

## Public Relations



PGNiG in its actions comply with public concerns and protection of natural environment. As one of the biggest employers in the country, the Company takes special care of development and security of its workers.



# Employees

## Public Relations – Employees

### Persons in the PGNiG Group





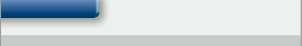

The PGNiG Group is one of the largest employers in Poland. As at the end of 2007, we employed 30,325 people, i.e. 528 more year on year. The increase results from the Group's development, especially the growth of the companies in the Exploration and Production segment.

In 2007, some of the employees were transferred from the Distribution segment to the Trade and Storage segment.

In 2007, we continued the second stage of the "Programme of employment restructuring and employee protection measures for PGNiG branches and subsidiaries". In the period from January 1st 2004 to December 31st 2007, the restructuring process involved 5,785 people, including 1,489 in 2007 alone.

The employees covered by the restructuring process obtain severance pays guaranteed under the relevant provisions of the labour law and arising under PGNiG's internal regulations, including collective labour agreements for PGNiG and its subsidiaries, as well as the Group's internal work and remuneration rules. Within the programme, each

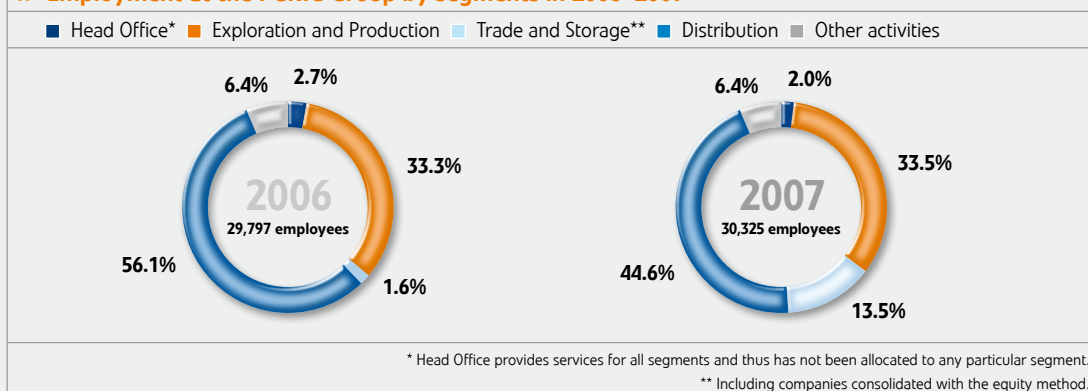
### » Employment at the PGNiG Group, year end in 2002–2007

[persons]		
2002		32,252
2003		31,555
2004		30,550
2005		30,176
2006		29,797
2007		30,325

employee with at least five years of service at the PGNiG Group, and included in the programme after January 1st 2005 is granted additional protection benefits at amounts individually calculated in accordance with the programme's terms.

Implementation of the restructuring programme yielded savings on remuneration and employee benefits to the order of PLN 573m in 2004–2007, including PLN 277m in 2007 alone. The programme has been extended until the end of 2008.

### » Employment at the PGNiG Group by segments in 2006–2007



### PGNiG Group as the largest employer

The PGNiG Group fulfils its obligations towards the employees and their families with utmost diligence. These obligations are chiefly connected with social services. The entitled persons enjoy the following benefits:

- » organization and additional financing of holiday rest for children and young people;
- » financial assistance and material support for poorest families;
- » repayable financial housing assistance;
- » organization and additional financing of various forms of recreation;
- » rehabilitation in the form of organized prophylactic holidays at occupational health and recreation centres.

### Internships

PGNiG organizes a students training programme for participants of the annual "Grasz o staż" initiative, the most popular and prestigious training

programme addressed to Polish students and graduates. The programme has been organized since 1996 by PricewaterhouseCoopers and "Gazeta Wyborcza". We organize paid summer internships. We also offer unpaid internship to students of the Faculty of Gas Engineering at the Warsaw University of Technology, as well as periodic trainings for students from universities across Poland. The programme involves all our Polish subsidiaries.

### Recruiting the best

In line with the adopted rules and in accordance with the arrangements included in the employment restructuring programme, we prefer internal recruitment for posts at the Head Office. Not only does it allow to make full use of our employees' potential, but it also motivates them to more effective work and development of their individual skills. External recruitment is carried out only when highly specialist competences not available in-house are sought.





During the recruitment process, the candidates' level of competence is determined on the basis of post-specific competence profiles. It is a combination of knowledge, skills, attitudes and motivation required for a given post.

#### Employees' professional development

The employees, their experience, knowledge, creativity and commitment, are our greatest asset. Thereby, investing in human resources creates favourable conditions for implementation of our plans. This approach also allows our employees to pursue their individual goals. Due to a wide spectrum of the subsidiaries' business activity, we allow our Group's entities a lot of leeway in establishing the scope and type of staff training.

The key role in establishing bonds between the Company and its employees is played by a training management system. Persons employed at the PGNiG Group are offered opportunities for improving their professional qualifications, for example through postgraduate studies, participation in national trade conferences, seminars and symposia, occupational training, and self-education (e-learning). Moreover, the employees participate in language courses, and have a chance to get a placement at our branches in Moscow and Brussels, where they can become acquainted with the ins and outs of everyday work in these units, as well as improve their language skills.

In 2007, our employees participated in various training courses on modern business organisation, tailored to the needs of the positions held by particular employees. The covered topics included project management, analysis of legal environment, business risk management, customer service, internal communication and team work. Most of these trainings were co-financed with EU funds, including the European Social Fund.

Such extensive training offering enables our employees to develop and enhance their professional qualifications, while the Company benefits from higher productivity. Personnel development translates into the growth of our Group's value, which is

viewed positively primarily by investors and clients, and also by prospective employees.

#### Safety at work

Acting as a responsible employer, in 2007 we continued efforts aimed at improving working conditions, thus increasing our employees' safety. Every year, more new equipment is used in everyday work. Specialist training on operation of the new equipment, as well as occupational health and safety trainings, contribute to the improvement of work conditions.

The number of industry-specific occupational accidents in the PGNiG Group (drilling work, as well as crude oil and natural gas production) is relatively small; in 2007, it was below 13% of the total number of accidents.

#### We are a team

An important element affecting the productivity and quality of work is integration and cooperation of the Group employees. Hence, various employees' activities are encouraged. Their main objective is to enhance team work, which translates into employees' higher productivity and improved relations at work. Work on the strengthening of internal communication began already in 2006. Due to the nature of our business and the broad range of operations, both traditional as well as electronic means of communication are used.

In 2007, an important element of the separation of trading function from gas distribution was the communication support of the changes. A lot of time and attention was devoted to it, and apart from internal publications, the management of the Project Committee took part in a series of meetings all over Poland, during which employees could express their concerns and receive explanations. These meetings – the so-called cascades communication based on direct contacts with the employees – are an important element of our internal communication system. We also attach great importance to feedback from the employees. For example, a series of meetings on the integration of PGNiG trading activities concluded with an electronic survey,

where respondents could assess the meeting and present more of their questions or concerns. From 2008 onward, we will hold ongoing surveys of employee satisfaction.

As part of our activities conducted to-date, the employees receive daily electronic newsletter highlighting the most important events in the PGNiG Group. We have also implemented a system based "communicators" – persons responsible for disseminating information among our employees across the Group. Work on launching of an SMS-based information system for the employees will be completed shortly. The system will support several thousand of the Company cellular phone numbers. We have also launched an IT platform enabling direct information exchange among the employees.

In 2006, PGNiG took steps in order to integrate all professional groups at the Company. Regular meetings improved relations among co-workers, and thus the quality and productivity of work.

Any initiatives concerning internal communication are consistent with our HR policy, which fosters employees' commitment, satisfaction and identification with the Company.





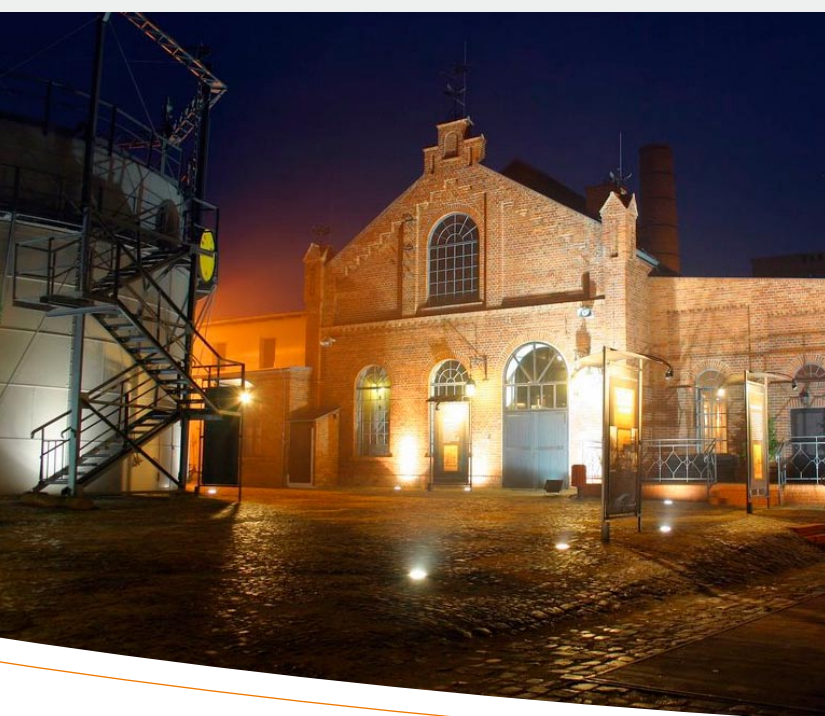
## Public Relations – PGNiG as corporate citizen

The PGNiG Group companies demonstrate high level of social commitment, which is understood as responsibility towards both its employees and the society. We support initiatives which are aimed primarily at serving the Polish science and culture and protect and preserve the national heritage for the future generations. The PGNiG Group fulfils its social responsibility duties through sponsorship activities, but also through the PGNiG Foundation, in the context of employee relations and public relations of the PGNiG Group companies.

### PGNiG for the Polish culture

In 2007, we were involved in projects of significant importance, both nationally and locally, for the Polish culture and science. Our corporate bodies support local activities of the gas companies and branches as well as initiative undertaken by our subsidiaries.

As part of our efforts to support Polish culture, we financed the renovation of a historic wooden altar at the St. Bernardine of Siena Church in Kraków. The monastery complex of the Bernardine Fathers built in 1453 and situated at the foot of the Wawel Hill with its preserved complete baroque fittings is an example of Polish and European heritage.



Noteworthy is also PGNiG's involvement in the activities of the Ignacy Łukasiewicz Memorial Museum of Oil Industry (Muzeum Przemysłu Naftowego i Gazowniczego im. Ignacego Łukasiewicza) in Bóbrka. We are one of two sponsors of the museum. In 2007, we took steps which in a long term should lead to revitalisation of the museum and its popularisation as one of the main tourist attractions in southern Poland. In 2007, the Supervisory Board of PGNiG approved a long-term sponsorship agreement with the museum. This activity is aimed at preserving the Polish historical and scientific heritage as well as popularising knowledge about the oil industry.

In 2007, the PGNiG Trading Division carried out a lot of valuable initiatives. We should mention at least the Polish Puppeteers Festival (Ogólnopolskie Spotkania Lalkarzy) in Kraków, cooperation with the Kraków Historical Museum and the Karol Szymanowski Philharmonic in Kraków or the annual great dragon parades which are organised by the Groteska Theatre (Teatr Lalki, Maski i Aktora "Groteska") in Kraków. In Lublin, we are involved in such projects as the International Festival Theatre Confrontations 2007 (Międzynarodowy Festiwal "Konfrontacje Teatralne" 2007) or the Paderewski International Musical Competition for the Blind (Międzynarodowy Konkurs Muzyczny dla Niewidomych im. I.J. Paderewskiego). In Koszalin, we were involved in the organisation of the concert celebrating the naming of Polish Radio Koszalin's recording studio after Czesław Niemien. In Jarosław, we supported a local initiative as part of the nationwide social campaign "Polish Parents Read to Their Children" (Tydzień Ogólnopolskiej Kampanii Społecznej "Cała Polska Czyta Dzieciom").

The support given to local initiatives can also be seen in projects undertaken by the Zielona Góra and Sanok Branches.

The Zielona Góra Branch supports all major artistic events in its region. It cooperates with such institutions as the L. Kruczkowski Theatre in Zielona Góra, the Cantor Old Music Foundation, the Lubuska Land Museum in Zielona Góra, the Zielona Góra Jazz Association, the Zielona Góra Philharmonic, or the University of Zielona Góra.

Also the Sanok Branch of PGNiG in its sponsorship activities focuses mainly on local initiatives in the Kraków, Rzeszów, Lublin and Warszawa Provinces, the most important of which are international events, including:

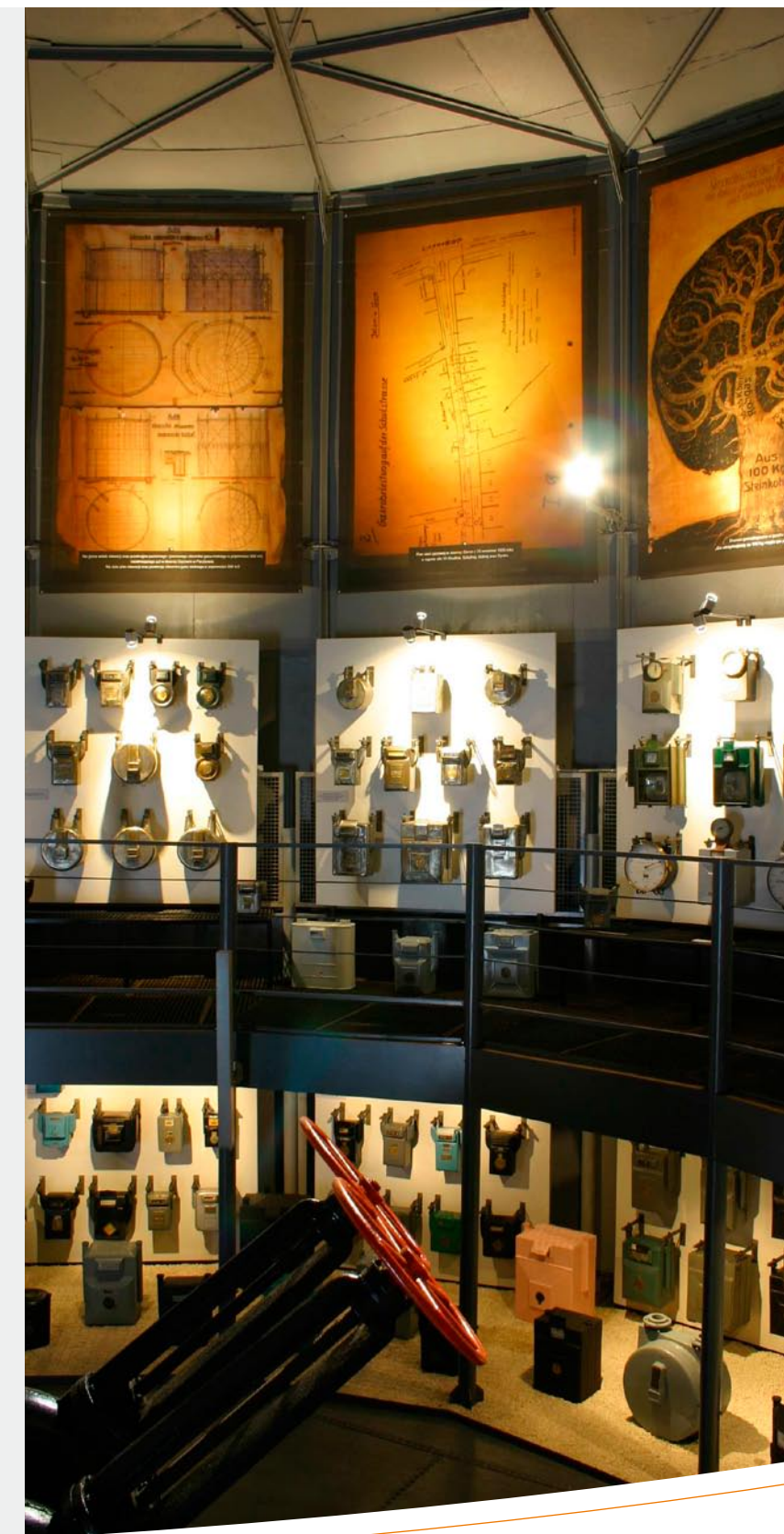
- » Adam Didur Festival – attracting the greatest stars of opera, chamber and symphonic music and ballet, combined with a composers competition;
- » International Pianists' Forum – Bieszczady without Borders (Międzynarodowe Forum Pianistyczne – Bieszczady bez granic) – gathering the winners of the most prestigious piano competitions, with concerts, master classes and lectures given by the greatest piano virtuosos;
- » International pleinair painting workshops;
- » International Accordion Festival (Międzynarodowe Spotkania Akordeonowe) – under the auspices of the Ministry of Culture (Grand Prix funded by Lech Kaczyński, President of the Republic of Poland).

Supporting culture and art and protecting the historical material heritage are the main and most important forms of activity in the area of public relations of the Distribution System Operators, our largest subsidiaries.

In 2007, Mazowiecki Operator Systemu Dystrybucyjnego Sp. z o.o. continued its cooperation with the National Museum in Warszawa, supporting day-to-day activities of the institution important for the national culture. In May 2007, in cooperation with the National Museum we organised an interesting exhibition at the Gas Industry Museum in Warszawa entitled "150 Years of Our Presence in the City".

Pomorski Operator Systemu Dystrybucyjnego Sp. z o.o. contributed to the 11th Shakespeare Festival, a show of European productions, which for several years has attracted a number of theatre lovers. The festival was accompanied by multiple artistic events and extensive educational programme, comprising meetings with artists, as well as drama, art, photography and journalist workshops. POSD also supported the Nova Opera House of Bydgoszcz as part of the organisation of the 14th Bydgoszcz Opera Festival.

In October 2007, following a two-year renovation work, Górnośląski Operator Systemu Dystrybucyjnego Sp. z o.o. opened the Gas Industry Museum







in Paczków. Both the renovation and current operations of the Museum are entirely financed by Górnośląski Operator Systemu Dystrybucyjnego Sp. z o.o. The Museum was established on the premises of the former gas company in 1991, and it is now the only venue in Poland featuring the whole gas production equipment preserved intact. Interestingly enough, the Museum houses Europe's largest collection of nearly 600 gas meters. The visitors may also see a Chemnitz fireless steam locomotive from 1927, closing cast-iron trap with a 1.2 cm diameter, and a clock dial for a 110 thousand cu. m tank. Most of the exhibits are in good working condition. The Museum's another attraction is its well-preserved beautiful industrial architecture.

In 2007, the gas company in Tarnów celebrated its 130th anniversary. The efforts of Tarnów historians and cultural community and the support of Karpacki Operator Systemu Dystrybucyjnego Sp. z o.o. yielded an unusual presentation of the history of gas industry in the region during the 10th Jubilee Polish Comedy Festival Talia in Tarnów. The festival's opening was accompanied by the gala of KOSD.

Karpacki Operator Systemu Dystrybucyjnego commissioned the Tarnów branch of the Polish Association of Sanitary Engineers and Technicians to

produce a publication that will be a first recording of the rich history of the gas industry in Tarnów. The publication of the monograph is planned for September 2008. Undoubtedly, it will be a very interesting book needed by the industry.

Wielkopolski Operator Systemu Dystrybucyjnego Sp. z o.o. has long supported the Poznań Boys' Choir – one of the most well-known Polish choirs in the world – conducted by Jacek Sykulski. Wielkopolski Operator Systemu Dystrybucyjnego Sp. z o.o. co-finances the organisation of concerts and releases of the choir's recordings. In 2007, WOSD contributed to the construction of the statues of renowned Poles, including Kazimierz Odnowiciel (a Polish king) in Pobiedziska and Hipolit Cegielski (advocate of organic work and pioneer of heavy industry) in Poznań. In particular, the latter was of great significance to WOSD given the importance of Hipolit Cegielski and his businesses for the growth of the Poznań gas company.

Also smaller companies of the PGNiG Group are involved in projects promoting the Polish culture.

Poszukiwanie Nafty i Gazu Kraków for several years has been engaged in promoting young artists by sponsoring the International Master Courses of Musical Interpretation in Zakopane organised by the Zakopane Academy of Arts. The company also co-organises exhibitions of young painters, actors and photographers, financially supports operetta concerts, and sponsors vernisages of Polish artists abroad. PNiG Kraków is also a patron of the Kraków Photography Association and the Władysław Bogacki Museum of History of Photography. In the Nafta gallery in Kraków, which is owned by PNiG Kraków, interesting exhibitions of documentary, historical and artistic photography are held. The exhibitions, which are devoted to the most important events in 20th-century Poland, are created by Władysław Klimczak, the icon of the Polish photography. They are well known in Poland and in the world. Additionally, PNiG Kraków sponsors operetta music concerts, and especially the Obligato Strauss Orchestra conducted by Jerzy Sobeńko, as well as the performances of famous singer – Krystyna Tyburowska.

In 2007, Gazoprojekt of Wrocław sponsored a number of musical events, including the Polish Festival of Academic Choirs Barbórka 2007. For several years, the company has cooperated with the PAX ET BONUM foundation, which organises the International Pax Et Bonum Per Musicam Festival in Wrocław.

The companies of the PGNiG Group not only support local communities but – by conduction international operations – they also promote the Polish culture and science abroad.

In 2007, Nafta Piła was listed among the patrons of Polish archaeology by the Nile. The 70 Years of Polish Archaeology in Egypt exhibition, housed at the Egyptian Museum, the world's most famous archaeological museum, presented impressive achievements of Polish archaeological missions in Egypt.

#### **PGNiG for development of the gas industry**

PGNiG and members of our group participate in all major industry events, including conferences, seminars, congresses and workshops, during which key issues related to the industry are discussed. In 2007, we participated in a seminar entitled "The Operator's Role on the Domestic and EU Gas Markets"; conference held in Stróże and organised by a branch of the Polish Association of Engineers and Sanitary Technicians; the GAZTERM conference in Świnoujście; the 5th International Scientific and Technical Conference entitled "The Role of Poland on the European and Global Oil and Gas Markets", organised by the Scientific and Technical Association of Engineers and Technicians of the Oil and Gas Industry; and the 5th Oil and Gas International Conference.

We maintain close cooperation with the Stanisław Staszic University of Science and Technology in Kraków, supporting the implementation of its initiatives. In 2007, these included the "CNG and Other Alternative Fuels – Building Market Position" workshops; International Scientific and Technical Conference organised to mark the 40th anniversary of the Faculty of Drilling, Oil and Gas; international conference on underground storage; and the 2nd Kraków Conference of Young Scientists. For a number of years now, our partner in this area has been the Institute of Molecular Physics of the Polish Academy





of Sciences in Poznań, well-known as the organiser of the annual scientific workshops called “Summer with Helium” in Odolanów.

Furthermore, cooperation is maintained between PNiG Kraków and post-secondary schools in Kraków offering technology degree courses. In April 2007, the company and the University of Science and Technology co-organised the Nauryz Spring Festival (Święto Wiosny Nauryz), celebrated by youths from Central Asia. The awareness of a unique character of the Asian countries, achieved through PNiG’s long-lasting presence in Asia, surely helps build bridges between our vastly different cultures.

Outside the industry, PGNiG also supports ambitious projects, such as a series of exhibitions under the label of “Architectural Touchstones – Honorary Prize of the Union of Polish Architects 1966–2006” (Architektoniczne punkty odniesienia – honorowa nagroda SARP 1966–2006), and the Competition of Knowledge on Poland and Contemporary World (Olimpiada Wiedzy o Polsce i Świecie Współczesnym). In 2007, we were a partner for the 2007 Economic Forum of Young Leaders (Forum Ekonomiczne Młodych Liderów 2007) in Krynica.

#### PGNiG for the Polish sports

The PGNiG Group is engaged in supporting sports initiatives, especially those aimed at promoting physical activity among Poles in local communities. In 2007, we were a partner of the annual Oil Race in Gorlice and the autumn round of football games in Świnoujście, and offered our regular support to events organised by the Polish Special Olympics Association (Stowarzyszenie Olimpiady Specjalne Polska). We were involved in the organisation of the

15th National and International Solidarity Race Lubelski Lipiec 80 in Lublin.

Our branches in Zielona Góra and Sanok also lend a hand of support to local sports organisations. The Zielona Góra Branch, for instance, acts as a sponsor of the local men’s basketball team, the bobsleigh section of the Nowiny Wielkie Student Sports Club (UKS Nowiny Wielkie), other student and municipal sports clubs and the Nafta Tennis Club (Klub Tenisowy Nafta). The Sanok Branch, on the other hand, was engaged in supporting the activities of the Naftowiec sailing club, the Górnik ski club, and the Górnik speedskating club. The Branch co-sponsors ski jumping tournaments and a number of other smaller scale sporting events organised at schools and at the regional level.

Mazowiecki Operator Systemu Dystrybucyjnego Sp. z o.o. maintains a cooperation with the Polonia Warsaw Basketball Club, which stands out as unique and exceptionally important for the capital city of Warszawa and whose matches are played in a friendly and welcoming atmosphere. Supporting a sports discipline which releases positive emotions is fully consistent with the communications strategy pursued by our Group.

For some years now, Gazoprojekt has provided support to athletes from Wrocław. One of the major events scheduled for 2007 was the CAPOWROCEK 2007 Capoeira and Brazilian Culture Festival (Festiwal Capoeira i Kultury Brazylijskiej CAPOWROCEK 2007), held in Wrocław for the first time in history. Also, the company co-sponsors the ODRA Wrocław Football Club’s youth section. The sponsorship is based on a continued cooperation with the club,

whose members have benefited from Gazoprojekt’s support for a few years now.

It is worth noting that the PGNiG Group puts much effort in promoting physical activity also among its staff. Each year, a number of sporting events in various disciplines are held to integrate workers employed in the industry.

#### PGNiG and Corporate Social Responsibility

PGNiG supports charitable causes mainly through its Ignacy Łukasiewicz Foundation, set up in November 2004. We are the only donator to the Foundation, whose activity comprises broad-based support of culture and national heritage, including protection of historical monuments and promotion of science and education. The programmes currently under way focus on children and youths, and embrace such areas as health protection, promotion of sports, support and promotion of learning. The Foundation’s key statutory objectives are pursued through its cooperation with two prominent external partners, including Caritas. As part of the strategic partnership programme designated as “Wings Every Day”, the PGNiG Foundation has pledged long-term help to over 300 most needy children from all over Poland. The Foundation lends support to Caritas by covering the cost of meals for poor children at school canteens, as well as the cost of school supplies and books, and by providing for other day-to-day needs of the children; for instance it contributes to the cost of school travel, buys clothes and learning aids.

The PGNiG Foundation is a strategic partner of the “Student Volunteers” Programme, an initiative authored by the Polish-American Freedom Foundation and implemented by the Polish Association of

Pedagogues and Youth Animators Klanza – an NGO whose members include active people, eager to seek new solutions to transform the educational reality. The Programme is designed to promote equal educational opportunities for children and young people living in rural areas and small towns. Groups of student volunteers design and run their own educational projects aimed to develop knowledge, skills and interests of children and youths over the school year and during summer and winter holidays. Each project is focused on a single field of knowledge, subject or activity. It may take the form of manual and artistic workshops, sports activities, computer classes, theatre workshops or language classes. The “Student Volunteers” Programme, run in association with the PGNiG Foundation, encourages proactive attitudes among pupils and students alike, by developing their sense of social responsibility and solidarity, while providing them with an attractive formula through which to pursue their passions and interests.

As a matter of fact, practically all branches and companies of the PGNiG Group are involved in charitable projects. In Kraków, the beneficiaries of those projects include: Anna Dymna’s “Against the Odds” Foundation, the Polish Committee for Children, and the Society of the Friends of Children. The PGNiG Branch in Sanok offers support to the Association for Employment, the “Health-Hospital” Foundation, the Bieszczady Section of the Mountain Voluntary Rescue Service, the Committee for the Protection of Children’s Rights as well as other organisations. The Branch provides on-going support to schools named after Ignacy Łukasiewicz – a founder of the Polish petroleum industry. Additionally, in 2007 the Company was involved in the EU project







called "The Way it Works", which was connected with the implementation of the CSR concept in the Carpathian Region.

In Upper Silesia, the Distribution System Operator has been supporting the Silesian Scholarship Fund, sponsoring scholarships for university students. It also helps health-care centres – the Burn Injury Treatment Centre in Siemianowice Śląskie, the Silesian Cardiology Centre and the Upper Silesian Oncological Foundation for the benefit of the Oncological Centre Unit of the Marie Skłodowska-Curie Institute in Gliwice.

The concept of corporate social responsibility perfectly matches the growth strategy followed by Pomorski Operator Systemu Dystrybucyjnego Sp. z o.o. (POSD), and the year 2007 was a breakthrough period for the company as far as a conscious

involvement in the affairs of local communities is concerned. As part of the involvement, POSD decided to send their business partners charity seasonal cards, with proceeds from the sale going to charity, instead of typical cards sold for commercial purposes. Moreover, the company became the chief partner of the "Christmas Gift" campaign, whose organisers, including the Municipality of Gdańsk, the Gdańsk Charity Foundation, and the Municipal Social Services Centre in Gdańsk, donate all proceeds from the sale of Christmas cards to fund gifts meant for children from the poorest families living in Gdańsk. It is noteworthy that the cards had been designed by children participating in artistic workshops held at the Youth Centre in Gdańsk. All branches of Pomorski Operator Systemu Dystrybucyjnego were vitally engaged in the charity cards initiative, each of them having selected a reputable charity organisation operating locally. Thus the range of support was not limited to the company's primary location (Gdańsk) but also embraced the towns of Bydgoszcz and Olsztyn.

The proceeds from the sale of cards selected for distribution in Bydgoszcz were donated to the Regional Centre of Palliative Care – The Sue Ryder Home. In Olsztyn, on the other hand, the charity cards were prepared by women staying at the Social Welfare Centre in Bisztynek. Funds raised from the sale of cards were allocated to the purchase of materials used during art therapy sessions.

In addition, Pomorski Operator Systemu Dystrybucyjnego donated money to purchase specialist equipment for blind and visually impaired children attending the Public Kindergarten No. 35 in Gdańsk on the day of Saint Barbara's Day celebrations held

in Gdańsk (a holiday traditionally celebrated by miners). The equipment is indispensable in preparing the children to continue their education in primary school.

Another initiative undertaken by POSD is the Eko-style project, whereunder all employees were presented with environmentally friendly reusable shopping bags. The pro-environmental measures started at home, however the eco-friendly bags will be offered to all customers who sign a gas network connection agreement. In this way, both company employees and customers are offered a chance to actively participate in and endorse environmental protection.

A singular type of the social responsibility activity is the long-lasting involvement of the PGNiG Group members in undertakings aimed at enhancing safety of local populations. Having public safety at heart, Pomorski Operator Systemu Dystrybucyjnego purchased a modern training manikin and donated it to the Provincial Fire Department in Gdańsk to facilitate professional training in circulatory and respiratory resuscitation.

Projects serving the enhancement of public safety include the "I'm Safe" knowledge competition on precautionary measures held in Lublin and the "Safe Resident" project implemented for years now by Górnośląski Operator Systemu Dystrybucyjnego in cooperation with Vattenfall. In 2007, further efforts were put to promote initiatives involving the participation of grade 1 to 3 primary school children from Bytom and Ruda Śląska. The principles of safe use of the mass media are expounded during classes taught by competent educators. The culmination

of the "Safe Resident" campaign was a knowledge competition on the safe use of the mass media and a contest for the best poster made by children.

One of the most remarkable initiatives, reaching beyond the Polish borders and constituting a testimony to a great corporate social responsibility, is PNiG Kraków's involvement in developing a firmer relationship between Kazakhstan and Poland. One of the contributing factors is the company's long-standing presence on the Kazakh market. In 2007, PNiG Kraków invited the representatives of the Kazakh embassy and journalists working for the Kazakh media to a meeting held in Kraków with surgeons working for the Department of Cardiovascular Surgery and Transplantology at the Institute of Cardiology of Collegium Medicum of the Jagiellonian University. Participants were afforded an opportunity to learn about potential trainings to be organised for cardiovascular surgeons from Kazakhstan in Kraków, and cooperation prospects. Also, a concept of establishing a sister city relationship between Kraków and Almaty was then born. For a considerable period of time, PNiG Kraków has offered its support to Poles living in Kazakhstan, the support being directed mainly to primary school children in Almaty and Kyzylorda. The company sends to Kazakhstan copies of masterpieces of the Polish literature as well as other educational aids. Owing to PNiG's help, the children are offered a chance to discover and embrace Polish culture, history and tradition. Additionally, trips are organised for grandchildren of Polish expatriates from Kazakhstan to Polish towns and cities, such as Kraków, Kołobrzeg, Częstochowa, Warszawa and Poznań.





Public Relations – Environmental protection

Carbon Credit Trade System

Since 2005, PGNiG has been participating in the carbon credit trade system (CCTS). In the first settlement period, 2005–2007, we were granted carbon credits for the incineration unit in Odolanów, in an amount of 13,400 MgCO<sub>2</sub> annually, and in Zielona Góra (KRNiGZ Dębno), in an amount of 35,900 MgCO<sub>2</sub> annually. In mid 2007, as part of the existing carbon credit trade system, PGNiG reviewed the annual reports on carbon dioxide emissions for 2006 and brought the volumes of carbon dioxide emission in line with the amounts stipulated by the permit held. Following the cancellation of the carbon credits used in 2006, 6,454.7 MgCO<sub>2</sub> credit units were retained.

Under the CCTS, PGNiG collected data necessary to develop the National Plan for Distribution of Carbon Credits for 2008–2012 (KPRU II). In that settlement period, the system will be joined by the facilities of the Odolanów Branch, Zielona Góra Branch and the Gas Storage Facility in Mogilno.

Environmental Management Systems

Implementation and certification of the environmental management systems are among our priorities and they come as the key factor in implementing the sustainable development concept. We intentionally strive to reduce the adverse environmental impact of our operations in the area of exploration and production of crude oil and natural gas.

Certain companies of the PGNiG Group have already implemented an environmental management system based on the PN-EN ISO 14001 standard, thus meeting the legal requirements relating to environmental protection. Other effects of the implementation include improved efficiency of raw material and energy use, as well as reduced emissions of pollutants. All actions comply with the most stringent

environmental protection standards. Obtaining a PN-EN ISO 14001 compliance certificate for the implemented management system will enable the Company to increase its environmental credibility in contacts with customers.

REACH (Registration, Evaluation, Authorisation of Chemicals) – chemical substances and preparations

In order to ensure compliance with the new regulations concerning mandatory registration of chemical substances, assessment of technical documentation, evaluation of substances and authorisations for use of substances in production and trading, which came into effect in H1 2007, we initiated work aimed at identifying the relevant substances produced in its operations or purchased and used by the PGNiG Group. Completion of the work is scheduled for 2008.

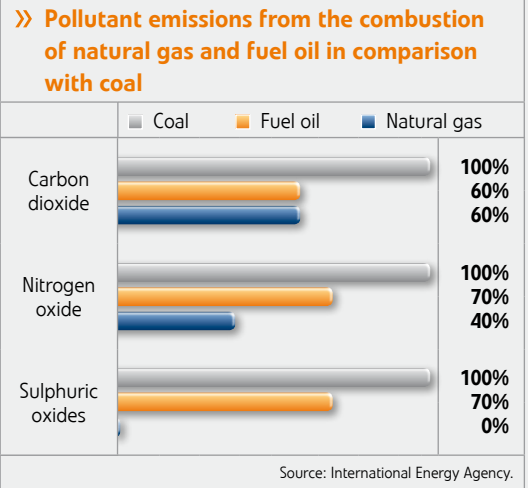
Natura 200 (Nature 2000)

As part of the national consultations regarding the Natura 2000 network, in 2007 the Ministry of Environment began identifying new special areas of habitat protection and new areas of special bird protection. We reported existence of the Natura 2000 areas within the operating areas of the PGNiG Group and/or potential conflicts between the planned investment, exploration and production projects and the Natura 2000 areas.

Natural gas as environment-friendly fuel

Natural gas is the most environment-friendly fuel – its use by businesses does not affect the natural environment. The sustainable development concept provides for the civilisation, technology and economy progress must involve the harmonisation of environmental-protection-related requirements with the rational use of natural resources. The currently developed environmental protection law obliges each business entity to prevent environmental

hazards and creates an incentive system encouraging the application of technologies and raw materials supporting the environmental protection. Natural gas fired installations are currently on a large scale used by the power sector, industry and municipal services sector. Air polluting emissions from gas combustion are lower than those recorded for other fuels. The use of natural gas as feedstock and fuel in technological furnaces enables the energy consumption in numerous industrial processes to be reduced. The implementation of state-of-the-art technological processes in newly launched or modernised production installations leads to higher output and much lower pollutant emissions.





### Certificates, awards and distinctions

Our corporate communication policy, covering both relations with our employees and with the public, does not go unnoticed, as evidenced by the awards earned by companies of the PGNiG Group. The companies are steadily improving their business credibility by submitting to formal certification and audit processes.

The PGNiG Group was ranked fifth among the top hundred most valuable companies in Poland, according to a survey by A.T. Kearney and Newsweek in April 2008. The survey covered companies which were singled out on the basis of their revenues, profitability or important and renowned brands. Each company was valued based on financial and strategic information publicly available. This year, PGNiG climbed up the ranking by four positions in comparison with 2007. In April 2008, the Company was also named "Business Superbrand", which is an indication that PGNiG enjoys best reputation in the industry and offers the expected and recognisable benefits.

A separate group of the numerous awards won by our branches and subsidiaries are awards for environmental protection activities. For detailed information, see the Environmental Report attached to this Annual Report. In 2007, Górnślaski Operator Systemu Dystrybucyjnego (then operating under its previous name) took the fourth position among other companies from the Katowice Province in the 2007 edition of the "Pillars of Polish Economy" ranking prepared by Puls Biznesu, a business and financial management newspaper, and business

intelligence agency Coface Intercredit Poland. This initiative seeks to promote companies which play important roles in their regions not only because of the scale of their business but also their importance to the local communities. By creating new work places and supporting the initiatives undertaken by the local authorities, these companies become driving forces of the regional economies. "Pillar of Polish Economy" is the title given to enterprises which, operating in fair and transparent way, are a pride of their communities.

In the same year, GOSD received the "European Crown 2007" award. What makes this award special is the fact that it is given by the media. Journalists cooperating with the Press, Radio and Television Studio and Programme Centre in Katowice honoured the company for its professionalism in gaseous fuel trading, which is highly praised and ensures customer satisfaction, and for good relations with the media.

In early February 2008, Pomorski Operator Systemu Dystrybucyjnego was named "Laureate of the Decade" in the 11th edition of the Pomeranian Quality Price Competition held by the Pomeranian Council of the Polish Federation of Engineering Associations NOT in Gdańsk. The award is all the more valuable because it is presented only once in ten years. Thus it confirms the high operating standards, quality systems and TQM (Total Quality Management) philosophy of the company. The Bydgoszcz Gas Distribution Division of POSD was for the third time named "Patron of the Garden of Arts in Bydgoszcz".

This honourable title was awarded in recognition of the support for arts, sports and cultural projects carried out in the region in 2007. POSD was also honoured for the support to the 14th Bydgoszcz Opera Festival, 45th Bydgoszcz Music Festival devoted to Karol Szymanowski and music masters of the 20th century, 5th Bydgoszcz Jazz Festival, 7th European Athletics Festival, 2nd Bydgoszcz Festival of Street Running, the Give Heart To Children (Podaruj dzieciom serce) concert, and long-standing support to the Bydgoszcz Society of Palliative Care.

In 2007, Poszukiwania Naftowe Diament, a company of the PGNiG Group, recognised as one of the most dynamically developing companies in Poland, was among the finalists of the prestigious "Gazelles of Business" competition organised by Puls Biznesu. This confirms that Poszukiwania Naftowe Diament enjoys high reputation for fairness to the employees and guarantees timely provision of top quality services.

Another company of the PGNiG Group which in 2007 again was named one of the "Gazelles of Business" is Geofizyka Kraków. This time it improved its performance in the ranking by impressive 1,500 positions and was located at the 488th place in Poland and among top 50 in the Kraków region.





The year 2007 was a special year for Poszukiwania Nafty i Gazu Kraków. The company won a number of prestigious awards given by Polish business experts, including:

- » "Leader of Export" award in Efficiency, from the Kraków Province Marshal;
- » "Outstanding Polish Exporter", a medal from the Polish Exporters Association for best export services;
- » "Pearl of the Polish Economy" certificate from the Polish Market magazine and the Institute of Economic Sciences of the Polish Academy of Sciences for "consistently pursuing the corporate policy and strategy and taking the lead among the most dynamic and most effective businesses in Poland";
- » "Leader of Export" accolade for the amount of capital invested abroad;
- » "Leader of Export" award in Profitability, from the Ministry of Economy.

The year 2007 saw successful completion of the certification audit of the quality management system at Mazowiecki Operator Systemu Dystrybucyjnego by KEMA Quality Polska.

In the same year, Górnośląski Operator Systemu Dystrybucyjnego renewed its external audit and received a certificate confirming that the company meets the requirements underlying the integrated quality management system, integrated environment management system and health and safety at work system. The audit was performed by the Polish Centre for Testing and Certification (Polskie Centrum Badań i Certyfikacji).

Having conducted recertification audit, in 2007 Det Norske Veritas awarded the Sanok Branch the Quality, Environmental and Safety Management System Certificate confirming compliance with ISO 9001:2000, ISO 14001:2004 and PN-N 18001:2004.

Besides the awards earned for exceptional achievements and professionalism, the PGNiG Group companies attach special importance to awards for their social commitment, both to the employees and the public.

Karpacki Operator Systemu Dystrybucyjnego is one of the 15 Polish companies awarded with the prestigious certificate "Friendly Employer". The contest was held by the National Commission of the Solidarity Trade Unions as part of the campaign "Employee Friendly Poland" held among Polish employers under the honourable patronage of President Lech Kaczyński. The certificates were awarded to employers which take particular care in work safety, observance of law and work standards, and allow employees to freely join trade unions. The certificate is a confirmation of the social responsibility towards employees. The Sanok Branch also received a distinction in the contest.

Pomorski Operator Systemu Dystrybucyjnego was the only gas company to be named "Company Exceptionally Friendly to Mothers" in the contest held in 2007 by Fundacja Świętego Mikołaja, Millward Brown SMG/KRC, and the "Rzeczpospolita" daily.

The "Reliable Employer" title, awarded by the Economic Review section of the Gazeta Prawna daily

in the Bydgoszcz Province, went to another company of the PGNiG Group – Geofizyka Toruń. This is a countrywide contest, but the awards are presented separately for each region. The main criteria for candidate selection include employment dynamics in recent years, company growth and corporate image.

In 2007, the Group companies were also awarded for their commitment to social work. Karpacki Operator Systemu Dystrybucyjnego was honoured in the "Words of Wisdom" contest held by the Foundation "Education and Health" in the category "person or company financing Polish science and culture". This prestigious accolade is awarded by a panel whose members include Jerzy Stuhr, Jacek Majchrowski, Jerzy Sadowski, Franciszek Ziejka, Grażyna Brodzińska or Krzesimir Dębski. Another award of special significance to the company is the Santa's Friend medal given by the Foundation for the Disabled in Stróże for the support in activities aimed at helping the disabled and poor.

Górnośląski Operator Systemu Dystrybucyjnego holds the honorary title of "Friend of the Silesia Grant Fund". The Foundation of the Silesia Grant Fund presents this title to companies which have been supporting it for years and thanks to which students may continue their education and make their dreams a reality.

A clear indication of the Group companies' serious commitment to the ideas of social responsibility and sustainable development is the fact that in February 2008 Pomorski Operator Systemu Dystrybucyjnego became participant in Global Compact, an initiative of the UN Secretary-General, Kofi Annan. It calls on companies to embrace ten universal principles in the areas of human rights, labour standards, environment and the anticorruption. In Poland this global programme promoting Corporate Social Responsibility is coordinated by the United Nations Development Programme. POSD is the first power company in Poland to become a full member of Global Compact. By drawing on the considerable experience gained under this initiative, POSD will certainly set an example for other companies of the PGNiG Group to follow.

