and their restructuring

The companies of the ZE PAK SA Group are perceived as a stable and trustworthy employer against the background of the local and rather small labour market. At the same time, however, due to a broadly understood transition of the EU economy towards sustainable development, the Group is fundamentally rebuilding its business model, having for several years gradually phased out lignite mining and energy production based on this fuel. This consequently translates into **employment restructuring within the Group**, associated with a reduction in total employment, but also the elimination of certain job categories.

Simultaneously, the mining and energy sectors are those where traditionally **trade unions, which bring together a significant proportion of the workforce, have a strong position**. Obviously, in addition to the current issues related to working conditions, those regarding restructuring are the ones that are of concern to trade union organisations and most often come up in discussions between the ZE PAK SA Group authorities and the social representatives. The dialogue between the Management Board and the social side is constructive and focuses on the rate of lay-offs, the nature of the departures and their terms.

An aspect that is extremely important from the perspective of those working in the extraction and energy sectors, is workplace safety (OHS) and aiming to reduce the level of accident risk, their consequences, as well as the risks of harmful factors and nuisance.

Respect for human rights

Issues directly related to respect for human rights, as they are commonly understood, are unlikely to arise explicitly too often in employer-employee dialogue. At the same time, however, both the Management Board and the representatives of the employee side are aware that this is not so much a consequence of its low relevance, as rather the absence of incidents related to the lack of respect. If such violations were to occur, the problem would most likely escalate. Therefore, the ZE PAK SA Group is committed to ensuring that formal and procedural solutions are implemented to promote the protection of human rights, and the prompt and effective prevention of any potential future violations.

Apart from those disclosed above, the ZE PAK Group has not introduced any other significant solutions relating to the issues covered by this disclosure and not mentioned above.

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model(s)

Phasing-out lignite extraction and employment restructuring

The restructuring process that has been going on for years has meant that most vacancies have had for years been filled based on internal recruitment (in other words, the employment of people working in the ZE PAK SA Group was protected by making transfers between individual departments, plants and companies). Prolonged concentration on people already employed in ZE PAK SA Group companies in recruitment processes means a **low level of risk associated with limited supply on the labour market (and the so-called 'employee market')** and no significant inflow of young employees and leads to an increasing average age of employees. In turn, the ageing of the workforce translates into an increase in the number of retirees. While such a phenomenon was previously perceived as a certain disadvantage, in the era of the transition of the ZE PAK SA Group, it provides an opportunity to make it less painful. The phasing out of lignite extraction and conventional power generation based on the combustion of this fuel will mean a **gradual elimination of jobs both in the mining industry** and in the power plants themselves. Certain plants are already in the phase-out process. It is enough to mention the decommissioned Adamów Power Plant and its associated mine. In 2022, coal mining was ceased at the Drzewca open pit within PAK Kopalnia Węgla Brunatnego Konin SA, while the mining activities at the Jóźwin open pit were phased-out in 2023. Generating units 1, 2 and 5 at the Pątnów Power Station were decommissioned at the end of 2024. Whenever possible, employees have been, are being and will be relocated, e.g., to other open pits, but this will not be possible in the case of everyone. To a certain extent, it will be possible to mitigate the social costs of phasing out generation simply through employees reaching retirement age and retiring, especially mining or bridging pensions.

ZE PAK SA actively participated in the development of shielding programmes for power engineers and miners, in particular, paid leave in the energy and mining sectors, which significantly mitigate the effects of reducing lignite-based power generation. In December 2024, the first employees of the ZE PAK SA Group accepted the shielding benefits provided by the Act of 17 August 2023 on Social Shields for Employees in the Electricity and Lignite Sector. The process of job shedding will be staggered, which will also mitigate the social costs, but it will not be fully possible through compensating for the jobs being shed with retirements.

Occupational Health and Safety

Another dimension of employee-related risk is **occupational health and safety risk**. It strongly depends on the hazards associated with the arduousness of work at a particular workplace, and all activities in the field of OHS management concentrate exactly on the eliminating or reducing hazards that lead to the minimisation of accident consequences, should they occur, and the occurrence of occupational diseases, conducted based on an occupational risk assessment.

Extraction

Typical hazards associated with open pit lignite mining should be divided into natural and traumatic hazards. The latter, potentially related to the operation of machines, especially their rotating elements, although dangerous in terms of outcomes, owing to OHS measures and employee awareness, occur rarely. In recent years, in practice, if there have been accidents, they have been light accidents, such as sprains, twists and occasionally fractures. As far as so-called natural hazards are concerned, they can be divided into landslide hazards (slope bursting), methane hazards (occurrence of gas in drainage wells), fire hazards and water hazards (related to precipitation, proximity of natural reservoirs and watercourses or watercourses in the excavation).

Conventional generation

The risk level, as in any other area, depends on job specifics. However, in the area of generation, an important harmful factor to which employees may be exposed at high levels is **noise**. Another harmful factor found in the working environment is dust. Another group of hazards are dangerous factors that may lead to the injury or death of an employee. These particularly include exceptionally hazardous work and work with a potential of a particular threat to human health or life. The most relevant factors in this group include high temperature, high pressure, electric current, explosive atmosphere and moving machinery parts. Factors related to work arduousness include inadequate lighting and night-time employment, as well as energy output.

There are also factors and work processes at ZE PAK SA that pose a particular threat to health or life. These include chemical, carcinogenic and biological factors. With regard to chemical agents, the conducted hazard identification and risk assessment showed the use of chemical agents belonging to the hazard group of corrosive agents and those with irritant and sensitising effects. Organizational unit managers have lists of hazardous chemical substances used and their material safety data sheets. Employees confirm in writing that they have read the safety data sheets and risk assessments. A hazard identification and risk assessment were also conducted with regard to carcinogens. Organizational unit managers have lists of carcinogenic chemical substances or mixtures used and their material safety data sheets. Employees confirm in writing that they have read the safety data sheets and risk assessments. Employees whose duties include the operation of biomass transport equipment (contact with fungi), the operation of a wastewater treatment plant and chemical analyses of domestic sewage (contact with pathogens found in domestic sewage and waste sludge) are in contract with biological agents.

Servicing

Annual analyses show that the most common cause of accidents during maintenance work is incorrect behaviour of employees, i.e., **failure to exercise due care and focus attention** on the work being executed. In contrast, the most common cause of near-misses is, primarily, failure to conduct a risk assessment before commencing a task. The main factors related to the work environment and creating risk to the health and life of the workers are: **work at heights, optical radiation (UV and IR) and dust containing crystalline silica,** and a factor related to the arduousness of the work is **forced body position**.

Auxiliary activities – Maintenance and servicing

The main harmful factors within a work environment are **noise, vibration, dust** and, **to a lesser extent, chemical factors**, and the factor related to onerousness is **night work**. Measurements results and records can be found in the OHS office. Organisational and technical programmes are drawn up based on workplace factor tests to reduce exposure to their adverse effects.

New business areas

New business areas will involve different risks in the working environment than the current ones. In the case of the solar power investment projects, which have been initiated on a larger scale, one can, of course, talk about, e.g., the risk of electric shock, for example, but the risk level is incomparably lower than in the certain work positions in lignite mining or conventional power generation, due to their maintenance-free operation technologies. In contrast, planned investments in nuclear power[25] generation will involve exposure of some work positions to ionising radiation and the need for appropriate radiological protection to eliminate or maximally reduce the doses of ionising radiation. Although, it will only be possible to assess specific jobs in terms of work environment risks at a more advanced stage of individual investments. It can be assumed that personal exposure to work environment hazard risk will be lower than currently. Also, the risks associated with the arduousness of work in these positions will certainly be lower than today.

Respect for human rights

In the most general terms, the risks associated with violations of human rights can, in the case of the ZE PAK SA Group, be divided into those related to the community of the employees and the companies' authorities, i.e., associated with restrictions on the freedom to associate or to strike, and those associated with violations of individual rights (e.g., of an employee, by a supervisor, co-worker or other person).

A hypothetical failure to respect human rights, including, e.g., the right to organise and strike, would not only imply a violation of national law (and consequent sanctions), but could also lead to an unnecessary risk of **escalating employer-employee conflicts**. Despite the existing differences of opinion, manifested, for example, by industrial disputes, the management of the ZE PAK SA Group appreciates the role of the trade unions, and both sides have worked out a culture of mutual dialogue over the years. Theoretically, because such a risk has to be deemed minor, exacerbation of disputes in the absence of dialogue, can lead to strike action and threaten the stability of generation processes. Trade union organisations, as well as the management, despite the disputes and the different assessment of the situation (e.g., in short- and long-term approaches), are constructively oriented and are aware of the economic consequences of a possible upset in the stability of energy supply. Such consequences could affect not only the Group, but also the country's energy grid.

As for the risk of not respecting the rights of the individual, such cases could not only expose the ZE PAK SA Group to litigation and the need to pay compensation, but they are above all a real **threat to the organisational culture, work atmosphere and, thus, its efficiency**. They also involve the **risk of losing valuable employees** or, through discrimination, the inability to utilize their full potential (e.g., promoting of people with lower competences, while inhibiting the promotion of those discriminated against).

Any disrespect for human rights in the ZE PAK SA Group also means a measurable **reputation risk**, which in turn, when such phenomena escalate, may affect the loss of social consent to operate.

S1-1 – Policies related to own workforce

Current employee risks and management approach

In terms of human resources management, the ZE PAK SA Group has implemented formal solutions that determine the relationship between the employer and employees based on the provisions of Polish law, including, among others, work regulations based on the Labour Code Act, Company Collective Agreements based on the Labour Code Act, Employee Benefit Fund regulations based on the Company Employee Benefit Fund Act, and remuneration regulations are in force at entities not covered by the provisions of the Company Collective Agreements. There are Employee Councils in companies meeting the statutory criteria. There are also trade unions functioning within the companies of the ZE PAK SA Group. In issues set out by legal provisions, the ZE PAK SA Management Board and the Management Boards of other companies communicate and consult decisions with employee representatives.

[25] Project prior to consolidation, thus, not covered by this report.

Simultaneously, in addition to formalised solutions resulting from specific legal regulations or voluntarily adopted (e.g., a recruitment procedure), day-to-day operational activities are based on a number of solutions and customary forms of conduct, which, in the opinion of the management staff, do not require rigid formalisation, but at the same time guarantee effective and efficient management that complies with legal standards and social coexistence standards. The Group Companies comply with labour laws and require proper behaviour of their employees both within mutual relations between employees, and between employees and their superiors.

The Company Collective Bargaining Agreements applicable at the ZE PAK SA Group Companies during the reporting period contain rules for the employment and remuneration of employees. Remuneration regulations apply at PAK Górnictwo sp. z o.o., which governs the issues referred to above. In turn, the bylaws of the Company Employee Benefit Fund set out the rules for the use and financing of social and housing activities for the benefit of employees and their family members. The provisions of the aforementioned documents are implemented by the managers, although at the same time, there are collective disputes in the Group subject to resolution based on the applicable legislation. During the reporting period we have had 7 collective disputes, namely, three collective disputes at ZE PAK SA, two at PAK Serwis sp. z o.o. and one at PAK Kopalnia Węgla Brunatnego Konin SA and PAK Górnictwo sp. z o.o. each. The collective disputes at ZE PAK SA and PAK Serwis sp. z o.o. apply to wage increases and reinstating provisions from the terminated collective agreement. The last collective disputes at ZE PAK SA and PAK Serwis sp. z o.o. are after the mediation phase, participated by an external mediator, and protocols of divergence have been signed. The dispute at PAK Kopalnia Węgla Brunatnego Konin SA concerns a wage increase and the cessation of the company's restructuring and lay-offs. Also in the case of this dispute, a protocol of divergence was signed after a mediation phase with an external mediator. The collective dispute at PAK Górnictwo sp. z o.o. concerns a wage increase and the trade unions' desire to conclude a collective agreement. The collective dispute is past the mediation phase, a protocol of divergence was signed, and trade union organisations have held a referendum among the employees on whether they intend to go on strike. Trade union organisations have obtained a strike mandate but have not decided to do so. The Company Collective Agreement for ZE PAK SA employees signed on 19 October 2021 came into force on 1 January 2022. In the same period, the Company Collective Agreement for the employees of PAK Serwis sp. z o.o. came into force.

The fundamental aspects associated with the field of people management were also defined several years ago in the ZE PAK SA Group's Social Responsibility Strategy for 2017-2020. In terms of operational management, these have been maintained until the present day, including a reflection in the new ZE PAK Group Sustainable Development Strategy for 2024-2028, albeit taking into account the transition-related requirements (see: ESRS 2 SBM-1), the pillars of which include:

- **Activation of employees from the lignite extraction and energy generation sector.** Offering employees, formerly employed in the area of generation, who have not yet obtained pension rights or so-called mining leave, assistance in finding employment within the ZEPAK Group or Polsat Group companies or outside, in companies in the region, including retraining.
- **Decent remuneration.** Maintaining average salaries at an attractive level compared to the average for the municipalities in which the ZE PAK SA Group operates.
- **Social dialogue.** Dialogue between company authorities and trade union representatives to discuss current issues and long-term challenges. Dispute escalation risk mitigation.
- **Effective OHS training.** Regular employee training in occupational health and safety principles, with particular emphasis on the practical aspects related to the risks associated with the working at specific workplaces in the ZE PAK S.A. Group. Building awareness of the risks, the need to avoid routine, bravado or failure to use PPE.
- **Safety analysis.** Recording and analysing accidents and near misses.
- **Collective and personal protection equipment.** Guaranteeing a budget for the purchase of personal and collective protective equipment that is required and provides the highest level of protection.
- **Consultations with employees or their representatives.** Ensuring the possibility to consult all activities associated with occupational health and safety.

OHS

As in the case of the previous areas, the most important directions of activities in terms of occupational health and safety management were originally set out in the Social Responsibility Strategy of the ZE PAK SA Capital Group for 2017-2020. They still remain applicable and are also reflected in the new ZE PAK SA Group Sustainable Development Strategy for 2024-2028.

At the same time, one should bear in mind the existing certified management systems, with their scope addressing safety management issues, related to:

- the process of electricity and heat generation together with all auxiliary processes, identified environmental aspects, conducted occupational risk assessment based on identified hazards related to onerous work and legal and other requirements (ZE PAK SA - compliant in terms of OHS with PN-ISO 45001:2018),
- work in the field of renovations and servicing of power equipment, industrial construction services, investment management in the power industry and the industry, as well as modernisation and maintenance of electrical and automation systems in the power industry (Przedsiębiorstwo Remontowe PAK SERWIS sp. z o.o. - compliant in terms of OHS with PN-ISO 45001:2018).

Their objective, like that of the sustainable development strategy, is to minimise the accident rate, with particular emphasis on eliminating serious and fatal incidents and the occurrence of occupational diseases by taking organisational and technical measures to eliminate or reduce employee exposure to harmful factors present within the working environment, such as noise or dust intensity down to a standard-compliant level. A procedure has been implemented to periodically assess compliance with relevant legal and health and safety requirements as part of the Integrated Quality, Safety and Environmental Management System. The information is published in the ISO-ZE PAK SA Central Improvement System tab and is updated on an ongoing basis. At the same time, selected management aspects, in line with a broader scope of safety management, are regulated by internal regulations, manuals, orders and work instructions.

Extraction

The extraction segment is the only one of the three main sectors with no implemented certified management system in accordance with PN-ISO 45001:2018. OHS management is conducted based on the Regulations of the President and Regulations of the Mining Plant Operations Manager. The Regulations address all areas that involve the possibility of risks to the proper and safe performance of official duties by the employees. Examples of issues regulated by Regulations include occupational risks associated with executed work, a list of work requiring special psychophysical predispositions, safe operation of the equipment, medical assistance, periodic examinations and medical check-ups, and many others.

Conventional generation

In the field of manufacturing at ZE PAK SA, as already mentioned, occupational health and safety is managed as part of the Integrated Quality, Safety and Environmental Management System based on occupational health and safety management system procedures pursuant to the PN-ISO 45001:2018 standard, hereinafter referred to as the 'Occupational Health and Safety Management System'. At the same time, the activities in the area of occupational health and safety are regulated by ordinances of the President of the Management Board and business orders of the Vice-President for the generation division, related to broader aspects but also covering occupational health and safety issues.

The key documents specifying the procedures for safe power equipment operation include, in particular, the Power Equipment Operation Manuals, the Power Equipment Safe Work Instructions at ZE PAK SA and official orders of the Vice-President for the generation division and the Power Plant Director, as well as procedures of the OHS Management System in accordance with the PN-ISO 45001 standard, which particularly include documenting occupational risk assessment, based on the PN-N-18002 standard.

Based on the identification of workplace hazards, the employer assesses and documents occupational risks associated with the work conducted and applies the preventive measures required to reduce these risks. A documented occupational risk assessment is a tool that enables managers making optimal and effective use of technical and organisational measures to eliminate or maximally mitigate the level of risk associated with hazards that may constitute a source of an accident at work or an occupational disease. If the organisational and technical protection measures in place are insufficient, the assessment shall identify the personal protection equipment to be used. The procedure for carrying out the risk assessment and templates of the documents used are defined in the procedures of the Integrated Quality, Safety and Environmental Management System. Employees are informed about occupational risks and the principles of protection against hazards each time an update is made. In addition, implemented training programmes in the field of occupational health and safety are intended to updated and supplement knowledge of work-related hazards and methods of protection against these hazards.

Servicing

The workplace occupational risk assessments in the renovation segment (PAK Serwis sp. z o.o.) cover all work positions, both stationary and non-stationary. Occupational risk assessment is conducted out once every three years and in each case

of changes to work position are reported or in the event of an accident. The Occupational Health and Safety Office keeps lists of all jobs subject to occupational risk assessment.

A so-called last minute risk analysis (LMRA) is also carried out. Prior to the start of the task, employees identify potential workplace hazards using an LMRA sheet. Work and areas of activity associated with significant hazards are identified. For each significant hazard, a course of action and supervision is established to ensure compliance with legal and other health and safety requirements.

The following procedures are of particular significance from the perspective of ongoing OHS management:

- 'Occupational health and safety, and environmental protection training',
- 'Hazard identification and occupational risk assessment',
- 'OHS and environmental monitoring',
- 'Major accidents',
- 'Organising work with significant hazards',
- 'Investigation of accidents and occupational diseases'.

Auxiliary activities – Maintenance and servicing

PAK Górnictwo sp. z o.o. conducts maintenance and renovation work at PAK KWB Konin SA. Work related to reclaiming post-open pit areas is in progress. The company of group collects waste, which it then transfers to authorised entities. The company employs around 800 employees, a significant proportion of whom work in the Mining Plant Operations Department. The OHS Service conducts a post-accident investigation in relation to each accident at work that occurs in the company's areas of operation. An post-accident instruction is drawn up for each accident at work, based on which the employees are made aware of the accident circumstances and the causes behind the occurrence of the accident. Information on accidents is also provided to the services of ZE PAK SA, PAK KWB Konin SA. Accident cause analyses show that the most common cause of accidents during is incorrect behaviour of employees, i.e., failure to exercise due care and focus attention on the work being executed. A five-point occupational risk assessment has been prepared for all work positions in accordance with the Polish Standard PN-N-18002. Harmful factors in the work environment are measured on an ongoing basis, based on the method statement for the supervision of measurements of workplace factors.

Respect for human rights

When analysing issues related to respect for human rights, taking into account the Universal Declaration of Human Rights of 10 December 1948, adopted by the United Nations, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights, the Company has highlighted the rights, respecting which may be of particular importance in the case of large industrial enterprises such as the ZE PAK SA Group.

- **recognition of the existence of inalienable rights and dignity of the individual regardless of any differences that divide people** (*Art. 1 and Art. 2*) in the context of interpersonal relations and the prohibition of any form of discrimination
- **right to life, liberty and security of the person** (*Art. 3*) in the context of, among others, ensuring a high level of health and safety at work (cf: "OHS")
- **prohibition of humiliation** (*Art. 4*) in the context of the mobbing risk
- **right to ownership** (*Art. 17*) in the context of buying-out land from third parties (cf: "Property buy-out")
- **right to social security** (*Art. 22*)
- **right to equal pay for equal work** and **right to associated in trade unions** (*Art. 23*)
- **right to holidays and rest** (*Art. 24*).

In the dimension relating to the individual and ensuring respect for the individual (*Art. 1*), which means respect for diversity and simultaneous non-acceptance of any form of discrimination (*Art. 2*) or mobbing (*Art. 4*), in addition to respecting and enforcing the legal regulations that guarantee such respect (e.g., the Labour Code), ZE PAK SA has adopted a Code of Ethics, which is available to all employees at the Company's internal website. It not only guarantees the aforementioned rights of the individual, but is itself a tool to resolve potential conflicts. It contains a mechanism for both resolving doubts and reporting suspected potential behaviour that violates the Code of Ethics. It should be stressed that the Code of Ethics also stigmatises other behaviour that violates human rights, such as child labour, forced labour or slave labour.

At the same time, internal regulations at the ZE PAK SA Group guarantee respect for the right to social security (*Art. 22*), or the right to leave and rest (*Art. 24*). The Group scrupulously complies with obligations related to the payment of social insurance (ZUS) contributions or the recording of holidays due (*Art. 24*). It also actively supports employees' leisure and activities (e.g., by subsidising leisure and offering sports passes). These issues are formally regulated in the regulations of the Company Employee Benefit Fund (ZFŚS).

The ZE PAK SA Group also provides procedural solutions for fair remuneration, i.e., analogous remuneration for analogous work regardless of non-substantive features that differentiate employees (*Art. 23*). Monitoring of pay levels and possible gender pay gaps has also been established. Nevertheless, one needs to be aware of the strong male dominance in mining occupations, as well as in jobs within the energy industry. As a result, there is a relatively small percentage of females among the employees of the ZE PAK SA Group and, furthermore, they dominate in certain areas (finances, human resources).

As mentioned previously, there are Employee Councils in ZE PAK SA Group companies meeting the statutory criteria, elected on the basis of the regulations in force in this respect. There are also a number of trade union organisations operating pursuant to the Trade Union Act. The management boards of the Group Companies communicate and consult decisions with employee representatives (Employee Councils, trade unions) on matters specified in the legislation. The management believes, freedom of association in trade unions and related rights are ensured (*Art. 23*).

It should be emphasised that suspected violations of any of the human rights, including rights not referred to herein, can and should be reported through the mechanisms provided for in the Code of Ethics. In 2023, the Company additionally developed a Complaint Handling Mechanism that introduces uniform internal rules related to reporting violations of the law at the workplace, i.e., the Company. It sets out (i) an internal procedure for filing complaints associated with violations of the law; (ii) a follow-up procedure; (iii) a procedure for protecting whistleblowers; (iv) an internal procedure for documenting complaints received; and (v) a procedure for handling complaints of gender-based violence and harassment (GBVH).

Apart from those disclosed above, the ZE PAK Group has not introduced any other significant solutions relating to the issues covered by this disclosure and not mentioned above.

S1-2 – Processes for engaging with own workers and workers' representatives about impacts

Social dialogue

A risk source in relation to employees could be **potential collective disputes, especially if prolonged**. Therefore, dialogue with the representatives of the workforce enables identifying potential sources of problems and, on the other hand, provides an opportunity for a reliable and comprehensive presentation of the restrictions within which the companies of the ZE PAK SA Group operate. **In the era of the energy transition, trade union organisations are extremely constructive and active in supporting initiatives that are close to the ZE PAK SA Group itself and that fall in line with the so-called just transition.** This term is construed as a manner of moving away from fossil fuels, which does not overburden communities associated, for example, with mining regions. Eastern Wielkopolska is such a region exactly. At the same time, the ZE PAK SA Group has been actively involved in the operations of the so-called 'Coal Platform', which is a EU-level structure tasked with developing a framework of financial and organisational support programmes for regions associated with coal mining in Europe. It is easier to cooperate with common goals. Although there are still areas where managers and representatives of the public side differ in opinions, the constructive cooperation referred to above is worth noting.

Apart from those disclosed above, the ZE PAK Group has not introduced any other significant solutions relating to the issues covered by this disclosure and not mentioned above.

S1-3 – Channels for own workers and workers' representatives to raise concerns

Employees can identify and raise issues of importance to them through their representatives, i.e., trade union organisations representing their interests, operating within the companies of the ZE PAK SA Group. An element of their participation in governance is the presence of works councils, which are a body of employee representation. In consequence, the employees, through their representatives, are consulted on decisions that are important for the ZE PAK SA Group, e.g., those related to the current and anticipated economic standing of the company, anticipated employment changes, and departments that may cause significant changes in work organisation or employment terms.

Regardless of the aforementioned path for raising problematic issues and the platform for dialogue that the Group's authorities and the company's trade union organisations have jointly established, employees can, and should, raise their

concerns using the channel provided for in the Code of Ethics. This is as much about being able to resolve any potential employee dilemmas, as it is about reporting observed irregularities. It should be noted at this point that the company has implemented the procedures provided for in the introduced legal regulations to enable whisteblowing, including anonymous reporting of observed irregularities, as well as mechanisms to protect whistleblowers.

Communication channels and procedures related to whistleblowing and whistleblower protection, including the Gender-Based Violence and Harassment (GBVH) Complaint Handling Procedure, are included in G1-1.

S1-4 – Taking action on material impacts on own workforce and effectiveness of those actions; Approaches to mitigating material risks and pursuing material opportunities related to own workforce

Phasing-out lignite extraction and employment restructuring

In 2022, on the initiative of the Management Board and with the participation of Trade Union Organisations, talks were held with the Regional Development Agency in Konin and the Marshal's Office in Poznań to specify the regional just transition program. Representatives of Trade Union Organisations and the Management Board had the opportunity to present their ideas at the European Commission's headquarters in Brussels. The aforementioned work will continue until funding is available to support projects for the Eastern Wielkopolska region.

In 2022, Trade Union Organisations, with the significant assistance of the Company's Management Board, held talks with representatives of the Government of the Republic of Poland regarding the introduction of shielding programmes for employees of the lignite mining and lignite-based power industry. On the initiative of Trade Union Organisations operating in the ZE PAK SA Group, a social legislative initiative committee was established with the aim to collect signatures to a draft act on social security for employees in the lignite mining and lignite-based energy sectors. The Company's Management Board has supported these activities from the beginning and has helped draft the act. In December 2022, the parties eventually signed a relevant agreement and began the process of proceeding legislating regulations concerning the implementation of energy and mining paid leave, as well as severance pay for persons on the lay-off list in connection with the process of phasing-out lignite-based electricity generation. Under of these activities, ZE PAK has repeatedly had the opportunity to provide opinions on act drafts and accompanying regulations at various stages (prior to official public consultation of the draft act, inter-ministerial arrangements, etc.). As a result, the ZE PAK social side, with the support of the employer, secured a share of the entitlements designed for state-owned companies, allowing to obtain mining or energy leave (paid at 80% of salary) and one-off cash severance payments (12 times monthly salary) for those not entitled to leave already 4 years before retirement. Act passed by the lower house of the Polish Parliament of 13 July 2023, and entered into force on 14 September 2023. In December 2024, the employees of the ZE PAK SA CG became the first beneficiaries of the act.

OHS

Extraction

Pursuant to the adopted annual plan to improve health and safety conditions, the implementation of measures to improve health and safety conditions in the extraction segment at PAK KWB Konin SA continued during the past year.

Already in 2023, operator cabins of basic machines, such as excavators and heapers were conducted, which enabled reducing noise emissions in the cabins and improve the technical fit-out of the machines. Air-conditioning units in basic machine operator cabins were repaired and installed to improve working conditions during the summer period. Similarly, the replacement of seats for basic machinery operators made it possible to reduce the workers' exposure to vibrations. Flash-lights were replaced, and new equipment and power tools with accessories (hammers, drills, grinders, impact spanners, etc.) were purchased to eliminate heavy and dangerous physical work. HYT-type radios were purchased and provided for the workers. Battery-powered power tools were purchased to eliminate electric shock hazards. The markings of emergency stop button enclosures on conveyors (so-called 'lines') were refurbished. Information and warning signs in switchgear containers on excavators, conveyors and cable gates were replaced. Landslides at the Koźmin open pit were monitored and secured based on an expert opinion defining the geotechnical conditions of the post-mining reservoir slopes at the stage of further filling in terms of the heap and native soil stability conducted by the National Geological Institute. Monitoring of groundwater and surface water in the areas within the impact range of open pits was also executed.

In turn, further AED defibrillators were purchased in 2024 to be used in medical and pre-medical rescue to save people who have suffered cardiac arrest. These complemented purchases back in 2023, and the equipment was deployed in transport ambulances, at the department's backup facilities, as well as in the open pit.

Repairs were conducted, including the installation of air handling units, and the operators' seats on the main machines were replaced, which contributed to improving working comfort, and thus, reduce fatigue for machine operators. Broken

glass panes in the main machinery was replaced, eliminating the associated risks. Similarly, damaged glass panes in the social facilities buildings were replaced, the bathhouse and shelters at O/Tomislawice were overhauled, and CNS heaters in the social and work rooms were replaced, directly improving sanitary conditions. Also, the conducted PPL lighting fixture replacement and additions have helped to reduce the risks associated with reduced visibility.

From the perspective of worker safety, the design and construction of a bucket chute cleaning device for chain excavators – the subsoiler – was an important technical solution.

Conventional generation

Annually conducted analyses indicate that the renovations executed over the years, successive modernisations and, above all, the decommissioning of old equipment in previous years and the construction of new equipment and systems, including generating units (a contract for the construction of a 600 MWe gas unit at the Adamów power plant was concluded in 2023), in addition to improving generation efficiency and reducing adverse environmental impact, undoubtedly contribute to improving the working conditions of employees. Technical occupational safety is also improved through eliminating or reducing the risk to the health and life of the employees.

The effectiveness of the implemented corrective and preventive measures and through the proper organisation of work enabled eliminating the overruns of the highest permissible concentrations of harmful factors in the work environment, i.e., noise. Exceeding these values in previous years caused by such elements as boilers, turbines, pumps, fans, conveyors, transmission gears, motors, couplings, etc. In 2023, systematic reduction of the number of people exposed to this harmful factor through organisational and technical measures produced the expected outcome. The effectiveness of the implemented corrective measures and through the proper organisation of work enabled eliminating the overruns of the highest permissible concentrations of harmful factors in the work environment, i.e., dust.

The number of people exposed to these onerous work factors associated with insufficient lighting and night-time employment is systematically reduced through taking organisational and technical measures (decommissioning off worn-out generating equipment of units No. 3, 4 and 6 in 2020 and 2021, current overhauling and maintaining the lighting system).

With regard to chemical agents, the conducted hazard identification and risk assessment showed the use of chemical agents belonging to the hazard group of corrosive agents and those with irritant and sensitising effects. Organizational unit managers have lists of hazardous chemical substances used and their material safety data sheets. Employees confirm in writing that they have read the safety data sheets and risk assessments. The OHS service prepares records and data required by law, which it then submits to a competent state or provincial sanitary inspector and a competent district labour inspector, as well as to a primary occupational health care unit for the purpose of preventive health care. The occupational risk assessment enabled identifying the occurrence of biological agents belonging to risk group 2, i.e.: agents that may cause human disease, may be hazardous to workers but are unlikely to spread within the human population. Effective methods of prevention or treatment usually exist with regard to them. Workers with occupational exposure to biological agents have been offered available vaccinations against these hazards. The vaccinations, most of which the employees consented to, are performed as part of preventive healthcare.

The Occupational Health and Safety Service conducted systematic inspections of workplaces and compliance with OHS regulations and rules, and participated in a review of working conditions as part of the activities of the ZE PAK SA OHS Committee. As a follow-up to a review of work conditions conducted in 2023, corrective actions are being taken to improve work conditions and increase the occupation health and safety level. Upon receipt of the review reports, unit managers issued relevant service orders, which set out deadlines for their implementation and the persons responsible for doing so. In addition to the activities of the Health and Safety Committee, employees and their representatives (employees acting as Social Labour Inspectors) were also involved in planning, implementing and evaluating measures to improve the technical condition of power equipment and systems, as well as occupation health and safety conditions at workplaces. This is achieved by releasing power equipment and systems for overhauls and regular repairs, supervising these processes and participating in the evaluation of the work conducted through protocol-based acceptance and commissioning of power equipment and system after repairs and overhauls. Another element of the OHS management system is the participation of employees in investment planning through their involvement in the Investment Documentation Evaluation Committee, as well as in drafting and agreeing the so-called ToR (Terms of Reference) with potential contractors. For example, talks are underway with a contractor to construct a power plant in Adamów to produce electricity from natural gas. Employees and their representatives were also actively involved in committees and teams set up for the selection of suppliers of work clothing, footwear and PPE, and the selection of an occupational medicine service provider. Employees took part in the work of the Technical Fire and Explosion Prevention Committee at ZE PAK SA Power Plant. As part of the work of this committee, approximately 100 employees of ZE PAK SA and PAK – PCE BiW were trained in 2022, 2023 and 2024 on the implementation of the employer's obligations under the Regulation of the Minister of Economy of 8 July 2010 on the minimum requirements, concerning occupational safety and health, related to the possibility of the occurrence of an

explosive atmosphere in the workplace. The training was conducted by the State Labour Inspectorate branch in Konin. In addition, at the initiative of the Trade Unions, a training is organised once a year for the OHS Committee and those taking part in consultations at the ZE PAK SA CG. It is conducted by Inspectors of the State Labour Inspectorate, and aimed at updating knowledge in the form of lectures and solving problems affecting the crew in the form of workshops.

Servicing

As part of post-accident prevention, employees are familiarised with accident circumstances and the causes leading to the occurrence of the accident, additional training is provided, and information on accidents is passed on to ZE PAK SA services (in those cases, where the cause is found to be related to power equipment). Occasionally, disciplinary penalties are also imposed on a supervisor who is proven to have failed to comply with OHS regulations in connection with the accident. Employees of the Occupational Health and Safety Office conduct inspections with regard to the compliance with OHS regulations and rules, resulting in the issuing of a so-called non-compliance card and requests for imposition of a disciplinary sanction in individual cases. In their memoranda or post-inspection reports, the services record recommendations, usually concerning disorder at the workplace or improper technical condition of means of work. Also, the duty to conduct workplace inspections is fulfilled by supervision employees (senior masters and managers), which they document through checklists. In the past period, the Occupational Health and Safety Service has greatly focused on inspections of personal protective equipment and equipment used to conduct work - the technical condition and validity of periodic inspections of machinery and equipment.

In 2024, given the issues associated with occupational health and safety, PAK Serwis purchased a laser cutter, a portable spectrometer, an orbital welding kit, an Omicron CPC 100 measurement kit (including earth line impedance and touch voltages) and a thermal imaging camera. In addition, the walls and ceiling of the social room located in the Coal Mill Repair Workshop G5 of the Pątnów Power Plant were painted, the social room of the overhaul brigade on level 10 m, between Units 2 and 3 at the Konin Power Plant was renovated, and the replacement of ceiling lighting in the Mechanical Workshop hall at the Konin Power Plant is in progress. Four AEDs were also purchased.

Auxiliary activities – Maintenance and servicing

The employees of the OHS Office conduct inspections on an ongoing basis, which cover observance of OHS regulations and rules. A protocol is drawn up for each inspection. Post-inspection recommendations are implemented by managers. Reviews of working conditions are also conducted based on an official order. The company's Manager Board receives the recommendations from such a review. Recommendations that do not require financial outlay are implemented immediately, whereas a decision to implement review conclusions that require financial outlay is made by the Company's Management Board. Internal legal acts such as ordinances and instructions concerning organisational arrangements, which directly or only indirectly concern issues of occupational health and safety and ergonomics, i.e., which have an impact on ensuring safe and hygienic working conditions in the company, are also drawn up on an ongoing basis. Method statements covering work execution and operation of machinery, equipment and tools, the handling of chemical substances and their mixtures or hazardous materials are developed and updated, together with the hazards that may occur during the work process and the methods of avoiding them or mitigating their effects.

S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

In line with the ZE PAK SA Group's Sustainable Development Strategy for 2024-2028, it has the following objectives:

Table 59: Objectives of the ESG Strategy for 2024-2028 related to managing material IROs

Objective 4: Being a responsible regional employer.						
	2023	**2024**	**2025**	**2026**	**2027**	**2028**
employment level (in persons)	2 623	2 464	2 326	2 208*	1 387*	1 112
average remuneration within the ZE PAK SA Group/average remuneration announced by the Central Statistical Office for the Konin subregion	≥100%	≥100%	≥100%	≥100%	≥100%	≥100%

number of plan shut-down days related to strike actions	0	0	0	0	0	0
accident frequency rate	<100% of the previous year value	<100% of the previous year value	<100% of the previous year value	<100% of the previous year value	<100% of the previous year value	<100% of the previous year value
** only in case of extending coal-based operations*						
Objective 7: Ensuring high-quality management system and its continuous improvement, taking into account social and environmental issues in the decision-making process.						
number of significant penalties or sanctions associated with the violation of social or environmental interests, human rights or confirmed practices of corrupt, anti-market, monopolistic nature and related to the activities of the ZE PAK SA Group	'zero'	'zero'	'zero'	'zero'	'zero'	'zero'

S1-6 – Characteristics of the Undertaking's Employees

Table 60: Employees by employment type

	2024		
Employment type	**Women**	**Men**	**Total**
indefinite	255	2099	2354
definite	14	53	67
trial period	0	0	0
substitute	0	0	0
Total	**269**	**2150**	**2419**

Comment: Employment in the Capital Group applies to a single region - Poland

Table 61: Employees by working hours

	2024		
By working hours	**Women**	**Men**	**Total**
full-time	263	2135	2398
part-time	6	15	21
employees without guaranteed working hours (piecework)	0	0	0
Total	269	2150	2419

Table 62: New employee recruitment (vacancies)

	2024		
By age	**Women**	**Men**	**Total**
<30 years	4	27	31
30 - 50 years	14	23	37
over 50 years	1	16	17

Total	19	66	85
% of new employees in a team	7,06%	3,07%	3,51%

Table 63: *Employee departures (vacancies)*

	2024		
By age	**Women**	**Men**	**Total**
<30 years	0	9	9
30 - 50 years	5	47	52
over 50 years	21	164	185
Total	26	220	246
Fluctuation %	9,67%	10,23%	10,17%

S1-7 – Characteristics of non-employee workers in the undertaking's own workforce

Table 64: *Non-employee associates*

	2024		
Work type	**Women**	**Men**	**Total**
based on self-employment (B2B)	5	40	45
based on civil law contracts	27	93	120
based on managerial contracts	0	0	0
external job agency employees (outsourcing)	0	0	0
Total	**32**	**134**	**166**

S1-8 – Collective bargaining and social dialogue coverage

Table 65: Collective agreements

	2024
Percentage (%) of employees covered by collective agreements*	69,99%
Percentage (%) of employees with employee representation**	44,85%

** employees covered by a collective agreement (UZP)*
***trade union members*

S1-9 – Diversity indicators

Table 66: *Management Board and Supervisory Board by gender and age*

	2024		
	Women	**Men**	**Total**
Management Board			
<30 years	0	0	0
30 - 50 years	1	3	4
over 50 years	1	10	11
Total	2	13	15
Supervisory Board			
<30 years	0	0	0

30 - 50 years	2	4	6
over 50 years	0	9	9
Total	2	13	15
Management Board (%)			
<30 years	0%	0%	0%
30 - 50 years	50%	23%	27%
over 50 years	50%	77%	73%
Total	**100%**	**100%**	**100%**
Supervisory Board (%)			
<30 years	0%	0%	0%
30 - 50 years	100%	31%	40%
over 50 years	0%	69%	60%
Total	**100%**	**100%**	**100%**

Table 67: Management staff (N-1, N-2 levels)

	2024		
	Women	**Men**	**Total**
<30 years	0	0	0
30 - 50 years	11	25	36
over 50 years	11	46	57
Total	22	71	93
% share			
<30 years	0%	0%	0%
30 - 50 years	50%	35%	39%
over 50 years	50%	65%	61%
Total	100%	100%	100%

Table 68: Total employees by gender and age

	2024		
	Women	**Men**	**Total**
<30 years	6	72	78
30 - 50 years	132	913	1045
over 50 years	131	1167	1298
Total	269	2152	2421
% share			
<30 years	2%	3%	3%
30 - 50 years	49%	42%	43%
over 50 years	49%	54%	54%
Total	100%	100%	100%

S1-10 – Fair remuneration

Table 69: Fair remuneration

Fair remuneration	**2024**
Lowest salary in the organisation*	4300
Minimum national salary	4300

Relationship between lowest salary and minimum salary	1/1
Percentage of employees receiving remuneration below the minimum salary level	0

**The lowest salary is calculated for the lowest pay grade, excluding trainees and apprentices. Its basis is the base salary plus any fixed allowances guaranteed to all employees*

S1-11 – Social security eligibility coverage

Table 70: Social security

	2024
Percentage (%) of employees covered by social security	100%

Comment: under public schemes or benefits offered by the entity – protection against loss of income caused by any of the following, major life events illness, unemployment beginning while an employee of the entity is working for the entity, accident at work and acquired disability, parental leave, retirement.

S1-12 – Employment of persons with disabilities

Table 71: Persons with disabilities

	2024		
	Women	**Men**	**Total**
Employees with certified disability	9	25	34
Percentage (%) of employees with certified disability	3,35%	1,16%	1,40%

S1-13 – Training and skill development indicators

Table 72: Training and development

	2024		
	Women	**Men**	**Total**
Percentage (%) of employees who participated in regular performance reviews and career development	-	-	-
Average number of training hours per employee - Obligatory OHS training	5,05	7,39	7,10
Average number of training hours per employee - Other training	7,07	2,91	3,41

S1-14 – Occupational health and safety metrics

Table 73: Injury, occupational disease, lost days and absenteeism rate, as well as the number of fatal accidents

OHS indicators	**2024**
Percentage (%) of employee covered by the occupational health and safety management system	54%
Total number of accidents at work, including:	22
Number of fatalities	0
Number of severe accidents	1
Number of minor accidents	21
Total number of casualties in accidents	22
Accident rate index (IR)	7,8
Total number of lost days due to accidents at work	1 613
Accident severity index	73,32
Occupational disease rate (ODR)	0

Absenteeism rate (AR)	372,11

S1-15 – Work-life balance indicators

Table 74: Leave for family reasons (maternity, paternity, parental leave, guardianship, child birth)

	2024		
	Women	**Men**	**Total**
Percentage (%) of employees entitled in a given year to leave for family reasons*	100%	100%	100%
Percentage (%) of employees who took leave for family reasons during the year (in relation to those eligible)	22,85%	16,1%	16,8%

**applies to persons whose entitlement was shared with the employer*

S1-16 – Remuneration indicators (pay gap and total remuneration)

Table 75: Pay gap and total remuneration

	2024
Relationship between base salary of women and men (pay gap*) (men's salary = 100%)	101,3%
Ratio of the total annual remuneration of the highest paid person to the median total annual remuneration in the company (excluding the highest paid person)	5,563

**the gender pay gap, defined as the difference in the average level of pay between female and male workers, expressed as a percentage of the average level of pay of male workers*

S1-17 – Identified cases of severe human rights issues and incidents

Table 76: Incidents and complaints regarding human rights violations among employees

	2024
number of cases of discrimination, including harassment, reported during the reporting period	0
number of other complaints submitted via the entity's own staff reporting channels and, where applicable, to the national contact points for the OECD Guidelines for Multinational Enterprises (excluding those indicated above)	0
number of confirmed cases of discrimination, including harassment	0
Total amount of fines, penalties and damages in connection with incidents	0
number of serious human rights incidents related to the entity's employee resources during the reporting period	0

Other indicators

Table 77: Key indicators in the area of respect for human rights

	2024
Union density rate	44,82
Number of disputes wherein trade union refer to the provisions of the act on the resolution of collective disputes	5
Number of days lost due to strike actions	0
Number of severe incidents related to respect for human rights	0

ESRS S2 Employees within the value chain

The operations of the ZE PAK SA Group are characterised by the integration of a significant part of the value chain, with the business model covering the initial links of its creation. The consequence of such a solution is a limited number of employees in the value chain, including the supply chain. As a result, aspects related to employees in the supply chain were judged to be of little relevance to the image of the ZE PAK SA Group and consequently omitted.

However, this does not mean that the ZE PAK SA Group does not employ vendors and subcontractors. In addition to significant investments in assets (e.g., the construction of a gas-fired power plant commissioned by the ZE PAK SA Group), subcontractors conduct, among other things, a range of maintenance work, and the fuel that feeds the conventional coal-fired units is supplemented by purchases from KWB Sieniawa.

ESRS S3 Affected communities

SBM-2 – Interests and views of stakeholders

Expectations and concerns concerning the activities of the ZE PAK SA Group are strongly influenced by whether they relate to community-wide impact or to the impact on local communities adjacent to the Group's plants. In the first case, the Group is primarily expected to provide a stable energy supply, i.e., ensure energy security, as well as to mitigate its impact on the environment, primarily the climate. Simultaneously, project work initiated over the recent years and related to nuclear power[26], has also raised expectations for the development of this activity.

As far as the local communities are concerned, the focus of the local community and the Group over the years has been on avoiding and reducing the impact on neighbouring areas, i.e., counteracting the nuisance is entailed by mining and generation activities (see: SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model(s) The gradual phasing out of lignite mining and conventional energy generation based on this fuel eliminates the existing nuisances associated with the day-to-day plant operation, hence drawing the attention of local residents to, e.g., land reclamation directions. Due to the position as the largest employer in the region, local residents who are also employees at the companies of the Group or its cooperating companies have a vested interest in the perspective of the Group in terms of current and future employment. Hence the numerous questions related to ongoing and planned investments, including a key investment related to nuclear energy. These issues are relevant from the point of view of household budgets, which are directly or indirectly linked to employment in the Group or its cooperating entities. By analogy, the future of the Group, including the aforementioned multi-million dollar investments in new generation sources, is crucial for the local governments and budgets of the communes wherein the ZE PAK SA Group is present.

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model(s)

The impact of the ZE PAK SA Group on the environment is multidimensional:

- **Overall social impact.** From the perspective of the general public, the ZE PAK SA Group is an important energy supplier for the Polish economy and society. However, the Group's main customers are not end consumers; the Group sells the vast majority of the energy it generates on the wholesale market. For this reason, the ZE PAK SA Group strives to ensure a stable supply of electricity at a competitive price.
- **Local communities adjacent to ZE PAK SA.** The ZE PAK SA Group's environmental impact is much broader spectrum from the point of view of the local community, i.e., understood as the community living in the immediate vicinity of the Group's plants, where electricity and heat generation and lignite mining are carried out. The exploitation of lignite seams and the generation of energy have a strong impact on the natural environment (see section: Environmental issues) and, as a consequence, most often the society.

The impact of ZE PAK SA Group's transition on the social environment and future risks

The transition of the ZE PAK SA Group towards a sustainable economy will involve a change in the nature of social impact. Above all, it will contribute to the reduction and gradual elimination of individual risk categories referred to above. Ceasing the exploitation of lignite deposits from new open pits, in relation to which the Group has applied for exploitation concessions, means that there will be no transformation of further new areas and no impact on, among other, surface waters in their vicinity. Already in December 2020, the management board ZE PAK SA confirmed the abandonment of investment projects involving the extraction of lignite and associated minerals from the deposits at:

[26] Project prior to consolidation, thus, not covered by this report.

Piaski, Dęby Szlacheckie and Ościsłowo. The phasing-out of energy production from lignite will entail shutting-down extraction from the currently exploited deposits, their gradual decommissioning and reclamation of the land they occupy. This will ultimately mean the elimination of nuisance to the public associated with, for example, noise or dust from mine sites and coal transport. Natural hydrographic conditions will also be gradually restored, no longer disturbed by artificial drainage of the mining area. Importantly, wherever land reclamation involves water reclamation, water reservoirs will be created, which will be part of nationwide water retention efforts. However, it is worth being aware that in the restoration of natural hydrographic conditions in the interim period may be entail their periodic disruption, which will be the result of depressional funnels filling with water and the associated reduction in the amount of water in certain surface watercourses. These, in turn, will additionally no longer be supplied with water pumped out of the mining areas.

The new activity types should not cause such a serious nuisance to the public environment as, e.g., the lignite open pits do today. The already announced plans to invest in nuclear power[27] may become a possible source of controversy and public concern, especially in relation to the local community or certain groups of ecologists. Nevertheless, it should be noted that conducted surveys commissioned by the Ministry of Climate and Environment[28] show that the acceptance of Poles for the construction of a nuclear power plant in the country, including in the vicinity of their place of residence, is high. According to an announcement by the Ministry of Climate and Environment: 'The November 2023 survey indicates that 89.9% of respondents express support for nuclear power plants in our country, while 7.2% have an opposite opinion. It is particularly important that the majority of respondents (76.6%) support locating a nuclear power plant in the immediate vicinity of their residence, while 20.9% are of an opposite opinion. The number of supporters of building a nuclear power plant in their neighbourhood increased by 5% compared to the previous year.' It is noteworthy that after announcing the intention to build a nuclear power plant, the ZE PAK SA Group did not face any public criticism, either on a national or local level. The ZE PAK SA Group does not expect any other of its planned activities (construction of a gas-steam unit, construction of a photovoltaic farm) to become a source of public concern or generating significant public nuisance.

Therefore, the nature of the nuisances associated with the operation of the ZE PAK Group will be changing as the transition progresses, but generally, the intensity of nuisances will decrease, and thus the level of social risk will be lower.

Current social risks and management approach

Current sources of social risk, given the adverse impact on the natural but also social environment, are first and foremost the **risks and nuisances, which are a source of social risk**, related to:

- **impact on site surface** (open pit mineral extraction involves site surface transformation; originally used land is replaced by spatial landforms (pit, spoil heap) and the associated infrastructure (conveyor belts, haul roads, back-up facilities),
- **impact on surface water** (among others, reduction of flow in watercourses influenced by the mine and increased flow in watercourses due to discharge of water from underground and surface drainage of the open pit),
- **impact on groundwater** (formation of a so-called depression funnel as a result of open pit working drainage),
- **noise emissions** (primary machinery associated with the excavation of the overburden and its placement, primary machinery extracting coal, coal and overburden conveyors, road transport),
- **impact of mine facilities on atmospheric air** (dust emissions: technological (mechanical), i.e., associated with mechanical mining and transport of raw material by belt conveyors; climatological, i.e., associated with wind erosion of vegetation-free areas; organised emissions of pollutants into the air from the boiler room providing heat for the social facilities of the mine),
- **impact on environmentally valuable areas** (in case the environmentally valuable area is located in the impact zone),
- **risks associated with electromagnetic fields**.

Business risks that may negatively affect the performance and development of the ZE PAK SA Group, and related to the social impact area, directly result from the nature of the impact (e.g., the aforementioned disturbance of the hydrological imbalance or noise). They constitute both a nuisance and may also be a source of material damage to third parties. This can lead to disputes with the community and a loss of their support for current and future investments, including the so-called public consent to the action. On one hand, this can result in an increase in complaints from the population to administrative authorities, the initiation of proceedings against the company and, if the allegations are confirmed, legal

[27] Project prior to consolidation, thus, not covered by this report.

[28] A nationwide survey commissioned by the Ministry of Climate and Environment, conducted by DANAE from 15-30 November 2023, using CATI (telephone interviews), on a sample of 2090 Poles aged 15-75.

and financial sanctions. Ineffective dialogue, e.g., regarding compensation or land buy-out, can also mean civil lawsuits for damages. A particular threat is the loss of public trust and a negative opinion of the plant as an unreliable investor, which can make it considerably hinder obtaining further permits (e.g., if the existing infrastructure is used for investments in the area of renewable energy sources). This, in turn, may translate into a higher risk associated with a new investment project and lower favourability of investors and lenders, thus, difficulties in raising capital.

It is worth mentioning at this point that **plant workers are recruited from local communities**. Consequently, these groups are not separable and any potential animosity with the local community related to, for example, nuisance will indirectly translate to the organisation's culture and working atmosphere and vice versa: any significant employer-employee incidents can and do result in specific consequences in relations with the local community. The same person may have several roles, i.e., be an employee, a resident of the local community neighbouring the plant and exposed to, e.g., noise nuisance, as well as a property owner who applies for compensation or buy-out.

Other indirect impact on local economic and social environment: local fish farms vs heat generation

The Konin energy basin has a unique cooling system based on an open water cycle. The joint name 'Konin Lakes' includes the lakes: Gosławskie, Pątnowskie, Wąsowsko-Mikorzyńskie, Licheńskie and Ślesińskie, which are incorporated into the cooling circuit of the Pątnów power plant and the Konin power plant. All lakes are connected via a system of canals with a total length of approximately 26 km and form a closed circuit, wherein the water flow is regulated by culverts and pumping stations. The water is involved in the energy transformations that take place, e.g., in the steam turbine condenser. It is a cooler that is designed to dissipate heat not converted by the turbine into work to nearby lakes. This has, of course, affected their ecosystems, but has also made the reservoirs particularly valuable for fishing and fish farming. Increased water temperature and high water flow in the canals and lakes have resulted in farmed fish ponds being located within the cooling system. The fish farms operating within this area are not only the largest producers of sturgeon fish in Poland (Siberian sturgeon, Russian sturgeon, sterlet), but also other fish species such as European catfish, rainbow trout, grass carp, silverfish, catfish, carp and ornamental fish. Owing to the use of thermally elevated waters for reproduction, rearing and breeding of thermophilic fish, they are an important producer of fry in the domestic market. Cooperation with the ZE PAK SA Group ensures that warm water flows directly through the ponds, providing optimal conditions for the development of fry and adult fish. One of the farms even takes its rearing water from the pre-cooling reservoir of the Konin power plant and production is strictly dependent on the conditions created by the power plant, the water temperature, its purity, etc. Therefore, there is a constant communication path and flow of information between the fish farms and the power plants. In addition to some of the largest fish farms in Poland, the area is well known among anglers. Supporting this type of economic activity, as well as any other form of social involvement, makes it possible to partially compensate the social environment for the nuisance associated with the ZE PAK SA Group's operations.

The departure from lignite and the phasing-out of the units fired by it will not have adverse consequences for fish farms in the region. Bear in mind that key heat for the fish farms comes from the Konin plant, a facility where only biomass is combusted. At the same time, the ZE PAK SA Group currently holds only a minority stake in its capital[29].

S3-1 – Policies related to affected communities

ZE PAK SA Group's policy towards social issues is set out in the ZE PAK Group Sustainable Development Strategy for 2024-2028 and are in principle consistent with the approach adopted in the earlier ZE PAK SA Group Social Responsibility Strategy for 2017-2020. This approach is also reflected in other internal regulations. It is also, in strictly defined cases, arbitrarily specified in administrative decisions permitting mining and generation operations at ZE PAK SA Group facilities and depends on the specifics of a given facility. Each time, however, the optimum solutions in this respect are sought by the Group based on, among others, public consultations and in observance of applicable law.

The ZE PAK SA Group's management approach towards social issues is determined by the nature of the Group companies' environmental impact. In particular, wherever the impact is or may be adverse and may involve certain nuisances for humans, the management approach is aimed at eliminating, reducing or compensating for these nuisances and, consequently, reducing the exposure of the ZE PAK SA Group to risk (also understood as risk to reputation or image).

At the operational management level, the ZE PAK SA Group primarily focuses on ensuring current safety for the natural and, consequently, social environment, while guaranteeing production continuity and stability. This approach was originally defined in the Social Responsibility Strategy for 2017-2020 and, as previously mentioned, it is still valid at the

[29] As a result of the resale of the assets in mid-2023, the controlling entity of Elektrownia Konin became the Polsat Plus Group.

operational management level and is also reflected in the new ZE PAK SA Group Sustainable Development Strategy for 2024-2028. These include:

- **Mining damage.** Reliable and timely estimation of the mining damage extent associated remedial activities or compensation for the losses incurred by private persons and local government units based on amicable agreements.

- **Dialogue with local entrepreneurs, directly or indirectly related to work with the ZE PAK SA Group.** Openness to dialogue with local entrepreneurs, who either cooperate with the ZE PAK SA Group (subcontractors, vendors) or are otherwise linked to the ZE PAK SA Group (e.g., fishing companies). Responding to their signals, understanding their expectations, reassuring any of their potential concerns.

- **Local social involvement.** Openness to dialogue with local communities, namely, both representatives of the local administration and local leaders. Focusing public involvement on local communities and their problems, in particular, those communities that are within the sphere of impact by the ZEPAK plants, and in the case of which the ZE PAK SA Group entail nuisances.

It presupposes the provision of effective mechanisms minimizing the risks of anomalies and deviations resulting in an above-normal impact on the environment in the extraction or production process to a minimum. It is an approach typical of quality management systems, assuming continuous improvement of processes and optimisation of applied solutions. At the same time, it is an approach characteristic of typical risk management, i.e., striving to eliminate risks, and in further steps, if elimination is not possible, reduce and ultimately compensate them.

The ZE PAK SA Group assumes that the implementation of the assumed approach of eliminating the negative impact on the environment to a minimum translates also into stable operation of the plants, which is not disturbed by interruptions to mining or generation that would be caused by social factors. These aspects are also addressed by the policies accompanying the management systems and the internal regulations guaranteeing compliance with the law and administrative permits associated with specific generation facilities and installations.

The management approach and, consequently, the actions implemented, directly or indirectly address the risks associated with the loss of support from the local community, thus becoming part of the prevention of events that could disrupt the stable operation of mining and generation facilities. As for the aspects related to impacts on the natural environment, which at the same time represent a source of potential nuisance for local communities, these are described in more detail later in the report (see Environmental issues). All this because they constitute an element of environmental management, which has parallel consequences for local communities. The approach to them was also described in other internal regulations, as well as in administrative decisions regulating environmental issues. This description is limited to characterising the approach of the ZE PAK SA Group to those aspects that directly affect people. Nevertheless, they all focus on measures to monitor and reduce adverse impacts.

S3-2 – Processes for engaging with affected communities about impacts

The ZE PAK SA Group, being through the nature of its business a company strongly and perspectively embedded in the local community, is oriented towards cooperation and dialogue with its representatives. They are most often local government officials, elected by the residents and representing their interests. Of course, the frequency and subject matters of these contacts depend on the issues arising at the time. Most often they contact the management of ZE PAK SA Group companies or the directors of individual organisational units, but also the ZE PAK SA Press Office (depending on the topic).

A good example of cooperation in this area is the joint search for solutions to stop the process of lowering water table in the region's natural lakes, which is directly linked to use of water to fill decommissioned open pits. Draining the lakes in the Powidz Landscape Park could be stopped by pumping of water from the Warta River through the Ślesiński Canal to Lake Gosławskie and further towards the Kleczew Reservoir and the Jóźwin IIB open pit. The construction of a frontage channel is the most important investment of the PLN 120 million project. Despite a letter of intent signed three years ago by ZE PAK SA, Wody Polskie, the Miradz Forest District and local authorities, personnel changes in Wody Polskie resulted in deleting key investment undertakings from the project. According to local government officials, in recent years the water table in Wilczynskie has dropped by 6 metres, 4.6 metres in the Ostrowskie, 1 metre in Powidzkie and 4 metres

in the Budzisławskie lakes. This in turn means not only huge natural costs, but also economic outlays, especially when it comes to tourist activities.

Now, owing to the cooperation of local government officials, who, associated in the Powidz Landscape Park Association, have accepted the burden of leading the project through a formula of cyclical meetings, there is an opportunity to adopt a new, effective solution in January 2025 to help halt the lowering of lake levels in the region.

(more on the same issue of lowering lake levels can be found in ESRS E4 E4-3)

S3-3 – Processes to remediate negative impacts and channels for affected communities to raise concerns

Representatives of the community, most often local municipalities/communes, contact the authorities of ZE PAK SA Group companies or the directors of individual organisational units. It primarily depends on the nature of the issue. At the same time, however, the ZE PAK SA Group seeks to resolve such problems through dialogue (see: S3-2). In the case of issues concerning individuals, the optimal solution is to directly contact ZE PAK SA or any of the ZE PAK SA Group's companies. Depending on the nature of the topic, it will be forwarded to a relevant organisational unit.

S3-4 – Taking action on material impacts on affected communities, and approaches to mitigating material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions

Property buy-out

Lignite deposits in the Group's area of operations have their own specific characteristics and abundance. The Company did not exploit a single deposit but, over the years, has been forced to launch more open pits. In the light of the above, the reclamation process of previously exploited open pits and the operation of the Tomisławice open pit – the only still active one – are still ongoing.

In the areas to be subject to extraction, as well as those in the immediate vicinity of the area where mining is to be conducted, property buy-outs are taking place. This most often applies to agricultural lands, but can also include buildings and structures associated with mining land. The assessment of the impact, i.e., whether a particular property adjacent to an open pit will be subject to buy-out, is always determined on a case-by-case basis. The individual approach is justified in view of the fact that, e.g., emotional factors related to attachment to a particular location, often play a significant role in such matters. It is the Group's intention to implement the described processes in such a way as to limit negative emotions, as this may affect subsequent projects of this type. Those are always difficult situations, especially as often the properties have not only financial value to the owners, but in many cases these are farms inherited by subsequent generation. Nonetheless, a reduction, and ultimately a cessation, of lignite-based energy production will result in further land buy-outs slowing down, and ultimately halting. Currently, land buy-outs are limited and concern areas within the Konin Mine, particularly concerning the last active open pit in Tomisławice. This is a consequence of the decommissioning of mining activities due to the exhaustion of deposits from the Jóźwin and Drzewce open pits. Purchasing land of the Tomisławice open pit is based on the possibilities offered by the concession, which is valid until 2030.

Mining damage

Mining damage can be divided into direct and indirect damage. Direct damage is generally associated with mine operations and the progress of exploitation work. They include the reconstruction and construction of new roads, power lines, water mains and other technical infrastructure, as well as the renovation of roads used by mine transport and, in special cases, the relocation of religious cultural objects, e.g., chapels, churches and cemeteries. The Group's extraction segment companies paid out PLN 8 544.76 thousand in 2024, PLN 23 746.5 thousand in 2023 and PLN 2 804.9 thousand in 2022 on account of direct damage. It should be noted that in each case the payment of compensation for indirect damage was made by way of a settlement or agreement. In addition to direct damage, there is also indirect damage associated with deposit drainage, which leads to a lowering of groundwater levels in areas adjacent to the mines. In turn, the discharge of water from an open and into watercourses can lead, e.g., to a rise in water levels. The outcomes of groundwater level drawdown involve partial degradation of soil productivity, withering of trees, periodic drying up of farm wells and ponds, damage to buildings, impact on the efficiency of deep drilled wells and others. On the other hand, the discharge of water from the open pit drainage via surface watercourses can cause periodic flooding of adjacent areas.

In order to minimise this damage, systematic maintenance of these watercourses is conducted under the company's own activities or financial participation in maintenance costs. The Group's mining segment companies paid out PLN 1 463.44 thousand in 2024, PLN 1 245.9 thousand in 2023 and PLN 1 515 thousand in 2022 on account of indirect damage. Due

to the nature of indirect damage, financial compensation is usually of a one-off event. The ZE PAK SA Group endeavours to compensate for adverse impacts by paying appropriate compensation to the victims in justified cases. Landowners covered by compensation receive written notifications with a proposal of the compensation amount due related to the impact of the mine. In the event of acceptance, an out-of-court settlement is signed with the owner concerned, with a waiver of claims following payment of compensation. Compensation is paid based on previously concluded settlements or agreements. Only a small number of mining damage cases are subject to settlement by ordinary courts. There was no judgement on damage in 2024 (4 cases pending – no resolution – same cases as in 2023). In 2022, PLN 32.2 thousand (approx. 0.7% of the total compensation paid for direct and indirect damages) was paid based on a Court judgement (1 judgement). The low share of compensations paid under court judgements proves the conciliatory attitude of the Company, which prefers to agree potential compensation amounts through negotiations, seeking agreement with the other party.

Other nuisances, including periodic

Coal extraction, its transport and related tasks can be a source of nuisance in the form of dust or noise. Due to the location of mining plants, i.e., conducting activities at a considerable distance from human concentrations as a result of prior property buy-out, these nuisances are limited. In addition, the work technology, including the dampening of slopes during dry periods, helps to reduce the risk of dust.

In the case of other periodic nuisances, e.g., increased noise associated with renovation or modernisation work at the generating facilities (such work give rise to the necessity to purge the boiler system with air at a very high pressure in order to remove even the tiniest filings from the system that could cause damage to it, which is quite noisy), as a rule the ZE PAK SA Group notifies the local community about such nuisances through the media. The information goes, e.g., to local offices or the local media. The same happens in the case of other nuisances (e.g., in traffic due to transport of oversized equipment, increased dust or dew from chimneys, etc.). As a result, they are not controversial and the plant can count on the forbearance of residents in the immediate vicinity. As part of its educational activities aimed at the external environment, the corporate communications department operating within the ZE PAK SA structure also develops press articles explaining the principles of lignite open-pit mining and post-mining land reclamation. As mentioned above, the residents in the immediate vicinity of the plants are often employees of ZE PAK SA Group companies. Hence, although this refers to communication outside the organisation, proper internal communication, where the employees themselves act as ambassadors of the ZE PAK SA Group, can also play an important role. Internal communication can also play an equally important role in the situations referred to above. Internal communication with employees is mainly conducted via the Intranet, mailing and articles published on social media (Facebook, Twitter).

Social involvement

Since the beginning of its operations, the ZE PAK SA Group has been declaring its support for local initiatives. The Group's aim is to support the local community through community involvement so that, as far as possible, it can be compensated for those nuisances associated with the operation of the plants, to the extent that they cannot be eliminated or reduced.

Through its corporate social involvement activities, the Company focuses on creating public awareness of important social, environmental or cultural issues. Engaging in events of a social nature, enables promoting social inclusion and building interpersonal links.

Aware of its impact on the surroundings, the company is actively committed to sustainability-related activities, aiming for energy transition and to support the local community in this regard as well.

"Job after coal"

The "Job after coal" programme, aimed at supporting employees in the power and mining sector through a professional transformation process, is currently a key project implemented by ZE PAK SA Group. The "Job after coal" programme allows male and female residents of Eastern Wielkopolska to find new employment, set up a social cooperative or a business.

The programme was established for those whose jobs are at risk due to the region's coal phase-out, and for their families. The initiators of the programme were the trade unions of the ZE PAK SA CG and the ZE PAK SA Management Board. The programme is financed from European funds under the European Funds for Wielkopolska 2021 – 2027.

The programme includes a number of initiatives, such as:

- vocational training and courses
- advisory and coaching support

- cooperation with local employers and labour market institutions

The implemented project is in line with the region's just transition strategy and underlines the social responsibility of ZE PAK SA. Through this initiative, the Company is actively supporting its employees and the people of Eastern Wielkopolska in adapting to new economic conditions.

Detailed information on the project can be found on a dedicated website: https://pracapoweglu.pl/

Sports initiatives

For many years, the ZE PAK SA Group has also been involved in social sports initiatives, recognising their value for community development and the promotion of a healthy lifestyle. As every year, the organisers of running events (the 6th gRUNt race in the Bieniszewska Forest, the 'Aktywni Konin' Running Club, the Mine Lamp Run) and sailing regattas (the ZE PAK SA President's Cup Sailing Regatta) could count on financial support.

It also invests in young athletes. In 2024, it provided financial support for the son of one of its employees, who has been a tennis trainee for several years, and has achieved considerable success at national level. This enabled the young athlete to attend a tennis camp.

Health-promoting initiatives

Being aware of the important role played by blood donors, and how important it is to build up a permanent supply in blood banks – which save lives every day – the ZE PAK SA Group has supported the activities of the 'Intercompany Club of Honorary Blood Donors PCK for year.

There is the Provincial Polyclinical Hospital with a paediatric ward operating in Konin. The support from the ZE PAK SA Group enabling the artistic agency Prekursor Artystyczny to organise two campaigns to make the youngest patients' time at the facility more pleasant. The 'Mały Teatr Dla Wielkich Pacjentów – Święto wszystkich Dzieci' ('Little theatre for big patients – A feast for all children') campaign was organised in June, which involved children receiving gift packages.

Cultural initiatives

The Group is well aware of the importance of promoting cultural initiatives taking place within the area of its operations and the surrounding area, which is why it willingly joins in the organisation of such events. The largest museum festival in Konin, i.e., Museum Night 2024, could not take place without the support of the ZE PAK SA Group, especially as the largest exhibit is the Gosław forest elephant found in the Jóźwin open pit.

In 2024, the District Museum initiated the project '40 odSłoń Gosława' (40 shades of Gosław) to commemorate the 40th Anniversary of the discovery of forest elephant remains at the Jóźwin open pit site. The ZE PAK SA Group, since it is closely linked to the history of this find, actively participated in the celebrations. An 'Elephant Staff' was set up, to which journalists and representatives of various community organisations were invited. Museum personnel have prepared an agenda of events related to Goslaw, including the exhibition 'Słoń leśny w obiektywie' ('Forest elephant in the camera eye'), a palaeontological picnic devoted to Pleistocene animals, a bicycle rally 'Śladami słonia leśnego' ('In the footsteps of the forest elephant'), a World Elephant Day, and a 'Spacerek za słoniem' ('Follow the elephant walk'). Involvement in this project was an important part of the Group's efforts to preserve and promote local natural heritage, as well as to strengthen links with the community by jointly celebrating local historical events.

One of the most important cultural events in Konin for over 40 years, the 44th International Children's Song and Dance Festival in Konin was also held with financial support from the ZE PAK SA Group. Almost 2 500 participants performed on stage in 2024. As emphasized by the jurors of the dance and vocal competitions, the level of the participants in the Festival is so high that year after year it is with great difficulty for them to make their choices.

As every year, the most important event related to ecology, which is gaining at increasing environmental awareness, participated by ZE PAK SA – as a strategic partner – is the 'For the Earth, for us' (*Dla Ziemi, dla nas*) festival in Uniejów, organised by the Polsat Group. The idea of the festival is to draw attention to the environmental challenges our planet Earth is tackling every day. Huge changes that our planet is subjected to, including the climate ones, have a tremendous impact on the lives of each of us. Therefore – as the organizers of the festival write on their website – "with all our experience and passion, we want to join an ever wider stream of people's involvement around the world to reverse the process of this degradation".

The message that accompanied the two-day meeting oscillated around the For Earth For Us idea. Such an idea, stemming from the fact that Wielkopolska's power engineers recognise the progressive degradation of the quality of life on Earth, envelopes the entire ZE PAK SA Group, and it is clear from the idea of the association's Czysta Polska (Clean Poland) Programme, announced by Zygmunt Solorz, co-owner of the Polsat Group and ZE PAK SA Group, that even the smallest action to stop these adverse changes makes sense. Hence the Earth Festival, an event promoting ecology, a concert of the

huge stars of the Polish stage and several hundred thousand people already supporting the Clean Poland Program association, which is constantly developing and gaining new supporters. At last year's edition, visitors at the ZE PAK SA Group stand had the opportunity to make their own ecological soaps, bath balls, plant anti-smog plants and take part in an environmental knowledge competition. Visitors also had the chance to take a ride in the Nesobus – the Polish Hydrogen Bus, which is the future of urban and agglomeration transport.

In 2024, the ZE PAK SA Group has partnered with the "Przystań" Association based in Turek – a non-profit organisation whose mission is to support children and young people in discovering and nurturing artistic passions, such as dancing, music, singing or music-making. Owing to the Company's help, the association was able to expand its activities by offering additional workshops or art classes for children.

In 2024, the ZE PAK SA Group also supported a local primary school in organising a Children's Day celebration, providing funds for attractions and activities for the students. This collaboration is another example of involvement in local community matters, as the school is located in an area of the former Gosławice open pit.

Partnership in conferences and educational activities

The Group is an active partner of conferences and social events that focus on issues related to environmental protection, social equality or technological innovation. It also supports the exchange of knowledge, networking between scientists, entrepreneurs and practitioners, and inspiring activities for positive social change.

In 2024, the Group, together with the local portal, namely, lm.pl, organised a live debate on the reclamation of post-mining areas in Konin. The event was aimed at discussing the future of a 96 ha area – a former ash dump. The site has now been reclaimed. The debate was broadcast live and internet users had the opportunity to ask questions to experts, allowing the local community to actively participate in the discussion about the future of the area. Key issues related to potential directions of developing the reclaimed land were addressed in the course of the discussion. The participants of the debate included specialists in the field of post-industrial land reclamation and development:

- prof. dr hab. inż. Krzysztof Otremba from the Chair of Pedology, Reclamation and Geodesy at the University of Life Sciences in Poznań,
- prof. dr hab. Wojciech Tschuschke from the Chair of Civil Engineering and Geoengineering at the University of Life Sciences in Poznań,
- dr inż. Tomasz Szczygielski from the Centre of Anthropogenic Mineral Engineering at the Warsaw University of Technology,
- Piotr Woźny, President of ZE PAK SA,
- Paweł Adamów, Vice-president of Konin,
- Piotr Czerniejewski, Konin councillor, social and political activist.

The cooperation continues into 2025.

As part of its commitment to environmental education and the promotion of environmental awareness, the ZE PAK SA Group has partnered with the M-LAB Association, organiser of the 'Climate Revolution' Festival. The aim of the festival is to "*raise awareness of climate change happening around us and to awaken concern for our shared planet. By initiating community discussions and inspiring action, we strive to increase youth participation and involvement in shaping local climate policy, empowering them to have a greater impact on the future of our cities."* The festival was held on 14-16 June 2024 in Konin. Together with the association, the Group organised an educational tour of the mine and power plant sites, including reclaimed areas – to introduce participants to the processes of reclamation and transformation of post-industrial sites.

Other

One of the two Camaldolese hermitages active today and the only strictly contemplative, hermitic male order in Poland, i.e., the Congregation of the Camaldolese Eremites of the Crown Mountain – the Five Martyrs' Hermitage in Bieniszewo, runs its activities in the vicinity from the plants of the ZE PAK SA Group, in the Kazimierz Biskupi commune. The Order has been supported by the ZE PAK SA Group for years. As every year, the Company has also made a donation to the monks.

Also, PAK KWB Konin SA, which deals with lignite mining and is part of the ZE PAK SA Group, traditionally supported local communities and residents of the areas neighbouring the Group's plants. In 2024, the commune of Kazimierz Biskupi received 1 500 tonnes of sand and 1 500 tonnes of fertile soil (with loading), as well as 80 lm of old pipes (with loading). On two occasions, the Ślesin commune received a donation of 800 m^3 of sand (with loading). The City of Sompolno received two donations of 625 tonnes of sand each and three erratic boulders with a total weight of 6.8 tonnes (with loading). The Przykona commune received 120 lm of steel pipes with loading, and the Brudzew municipality received a steel structure commemorating the closed Koźmin open pit.

The "Sokół" Shooting Association from Kazimierz Biskupi received 200 linear metres of conveyor belt, including loading, and the Shooting Association Patriota SAO from Sompolno received 550 tonnes of sand, including loading, and two construction trailers. In turn, the Association of Residents and Enthusiasts of Piła nad Brdą, which created the thriving themed 'Mining Village', devoted to an underground lignite mine operating years ago in Bory Tucholskie, received 24 tonnes of lignite with loading. A donation of 200 kg of conveyor belt was received by the KWB "Konin" Sailing Club. The beneficiaries also include the Public Elementary School in Bycz, receiving 370 trees along with their harvesting from the Tomisławice open pit foreground. Donations were also received by the POLSAT Foundation (twice) and the Lepsza Polska Association.

The mine supports local cultural and social initiatives, as well as community celebrations. In 2024, it provided financial aid to the Association for the Development of the Lubstówek Village for the organisation of a Santa Claus event for children and the youth. The Association of Civic Initiatives in Konin was a beneficiary of similar support – the company donated Christmas and New Year parcels to the charges of the Socioterapeutic Day Centre. Meanwhile, the "Żabka" Communal Kindergarten in Wierzbark received funding to organise a Santa Claus celebration for its pupils. The mine also supported the statutory activities of the primary school in Koźmin, and donated wooden products from the demolition of buildings in the foreground of the Tomisławice open pit to the owner of the historic Polikarp windmill in Licheń Stary for the purpose of renovating it.

The ZE PAK SA Group supports various initiatives related to preserving the mining tradition in the Konin-Adamów basin. A good example of this is the double funding for the organisers of the 65th anniversary celebrations of the Company Circle of the Association of Mining Engineers and Technicians at PAK KWB Adamów. Similar aid was received by the organisers (ZBR Polmos Konin Tradition Association) of the event "For the Creators of the Konin Basin". In turn, the Dolores Foundation was assisted with the dismantling of operator's cab on the SRs 1800 Carmen excavator using a wheeled crane at the Jóźwin open pit.

The traditional miner's 'Barbórka' is also an opportunity to get involved in social activities. The company, as in previous years, sponsored a national sporting event. The KWB Konin Sailing Club received a cash donation to purchase prizes in kind for the winners of the jubilee 30th Winter St. Barbara's Day Regatta and a yacht launching service using a mobile crane. Also, the Roman Catholic Parish of St Adalbert's in Konin was the recipient of a donation to organise a religious ceremony to mark Miners' Day.

Over the next few years of its operations, the ZE PAK SA Group will continue its commitment to the local community through ongoing involvement in various initiatives. It is convinced that corporate social responsibility activities not only have a positive impact on the company's image, but, above all, contribute to positive relations with the local community, support development in various areas of life, inspire positive social change and help create a more sustainable world for future generations.

S3-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities related to counteracting

In line with the ZE PAK SA Group's Sustainable Development Strategy for 2024-2028, it has the following objectives:

Table 78: ESG Strategy goals for 2024-2028

Objective 6: Being a good neighbour and member of the local community: limiting the impact of current operations on the social and natural environment.						
number of major environmental accidents	'zero'	'zero'	'zero'	'zero'	'zero'	'zero'
number of major social conflicts	'zero'	'zero'	'zero'	'zero'	'zero'	'zero'

ESRS S4 Consumers and end users

The ZE PAK SA Group does not sell power directly to individuals. As a result, this area was considered in the dual materiality analysis to be of low relevance from the perspective of a reliable image of the ZE PAK SA Group.

Of course, by introducing electricity into the National Power Grid, it has an indirect impact on the stability of energy supply to millions of Polish households and, in this sense, shares responsibility for the country's energy security. (this

aspect already indicated in *ESRS S3 Affected communities, SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model(s)).* The ZE PAK SA Group, is, through PAK – PCE sp. z o.o., a minority shareholder of the Konin Power Plant, which is the heat supplier for Konin. At the same time, however, the Konin Power Plant does not sell heat to individuals, but only to an enterprise responsible for thermal power in the city.

As a result the business model configuration, i.e. not, operating at the end stages of value creation in the value chain, the ZE PAK SA Group does not reach consumers and end users. It has no direct influence on their service, including, among other things, the quality of marketing communications directed at them or the protection of their privacy.

11.4. Information on corporate governance

ESRS G1 Business conduct

GOV-1 – The role of the administrative, management and supervisory bodies

Both the Management Board and the Supervisory Board play a key role in establishing effective supervisory and control mechanisms to mitigate risks associated with unethical behaviour, including corrupt behaviour. Irrespective of implementing specific procedural solutions, the Management Board and Supervisory Board, pursuant to control regulations, not only approve the control plan, but can also submit ad hoc requirements in this respect. Audit results are reported to the Company's Management Board. Information on internal audit activity also constitutes the subject of analyses by the Audit Committee.

(see more: *9.4. Description of the main features of internal inspection and risk management systems applied in relation to the preparation of financial and consolidated financial statements)*

IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities

Counteracting irregularities, including corruption

Bearing in mind the scale of the planned, and often already implemented investment projects aimed at making the transformation of the ZE PAK SA Group into a clean energy supplier a reality, the exposure to potential corruption risks will be greater in the coming years. At the same time, please note that, at the operational level, the business model to date has been subject to a relatively low risk of corrupt behaviour in relation to the scale of business conducted. Unlike many other electricity generators, the ZE PAK SA Group has so far based its operations on a strongly integrated business model, i.e., energy generation was primarily based on its own raw material resources and was supplemented also with supplies from a third-party vendor. Currently, the Company is operating only the Tomisławice open pit. The deposit exploited by the Company's mine has a certain resource reserve. The possibility of achieving the assumed level of electricity generation depends on the mining capacity and quality of the coal mined from currently operated Tomisławice deposit. Supplies from third-party vendors, primarily KWB Sieniawa, are gaining importance as the coal reserves at the operated open pit are dwindling. Also, maintenance work is, in many cases, conducted by entities within the ZE PAK SA Group. Consequently, outsourcing products and services is reduced to a minimum, which in turn contributes to a reduction in the risk, although, of course, it does not eliminate it. The corruption risk increases, as noted above, as investments are made and vendors of fuels other than lignite become more important for new generation assets (e.g., natural gas).

G1-1 – Corporate culture and business conduct policies

Counteracting irregularities, including corruption

One of the objectives of the ZE PAK SA Group's Social Responsibility Strategy for 2017-2020 was to ensure a management system that included **solutions related to the prevention of corruption and other unacceptable unethical phenomena**. Their prevention is also an important objective of the new ZE PAK SA Group Sustainable Development Strategy for 2024-2028. Exposure to such risks depends, among other things, on the scale of investment project implemented and contracts performed, the effectiveness of the control system and the lack of social acceptance for undesirable behaviour in the organisation's culture. The risk of corrupt behaviour accompanies every enterprise, and instances of decision-making by corrupt employees lead, among other things, to suboptimal choices in purchasing processes, both in the sense of overpricing and, e.g., inadequate quality of products or services, untimely delivery or provision of services, or consent by a corrupt employee to other, inappropriate behaviour by the contractor (e.g., breaking regulations, failure to conduct warranty repairs, etc.). Of course, corruption and bribery can take a number of other forms and can also be related to the giving of benefits by an organisation's employees to officials for issuing a favourable decision, etc. As a consequence for the organisation, this can mean risks related to unjustified cost increases as well as, for example, huge image losses.

The Code of Ethics was adopted by ZE PAK SA as early as 2017, and in 2020 by other Group companies. Anyone employed within the ZE PAK SA Group, should they suspect that they have witnessed unethical behaviour, including those bearing the hallmarks of corruption, not only has the opportunity but also the obligation to report it using mechanisms provided for in the Code of Ethics and the whistleblowing procedure implemented at ZE PAK SA. For this purpose, the person may contact his/her superior or the person designated by the Management Board and acting as an Ethics Officer or may make an anonymous report to the e-mail addresses dedicated to such reports, indicated in the aforementioned Code of Ethics and Procedure. Such a report is analysed and the employee who provided the information,

even if it is not confirmed but was provided in good faith, cannot face any consequences and will be protected from any retaliation. In 2023, the Company developed a Complaint Handling Mechanisms that introduces uniform internal rules related to reporting violations of the law at the workplace, i.e., the Company.

Whistleblower protection

In connection with the Directive of the European Parliament and of the Council (EU) 2019/1937 of 23 October 2019 on the protection of persons who report breaches of Union law, the 'Whistleblowing regulations' have been adopted at ZE PAK SA and the companies in the capital group employing more than 250 persons (PAK KWB "Konin", PAK Górnictwo sp. z o.o. and PAK Serwis sp. z o.o.). Adopted regulations specify:

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

A Complaints Mechanism was implemented in 2024, which was consulted with the trade unions within the Group. Complaints of infringement can be forwarded: (i) in person to an employee of the Internal Audit Department at ZE PAK SA (ii) by an anonymous letter to the address of the Internal Audit Department at ZE PAK SA; (iii) via email to: etyka@zepak.com.pl; or (iv) through a complaint form at the employer's website. The Company ensures that all complaints are taken seriously and are consistently dealt with in an impartial, confidential and transparent manner, and that there will be no retaliation or discrimination against those who raise complaints, and that complaints will be dealt with confidentially.

The ZE PAK SA Internal Audit Department is responsible for the correct implementation and execution of the aforementioned procedures at ZE PAK SA and other companies of the capital group.

The regulations are publicly available at the ZE PAK SA Intranet site.

Internal audit

Over the past few years, a number of steps have been taken to ensure effective control mechanisms on one hand and sensitise employees to symptoms of corruption and entrench in them the lack of acceptance of passivity towards such behaviour on the other. The Code of Ethics was adopted by ZE PAK SA as early as 2017, and in 2020 by other Group companies.

In turn, the internal control system "ZE PAK SA Internal Audit Regulations" establishes the principles for the organisation and operation of internal audit, which provides a systematic and methodical approach to assessing and improving the effectiveness of risk management, control and organisational management processes. These include the examination and evaluation of the activities of the ZE PAK SA Group organisational units and companies in terms of thrift, legality, purposefulness, reliability and transparency of documentation (processes). The objective of audit activities is to reveal unused economic reserves, detect irregularities and abuses in the activities of organisational units and identify the causes and effects of the irregularities found and the persons responsible for them, as well as to develop post-audit conclusions and recommendations. Irregularities and abuses also include any activities that may bear the hallmarks of bribery and corruption.

The internal audit system includes self-control of the correctness of work performed, functional control and institutional control (conducted precisely by the internal audit unit). Within the framework of institutional control, the internal audit unit checks the activities of the organisation as a whole, responding to the needs reported by the Management Board and the Supervisory Board in accordance with audit regulations (among other things, it assesses the coordination of activities between work positions and organisational units, evaluates the system for creating and circulating documentation and information, etc.) at intervals depending on the identified risk areas and the level of materiality of the risk, as well as the role of control in reducing it. In this context, the activities of the internal audit unit are complementary to the primary control and ongoing supervision and are intended to reveal weaknesses or gaps in the organisation and functioning of the internal control system. Audits are planned (in accordance with the annual plan approved by the Board of Directors), ad hoc (at the direction of the Board of Directors or the Supervisory Board) and follow-up.

All areas, including the aforementioned purchasing, are subject to reviews by internal audit staff, also with regard to the potential occurrence of corrupt events. The audits can be planned as well as ad hoc. Employees of the internal audit unit have access to all information and reports necessary to perform audit activities in a reliable and objective manner. At the same time, the auditors are obliged to keep the audit manager informed about the course of the audit and any difficulties encountered during audit activities. The audit manager submits an assessment of meeting the audit objective to the Management Board or the Supervisory Board. The auditors are entitled to enter and access all facilities and premises of

the audited entity; to review all recording and registration devices, as well as plans, reports, protocols and official memoranda, official correspondence and any other documents and materials related to the activities of the audited entity; to periodically assist in any activities related to the activities of the audited entity; to request the manager and other employees of the audited entity to provide explanations and information (oral and written) related to the subject of the audit; to request the manager of the audited entity to conduct a partial or complete stocktaking of specific assets within a specified period of time and to order relevant calculations, the preparation of lists, analytical statements, copies, extracts, etc.; to accept declarations from employees and other persons on matters related to the activities of the audited unit; to determine the actual state of affairs by means of measurements, situational sketches, photographs and recordings, etc.; to take the necessary actions in order to secure the evidence of the audited unit's activities; to approach the audit manager with a request to appoint experts and professionals in the event of a justified reason for an expert opinion; request the manager of the audited entity to provide all means necessary for the efficient conduct of the audit and for the operative implementation of the conclusions resulting from the inspection findings; to conduct audit activities at the time selected by the auditor and extend the subject of the inspection in justified cases without obtaining additional consent from the inspection manager. The manager of the inspected entity is obliged to provide the auditor with appropriate working conditions and administer any technical assistance necessary for the efficient conduct of the audit.

Should, during the course of the audit, circumstances be identified that pose a threat to human health and life, as well as circumstances that could result in damage to property, due to mismanagement, negligence or waste, or an act that may be considered a criminal offence, the auditor submits a written request to the head of the audited entity, who is obliged to immediately take appropriate action to eliminate the aforementioned phenomena. The auditor immediately notifies the audit manager and secures documents and objects constituting evidence of mismanagement or crime. Then, the audit manager, after receiving a legal opinion, decides to notify law enforcement authorities.

Apart from those disclosed above, the ZE PAK Group has not introduced any other significant solutions relating to the issues covered by this disclosure and not mentioned above.

G1-2 – Management of relationships with suppliers

Purchasing procedures applicable at ZE PAK SA Group described in management systems also regulate issues related to vendor selection. In the case of the generation segment, ZE PAK SA has implemented an Integrated Management System under which, in Sector 5.3 'Supporting the implementation of a product/service', among other things, two procedures 5.3 - 01 'Procurement' and 5.3 - 02 'Identification and traceability' apply. A prerequisite for the selection of suppliers is that they must be specialised suppliers, meeting the agreed technical and commercial conditions and guaranteeing 100% reliability of supply. In addition, suppliers whose products directly determine the quality of electricity and heat are subject to qualification based on ongoing cooperation with suppliers, control of deliveries and periodic evaluation of them by, among other things, auditing them, as well as updates to the list of qualified suppliers. The management system also introduces "Vendor assessment sheets". In addition to obvious factors such as, for example, the quality of supplies, level and constancy of prices and payment terms, it takes into account, for example, timeliness or whether suppliers have certified management systems.

The ZE PAK SA company is responsible for purchases in the field of electricity generation and extraction for PAK KWB Konin SA. The purchasing process itself has been defined by ZE PAK SA in the Vendor Selection Rules. This process is supported by an electronic purchasing platform, which eliminates certain risks, e.g., it prevents viewing bids already submitted prior to the deadline. Thus, it eliminates the risk that a dishonest employee would pass on information about competing bids to a supplier who is in the process of developing one. Please note that the purchasing process exercises the option of an electronic platform auction, which, conducted in real time, reduces the possibility of an unethical agreement with a potential supplier. Furthermore, employees do not have the opportunity to observe the auction, i.e., the bids submitted by individual bidders, until the auction closes. They are able to review them only after closing the tender process.

PAK Górnictwo sp. z o.o. and PAK Serwis sp. z o.o. make purchase for the maintenance and service segment based on their own regulations, which are similar in the design of the process itself. They apply the same tools, including the same electronic purchasing platform. Roughly speaking, the purchasing procedure is initiated by a business unit, which submits a specific purchasing need. After obtaining relevant approvals justifying the future purchase, a committee is set up to define the purchasing criteria. The committee then evaluates the bids collected and identifies a recommended supplier. This is followed up by negotiations. Finally, the accepted bid is forwarded for implementation. From the perspective of process transparency, it is important that information on planned purchases (i.e., requests for proposals and tenders) is published on both the electronic purchasing platform and the website, and the purchases themselves are generally open tenders.

G1-3 – Prevention and detection of corruption and bribery

Table 79: Anti-corruption training

	2024
Percentage (%) of persons holding at-risk functions, covered by training programmes	0

Comment: Issues related to preventing corruption and bribery are governed by the Code of Ethics, which is uploaded onto the Company's intranet site.

G1-4 – Confirmed incidents of corruption or bribery

Table 80: Counteracting corruption

	2024
The numbers of judgements for violations of anti-corruption and anti-bribery laws	0
Amount of fines for violations of anti-corruption and anti-bribery laws	0
Number of confirmed corruption or bribery incidents;	0
Number of confirmed incidents, where unit employees were dismissed or punished in relation to corruption or bribery incidents	0
Number of confirmed incidents involving contracts with business partners that were terminated or not renewed due to breaches related to corruption or bribery	0
Number of litigations involving corruption practices brought against the organisation within the reporting period	0

G1-5 – Political influence and lobbying activities

The ZE PAK SA Group does not in any way fund or support through in-kind contributions, any political parties or other social organisations that are not parties, but conduct similar activities. When supporting social actions, it also pays attention to possible links between a project or beneficiary and political activity at both national and local level. The Group's communication is transparent, taking a position only on issues that are related to or may affect its business.

Table 81: Support of political organisations

	2024
total amount of financial and in-kind contributions made to organisation of political nature	0

G1-6 – Payment practices

Table 82: Liability settlements

	2024
Average time to pay an invoice elapsing from the start of the contractual calculation or statutory payment period (in days)	30,53
Number of unresolved legal proceedings for late payment	0

Companies in the Group have a contractual payment deadline of 30 days. The average time it takes to settle invoices was 30.53 days, meaning that the average delay in settling obligations is 0.53 days.

In the case of the second indicator, there were no legal cases within the Group related to late payments.

12. OTHER INFORMATION

12.1. Significant legal proceedings

In 2024 ZE PAK SA and companies consolidated within the Group were not a party in pending court proceedings, a body competent for arbitration proceedings or a public administration body, whose single or total value would exceed 10% of the equity of ZE PAK S.A., except the ones specified below.

Proceedings related to the environmental decision issued with respect to PAK KWB Konin SA concerning the Tomisławice lignite deposit

PAK KWB Konin SA was a party in the administrative proceedings related to the environmental decision regarding the lignite deposit in Tomisławice. On 7 August 2007, the Head of the Wierzbinek commune issued an environmental decision regarding the lignite open pit. On 5 December 2008, this decision was contested by nine natural persons supported by the Greenpeace foundation due to alleged gross infringement of legal regulations. On 25 March 2009, the Self-government Appeals Court dismissed to overrule the environmental decision. The plaintiffs applied for the judicial review. On 4 May 2009, after the judicial review, the Self-government Appeas Court sustained its previous decision. The plaintiffs again appealed against the environmental decision. On 5 May 2010, the Provincial Administrative Court in Poznań decided that the environmental decision, pursuant to which the license for the extraction of lignite at the Tomisławice deposit was granted, was a gross breach of legal regulations. PAK KWB Konin SA and the Self-government Appeals Court submitted an appeal against this judgement. On 21 March 2012, the Supreme Administrative Court revoked the contested decision of the Provincial Administrative Court in Poznań and referred the case to judicial review. On 6 November 2012, the Provincial Administrative Court in Poznań announced the decision revoking the decision of the Self-government Appeals Court of 25 March 2009 on dismissing the statement of invalidity of the environmental decision issued on 7 August 2007 by the Head of the Wierzbinek Commune, related to the extraction of lignite from the Tomisławice open pit by PAK KWB Konin S.A. On 7 January 2013, PAK KWB Konin S.A. submitted a cassation appeal against the described judgement.

After examination during a hearing on 7 October 2014, the Supreme Administrative Court dismissed PAK KWB Konin SA's cassation appeal against the judgement of the Provincial Administrative Court in Poznań of 6 November 2012 revoking the decision of the Self-government Appeal Court in Konin of 25 March 2009 dismissing the statement of invalidity of the environmental decision issued on 7 August 2007 by the Head of the Wierzbinek Commune, related to the extraction of lignite from the Tomisławice open pit.

Dismissal of the cassation appeal by PAK KWB Konin SA meant that the judgement of the Provincial Administrative Court in Poznań of 6 November 2012 became legally binding, and the case regarding the statement of invalidity of the environmental decision will be examined again by the Self-government Appeals Court. On 18 January 2019, the Self-government Appeals Court in Konin issued a decision refusing to deem the environmental decision issued on 7 August 2007 by the Head of the Wierzbinek Commune and associated with the operation of the lignite open pit in Tomisławice as invalid.

On 19 June 2020, the Company was informed that a closed-door hearing at the Provincial Administrative Court in Poznań resulted in a judgement dismissing the appeal against the decision of the Self-government Appeal Court in Konin regarding the refusal to deem the environmental decision issued on 7 August 2007 by the Head of the Wierzbinek Commune and associated with the operation of the lignite open pit in Tomisławice as invalid.

Therefore, the judgement of the Provincial Administrative Court in Poznań, dated 18 June 2020 meant that the environmental decision issued by the Head of the Wierzbinek Commune on 7 August 2007 still remains in legal circulation.

The Greenpeace Poland Foundation, based in Warsaw, and Jozef Imbiorski filed a cassation appeal with the Supreme Administrative Court against the judgement of the Provincial Administrative Court in Poznań dated 18 June 2020. On 26 October 2020, PAK KWB SA Konin submitted a response to the cassation appeal, filing for dismissal.

By way of a judgement of 25 June 2024, the Supreme Administrative Court, after a conducted hearing, dismissed the cassation appeal of the Greenpeace Polska Foundation and one individual against the judgement of the Provincial Administrative Court in Poznań of 18 June 2020, which dismissed an appeal against the decision of the Self-Government Appeals Court in Konin dated 27 September 2019, refusing to declare invalid the final decision of the Head of Wierzbinek Commune of 7 August 2007, which establishes the environmental conditions of the consent for PAK Kopalnia Węgla Brunatnego Konin SA implementing a project involving the extraction of lignite from the Tomisławice deposit, which lies within the boundaries of the Wierzbinek Commune.

In the verbal recitals behind the decision, the Supreme Administrative Court stated that the material gathered in this case, which had been conducted for several years, did not indicate in any way that there had been a gross violation of the law when issuing the aforementioned environmental decision, and thus, there were no grounds to declare the decision of the Head of Wierzbinek Municipality of 7 August 2007 invalid.

The judgement of the Supreme Administrative Court, which is favourable to the Company, is final and legally binding upon its delivery.

Proceedings initiated by Piotr Żak

On 6 November 2024, Piotr Żak brought an action against the Company to establish the non-existence, or alternatively to declare invalid, or alternatively to revoke the resolutions adopted by the Extraordinary General Meeting of ZE PAK SA on 7 October 2024 in relation to: (i) change in the composition of the Company's Supervisory Board (Resolution 3); (ii) dismissal of Mr Tobias Solorz, member of the Company's Supervisory Board (Resolution 5); (iii) dismissal of Mr Piotr Żak, member of the Company's Supervisory Board. The wording of the aforementioned resolutions was published by the Company in current report No. 20/2024 dated 8 October 2024. The Company responded to the claim on 31 December 2024, requesting it to be dismissed in its entirety. On 3 February 2025, Piotr Żak filed a reply to ZE PAK SA's response to the petition. On 18 March 2025, ZE PAK SA filed a preparatory letter in response to the claimant's letter of 3 February 2025.

12.2. Major accomplishments in the field of research and development

The ZE PAK SA Group developed also a single-family housing autonomous power supply. This design assumed developing a concept and technical selection of equipment for a self-sufficient stand-alone system supplying electricity, heat, domestic hot water to single-family houses with low energy consumption and passive houses based on own renewable energy sources using hydrogen as an energy storage and carrier. A single-family house in the form of a container building, presented at the MTP in Poznań (NetZero Energy trade fair) in 2025 was implemented and tested based on the design.

12.3. Information on selecting an auditing company to examine the annual consolidated financial statement and the sustainability statement

According to a statement of the Supervisory Board, the audit firm conducting the audit of the annual consolidated financial statement, as well as the sustainability report, was selected pursuant to the regulations, including those concerning the selection and procedure for the selection of an audit firm. The audit firm and the members of the audit team fulfil the requirements for the development of an impartial and independent audit report regarding the annual consolidated financial statement, as well as the sustainability report, in accordance with applicable regulations, professional standards and ethics. Applicable regulation associated with the rotation of the audit firm, key expert auditor and mandatory grace periods are observed. The Company has a policy in place on audit firm selection and a policy on the provision of additional non-audit services to the issuer by the audit firm, an affiliate of the audit firm or a member of its network, including services conditionally exempted from the prohibition to be provided by the audit firm.

12.4. Information on auditing the financial statement and the sustainability statement

The audit firm auditing the financial statement and consolidated financial statement is PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt sp.k. The contract for the audit of the Company's financial statement and the Group's consolidated financial statement, together with the verification of consolidated statements tagging with XBRL tags in accordance with ESEF requirements, was concluded in September 2023. Its scope covers auditing financial statements for the years 2023-2024.

The audit firm implementing the attestation of the sustainability report is Grant Thornton Polska Prosta spółka akcyjna (simple joint-stock company). The contract for the attestation of sustainability reporting providing limited assurance on sustainability reporting was concluded in September 2024. Its scope covers the audit of the 2024 and 2025 sustainability report.

Information regarding the remuneration for the audit firms was presented in section 38 of the Group's consolidated financial statement for 2024.

12.5. Financial projections

The Capital Group did not publish financial forecasts for 2024 and it will not present financial forecasts for 2025.

Index of ESRS information content covered by the sustainability statement

Activities	ESRS code	Title	Page
1. General information	ESRS 2	*General disclosures*, including information shared under ESRS thematic application requirements, referred to in ESRS 2, addendum C.	62
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ESRS 2 IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement

Table 83: Disclosure requirements in ESRS covered by the undertaking's sustainability statement

Disclosure obligation and the associated data point	Reference to the regulation on disclosure of information related to sustainable development in the financial services sector	Reference to the third pillar	Reference to the regulation on reference indicators	Reference to the European climate law	Reference to the statement
ESRS 2 GOV-1 Gender diversity of management board members cl. 21(d)	Indicator No. 13 in Table 1, in Annex I		Annex II to the delegated Commission Regulation (EU) 2020/1816(5)		GOV-1 – The role of the administrative, management and supervisory bodies S1-9 – Diversity indicators
ESRS 2 GOV-1 Percentage of independent authority members cl. 21(e)			Annex II to the delegated Regulation (EU) 2020/1816		GOV-1 – The role of the administrative, management and supervisory bodies
ESRS 2 GOV-4 Statement on due diligence cl. 30	Indicator No. 10 in Table 3, in Annex I				GOV-4 Statement on due diligence
ESRS 2 SBM-1 Participation in activities related to fossil fuels cl. 40(d) subcl. (i)	Indicator No. 4 in Table 1, in Annex I	Art. 449a of the Regulation (EU) No. 575/2013: Commission Implementing Regulation (EE) 2022/2453(6), Table 1: Qualitative information on environmental protection risk and Table 2: Qualitative information on social risk	Annex II to the delegated Regulation (EU) 2020/1816		SBM-1 – Market position, strategy, business model(s) and value chain
ESRS 2 SBM-1 Participation in activities related to producing chemicals cl. 40(d) subcl. (ii)	Indicator No. 9 in Table 2, in Annex I		Annex II to the delegated Regulation (EU) 2020/1816		SBM-1 – Market position, strategy, business model(s) and value chain
ESRS 2 SBM-1 Participation in activities related to controversial weapons cl. 40(d) subcl. (iii)	Indicator No. 14 in Table 1, in Annex I		Art. 12(1) of the Delegated Regulation (EU) 2020/1818 (7), Annex II to the Delegated Regulation (EU) 2020/1816		SBM-1 – Market position, strategy, business model(s) and value chain

ESRS 2 SBM-1 Participation in activities related to tobacco cultivation and production cl. 40(d) subcl. (iv)			Art. 12(1) of the Delegated Regulation (EU) 2020/1818, Annex II to the Delegated Regulation (EU) 2020/1816		SBM-1 – Market position, strategy, business model(s) and value chain
ESRS E1-1 Transition plan aimed at reaching climate neutrality by 2050 cl. 14				Art. 2(1) of the Regulation (EU) 2021/1119	E1-1 – Transition plan for climate change mitigation purposes
ESRS E1-1 Units excluded from the scope of application of reference indicators adapted to the Paris Agreement cl. 16(g)		Art. 449a Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, template 1: Banking book – Indicators of potential climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Art. 12(1)(d–g) and Art. 12(2) of the Delegated Regulation (EU) 2020/1818		E1-1 – Transition plan for climate change mitigation purposes
ESRS E1-4 GHG emission reduction objective cl. 34	Indicator No. 4 in Table 2, in Annex I	Art. 449a Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, template 3: Banking book – Indicators of potential climate change transition risk: Alignment metrics	Art. 6 to the delegated Regulation (EU) 2020/1818		E1-4 – Targets related to climate change mitigation and adaptation
ESRS E1-5 Consumption of fossil-fuel energy, disaggregated, broken down into sources (applies only to sectors of significant climate impact) cl. 38	Indicator No. 5 in Table 1, and No. 5 in Table 2 in Annex I				E1-5 – Energy consumption and mix
ESRS E1-5 Energy consumption and mix cl. 37	Indicator No. 5 in Table 1, in Annex I				E1-5 – Energy consumption and mix

ESRS E1-5 Energy consumption associated with activities in sectors of significant climate impact cl. 40–43	Indicator No. 6 in Table 1, in Annex I				E1-5 – Energy consumption and mix
ESRS E1-6 Gross Scopes 1, 2, 3 and total GHG emissions cl. 44	Indicators No. 1 and 2 in Table 1, in Annex I	Art. 449a of the Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, template 1: Banking book – Indicators of potential climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Art. 5(1), Art. 6 and Art. 8(1) of the Delegated Regulation (EU) 2020/1818		E1-6 – Gross Scopes 1, 2, 3 and total GHG emissions
ESRS E1-6 Gross GHG intensity cl. 53–55	Indicator No. 3 in Table 1, in Annex I	Art. 449a of the Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, template 3: Banking book – Indicators of potential climate change transition risk: Alignment metrics	Art. 8(1) of the Delegated Regulation (EU) 2020/1818		E1-6 – Gross Scopes 1, 2, 3 and total GHG emissions
ESRS E1-7 GHG removals and CO2 emission units cl. 56				Art. 2(1) of the Regulation (EU) 2021/1119	insignificant
ESRS E1-9 Exposure of reference book to climate-related physical risks cl. 66			Annex II to the Delegated Regulation (EU) 2020/1818, Annex II to the Delegated Regulation (EU) 2020/1816		insignificant
ESRS E1-9 Disaggregation of monetary amounts by rapid and prolonged physical risk cl. 66(a) ESRS E1-9 Location of significant		Art. 449a of the Regulation (EU) No. 575/2013; cl. 46 and 47 of the Commission Implementing Regulation (EU) 2022/2453, template 5: Banking book – Indicators of potential			insignificant

assets components subject to material physical risk cl. 66(c)		climate change physical risk: Exposures subject to physical risk.			
ESRS E1-9 Division of property book value as per power efficiency classes cl. 67(c)		Art. 449a of the Regulation (EU) No. 575/2013; cl. 34 of the Commission Implementing Regulation (EU) 2022/2453, template 2: Banking book – Indicators of potential climate change transition risk: Loans collateralised by immovable property – Energy efficiency of the collateral			insignificant
ESRS E1-9 Degree of book exposure to climate-related opportunities cl. 69			Annex II to the delegated Regulation (EU) 2020/1818		insignificant
ESRS E2-4 The volume of each pollutant referred to in Annex II to the regulation on E-PRTR (European Pollutant Release and Transfer Register) emitted to air, water and soil, cl. 28	Indicator No.8 in Table 1 in Annex I, indicator No. 2 in Table 2 in Annex I, Indicator No. 1 in Table 2 in Annex I, and indicator No. 3 in Table 2 in Annex I				E2-4 – Pollution of air, water and soil
ESRS E3-1 Water and marine resources cl. 9	Indicator No. 7 in Table 2, in Annex I				ESRS E3-1 Water and marine resources
ESRS E3-1 Special policy cl. 13	Indicator No. 8 in Table 2, in Annex I				insignificant (although the Pątnów Power Plant is located in areas of high water stress, it is covered by the Group's sustainability policy)
ESRS E3-1 Sustainable practices in relation to seas and oceans cl. 14	Indicator No. 12 in Table 2, in Annex I				insignificant
ESRS E3-4	Indicator No. 6.2 in Table 2, in Annex I				E3-4 – Water consumption

Total volume of water recycled and reused cl. 28(c)					
ESRS E3-4 Total water consumption in m^3 per net revenue on own operations cl. 29	Indicator No. 6.1 in Table 2, in Annex I				E3-4 – Water consumption
ESRS 2 SBM 3-E4 cl. 16(a) subcl. (i)	Indicator No. 7 in Table 1, in Annex I				SBM-3-E4 – Material impacts, risks and opportunities and their interaction with strategy and business model(s)
ESRS 2 SBM 3-E4 cl. 16(b)	Indicator No. 10 in Table 2, in Annex I				SBM-3-E4 – Material impacts, risks and opportunities and their interaction with strategy and business model(s)
ESRS 2 SBM 3-E4 cl. 16(c)	Indicator No. 14 in Table 2, in Annex I				SBM-3-E4 – Material impacts, risks and opportunities and their interaction with strategy and business model(s)
ESRS E4-2 Sustainable practices or policies related to land/agriculture cl. 24(b)	Indicator No. 11 in Table 2, in Annex I				insignificant
ESRS E4-2 Sustainable practices or policies related to oceans/seas cl. 24(c)	Indicator No. 12 in Table 2, in Annex I				insignificant
ESRS E4-2 Policies for counteracting deforestation cl. 24(d)	Indicator No. 15 in Table 2, in Annex I				insignificant
ESRS E5-5 Non-recycled waste cl. 37(d)	Indicator No. 13 in Table 2, in Annex I				E5-5 – Resource outflows
ESRS E5-5 Hazardous and radioactive waste cl. 39	Indicator No. 9 in Table 1, in Annex I				E5-5 – Resource outflows
ESRS 2 SBM-3-S1	Indicator No. 13 in Table 3, in Annex I				insignificant

Risk of forced labour cases cl. 14(f)					
ESRS 2 SBM-3-S1 Risk of child labour cl. 14(g)	Indicator No. 12 in Table 3, in Annex I				insignificant
ESRS S1-1 Commitments related to human rights policy cl. 20	Indicator No. 9 in Table 3, and No. 11 in Table 1 in Annex I				S1-1 – Policies related to own workforce
ESRS S1-1 Due diligence strategies related to issues covered by ILO Core Conventions No. 1–8, cl. 21			Annex II to the delegated Regulation (EU) 2020/1816		insignificant (ILO expectations are reflected in national legislation)
ESRS S1-1 Procedures and measures for counteracting human trafficking cl. 22	Indicator No. 11 in Table 3, in Annex I				insignificant
ESRS S1-1 Management system or policy against accidents at work cl. 23	Indicator No. 1 in Table 3, in Annex I				S1-1 – Policies related to own workforce
ESRS S1-3 Complaint handling mechanism cl. 32(c)	Indicator No. 5 in Table 3, in Annex I				S1-3 – Channels for own workers and workers' representatives to raise concerns G1-1 – Corporate culture and business conduct policies
ESRS S1-14 Number of work-related deaths, and the number and rate of work-related accidents cl. 88 (b-c)	Indicator No. 2 in Table 3, in Annex I		Annex II to the delegated Regulation (EU) 2020/1816		S1-14 – Occupational health and safety metrics
ESRS S1-14 Number of days lost due to injuries, accidents, fatalities or diseases cl. 88(e)	Indicator No. 3 in Table 3, in Annex I				S1-14 – Occupational health and safety metrics
ESRS S1-16 Non-corrected pay gap between women and men cl. 97(a)	Indicator No. 12 in Table 1, in Annex I		Annex II to the delegated Regulation (EU) 2020/1816		S1-16 – Remuneration indicators (pay gap and total remuneration)

ESRS S1-16 Excessive remuneration of the CEO cl. 97(b)	Indicator No. 8 in Table 3, in Annex I				S1-16 – Remuneration indicators (pay gap and total remuneration)
ESRS S1-17 Discrimination cases cl. 103(a)	Indicator No. 7 in Table 3, in Annex I				S1-17 – Identified cases of severe human rights issues and incidents
ESRS S1-17 Non-observance of UN Guiding Principles on Business and Human Rights, and OECD Guidelines cl. 104(a)	Indicator No. 10 in Table 1, and No. 14 in Table 3 in Annex I		Annex II to the Delegated Regulation (EU) 2020/1816, Art. 12(1) of the Delegated Regulation (EU) 2020/1818		S1-17 – Identified cases of severe human rights issues and incidents
ESRS 2 SBM-3-S2 Significant risk of child or forced labour within the value chain cl. 11(b)	Indicators No. 12 and 13 in Table 3, in Annex I				insignificant
ESRS S2-1 Commitments related to human rights policy cl. 17	Indicator No. 9 in Table 3, and No. 11 in Table 1 in Annex I				insignificant
ESRS S2-1 Policies related to value chain workers cl. 18	Indicators No. 11 and 4 in Table 3, in Annex I				insignificant
ESRS S2-1 Non-observance of UN Guiding Principles on Business and Human Rights, and OECD Guidelines cl. 19	Indicator No. 10 in Table 1, in Annex I		Annex II to the Delegated Regulation (EU) 2020/1816, Art. 12(1) of the Delegated Regulation (EU) 2020/1818		insignificant
ESRS S2-1 Due diligence strategies related to issues covered by ILO Core Conventions No. 1–8, cl. 19			Annex II to the delegated Regulation (EU) 2020/1816		insignificant
ESRS S2-4 Issues and incidents related to respect for human rights associated with upstream and downstream value chains cl. 36	Indicator No. 14 in Table 3, in Annex I				insignificant

ESRS S3-1 Commitments related to human rights policy, cl. 16	Indicator No. 9 in Table 3 in Annex I, and No. 11 in Table 1 in Annex I				S3-1 – Policies related to affected communities (see also S1-1 – Policies related to own workforce | Human rights)
ESRS S3-1 Non-observance of UN Guiding Principles on Business and Human Rights, ILO principles or OECD Guidelines cl. 17	Indicator No. 10 in Table 1, in Annex I		Annex II to the Delegated Regulation (EU) 2020/1816, Art. 12(1) of the Delegated Regulation (EU) 2020/1818		insignificant
ESRS S3-4 Issues and incidents related to respect for human rights, cl. 36	Indicator No. 14 in Table 3, in Annex I				insignificant
ESRS S4-1 – Policy related to consumers and end users, cl. 16	Indicator No. 9 in Table 3, and No. 11 in Table 1 in Annex I				insignificant
ESRS S4-1 Non-observance of UN Guiding Principles on Business and Human Rights, and OECD Guidelines cl. 17	Indicator No. 10 in Table 1, in Annex I				insignificant
ESRS S4-4 Issues and incidents related to respect for human rights, cl. 35	Indicator No. 14 in Table 3, in Annex I				insignificant
ESRS G1-1 UN Convention against Corruption, cl. 10(b)	Indicator No. 15 in Table 3, in Annex I				G1-1 – Corporate culture and business conduct policies
ESRS G1-1 Whistleblower protection cl. 10(d)	Indicator No. 6 in Table 3, in Annex I				G1-1 – Corporate culture and business conduct policies
ESRS G1-4 Fines for violating anti-corruption and anti-bribery regulations cl. 24(a)	Indicator No. 17 in Table 3, in Annex I		Annex II to the delegated Regulation (EU) 2020/1816		G1-4 – Confirmed incidents of corruption or bribery
ESRS G1-4 Anti-corruption and anti-bribery standards cl. 24(b)	Indicator No. 16 in Table 3, in Annex I				G1-4 – Confirmed incidents of corruption or bribery

All other information the disclosure of which is required by regulations and that have not been disclosed in this management board's report of operations do not concern the Group.

Konin, 30 April 2025

SIGNATURES:

Piotr Woźny
President of the Management Board .....

Zygmunt Artwik
Vice-President of the Management Board .....

Andrzej Janiszowski
Vice-President of the Management Board .....

Maciej Nietopiel
Vice President of the Management Board .....

Katarzyna Sobierajska
Vice President of the Management Board ……

Maciej Koński
Vice-President of the Management Board ……