



**PGNiG Group's Non-Financial
Report for 2021**

2021



Table of contents

1. Introduction to the Report	4
1.1 Legal basis and scope	4
1.2 Methodology and reporting rules	4
1.3 List of material topics	4
2. PGNiG SA's and the PGNiG Group's business model	6
2.1 Key information about PGNiG SA and the PGNiG Group	6
2.2 Operating structure of the PGNiG Group	7
2.2.1 Business model	7
2.2.2 Companies of the PGNiG Group	8
2.3 Role of the PGNiG Group's key companies in ensuring national energy security	9
2.4 Taxonomy	10
2.5 Relations with stakeholders and the environment	12
2.5.1 PGNiG Group stakeholders	12
2.5.2 Organizations and associations	15
3. Business strategy and CSR	19
3.1 Mission and vision	19
3.2 Strategy overview	20
3.2.1 Strategy in a nutshell	20
3.2.2 PGNiG Group's sustainable development strategy	20
4. Environment and climate	27
4.1 PGNiG Group's key measures for climate and environmental protection	27
4.2 Due diligence policies and procedures	27
4.2.1 Environmental management system at the PGNiG Group	28
4.3 Climate-related risks and opportunities	28
4.3.1 Regulatory risks	29
4.3.1.1 ETS reform	29
4.3.1.2 Sustainable finance	30
4.3.1.3 Methane strategy	30
4.3.2 Physical risks	30
4.3.3 Opportunities for PGNiG	30
4.3.3.1 Poland Energy Policy 2040	30
4.3.3.2 EU hydrogen strategy	31
4.4 Managing climate-related risks	31
4.5 Climate and environmental impact of the PGNiG Group	31
4.6 PGNiG's path to climate neutrality	32
4.6.1 Exploration and Production	32
4.6.2 Power and Heat Generation	33
4.6.3 Trade and Storage	33
4.6.4 Distribution	33
4.6.5 New business line – RES	34
4.7 Key environmental data	34
4.7.1 Raw materials and consumables used	34
4.7.2 Energy consumption at the PGNiG Group	34
4.7.3 Water consumption at the PGNiG Group	35
4.7.4 Impacts on biodiversity	35
4.7.5 Direct GHG emissions (Scope 1)	41
4.7.6 GHG reductions	43
4.7.7 Total water discharge by quality and destination	44
4.7.8 Waste management	44
4.7.9 Environmental events	45
5. Social	46
5.1 Overview of employee aspects	46
5.1.1 Remuneration and benefits policy	46
5.1.1.1 Remuneration policy for members of the Management Board and Supervisory Board of PGNiG	47
5.1.1.2 Development and training	48
5.1.1.3 Management and succession programmes	49

5.1.4	Staff recruitment and selection	49
5.1.5	Internships and work placements	50
5.1.6	Competence assessment	50
5.1.7	Health promotion programmes for employees	51
5.2	Due diligence policies and procedures	51
5.2.1	General HR policies and procedures	51
5.2.2	Description of the area, OHS policies and procedures applied	52
5.3	Key HR data	53
5.3.1	Employment	53
5.3.2	Employees covered by the Collective Bargaining Agreement	55
5.3.3	Number of training hours	55
5.3.4	Performance assessment	56
5.3.5	Work safety metrics	56
5.3.5.1	Employees covered by an occupational health and safety management system	56
5.3.5.2	Number of occupational accidents at the PGNiG Group	57
5.4	Key information in other social areas (CSR)	57
5.4.1	Overview of social aspects	57
5.4.2	Local communities	57
5.4.3	General public	60
5.4.4	Customer satisfaction and customer awareness	61
5.4.4.1	Customer satisfaction surveys	62
5.4.4.2	New solutions or products, special offers that have been introduced as a result of consultation or identified customer needs	63
5.4.4.3	Pro-environmental and pro-climate products offered	63
5.4.5	Due diligence policies and procedures	64
5.4.6	Number of social projects and their beneficiaries	64
5.5	Social risks	64
6.	Corporate governance and ethics	68
6.1	Management and supervisory bodies	68
6.1.1	Composition of the PGNiG Management Board	68
6.1.2	Supervisory Board and its committees	69
6.2	System supporting management decisions	71
6.3	Non-financial risk monitoring and management	72
6.3.1	Risk management at the PGNiG Group	72
6.4	Overview of ethics aspects	75
6.5	Due diligence policies and procedures	76
6.6	Ethics performance	77
6.6.1	Risk of corruption	77
6.6.2	Anti-corruption training	78
6.6.3	Corruption-related reporting	79
6.6.4	Total number of incidents of discrimination	79
6.7	Security and data protection	79
6.8	Ethical risks and management approaches	80
7.	Additional information	82
7.1	Table of non-financial indicators	82
7.2	Contact	86
7.3	Definitions and converters	86
7.3.1	Definitions	86
7.3.2	Converters	87
7.4	Index of tables in the Report	87
7.5	Index of figures in the Report	88
8.	Representation by the PGNiG Management Board and authorisation of the Report	89

1. Introduction to the Report

1.1 Legal basis and scope

(GRI 102-10; GRI 102-45; GRI 102-48; GRI 102-49; GRI 102-50; GRI 102-51; GRI 102-52)

This consolidated non-financial report was prepared in accordance with Art. 49b and Art. 55 of the Accounting Act of September 29th 1994 (Dz. U. of 2019, item 351), which requires public-interest entities to disclose their non-financial data.

This Report contains non-financial information on PGNiG SA and the PGNiG Group for the period January 1st – December 31st 2021 and covers all subsidiaries included in the consolidated financial statements of the PGNiG Group for 2021. The previous report was issued as a separate non-financial report for 2020 on March 25th 2020. Reports are published on an annual basis, and documents from previous years are available on the PGNIG Group's website, at <https://en.pgnig.pl/investor-relations/reports/periodic>.

This Report does not include any major changes in relation to the scope of the business model or any adjustments to key data presented in the Non-Financial Report for 2020. However, there has been a change in the presented data relative to the previous year. This is related to the Taxonomy, i.e., the obligation to disclose information on how and to what extent business activities carried out by companies are related to economic activities which, according to EU regulations, qualify as environmentally sustainable. Therefore, this Report already includes part of such information.

1.2 Methodology and reporting rules

(GRI 102-46; GRI 102-54; GRI 102-56)

This Report has been prepared in accordance with the core option of GRI Standards. In addition, it reflects the recommendations contained in IPIECA's Sustainability reporting guidance for the oil and gas industry. The reported indicators include the 'core' GRI indicators, selected 'core' and 'additional' indicators taken from IPIECA's guidelines, and the PGNiG Group's own indicators.

This Report also reflects the selected guidance contained in the Communication from the Commission – Supplement on reporting climate-related information (2019/C 209/01) and recommendations published by the Task Force on Climate-related Financial Disclosures (TCFD) on environmental reporting.

This Report reflects preliminary data relating to Taxonomy disclosures in accordance with the regulations in force at the end of 2021, i.e., the European Commission's delegated acts for Regulation 2020/852/EU, enabling an assessment of the environmental sustainability of the company's operations. These are Commission Delegated Regulations (EU) 2021/2139 and 2021/2178. On their basis, any company which is obliged to publish non-financial information under Directive 2014/95/EU (NFRD) is also required to disclose in its non-financial statement how and to what extent its activities are related to economic activities that qualify as environmentally sustainable. This information is for the first time included in the present Report for 2021.

To ensure due care in the reporting process, the PGNiG Group was supported by the independent consultancy Go Responsible Sp. z o.o. This Report was internally reviewed by a dedicated project team consisting of the Group's employees.

The process involved an analysis of documents, policies, procedures, rules, internal materials of the Group companies and external publications. The analysis covered the adopted management policies for risks and intangible areas, including employee matters, social and environmental performance, respect for human rights, anti-corruption and bribery. The framework of this Non-Financial Report was developed by more than 60 employees, who took part in dedicated lectures and workshops designed to determine the key non-financial aspects specific to the PGNiG Group with respect to the industry in which it operates.

The process of defining the Report content was carried out in two stages:

- 1) identification, i.e., determination of material business issues and sustainability areas based on the most recent guidelines and trends in financial and industry reporting,
- 2) prioritisation of actions relating to stakeholder expectations and non-financial reporting requirements.

1.3 List of material topics

The content of this Report is based on the results of an opinion survey conducted among the PGNiG Group stakeholders. Assessment was made on the basis of the average of the sum of results of internal stakeholder opinion surveys conducted for the previous annual non-financial reporting process, as well as the average of the results of an opinion survey among PGNiG Group's external stakeholders, obtained following an anonymous online survey conducted from December 9th 2021 to February 1st 2022.

A three-level materiality assessment scale was adopted, with different matters described as having low, medium or high materiality for PGNiG Group's external and internal stakeholders. The materiality assessment was also influenced by indirect criteria, i.e. the recommendations contained in the "ESG Reporting Guidelines. Guide to GPW-listed companies", as well as the guidelines laid down in the Accounting Act.

Tab. 1 Materiality matrix

MATERIAL REPORTING ASPECTS	MATERIALITY		IMPACT	
	MEDIUM	HIGH	WITHIN THE GROUP	OUTSIDE THE GROUP
<u>ECONOMIC ASPECT</u>				
<ul style="list-style-type: none"> Company's activities for society, local market, infrastructure, etc. 		+	+	+
<ul style="list-style-type: none"> Preventing corruption (training, identification and resolution of potential incidents) 	+			+
<u>SOCIAL ASPECT</u>				
<ul style="list-style-type: none"> Confidentiality in customer relations. Measures to prevent loss of data 	+		+	+
<ul style="list-style-type: none"> Diversity and equal opportunity in access to jobs and remuneration 	+			
<ul style="list-style-type: none"> Employee training and education, support in career development 	+		+	+
<ul style="list-style-type: none"> Occupational health and safety 	+		+	+
<ul style="list-style-type: none"> Preventing discrimination 	+			
<ul style="list-style-type: none"> Product and service assessment in terms of customer health and safety 		+	+	+
<u>ENVIRONMENTAL ASPECT</u>				
<ul style="list-style-type: none"> Raw materials and consumables used by the company and their recycling 		+	+	+
<ul style="list-style-type: none"> Production, disposal and recycling of waste 	+			+
<ul style="list-style-type: none"> Energy consumption, methods of reducing energy consumption 	+			+
<ul style="list-style-type: none"> GHG emissions, methods of reducing GHG emissions 		+	+	+
<ul style="list-style-type: none"> Company's impact on climate and measures to prevent climate change 		+	+	+
<ul style="list-style-type: none"> Impact on biodiversity of protected and unprotected areas, habitats, protected species 	+		+	+

2. PGNiG SA's and the PGNiG Group's business model

(GRI 102-1; GRI 102-2; GRI 102-3; GRI 102-4; GRI 102-5)

2.1 Key information about PGNiG SA and the PGNiG Group

Polskie Górnictwo Naftowe i Gazownictwo Spółka Akcyjna ("PGNiG") is the Parent of the PGNiG Group (the "PGNiG Group", the "Group"). Its shares have been listed on the Warsaw Stock Exchange (WSE) since September 23rd 2005. The State Treasury is the majority shareholder of the Company. The Company's registered address is ul. Marcina Kasprzaka 25, Warsaw, Poland.

The PGNiG Group plays a key role in the Polish gas sector as it is responsible for national energy security. The Group's principal business comprises exploration for and production of natural gas and crude oil, as well as import, storage, distribution and sale of gas and liquid fuels, as well as heat and electricity generation and sale.

PGNiG is the leader of the natural gas market in Poland and one of the largest companies listed on the WSE.

To maintain Poland's national energy security, the PGNiG Group takes measures necessary to satisfy the steadily growing demand for gas fuel. The PGNiG Group ensures supply diversification by developing domestic deposits and sourcing gas from abroad, as the largest importer and supplier of natural gas in Poland. The fuel is transported to Poland via an extensive transmission network and the President Lech Kaczyński LNG Terminal in Świnoujście. Gas is delivered to end users mainly through the distribution networks. The national gas system is complete with gas fuel storage facilities, used to cover seasonal and daily shortages of gas fuel.

PGNiG has foreign branches and representative offices in Pakistan, the United Arab Emirates, Belgium and Belarus, among others, and holds equity interests in some 30 companies, including providers of specialist geophysical, drilling and well services, highly valued on international markets.

PGNiG is the sole owner of PGNiG Upstream Norway AS (PUN), engaged in upstream activities on the Norwegian Continental Shelf and the Norwegian Sea, and PGNiG Supply & Trading GmbH (PST), which sells gas to wholesale customers abroad. In addition, PST trades on the global LNG market through its London branch.

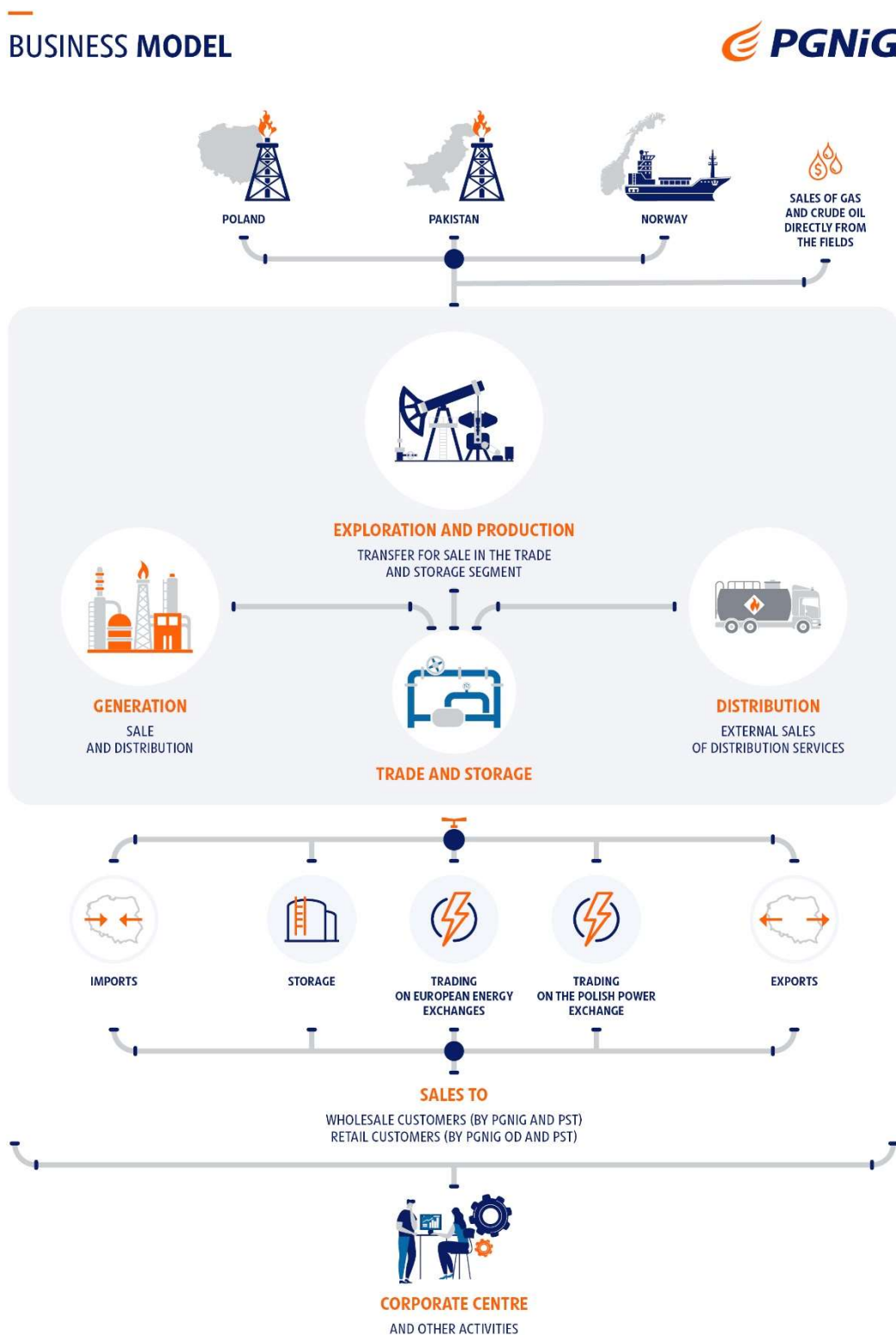
2.2 Operating structure of the PGNiG Group

(GRI 102-6; GRI 102-7)

2.2.1 Business model

(GRI 102-9)

Fig. 1 PGNiG Group's business model



The PGNiG Group has five business segments.

Exploration and Production

The segment's operations consist in exploring for and extracting natural gas and crude oil from deposits, starting from geological surveys, geophysical research and drilling, to development and production of hydrocarbons from gas and oil fields. Its core activities are carried out in Poland, Pakistan, the United Arab Emirates and on the Norwegian Continental Shelf, while support activities are conducted worldwide. The segment also relies on storage capacities available at the Bonikowo and Daszewo UGSFs.

The segment includes, among others, the following companies: PGNiG, PGNiG Upstream Norway AS, PGNiG Upstream North Africa B.V., Geofizyka Toruń Sp. z o.o., and EXALO Drilling S.A.

Trade and Storage

In Poland, where the PGNiG Group is the largest natural gas supplier, the segment sells natural gas produced from domestic fields as well as imported gas. PGNiG is the leader of natural gas trading on the Polish Power Exchange. Through PST, the PGNiG Group is developing its foreign operations. The Group's foreign sales markets include Germany, the Netherlands, Belgium, Austria, Norway, Denmark, the United Kingdom, France, the Czech Republic, Slovakia, Ukraine, Lithuania and Hungary. The segment also trades domestically in electricity, certificates of origin for electricity, CO₂ emission allowances, and crude oil (since 2018, through PST). In order to conduct trading activities on the global LNG market, the company has established a branch in London. The segment operates seven underground gas storage facilities and provides a ticketing service for gas storage to external customers.

The segment includes the following companies: PGNiG, PGNiG Obrót Detaliczny sp. z o.o., PGNiG Sales and Trading GmbH, PST Europe Sales GmbH and Gas Storage Poland sp. z.o.o.

Distribution

The segment's principal business activity consists in the delivery of high-methane and nitrogen-rich gas, as well as of small amounts of coke-oven gas, over the distribution network to retail and corporate customers. The segment is also engaged in extending and upgrading the gas network and connecting new customers. PSG is responsible for natural gas distribution. As the Distribution System Operator, the company operates in all regions of Poland. Being the owner of the majority of Poland's gas distribution network and gas service lines, PSG enjoys a dominant market share.

Generation

The segment's business consists in the production of heat and electricity, distribution of heat, and execution of large, mainly gas-fired, projects in the power sector. The centre of competence in this area at the PGNiG Group is the PGNiG TERMIKA Group, comprising PGNiG TERMIKA (and its subsidiaries) and PGNiG TERMIKA EP (and its subsidiaries).

Corporate Centre and Other Activities

This segment comprises operations which cannot be classified into any of the segments listed above, i.e. the functions performed by the PGNiG Corporate Centre, engineering design and construction of structures, machinery and equipment for the extraction and energy sectors, hospitality and insurance services, as well as support services for companies operating in other segments.

The segment's ambition within the Corporate Centre is to increase its involvement and effectiveness in implementing R&D&I projects, including projects based on environmentally friendly fuels such as hydrogen, biogas and RES.

The segment includes the following companies: PGNiG, PGNiG Gazoprojekt S.A., Geovita S.A., PGNiG Serwis Sp. z o.o., PGNiG Technologie S.A. and Polski Gaz TUW.

2.2.2 Companies of the PGNiG Group

(GRI 102-7)

As at December 31st 2021, PGNiG (the parent) and 23 subsidiaries were consolidated using the full method. The PGNiG Group identifies five business segments. The Group's entities by segment are presented below. For more information on the Group structure, see the Directors' Report on the operations of PGNiG S.A. and the PGNiG Group.

Fig. 2 Fully consolidated companies of the PGNiG Group (as at December 31st 2021)



2.3 Role of the PGNiG Group's key companies in ensuring national energy security

(GRI 103-1; GRI 103-2; GRI 103-3; GRI 203-2)

Diversification of natural gas supply sources and directions

PGNiG is the principal importer of natural gas to Poland. Approximately a half of gas supplies came from countries east of Poland in 2021, but this share is gradually shrinking, mainly due to growing volumes of LNG imported from other countries, including the United States, Qatar and Norway. The LNG terminal in Świnoujście, being a key element of Poland's gas infrastructure which will further support diversification of gas supply sources, is of crucial importance both for Poland and the entire CEE region. Its current regasification capacities are fully utilised by the PGNiG Group, which clearly demonstrates the Group's leading role in diversifying the supply sources of energy commodities.

In addition to the Świnoujście LNG Terminal, both existing and planned cross-border gas pipelines operated by GAZ-SYSTEM, as well as the Baltic Pipe project implemented by Polish and Danish TSOs, are important infrastructural elements which will contribute to further diversification of Poland's gas supply sources.

Domestic natural gas production

PGNiG holds several dozen licences for exploration for and appraisal of hydrocarbon deposits in Poland, as well as over 200 hydrocarbon production licences, which positions the PGNiG Group as the leader of the country's crude oil and natural gas production. This is what grows the production potential based on raw materials available in Poland to the extent necessary to partially meet demand and also forms part of business activities in the domestic mining market.

Exploration and production activities abroad

As a global commodities market player, the PGNiG Group also engages in exploration and production activities outside of Poland. The Group's long-standing efforts in this area contribute to diversification of supply sources of energy commodities to its home country. The access to resources located outside of Poland is an important driver of further diversification of supplies, especially in

the context of the Baltic Pipe project which is aimed at building a new gas supply corridor on the European market from North Sea fields.

Through PGNiG Upstream Norway AS, the PGNiG Group has been engaged in upstream operations on the Norwegian Continental Shelf for more than ten years now.

Volume and availability of natural gas storage capacities

Through Gas Storage Poland, the PGNiG Group acts as the storage system operator responsible for the operation of gas storage facilities, provision of storage services, as well as the use, maintenance and overhauls of storage facilities and equipment. Storage services are offered in three time horizons (long-term, short-term and intraday storage), which makes the Group's offer fully flexible.

The PGNiG Group currently operates seven underground high-methane gas storage facilities (UGSF) linked to the gas transmission system, as well as two nitrogen-rich gas storage facilities. As part of the 'UGSF working capacity development programme', the Group also takes steps to increase its gas storage capacities. The UGSF's target capacity, as set out by the Ministry of Energy, is expected to reach approximately 4 bcm in 2030.

The PGNiG Group also plays an important role in maintaining mandatory stocks of petroleum products and natural gas in the event of any threat to the country's fuel security and disruptions on the crude oil market.

Gas supplier of last resort

Pursuant to the Minister of Energy's Regulation (Dz.U. of 2018, item 1814), in 2018 PGNiG Obrót Detaliczny was designated to act as the supplier of last resort for end users of gas, in particular those connected to Polska Spółka Gazownictwa's or OGP Gaz-System's network, in the event that their current supplier discontinues gas supplies through its own fault. In such a case, the DSO or TSO, acting for and on behalf of the customer, will enter into a relevant agreement with the supplier of last resort in order to guarantee uninterrupted gas supplies to end users. The customer is notified of such agreement by PGNiG within 30 days.

PGNiG's business operations and Poland's energy security

The PGNiG Group's business operations have a direct impact on Poland's energy security, which – in the context of sustainable development – is reflected in our objective of providing customers with uninterrupted access to natural gas, electricity and heat, based on diversified sources and directions of natural gas supplies. This objective is understood as continuous pursuit by the Group of development in the area of natural gas and crude oil production and gas storage, as well as ensuring diversified sources of gas supply for customers. Against this backdrop, key business projects involving gas exploration and production or procurement, or the day-to-day business of electricity and heat generation pursued by the Group companies, become all the more important.

The PGNiG Group constantly strives to expand its reserves and production of natural gas and crude oil and to ensure their uninterrupted supply to customers. To this end, the Group pursues a policy to diversify natural gas imports to Poland and implements exploration and production projects.

In the context of the expanding portfolio of PGNiG's services, including those related to the supply of electricity and heat, the Group plays an increasingly important role in ensuring Poland's energy security.

2.4 Taxonomy

Following a preliminary analysis of the regulations in force at the end of 2021, i.e., delegated acts of the European Commission (EC) for Regulation 2020/852/EU (Commission Delegated Regulations (EU) 2021/2139 and 2021/2178), which present detailed lists of Taxonomy-eligible activities, a large majority of the PGNiG Group's activities was found not to be eligible as at today. The Group's principal business is based directly or indirectly on fossil fuel, i.e., natural gas.

Tab. 2 Initial qualification of the PGNiG Group's activities to the Taxonomy for 2021 based on the regulatory status as at December 31st 2021.

	PGNiG Group	PGNiG
Turnover (percentage of turnover from products or services related to economic activity which qualifies as environmentally sustainable)	1.0%	0.0%
Capital expenditure (CAPEX) (percentage of capital expenditure related to assets or processes associated with environmentally sustainable economic activities)	0.5%	0.8%
Operating expenditure (OPEX) (percentage of operating expenditure related to assets or processes associated with environmentally sustainable economic activities)	1.6%	-

Natural gas as a transition fuel

According to the most recent information from the European Commission (February 2nd 2022), it approved in principle a Climate Delegated Act¹ to the EU Taxonomy (the College of Commissioners will formally approve the document when its translations are available in all EU languages). The document includes nuclear and gas energy activities in the list of economic activities covered by the EU taxonomy. This means that it will be possible to raise EU funding for investments of this type. Subject to strict conditions, the document includes gas, among others, as a transitional fuel in the energy transition process. The European Commission classified technologies based on natural gas as transitional activities under Article 10(2) of the Taxonomy Regulation. *These are activities that cannot yet be replaced by technologically and economically feasible low-carbon alternatives, but do contribute to climate change mitigation and with the potential to play a major role in the transition to a climate-neutral economy, in line with EU climate goals and commitments, and subject to strict conditions, without crowding out investment in renewables.*

Natural gas has thus become virtually the only fossil fuel on the basis of which economic activities may be in line with the EU's climate and environmental objectives and help accelerate transition from solid or liquid fossil fuels, including coal, towards climate neutrality.

The delegated act issued by the Commission allows, for example, that any new gas-based power plant which obtains a construction permit by the end of 2030 be defined as sustainable if their direct GHG emissions are below 270gCO₂e/kWh or their annual GHG emissions do not exceed an average of 550kgCO₂e/kW of the facility's capacity over 20 years.

The new supplemented list of environmentally sustainable activities gives a reason to re-examine the PGNiG Group's activities and determine the qualifications and compliance with technical criteria.

PGNiG as one of the pillars of Poland's energy transition

Through its operations, PGNiG is directly involved in Poland's energy transition. For Poland, this transition is both particularly urgent and challenging as, owing to rich coal deposits, for the last century Poland's energy sector relied almost exclusively on this energy carrier. In 2018, the benchmark year for Poland's Energy Policy until 2040, the share of coal in electricity generation was as much as 77%. According to this governmental document, reducing the share of coal by 2030 to less than 56%, while simultaneously lowering CO₂ emissions by 30% relative to 1990, will be largely effected by increasing the use of 'transition fuel', that is natural gas, in the energy transition process.² According to the International Energy Agency ("IEA"), the accelerated switch from coal to natural gas over the past decade led to almost 600 million tonnes CO₂ of additional avoided emissions in 2018 compared to the 2010 levels.³ This was primarily attributable to the shale revolution in the United States, which completely transformed the energy sector in North America. However, according to IEA, the vast majority of the potential to further phase out coal in favour of natural gas lies in Europe.⁴ In the United Kingdom, coal-to-gas switching has contributed to reducing emissions from the energy sector by as much as 50% over the last decade.⁵ Importantly, as long as the electricity storage technology does not reach maturity, enabling the construction of large-scale low-cost storage facilities, natural gas will be playing a key role in balancing the energy system, which relies more and more heavily on zero-emission, but 'uncontrollable' renewable energy sources.⁶

Switching from coal to gas is necessary not only to protect climate, but also to improve air quality in Poland. According to the authors of the 'Clean Air' government programme, each year around 45,000 people in Poland die of diseases caused by air pollution, more than seven times the number of those who die as a result of passive smoking.⁷ Smog is primarily caused by the accumulation of particulate matter, mainly produced from coal combustion and virtually absent in natural gas combustion.⁸ Thus, to combat smog, the Polish government has launched initiatives to stop burning coal in households in urban and rural areas, respectively, by 2030 and 2040.⁹ Obsolete and inefficient coal-fired furnaces will therefore be replaced with low- and zero-emission ones – with a simultaneous expansion of the distribution infrastructure, natural gas will become an alternative to individual households and municipal heating systems alike.

In view of the above, the role of natural gas as a 'transition fuel' in Poland's energy transition, helping reduce climate and environmental impacts, appears critical today. PGNiG, as the largest player on the Polish gas market, has been engaged in this process for many years, not only by facilitating the transition of the country's power generation sector towards carbon-neutral, but also by taking steps to steadily reduce its own negative impact on the ecosystem.

¹ 1/ Details here: https://ec.europa.eu/info/publications/220202-sustainable-finance-taxonomy-complementary-climate-delegated-act_en

² Ministry of Climate and Environment, Poland's Energy Policy until 2040, Warsaw 2021, p. 35.

³ International Energy Agency, The Role of Gas in Today's Energy Transitions, Paris 2019, p. 7.

⁴ Ibidem, p. 10.

⁵ Ibidem, p. 65.

⁶ Ibidem, p. [X]

⁷ 'Clean Air' Programme, About smog

<https://czystepowietrze.gov.pl/warto-wiedziec-2/>

⁸ International Energy Agency, The Role of Gas..., p. 33.

⁹ Ministry of Climate and Environment, Poland's Energy Policy until 2040, Warsaw 2021, p. 74.

2.5 Relations with stakeholders and the environment

2.5.1 PGNiG Group stakeholders

(GRI 102-40; GRI 102-42; GRI 102-43; GRI 102-44)

The extensive and multifaceted scope of the PGNiG Group's operations requires continuous, numerous interactions with diverse stakeholder groups. Employee, environmental and social initiatives are undertaken with due attention paid to the growing interest of stakeholders in ESG topics. Each stakeholder group voices its own needs and expects these needs to be adequately addressed. Based on our contacts with stakeholders throughout the year and the survey conducted to identify material topics for this year's Non-Financial Report, it should be noted that compared with the previous years greater importance is being attached not only to non-financial information, but also to initiatives which the Group plans to carry out in the near future. The growing interest in non-financial aspects is also driven by their inclusion in investors' assessment of potential return on investment and PGNiG's presence in the ESG index. The activity of individual stakeholder groups depends on economic and regulatory conditions. In 2021, non-financial communications focused on climate protection initiatives, ESG topics and planned R&D activities.

PGNiG seeks to maintain an open dialogue and collaborate with all stakeholder groups to exchange information enabling business decisions to be made in a way that supports the sustainable development of the Group and the ecosystem in which it operates.

In order to effectively build strong and positive relations with key stakeholder groups, the PGNiG Group has created a matrix of its stakeholders along the value chain and defined the relevant activities within and outside the Group. As expectations and needs of stakeholders keep changing, the PGNiG Group updates them on an ongoing basis.

Fig. 3 Stakeholder matrix



The stakeholders of the PGNiG Group were identified and updated in 2020 in accordance with the recognised method proposed by G. Johnson and K. Scholes, which helps identify stakeholder groups with similar expectations in terms of their interest and power. Certain modifications were made in 2021, which involved combining stakeholder groups with similar characteristics and power over the organisation. This classification and approach to the PGNiG Group's stakeholders facilitates stakeholder management and helps better adapt to specific information needs. The result of the work is the stakeholder matrix, which shows not only the power and level of impact of a particular group on the PGNiG Group, but also the type of impact, which may be positive, neutral or negative. The graphic form allows the Group to combine those stakeholder groups which have specific information requirements.

In addition, the relationships and impact of the stakeholders, as well as their expectations and influence on the PGNiG Group were analysed. The communication methods and topics most frequently addressed as part of the interaction were also taken into account. The table below presents the diversity and scale of stakeholders' interest, which the Group manages.

Tab. 3 List of stakeholder groups with a description, communication channels used and key topics and concerns raised by them

No.	Stakeholder group	Description of the stakeholder group	Stakeholder communication channels	Key topics and concerns raised by stakeholders
1)	Capital Providers, Shareholders, Financial Institutions, Strategic Allies, Stock and ESG Analysts, ORLEN Group	Partners in equity-related strategic alliances. The State Treasury is the majority shareholder of the PGNiG Group. The minority shareholders include Polish and international pension and investment funds, as well as businesses and retail investors. Banks and other financial institutions represent a significant segment of this stakeholder group, providing financing for the Group's day-to-day operations and strategic projects. Analysts provide complete information to potential investors.	<ul style="list-style-type: none"> meetings and conferences for shareholders and investors, current and periodic reports, newsletter, reports and information materials, email and telephone contact with the Investor Relations Department, direct email and telephone contact with the PGNiG Group's business units, official contacts with governmental authorities, joint initiatives of the PGNiG Group and governmental authorities: conferences, workshops, bilateral meetings, individual meetings with the Management Board and key personnel, current and periodic reports, reports and information materials, industry conferences, joint projects and business initiatives. 	<ul style="list-style-type: none"> the Group's financial standing, transparency of operation, the Group's strategy and objectives and strategic plans, development activities, the Group's values. reporting on the progress of processes involving the European Commission's guidelines on climate neutrality, the European Green Deal, human rights, ethics and corporate governance, while ensuring that profits are earned and the leading position is maintained through a development process aligned with the current and expected market landscape, are all a part of the analysts' assessment. The PGNiG Group is in dialogue with analysts, informing them of its ESG implementation and monitoring. working relationships customer satisfaction.
2)	Customers	As a leading integrated gas and oil group in Poland, PGNiG has a broad base of retail and business customers, whom it supplies chiefly with natural resources (in particular gas and crude oil), as well as other products and services offered by the many companies forming part of the Group. Its generation segment supplies heat and electricity to the market.	<ul style="list-style-type: none"> satisfaction surveys helpline Group companies' websites Customer Service Offices eBOK (electronic Customer Service Office) dedicated business consultants contact centre 	<ul style="list-style-type: none"> tailored terms and conditions of business development of new products and services discount policy working relationships quality of offered products customer satisfaction.
3)	Potential, current and retired employees and trade unions	The PGNiG Group is one of the largest employers in Poland. Its workforce is comprised of highly-qualified professionals with extensive experience. Employees are a group of stakeholders who, through their knowledge, experience and skills, create added value for PGNiG by providing high-quality products and services. Employees build PGNiG's organisational culture, support implementation of the Group's strategic objectives, and directly contribute to ensuring Poland's energy security. Representatives of the PGNiG Trade Unions voice the employees' opinions and take part in important decisions with regard to the organisation's HR policy. They communicate the employees' opinions on the working conditions to the Group as an employer, and present the terms	<ul style="list-style-type: none"> consultations with employee representatives (as needed), Employee Council (meetings/consultations in accordance with statutory requirements) a group of communicators (employees responsible for internal communication processes) – communicator meetings held typically several times a year daily electronic newsletter, corporate intranet employee surveys (a large-scale survey held every two or three years, and yearly satisfaction surveys on the quality of communication and IT services) special-occasion meetings current and periodic reports reports and information materials job postings press conferences contact with employees of individual Group companies and PGNiG Branches responsible for conducting dialogue with the employer 	<ul style="list-style-type: none"> remuneration and bonus scheme payroll policy potential for development assistance and benefits family-friendly policy stability and certainty of employment development plans operating strategy respect for human rights.

No.	Stakeholder group	Description of the stakeholder group	Stakeholder communication channels	Key topics and concerns raised by stakeholders
		and conditions of agreements between the parties with respect to professional and social matters.		
4)	Suppliers and business and social partners	<p>Suppliers and business partners comprise both key entities of strategic importance to Poland's energy security and smaller companies that support the Group in the implementation of its technological processes. These are, on the one hand, entities that work with the PGNiG Group in the supply of gas from Poland to other countries with which the Group has signed long-term contracts. On the other hand, this stakeholder group includes companies with whom the PGNiG Group carries out its development and innovation projects to implement new technologies and solutions. Innovators and start-ups are a group of stakeholders that are expected to help the PGNiG Group to achieve dynamic growth by providing inspiration for innovative projects consistent with global trends.</p> <p>Research institutions and universities: cooperation with scientific and research institutions and universities is among the cornerstones of PGNiG. The key element of the Group's growth is its intellectual capital, represented by top-class experts' knowledge, patents and innovative solutions implemented on an industrial scale, which makes the Group a market leader.</p> <p>Social partners: A significant group of stakeholders actively involved in social campaigns and charitable projects – a beneficiary of programmes implemented mainly by the PGNiG Foundation.</p>	<ul style="list-style-type: none"> • interacting with contractors in the course of procurement processes, in keeping with the rules of fair competition and equal treatment of contractors, • involving contractors in optimising procurement within individual product segments, e.g. through technical dialogue with contractors, RFIs, etc. • evaluation of working relationships • industry conferences • one-on-one meetings, interaction within business and industry organisations • IT platform for suppliers and trading partners • joint projects and business initiatives • competitions for innovation projects • conferences, workshops and meetings for entrepreneurs running start-ups • cooperation with PGNiG Ventures, a corporate venture capital fund • direct email and telephone contact • joint projects • consultations and expert support for investment projects • support for vocational education at all levels • the PGNiG Foundation's projects and grants • dedicated business consultants • involvement in worldwide humanitarian and charity relief efforts in Poland and globally – through the PGNiG Foundation 	<ul style="list-style-type: none"> • working relationships • transparent rules of cooperation with and selection of suppliers • conditions of accepting and making complaints about deliveries • joint sectoral initiatives, including events and conferences • quality of offered products • planned product development • customer satisfaction • the Group's strategy and objectives • development activities • joint ventures • development plans • support for community education • joint initiatives and projects • impact on local community development • financial support • joint community initiatives.
5)	Public opinion	<p>PGNiG cooperates with all stakeholders, including local residents, representatives of local governments, businesses and organisations. The media is a main channel of communication with other stakeholders, through which the Group provides, locally and nationwide, information about key events, projects and achievements of strategic importance to Poland and individual communities. The media also have their role in opinion-forming in other stakeholder groups through interviews, conferences, publication of financial and non-financial reports.</p>	<ul style="list-style-type: none"> • public consultations (in accordance with the law and the Company's concept of social dialogue; other activities – as needed) • activities of the PGNiG Foundation • direct interaction with local authorities and organisations • dialogue relating to ongoing investment projects • press articles • interviews • magazine and newspaper inserts • the press office and press releases • commentaries and opinions • discussions, debates, consultations • press/earnings conferences • special-occasion meetings 	<ul style="list-style-type: none"> • investment plans • support to local communities • regional initiatives. • net profit/(loss) • the Group's strategy and objectives • development activities • the Group's values.

2.5.2 Organizations and associations

(GRI 102-12, GRI 102-13)

PGNiG's participation in the activities of industry associations and organisations is a vital element of the efforts to build responsible business and industry relations.

All PGNiG Group companies are active participants of the public debate on building a modern and responsible energy sector in Poland. The Group is a member of and has working ties with several dozen industry organisations both in Poland and internationally.

Membership of PGNiG Group companies in selected associations and organisations is presented below.

Tab. 4 List of organisations and associations – PGNiG Group

No.	Name of organisation/association	Description of partnership and examples of projects	Membership
1)	International Association of Oil & Gas Producers (IOGP)	IOGP is a global association of companies and organisations representing the E&P (exploration and production) sector and operating in North and South America, Africa, Europe, the Middle East, the Caspian Sea region, Arctica, Asia and Australia. IOGP is the voice of the global upstream industry. The IOGP's European office in Brussels, which is very active in the EU forum, is of particular importance to the Company.	PGNiG
2)	European Federation of Energy Traders (EFET)	EFET is an association of European energy traders in wholesale electricity and gas markets. It was founded in 1999 in response to the liberalisation of electricity and gas markets within the European Union. EFET advocates policies and regulatory measures which allow electricity and gas trading to develop freely while encouraging good risk management practices and responsible corporate governance. Membership of EFET offers access to up-to-date information on the current work on the European energy policy, particularly in the area of trade in energy products. In addition, EFET develops standard contracts for wholesale supply of electricity and gas, which are used in the trade in energy products.	PGNiG, PST
3)	European Gas Research Group (GERG)	The European Gas Research Group, along with its member organisations, work with the European energy community to develop innovative gas infrastructure solutions, as a response to the need to transform Europe's energy sector. PGNiG is involved, among other initiatives, in the GERG project for CEN (European Committee for Standardisation), involving the review of existing and development of new standards on the introduction of hydrogen into gas networks. In particular, this includes adding hydrogen to natural gas networks, use of hydrogen-rich H2NG blends, and modification of gas networks and related sectors to enable their use in hydrogen economy.	PGNiG
4)	European Energy Forum (EEF)	EEF holds energy-related debates, discussions and study visits, focusing on topics included in the EU energy agenda.	PGNiG
5)	Gas Processors Association Europe Ltd.	Gas Processors Association Europe serves as a forum for the exchange of ideas and information on gas processing for operators, consultants and suppliers; It promotes technical and operational excellence in the European gas processing industry.	PGNiG
6)	International Well Control Forum	The overriding objective of the organisation is to develop and manage well control training, accreditation and certification programmes designed for the E&P sector in the oil and gas industry.	PGNiG
7)	American Association of Petroleum Geologists (AAPG)	American Association of Petroleum Geologists is one of the world's largest professional associations of geologists working towards the advancement of the science of geology, especially as it relates to petroleum, natural gas, and other mineral resources. It promotes new exploration technologies in an economically and environmentally sound manner.	PGNiG
8)	Society of International Gas Tanker and Terminal Operators (SIGTTO)	SIGTTO is an association of international gas tanker and terminal operators, formed as an international organisation for industry participants to share experience, address common problems and derive policy for improvement to maritime operations. SIGTTO is actively involved in research for the use of gas as a marine fuel and publishes various relevant industry guidelines.	PGNiG
9)	Hydrogen Europe	Hydrogen Europe represents the European industry, national associations and research centres active in the hydrogen and fuel cell sector. The association works closely with the European Commission under innovation programmes covering hydrogen technologies.	PGNiG
10)	Klub Polskich Laboratoriów Badawczych (Polish Research Laboratories' Club, POLLAB)	POLLAB brings together Polish research, measurement and product certification laboratories to collaborate and share experience with respect to the implementation of quality management systems compliant with European standards. It offers its members a chance to collaborate and share experience	PGNiG, Termika, Exalo

		with respect to the implementation of quality management systems compliant with European standards.	
11)	Główny Urząd Miar (Central Office of Measures, GUM)	Poland's Central Office of Measures offers PGNiG a chance to participate in developing metering methods and designing new metering stations, as well as exchange experience with representatives of the industry and scientific circles, also with regard to legislative changes.	PGNiG (CMTL)
12)	Polski Komitet Normalizacyjny (Polish Committee for Standardisation, PKN)	Partnership with the Polish Committee for Standardisation enables the PGNiG Group companies to consult on the relevant standards as they are developed, and to prepare well for new international standards. It also offers an opportunity to influence the standards developed at international, European and national levels.	PGNiG (CMTL), PSG
13)	Klaster Technologii Wodorowych i Czystych Technologii Węglowych (Cluster of Hydrogen and Clean Coal Technologies) (NEXUS)	The Cluster forms a platform for cooperation in the development and deployment of hydrogen technologies and in the formulation of proposals for legislative measures and development of technology and safety standards necessary to introduce hydrogen into the Polish and European economies. Cluster members implement national and international R&D and business projects, use consultancy, education and training opportunities and attend seminars and industry and scientific conferences provided by the Cluster.	PGNiG
14)	Izba Gospodarcza Gazownictwa (Polish Chamber of Natural Gas Industry, IGG)	IGG brings together Polish gas industry operators to represent the economic interests of its members vis-à-vis central and local authorities and social organisations, scientific and economic institutions, as well as foreign authorities and institutions. IGG also engages in lobbying for the gas industry, integrates individuals and corporations having interests in the gas industry, promotes natural gas as a modern and environmentally friendly fuel, and contributes to developing programmes for the advancement of the gas industry.	PGNiG and the PGNiG Group companies
15)	Towarzystwo Obrotu Energią (Association of Energy Trading, TOE)	TOE is an association of more than 30 Polish energy utilities, representing electricity and gas operators before the supervisory authorities such as the Energy Regulatory Office and the Polish Financial Supervision Authority, as well as in the course of legislative work.	PGNiG, PGNiG OD
16)	Forum Liderów Bezpiecznej Pracy – Centralny Instytut Ochrony Pracy – Państwowy Instytut Badawczy (CIOP-PIB) (Forum for Safe Work Leaders at the Central Institute for Labour Protection – National Research Institute)	The Forum is an organisation coordinated by CIOP-PIB and currently bringing together 160 businesses and institutions which may serve as role models in safe work culture. The Forum aims to build partnership between its members as well as between employees and employers who use science and technology achievements (in particular the solutions developed by the Central Institute for Labour Protection – State Research Institute) in shaping working conditions.	PGNiG, PSG
17)	Polskie Towarzystwo Elektrociepłowni Zawodowych (Polish Association of Industrial CHP Plants, PTEZ)	The overriding objective of PTEZ is to identify ways to solve problems related to the generation and use of electricity and heat and to inspire directions for development of combined heat and power generation sources with due regard to the interests of the general public and environmental protection. PTEZ task forces have prepared and consulted legal revisions relating to heat markets and the capacity and electricity market (including amendments to the Capacity Market Act and to the Capacity Market Rules). The environmental protection task force prepared PTEZ positions on, inter alia, amendments to the Waste Act, the Act on Mitigating the Effects of Draughts, environmental regulations covered by the so-called COVID Act, as well as the introduction of circular economy regulations into national laws. PTEZ is engaged in regulatory work at the Community level, including by directly communicating its position as to the level of benchmarks adopted to determine the number of free CO ₂ emission allowances allocated in the EU ETS Phase 4 trading period. At the same time, the EU climate policy task force kept an eye on and consulted European regulations regarding the European Green Deal (including the revision of reduction targets by 2030 and the Taxonomy).	Termika
18)	Izba Gospodarcza Ciepłownictwa Polskie (Polish Heat Industry Commercial Chamber)	The joint team with PTEZ worked on designing solutions for the heat industry in relation to implementation into the national legal framework of the EU RED II Directive on the promotion of the use of energy from renewable sources.	Termika
19)	Towarzystwo Gospodarcze Polskie Elektrownie (Polish Power Plants Association)	The association engages in the electricity generation sector. Its task forces consulted, among other initiatives, the legislative proposals relating to amendments to the Capacity Market Act, amendments to the Environmental Protection Act, and improvements to regulations on metering in reference to BAT conclusions.	Termika
20)	Ogólnokrajowa Sieć Laboratoriów Nadzorowanych 'LABIOMEN' ('LABIOMEN' Nationwide Network of Supervised Laboratories)	PGNiG Termika's laboratory took part in proficiency tests and inter-laboratory benchmarking for biomass, hard coal, combustion waste, light oil and heavy oil testing, as well as in conferences on fuel research, and in the audit of sample preparation and testing of hard coal and biomass organised and conducted by the Institute for Chemical Processing of Coal.	Termika

21)	Gas Infrastructure Europe: Gas Storage Europe	GIE seeks to develop common solutions in terms of the provision of storage services, operation of underground gas storage facilities, expansion of storage capacities, joint interpretation of EU regulations, as well as legislative initiatives related to gas storage. The organisation represents the interests of its members vis-à-vis EU institutions and regulatory authorities through active participation in processes promoting the development of a stable and secure gas market in Europe.	GSP
22)	International Association of Geophysical Contractors (IAGC)	Monitoring of occupational health and safety standards with respect to geophysical services provided by the company.	Geofizyka Toruń
23)	Polskie Towarzystwo Morskiej Energetyki Wiatrowa (Polish Offshore Wind Energy Society)	The organisation engages in activities intended to support the development of the Polish offshore wind power sector.	Geofizyka Toruń
24)	International Association of Drilling Contractors (IADC)	IADC is an international association bringing together drilling companies from all around the world, holding conferences, fairs, lectures, and other events. IADC membership is required to participate in foreign tenders for drilling and related services.	Exalo
25)	'DROPS' Silverdot Limited	DROPS is a global task force represented by approximately 200 operators, business partners, service providers and industry bodies, which develops occupational safety standards for the drilling industry. Membership of DROPS is required by most foreign operators for which Exalo carries out drilling projects abroad.	Exalo
26)	Association of Mutual Insurers and Insurance Cooperatives in Europe (AMICE)	As a member of AMICE, Polski Gaz TUW has an opportunity to exchange experience with insurance companies from other countries, and participate in seminars and training programmes organised by AMICE. Thanks to the membership of AMICE, the company may also engage in the planned revisions of EU regulations with respect to the insurance business.	Polski Gaz TUW
27)	Polska Izba Ubezpieczeń (Polish Chamber of Insurance; PIU)	As a mutual insurance company, Polski Gaz TUW is under a statutory obligation to become a member of PIU, in accordance with the Act on Insurance and Reinsurance Activities. It also has an opportunity to exchange experience with other Polish insurance companies and participate in seminars, training and congresses organised by PIU. Furthermore, through its membership of PIU, Polski Gaz TUW has an influence on the planned legislative and regulatory changes relating directly or indirectly to the insurance sector. It participates in PIU's Committees, Sub-Committees and Working Groups.	Polski Gaz TUW
28)	Izba Gospodarcza Komunikacji Miejskiej (The Chamber of Commerce for Urban Transport)	Thanks to its membership of the Chamber of Commerce for Urban Transport, PGNiG OD has an opportunity to initiate legislative and lobbying initiatives to make sure that CNG, LNG and hydrogen are duly recognised in legal acts and regulations as well as other legislation developed by the European Commission (e.g. regulations on electric mobility and alternative fuels). The company also has access to information on actual market needs, current trends, and new solutions offered by bus manufacturers.	PGNiG OD
29)	Narodowe Centrum Badań i Rozwoju (National Centre for Research and Development, NCBiR)	Partnership with NCBiR enables participation in the evaluation of scientific and research projects related to LNG technologies, providing access to new LNG technology and knowledge. Research work is planned to develop, and pave the way towards deployment, of new technologies for the use of LNG as an alternative fuel in various fields of application.	PGNiG, PSG
30)	Task Force at the Ministry of State Assets / Ministry of Climate for creation of the Polish hydrogen economy development plans.	Participation in the development of the Polish hydrogen strategy. Influencing the government's future decisions, e.g. regarding the introduction of hydrogen into gas networks. Direct contacts and an opportunity to exchange views and experience with representatives of a wide group of business operators and institutions, including at the ministry level.	PGNiG, PSG
31)	Norsk Olje og Gas (NOROG)	NOROG (Norwegian Oil and Gas Association) coordinates joint operations and initiatives of the oil and gas industry. The organisation has a number of working groups and task forces, with PUN being a member of several of them. It is the only industry organisation for oil, gas and distribution companies. Major NOROG initiatives currently in progress: KONKRAFT is an agenda for national oil sector strategies, striving to maintain competitiveness of the Norwegian Continental Shelf (NCS). - Emission Reduction Roadmap is a NOROG initiative for the oil and gas industry to meet the emission reduction targets set by the EU and the Norwegian government.	PUN
32)	Oljedirektoratet, FORCE	Partnership for oil and gas research under the auspices of the Norwegian Petroleum Directorate.	PUN
33)	Næringslivets Hovedorganisasjon, NHO	The Confederation of Norwegian Enterprises (NHO) is Norway's largest organisation for employers and the leading business lobbyist. Their main objective is to create and sustain conditions that safeguard the competitiveness and profitability of business and industry in Norway.	PUN

34)	NOFO (Norwegian Clean Seas Association for Operating Companies)	<p>NOFO is a non-profit organisation owned by oil and gas companies. It owns the infrastructure necessary to control oil spills and supports its members seeking drilling permits by providing oil spill contingency plans.</p> <p>Major projects:</p> <ul style="list-style-type: none"> • Equipment upgrades – NOFO initiated and financed projects aimed at designing new and upgrading existing oil and chemical spill response equipment. • Small-scale oil spills – NOFO is licensed under the Norwegian Climate Directive to perform small-scale open-sea oil spills in order to test the oil spill response equipment, with representatives of oil and gas companies participating as observers. • Spill response drills and exercises are conducted in real-life conditions. 	PUN
35)	Rose DHI consortium	Rose DHI consortium is a platform for international cooperation supported by many large oil companies with respect to the use of Direct Hydrocarbon Indicators (DHIs) to reduce the risks associated with exploration for deposits.	PUN
36)	HR NORGE	HR Norge is a member organisation and an educational platform for professionals interested in HR matters, labour rights, leadership and corporate management. It offers consultations and cooperation on Norwegian labour law and pension system.	PUN
37)	Central Europe Energy Partners	The mission of Central Europe Energy Partners is to promote balanced energy transition in accordance with the principal of technological neutrality, enhance regional cooperation and strengthen the region's energy security.	PGNiG, PST
38)	Związek Przedsiębiorców i Pracodawców (Union of Entrepreneurs and Employers)	The Union protects its members against abuse of power by the authorities, and offers business growth opportunities. It initiates and supports all activities aimed at eliminating from the Polish legal framework all barriers to business activity going beyond applicable EU requirements.	PGNiG
39)	Polskie Zrzeszenie Inżynierów i Techników Sanitarnych (Polish Union of Sanitary Engineers and Technicians)	The Union is engaged in a wide range of activities related to organisation of conferences and meetings, training programmes, the issuance of technical reliability certificates, and international cooperation.	PGNiG, PSG
40)	Stowarzyszenie Naukowo-Techniczne Inżynierów i Techników Przemysłu Naftowego i Gazowniczego, SITPniG (Scientific Association of the Oil and Gas Industry Engineers and Technicians)	<p>SITPniG promotes state-of-the-art technical advances through its own publications, and by organising conferences, symposia and training programmes. It serves as a networking platform to facilitate contacts and cooperation between businesses, while striving to integrate the oil, gas and refining segments.</p> <p>SITPniG is the driving force behind a series of meetings called the Ignacy Łukasiewicz Schools Session, which include Ignacy Łukasiewicz knowledge competitions.</p>	PGNiG
41)	Towarzystwo Sportowo Turystyczne Nafty i Gazu 'SportGas' (Oil and Gas Sports and Tourism Association 'SportGas')	The Association promotes physical activity and integrates sports enthusiasts by organising various sports competitions and events.	PGNiG and the PGNiG Group companies
42)	Stowarzyszenie Emitentów Giełdowych (Polish Association of Listed Companies)	The Association offers a platform of cooperation for the issuers of securities and other financial instruments, working together to ensure growth of the capital market, transform Polish economy and social life towards a market economy, enhance the organisational capabilities of its members, and ensure ethical conduct of capital market participants. It supports PGNiG in the performance of its disclosure obligations as a listed company and interactions with the European capital market supervisory authorities (ESMA) and the Polish Financial Supervision Authority.	PGNiG
43)	Bezpieczeństwo Gospodarcze Polski (Economic Security of Poland Consortium)	The Consortium engages in wide-ranging research and promotion work (e.g. in the form of publications) to meet the actual and current needs of the Polish economy related to Poland's economic security. Deliverables of the research projects are meant to enhance the country's effective economic policy, both centrally and locally.	PGNiG
44)	Polskie Towarzystwo Geologiczne (Polish Geological Society, PTG)	PTG is a scientific and social organisation, and its statutory mission envisages the advancement and dissemination of geological sciences and environmental protection. The Society acts in the best interests of the geological community in Poland, and establishes contacts and partnerships with geological communities in other countries. Membership of PTG gives the voice to Polish geologists in European geological forums. PTG also supports its members in efforts to obtain the European Geologist (EurGeol) professional qualifications, and also gives them access to many geological industry publications.	PGNiG
45)	International Association of Polish Enterprises in Ukraine (MSPPU)	The MSPPU supports Polish businesses in Ukraine. In particular, the Association offers assistance in establishing Polish-Ukrainian business relationships through various events, including training sessions, business brunches, B2B meetings, conferences, etc. The MSPPU places particular emphasis on networking and provides legal advice.	PGNiG

3. Business strategy and CSR

In 2017, the PGNiG Group developed and approved the PGNiG Group Strategy for 2017–2022 with an outlook until 2026 along with the complementary PGNiG Group Sustainable Development Strategy (CSR) for 2017–2022.

The pursuit of sustainable development as the Group's priority will be driven by parallel investments in riskier business areas yielding relatively high rates of return (upstream) and in regulated areas offering considerable safety of the investments (gas distribution, power and heat generation).

Sustainable development values are part of every single aspect of the Group's business activity. Awareness of the Group's responsibility for national energy security and its environmental impact calls for the creation of synergies between key business areas, taking into account stakeholders' expectations. Therefore, the PGNiG Group is committed to meeting the highest ethical standards in terms of transparent organisational culture, relations with employees and customers, corporate citizenship, and environmental and climate initiatives.

The pursuit of goals set for the Group is underpinned by the values laid down in its Code of Ethics. Responsibility, credibility, partnership and quality are the four primary values from which all the other values, including transparency, are derived. PGNiG's ethical mindset built by employees for decades is in itself a great value shaping the Group's organisational culture. The professional ethics of mining and gas industry workers represents common values that distinguish the industry and allow to better and more effectively pursue shared goals.

The PGNiG Group has embarked on an ambitious capital investment programme that lays the foundation for long-term and stable value growth.

By growing its business and value, the Group contributes to the achievement of Poland's and EU's objectives. Programmes to expand the distribution infrastructure and diversify gas supply sources improve access to natural gas and help eliminate 'gas exclusion'. They lay groundwork for Poland to tackle current climate challenges and support the growth of RES with natural gas as a stable and low-emission energy source. By advancing innovation, the PGNiG Group also contributes, both directly and indirectly, to the development of new, clean energy solutions, such as biomethane and hydrogen. These strategic initiatives draw on and implement in practice the United Nations 2030 Agenda for Sustainable Development.

The PGNiG Group ESG Policy was developed in 2021 and adopted by the PGNiG Management Board at the end of the year. The Policy is a response to the global challenges posed by the needs of sustainability, climate change prevention, rational resource management and respect for the environment. The ongoing climate change has created a new paradigm, significantly affecting the fuel and energy sectors.

3.1 Mission and vision

(GRI 103-2)

MISSION STATEMENT

We are a trustworthy supplier of energy for households and businesses

Trustworthy – customers can depend on the premium quality and reliability of our services

Energy supplier – our customers are offered a full range of energy products (gas + electricity + heat + other/services)

Households and businesses – we care for and value all our customers: households, businesses, and institutions

VISION

We are a responsible and efficient provider of innovative energy solutions

Responsible – we act in a transparent and socially responsible manner

Efficient – we have implemented process and cost optimisation measures

Innovative solutions – we are an innovation leader in the energy sector

PRIMARY OBJECTIVE

Increase the PGNiG Group's value and ensure its financial stability

Value growth – our primary ambition is to create added value for our shareholders and customers

Financial stability – we seek to secure long-term financial stability and creditworthiness

PGNiG's mission statement underscores the Company's responsibility for ensuring Poland's energy security and focus on both retail and corporate customers with their different needs.

The awareness of our environmental impact and responsibility for energy security are the cornerstone of the Group's activities. Considering energy security-related issues and innovation, the PGNiG Group members, striving to live up to the expectations of their stakeholders, commit themselves to meeting the highest standards in organisational culture, relations with employees and customers, corporate citizenship, and pro-environmental initiatives.

The PGNiG Group's key values are instrumental in the pursuit of its mission, vision and overriding objectives. Responsibility, credibility, partnership and quality are articulated in the Statement of Values, which forms part of the PGNiG Group's Code of Ethics. They are the lodestar that guides the Group in its strategic initiatives.

3.2 Strategy overview

3.2.1 Strategy in a nutshell

The pursuit of sustainable development as the Group's priority will be driven by parallel investments in riskier business areas yielding relatively high rates of return (upstream) and in regulated areas offering considerable investment safety (gas distribution, power and heat generation).

The social aspect is one of the main areas addressed in the Strategy. Investment projects carried out by the PGNiG Group largely contribute to eliminating areas with no connection to the gas grid. One of the objectives is to step up gas network roll-out in Poland, which will improve the standard of life in the country. With this goal in mind, multiple investment projects aimed at developing Poland's gas, power and heating infrastructure are under way. This development is also achieved by increasing the availability of gas to businesses and households. Therefore, the PGNiG Group continues to expand its operations abroad and is developing its natural gas and LNG trading operations in global markets.

In addition to financial and social aspects, environmental aspects are another important area for the PGNiG Group. The Group keeps a close eye on the macroeconomic environment to monitor changes in not only in economy, but also those affecting markets, raw materials and climate. As a long-standing supporter of growth based on sustainable management, the PGNiG Group feels entitled to set trends not only in sustainable financing of growth plans, but also with respect to the environment, relying also on responsible use of natural resources in its operations. Therefore, a high priority in the Group's Strategy is given to research and development focused on innovation which takes into account projected climate changes. The PGNiG Group takes internal measures to mitigate climate change by restructuring its value chain. It should be stressed that the PGNiG Group sees responsibility in this area as lying in the execution of heat and power projects.

3.2.2 PGNiG Group's sustainable development strategy

(GRI 102-12)

At the core of PGNiG Group's sustainable development strategy lies the need to ensure Poland's energy security while making rational use of existing resources and taking due care of the natural environment. As the leader of Poland's natural gas market, the PGNiG Group looks for and implements solutions that are in keeping with the Group's CSR strategy and, at the same time, support the delivery of its business strategy. Driven by a sense of responsibility towards its current stakeholders and future generations, the PGNiG Group is under the obligation to pursue a well-thought-out and transparent course of action, as defined in its sustainable development strategy.

The PGNiG Group Sustainable Development Strategy for 2017-2022 (CSR Strategy) supports and supplements the business objectives defined in the PGNiG Group Strategy for 2017-2022, giving due regard to key CSR, environmental and economic aspects as well as the development directions envisaged in the PGNiG Group's mission and vision.

Sustainable development values are part of every single aspect of the Group's business activity. Awareness of the Group's responsibility for national energy security and its environmental impact calls for the creation of synergies between key business areas, taking into account stakeholders' expectations. Therefore, the PGNiG Group is committed to meeting the highest standards in terms of transparent organisational culture, relations with employees and customers, corporate citizenship, and environmental initiatives.

Fig. 4 Key elements of the PGNiG Group Sustainable Development Strategy for 2017–2022







The CSR Strategy defines strategic objectives pursued by the PGNiG Group through the initiatives it undertakes. There is a plan of action for each of the Strategy objectives, whose status is monitored based on indicators adopted to facilitate the assessment of the implementation progress.












The CSR strategy objectives and their implementation are consistent with the global commitments defined in the United Nations 2030 Agenda for Sustainable Development. The Agenda contains 17 Sustainable Development Goals and 169 targets, an ambitious action






plan for the sustainable future. The PGNiG Group's business helps implement ten of them. The Group's active involvement supports the achievement of economic and financial goals while applying sustainable business practices.

Tab. 5 Objectives and implementation of the PGNiG Group Sustainable Development Strategy

Area	Objectives	Key steps taken to achieve the goal
	<p>Market – national energy security</p> <p>Providing customers with access to natural gas, electricity and heat, based on diversified sources and directions of natural gas supplies.</p> <div data-bbox="526 616 885 728">  </div>	<p>Upstream operations (exploration and production activities, development of new methods to improve production efficiency and extend well life cycle, expansion of underground gas storage: depleted gas reservoirs and caverns).</p> <p>Use of advanced exploration and production methods and technologies (production control, process automation etc.), some of them based on international experience.</p> <p>Production projects in Norway focused on increasing natural gas output.</p> <p>Active support for all efforts aimed at the construction of an infrastructural connection that would give Poland direct access to gas from North Sea fields. In January 2018, a PLN 8.1bn contract was signed with transmission system operators (GAZ-SYSTEM and Energinet) for the provision of gas transmission services in the period from October 1st 2022 to September 30th 2037. The operators are finishing the Baltic Pipe project.</p> <p>Increased use of the capacity of the LNG Terminal in Świnoujście to support further diversification of LNG supply sources. At present, PGNiG has 5 bcm of regasification capacity booked at the terminal, but its needs are constantly growing. Under the agreements currently in place, more capacity is to be reserved with the expansion of the terminal (approximately 8.3 bcm as of 2024).</p> <p>PGNiG receives a growing number of spot cargoes, also increasing gas volumes imported from the US under long-term contracts.</p>
	<p>Environmental protection</p> <p>Effective care for environmental issues in all business areas</p> <div data-bbox="526 1556 885 1668">  </div>	<p>Implementation, maintenance and improvement of the environmental management system as a tool for implementing the QHSE Policy across the PGNiG Group.</p> <p>Use of environmentally friendly technologies and techniques to reduce the volumes of generated emissions, waste and wastewater and enable efficient use of natural resources in order to meet new challenges, including those presented by circular economy. The PGNiG Termika Group takes steps to modernise its old and environmentally inefficient generation assets to meet environmental regulations, stricter industrial emissions standards and BAT (best available technology) criteria. A CCGT unit was put online at the Żerań CHP plant in 2021, replacing five coal-fired units.</p> <p>PGNiG Termika generates ca. 550,000 tonnes of ash, slag and gypsum per year, which are subsequently used by the construction industry as building materials or for remediation and reclamation of abandoned surface mines.</p>

Area	Objectives	Key steps taken to achieve the goal
		<p>Installation of solar PV systems on the PGNiG Group's buildings and facilities.</p> <p>Ensuring that the PGNiG Group's suppliers and contractors comply with the highest environmental protection standards and use environmentally friendly technologies and solutions.</p> <p>Design, execution and participation in research projects on new technologies to improve the environmental and economic performance of work carried out by the PGNiG Group.</p> <p>Minimising the PGNiG Group's environmental impact through land reclamation (including with regard to past operations and the related historical contamination).</p> <p>Conducting promotional and awareness campaigns for customers who are switching to gas fuel in their heating systems.</p>
 <p>Environmental protection</p>	<p>Improving energy efficiency throughout the PGNiG Group's value chain</p>  	<p>Identification and implementation of energy efficiency improvements in the business activities conducted by the Group companies and branches (replacement of inefficient technologies and loss reduction, for instance by switching to LED lighting; implementation of the PGNiG Group Green Office project):</p> <p>Implementation of the ISO 50001-compliant energy management system in further Group branches and companies.</p> <p>Development and implementation of a programme supporting cooperation with the PGNiG Group's end customers in implementing energy efficiency projects.</p> <p>Promoting the existing energy-efficient solutions, including cogeneration sources.</p>
 <p>General public</p>	<p>Commitment to the development of social and intellectual capital in Poland by opening up to new initiatives and supporting pro bono projects.</p>      	<p>Implementation of strategic long-term community outreach programmes by the PGNiG Foundation, particularly those falling within the scope of public benefit activities, such as promotion and support of health care, social welfare, physical education and sports, environmental protection, youth education, scientific research, culture as an element of national heritage etc.</p> <p>Sponsorship of sports, cultural and scientific events falling within the remit of the Foundation's competence areas in order to support the development of social capital.</p> <p>Supporting the fight against COVID-19, with the PGNiG Foundation and other PGNiG entities joining the effort, responding to the current national security situation and providing assistance to the uniformed services dealing with the migration crisis at the Polish border, remained vital in 2021.</p>

Area	Objectives	Key steps taken to achieve the goal
 <p>Society</p>	<p>Dialogue with local communities in accordance with the best standards developed at the PGNiG Group.</p>   	<p>Conducting awareness and educational campaigns on project execution standards applied by the Group, also with respect to communicating such aspects as environmental protection, workplace safety, local communities, dialogue, project objectives, and related risks and rewards.</p> <p>Supporting local initiatives to build a positive image of the PGNiG Group among local residents.</p> <p>Engaging employees in social initiatives. In 2021, the ongoing support of local communities in their fight against the COVID-19 pandemic was an important effort.</p>
 <p>Customers</p>	<p>Increasing customer satisfaction by improving service quality and investing in advanced digital communications solutions and tools that meet the needs of various customer groups.</p> <p>Continuous improvement of customer service standards and maintaining strong customer satisfaction.</p> 	<p>Conducting business activities in compliance with ethical standards and acting in customers' best interests (clear and straightforward contract terms).</p> <p>Implementation of customer service improvements.</p> <p>Expansion of electronic sales and customer service channels (live chat, online voice/video calls, customer service portal) based on good market standards. As the COVID-19 pandemic continues, this business aspect is gaining in importance, supported by the promotion of safe customer service channels. PGNiG OD and PSG were particularly active in that field.</p> <p>Provision of adequate protections at direct customer service points during the COVID-19 pandemic (PGNiG OD and PSG).</p> <p>Implementation of efforts designed to increase customer awareness in the energy market in the context of market liberalisation and fair competition (reading contracts before signing – 'informed customer' campaign, etc.)</p> <p>Development of modern customer service solutions for excluded customers.</p>
 <p>Customers – expanding the product range</p>	<p>Continuously increasing product and service availability.</p>    	<p>Development of services relating to universal access to energy, gas system services, household and energy efficiency products, and new business partnerships related to the product range.</p> <p>Development of products and services intended for cities and urban residents, aimed at increasing utilisation of district heating and natural gas (including CNG and LNG) to reduce low-stack emissions (partnerships with cities, cogeneration, CNG for sustainable urban transport, citizen education, etc.).</p> <p>Development of an integrated product range with a particular focus on areas where air pollution limits are exceeded.</p> <p>Implementation of an approach to leveraging the available customer base for increased effectiveness of the PGNiG Group's sales efforts.</p> <p>Conducting marketing and image-building campaigns to increase the PGNiG Group's reputation as a provider of a broad range of services and energy security.</p>

Area	Objectives	Key steps taken to achieve the goal
 <p>Employees</p>	<p>Reliable employer – promoting and implementing good hiring standards by pursuing a professional HR policy and building a friendly workplace.</p> 	<p>In 2021, ensuring occupational safety and uninterrupted operation of workplaces during the unfolding COVID-19 pandemic remained a vital matter. Key focus was placed on the provision of adequate protections and promotion of appropriate practices, and the remote work system for office staff implemented in 2020 and the optimum shift work systems introduced to ensure continuity of business operations underwent further improvement.</p> <p>Conducting regular employee sentiment and satisfaction surveys and developing an approach to implementing the solutions to problems raised by employees.</p> <p>Continued implementation and continuous improvement of the employee performance assessment system;</p> <p>Continued implementation of training programmes tailored to the needs of individual employees;</p> <p>Maintaining key privileges and benefits for employees.</p> <p>Continued dialogue with trade unions;</p> <p>Pursuing a family-oriented policy and promoting health and healthy lifestyles as part of employee support efforts;</p> <p>Implementation of an internal communication programme for employees across the PGNiG Group to reinforce their sense of belonging and raise their awareness of the Company's business goals and their role in delivering those goals;</p> <p>Deployment of tools supporting vertical and horizontal communication across the PGNiG Group.</p>
 <p>Employees</p>	<p>Employee development – Development of mentoring and proactive initiatives to ensure the availability of qualified staff</p> 	<p>Refining PGNiG's recruitment policy and development of similar rules across PGNiG Group companies, with a particular focus on internal promotions;</p> <p>Continued implementation of the Talent Identification System at PGNiG Group companies.</p> <p>Continued implementation of a mentoring programme for the talent pipeline;</p> <p>Providing mentoring to new hires to maintain the continuity of expertise.</p> <p>Continued implementation of a work placement and internship programme for the PGNiG Group.</p> <p>In 2021, in the face of the ongoing COVID-19 pandemic, the vast majority of training and professional development processes continued to be conducted online.</p>
 <p>Employees</p>	<p>Occupational health and safety – Implementation of uniform OHS management standards in order to constantly increase the safety of PGNiG employees, any other persons on PGNiG premises, and the local community.</p>	<p>In 2021, the priority was to ensure occupational safety and uninterrupted operation of workplaces during the unfolding COVID-19 pandemic. Key focus was placed on the provision of adequate protections and promotion of appropriate practices. The Group's Crisis Management Team, acting as an advisory body to the PGNiG Management Board for combating the COVID-19 spread, plays a key role in the process, as it coordinates the</p>

Area	Objectives	Key steps taken to achieve the goal
		<p>operation of all Group companies and responds adequately to changing conditions as the situation unfolds.</p> <p>Implementation of norms and standards that follow from good practices and promoting safe solutions to minimise occupational accidents.</p> <p>Implementation, analysis and assessment of the Awareness and Behaviour Improvement Programme.</p> <p>Communicating occupational health and safety issues.</p> <p>Continuous enhancement of employee qualifications and awareness in the area of workplace health and safety, taking into our their roles and engagement in tasks assigned.</p> <p>Continuous efforts to build a safety culture among employees by encouraging exchange of knowledge and skills among employees and representatives across the PGNiG Group (competitions, conferences, cooperation with rescue services).</p>
 <p>Innovation for development</p>	<p>Active support of the development of cooperation with scientific and research institutions and start-ups or SMEs in order to constantly improve the efficiency of the Company's operations.</p> <p>A steady year-on-year growth in the number of completed innovation projects and initiatives.</p> 	<p>Supporting business-science partnerships through joint project implementation.</p> <p>Implementation of innovation projects in the fields of energy efficiency, development of products and services for PGNiG Group customers, development of new business directions, and reduction of environmental and climate impacts.</p> <p>Pilot implementations of new innovations.</p> <p>Implementation of a programme encouraging innovation development within the PGNiG Group.</p> <p>Regular internal communications promoting employee innovation.</p> <p>Conducting a strategic image-building campaign to promote the PGNiG Group as an innovation-driven company open to collaboration with creative individuals and companies.</p>
 <p>Ethics – value system</p>	<p>Broadening employees' knowledge of the ethical values and principles applicable in the work environment.</p> <p>Responsible management of the entire value chain based on transparent cooperation principles taking into account social, environmental and safety criteria and human rights.</p>   	<p>Implementation of an employee ethics training programme.</p> <p>Defining the desired ethical behaviours for the roles and duties of selected employee groups (customer service, relations with local governments, etc.).</p> <p>Proactively communicating the PGNiG Group's ethics policies and expectations to suppliers.</p>



4. Environment and climate

4.1 PGNiG Group's key measures for climate and environmental protection

(GRI 102-17; GRI 102-47; GRI 103-1; GRI 103-2; GRI 103-3)

Well aware of the ongoing climate change, the PGNiG Group is taking steps to mitigate the human impact on climate and environment

On the one hand, through constant improvement of technological processes, R&D activities and business decisions, PGNiG seeks to minimise the adverse impact of its operations on climate and environment. In doing so, PGNiG intends to reduce both direct CO₂ emissions from its operations, which occur during such processes as extraction of natural gas or production of heat and electricity at PGNiG plants (scope 1 CO₂ emissions in accordance with Greenhouse Gas Protocol), as well as indirect CO₂ emissions from the production of electricity purchased by PGNiG for its own needs (scope 2 CO₂ emissions).

On the other hand, PGNiG, through its operations, is directly involved in Poland's energy transition. For Poland, this transition is both particularly important and challenging as, owing to rich coal deposits, for the last century Poland's energy sector relied almost exclusively on this energy carrier. In 2018, the benchmark year for Poland's Energy Policy until 2040, the share of coal in electricity generation was as much as 77%. According to this government document, reducing the share of coal by 2030 to less than 56%, while simultaneously lowering CO₂ emissions by 30% relative to 1990, will be largely effected by increasing in the energy transition the use of 'transition fuel', that is natural gas.

Switching from coal to gas is necessary not only to protect climate, but also to improve air quality in Poland. According to the authors of the 'Clean Air' government programme, each year around 45,000 people in Poland die of diseases caused by air pollution, more than seven times the number of those who die as a result of passive smoking. Smog is primarily caused by the accumulation of particulate matter, mainly produced from coal combustion in domestic furnaces and virtually absent in natural gas combustion. This is why in order to combat smog the Polish government has launched initiatives to stop burning coal in households in urban and rural areas by 2030 and 2040, respectively. Obsolete and inefficient coal-fired furnaces will therefore be replaced with low- and zero-emission ones. With a simultaneous expansion of the distribution infrastructure, natural gas will become an alternative to individual households and municipal heating systems alike.

In view of the above, the role of natural gas as a 'transition fuel' in Poland's energy transition, helping reduce climate and environmental impacts, is critical today. As the largest player on the Polish gas market, for more than a decade PGNiG has not only supported the transition of Poland's energy sector to make it more carbon-neutral, but has also been taking steps to consistently reduce its own negative impact on the ecosystem.

In 2021, PGNiG continued its efforts to protect the climate and the environment, undertaken at the beginning of 2020. The key initiatives include:

- April 2021 – Decision to invest in the construction of a 1 MWe solar farm at the Kawęczyn CHP plant (TERMIKA).
- June 2021 – Preparation of an application by TERMIKA in the area of hydrogen technologies and systems; submitted for further processing as part of IPCEIs. The main objective of the project is to develop an innovative and efficient green hydrogen production system (a large-scale unit of up to 50 MW) based on electricity generated by a cogeneration unit, and subsequently use the hydrogen in transport so as to significantly cut greenhouse gas ("GHG") emissions in the fuel supply chain. There are also plans to use the hydrogen on a large scale in urban transport, especially buses.
- December 2021 – Launch of a CCGT unit at the Żerań CHP plant (TERMIKA), which replaced five coal-fired units, thus reducing carbon dioxide emissions. Since 2016, nine out of the eleven coal-fired units have been thus shut down at the Żerań CHP plant. The investment is part of the project to upgrade the CHP plant supplying heat and power to Poland's capital city. The unit, intended to facilitate a "smooth transition towards achieving climate neutrality", is also to be fuelled with green hydrogen and biogas in the future.

4.2 Due diligence policies and procedures

(GRI 102-11; GOV-2/A2)

Following the principles of sustainability and respect for the environment are part of the QHSE Policy. Competence of the management staff and appropriate preparation of the workforce translate into improved environmental performance and delivery of the Policy objectives. The Group's QHSE policy sets out the following lines of action:

- identifying, supervising and monitoring the environmental impacts of the companies' operations (environmental aspects),
- identifying and complying with legal and regulatory requirements;
- setting and pursuing improvement goals to minimise external and environmental impacts and keep a balance between business growth and environmental protection,
- applying environmentally-friendly technologies,

- using fuels and natural resources in an efficient way,
- undertaking initiatives benefiting the environment (including remediation and reclamation),
- supervising contractor operations,
- raising employee awareness and qualifications in the area of environmental protection.

The PGNiG Group's operations affect the natural environment along the entire value chain. Considering the global environmental challenges related to climate change, rational management of natural resources and circular economy, the PGNiG Group takes steps to minimise its environmental impacts. Guidance for such initiatives is set forth in the PGNiG Group Sustainable Development Strategy for 2017–2022, which aims to:

- implement, maintain and improve the environmental management system as a tool for implementing the QHSE Policy across the PGNiG Group,
- use environmentally-friendly technologies and techniques reducing emissions and waste and wastewater output, and enabling efficient use of natural resources in order to meet new challenges, including those presented by circular economy,
- ensure that the PGNiG Group's suppliers and contractors comply with the highest environmental protection standards and use environmentally friendly technologies and solutions,
- design, execute and participate in research projects on new technologies to improve the environmental and economic performance of work carried out by the PGNiG Group,
- protect biodiversity in operations affecting protected habitats and species,
- minimise the PGNiG Group's environmental impact through land reclamation (including with regard to past operations and the related historical contamination),
- conduct promotional and awareness campaigns for customers who are switching to gas fuel in their heating systems.

4.2.1 Environmental management system at the PGNiG Group

PGNiG's environmental management system operates in accordance with the PN-EN ISO 14001 standard. Its objective is to identify environmental aspects of the organisation. The most important of these are:

- Emission of air pollutants.

These are gas and particulate matter emissions from the combustion of fuels in process and heat sources, means of transport or during technical operations. Emissions of pollutants, such as nitrogen oxides, sulfur oxides and carbon oxides, are especially relevant to PGNiG Termika, which produces electricity and heat from coal, natural gas and biomass. Methane can be released into the atmosphere as a result of emergency events, such as pipeline leaks, or blowback and flaring operations.

- Noise emissions.

Most industrial processes involve noise emissions, and in the case of seismic operations (Geofizyka Toruń) also involve vibrations.

- Land and groundwater contamination.

The contamination of land and groundwater may be caused by spills of petroleum and hazardous substances during drilling work, other technological processes and operation of machinery and equipment, and also as a result of a technical failure or leakage from storage tanks or pipework. Contamination may also be a consequence of legacy pollutants.

- Generation of hazardous waste.

The PGNiG Group's business involves waste generation. Waste cannot be eliminated entirely, but deployment of latest technologies and use of environmentally-friendly materials and products help to reduce the volume of generated waste.

The management of these environmental aspects is part of the PGNiG Group's key commitments under the environmental policy.

4.3 Climate-related risks and opportunities

(GRI 102-15; GRI 201-2)

In line with the recommendations prepared in 2017 by Task Force on Climate-related Financial Disclosures, PGNiG analyses the impact of climate-related phenomena on its operations in terms of risks and opportunities¹⁰.

Climate-related risks include in particular:

¹⁰ Task Force on Climate-related Financial Disclosures, *Final Report. Recommendations of the Task Force on Climate-related Financial Disclosures*, June 2017, pp. 5-7.

- risks occurring when moving towards a less polluting, greener economy – transition risks;
- risks related to the physical effect of phenomena brought by climate change – physical risks;
- opportunities for PGNiG.

PGNiG considers regulatory risks to be the most important for the Group's operations. A detailed discussion of these risks below will be followed by a brief overview of the remaining risks.

4.3.1 Regulatory risks

One of the important factors with a significant impact on the operations of PGNiG as an entity operating mainly in the European Economic Area (EEA) is the European Union's climate and environmental policy. It provides a framework for PGNiG's future business decisions and may affect the profitability of investment projects initiated or completed in the past. This is why PGNiG closely monitors the activities of the European Commission and other EU institutions by taking part in public consultations and engaging in decision-making processes through industry organisations, or by presenting its recommendations to the Polish government. The European Green Deal for 2019-2024 is the most important climate programme of the European Commission, with potentially the largest impact on PGNiG's operations.

European Green Deal

The European Commission published a Communication document on the European Green Deal ("EGD") in December 2019. The key long-term objective of the EGD is to make the EU carbon neutral by 2050. In addition, the Commission aims to protect, conserve and enhance EU's natural capital and to protect human health and well-being against threats and adverse environmental effects. These objectives are to be achieved through a number of initiatives covered by the EGD. From PGNiG's perspective, the most important initiatives include: The European Climate Law, The reform of the ETS, energy efficiency challenges and Green Finance.

The European Climate Law

In March 2020, the European Commission presented a draft Regulation of the European Parliament and of the Council establishing the framework for achieving climate neutrality and amending Regulation (EU) 2018/1999, referred to as the "European Climate Law". After more than a year of negotiations, which primarily concerned ambitions for intermediate targets, in June 2021 the European Parliament and the Council adopted the Regulation. It introduces the goal of making the entire EU climate-neutral by 2050. In addition, in accordance with Article 4 of the Regulation, a binding EU climate target is a reduction of net greenhouse gas emissions (emissions after deduction of removals) in the EU by at least 55% by 2030 compared to 1990. This means an increase of the previous 2030 reduction target of 40% by 15 percentage points. These ambitious goals are to be achieved by adopting new and revising existing laws. The laws of key importance for PGNiG are discussed below.

4.3.1.1 ETS reform

The EU Emissions Trading System (ETS) is the core of the European Union's climate and energy policy. By imposing the obligation to cover greenhouse gas emissions with an appropriate amount of allowances, the ETS leads to internalisation by industrial and energy companies, of external costs related to adverse impacts on the climate. The system has been criticised in recent years for failing to incentivise sufficient low-carbon investment, which was due to the continuing low prices of CO₂ allowances (EUA). However, the fourth stage of the ETS (2021-2030) is marked by a sharp increase in the EUA prices. This is largely the result of the decision to increase the reduction ambition for 2030. The currently applicable EU ETS rules were designed with a view to reducing by 2030 carbon emissions in the sectors covered by the ETS by 43% compared to 2005. However, in line with the European Commission's impact assessment, the increase by the European Climate Law of the overall 2030 reduction target will entail a need to reduce emissions in the sectors covered by the ETS by 54% relative to 2005 in the baseline scenario¹¹ (by 11 pp above the current target). The achievement of this higher target will mainly entail an accelerated removal of emission allowances available on the market, leading to a faster increase in their prices.

While increases in the prices of CO₂ emission allowances were initially beneficial for natural gas, leading to the replacement of electricity generated from coal with that generated from natural gas (e.g., in Germany in 2020 68% more electricity was produced from natural gas than from coal while as recently as in 2018 gas-fired power generation was 71% lower than coal-fired power generation), a further price increase may accelerate the rate of energy transition by providing incentives for the development of zero-emission technologies which will also replace gas-fired units. Additional pressure on natural gas may emerge if the ETS covers sectors hitherto excluded from it, namely transport and construction, which will result, among other things, in greater competition for domestic gas furnaces from solutions such as heat pumps.

¹¹ Commission Staff Working Document Impact Assessment, Stepping up Europe's 2030 climate ambition – Investing in a climate-neutral future for the benefit of our people, pp. 98-99.

4.3.1.2 Sustainable finance

In March 2018, the European Commission released an action plan on sustainable finance.¹² Its objective is to reorient capital flows on financial markets towards sustainable investment in order to allow the EU to further the 2015 Paris Agreement goals. With that objective in mind, in May 2018 the Commission put forward a draft legislation package that included the interest rate benchmark reform; the taxonomy regulation and a regulation on the disclosure of non-financial information by financial market participants. Since sustainable finance is a crucial element of the European Green Deal,¹³ in 2020 the Commission conducted a consultation on the renewed sustainable finance strategy, which was summarised in a report published in February 2021. In response to the views and opinions submitted by consultation participants, a new package of regulations and draft legislation aimed at making the financial sector greener was published by the Commission in April 2021. Of key importance to PGNiG is Commission Delegated Regulation¹⁴, supplementing Regulation (EU) 2020/852 on taxonomy.¹⁵ The delegated regulation establishes technical screening criteria for determining whether an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation. Its importance is determined by the fact that an economic activity will be considered 'green' only if it meets the above criteria, and this in turn will be fundamental to future decisions of investors seeking to green their portfolios. The decision regarding the classification of the natural gas business was postponed until 2022. PGNiG predicts the natural gas business will be classified as a 'transitional activity'. The risk of a decision to exclude natural gas from the taxonomy framework entirely will force PGNiG to take steps to change its financing strategy.

4.3.1.3 Methane strategy

The Communication on the European Green Deal stated that the plan for the EU's transition to climate neutrality will also include actions to decarbonise the natural gas sector, particularly by reducing methane emissions. In line with this plan, in October 2020 the European Commission published a Communication on an EU strategy to reduce methane emissions. The first step taken under the strategy will be to tighten the reporting requirements to ensure the methane emission measurement and reporting methods applied by companies are much more accurate than today. This should contribute to a better understanding of the problem and improve the quality of information used for the purposes of further mitigation measures¹⁶. In the energy sector, the Commission is to draw up legislative proposals on compulsory monitoring, reporting and verification of all energy-related methane emissions and on an obligation to improve leak detection and repair (LDAR) of leaks on all fossil gas infrastructure. The Commission is also to consider legislation on eliminating routine venting and flaring.

The proposed regulations will entail additional investment to accurately measure methane emissions from natural gas production facilities and distribution infrastructure owned by the PGNiG Group.

4.3.2 Physical risks

According to *Task Force on Climate-related Financial Disclosures*¹⁷ (TCFD) physical risks are the second most important climate-related risk category after transition risks.

Physical risks refer to extreme weather events, such as torrential rain, storms and hurricanes, as well as more long-term shifts in climate patterns that may cause chronic heatwaves or sea level rise.

PGNiG's production facilities in Poland and on the Norwegian Continental Shelf are not exposed to such dramatic changes as those faced by Russian extraction companies in Siberia, where thawing permafrost is affecting existing infrastructure. However, rising temperatures may hinder operations in the tropical regions, for instance in Pakistan, where a PGNiG subsidiary is conducting exploration activities. PGNiG monitors all these risks, taking them into account when making further business decisions, and seeks to protect its existing wells against extreme weather events that could destroy its production infrastructure.

4.3.3 Opportunities for PGNiG

PGNiG aims to align its strategy and operational capabilities to capture emerging opportunities.

4.3.3.1 Poland Energy Policy 2040

PGNiG is actively participating in the process of Poland's energy transition, guided by Poland Energy Policy 2040 (PEP2040) and the European Union's energy and climate policy. The implications PEP2040 and current global trends offer a great opportunity for PGNiG as it explicitly considers natural gas as a transition fuel which in the coming years is to replace coal, so far a cornerstone of

¹² Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee and the Committee of the Regions: Action Plan: Financing Sustainable Growth <https://eur-lex.europa.eu/legal-content/PL/TXT/PDF/?uri=CELEX:52018DC0097&from=PL>

¹³ European Commission, Communication on the European Green Deal, p. 18.

¹⁴ (EU) C/2021/4987 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 [https://eur-lex.europa.eu/legal-content/PL/TXT/?uri=PL_COM:C\(2021\)4987](https://eur-lex.europa.eu/legal-content/PL/TXT/?uri=PL_COM:C(2021)4987)

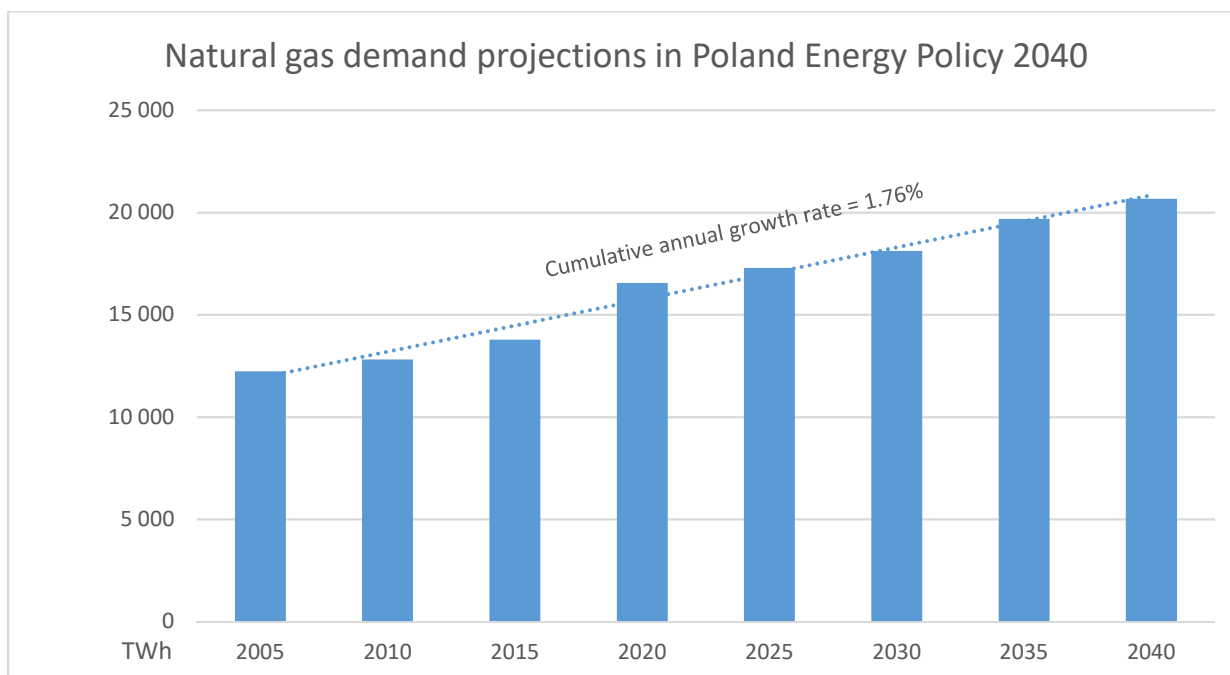
¹⁵ Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18th 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 <https://eur-lex.europa.eu/legal-content/PL/TXT/PDF/?uri=CELEX:32020R0852&from=PL>

¹⁶ European Commission, Communication on an EU strategy to reduce methane emissions, p. 4.

¹⁷ <https://www.fsb-tcfd.org/>

Poland's energy mix. In order to accelerate the transition of small heat sources used by households, PGNiG OD joined the Clean Air Programme by signing an agreement with the National Fund for Environmental Protection and Water Management in January 2020. PGNiG OD's role is primarily to verify gas grid access for customers who want to use gas for heating purposes.

Fig. 5 Natural gas demand projections in Poland Energy Policy 2040



4.3.3.2 EU hydrogen strategy

Another medium and long-term opportunity for PGNiG is the European Commission's plans regarding the development of a hydrogen market in the European Union. In its strategy of July 2020, the Commission points to the key role of low-emission fossil-based hydrogen (produced from fossil fuels including natural gas) with carbon capture in CCUS units on the way towards full decarbonisation of hydrogen¹⁸. As the vast majority of hydrogen used by industry today is made via steam methane reforming, PGNiG seems to be naturally positioned to engage in the process. Hence the projects undertaken by PGNiG to enable industrial storage of hydrogen and transmission of hydrogen through the gas distribution network.

4.4 Managing climate-related risks

In response to climate-related risks and opportunities, PGNiG made changes to its internal structure and work organisation.

PGNiG designated a Management Board member directly responsible for climate matters, with the relevant powers and responsibilities delegated to the Management Board Member, Chief Strategy and Regulation Officer at PGNiG SA.

4.5 Climate and environmental impact of the PGNiG Group

The risks and opportunities related to climate change described above are the key benchmark for the PGNiG Group's activities, influencing PGNiG's business decisions and future development directions.

But in the light of PGNiG's values, particularly its commitment to pursuing the Sustainable Development Goals adopted by the UN in 2015, particular attention is paid to PGNiG's climate, environmental and social impacts.

Every year, PGNiG gathers and discloses its environmental impact data in non-financial reports, such as this Report and the annual integrated report. The reports are prepared based on non-financial reporting standards, such as the Global Reporting Initiative (GRI), the Sustainability reporting guidelines for the oil and gas industry, selected guidelines set out in the Communication from the Commission – Guidelines on non-financial reporting: Supplement on reporting climate-related information No. 2019/C 209/01, and recommendations issued by TCFD, including environmental reporting guidelines. This approach allows PGNiG to report its impacts on the ecosystem in line with the principle of materiality.

¹⁸ Communication from the Commission, A hydrogen strategy for a climate-neutral Europe, Brussels, July 8th 2020, p. 6.

Based on the current non-financial information, the main area of PGNiG's climate and environmental impact is greenhouse gas emissions. PGNiG monitors its footprint and seeks to mitigate its impact on biodiversity, water resources, waste management, etc.

However, it is measures seeking to reduce emissions of CO₂, CH₄ and other pollutants that are the focus of attention for PGNiG. PGNiG considers emissions management as strategic given that emissions are at the centre of the materiality matrix.

Two conspicuous trends have emerged in recent years as a result of that: a downtrend in total emissions of greenhouse gases and pollutants, and an uptrend in pollutant management. However, to fully engage in the EU's pursuit of climate neutrality by 2050, as outlined in the European Green Deal, PGNiG plans to ramp up its climate impact mitigation efforts, primarily by reducing CO₂ emissions. The plan envisages actions across all existing segments of the PGNiG Group's operations as well as the development of new business lines.

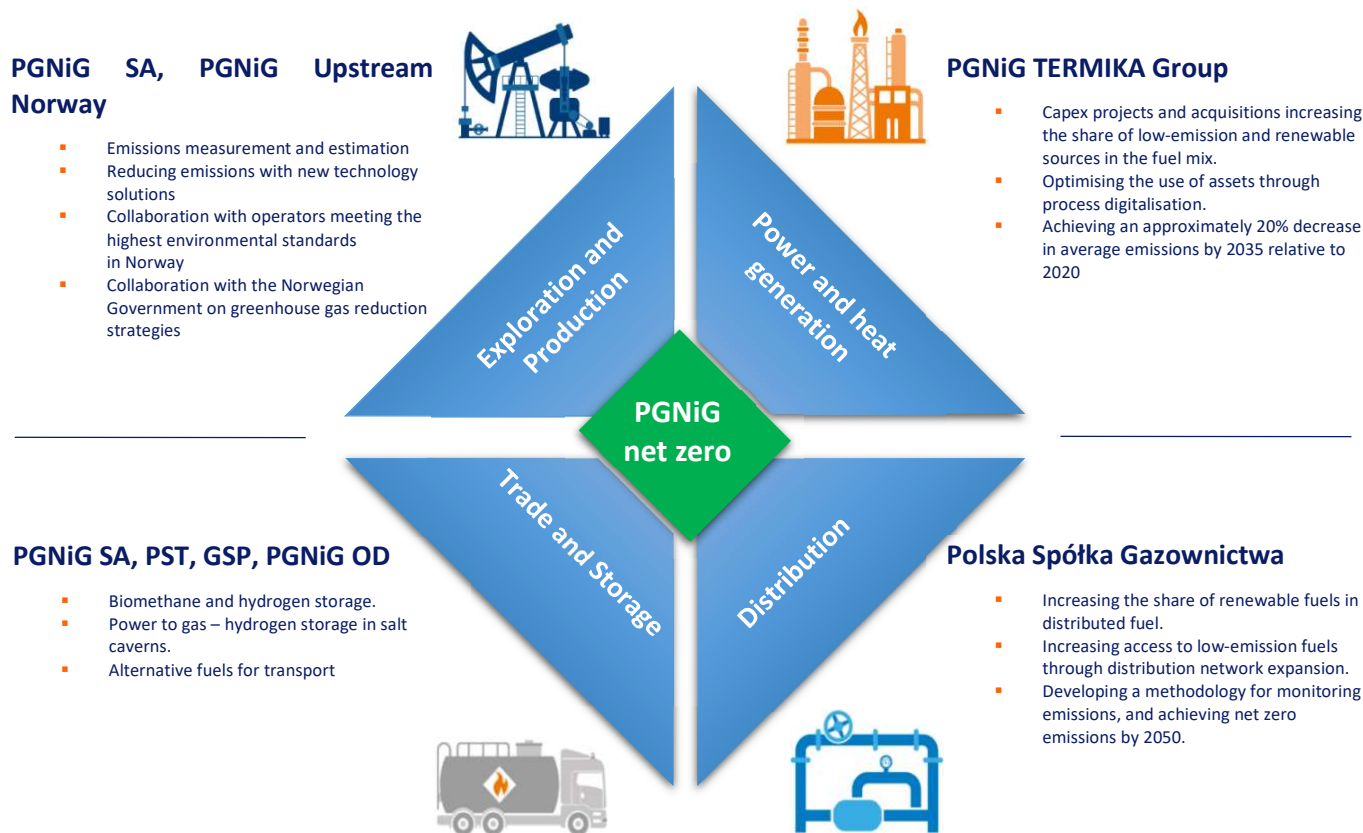
4.6 PGNiG's path to climate neutrality

All of PGNiG's business segments play a part in the pursuit of climate neutrality. Each segment is taking bold steps to thoroughly transform its business in order to reduce its climate and environmental footprint, focusing on renewable energy sources: wind and solar energy, biomethane, and prosumer power generation.

Also, PGNiG plans to take certain horizontal measures to curb its carbon footprint, including by replacing the existing car fleet with zero-emission vehicles, improving energy efficiency, installing solar PV system at the PGNiG Group's facilities, and digitalisation of document circulation.

All climate-related actions implemented by the Group are designed to reduce its adverse environmental impacts and contribute to building strong external stakeholder relations. Provided below is a graphic presentation and a description of initiatives taken by PGNiG and each segment of the Group.

Fig. 6 PGNiG Group action pathways to climate neutrality as set out in the PGNiG Group ESG Policy



4.6.1 Exploration and Production

The segment is one of PGNiG's four core business segments, accounting for the largest share of capital expenditure spent by the Company every year. PGNiG is Poland's largest natural gas producer, representing over 90% of domestic natural gas production.

The key environmental and climate impact of the segment is attributable to its methane emissions, which, after carbon dioxide emissions, are considered the second largest contributor to climate change. In line with the European Commission's strategy to

reduce methane emissions, PGNiG intends to implement a comprehensive process to reduce methane emissions from its gas production operations.

The first step, as provided for in the EC's strategy, will be to deploy an accurate measurement system for methane emissions.

As a next step, PGNiG plans to compare emissions from its process units and facilities against the average methane emissions in the oil and gas sector and emissions reported by companies with the lowest climate change and environmental impacts. The comparison will pave the way for the development of a reduction strategy for the coming years and selection of technologies that would help PGNiG to achieve its objectives. These efforts will first be implemented at PGNiG's facilities in Norway, where it is assumed that the company will be able to benefit from partnerships with operators meeting the highest environmental standards and from the support offered by the Norwegian government. Once proven in Norway, the solutions will then be implemented in Poland and other parts of the world.

Other work planned in the segment includes projects to reduce CO₂ emissions, reduce diesel oil consumption in diesel engines using a fuel and gas mixture (CNG), and reduce electricity consumption and CO₂ emissions through adoption of solar PV installations (Exalo).

4.6.2 Power and Heat Generation

The Generation segment (Power Generation and Heating) is the main emitter of direct CO₂ emissions from the operations of the PGNiG Group. This is due to the fact PGNiG Group companies rely mostly on hard coal to produce electricity and heat. Therefore, PGNiG plans to exit hard coal in the coming decade and replace it with low and zero emission fuels.

In mid-December 2021, a CCGT unit was placed in service at the Żerań CHP plant, replacing the existing coal-fired units. CO₂ emissions per unit of fuel from the CCGT unit will be 1.68 times lower than from the existing coal-fired sources.

Also, the Siekierki CHP plant is planning to build a multi-fuel unit to make up for the power and heat generation capacity lost due to the shutdown of the oldest coal-fired units, using a technology that would increase the share of low-carbon fuels (biomass and RDF) and use the remaining processed municipal waste (RDF) in the Warsaw agglomeration. The project to construct a multi-fuel unit is consistent with the new objectives and pursuit of climate neutrality (the European Green Deal) and Poland Energy Policy 2040. The key advantage of the project is the planned reduction in CO₂ emissions from PGNiG TERMIKA by 300,000 to 400,000 tonnes per year and an increased share of renewable heat. This is in line with the requirements for efficient heating systems set out in Directive on the promotion of the use of energy from renewable sources, Directive on the energy performance of buildings, and the new EU legislative package FIT for 55. Thus, the multi-fuel unit is expected to be a much more environmentally-friendly source of heat and electricity than the existing coal-fired boilers used at the Siekierki CHP plant. A CCGT unit is planned to be built in 2026 to entirely phase out coal-fired electricity and heat production at the Siekierki CHP plant.

Once these projects are complete, the proportion of coal in the PGNiG Group's fuel mix will fall to approximately 40pp in 2021–2030, with the coal replaced largely by natural gas, but also by zero-emission sources built as part of the initiatives described below.

The planned investments and upgrades of conventional assets, which are bound to significantly reduce the share of coal in the fuel mix used by the Group's heating assets, will include CHP newbuild and modernisation projects.

4.6.3 Trade and Storage

The segment emits trace quantities of CO₂. The problem in this case is uncontrolled methane emissions during storage. PGNiG is set to take measures similar to those described in detail in the section devoted to the Exploration and Production segment – once the emission levels have been accurately measured, steps will be taken to achieve the largest possible emission reduction.

However, the most important measures PGNiG intends to take in the segment, which would contribute to achieving the EU's 2050 climate neutrality target, are aimed at adding zero-emission products and related services to the product mix, thus helping to curb CO₂ emissions. To this end, PGNiG will gradually add zero-emission gases (hydrogen, biomethane) to its range and adapt its storage infrastructure to be able to store these gases.

PGNiG is now engaged in R&D&I projects enabling hydrogen storage in salt caverns. The results of these projects can be operationalised and commercialised by 2030 and 2050. Hydrogen and biomethane will be produced by the new RES business line. For now, hydrogen and biomethane production is in the research and development phase.

4.6.4 Distribution

The segment's environmental and climate footprint comes primarily from methane leaks that occur during natural gas transmission operations. In order to prevent the leaks, the PGNiG Group companies plan, as in the case of the Exploration and Production and Trade and Storage segments, to first perform accurate monitoring of the emissions and, based on that, design appropriate measures to reduce the emissions to the largest extent possible.

Furthermore, in connection with the plan to expand the PGNiG Group's product range with zero and low emission gases, PSG will explore the possibility of adapting the existing distribution infrastructure to transport hydrogen and biomethane and, alternatively, analyse the cost of building new pipelines dedicated to hydrogen and biomethane. Projects relating to these plans are in the research and development phase. The R&D work is conducted by the PGNiG Group's Central Measurement and Testing Laboratory.

4.6.5 New business line – RES

As renewable energy sources play an increasingly important role, a business diversification process commenced in 2020 under the 'Green Turn' programme.

Zero-carbon sources are the future, and the company must get ready for the long-term green transition while supplying the Polish economy with the transition fuel. Set to remain a fuel company that may gradually replace natural gas with hydrogen and biomethane, PGNiG also plans to invest in wind and solar PV technologies that are driving the current capacity expansion in the power generation segment.

4.7 Key environmental data

4.7.1 Raw materials and consumables used

(GRI 301-1)

Tab. 6 Consumption of raw materials and fuels at the PGNiG Group in 2020–2021

Total raw materials and consumables used	2021*		2020	
	[mcm]	[million Mg]	[mcm]	[million Mg]
natural gas	586.7	-	440.8	-
<i>including PGNiG</i>	235.1	-	301.8	-
hard coal	-	2.8	-	2.6
lignite	-	-	-	-
biomass	-	0.3	-	0.3

* The 2021 data provided by some of the PGNiG Group companies include partial forecasts which could not be fully verified as at the date of this Report.

Non-renewable resources are the main materials used in the production of electricity and heat at the PGNiG Group. Coal is used to produce electricity and heat mainly in the PGNiG TERMIKA Group's CHP plants, while natural gas is used in the other companies for heating buildings, in heat and electricity production (including for electricity production in cogeneration and trigeneration), in industrial processes as a fuel for oil heaters in desulfurization and desalination processes, as a fuel for boilers, gas compression engines, gas turbines, and post-combustion of waste gases.

In 2021, PGNiG recorded an increase in the volumes of gas used in heat and electricity generation, driven by a gradual shift from coal- to gas-fired units. The volume of gas burnt off in flare stacks depends on the number and duration of tests carried out on new exploration and production wells.

4.7.2 Energy consumption at the PGNiG Group

(GRI 302-1, GRI 302-2; CCE-6/C1)

Tab. 7 Energy consumption at the PGNiG Group in 2020–2021

Energy consumption		2021*		2020	
		PGNiG Group*	PGNiG*	PGNiG Group	PGNiG
Generated internally from non-renewable sources	electricity [GWh]	899.1	70.8	867.7	89.1
	heat [MJ]	5,846,395,965	5,289,667,950	7,426,676,582	6,953,628,170
	steam [MJ]	302,342,062	302,342,062	317,760,354	317,760,354
	cooling [MJ]	1,962,954	-	2,873,574	-
Generated internally from renewable sources	electricity [GWh]	44.0	12.6	35.1	-
	heat [MJ]	13,837,552	-	15,465,680	-
	steam [MJ]	-	-	-	-
	cooling [MJ]	-	-	-	-
Purchased from the grid	electricity [GWh]	182.1	125.4	196.9	137.8

* The 2021 data provided by some of the PGNiG Group companies include partial forecasts which could not be fully verified as at the date of this Report.

The energy consumed by the majority of PGNiG Group companies was mostly energy generated internally from non-renewable sources. The other Group members have contracts signed with energy companies. The volume of energy used is correlated with the Group's growth. Year on year the volume of electricity generated internally from renewable sources rose by more than 25%, with a slight increase of 4% in electricity generated internally from non-renewable sources and a decrease in electricity purchased from the grid (7.5%).

The PGNiG Group implements pro-environmental solutions, such as cogeneration and trigeneration plants owned and operated by some of the companies. Also, solar PV systems and energy efficiency improvement programmes are put in place.

4.7.3 Water consumption at the PGNiG Group

Tab. 8 Water consumption at the PGNiG Group by source, 2020–2021

Water (mcm)	2021		2020	
	PGNiG Group*	PGNiG*	PGNiG Group	PGNiG
surface water withdrawn from own intake points	252.9	-	152.6	-
ground water withdrawn from own intake points	0.3	0.2	0.4	0.3
rainwater	-	-	-	-
purchased from the mains, surface and ground water intakes	1.9	0.1	1.8	0.2

* The 2021 data provided by some of the PGNiG Group companies include partial forecasts which could not be fully verified as at the date of this Report.

The PGNiG Group aims to reduce water consumption in processes and by humans. Seeking to protect surface and underground water resources, as part of its exploration and production work the Group identifies sources of water supply and ways of water storage in order to use it in the most efficient manner in a given region without restraining other users' access to that natural resource. Rules have been put in place for water and wastewater management, requiring recording and measuring the volumes of purchased and abstracted water. To reduce water consumption, drilling mud is treated and reused. The most common devices for treating drilling mud are washing cradles, vibrating screens, centrifuges, desilters, desanders. Rock pieces from drilling mud are loaded into steel tanks, are regularly collected by licensed collectors and transported directly to waste recovery or disposal facilities.

The overall increase in the consumption of surface water in 2021 was attributable to a new CCGT unit placed in service at the Żerań CHP plant (TERMIKA). In contrast, PGNiG recorded a slight decline in water purchased from the mains as the number of staff present at facilities and offices fell as a result of COVID-19 restrictions. Also, water used for process needs at the Dębno Oil and Gas Production Facility in 2021 was drawn from own intake points and not from the mains as was the case in previous years, which reduced the volume of water purchased from the mains.

4.7.4 Impacts on biodiversity

(GRI 304-2; ENV-4/C1)

In 2021, the PGNiG Group implemented projects that were located near protected and valuable natural areas. All of the work involved in the projects was carried out in accordance with decisions and permits in place. Additionally, in the areas with extremely sensitive habitats, wildlife inventory taking was completed. Derogations were obtained in individual cases only.

Tab. 9 PGNiG Group companies' key projects that have impact on biodiversity

No.	Name of project implemented in 2021	Location (province/municipality)	Names of areas covered by forms of nature protection (national parks, nature reserves, landscape parks, Natura 2000 areas)		Impacts on biodiversity	
			where the project is implemented	in buffer zones of which or in the vicinity of which (i.e. within 500 metres from those buffer zones) the project is implemented	direct impact	indirect impact
1	Jastrzębiec 3D (Geofizyka)	Lublin Province, Rzeszów Province (Biszczka, Potok Górny, Tarnogród, Kuryłówka, Adamówka)	None	None	Short-term, for the project duration (vehicles, deployment and removal of equipment). Reversible after completion of the work.	None
2	Łagiewniki 3D (Geofizyka)	Poznań Province (Grodzisk Wielkopolski, Granowo, Kamieniec, Duszniki, Opalenica, Buk, Dopiewo, Komorniki, Stęszew, Mosina)	Natura 2000 sites: Dolina Mogielnicy PLH300033, Ostoja Wielkopolska PLH300010, Będlewo-Byczyny PLH300039, Ostoja Rogalińska PLB300017.	National parks: Wielkopolski National Park; Wielkopolski National Park buffer zone.	Short-term, for the project duration (vehicles, deployment and removal of equipment). Reversible after completion of the work.	None.
3	Pecna - Brodnica 3D (Geofizyka)	Poznań Province (Komorniki, Kórnik, Mosina, Puszczykowo, Stęszew, Czempień, Brodnica, Śrem)	Nature reserve: Krajkowo; Landscape parks: Rogaliński Landscape Park, General Dezydery Chłapowski Landscape Park; Natura 2000 sites: Rogalińska Dolina Warty PLH300012, Będlewo-Bieczyny PLH300039, Ostoja Rogalińska PLB300017.	Natura 2000 sites: Ostoja Wielkopolska PLH300010, Wielkopolski National Park; Wielkopolski National Park buffer zone, buffer zone of the Cheddar Pink Nature Reserve in Grzybno.	Short-term, for the project duration (vehicles, deployment and removal of equipment). Reversible after completion of the work.	None
4	Kosakowo Underground Gas	Gdańsk Province (Kosakowo)	Natura 2000 sites: Puck Bay Special Protection Area	Nadmorski Landscape Park,	Reversible	Reversible

No	Name of project implemented in 2021	Location (province/municipality)	Names of areas covered by forms of nature protection (national parks, nature reserves, landscape parks, Natura 2000 areas)		Impacts on biodiversity	
			where the project is implemented	in buffer zones of which or in the vicinity of which (i.e. within 500 metres from those buffer zones) the project is implemented	direct impact	indirect impact
	Storage Facility – construction of Cluster B caverns (GSP)		PLB220005, Natura 2000: Puck Bay and Hel Peninsula Special Protection Area PLH220032.	Mechelińskie Łąki Reserve		
5	Construction of the Witkowo-Września pipeline along with the Witkowo section of the Opatówko KZZU (PSG)	Poznań Province (Witkowo/Września)	Powidzko-Bieniszewski landscape protected area	Grądy w Czerniejewie PLH300050, approximately 50 m away	None	None
6	Construction of the Latkowo-Wrzosy high-pressure gas pipeline (PSG)	Bydgoszcz Province (Latkowo, Plawin, Wielowieś, Ludkowo, Piechcin, Zalesie Barcińskie, Barcin, Żnin, Jaroszewo, Wrzosy)	N/A	Jeziora Żnińskie Protected Landscape Area Jeziora Żędowskie Protected Landscape Area Barcińsko Gąsawska Refuge	Given the nature of the project and the approved scope of work and mitigation measures, no adverse environmental impact is expected.	Given the nature of the project and the approved scope of work and mitigation measures, no adverse environmental impact is expected.
7	Construction of the high-pressure MOP 6.3 DN 500 Kalisz-Sieradz gas pipeline (PSG)	Łódź Province, Poznań Province (Goszczanów, Błaszki, Warta, Wróblew, Sieradz, Ceków-Kolonia, Koźminek, Lisków)	Zbiornik Jeziorsko Special Protection Area 100202, Nadwarciański Protected Landscape Area	Not applicable	None	Yes
8	Construction of the high-pressure MOP 6.3 DN 500 Sieradz-Piotrków Trybunalski pipeline under the project: 'Construction of the Kalisz-Sieradz-Meszc gas pipeline with the necessary infrastructure in the Łódź and Poznań Provinces' (PSG)	Łódź Province, Poznań Province (Sieradz, Burzenin, Konopnica, Widawa, Rusiec, Szczerców, Kluki, Bełchatów, Wola Krzysztoporska)	18 km across the Dolina Widawki Protected Landscape Area, Nadwarciański Protected Landscape Area – 5.75 km, Międzyrzecz Warta and Widawka Rivers Landscape Park – 9.54 km	Not applicable	None	Yes
9	Construction of a medium-pressure gas network using PE pipes with a nominal gas pressure of up to 0.5 MPa, d. 10 (PSG)	Szczecin Province (Połczyn-Zdrój)	Ostoja Drawaska Natura 2000 site	Not applicable	Given its small scale, the project is not expected to have any adverse impact on the protected area.	The project will not: - adversely affect the conservation status of habitats of the species protected within the designated area, - adversely affect the species protected within the designated area, - impair the integrity of the Ostoja Drawaska Natura 2000 site or its links with other areas.
10	Construction of a medium-pressure gas network using PE pipes with a nominal gas pressure of up to 0.5 MPa, d. 67 (PSG)	Szczecin Province (Połczyn-Zdrój)	Ostoja Drawaska Natura 2000 site	Not applicable	The project will not affect the biodiversity of the Natura 2000 site.	The project will not: - adversely affect the conservation status of habitats of the species protected within the designated area, - adversely affect the species protected within the designated area.
11	Remediation of the Zawady combustion waste landfill site of the Siekierki CHP plant at ul. Włóki. (Termika)	Warsaw Province (Warsaw)	Warszawski Obszar Chronionego Krajobrazu (Warsaw Protected Landscape Area)	Dolina Środkowej Wisły (Middle Vistula Valley) Natura 2000 site	Remediation of ash heaps for the purposes of sport and recreation sites	Not applicable

No	Name of project implemented in 2021	Location (province/municipality)	Names of areas covered by forms of nature protection (national parks, nature reserves, landscape parks, Natura 2000 areas)		Impacts on biodiversity	
			where the project is implemented	in buffer zones of which or in the vicinity of which (i.e. within 500 metres from those buffer zones) the project is implemented	direct impact	indirect impact
12	Sierpowo 2D and 3D seismic surveys (PGNiG)	Szczecin Province, Poznań Province, Gdańsk Province (Biały Bór, Szczecinek, Borne Sulinowo, Barwice, Grzmiąca, Rzeczenica, Czarne, Debrzno, Człuchów, Okonek)	Natura 2000 sites: Ostoja Drawska PLB320019, Dorzecze Parsęty PLH320007, Bagno i Jezioro Ciemino PLH320036, Jezioro Śmiadowo PLH320042, Dolina Piławy PLH320025, Diabelskie Pustacie PLH320048; Nature reserves: Dęby Wilczkowskie, Bagno Ciemino, Wrzosowiska w Okonku (no works are performed within the area of the reserves); Protected Landscape Areas: Pojezierze Drawskie, Jeziora Szczecineckie, Dolina Piławy, Dolina rzeki Płytnicy (Szczecinek Municipality), Dolina rzeki Płytnicy (Borne Sulinowo Municipality), Las Drzonowski, Okolice Żydowo-Biały Bór; Protected environment sites: Szuwary nad Jeziorem Wielimie, Bórbagno nad Kutrami, Torfowisko w Lasku Zachodnim, Torfowisko przy szosie, Torfianki w Jelenim Ruczaju, Torfowisko Raciborki, Torfowisko Wybudowanie, Szare Maleńkie, Mechowiska Płociczno, Torfowisko nas Czarnym, Torfowisko Wyspowe;	Not applicable	Increased vehicle traffic, seismic surveys using heavy equipment or dynamite, temporary scaring away of animals	Not applicable
13	Pecna-Brodnica 3D seismic surveys (PGNiG)	Poznań Province (Stęszew, Komorniki, Puszczykowo, Mosina, Kórnik, Czempień, Brodnica, Śrem)	Natura 2000 sites: Rogalińska Dolina Warty PLH 300012, Ostoja Rogalińska PLB 300017, Będlewo-Bieczyny PLH 300039, Ostoja Wielkopolska PLH 300010; Nature reserves: Krajkowo, Cheddar Pink in Grzybno, together with the buffer zone (no work is performed within the reserve areas); Landscape parks: Rogaliński, General Dezydery Chłapowski; Protected environment sites: Potop, Żowiniec	Wielkopolski National Park buffer zone	Increased vehicle traffic, seismic surveys using heavy equipment or dynamite, temporary scaring away of animals	Not applicable
14	Laying foundations and installation of the power supply system for a pumpjack in the Połęczko 3k, 4k well area, Radoszyn Oil and Gas Production Facility (PGNiG)	Zielona Góra Province (Maszewo)	Natura 2000 sites: Krośnieńska Dolina Odry PLH080028, Dolina Środkowej Odry PLB080004, Krzesiński Park Krajobrazowy	Not applicable	Noise, increased vehicle traffic, excavation works, topsoil damage.	Not applicable
15	Construction of a pipeline to discharge oil-contaminated wastewater from gas compression units at the Załączne Oil and Gas Production Facility (PGNiG)	Wrocław Province (Wąsosz)	Dolina Baryczy Protected Landscape Area	Not applicable	Noise, excavation works, topsoil damage.	Not applicable
16	Dismantling, replacement of seals and reassembly of measuring orifices	Zielona Góra Province (Drezdenko)	Noteć Forest Natura 2000 area PLB300015	Not applicable	Works carried out at the site of the production facility.	Not applicable

No	Name of project implemented in 2021	Location (province/municipality)	Names of areas covered by forms of nature protection (national parks, nature reserves, landscape parks, Natura 2000 areas)		Impacts on biodiversity	
			where the project is implemented	in buffer zones of which or in the vicinity of which (i.e. within 500 metres from those buffer zones) the project is implemented	direct impact	indirect impact
	and pressure transducers at a process unit of the Lubiatów Oil and Gas Production Facility (PGNiG)					
17	Upgrade and refurbishment of parts of process units at the Lubiatów Oil and Gas Production Facility (PGNiG)	Zielona Góra Province (Drezdenko)	Noteć Forest Natura 2000 area PLB300015	Not applicable	Works carried out in the area occupied by the facility.	Not applicable
18	Upgrade of the support system of the steam pipeline linking the LP evaporator with the LP tank at the Wierzchowice UGSF (PGNiG)	Wrocław Province (Czarnogoździce)	Ostoja Pod Baryczą Natura 2000 site PLH020041, Dolina Baryczy Landscape Park	Not applicable	Works carried out at the site of the Wierzchowice UGSF.	Not applicable
19	Upgrade of the FDPS/GDS gas and fire detection system at the Wierzchowice UGSF (PGNiG)	Wrocław Province (Czarnogoździce)	Ostoja Pod Baryczą Natura 2000 site PLH020041, Dolina Baryczy Landscape Park	Not applicable	Works carried out at the site of the Wierzchowice UGSF.	Not applicable
20	Communication system upgrade at the Dębno Oil and Gas Production Facility (PGNiG)	Szczecin Province (Dębno)	Ostoja Witnicko-Dębniarska Natura 2000 site PLB320015	Not applicable	Works carried out at the site of the production facility.	Not applicable
21	Installation of thermal insulation and heat tapes in the vacuum and steam pipeline draining systems and discharge bypass stations at the Wierzchowice Underground Gas Storage Facility (PGNiG)	Wrocław Province (Czarnogoździce)	Ostoja Pod Baryczą Natura 2000 site PLH020041, Dolina Baryczy Landscape Park	Not applicable	Works carried out at the site of the Wierzchowice UGSF.	Not applicable
22	Brońsko-31H well (drilling operations, drilling rig site decommissioning) (PGNiG)	Poznań Province (Śmigiel)	Wielki Łęg Obrzański Natura 2000 site PLB300004	Not applicable	The borehole is located on agricultural land, whose use has been limited due to the work carried out.	Fixed lighting of the drilling rig, noise, increased vehicle traffic, scaring away of animals.
23	Brońsko-32 well (drilling work, drilling rig site decommissioning) (PGNiG)	Poznań Province (Wielichowo)	Not applicable	Not applicable	The borehole is located on agricultural land, whose use has been limited due to the work carried out.	Fixed lighting of the drilling rig, noise, increased vehicle traffic, scaring away of animals.
24	Bystrzek-1 well (drilling work, well and drilling rig site decommissioning) (PGNiG)	Poznań Province (Śrem)	Not applicable	Not applicable	The borehole is located on land designated for afforestation, whose use has been limited due to the work carried out.	Fixed lighting of the drilling rig, noise, increased vehicle traffic, scaring away of animals.
25	Chałupczyn-1 well (drilling work) (PGNiG)	Zielona Góra Province (Lubrza)	Paklica and Ołobok Ribbon Lakes Protected Landscape Area	Not applicable	The well is located on forest land, whose use has been limited due to the work carried out. A wildlife survey of the work site was performed and derogations from the prohibition regarding protected plant and animal species and a	Fixed lighting of the drilling rig, noise, increased vehicle traffic, scaring away of animals.

No	Name of project implemented in 2021	Location (province/municipality)	Names of areas covered by forms of nature protection (national parks, nature reserves, landscape parks, Natura 2000 areas)		Impacts on biodiversity	
			where the project is implemented	in buffer zones of which or in the vicinity of which (i.e. within 500 metres from those buffer zones) the project is implemented	direct impact	indirect impact
26	Grodzewo-1 well (drilling rig site decommissioning) (PGNiG)	Poznań Province (Śrem)	Not applicable	Not applicable	<p>permit to scare away game were obtained.</p> <p>The well is located on forest land, whose use has been limited due to the work carried out. A wildlife survey of the work site was performed and a derogation from the prohibition regarding protected plant and animal species and a permit to scare away game were obtained.</p>	Noise, increased vehicle traffic, scaring away of animals.
27	Lisiniec-1 well (preparatory work, drilling work) (PGNiG)	Poznań Province (Rzgów)	Dolina Środkowej Warty Natura 2000 site PLB300002, Ostoja Nadwarciańska Natura 2000 site PLH300009	Not applicable	<p>The well is located on agricultural land, whose use has been limited due to the work carried out, destruction of vegetation cover to build the rig, scaring away of animals – a derogation from the prohibition regarding protected plant and animal species and a permit to scare away game were obtained.</p>	Fixed lighting of the drilling rig, noise, increased vehicle traffic, scaring away of animals.
28	Miłosław-7H well (preparatory work, drilling work) (PGNiG)	Poznań Province (Miłosław)	Żerkowsko-Czeszewski Landscape Park	Not applicable	<p>The well is located on agricultural land, whose use has been limited due to the work carried out, destruction of vegetation cover to build the rig, scaring away of animals – a derogation from the prohibition regarding protected plant and animal species and a permit to scare away game were obtained.</p>	Fixed lighting of the drilling rig, noise, increased vehicle traffic, scaring away of animals.
29	Sieraków-2H well (drilling work, well tests) (PGNiG)	Poznań Province (Sieraków)	Puszcza Notecka Natura 2000 site PLB300015, Sierakowski Landscape Park	Not applicable	<p>Exclusion from forest production, land take in a protected area, destruction of vegetation cover to build the rig, scaring away of animals – a derogation from the prohibition regarding protected plant and animal species and a permit to scare away game were obtained.</p>	Fixed lighting of the drilling rig, noise, increased vehicle traffic, scaring away of animals.
30	Świniary-1 well (well decommissioning) (PGNiG)	Zielona Góra Province (Skwierzyna)	Noteć Forest Natura 2000 area PLB300015	Not applicable	<p>The well is located on forest land. Land exclusion from forest production, tree felling, and land take in a protected area occurred during the drilling phase. Decommissioning work was carried out within the area previously taken for drilling rig purposes.</p>	Noise, increased vehicle traffic, scaring away of animals.
31	Radiator repair in compressor set no. 1 at the Załącze Compressor Station (PGNiG)	Wrocław Province (Wąsosz)	Dolina Baryczy Protected Landscape Area	Not applicable	<p>Work on the existing compressor station facilities.</p>	Not applicable
32	Repair of LPG loading station and systems at the Dębno Oil and	Szczecin Province (Dębno)	Ostojka Witnicko-Dębnińska Natura 2000 site PLB320015	Not applicable	<p>Work at production facilities, noise.</p>	Not applicable

No	Name of project implemented in 2021	Location (province/municipality)	Names of areas covered by forms of nature protection (national parks, nature reserves, landscape parks, Natura 2000 areas)		Impacts on biodiversity	
			where the project is implemented	in buffer zones of which or in the vicinity of which (i.e. within 500 metres from those buffer zones) the project is implemented	direct impact	indirect impact
	Gas Production Facility (PGNiG)					
33	Repair of the formation fluid pipeline sections: well area Barnówko 8–Barnówko Central Facility, Buszewo 4–Mostno 8/9H, and replacement and fitting of a tee on the Gajewo 1 pipeline in the Buszewo 13 area of the Dębno Oil and Gas Production Facility (PGNiG)	Szczecin Province (Dębno)	Ostoja Witnicko-Dębniańska Natura 2000 site PLB320015, Protected Landscape Area B (Myślibórz), Witnicko-Dębieńskie Lasy Protected Landscape Area	Not applicable	Increased vehicle traffic, noise, excavation works, topsoil damage.	Not applicable
34	Renovation of the operations room in the security building and of the technical room in the administration building of the Dębno Oil and Gas Production Facility (PGNiG)	Szczecin Province (Dębno)	Ostoja Witnicko-Dębniańska Natura 2000 site PLB320015	Not applicable	Works carried out at the site of the production facility.	Not applicable
35	Repair of the regenerator and DEG-U regenerative column and replacement of thermal insulation on the glycol regeneration unit at the Radziądz Treatment Centre of the Załęcze Gas Production Facility (PGNiG)	Wrocław Province (Żmigród)	Dolina Baryczy Landscape Park, Dolina Baryczy Natura 2000 site PLB020001; Ostoja pod Baryczą Natura 2000 site PLH020041	Not applicable	Work on the existing production facilities.	Not applicable
36	Repair of a sulfur tank at the Lubiatów Oil and Gas Production Facility (PGNiG)	Zielona Góra Province (Drezdenko)	Noteć Forest Natura 2000 area PLB300015	Not applicable	Work performed on a technological unit of the facility.	Not applicable
37	Demolition of building structures of the Żarnowiec-W Production Centre and Żarnowiec Production Centre, and cleaning of a technological unit at the site of the Dębki Treatment Centre, belonging to the Gorzysław Oil and Gas Production Facility (PGNiG)	Gdańsk Province (Krokowa)	Nadmorski Landscape Park	Not applicable	Work was performed on land previously taken for gas extraction purposes: topsoil damage, excavation works, noise, increased vehicle traffic.	Not applicable
38	Installation of a process measurement system and an energy management and monitoring system at the Dębno Oil and Gas	Szczecin Province, Zielona Góra Province (Dębno, Lubiszyn)	Ostoja Witnicko-Dębniańska Natura 2000 site PLB320015, Protected Landscape Area A (Dębno-Gorzów), Protected Landscape Area B (Myślibórz), Lasy Witnicko-Dębieńskie Protected Landscape Area	Not applicable	Excavation works, topsoil damage, noise.	Not applicable

No	Name of project implemented in 2021	Location (province/municipality)	Names of areas covered by forms of nature protection (national parks, nature reserves, landscape parks, Natura 2000 areas)		Impacts on biodiversity	
			where the project is implemented	in buffer zones of which or in the vicinity of which (i.e. within 500 metres from those buffer zones) the project is implemented	direct impact	indirect impact
	Production Facility (well areas and the Treatment Centre) (PGNiG)					
39	Renovation of a restroom in the administration and amenity building at the Załęcze Gas Production Facility – Załęcze Central Facility (PGNiG)	Wrocław Province (Wąsosz)	Dolina Baryczy Protected Landscape Area	Not applicable	Work carried out in the production facility buildings.	Not applicable
40	Replacement of lighting poles at the Bogdaj III Treatment Centre Bogdaj-Uciechów-Czeszów Gas Production Facility (PGNiG)	Poznań Province (Sośnie)	Dolina Baryczy Landscape Park, Dolina Baryczy Natura 2000 site PLB020001, Ostoja nad Baryczą Natura 2000 site PLH020041	Not applicable	Work on the facility site, noise.	Not applicable
41	Replacement of an RCP-900 cabinet at the Dębno Oil and Gas Production Facility Replacement of an RCP-0548 cabinet at the Dębno Oil and Gas Production Facility (PGNiG)	Szczecin Province (Dębno)	Ostoja Witnicko-Dębniańska Natura 2000 site PLB320015	Not applicable	Works carried out at the site of the production facility.	Not applicable
42	Replacement of valves on technological units of the Dębno Oil and Gas Production Facility (PGNiG)	Szczecin Province (Dębno)	Ostoja Witnicko-Dębniańska Natura 2000 site PLB320015	Not applicable	Work on the technological unit of the facility.	Not applicable
43	Replacement of a pumpjack at the Jeniniec-1 well in the Jeniniec Production Centre, belonging to the Zielin Oil and Gas Production Facility (PGNiG)	Zielona Góra Province (Bogdaniec)	Gorzowsko-Krzeszycka Dolina Warty Protected Landscape Area	Not applicable	Noise, increased vehicle traffic	Not applicable
44	Development of the Kamień Mały crude oil field (PGNiG)	Zielona Góra Province (Górzycza, Słońsk)	Ujście Warty Natura 2000 site PLC080001, Ujście Warty Landscape Park	Ujście Warty National Park buffer zone	Periodic and short-duration noise, periodic and short-duration excavation works – during the construction phase.	Periodic and short-duration noise, periodic and short-duration excavation works – during the construction phase.

4.7.5 Direct GHG emissions (Scope 1)

(GRI 305-1; CCE-4/C1)

Direct GHG emissions expressed as CO₂ equivalent

The PGNiG Group's direct GHG emissions converted into CO₂ equivalent are generated by:

- combustion of fuels (natural gas, diesel oil, LPG, gasoline) carried out to generate electricity and heat in boilers, gas furnaces, power generators, line heaters, steam generators, glycol regenerators, gas engines, gas compressors, and fire pumps

- processes such as combustion of (discharge) natural gas on flare stacks, post-combustion of acid gases, storage (crude oil, methanol, LPG), reloading (crude oil, methanol, LPG), leakages, and gas venting from the installations
- auxiliary processes such as welding, painting, burning of fuels in heaters, pressure washers, mobile agricultural machinery and transport vehicles.

Tab. 10 Direct GHG emissions by PGNiG Group's business segments in 2018-2021

Direct GHG emissions by PGNiG Group's business segments (in '000 Mt of eCO ₂ *)	2021**	2020	2019	2018
Upstream (Exploration & Production)	537.3	743.9	689.3	701.9
Downstream (Distribution, Storage and Trade)	109.8	102.8	107.2	101.5
Generation	6,628.9	6,144.3	6,377.8	6,342.5
Other	3.9	2.4	2.5	3.0
Total (PGNiG Group)	7,280.1	6,963.5	7,176.7	7,148.8

* eCO₂ equivalent calculated based on GWP (Global Warming Potential Value) over the 100-year time horizon (AR5) in accordance with IPCC guidelines (www.ipcc.ch)

** The 2021 data provided by some of the PGNiG Group companies include partial forecasts which could not be fully verified as at the date of this Report.

Over a short term, with continuous dynamic growth of the entire PGNiG Group, direct GHG emissions rose by close to 8%, mainly due to an increase in CO₂ emissions in the Generation segment (TERMIKA). The increase was caused by higher coal consumption in energy production during a period of low external temperatures in 2021.

In the Exploration and Production segment in 2021, the largest emissions were caused by the works performed on the Gilowice 3k and Kramarzówka 2 and 3 wells, completed this year. At the same time, this entire segment reduced GHG emissions compared to the previous year.

Direct CO₂ emissions from the PGNiG Group installations participating in EU ETS

Tab. 11 Direct CO₂ emissions from the PGNiG Group installations participating in EU ETS in 2020-2021

EU ETS installation	National Allocation Plan (KPRU) No.	2021*			2020		
		Emission allowances ['000 Mg]	Emissions ['000 Mg]	Surplus/(Deficit) ['000 Mg]	Emission allowances ['000 Mg]	Emissions ['000 Mg]	Surplus/(Deficit) ['000 Mg]
Mogilno CGSF	PL-0898-08	3.0	15.5	(12.4)	2.8	13.3	(10.5)
Odolanów	PL-0950-08	7.2	21.7	(14.6)	10.0	27.8	(17.8)
Lubiatów Oil and Gas Production Facility, Central Facility	PL-1070-13	25.1	58.5	(33.5)	39.2	62.5	(23.2)
Wierzchowice UGSF	PL-1072-13	-	15.1	(15.1)	-	72.3	(72.3)
Kosakowo CGSF	PL-1076-13	1.0	5.6	(4.6)	-	5.7	(5.7)
Dębno Oil and Gas Production Facility, Central Facility	PL-0563-05	17.1	33.7	(16.6)	24.3	32.7	(8.4)
Pruszków CHPP	PL-0026-05	12.6	130.5	(117.9)	20.8	107.5	(86.7)
Siekierki CHPP	PL-0027-05	244.3	3,101.1	(2,856.8)	600.6	2,731.3	(2,130.7)
Żerań CHPP	PL-0028-05	196.2	2,090.5	(1,894.3)	442.4	2,096.7	(1,654.2)
Kawęczyn CHPP	PL-0124-05	13.5	199.7	(186.2)	20.4	104.3	(83.9)
Wola HP	PL-0125-05	0.2	12.5	(12.3)	0.4	0.5	(0.1)
CM Racibórz	PL-0297-05	6.3	48.3	(42.0)	8.5	42.4	(33.9)
CM Wodzisław	PL-0298-05	-	-	-	-	-	-
Śląski	-	3.9	35.5	(31.7)	5.3	31.9	(26.5)
CM Żory	PL-0299-05	5.0	36.8	(31.8)	6.9	32.5	(25.7)
PTEP S.A. Moszczenica CHPP	PL-0083-05	4.5	44.1	(39.6)	21.1	44.1	(22.9)
PTEP S.A. Zofiówka CHPP	PL-0084-05	19.3	490.8	(471.5)	134.7	425.7	(291.1)
PTEP S.A. Pniówek CHPP	PL-0085-05	9.4	78.3	(68.9)	13.9	77.6	(63.7)
PTEP S.A. Suszec CHP plant	PL-0086-05	3.4	24.8	(21.4)	7.1	26.6	(19.6)
PTER CC Dęblin	-	-	33.7	(33.7)	-	19.1	(19.1)
Total		571.8	6,476.9	(5,905.0)	1,358.3	5,954.2	(4,595.9)

* The 2021 data provided by some of the PGNiG Group companies include partial forecasts which could not be fully verified as at the date of this Report.

Currently, 19 installations of the PGNiG Group are covered by the EU ETS. In 2021, carbon dioxide emissions rose 8.8% year on year, to 6,476,855.0 Mg. As free allowances of CO₂ emission rights decrease year by year, there is a need to purchase additional emission rights.

4.7.6 GHG reductions

(GRI 305-7; ENV-5/C1)

The PGNiG Group places great importance on reducing gas and particulate matter emissions into the atmosphere. It has been steadily reducing the amount of pollutants generated by transportation, combustion processes in heat sources, fuel reloading and industrial processes (gas combustion at flares, gas venting, emissions from compressor stations and compressors). The methods of reducing emissions of pollutants into the air include using gas as a low-emission fuel, monitoring fuel consumption, reducing the energy intensity of industrial processes and upgrading or replacing captive heat sources used for the Group's own needs.

In 2021, air pollutant emissions increased across the PGNiG Group. At TERMIKA, CO₂ emissions rose as a consequence of an increase in coal consumption due to lower external temperatures in 2021, while the reduction in SO₂ emissions was mainly due to the adaptation of fluidised-bed boilers to the requirements of the BAT Conclusions (including at the Żerań CHP plant). At the same time, pollutant emissions from TERMIKA's heat and CHP plants contribute to a slight increase in pollutant concentrations in Warsaw and neighbouring areas. Theoretical replacement of the district heating system by individual heat sources in households would cause a significant deterioration in air quality in Warsaw and neighbouring areas.

NO_x, SO_x, and other significant air emissions

Oil and gas exploration and production activities, gas distribution, and modernisation, maintenance and repair works undertaken by the PGNiG Group generate air pollutants such as gases (SO₂, NO_x, CO, CO₂, CH₄), particulate matter, aromatic hydrocarbons, aldehydes, heavy metals, metallic and non-metallic elements.

Tab. 12 Air pollutants emitted by the PGNiG Group in 2020–2021

Emissions of gases, particulates and substances (Mg)	2021*		2020	
	PGNiG Group	PGNiG	PGNiG Group	PGNiG
CO ₂	6,729,067.7	354,796.2	6,242,844.5	408,675.0
CO ₂ biomass combustion	321,602.0	-	346,955.0	-
CH ₄	8,192.7	6,045.3	13,348.0	11 259.8
SO ₂	8,561.6	2,743.3	9,519.1	2 745.7
NOX/NO ₂	5,482.9	422.1	5,958.3	494.1
CO	1,980.2	274.5	2,161.4	325.2
Total particulates	413.1	3.5	678.3	3.6
Total hydrocarbons	337.8	184.7	252.7	170.9
H ₂ S	0.3	0.3	0.4	0.4
Total	7,075,638.2	364,470.0	6,621,717.7	423,674.2

* The 2021 data provided by some of the PGNiG Group companies include partial forecasts which could not be fully verified as at the date of this Report.

4.7.7 Total water discharge by quality and destination

Tab. 13 Total water discharge by quality and destination in 2020–2021

Wastewater	2021*		2020	
	GK PGNiG	PGNiG	GK PGNiG	PGNiG
Domestic ['000 m ³]	387.2	47.1	340.1	20.0
Municipal ['000 m ³]	50.0	40.0	88.4	78.0
Industrial ['000 m ³]	7,232.0	17.0	8,102.9	14.7
Other ['000 m ³]	244,976.3	23.2	146,202.1	24.2

* The 2021 data provided by some of the PGNiG Group companies include partial forecasts which could not be fully verified as at the date of this Report.

Wastewater generated by the PGNiG Group companies is discharged into the sewage system, surface water or soil based on the water permits obtained. Domestic and industrial wastewater is discharged into the sewage system. Rainwater from plant premises and access roads is discharged into the municipal sewage system, as well as into surface water and soil.

The PGNiG TERMIKA Group companies account for a large share in the volume of generated wastewater as they use water for industrial processes and cooling. The policy of economical water management is followed during drilling work and, where possible, wastewater is reused to prepare drilling muds.

PGNiG's Geology and Hydrocarbon Production Branch reported higher volumes of industrial and other wastewater on drilling rigs (the latter comprising the volume of rainwater and meltwater removed from drilling rigs), which is due to the drilling of deeper wells and longer time of rig operation.

Water recycled and reused

PGNiG TERMIKA EP reuses some of the process wastewater (such as effluents from boiler system blowdowns) in systems with lower quality requirements.

In and around the Mogilno UGSF and Kosakowo UGSF operated by GSP, an environmental monitoring project was carried out in order to identify possible impacts related to the discharge of salt brine (classified as an effluent) into the Puck Bay in the case of the Kosakowo UGSF and operation of the onshore part of the project in the case of the Kosakowo UGSF and Mogilno UGSF. The results of the environmental monitoring indicate that construction and operation of underground gas storage facilities has no adverse effect on individual components of the natural environment.

4.7.8 Waste management

(ENV-7/C3)

Extraction and processing of crude oil and natural gas inherently involves production of hazardous and non-hazardous waste as well as drilling waste. In 2021, all PGNiG Group companies worked to optimise the volumes of generated waste, mainly by implementing new technology and using eco-friendly materials and products. Programmes were implemented to raise awareness of selective waste collection and, where possible, waste was transferred for recycling to specialised external companies.

Tab. 14 Waste management methods used at the PGNiG Group in 2020–2021

Other waste excluding municipal waste		Recovered		Disposed of [Mg]	Landfilled [Mg]
		Recycled [Mg]	Other recovery processes [Mg]		
2021*					
hazardous waste	PGNiG Group	558.0	210.6	1,127.3	-
	PGNiG	448.0	20.1	52.0	-
non-hazardous waste	PGNiG Group	2,992.5	551,465.2	1,320.6	185.0
	PGNiG	122.3	431.7	1,141.2	50.0
2020					
hazardous waste	PGNiG Group	157.7	230.3	1,134.8	-
	PGNiG	35.3	85.4	318.1	-
non-hazardous waste	PGNiG Group	1,989.9	548,403.3	1,722.5	1,282.7
	PGNiG	99.7	961.0	1,463.5	179.7

* The 2021 data provided by some of the PGNiG Group companies include partial forecasts which could not be fully verified as at the date of this Report.

Tab. 15 Method of drilling waste management in 2020–2021

Drilling waste		Stored in waste disposal facilities [Mg]	Recovered [Mg]	Disposed of [Mg]	Reused [Mg]	Stored [Mg]	Stored in rock mass [Mg]
2021*							
hazardous waste	PGNiG Group	-	138.9	413.6	-	-	-
	PGNiG	-	138.9	413.6	-	-	-
non-hazardous waste	PGNiG Group	-	47,440.7	11,199.2	-	222.5	5 407.8
	PGNiG	-	32,107.2	11,199.2	-	222.5	5 407.8
2020							
hazardous waste	PGNiG Group	-	828.5	931.3	-	-	-
	PGNiG	-	828.5	931.3	-	-	-
non-hazardous waste	PGNiG Group	-	58,334.8	18,696.2	-	77.8	3 202.9
	PGNiG	-	55,325.7	18,696.2	-	77.8	3 202.9

* The 2021 data provided by some of the PGNiG Group companies include partial forecasts which could not be fully verified as at the date of this Report.

4.7.9 Environmental events

(GRI 306-3; ENV-6/C1)

The PGNiG Group places strong focus on preventing environmental emergencies and hazards (such as spills, emissions) in hydrocarbon exploration and production. The adopted measures include not only system-based solutions such as procedures, training and safety briefings, but also technical solutions, ongoing checks of the technical condition of plant and machinery, and supervision of work by authorised personnel. All these measures consequently drove down the number of emergencies having environmental impact.

Three environmental events occurred in 2021:

- 1) Crude oil spill – 450 m³ of sand flooring was contaminated. A spill of formation fluid (liquid hydrocarbons) on the Tarnów 82k drilling rig site occurred during formation testing. The sand flooring is located on the HDPE geomembrane on the drilling site in a layer with thickness of approximately 0.3 m. Tests carried out to date show that the sand flooring has been contaminated. Further analysis is under way. No environmental contamination can be clearly identified until the sand flooring is removed and additional analysis is carried out. (PGNiG)
- 2) Crude oil contaminated soil – approximately 256 m³ of land was contaminated on the site of the OP Dzieduszyce Zielin Oil and Gas Production Facility as a result of leakage from a natural gas discharge unit by an underground leachate tank. Environmental damage to surface soils occurred through pollution with petroleum substances. The volume of leakages is not known or capable of being estimated. The site is currently undergoing in-situ bioremediation after consultation with the Regional Directorate for Environmental Protection of Gorzów Wielkopolski by way of an administrative decision. (PGNiG)
- 3) Fuel spillage – overloading/overfilling of a diesel oil tank while loading fuel from one tank truck to another (the supplier's and the company's tank trucks). The event occurred at a leased, concrete-covered depot of the Seismic Group. As a result, 3,250 litres of diesel oil were leaked, polluting the internal rain and melting water discharge system. The system had a separator preventing the substance from entering the combined sewer system (a former fat processing plant). All consequences of the incident were fully remedied, without any environmental impacts. The site was cleaned up with the help of the State Fire Service, the Provincial Inspectorate for Environmental Protection and a specialist water treatment and sewerage cleaning company. The waste generated as a result of the incident was disposed of in accordance with applicable laws. All recommendations and preventive measures to eliminate similar potential events in the future have been implemented. (Geofizyka)



5. Social

5.1 Overview of employee aspects

(GRI 103-1; GRI 103-2; GRI 103-3)

Human capital lies at the core of the value of the Company and the entire PGNiG Group. Human capital is what makes it possible to deliver the Group's strategy. This assumption underlies the Company's HR strategy. Employees are the main resource and their knowledge, skills, performance and commitment support the organisation's development and competitive position on both domestic and foreign markets.

Proper application of employee skills and competencies allows the organisation to offer products that meet customer expectations and to ensure Poland's energy security. Employee commitment to ensuring the growth of the PGNiG Group guarantees delivery of strategic plans and achievement of ambitious goals that contribute to building stable market leadership. A strong and recognisable brand is capable of attracting specialists and qualified professionals ready to work as a team to leverage their potential and contribute to its growth. The PGNiG Group makes every effort to ensure that its employee relations are based on mutual trust and transparency. These efforts are aimed at building mutual and fair employer-employee relationships which ultimately help to eliminate potential disputes and contribute to building an efficient organisation. This is reflected in the Group's CSR Strategy, which contributes to building a culture of employee engagement in the organisation's operations and growth. The human resources management style adopted by the PGNiG Group has the important aspect of giving employees the ability to co-create the workplace, influence the organisational culture and take their own initiative.

The Group's organisational culture is to support the development of a modern organisation. This is why the Group focuses on efficient information flow and knowledge sharing between employees. Employees are informed of key events and initiatives implemented within the PGNiG Group. The most widely used employee communication channel is the *Głos Grupy* magazine for employees, which is a source of information on projects and undertakings implemented across the Group. The magazine also serves to integrate employees by publishing information about their passions and interests. Daily communication takes place through the individual companies' intranets which publish news and internal communications on an ongoing basis.

An important factor influencing performance is employee engagement and personal fulfilment opportunities. Therefore, PGNiG makes sure that its employees participate in exciting and innovative projects. As the PGNiG Group considers proactive behaviour and loyalty of its employees to be a source of competitive advantage, it strives to create a friendly workplace environment that meets employee expectations. A positive atmosphere at work makes employees feel appreciated, respected and capable of fully realising their professional potential. It should be stressed that this would not be possible if the adopted rules governing the employer-employee relationship were not observed. The key aspects facilitating strong relations within the organisation are remuneration and incentivisation.

The PGNiG Group was included by Forbes in a ranking of World's Best Employers as one of only two Polish companies. The ranking was compiled by surveying 150,000 persons from 58 countries, working for multinational companies and institutions

5.1.1 Remuneration and benefits policy

(GRI 401-2)

As the remuneration policy at the PGNiG Group is governed by the Collective Bargaining Agreement, the remuneration rules are transparent. At the same time, the individual organisational units follow the internal regulations and observe the terms of trade union agreements in force within their own structures. Ensuring that remuneration is appropriate to the type of job and linked to performance quality and efficiency is one of the vital elements of the remuneration policy. Given its deeply rooted ethics, the Group is vigilant in ensuring that there is no discrimination in access to employment and working conditions. In addition to transparent remuneration systems, employees are motivated by numerous benefits as well as co-workers' readiness to help in completing joint tasks.

New hires at PGNiG undergo an induction programme to welcome them to the company and prepare them for their new role. Task diversity, opportunities to improve qualifications through training and conferences, as well as satisfaction with their tasks are only some of the incentives that motivate employees to work.

Moreover, the PGNiG Group operates an MBO-based bonus scheme for management personnel, including Directors and deputy Directors. As part of the system, objectives are set annually for each management position at the Company and then variable remuneration is paid depending on the assessment of a given manager's performance against the objectives set for the relevant year. The scheme is designed to define key tasks relevant to PGNiG's priorities, with bonuses for managers depending on the quality and degree of performance against those priorities. The minimum level of performance against the objectives triggering the right to receive variable remuneration is 80%. The variable remuneration amount is capped at three times the base salary for the positions of Directors (representing 25% of their annual remuneration) and twice the base salary for the positions of Deputy Directors (representing 16.7% of their annual remuneration).

Employees are also entitled to a discretionary performance bonus awarded quarterly by line managers. Another form of remuneration is a discretionary task bonus, earmarked for employees excelling at their work. There are also discretionary project awards for staff involved in the execution of project tasks. In addition, the Group offers the following extra payments, fringe and non-financial benefits to employees hired under contracts of employment:

Extra payments:

- length-of-service awards
- retirement severance payments
- Employee Pension Scheme
- cash awards for employees receiving 'Outstanding Service to the Oil and Gas Mining Industry' and 'For Outstanding Service to the Power Sector' badges
- Christmas bonuses
- special bonuses
- night work allowance
- sickness allowance
- rescue worker allowance

Fringe benefits:

- payments from the Company Social Benefits Fund
- prevention and healing holidays
- assistance with the cost of eyeglasses
- medical services plan
- assistance with commuting costs for Head Office employees
- language courses
- costs of travel (business travel) for university students
- assistance with the costs of graduate, post-graduate, MBA and doctoral programmes, etc.
- assistance with the cost of sports and recreational cards
- assistance with the cost of tickets for cultural, educational, sports and recreational events
- assistance with the cost of miner uniforms

Non-financial benefits:

- additional holiday entitlement (including health leave, special leave, etc.)
- extended notice period for employees with over 15 years' service
- recuperative meals (for selected professions)
- participation in professional development projects
- participation in Group-wide projects, as a project team member or project manager
- flexible working hours
- optionally, remote work and task-based working time
- involving employees in ongoing projects, e.g. through appointment of reference groups, organisation and participation in competitions and Group-wide events, such as the 'Gala Galaktyki' ('Galaxy Gala') or 'Gala Mocy' ('Power Gala') events, and the 'Become Good Habits Ambassador' gamification campaign for employees
- experience sharing.

PGNiG employees are given an opportunity to shape the organisation so that it meets their expectations, which is an important non-financial incentive. Through the 'Bank of Ideas' initiative (a part of the SMILE project), employees propose solutions they would like to see implemented to participate in developing the organisational rules. Implementation of the winning (most desirable) ideas is intended to increase staff's satisfaction with their work and render the employer more attractive, based on employees' perception of their effect on the Company's day-to-day operations. In 2021, out of several dozen employee ideas eight ideas were selected by employees for implementation. These included: *'Two Hours for the Family'* – each employee could take two hours off work during the spring period; *'Let's Get to Know Each Other. Building Open Communication'* – encouraging employees to add their photographs in communication and information tools so as to enable them to better know each other in the era of frequent remote work and online meetings; Infrastructure projects: electric shoe cleaning brush, installation of a mounting arm with four monitors in the Wierzchowice UGSF control room, or placing vending machines with snacks and beverages in office parts.

5.1.1.1 Remuneration policy for members of the Management Board and Supervisory Board of PGNiG

The rules of remuneration for members of the PGNiG Management Board are defined pursuant to the Act on Rules of Remunerating Persons Who Direct Certain Companies. Accordingly, remuneration of members of the Company's Management Board consists of a fixed component in the form of monthly base pay and a variable component representing additional remuneration payable for the Company's financial year. When determining the fixed base pay of the President and other members of the Management Board, the

Supervisory Board is guided by the principle that it must be within the range of 7 to 15 times the reference salary, which amounts to the average monthly remuneration in the corporate non-financial sector (net of bonuses paid from profit) paid in the fourth quarter of the previous year, as announced by the President of Statistics Poland, pursuant to Art. 1.3.11 of the Act on Rules of Remunerating Persons Who Direct Certain Companies of June 9th 2016. Variable remuneration, on the other hand, depends on delivery of the Management Objectives and may not exceed 100% of the annual fixed remuneration.

The Act also applies in determining the rules of monthly remuneration for Supervisory Board members. Such remuneration is calculated as the product of the reference salary within the meaning of Art. 1.3.11 of the Act and a factor set in a separate General Meeting resolution. The multiplier is 1.7 for the Chairman of the Supervisory Board, 1.6 for the Deputy Chairperson of the Supervisory Board and Secretary of the Supervisory Board, and 1.5 for the other members of the Supervisory Board.

The Remuneration Policy for members of the PGNiG Management and Supervisory Boards was adopted by the General Meeting of PGNiG on June 24th 2020.

5.1.2 Development and training

(SOC-7/C1)

Investment in the development of PGNiG employees' competences is an integral part of the Group's human resources policy. The Training Management System in place at PGNiG S.A. helps enhance staff qualifications and update their knowledge. PGNiG's overarching objective is to build a knowledge-based corporate culture and disseminate knowledge-sharing practices across the organisation through team work, communication and new joint initiatives. Employees can advance their professional competence through postgraduate programmes, industry training and conferences. The HR Director is responsible for delivery of the HR strategy, preparing and implementing training plans based on completed analyses, and seeking new ways to improve staff competencies to achieve the stated objectives. The COVID-19 pandemic forced the Company to develop a new format of training and workshops. In order to maintain the commenced workforce training process, online training was launched in 2020 and continued in 2021.

In 2021, PGNiG also delivered the following projects and initiatives:

- Knowledge Base – part of the Company's internal HR and training system, the Knowledge Base offers access to training materials prepared under professional development programmes organised at PGNiG, recorded webinars, e-learning training sessions and short 'knowledge pills' offered to employees to use at their choice as part of their professional training. Each employee may access the Knowledge Base and choose selected resources, and also refresh their knowledge gained during past obligatory e-learning sessions. The Knowledge Base is one of the tools supporting the process of knowledge sharing and retention at the Company. It offers employees an opportunity to expand their knowledge of internal processes and regulations individually at their convenience, instead of waiting for organised training sessions.
- LMS – is an e-learning platform through which employees participate in obligatory training sessions.

The PGNiG Group as a whole faces similar challenges of how to create space for its employees to enhance their competencies to deliver specific tasks. Development of the most desirable skills and capabilities of the Group's personnel in order to meet market expectations is a key priority underlying the HR management concept. This is why the Group has Training Officers to analyse training needs in order to precisely select development programmes suitable for individual employees. As the PGNiG Group's subsidiaries are engaged in a wide range of business activities and employees' knowledge in key fields needs to be kept up-to-date, it is up to each subsidiary to determine the type and extent of their staff training. Training needs are identified when drawing up an annual training plan, in which the heads of organisational units specify the areas for improvement so as to enhance their staff's performance. Staff development needs are probed through interviews with the heads of organisational units and with employees themselves, as well as analyses and reviews of the reported training needs. Depending on the identified needs, the PGNiG Group rolls out new training programmes meeting long-term employee expectations and fitting into the Group's key strategic objectives.

Employees enhance their qualification potential by participating in internal and external training and by taking part in diverse projects carried out across the Group's operations. Resolving current issues relating to long-term contracts is perceived by employees as the quickest route towards professional development. Such engagement fosters creativity, opens up new opportunities to apply the acquired skills in practice, and creates new areas of knowledge within the organisation. Organisation of training programmes is the responsibility of the Training Officer, who makes sure they are tailored to individual skills, knowledge gaps and competencies of the employees concerned. Investment in qualified staff from the date of hire is key and enhances professional skills of the entire team. Our employees are given opportunities to improve their professional competencies through a range of postgraduate university programmes, industry conferences, seminars and symposia, and also through occupational training. Depending on their respective responsibilities and individual needs, employees can participate in training courses covering a variety of aspects of a modern business, including risk management, legal environment analysis and customer service. The Training Management System describes the available forms of professional improvement, including:

- training courses and seminars in Poland (including language courses organised by PGNiG Head Office/Branches)
- training courses abroad
- conferences in Poland
- post-graduate courses, MBA, legal counsel training

- first bachelor's and master's degree programmes
- first engineering degree programmes
- doctoral degree programmes (including implementation PhD thesis projects)
- adult education
- internships
- guided self-study (e-learning, etc.)
- other employee learning programmes that are employee training in nature.

5.1.3 Management and succession programmes

(GRI 404-2)

Preventing knowledge loss in the event of departure of an employee and creating conditions conducive to keeping the knowledge within the organisation are among the strategic tasks of PGNiG's and PGNiG Group's HR policy. To that end, the Group conducts management skills training programmes in individual business units. The Mentoring Academy is the Group's flagship HR initiative, designed to develop common management policies and models, provide onboarding training for new managers to embrace their new management tasks and roles, foster a culture of collaboration, and disseminate knowledge-sharing practices. Considering the diversity of processes and, by extension, the diversity of competence needs at the individual companies, projects are tailored as needed.

In 2021, GSP ran a Mentoring Programme with the aim of improving specific skills necessary for effective implementation of processes in particular professional areas. 26 employees in the Gas Plant Area and the Infrastructure Area participated in the programme.

In 2021, PGNiG Gazoprojekt carried out the second edition of the 'Gazoprojekt Academy' project for younger employees to enable them to learn more about the nature of the company's business and projects. The project is meant as a platform for knowledge sharing and fostering cooperation among various business areas. 55 employees participated in more than a dozen internal lectures, including industry-related ones, and in the 'Gazoprojekt Great Projects' series. Gazoprojekt was also the company where training was provided as part of the Managers Academy project for 44 members of management staff.

In 2021, PGNiG Termika EP launched a 'Leader with Energy' programme, which carried out a competence survey among 100 designated employees of the production area. The programme was necessary due to succession gap and the gradual acquisition of the right to retirement by supervisory staff. Development initiatives based on employee survey results will be carried out in 2022.

Specialised internal and external training directly related to various types of work was also provided at the individual companies, mainly online due to the ongoing COVID-19 pandemic.

Programmes are also in place at the Group to ensure continuity of employment in the context of retirements. Soon-to-be retirees are identified one year before their employment contract ends and, depending on the job, their duties are being taken over by successors. Employees retiring due to old age or ill health are entitled to severance payments (e.g., at PSG 208 persons exercised this right in 2021). This is why internal and external recruitment processes are carried out. To maintain continuity of employment in individual jobs across the PGNiG Group, the organisation offers both horizontal promotion (whereby employees are transferred to another business unit) and vertical promotion (whereby employees are promoted to a higher position).

5.1.4 Staff recruitment and selection

(SOC-5/C1)

The selection of employees is another important driver of the Group's success. Staff is hired in accordance with current needs and job profile. PGNiG and the PGNiG Group operate a recruitment process designed to select candidates that would deliver added value to the entire team. The Group also enables existing employees to participate in the recruitment process. Internal recruitment allows to better exploit the potential of current employees, who are given an opportunity to progress their career and gain new experience not only within their company but at any PGNiG Group company. In line with its Code of Ethics, the organisation does not differentiate between candidates because of their gender, age, physical disabilities, race, religion, nationality, political beliefs, trade union membership, ethnic origin, or sexual orientation. Questions that candidates can perceive as discriminatory are prohibited during the recruitment process.

The process helps to get to know the candidates better and to find out more about their competencies, professional experience and personal career goals. It also enables potential employees to learn about the organisational culture and development opportunities offered by PGNiG and the Group. A transparent employee recruitment and selection process facilitates a responsible choice of staff and development of candidates.

The recruitment process at PGNiG takes place through the SAP SuccessFactors system and is undertaken in response to a vacancy in a department or organisational unit. The initiation of this process is the responsibility of the manager, who registers the application in the system. The application is then subject to approval by designated decision makers. As the company gives priority to internal

recruitment, recruitment announcements are first published internally within the organisation and are addressed to employees of the PGNiG Group. After an employee is recruited internally, the recruitment process ends. Only if internal efforts are unsuccessful, the announcement is published on external recruitment websites and the company's website in the CAREER section.

Recruitment tools tailored to a particular job are used, such as analytical tests, work samples, language and knowledge tests, etc. The choice of tools depends on the position for which recruitment is held. Each recruitment process also involves a job interview. Based on the results of such tests and interviews, a decision is made and an employment offer is presented to the selected candidate.

A similar employee selection process is also carried out at other PGNiG Group companies, based on such documents as: 'Standard of Employee Selection and Recruitment at the PGNiG Group' and other internal regulations in place at individual business units, such as the Work Rules and 'Employee recruitment and selection rules'. Recruitment is initiated by the manager of an organisational or business unit where recruitment is to take place. Following announcement of a job posting, candidates employed by a given company are considered first, followed by candidates from other PGNiG Group companies (if the job posting has been published across the PGNiG Group). In justified cases, simultaneous internal and external recruitment is allowed.

5.1.5 Internships and work placements

As a socially responsible business and a responsible employer, PGNiG and the PGNiG Group make efforts to offer first jobs to young people who are interested in working in the energy and oil & gas production sector. As one of the largest corporate groups in Poland, guided by a sense of responsibility for future generations, the PGNiG Group offers them opportunities to draw on the knowledge and experience of its employees by participating in work placement and internship programmes. As part of such programmes, young people are offered an opportunity to familiarise themselves with the organisation, understand the work of the gas and oil industry and, most importantly, they can make practical use of the knowledge acquired at the school or university.

PGNiG offers the following internship and education programmes:

- GeoTalent – PGNiG's proprietary internship and education programme for students of the AGH University of Science and Technology in Kraków, the Faculty of Geographical and Geological Sciences of the Adam Mickiewicz University of Poznań and the Faculty of Geology of the Warsaw University. It seeks to identify and attract the best students and graduates who want to pursue their professional careers in the oil and gas industry. GeoTalent comprises workshops, competitions for students, the Mentoring Programme, the Ambassadorial Programme, the Summer Internship Programme, and other similar initiatives.
- Deposits of Career – a programme offering students and graduates of all faculties (except oil and gas engineering, covered by GeoTalent) an opportunity to gain professional experience at a large, stable company. Its participants can complete an internship and take part in educational events to support career building.

In 2021, PGNiG continued to support the subsequent editions of the 'Energy for the Future' programme. It is an internship programme implemented by the Ministry of Climate and Environment in cooperation with four founders of the internships, namely PGNiG, PGE S.A., PKN Orlen and PSE S.A. It aims to find the most talented students and graduates of faculties relevant to the Polish energy sector. Each participating student has a chance to gain hands-on experience and skills in their areas of interest. The sixth edition began in October 2021.

In 2021, due to the pandemic the internships and work placements took place partly on a remote basis or were limited because of the introduced restrictions.

5.1.6 Competence assessment

(GRI 404-3; SOC-6/C1)

The purpose of the Performance Assessment System in place at the PGNiG Group is to direct employees to perform tasks supporting the delivery of the Group's strategic objectives and to provide them with clear expectations and performance feedback. Performance assessments also help to improve employee efficiency and competencies. There are two types of performance assessment at the PGNiG Group. One is performed annually (an annual performance review) and the other is performed twice a year (a semi-annual performance review). The annual performance reviews evaluate the performance of blue-collar workers and white-collar field staff. The semi-annual assessment is required for all the other employees except for the senior management staff covered by the MBO system and legal counsels. Performance is assessed based on the following elements:

- assessment of performance quality and competencies (annual assessment);
- assessment of work and task performance quality, competence assessment (semi-annual assessment; competence assessment is performed once a year in December).

The Performance Assessment System is supported by the INKA – INTERAKTYWNE KADRY platform, which facilitates the assessment process. Through the platform, performance assessment sheets are completed by employees and their line managers, as necessary to go through all stages of the end-to-end performance assessment process, including:

1. Review and approval of the assigned tasks,

2. Self-assessment,
3. Interview – line manager's assessment,
4. Acceptance of the assessment.

Annual 360° performance appraisals are performed with respect to the senior management staff covered by the MBO system, and involve subordinates, co-workers, line managers, and the managers themselves through self-assessment. The 360° performance appraisals ensure full anonymity and involve numerous respondents representing various areas of competence and various organisational levels.

Competencies are evaluated on a four-point descriptive scale (very good, good, area for improvement, area for significant improvement). Following the assessment, the appraiser and the appraisee summarise its results and identify areas of outstanding performance and areas for improvement. To conclude the performance assessment the employee and the line manager jointly select the employee's strengths and areas for further development. This forms the basis for the line manager to formulate development measures that may be integrated into the performance assessment as development tasks for the following assessment period and that may be evaluated in the same way as other tasks.

Employee performance assessment is a very special component of the HR policy as it represents a starting point for various initiatives in the area of human resources. It also constitutes a tool of the incentive policy enabling evaluation of employees' development potential. The Performance Assessment System is a source of information used to identify HR requirements, recognise employee achievements, develop a remuneration system, implement staff transfers, including promotions and redundancies, and to create concepts for employee improvement through training programmes. Every year the system is gaining in effectiveness as a management tool. The performance assessment system serves to plan and coordinate the staff management process to ensure that employees are productive in performing what their line manager expects of them, but also that they achieve their own objectives and expectations towards the organisation.

5.1.7 Health promotion programmes for employees

(GRI 403-6)

PGNiG provides employees with a wide range of medical services co-financed by the employer. The employee pays only tax and social security costs. In addition, the Company provides, on favourable terms, medical plans for family members and a dental services package.

The Company has also launched a medical platform through which employees can file declarations of enrolment and subscribe for individual services. In addition, a special infoline for employees with medical plans has been placed in service. Additional services include:

- Free vaccination: once a year against flue, against tick-borne encephalitis, tetanus, A and B hepatitis (basic vaccination, excluding combination vaccines);
- Medical examinations (including urgent tests ordered by a doctor); laboratory tests (based on medical referral), diagnostic examinations: electrocardiological, X-ray, mammography, computer tomography, MRI and other
- Eye tests, along with a refund of the cost of spectacles.
- Outpatient and rehabilitation treatments
- PGNiG has established cooperation with Benefit Systems and MEDICOVERSPORT to purchase fitness membership cards for employees
- Psychological consultations – employees can call an anonymous phone number to arrange for free psychological consultations over the telephone. The service provides support to PGNiG employees in response to situations adversely impacting their mental well-being and performance in the workplace, as well as in view of the situation created by the COVID-19 pandemic.

Most of the other PGNiG Group companies also provide their employees with extensive medical plans and additional physical and mental health support, both as prevention and treatment.

5.2 Due diligence policies and procedures

5.2.1 General HR policies and procedures

(GRI 103-1, 103-2, 103-3)

Good relations with colleagues are vital for the proper functioning of any business. This is why PGNiG and the PGNiG Group strive to ensure transparent working conditions. The conditions are defined in the Code of Ethics in force at the entire Group. The values and standards of conduct enshrined in the Code highlight both the desirable and prohibited attitudes and behaviour. The HR area is

also regulated through internal documents. In addition to the guidelines applicable to the entire PGNiG Group, PGNiG has in place internal regulations, including:

- Work rules – organisational work rules for employees, employee rights and obligations
- Remote work procedure – conditions for the performance of remote work, i.e. work performed outside the workplace via means of electronic communication, as well as the related rights and obligations of the parties to the employment relationship
- Remuneration rules – the terms of remuneration for work and the conditions for granting other work-related benefits
- Rules of the Company Social Benefits Fund – types of employee social benefits, detailed rules for awarding social benefits
- Recruitment procedure – description of recruitment and employment procedures for employees and persons performing work on the basis other than employment contracts
- Rules governing the conclusion of civil-law contracts at PGNiG S.A. – specifying the proper and lawful procedure for the conclusion of civil-law contracts to perform work (other than employment contracts) in the Company's best interest
- Rules of the Employee Referral Programme – setting out the rules of employing candidates under the Employee Referral Programme in place at the company. The programme is designed to support the company in recruiting, employing and retaining the best candidates interested in working at PGNiG S.A.
- Employment monitoring procedure
- Rules of promotion and change of employment terms and conditions
- Rules of the Performance Assessment System
- Rules of organisation of internships and work placements.

The PGNiG Group's Policy on workplace kits granted to employees is one of the most important Group-wide documents. The Policy:

- Introduces Group-wide rules on defining a Workplace Kit to which an employee is entitled depending on their position;
- Rationalises and optimises expenditure on equipment and services employees need to perform their duties.

Remuneration-related matters are also governed by the Collective Bargaining Agreement executed with the trade unions pursuant to Art. 241 of the Polish Labour Code on July 15th 2009. The Agreement specifies the key principles governing the provision of work under an employment contract, including working time and shifts, holiday leave, social benefits and the protection of working conditions. The rules adopted in the Collective Bargaining Agreement:

- Define the employment relationship between the employer and the employee, the contract execution rules, as well as the mandatory and optional components of a contract; indicate the components which form an integral part of the contract, such as the job qualification sheet, job description, scope of duties or job instruction.
- Specify the conditions for terminating the contract and applicable notice periods, as well as the form of termination;
- Define the working time and which hours it covers, as well as the conditions prohibiting overtime work. At the same time, the document specifies the scope of application of an equivalent working time system and the breaks to which an employee is entitled within their working time; furthermore, the Agreement defines the circumstances in which overtime work is allowed.
- Streamlines the terms of using holiday leave and defines the number of holiday leave days for employees with both below and over 10 years of service. The document further defines the deadline by which the leave must be used; the Agreement also defines the conditions under which the employer grants employees prevention and therapeutic holidays in a sanatorium.
- Further specify the terms of remuneration by laying down the rules for job classification into specific qualification levels.
- Define the terms and conditions for granting cash benefits in the form of length-of-service awards, severance payments upon the termination of employment, and other cash awards, such as the 'St. Barbara Day award'.
- Streamline the rules of establishing the Company Social Benefits Fund and organising group holidays for employees' children, as well as of equipping workplaces taking into account the occupational health and safety regulations.

Acquiring new staff is another vital element of the human resources policy. This area is governed by the Standard of Employee Selection and Recruitment at the PGNiG Group. The Standard aims to ensure hiring appropriately qualified staff, strengthen the internal labour market and consolidate the PGNiG Group's image as a responsible and sought-after employer. The Standard sets out:

- conditions for starting a recruitment process to find employees for existing or newly created job positions
- candidate selection rules envisaging internal and external sources of acquiring candidates
- the tools to be used when selecting candidates, subject to the condition that the same terms must be used during a single recruitment process to maintain uniform verification
- rules for protection, processing and archiving of personal data.

5.2.2 Description of the area, OHS policies and procedures applied

(GRI 403-1; GRI 403-2; GRI 403-3; SHS-1/C2; SHS-3/C2)

The areas of quality, environmental protection, occupational health and safety at the PGNiG Group companies are managed on the basis of the PGNiG Group's QHSE (Quality, Environment, Health and Safety) Policy. The QHSE Policy defines the goals and directions of the Group companies' activities in those areas and embodies their commitment to continuously enhance the

effectiveness of the management systems for quality, environmental protection, occupational health and safety. In the health and safety area, the Policy is also a declaration of a proactive approach eliminating or minimising the risk of injury and occupational disease to employees. It provides guidance on how to ensure a safe workplace through Policy-based activities and measures. The commitments made under the Policy are fulfilled by the PGNiG Group companies through:

- building relationships and engaging in open dialogue with the business partners to enhance the safety of PGNiG employees, any other persons on PGNiG premises, and the local community;
- identifying and ensuring compliance with applicable laws and other requirements;
- implementing norms and standards that follow from good practices, and promoting safe solutions;
- monitoring of the working environment,
- performing work in a safe, planned, organised and supervised manner;
- identifying various risks, including near misses, in order to prevent occupational accidents, occupational diseases, incidents and failures;
- applying state-of-the-art safeguards and process solutions designed to prevent accidents, mechanical failures and occupational diseases;
- identifying hazards and conducting job and workplace risk assessments;
- ensuring emergency and accident response resources and services, and taking immediate action after hazards are identified;
- implementing corrective measures;
- building a competent, well-informed and committed workforce,
- promoting and implementing safety improvement and safe behaviour awareness programmes;
- setting improvement goals;
- ensuring active participation of employees or their representatives and holding consultations at all levels of management.

It should be emphasised that the PGNiG Group performs its tasks on a systemic basis, in accordance with the best standards taking account of good industry practice.

OHS training is mandatory and provided to the entire workforce. OHS training is conducted on a regular basis in accordance with the Regulation of the Minister of Economy and Labour of July 27th 2004 on training in occupational health and safety, and its frequency depends on the type of job and risks involved. Safety is also improved through annual meetings organised for employees responsible for environmental protection, health and safety and environmental protection. Their purpose is to share experience and good practice. The meetings are also attended by representatives of external bodies, such as the National Labour Inspectorate. In addition, employees have access to a wide range of medical care services. A standard practice at the PGNiG Group is also to familiarise each employee with risks involved in their job.

PGNiG builds a safe work culture among employees, which translates into appropriate behaviour, attitude and initiative. The Group takes measures aimed at continuous improvement of safety of all persons present on its premises, including visitors. All new hires undergo initial OHS training, comprising basic and job-specific components.

Moreover, periodic training for individual jobs is provided. The periodic training schedule depends on risks involved in particular jobs. The Company's employees, employees of the Contractor providing work to PGNiG and personnel on the drilling site receive separate training. It is QHSE induction training during which the necessary information on the hazards present at the site is presented to the participants.

5.3 Key HR data

5.3.1 Employment

(GRI 102-8; GRI 405-1; SOC-5/C2; SOC-5/C3)

As at December 31st 2021, PGNiG employed 4,838 staff, 44 (or 0.9%) more than in the previous year. The slight increase was mainly driven by the need to adjust the staffing levels to current business requirements.

Employment at the PGNiG Group by segment

Tab. 16 Employment at the PGNiG Group by segment

	2021 PGNiG Group	2020 PGNiG Group	Change	
			Number of persons	PGNiG Group
Exploration and Production	6,386	6,534	(148)	(2.3%)
Trade and Storage	2,979	3,026	(47)	(1.6%)
Distribution	11,587	11,517	70	0.6%
Generation	1,811	1,817	(6)	(0.3%)
Other Activities	1,768	1,714	54	(3.2%)
Total	24,531	24,608	(77)	(0.3%)

As at December 31st 2021, the PGNiG Group employed 24,531 staff, 77 fewer than the year before (down 0.3%).

Number of employees under employment contracts by gender and employment type

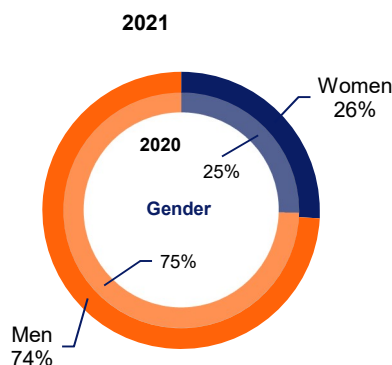
Tab. 17 Number of employees under employment contracts by gender and employment type (as at December 31st 2021)

Organisational unit Contract type	PGNiG		PGNiG Group	
	open-ended	fixed-term	Contract type	open-ended
Women	94%	6%	90%	10%
Men	95%	5%	91%	9%
Total	95%	5%	90%	10%

Number of persons who work for the organisation, but who are not employed under employment contracts (as at December 31st 2021)

At PGNiG, the number of such employees is negligible (several persons). Such persons are only hired when the Company is in need of high-class experts. Most of the PGNiG Group companies very rarely engage in such form of cooperation. In total, in 2021 more than 800 persons worked for the Group, but were not employed under employment contracts. Most Group companies either employ very few or no such experts at all. On a larger scale, this form of cooperation is applied by PGNiG Serwis (over 500 persons), Geofizyka (up to 100 seasonal workers from February to September, mainly blue-collar jobs: geophysical surveyor, foreman operating vibration equipment, assistant driller, driver licensed to drive vehicles that weigh up to 3.5 tonnes, vibration equipment operator), and Exalo Drilling, operating in the Republics of Chad and Tanzania and using the services of third-party providers. In 2021, Exalo Drilling had over 40 persons hired through such third-party providers, working mainly under drilling mud contracts. This form of employment is used given the nature of the work and local labour law in the Republics of Chad and Tanzania.

Fig. 7 Workforce structure at the PGNiG Group at the end of 2021, by gender



Management and Supervisory Boards of PGNiG Group companies by gender and age (%)

Tab. 18 Management and Supervisory Boards of PGNiG Group companies by gender and age (%) as at the end of 2021

Organisational unit	Women			Men		
	up to 30 years	31-50 years	over 50 years of age	up to 30 years	31-50 years	over 50 years of age
PGNiG	-	17%	-	-	83%	-
PGNiG Group	-	14%	2%	6%	43%	35%

Tab. 19 Rady Nadzorcze Grupy Kapitałowej PGNiG wg płci i wieku (w procentach) na koniec 2021 r.

Organisational unit	Women			Men		
	up to 30 years	31-50 years	over 50 years of age	up to 30 years	31-50 years	over 50 years of age
PGNiG	-	-	-	-	75%	25%
PGNiG Group	-	31%	5%	-	52%	12%

5.3.2 Employees covered by the Collective Bargaining Agreement

(GRI 102-41)

Employees covered by the Collective Bargaining Agreement

Tab. 20 Employees covered by the Collective Bargaining Agreement (%)

Organisational unit	2021	2020
PGNiG	97%	97%
PGNiG Group	95%	95%

PGNiG's collective bargaining agreement covers only the employees working under employment contracts in Poland (100%). The Company Collective Bargaining Agreement does not cover foreign workers employed under the local law.

There were no collective redundancies or disputes at PGNiG in 2021.

Cooperation with trade unions

There are a number of trade unions active at the PGNiG Group. PGNiG strongly believes in social dialogue based on independence of the parties, legal compliance, as well as trust, willingness to compromise and observance of the rules.

Total number of employees officially associated in trade unions

Tab. 21 Total number of employees officially associated in trade unions in 2021 (%)

Organisational unit	2021
PGNiG	57%
PGNiG Group	51%

5.3.3 Number of training hours

(GRI 404-1; SOC-7/C2)

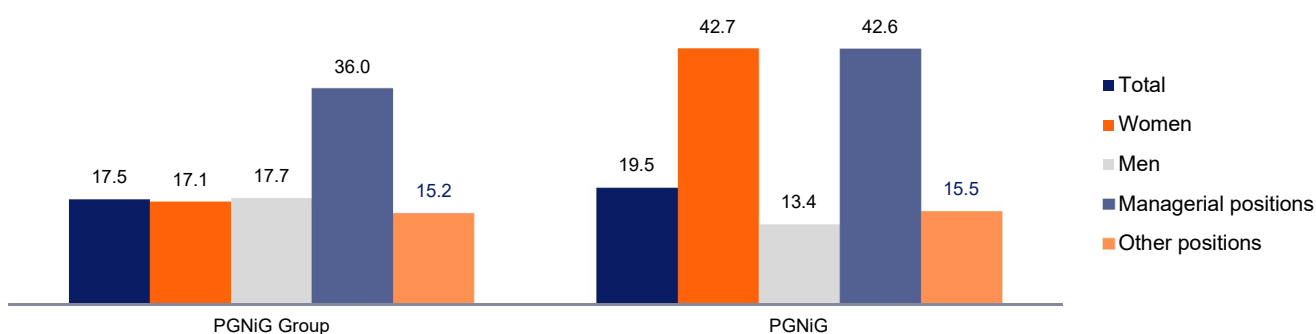
Average number of training hours per employee

Tab. 22 Average number of training hours per employee in 2018-2021

Organisational unit	2021	2020	2019	2018
PGNiG	20 h	20 h	37 h	27 h
PGNiG Group	18 h	14 h	25 h	25 h

The sharp decrease in training hours is due to the ongoing COVID-19 pandemic and its impact on the functioning of the organisation and its employees. In 2021, many training sessions were still postponed or cancelled, and a vast majority of those remaining was delivered online.

Fig. 8 Average number of training hours per employee in 2021 by gender and job



5.3.4 Performance assessment

(GRI 404-3; SOC-6/C1)

Once or twice a year, PGNiG employees are evaluated based on the Performance Assessment System and MBO system in place. In the process, particular emphasis is placed on targets assigned to individual employees, which are linked to strategic objectives of the Company. It allows employees to discuss the needs and challenges associated with their positions, and is a source of feedback on both their achievements and potential issues in their professional development.

Tab. 23 Percentage of employees subject to the performance assessment process at the PGNiG Group

Organisational unit	Employees covered by performance assessment (%)	
	2021	2020
PGNiG	96%	96%
PGNiG Group	82%	82%

Foreign employees of PGNiG, employed under local law, are not covered by performance assessment.

Tab. 24 Employees covered by performance assessment system by gender and job category

Organisational unit	Percentage of employees covered by performance assessment by gender and job category in 2021				
	Women	Men	Total	Managerial positions	Other positions
PGNiG	96%	96%	96%	100%	96%
GK PGNiG	89%	81%	82%	100%	80%

5.3.5 Work safety metrics

(GRI 403-7)

Safety-related activities are monitored continuously by way of:

- proactive monitoring, which consists in monitoring the effective implementation of procedures and measures designed to eliminate or minimise risks, defined at the planning phase. Its purpose is to assess the effectiveness of preventive measures;
- reactive monitoring, which provides information on loss events (accidents, failures and occupational diseases) and facilitates drawing appropriate conclusions and improving OHS management. It is a post-event preventive measure, designed to eliminate similar loss events in the future.

All accidents, events and conditions which are related to the Group's operations and which result in a loss or could potentially result in a loss are required to be reported. This applies to the operations of both the PGNiG branches and the PGNiG Group companies, as well as contractors and suppliers carrying out work for the PGNiG Group.

5.3.5.1 Employees covered by an occupational health and safety management system

(GRI 403-8)

Most of the PGNiG Group companies operate an OHS management system, with the exception of PGNiG OD, where no such system has been introduced.

Tab. 25 Employees covered by an occupational health and safety management system in 2021 (%)

Organisational unit	Percentage of formal employees, as well as employees who are not employees, but whose work or workplace is controlled by the organisation, covered by an occupational health and safety system	Percentage of formal employees, as well as employees who are not employees, but whose work or workplace is controlled by the organisation, covered by an occupational health and safety system that has been internally audited	Percentage of employees, as well as employees who are not employees, but whose work or workplace is controlled by the organisation, covered by an occupational health and safety system that has been internally audited or certified by an external party
PGNiG	100%	96%	72%
PGNiG Group	100%	89%	81%

5.3.5.2 Number of occupational accidents at the PGNiG Group

(GRI 403-9, SHS-3/C1)

At the PGNiG Group, the number of occupational accidents rose by almost 6% year on year.

The PGNiG Group's ESG Policy assumes no fatalities at work and a steady decrease in the number of all occupational accidents. The increase in the number of occupational accidents in 2021 was attributable to a decline in remote work in 2021 compared with 2020. The decline was a consequence of temporary easing of labour safety restrictions during the COVID-19 pandemic. In the reporting period there were no major or fatal accidents, nor any accidents resulting in permanent injury.

Number of occupational accidents

Tab. 26 Number of occupational accidents in 2020-2021

Organisational unit	Total accidents	2021		Total accidents	2020		Total accidents	2019	
		Of which fatalities	Of which severe accidents		Of which fatalities	Of which severe accidents		Of which fatalities	Of which severe accidents
PGNiG	19	-	-	15	-	-	20	-	-
PGNiG Group	161	-	-	152	-	-	162	2	-

Rate of occupational accidents in 2021

The rate of occupational accidents in 2021 (the ratio of the number of accidents and the number of hours worked multiplied by 200,000 hours) was 0.57 for PGNiG and 0.89 for the entire PGNiG Group.

5.4 Key information in other social areas (CSR)

5.4.1 Overview of social aspects

(GRI 103-1; GRI 103-2; GRI 103-3)

Social aspects cover local communities, customers, and – considering PGNiG's extensive operations in Poland and abroad – society as a whole.

Given the strategic importance of its products, the Group plays a particularly meaningful role in the everyday life of local communities and the general public. The nature, operational scale and presence of infrastructure for hydrocarbon exploration, production, storage and distribution make the PGNiG Group deeply committed to building partnership relations with local communities, public authorities, suppliers and contractors with a view to pursuing common objectives vital for Poland's energy security. The PGNiG Group creates opportunities for cooperation with individual yet interwoven stakeholder groups and builds understanding for mutual relations and interdependencies.

As part of its exploration and production activities, PGNiG fosters sustainable development of its business by maintaining good relations with local communities, local governments and local media through a fair information campaign. The Company openly communicates the purpose and scope of its works, human and environmental safety issues involved, and how the local community can benefit from its presence. These activities are preceded by thorough reconnaissance of the locality of its exploration work and identification of risks related to possible nuisances to the local community (e.g. noise emissions, increased vehicle traffic, etc.) and their subsequent mitigation. Moreover, good relations with the local communities are also fostered through the Company's participation in their life, by supporting local organisations and getting involved in important cultural and sports events.

In their respective areas of operation, the Group companies provide support to events and initiatives important to local communities. In particular, sponsorship and charity activities focus on initiatives building the desired image of the Group and individual Group companies. Support is provided to valuable initiatives which contribute to the development of society, spanning in particular the following areas: patriotism and history, social affairs, science and education, sport and healthy lifestyle, culture and art, ecology and environmental protection.

5.4.2 Local communities

Gas exploration and production projects are an important topic addressed through dialogue with local communities. Cooperation with local communities is mutually beneficial. PGNiG is given the opportunity to understand the expectations of residents living near the planned project areas, whereas members of the local communities gain a deeper insight into the role and intended purpose of the project. In order to promote mutual understanding between the parties, the PGNiG Group works with its partners in a reliable and structured fashion, with due regard paid to stakeholder expectations. The social dialogue undertaken before and during project execution permits the project owner to adapt to the circumstances and stakeholder expectations. It also helps local communities

better understand the intention and purpose of the project. Before any activities commence on the project site, discussions and consultations are undertaken with local authorities, NGO representatives, and local residents. The PGNiG Group runs awareness and education initiatives to promote the understanding of a project, its acceptance, and shared responsibility. This supports infrastructure development efforts, local community organisations as well as science, culture, sports and environment protection initiatives.

They are carried out mainly through the PGNiG Foundation. The Foundation's projects addressed to local communities in 2021 included:

- **We Warm Up Polish Hearts** – the PGNiG Foundation prepared a grant programme for local initiatives supporting regional culture, tradition and history. In April 2021, the first edition of the programme was launched. It was addressed to NGOs, local government institutions and their organisational units, public schools and pre-schools, religious associations and their organisations. More than 3,000 organisations registered in the programme. Nearly 1,600 projects were submitted for the competition, of which more than 30 received the grants.
- **Support for almost 60 Voluntary Fire Brigade units, Tatra Volunteer Search and Rescue Service and Mountain Volunteer Search and Rescue Service** – cash donations for purchase of life- and health-saving equipment.
- The Foundation supported the fight against COVID-19 by providing **financial donations to hospitals, medical facilities, social assistance institutions, healthcare and other establishments**. It supported 18 entities in the fight against COVID-19 pandemic and 16 entities in their efforts to protect the health of people with disabilities. The funds received from the Foundation were used to purchase, among others, specialist equipment, personal protective equipment, cardiac monitors and ventilators.
- **Energy from Honey** – on the premises of PGNiG S.A. at ul. Kasprzaka 25 in Warsaw, given the availability of land and close proximity of green areas, an educational apiary has been set up and gradually expanded, currently consisting of 30 hives. The project combines environmental protection with educational elements. In 2021, PGNiG planted two flower meadows by the apiary, which contributed to increasing, among others, the yield of honey by more than 15%. Since 2020, the PGNiG Group has also operated another apiary (16 hives) in Warsaw, on the premises of the Siekierki CHP Plant. (Termika) The PGNiG Foundation is responsible for day-to-day care of the apiaries, in which over two million bees are kept in the urban environment.

The Foundation also supported many initiatives aligned with the objectives specified in its statutes.

Scholarships were paid to the children of employees who died tragically while in service for the PGNiG Group and to talented young people to honour their educational achievements in the 'Hooked on Science' programme created by PGNiG Termika. In 2021, almost 30 pupils and students received scholarships financed by the Foundation.

Exalo has its own scholarship programme '**We Foster Young Talent**' for children of employees who are top performers at school.

In addition to the projects carried out together with the Foundation, the PGNiG Group runs its own initiatives. Among many projects pursued by the PGNiG Group companies is the title sponsorship of Superliga. Internship opportunities are provided as part of the PGNiG Youth Academy: GeoTalent and Deposits of Career. PGNiG is also committed to preserving and providing access to the historical heritage, which not only constitutes a vital part of the Company's history, but also gives testimony to the development of science and technology in Polish industry.

Local CSR initiatives implemented by the PGNiG Group in 2021 included:

- **The PGNiG Operator Branch in Pakistan** implements a community outreach and social investment programme, based on the belief in the need to cooperate with and support local communities with a view to improving their standard of living and meeting community needs through various social welfare initiatives. In 2021, the Pakistan Branch carried out the following projects in cooperation with local authorities:
 - Repair of an unserviceable water supply system and installation of PV panels in Tando Rahim Khan and Chhini.
 - Installation of a water pipeline and PV panels in the village of Chhapar Jamali.
 - Construction of a solar energy base for a rural water supply system in the village of Fojo Jamali near Wahi Pandhi, Johi tehsil, Dadu District.
 - Installation of manual deep well pumps in the villages of Tori, Kalani Jamali, Aziz Jamali and Tando Rahim taluka Johi, Dadu District.
 - Construction of a solar-powered water supply system in the villages of Ghulam Qadir Rustmani Taluka Johi and Moso Jamali near Wahi Pandhi, Johi Tehsil, Dadu District.

In February 2021, the PGNiG Pakistan Branch received the '13th Annual CSR Award' from the National Forum for Environment and Health (NFEH) in recognition of the successful implementation of a comprehensive CSR programme, encompassing various community and environmental initiatives. The Operator Branch was distinguished for its CSR programme run in Dadu District, Sindh Province (southern Pakistan).

- **#PLANting and cleaning the world 2021** - as part of the 2021 'Clean the World' campaign, volunteers from the PGNiG Head Office cleaned the forest of the Drewnica Forest Division reducing the amount of litter in that green area. At the same time, employees of the Zielona Góra Branch cleaned the Dzika Ochla recreational area. During the clean-up campaign, several dozen bags of waste were collected and transferred to a waste disposal plant. Moreover, PGNiG employees volunteered and planted more than 3,000 tree seedlings.
- **Information campaigns concerning PGNiG's operations in a given area – building relations with local community –** good relations with local communities and local governments as well as proactive and reliable information campaigns help minimise the risk of community protests and of the Company's negative image. Local governments and other representatives of local communities have opportunities to participate in the decision-making process and to influence investment projects carried out in their area and the benefits they can bring. Media (social, local, regional and national) create a fair image of the Company. The appearance of PGNiG at new locations does not meet with aversion or concerns.

In 2021, information campaigns were carried out in the municipalities (in the Provinces of Rzeszów, Kraków, Zielona Góra and Poznań) where the PGNiG Geology and Hydrocarbon Production Branch was engaged in exploration work. They included information on the websites of municipal offices, local press releases and presentations for the municipal authorities to address their concerns and questions about the work being carried out.

- **Support for local sports, educational or cultural initiatives:**
 - Przemyski Klub Biegacza (Przemyśl Runner Club) – since 2019 PGNiG has supported various street run events. In 2021, these were: 4th Zimowa Karpacka Piątka, 250 participants – Przemyśl, November 27th 2021, and 9th Przemyska Dycha, 520 participants – Przemyśl, September 19th 2021.
 - Stowarzyszenie Rozwoju Sportu „Przemyśl” (Przemyśl Sport Development Association) – since 2018, support for the organisation of handball tournaments in Przemyśl.
 - Sanocki Klub Tenisowy (the Sanok Tennis Team) – 'Sanok Championship' tournament for players from the Province of Rzeszów and all Poland, played within several age groups. Apart from amateurs, the event was attended by active players from Poland.
 - Students' Sports Club at Primary School No. 14 in Przemyśl – Final of the 10th International Summer Children and Youth Football Tournament.
 - Sanocki Klub Łyżwiarski GÓRNIK (the GÓRNIK Sanok Ice Skating Team) – support for the club's activities, consisting in participation in and organisation of competitions in the 2021 season.
 - Podkarpacka Fundacja Rozwoju Kultury (Foundation for Cultural Development) – We encourage learning together with PGNiG – RobotoMania basic robotics course – robotics and programming workshops.
 - Association of Oil and Gas Industry Engineers and Technicians, Sanok Branch – Ignacy Łukasiewicz knowledge competition – a ceremony to acknowledge new 1st graders at Ignacy Łukasiewicz primary schools in the villages of Czarna, Humniska, Pakoszówka, Strachocina and Ropienka, and competitions related to the school patron.
 - Sanok Motorbiker Association – the 2021 Sanok Motorbikers Rally – an open-air family event with dancing performances, raffles, games for children and rock concerts. The events are always accompanied by handicraft exhibitions, medical emergency demonstrations, auctions for the sick and disabled, and promotion of road traffic safety.
- **Building positive relations with the local communities where Cavern Gas Storage Facilities (CGSF - GSP) are located, through:**
 - Partnership with the Mogilno Community Centre – supporting cultural education and educating through art.
 - Supporting environmental, safety, culture and sports initiatives in the Municipality of Kosakowo, including cooperation with the Yacht Club Rewa Association in promoting water sports, and encouraging good boating practice among children and teenagers.
 - Partnership with the Sound of Liberty Foundation – musical education of children and teenagers, celebrating momentous events for the country and region, and promoting singing and music, both locally and beyond. Support for the competition 'Let's make a gas storage facility model'.
 - PSP Mogilno – donation to purchase equipment for a rescue and fire-fighting vehicle.
 - Kosakowskie Centrum Kultury (Centre for Culture) – support for education, culture and arts in the local environment.
- **Rescue Eco Patrol** – a rescue and eco patrol on the waters of the Puck Bay using a rigid inflatable boat. Since 2020, thanks to the cooperation between GSP and the Mechelinki Marine Training Base Association, there has been in place a rescue team composed of qualified life guards who patrol the Puck Bay, seeking to ensure safety and protect the environment in the area. The rescue boat's port is the marina in Mechelinki.

- **'20 °C for the climate' campaign**, in which PGNiG TERMIKA is a Partner. The purpose of the campaign, lasting until the end of March 2021, is to encourage people to save heat and to promote pro-environmental behaviour. The action educated on the fact that lowering room temperature to 20 °C saves a lot of money and reduces heat consumption.
- **Employee volunteering projects – fund-raising initiatives for children's homes, foster families, poor families and animal shelters** – during the year the PGNiG Group employees organised several campaigns to collect in-kind donations and cash, including gifts for the Christmas season and beginning of the school year. One example is the **Christmas collection drive for children's homes and foster families** – every year, staff of the PGNiG CSR Department organise a Christmas collection drive for a selected cause. In 2021, PGNiG employees supported 11 institutions: five foster families, five family group homes and a pre-adoption intervention centre.
- **Support for a vocational school in Krosno** – co-financing of the purchase of equipment for upgrading the computer network and carrying out COVID-19 testing for the students of the Ignacy Łukasiewicz Oil and Gas School Complex in Krosno (PGNiG Technologie).

5.4.3 General public

The PGNiG Group's commitment to corporate social responsibility is multifaceted and pursued on many levels. The Group acts to deliver tangible and intangible benefits to the public, supporting vital areas of social life. One of the largest companies assigned the task of ensuring energy security for the nation, the Group engages in activities that are aligned with its core business. Numerous investment projects are carried out every year that rely on innovative solutions to achieve faster and more sustainable outcomes. These include various infrastructure projects helping to ensure equal access to gas for all.

In addition to projects designed to meet the basic needs of society, the Group contributes to social growth through its nationwide non-business initiatives. Designed to improve the intellectual quality of life and support the satisfaction of higher-order needs. They include initiatives aimed at cultivating and fostering national traditions, building cultural awareness and national identity. The Group contributes to shaping moral values and life passions in society. Its projects in the fields of culture, sports and science contribute to the development of younger generations that will be responsible for social and economic decision making in the future. With this front of mind, PGNiG engages in projects commemorating historical and patriotic events, supporting refurbishments and extensions of museum facilities. Other important projects helping to cultivate and promote equal access to cultural heritage is sponsorship of the Polish Television Theatre and other similar projects. PGNiG also supports sport events that bring Polish people together and foster personal development by promoting values such as responsibility, determination and perseverance.

In 2021, CSR activities also included support in the fight against the COVID-19 pandemic. However, long-term projects were also continued. The Group's impact on local communities is driven by its charitable initiatives, carried out mainly through the PGNiG Ignacy Łukasiewicz Foundation. Last year, the Foundation's mission was to support projects designed to preserve and develop national heritage and culture and promote knowledge and education in the field of fundamental and technical sciences and sports. The Foundation also seeks to promote the history of Poland, build national identity and commemorate Polish heroes.

The Foundation's activity is based on cooperation with programme partners and implementation of its own projects, which helps it effectively use its potential and reach those who most need support, irrespective of where they are in Poland.

The key projects run by the Foundation in 2021 that benefitted the general public were:

- The **PGNiG Debt of Gratitude** project, under which PGNiG OD, in partnership with the PGNiG Foundation, offers tangible support for veterans who fought for a free Poland by co-financing their gas bills with an amount of up to PLN 900 per year. The project originated in 2016 at the PGNiG Group as a tribute to Warsaw Uprising veterans. In 2018, it was extended to include miners who went on strike at the Wujek coal mine, and in 2020 the application process was made available to veterans of the 1939 Defensive War. In 2021, the programme covered more than 1,100 veterans. The programme won the Złoty BohaterON award in 2019 and the Guardian of Memory award in 2016.

Partners of the programme are the Office for War Veterans and Victims of Oppression and the Silesian Centre for Freedom and Solidarity.

- **Continuation of the 'To be like Ignacy' programme – end of the 5th edition and start of the 6th edition.** An educational programme involving a competition for primary schools, which can compete for the title of the Ignacy School of Science and win attractive prizes. More than 2,500 science clubs from primary schools enrolled in the fifth edition of the programme, and more than 760 competition entries were made. September 2021 saw the launch of the 6th edition of the programme, under the slogan the 'Mysterious Disappearance of Ignacy'. By December 31st 2021, nearly two and a half thousand science clubs enrolled in the programme, and nearly 140 competition entries were made.
- **Big Little Discoverers** – in September 2021 the Foundation launched a new educational programme called 'Big Little Discoverers'. This initiative is dedicated to pre-schools from all over Poland. The programme aims to promote education by encouraging children to learn science through games, fun and practical experiments. The programme is intended to spark children's interest in science and encourage children explore the world around them. Nearly 800 pre-schools enrolled in the first edition of the programme (pilot edition).

- EKOczynni (ECOactive)** – a programme dedicated to high schools, aimed at promoting environmental protection and education, and in particular fostering environmental awareness and responsibility among students. At the beginning of 2021, the first edition of the programme was launched. Participants sent their entries in two categories: individual or team projects. In the first edition of the programme, funding for environmental projects was granted to five schools. 260 school teams were enrolled in the first edition of the programme, with nearly 1,750 entries of individual projects. In late November and early December 2021, the second edition of the ECOactive programme was launched.

An important initiative was also a financial donation made to **the Ignacy Łukasiewicz Museum of Oil and Gas Industry Foundation in Bóbrka** to support its activities. Being one of its main sponsors, PGNiG supports the cradle of the oil industry – the oldest operating petroleum production site, as well as the heritage of the magnificent Polish inventor and philanthropist Ignacy Łukasiewicz.

Other CSR activities:

- Honorary blood donation drives** – PGNiG Group employees have been regularly involved in blood donation drives for many years, in cooperation with Regional Blood Donation Centres. Blood donation campaigns are organised a few times a year at the PGNiG Head Office in spring and autumn. In each such campaign, blood is donated by approximately 30 volunteers. In addition, each year around St. Barbara's Day (December 4th) blood donation drives are organised in front of the building of the Zielona Góra Branch. The 2021 drive was organised by PGNiG Zielona Góra Branch, with Exalo, Zielona Góra Regional Branch of the Polish Red Cross, PCK Nafta Club of Polish Red Cross Honorary Blood Donors, and the Regional Blood Donation and Haemotherapy Centre participating as partners. In 2021, the Group employees also responded to the request to donate convalescent blood plasma, thus supporting the fight against COVID-19.
- The 'Connect, because every breath matters'** campaign run by PSG aims to promote the fight for clean air and improve the quality of life for residents of Poland's most air-polluted cities. In 2021, due to the state of pandemic emergency, five mobile air pollution measurement devices with external LED displays were donated during the second edition of the project (Janowiec Wielkopolski, Więcbork, Rypin, Grajewo and Siemiatycze). In total, since the start of the project, PSG donated 29 such devices. In 2021, no free spirometry tests were offered in view of the ongoing COVID-19 pandemic. The campaign will be continued depending on how the pandemic keeps developing in Poland.

Supporting culture

As the **Patron of the Polish Television Theatre**, PGNiG has pledged its commitment to originating and promoting events, projects and phenomena that represent high culture. PGNiG is the sole patron of the Television Theatre, Europe's only project of this kind, the idea of which is to adapt theatre plays and performances for the TV screen. The initiative allows broader audiences to enjoy art and high culture without having to go to the theatre. Now that theater seats are limited for sanitary reasons, the television offers the public a unique chance to explore this kind of art.

In addition, PGNiG Termika sponsors **the Polish Royal Opera**, contributing to the cultivation and popularisation of the Polish music heritage by supporting the opera theatre.

Sports sponsorship

As a strategic sponsor, PGNiG has supported Polish handball since 2010. It sponsors senior, youth and junior national women's and men's teams, and is also a title sponsor of the PGNiG Superliga and the PGNiG Polish Cup. The Company also sponsors beach handball.

In addition, PGNiG Termika supports the Legia Warszawa football club as its official supplier of heat and is a general partner of the Polish Chess Association.

- Support for science and education**

In this area, PGNiG supports initiatives promoting exact sciences, increasing access to knowledge and encouraging its comprehension, such as open-air events or competitions.

PSG implemented the **Virtual Gas Industry Museum (WMG)** project. WMG is a platform promoting knowledge of the history of the gas industry, as well as its present and future. Its intended audiences include gas industry fans, teachers, pupils, and ultimately researchers and engineers. The website features exhibitions, biographies of gas industry people, as well as lesson scripts for teachers. The project has won numerous awards (including a distinction in the Polish Graphic Design Awards 2019 competition, held in June 2020).

5.4.4 Customer satisfaction and customer awareness

During the pandemic, the PGNiG Group companies have been developing online communication methods so that the entire customer service process can be handled without direct contact.

PGNiG OD has been consistently building PGNiG's image as a professional and trusted seller and supplier of gas, but also as a brand that is committed, friendly and, primarily, close to the customer. Aware of the large size of its customer base (over seven million

customers), the company carries out all actions and initiatives focused on social issues with the utmost sense of responsibility and attention.

Priorities in 2021 were to ensure comprehensive customer service during the COVID-19 pandemic, i.e. to constantly develop communication with customers through digital channels and to ensure customer and employee safety at customer service offices. In addition, the existing long-running social climate initiatives (e.g. the 'Informed Customer' campaign and provision of comprehensive service to hearing-impaired customers) were maintained.

In 2021, PGNiG OD took a number of measures and initiatives, related in particular to mass communication encouraging the use of remote customer contact and service channels, and changes related to the operation of brick-and-mortar customer service offices during the pandemic resulting from new restrictions and guidelines. These included:

- Continuous update of information in Google search hits for changes in the working/closing hours of PGNiG CSOs.
- Campaigns promoting the activation and **use of remote channels on the internet** (January – December 2021) under the slogans: 'Włącz wygodę' ('Switch to Convenience') and 'Przejdź na EKOinwestycję' ('Switch to ECOinvestment').
- **Improved access for customers with hearing loss** – PGNiG OD provides its customers with free access to the application of the Polish Association of the Deaf, Mazovian Branch – Online Sign Language Interpreter, via a video connection.
- The **'Prosto po czyste powietrze'** ('Simply Clean Air') campaign, aimed at supporting customers in the process of converting to natural gas heating from heat sources using fuels that are not environmentally friendly. In the campaign, the company offered customers assistance in completing the documents to connect to the gas network and obtain funding from the 'Clean Air' governmental programme. The campaign is conducted in the Provinces of Katowice and Rzeszów, where the smog problem is particularly severe and the anti-smog resolutions passed by local authorities are the most rigorous.
- **'Świadomy Klient' ('Informed Customer') campaign** – continuation of the 'Informed Customer' nationwide educational advertising campaign under the slogan 'Grown ups! Remember the rules from your childhood'. The main objective of the campaign is to build consumer awareness of unfair market practices and network security.

PSG ran **the information campaign 'Przyłącz się do nas' ('Connect to Us')** aimed at raising Poles' awareness of the use of natural gas as a heat source and encouraging those with an inactive service line to turn it on, and also at showing that gas heating is user- and environmentally-friendly, and economical. The campaign was intended to dispel any myths related to the use of natural gas for household heating. The project was targeted primarily at municipal/village areas where PSG records the largest numbers of inactive gas service lines.

Service Connection Portal – PSG continues to develop this online tool enabling customers to apply for service connection without leaving their home. The solution has also helped shorten the application processing time.

In 2020, GSP implemented a project to enable the submission and review of applications for execution of Storage Services Agreements (SSAs), as well as their execution online, via the Application Procedure module on the **Storage Services Platform (SSP)**. In 2021, work was carried out to modify the system to improve its functionality and performance.

5.4.4.1 Customer satisfaction surveys

The Group companies examine and strive to maintain a high level of customer satisfaction, with the scale and scope of such surveys varying from company to company.

Seeking to find out how consumers assess its products, PGNiG OD conducts satisfaction surveys both among its household and business customers. The Company also regularly undertakes a tracking survey of the brand awareness, image and effectiveness of advertising activities. In addition, the following surveys were carried out: 'Survey of customer behaviour and experience related to the activation and use of eBOK/EKOinvoice at PGNiG' and 'Survey of the visual attractiveness and content of PGNiG Obrót Detaliczny's Facebook account'. Other surveys concerning a product concept and communication method are also run at the stage of preparations for a product launch. In justified cases, pre-tests of product concepts are also carried out.

In the first half of 2021, PGNiG OD carried out a 'B2B customer satisfaction survey'. The customer satisfaction index (CSI) was 91% and was the same as in the previous year (2020). The net promoter score (NPS) for all B2B customers was very high and reached 25, having increased from 22 in 2020. Satisfaction in the individual customer segment is monitored as part of a regular brand tracking survey. In 2021, the individual customer satisfaction index was approximately 71%.

In 2021, PSG conducted its fifth survey to measure customers' satisfaction with the gas network connection process. The average rating of customer satisfaction with the gas network connection process was 4.31 (on a scale from 1 to 5). In the previous survey, the rate was 4.20 and increased year on year. The survey covered the timeliness, quality of service, communication, and cooperation with the contractor. In the 2021 survey, customers using the Service Connection Portal were invited to participate in the survey for the first time. This group of customers was more satisfied with the service than the customers using the traditional service (4.39, compared with 4.28 in the case of the traditional service).

5.4.4.2 New solutions or products, special offers that have been introduced as a result of consultation or identified customer needs

In 2021, the PGNiG Group companies added the following solutions to their offering, after prior consultation, in response to the reported needs:

- **'Fotowoltaika dla domu' ('Solar PV for Home')** – a product offered in cooperation with external partners as a response to requirement from retail customers, obtaining funding in particular from support programmes (PGNiG OD).
- **'Prosto po czyste powietrze' ('Simply Clean Air')** – financial assistance in replacing a furnace (PGNiG OD).
- **'Doradztwo energetyczne' ('Energy Consultancy')** – a service for business customers created in response to the identified market need related to significant energy price volatility (PGNiG OD).
- **'Odkup energii elektrycznej' ('Electricity Buy-Back')** – a service enabling the buy-back of electricity from a customer's system with a power of up to 500 kW (PGNiG OD).

5.4.4.3 Pro-environmental and pro-climate products offered

Products offered by the Group contributing to environmental or climate improvement include:

- **Natural gas** – the main product, in the production of which most Company entities are involved. Being the main product of the PGNiG Group, natural gas is the most environmentally friendly fossil fuel, supporting a low-emission economy. It does not emit particulate matter or sulfur dioxide during combustion, nor does it cause generation of any environment polluting waste, such as ash, slag or soot. Natural gas is also the foundation for Poland's transition towards a zero-emission power sector.
- Supplies of environment friendly **CNG/LNG** to public transport and municipal companies.
- **Construction of CNG and LNG filling stations.**
- GSP implemented a strategic **'H2020'** project to design and construct a demonstration unit consisting of an experimental salt cavern interoperating with GSP's own RES source and electrolysis unit at the Mogilno UGSF, and two salt caverns for hydrogen storage together with a surface facility at the Kosakowo UGSF. The new solution will respond to market needs driven by climate change and the EU policy seeking to increase the share of green energy in the mix and to ensure large-scale storage of green energy.
- **eBOK/EKOinvoice** – numerous campaigns to encourage the use of electronic invoices instead of paper ones (PGNiG OD).
- At GSP a project is under way to reduce the air emissions of methane at the Mogilno UGSF. As part of the UGSF's current technological process, the VentStack gas discharge system is continuously ventilated with methane to prevent an explosive atmosphere. Once the project is implemented, methane will be replaced by nitrogen, which is neutral to the environment and the atmosphere. The UGSF will then produce its own **nitrogen for ventilation of the gas discharge system**; additionally the nitrogen output will be used for other purposes. A unit equipped with a nitrogen generator will be built to produce nitrogen from air supplied from compressed air stations.
- GSP launched the project **'Reduction of noise generated by surface facility at Kosakowo UGSF'**, designed to improve the acoustic conditions around the UGSF surface facility.
- PGNiG Termika ER is implementing its **ESCO project** aimed at energy savings. The purpose of the ESCO project is to improve energy efficiency, leading to measurable economic effects, while contributing to environmental protection. It involves the construction of power generation facilities (gas-fired boiler houses, gas-fired cogeneration systems, air source heat pumps, photovoltaic units etc.).
- Geofizyka Toruń uses an innovative **nodal seismic data acquisition system**. Given their small size and weight, nodal sensors allow surveys to be conducted in an environmentally-friendly fashion. They help to simplify the logistics of exploration activities, making them less onerous to the environment and local communities. As a result, the company effectively implemented, in its commercial activities in Poland and abroad, an Innovative Approach to Acquisition of Large-Volume Seismic Data (IMAS 2) based on the nodal technology.
- In 2021, Geofizyka also implemented technologies to identify the seabed structures for the construction of offshore wind farms and to carry out tasks related to the expansion of various onshore and offshore infrastructure items, including ports and installation terminals for RES purposes.

5.4.5 Due diligence policies and procedures

(GRI 102-11; GOV-2/A1)

Corporate social responsibility and sustainable development initiatives are taken on the basis of the PGNiG Group Sustainable Development Strategy for 2017–2022, which supports and supplements the business objectives defined in the PGNiG Group Strategy for 2017–2022, taking into account the key areas of society, environment and economy, as well as the growth direction envisaged in the PGNiG Group's mission and vision.

PGNiG's mission statement underscores the Company's responsibility for ensuring Poland's energy security and focus on both retail and corporate customers with their different needs.

Listed below are internal regulations defining the framework for corporate social responsibility activities of PGNiG, the PGNiG Group and the PGNiG Foundation:

- The PGNiG Group's Sustainable Development Strategy for 2017–2022, described in Section 3 of this Report; some entities have their own strategies based on the Group's Strategy, e.g. Polska Spółka Gazownictwa's CSR Policy for 2021–2022.
- Sponsorship rules for the PGNiG Group providing guidelines on transparent conduct of sponsorship (partnership) activities under dedicated projects consistent with the Group companies' business profiles.
- PGNiG donation rules governing the manner and scope of donations made by the company.
- PGNiG Foundation donation rules providing a framework for awarding funding by the Foundation.
- Internal sponsorship and donation regulations implemented by Group companies, which incorporate PGNiG's regulations, e.g.:
 - the Rules governing donations made by GSP to various entities, particularly those operating in the municipalities and counties where underground gas storage facilities are located;
 - Rules of Sponsorship and Donation Rules of Polska Spółka Gazownictwa.
- PGNiG Group's Ethical Standards Code, the principles of which are the basis for the separate Code of Ethics adopted by a given entity, as in the case of the Code of Ethics adopted by Polska Spółka Gazownictwa.
- Code of Responsible Development of Natural Gas and Crude Oil for Polskie Górnictwo Naftowe i Gazownictwo SA.

5.4.6 Number of social projects and their beneficiaries

In 2021, the PGNiG Group companies and the PGNiG Foundation provided support to almost 500 initiatives and events (with PGNiG alone supporting over 120), compared with over 550 in 2020. The number of beneficiaries of the PGNiG Group's social programmes, including the Foundation's programmes, is estimated at over 11 million people in 2021. In 2020, the number of beneficiaries of the Group's support and social projects was estimated at over 20 million. This high number of beneficiaries is due to the extraordinary period of time when the projects were largely devoted to the fight against the COVID-19 pandemic.

5.5 Social risks

(GRI 102-15; GOV-1/C3)

The PGNiG Group is aware of the risks related to HR management and enhancing employee competencies. The Group is also aware of succession-related risks and risks relating to transferring knowledge in key areas in the case of old age retirements. Ensuring that the employees are guaranteed safe and healthy working conditions is vital, too. Methods of managing key non-financial risks related to employee matters are listed below.

Tab. 27 Risks related to employee aspects

Employee aspects			
No.	Identified non-financial risk	Method to prevent risk materialisation	Risk level ¹⁹
1	Risk of a crisis situation related to COVID-19 and risk of losing business continuity.	<ul style="list-style-type: none"> • Appointment of a PGNiG Group Crisis Management Team to prevent and fight COVID-19; one of the Team's objectives was to maintain business continuity of the Company and the Group in the context of ensuring Poland's energy security and supporting efficient communication, employee safety and customer service during the pandemic. 	medium

¹⁹ The risk level is the size of a risk expressed as a combination of its impact and the likelihood of risk occurrence

Employee aspects

No.	Identified non-financial risk	Method to prevent risk materialisation	Risk level ¹⁹
		<ul style="list-style-type: none"> Employees worked in split teams. Where presence on site was not absolutely necessary for the sake of business continuity, employees were requested to work remotely. Employees who had to work from the office were provided with the safest possible working environment, social distancing measures were applied between employees, personal protective equipment was available everywhere on site, and air purifiers were used. Internal communication was enhanced through the use of online tools and face-to-face training was replaced with online courses. 	
2	Competence gaps in key areas, including: <ul style="list-style-type: none"> - loss of key employees. - difficulties in acquiring new employee from the market – limited number of candidates with narrow specialisations - old age retirement. 	<ul style="list-style-type: none"> Continuous improvement of competencies through various forms of training (mainly online training in 2021). Implementation of a key roles identification system and description of key competencies at PGNiG with a view to identifying them and providing informed development opportunities. <ul style="list-style-type: none"> Monitoring the HR situation of the heads of organisational units to ensure continuity of competence and knowledge. Planning employee recruitment, using incentives to encourage employees to announce planned retirement in advance. Provisions of Collective Bargaining Agreements governing the retirement programme, knowledge-sharing incentives etc. 	medium
3	Limitations related to human capital, including: <ul style="list-style-type: none"> - inability to hire employees with appropriate competencies. - limited availability of employees with specialist competencies on the market. - rapid development of the industry and the labour market, resulting in increased demand for employees with similar knowledge. 	<ul style="list-style-type: none"> Offering of attractive non-pay (fringe) benefits, implementation of modern remuneration and bonus systems. Development of success plans – talent search, successor identification, and preparation of development and retention programmes for this group of employees. Application of the Retention Policy to persons of key importance to PGNiG. List of key roles, a competency model prepared to track and develop universal, management and technical competencies, Provision of replacements for key roles. Identification of challenges, referral programme. This risk is mitigated through: <ul style="list-style-type: none"> the Company's recognition on the local market a broad range of non-pay (fringe) benefits the Company's participation in job fairs, recruiting candidates using alternative channels, including: Career Office, OLX website, pracuj.pl, the internally implemented employee recruitment procedure defining the rules and stages of recruitment process. Monitoring pay rates offered on the market. Offering staff incentives, also to improve their skills, and guidance developed on employee upskilling. Policy on updating job descriptions and job evaluation. 	low
4	Risk of conflicts with trade unions.	<ul style="list-style-type: none"> Regular meetings with social partners. Providing periodic information on the condition and plans of a given company. Accurate preparation of documents submitted for approval to trade unions, thus enabling efficient content review. 	low
5	Risk of different interpretations of labour, tax and social security regulations (e.g. court rulings, audit follow-up decisions, recommendations, opinions/interpretations).	<ul style="list-style-type: none"> Requesting competent authorities and institutions to issue opinions and interpretations. Internal legal opinion obtained from the legal and compliance units. Periodic training for employees and management staff on new labour law regulations, tax law and social security regulations. Regular communication of changes via means of communication available to the Company (newsletter, email). 	low

Tab. 28 Risks related to OHS aspects

OHS aspects			
No.	Identified non-financial risk	Method to prevent risk materialisation	Risk level ²⁰
1	Occupational risks for jobs determined on the basis of hazards identified for each job.	<ul style="list-style-type: none"> The Occupational Risk Assessment Team periodically reviews occupational risks using the Risk Score method (a quantitative approach). The Hazard Identification and Occupational Risk Assessment Procedure, with the Risk Score Occupational Risk Assessment Manual and the Occupational Risk Scorecard Review and Archiving Manual as its integral part. Executive order appointing the Occupational Risk Assessment Team. 	medium
2	Occupational accidents or diseases caused by poor work organisation, non-compliance with procedures or use of inadequate protection measures. Risk of temporary production stoppage due to a severe or fatal accident.	<ul style="list-style-type: none"> Operation of QHSE Management System. Regular OHS training. Awareness and Behaviour Improvement Programme. Identification of near misses. Ongoing supervision during the performance of high-risk work. Choice of adequate safeguards against hazards. Taking active and proactive measures to improve working conditions. 	medium
3	Inadequate working conditions – OHS rules are not provided at the workplace, which increases the risk of occupational accidents, constituting violation by the employer of employee rights.	<ul style="list-style-type: none"> Regular OHS training for employees. Implementing and updating procedures and regulations to ensure that adequate working conditions are maintained – implementing the QHSE system. Internal audits (including cross-audits), inspections and checks. Ongoing supervision during the performance of high-risk work. Identification of near misses. Awareness-building through training, campaigns, drills, HSE meetings. Dialogue with employees. Investing in human resources and equipment. Continuous improvement of the Integrated Management System. Developing OHS staff competencies – training courses, industry meetings, also at the PGNiG Group. Activity of the OHS Committee. Up-to-date inspections and oversights. 	low
4	Acts of employees and subcontractors resulting in violations of OHS laws.	Reviewing and consulting contracts with subcontractors in terms of security certificates and safety clauses.	low
5	Employees unable to respond to emergencies.	<ul style="list-style-type: none"> Developing an OHS hazard reporting system including allocation of responsibilities and supervision of the hazard identification process in occupational risk assessment. Fire alarm drills. Additional rescue training for staff. 	low

The Group also identified the following significant risks and risk mitigation measures relating to other social aspects.

Tab. 29 Social risks and their management

Social aspects			
No.	Identified non-financial risk	Method to prevent risk materialisation	Risk level ²¹
1	Image risk – negative reception of PGNiG's and the entire Group's business, communication or marketing activities by stakeholders, including local communities – bad publicity in traditional and social media.	<ul style="list-style-type: none"> Internal rules governing contacts with the media and use of social media by employees. Building lasting media relations. Ongoing monitoring and contact with key journalists. Quick analysis and response to negative publicity. Ongoing social media monitoring. Internal regulations on crisis communication. Good practices with respect to field business operations, including dialogue with stakeholders concerning new projects. 	medium
2	Risk of exploration work causing inconvenience to local communities	<ul style="list-style-type: none"> Use of new technology solutions. Development projects. 	medium

²⁰ The risk level is the size of a risk expressed as a combination of its impact and the likelihood of risk occurrence

²¹ The risk level is the size of a risk expressed as a combination of its impact and the likelihood of risk occurrence

Social aspects			
No.	Identified non-financial risk	Method to prevent risk materialisation	Risk level ²¹
		<ul style="list-style-type: none"> Fair analysis of the location of planned work, cooperation between organisational units responsible for the design of exploration work (land surveyors, geologists, drillers) and identification of its environmental impact (environmental protection units), cooperation with local authorities. Education and information initiatives intended to provide project updates. 	
3	Risk of conflicts with local communities causing obstacles to upstream activities.	<ul style="list-style-type: none"> Fostering cooperation through sponsorship, image-building and CSR projects and events. Cooperation with local authorities. Education and information initiatives intended to provide project updates. Interviews with local communities, open/one-on-one meetings, negotiations and mediation. 	medium
4	Negative reception of the Company's CSR activities by the social environment of the PGNiG Group – negative assessment of PGNiG's actions (expectations not met satisfactorily, needs not responded to). This hampers field operations and brings up the costs of communication with local communities and stakeholders.	<ul style="list-style-type: none"> Operations of the Sponsorship Committee. Activities coordinated with the Foundation. Channels in social media allowing quick and interesting communication. 	low



6. Corporate governance and ethics

6.1 Management and supervisory bodies

(GRI 102-18; GRI 102-22; GRI 103-1; GRI 103-2; GRI 103-3; GOV-1/C1; GOV-1/A1)

PGNiG's main governing bodies are the Management Board, the Supervisory Board and the General Meeting. The Company has in place the Supervisory Board's Audit Committee which monitors, among other things, the financial reporting processes and the effectiveness of the internal control, risk management and internal audit systems. The operation of these bodies is governed by the Commercial Companies Code, the Company's Articles of Association, the Rules of Procedure for the Management Board, the Rules of Procedure for the Supervisory Board, the Rules of Procedure for the General Meeting, and the Rules of Procedure for the Supervisory Board's Audit Committee.

As an issuer of securities admitted to trading on the Warsaw Stock Exchange, the Company applies the corporate governance standards laid down in the 'Code of Best Practice for WSE Listed Companies'. Issuers of shares listed on the main market of the WSE have been subject to the Code since 2002, in accordance with the WSE Rules.

In accordance with the Code of Best Practice 2021, PGNiG:

- ensures proper communication with investors and analysts by pursuing a transparent and effective information policy.
- is managed by the management board, whose members act in the interest of PGNiG and are responsible for its activities. It is the management board's responsibility to lead the company, to be involved in setting and achieving its strategic goals, and to ensure that the Company is efficient and safe;
- is supervised by an effective and competent supervisory board. Members of the supervisory board act in the interest of PGNiG and are guided in their conduct by the independence of their opinions and judgments. In particular, the supervisory board gives its opinion on the company's strategy and verifies the work of the management board with respect to achieving the set strategic objectives, and monitors the company's results;
- maintains effective internal control, risk management and compliance systems and exercises an effective internal audit function appropriate to the size of the company and the type and scale of its operations;
- encourages shareholder engagement with the company. The general meeting respects the rights of shareholders and seeks to adopt resolutions without infringing on the legitimate interests of particular groups of shareholders;
- has clear procedures in place to prevent conflicts of interest and entering into transactions with related parties where a conflict of interest may arise. The procedures provide for ways to identify, reveal and manage such situations;
- has a remuneration policy in place to determine the form, structure, and method of determining the remuneration of members of the company's governing bodies and key managers.

To ensure transparency of its activities, appropriate quality of its investor communications and protection of shareholder rights, the Company complies with the majority of principles contained in Best Practice. In addition, the Company explains all instances of non-compliance with the adopted standards in accordance with the 'comply or explain' rule.

As at December 31st 2021, the PGNiG Management Board consisted of six members, who jointly supervised the Company's management and operational processes.

The Company's Management Board may consist of two to seven members. Management Board members are appointed for a joint term of three years. The sixth joint term of office of the PGNiG Management Board commenced on January 10th 2020 and is ongoing.

6.1.1 Composition of the PGNiG Management Board

Composition of the Management Board as at December 31st 2021 (unchanged by the issue date of this Report) and division of responsibilities for supervision and coordination of non-financial aspects:

- Paweł Majewski – President:
 - HR area (HR strategy, pay and working time schemes, employment and payroll policies),
 - ethics area – compliance,
 - CSR area (corporate social responsibility),
 - security, including data protection,
- Przemysław Waclawski – Vice President, Finance,

- Robert Perkowski – Vice President, Operations,
- Artur Cieřlik – Vice President of the Management Board, Chief Strategy and Regulation Officer,
 - climate policy
 - ESG policy,
 - drawing up and development of risk management rules,
- Arkadiusz Sekćciński – Vice President, Development:
 - environment area (energy efficiency),
- Magdalena Zegarska – Vice President:
 - environment area (environmental protection),
 - employee area (OHS, social policy, dialogue with social partners).

Composition of the PGNiG Management Board as at January 1st 2021 and division of responsibilities for supervision and coordination of non-financial aspects:

- Paweł Majewski – President:
 - HR area (HR strategy, pay and working time schemes, employment and payroll policies),
 - ethics area – compliance,
 - CSR area (corporate social responsibility),
- Robert Perkowski – Vice President, Operations,
- Arkadiusz Sekćciński – Vice President, Development:
 - environment area (energy efficiency),
- Przemysław Waćlawski – Vice President, Finance,
- Jarosław Wrćbel – Vice President,
- Magdalena Zegarska – Vice President:
 - environment area (environmental protection),
 - HR area (OHS, employee benefits, dialogue with social partners).

Feb 17 2021 Jarosław Wrćbel resigned as Member of the Management Board – Vice President of the PGNiG Management Board, with effect from March 1st 2021. The PGNiG Supervisory Board decided to appoint, as of March 16th 2021, Mr Artur Cieřlik as Vice President of the PGNiG Management Board, Chief Strategy and Regulation Officer, for the joint term of office ending on January 10th 2023.

6.1.2 Supervisory Board and its committees

Composition of the PGNiG Supervisory Board as at December 31st 2021:

- Bartłomiej Nowak – Chairman of the Supervisory Board,
- Cezary Falkiewicz – Deputy Chairman of the Supervisory Board,
- Tomasz Gabzdyl – Secretary of the Supervisory Board,
- Roman Gabrowski – Member of the Supervisory Board,
- Mariusz Gierczak – Member of the Supervisory Board,
- Mieczysław Kawecki – Member of the Supervisory Board,
- Piotr Sprzączak – Member of the Supervisory Board,
- Grzegorz Tchorek – Member of the Supervisory Board.

In 2021, there were changes in the composition of the Supervisory Board following the end of the eighth term of office and the election results for members of the PGNiG Supervisory Board elected by employees of PGNiG and all its subsidiaries. On July 9th 2021, the General Meeting appointed the Supervisory Board for a joint ninth term of office ending on July 10th 2024, with the composition as set out above.

Composition of the Supervisory Board as at January 1st 2021:

- Bartłomiej Nowak – Chairman of the Supervisory Board,
- Piotr Sprzączak – Deputy Chairman of the Supervisory Board,
- Sławomir Borowiec – Secretary of the Supervisory Board,
- Piotr Broda – Member of the Supervisory Board,
- Roman Gabrowski – Member of the Supervisory Board,
- Andrzej Gonet – Member of the Supervisory Board,
- Mieczysław Kawecki – Member of the Supervisory Board,
- Stanisław Sieradzki – Member of the Supervisory Board,
- Grzegorz Tchorek – Member of the Supervisory Board.

Committees of the Supervisory Board

In 2021, two committees operated at the Company – the Audit Committee and the Strategy Committee.

Composition of the Audit Committee of the PGNiG Supervisory Board in 2021:

- 1) from January 1st 2021 to July 9th 2021 (8th term of office of the Supervisory Board):
 - Grzegorz Tchorek – Chairman of the Audit Committee,
 - Piotr Broda – Deputy Chairman of the Audit Committee,
 - Bartłomiej Nowak – Member of the Audit Committee,
- 2) from July 30th 2021 (9th term of office of the Supervisory Board):
 - Grzegorz Tchorek – Chairman of the Audit Committee,
 - Roman Gabrowski – Deputy Chairman of the Audit Committee,
 - Mariusz Gierczak – Member of the Audit Committee,
 - Bartłomiej Nowak – Member of the Audit Committee.

The Audit Committee's responsibilities include in particular those set out in Art. 130 of the Act of May 11th 2017 on Statutory Auditors, Audit Firms and Public Oversight, e.g.:

- the monitoring of:
 - the financial reporting process,
 - effectiveness of the internal control and risk management systems and the internal audit function, including with regard to financial reporting,
- submitting recommendations to ensure the reliability of the financial reporting process at the Company.

Composition of the Strategy Committee of the PGNiG Supervisory Board in 2021:

- 1) from January 1st 2021 to July 9th 2021 (8th term of office of the Supervisory Board):
 - Piotr Sprzączak – Chairman of the Strategy Committee,
 - Sławomir Borowiec – Member of the Strategy Committee,
 - Roman Gabrowski – Member of the Strategy Committee,
 - Mieczysław Kawecki – Member of the Strategy Committee,
 - Stanisław Sieradzki – Member of the Strategy Committee,
 - Grzegorz Tchorek – Member of the Strategy Committee.
- 2) from July 30th 2021 to December 31st 2021 (9th term of office of the Supervisory Board):
 - Piotr Sprzączak – Chairman of the Strategy Committee,
 - Cezary Falkiewicz – Member of the Strategy Committee,

- Roman Gabrowski – Member of the Strategy Committee,
- Tomasz Gabzdyl – Member of the Strategy Committee,
- Mieczysław Kawecki – Member of the Strategy Committee,

The tasks of the Strategy Committee include:

- Giving opinions and recommendations on strategic proposals or information addressed to the Supervisory Board and requiring its approval or opinion, in particular concerning:
 - Strategies for the Company and the PGNiG Group, and long-term strategic plans;
 - Management objectives (MBOs) for members of the Company's Management Board;
 - Business plans, including investment plans;
 - Planned and actual investments and divestments;
 - Other strategic matters.

6.2 System supporting management decisions

(GRI 103-2)

The PGNiG Group's key business areas are managed through the QHSE Policy, which defines objectives and directions of operations and ensures maintaining the highest standards of quality, OHS and environmental protection in order to meet the requirements and expectations of our stakeholders.

The Quality, Health & Safety and Environment Management System (QHSE) at PGNiG S.A. is based on the ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 standards and good HSE practices applying to exploration for and production and tankless storage of hydrocarbons, as well as to the processing and transmission of gas. The Management System was confirmed following recertification of the standards in 2021. The certificates of compliance with the above standards will remain valid until July 19th 2024.

In addition, the PGNiG Branch – Central Measurement and Research Laboratory (CMRL) has in place a management system compliant with the PN-EN ISO/IEC 17025:2018-02 and PN-EN ISO/IEC 17065:2013-03 standards. CMRL is accredited by the Polish Accreditation Centre for compliance with the PN-EN ISO/IEC 17025:2018-02 standard: 'General requirements for the competencies of testing and calibration laboratories' as a calibration laboratory holding certificate AP 017 and a testing laboratory holding certificate AB 278.

The QHSE Management System at PGNIG is a management tool for operating activities. Process management within the QHSE Management System makes it possible to monitor measures taken to prevent any events which may adversely affect the implementation of processes and to assess the efficiency and effectiveness of the measures. This translates into the achievement of specific economic and financial performance and business objectives.

The person responsible for the System's effective operation is the Management Board's Representative for the QHSE Management System, supported by Representatives of respective Directors at PGNIG Branches. The Management Board's Representative is authorised to represent PGNIG in contacts with external stakeholders with regard to the QHSE Management System.

The PGNiG Group's QHSE Policy is the principal system document which sets out the directions of action in the area of quality, environment, and occupational health and safety for the Group companies, as the Policy underlies the management systems at the Group companies. The Policy is reviewed periodically to evaluate its usefulness and relevance.

Tab. 30 Management systems and certification at selected PGNiG Group entities

Organisational unit	System (IMS, EMS, QCS, OHSMS, EMAS etc.)	Certified (Yes/No)	Certification date	Recertification date	Certifying entity
PGNiG	QMS – ISO: 9001:2015 EMS – ISO:14001:2015 OHSMS ISO 45001:2018	YES	Jul 20 2021	Jul 19 2024	Bureau Veritas
Exalo Drilling	QMS – ISO: 9001:2015 EMS – ISO: 14001:2015 OHSMS – ISO: 45001:2018	YES	Jan 27 2020 Jan 27 2020 Jan 24 2020	Jan 26 2023 Jan 26 2023 Jan 23 2023	TÜV SÜD
Gazoprojekt	Integrated Management System in accordance with the PN–EN ISO 9001 PN-EN ISO PN-EN ISO 45001 standard	YES	Mar 30 2021	Jan 25 2024	PCBC
GEOFIZYKA Toruń	IMS: ISO 9001:2015 ISO 14001:2015 ISO 45001:2018	YES	Mar 18 2011	Mar 11 2020	Lloyd's Register

Organisational unit	System (IMS, EMS, QCS, OHSMS, EMAS etc.)	Certified (Yes/No)	Certification date	Recertification date	Certifying entity
GSP	QMS – ISO: 9001:2015	YES	Sep 3 2018	Aug 5 2023	BSI
	EMS – ISO:14001:2015		Sep 3 2018	Aug 5 2023	BSI
	OHS – ISO:45001: 2018		Aug 6 2020	Aug 5 2023	BSI
	ISO 22301		Nov 27 2019	Nov 26 2022	BSI
	ISO 27001		Jun 16 2021	Jun 15 2024	TÜV NORD
PGNiG OD	ISMS compliant with PN-EN ISO/IEC 27001:2017-06	YES	Jun 16 2021	Jun 15 2024	TÜV NORD
	Risk Management System compliant with PN-ISO 31000	NO			
PGNiG Technologie	IMS: QMS – ISO: 9001:2015 EMS – ISO:14001:2015	YES	Sep 30 2021	Dec 19 2022	UDT
	OHSMS – PN-18001:2004				
	PN-EN ISO/IEC 17025:2005	YES	Feb 2 2020	Feb 19 2022	UDT
	PN-EN ISO 3834-2:2007	YES	May 9 2019	May 8 2024	Łukasiewicz Research Network
	API Spec. Q1 and API Spec. 6A	YES	May 18 2021	May 18 2024	
	PN-EN 1090-1+A1:2012	YES	Jun 8 2020	Jun 17 2023	American Petroleum Institute (API)
PN-EN 15085-2:2007	YES	Jan 19 2022	Jan 18 2025	Łukasiewicz Research Network	
PGNiG TERMIKA	OHSMS PN-ISO 45001:2018	YES	Oct 22 2007	Sep 23 2019	PCBC
	EMS: PN-EN ISO: 4001:2015-09	YES	Dec 5 2007	Sep 23 2022	PCBC
	MS: PN-EN ISO/IEC 17025:2018-02	YES	Apr 27 2006	Apr 27 2022	PCA
	ISMS: PN-ISO/IEC 27001	YES	Jun 16 2015	Jun 16 2024	TÜV NORD
	AQMS UPS	YES	Oct 22 2008 (Cat. B ash)	Aug 5 2021	ITB
			Oct 13 2017 (ProAsh)	Aug 5 2021	ITB
			Sep 23 2020 (TERASZ)	Aug 5 2021	ITB
			Aug 20 2021 (THERMKRUSZ)	Aug 5 2021	ITB
PSG	MS: ISO 14001:2015		Dec 16 2016 Dec 16 2016	Nov 29 2019 Nov 29 2019	
	ISO 9001:2015 ISO 50001:2018 ISO 45001:2018		Dec 13 2019 Dec 03 2020	Nov 16 2018 Oct 10 2021	TÜV NORD
	ISO 27001:2017	YES	2020 Nov 16 2018		
	ISO 3834-2:2007		Mar 28 2019 Nov 18 2020		
	ISO 17025:2017				

Through its QHSE Policy, the PGNiG Group undertakes to:

- identify, supervise and ensure the effectiveness of processes;
- build lasting relationships with customers;
- identify and ensure compliance with applicable laws and other requirements;
- implement norms and standards that follow from good practices, to promote safe solutions;
- identify various risks, including near misses, in order to prevent occupational accidents, occupational diseases, incidents and failures;
- identify and mitigate environmental impacts;
- perform work in a safe, planned, organised and supervised manner;
- effectively strive to improve occupational health and safety in a sustainable manner;
- build a competent, informed and committed workforce.

6.3 Non-financial risk monitoring and management

(GRI 102-11; GRI 102-15; GRI 103-2; GOV-2/A1; GOV-2/A2; GOV-1/C3)

6.3.1 Risk management at the PGNiG Group

As part of the continuous effort to enhance the effectiveness of risk management, PGNiG has implemented an integrated approach assuming constant and coordinated management of individual risk categories, taking into account the relationship between them, protection of all the Company's resources and the impact on the delivery of the Strategy. The comprehensive approach to risk management is consistent with the Strategy's vision, the continuous pursuit of operational excellence and the principles of sustainable and responsible business.

The risk management system is aligned with the coordinated cooperation of the other PGNiG management systems, and its operation has been designed to support the achievement of operational goals of the Company's organisational units and the objectives set out in the PGNiG Group Strategy. The system consists in integrated and tailored management of individual risk categories at PGNiG and is based on the three lines model. This facilitates gathering comprehensive and structured information on risks within the organisation, monitoring the level of risk exposure in the context of achievement of operational and strategic objectives, and coordinating the flow of management information.

According to the proposed model, risk is managed within individual risk categories, based on separate internal regulations. Risk categories within the PGNiG risk management system have been identified taking into account the applicable standards and legal requirements which standardise or require the management of specific risks in a specialised and distinct manner. Three main categories have been identified: operational risk, financial risk, and legal risk.

The risk management system includes a *Risk Management Policy at PGNiG SA* which sets out a systemic and integrated approach to risk management at the Company and defines rules to be followed in order to effectively minimise the impact of risk on achievement of the Group's operational and strategic objectives.

A Procedure for risk and opportunity management in the Company's processes has also been implemented as part of the system. The Procedure details the order of stages of the process, the roles and responsibilities of participants, and the method of risk and opportunity management at PGNiG. The Procedure relates to operational risk in the Processes specified in the Architecture of the Company's processes.

One of the operational risks is health, safety and environment risk, managed as part of the QHSE (Quality, Health Safety & Environment) Management System at PGNiG, which is based on the following standards: ISO 9001, ISO 14001, and ISO 45001. Risk and opportunity management is critical for effective operation of the QHSE Management System. Its objective is to create awareness of existing threats and risks in order to take appropriate control measures, and of opportunities that can be captured to improve process efficiency.

In addition, for the purposes of reports, studies and analyses, operational risks may be grouped according to their common features. The features may result from processes in which particular risks are present or may be based on other criteria identified according to business needs.

The Company considers as material a group of non-financial ESG risks related to environmental, climate, social, HR and ethical aspects, namely respect for human rights and preventing corruption and bribery.

Under applicable regulations, all business processes are subject to an analysis identifying and assessing any risks which could possibly interfere with the delivery of the objectives of a process. Risk is assessed based on a matrix which presents a five-level scale of impact and probability of occurrence to determine the level of risk. In the next step, measures to reduce the risk parameters to an acceptable level are defined. A detailed risk analysis is carried out at least once a year, with the participation of owners of respective processes. Risks are analysed and parameterised based on potential causes and impact, as well as probability of occurrence. At the same time, the analysis takes into account the controls or mechanisms currently applied to prevent materialisation of risks and mitigate the potential impact of risk events. In addition, the system gathers and analyses information on risk materialisation (both potential incidents and key risk indicators).

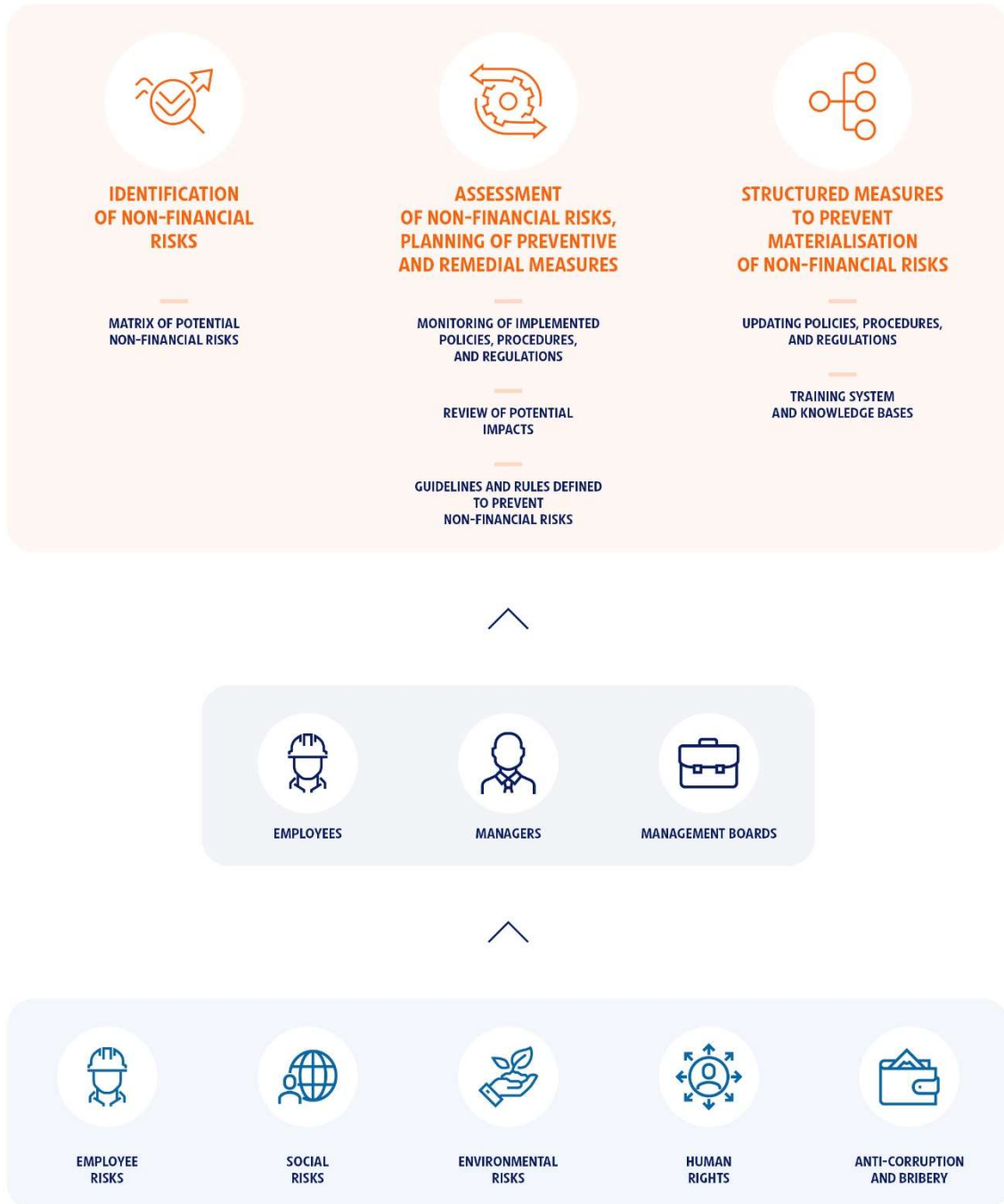
The risk management system is subject to ongoing improvement and assessment with regard to the effectiveness of preventive measures taken to minimise the potential impact of risk events. At the same time, the PGNiG Group expands the list of events which may turn into potential risks in the future. For any identified risks, the organisation determines the measures to be taken to drive down the level of unacceptable risks or, where risk mitigation measures have been exhausted, decides to accept such risks. Those residual risks are subject to ongoing monitoring to prevent their materialisation.

The transition to a low-carbon economy and the achievement of global targets for reducing the impact of climate change requires risk management to take into account risks to sustainable development.

With respect to non-financial risk management, the PGNiG Group is determined to minimise the possibility of non-financial risks inherent in business activities materialising. Due to the Group's extensive organisational structure and multiple simultaneous processes, the Management Board members are therefore the owners of risk management in specific areas, in accordance their respective competencies. Risk management is supported by the certified QHSE Management System implemented at PGNiG, making it possible to identify, assess and monitor risks with regard to significant environmental aspects and occupational health and safety.

Fig. 9 Non-financial risk management model

NON-FINANCIAL RISK MANAGEMENT



6.4 Overview of ethics aspects

(GRI 102-16; GRI 102-17; GRI 103-1; GRI 103-2; GRI 103-3; GRI 406-1; GOV-3/C1A; GOV-3/C3; GOV-1/A7; GOV-3/C2; GOV-1/C4; SOC-1/C4; SOC-1/C1; SOC-5/A1)

The PGNiG Group conducts its business activities with due regard to human rights and in compliance with ethical standards and applicable laws. The primary document governing the area under analysis is the Code of Ethics (the PGNiG Group Ethical Standards Code), which has been adopted across the PGNiG Group. The organisation acts in a transparent manner, in accordance with applicable laws, free from any forms of bribery or corruption. Taking care to protect its image and reputation, the PGNiG Group pursues its objectives in this area through internal regulations. The organisation adopts rules of conduct that refer to human rights, labour standards, environmental protection, anti-corruption and legal compliance, set forth in such acts as the Charter of the United Nations. These rules are globally recognised, stemming from:

- Universal Declaration of Human Rights;
- International Labour Organization's Declaration on Fundamental Principles and Rights at Work;
- Rio Declaration on Environment and Development;
- United Nations Convention against Corruption.

It should be noted that ethics aspects are extensively defined at the PGNiG Group. They are governed by the following key documents:

- PGNiG Group ethics and compliance management system,
- PGNiG Group's Code of Ethics;
- Transparency Policy for Managers;
- Anti-mobbing and anti-discrimination procedure;
- PGNiG Group's Anti-Corruption and Gift Policy.

The organisation has in place the PGNiG Group ethics and compliance management system, based on fundamental principles of ethics. The system provides a uniform framework and standards of employee conduct that is acceptable and expected across the Group. The Group's priority is to maintain a situation where no human rights violations occur. In order to define clear rules of conduct, a Code of Ethics has been adopted, laying down the rules of adherence to ethical standards in everyday work and requiring the Group employees to respect human rights. The ethical standards defined in the Code are reflected in the documents supporting their implementation. The documents include the Transparency Policy for Managers, which is geared towards enhancing the corporate culture to ensure transparency at the PGNiG Group companies, and the anti-mobbing procedure, requiring employees to refrain from mobbing and discrimination at the workplace and specifying what steps need to be taken if a misconduct has been reported. The purpose of the organisation is to ensure that there are no instances of human rights abuse. The PGNiG Legal, Compliance and HR Departments are responsible for implementing and monitoring observance of human rights.

The PGNiG Group strives to build an organisation that is free from discrimination and violations of human rights. Therefore, it takes care to ensure that people can speak up on professional matters with due regard for their dignity and diversity of opinions. At the same time, it upholds the principle of equal employment opportunities by preventing any favouritism or abuse. It is worth noting that line managers will take commensurate disciplinary measures against anyone who fails to respect the principles of fair and polite interpersonal relations.

Compliance with anti-corruption rules is crucial to maintaining the image and perception of the PGNiG Group as an ethical partner in business and an ethical employer. The regulations and standards of conduct in place at the Group prohibit any action that involves corruption or bribery. PGNiG does not tolerate accepting, giving, promising or soliciting by its employees and associates of any undue financial or personal gains. Additionally, employees are obliged to avoid any situations which may lead to conflicts of interest with business partners and entities engaged by the Company. In order to maintain partnership-based relations with stakeholders, employees are required to enter in the register of benefits all gifts received or presented whose value exceeds PLN 50. The absence of any instances of corruption is the PGNiG Group's continuing objective in this respect. Responsibility for delivering this objective and implementing the policy at the organisation rests with the PGNiG Corporate and Legal Support Department's Compliance function.

Partnerships and good business relations with its suppliers are an important point of PGNiG's business. The Company demonstrates its values and communicates its approach to partners by providing them with relevant documents. All trading partners can access PGNiG's anti-corruption policy at <https://pgnig.pl/dzialania-spoleczne/odpowiedzialny-biznes/compliance-i-etyka-w-gk-pgnig>. In addition, the PGNiG Group acts responsibly in its relations with operators selected through tendering procedures. Procurement procedures are prepared and carried out in accordance with the principles of proportionality, transparency, purposefulness, cost-effectiveness, reliability, fair competition and equal treatment of contractors, with due regard to the Group's interests. In addition, activities related to the preparation and execution of procurement procedures are performed by individuals who can guarantee their impartiality and objectivity. Contractors are selected based on internal procurement policies and manuals.

To raise the awareness of anti-corruption issues at PGNiG, a compliance training programme focusing on anti-corruption and ethics was introduced for all employees. The training is provided in the e-learning format. All new hires are required to complete the training and pass the final test. Moreover, every six months compliance with anti-corruption rules is reviewed across the PGNiG Group by means of declarations submitted by employees to the effect that no instances of corruption took place or, alternatively, providing descriptions of any such instances identified. In addition, basic rules concerning the submission of periodic anti-corruption declarations, as well as offering and accepting gifts, are clarified and refreshed by means of newsletters. Desirable attitudes and other provisions of the Code of Ethics are continually promoted and fostered by means of internal communication channels.

6.5 Due diligence policies and procedures

(GRI 102-11; GOV-2/A1)

Conducting business in compliance with applicable laws is among PGNiG's top priorities. Therefore, there are transparent internal regulations in place at the Company, which provide guidance for the conduct of PGNiG Group companies and their employees and associates. The Group's priorities are delivered through adherence to the Ethics and Compliance Management System in place at the PGNiG Group, which addresses and regulates key issues in the area, applying in particular to:

- remits of the respective bodies responsible for managing ethics and compliance at the PGNiG Group;
- the manner of coordination and exchange of information on any breaches of applicable laws, customary market norms, industry standards, good market practice, or standards of ethical conduct at the PGNiG Group;
- responsibilities of the PGNiG Group companies in the management of ethics and compliance risks.

Observance of human rights at the PGNiG Group is underpinned by the Code of Ethics (the PGNiG Group Ethical Standards Code), which has been implemented in order to harmonise and consolidate the ethical standards applied across the PGNiG Group. The core values, which are among the key rules of conduct set forth in the Code, are as follows:

- responsibility – the foundation for all employees in their day-to-day work, regardless of the position held, and at the same time a challenge which motivates them to work for the common good and take care of the natural environment,
- credibility – building a high-quality and dialogue-based culture of communication, inspiring the atmosphere of trust among all stakeholders of the Group, in a lasting and consistent manner,
- partnership – building lasting and mutually beneficial relations based on trust, both within the PGNiG Group with its employees and trade unions, as well as outside the Group with its customers, local communities and other market participants,
- quality – ensuring top quality of the Group's products and services, driven by the principle of continuous improvement through implementation of state-of-the-art technologies, streamlining of management processes, and building an ethical workplace across the PGNiG Group, as desired by our customers, employees and all business partners.

These values at the PGNiG Group serve as a compass in its activities and relations with local communities. They are treated as an overriding mission pursued for the benefit of the Polish society. The fundamental golden rules, which can be expressed with clear and simple messages such as 'do good, avoid evil' or 'treat others the way you want to be treated', are the foundation for building other important standards of conduct.

The provisions of the Code of Ethics are supported by the Transparency Policy for Managers, which introduces a higher standard of organisational culture, in particular in terms of preventing conflicts of interest among members of governing bodies and top management in Group companies, thereby protecting the legitimate interest of the PGNiG Group. The document:

- defines a conflict of interest and methods of preventing situations which could lead to potential or actual conflicts of interest;
- sets forth the disclosure requirements towards the company and the rules of conduct towards family members and other close persons;
- determines sanctions for breaches of the Policy;
- protect PGNiG's interests in a proper manner.

Respect for employee diversity and employee rights is also an element of the PGNiG Group's anti-mobbing and anti-discrimination policy. The Group takes measures conducive to building positive relations between the employees and the workplace, making every employee feel duly respected. The Group opposes any form of discrimination, mobbing, persecution or harassment, including any harassment of sexual nature. Provisions of the Policy are incorporated in the Work Rules of individual companies and in the PGNiG Group's Ethics and Compliance Management System. The implemented provisions of the Policy:

- define any unwanted behaviours which may take place both at the workplace and during business trips, employee travel and in any other locations where employees perform their work-related duties;

- specify the measures to be taken to prevent mobbing, discrimination and sexual harassment, and describe the consequences of breaching the applicable regulations or creating conditions conducive to such breaches;
- provide information on the actions taken to promote desired attitudes, to disseminate knowledge on mobbing, discrimination and harassment, and to monitor the practical application of anti-mobbing procedures;
- indicate employee duties which are meant to ensure compliance with adopted standards, to avoid unwanted behaviour, and to react and intervene in situations where observed behaviour violates accepted social standards;
- specify the procedures for reporting any suspected mobbing, discrimination or harassment, as well as the rules of proceedings conducted by the Commission.

The PGNiG Group operates in compliance with applicable anti-corruption laws. In this respect, the organisation is also guided by supranational regulations, such as the OECD Convention on Combating Bribery of Foreign Public Officials In International Business Transactions of 1999 and the US Foreign Corrupt Practices Act (FCPA).

Every employee, irrespective of the position held, is required to comply with the applicable local, national and international laws, taking due account of the anti-corruption regulations adopted by the PGNiG Group in its Anti-Corruption and Gift Policy and Code of Ethics.

The regulations set out in the PGNiG Group's Anti-Corruption and Gift Policy:

- define the obligations of PGNiG S.A. and other Group companies, as well as of their respective employees and contractors, with regard to preventing corrupt practices, and provide the employees and contractors with information and guidelines on how to identify corrupt practices and what to do in the event that such practices are identified;
- provide guidance on accepting and offering gifts, presents or invitations to entertainment events, as a supplement to the relevant provisions of the Code of Ethics; the Policy provides specific guidance regarding participation in entertainment events and on accepting and offering gifts in the course of procurement proceedings;
- define corruptive practices and specify prohibited action which can entail the risk of criminal liability; furthermore, pursuant to the Criminal Code, the Policy sets forth the minimum and maximum sanctions imposed on employees for accepting, soliciting, providing or promising anything of value (including any financial and personal gain);
- set forth the rules applying to procurement procedures, which should allow to track the sources of information concerning the subject matter of the procurement contract, identify the persons responsible for defining the terms and conditions for participation in the procurement procedure, including the evaluation criteria and form of contract, and to define the duties of members of the contract award committee and their personal responsibility; the Policy presents recommendations on how to communicate with bidders in keeping with the principle of equal access to information for all parties;
- provide a number of recommendations on how to monitor compliance with the Policy and take preventive measures to mitigate the risk of occurrence of corruptive practices or conflicts of interest.

6.6 Ethics performance

One of the overriding principles of the PGNiG Group is to act in a fair and ethical manner. PGNiG and the PGNiG Group entities are respected for their fairness, both in their management practices and in dealings with trading partners and customers, and it is essential that this reputation be maintained. It is therefore critical that the PGNiG Group as a whole as well as each person employed by and each entity cooperating with the Group are committed to preventing and fighting any form of corruption.

The PGNiG Group's Code of Ethics refers to the UN Convention Against Corruption as a basis for actions, recognised by the Group. The PGNiG Group's policy provides for an unconditional obligation to comply with the applicable anti-corruption regulations in its operations, taking into account the applicable international regulations and anti-corruption regulations enacted in other countries where the PGNiG Group operates.

6.6.1 Risk of corruption

(GRI 205-1)

As a responsible business partner, the PGNiG Group evaluated all its business units in terms of the potential occurrence of corruptive practices. The identified risk was considered to be very low, as no such corruptive practices have been observed over the past five years. This conclusion was also underpinned by the internal regulations in place at the Group, which clearly define the rules of business conduct, effectively preventing any corruptive practices, as well as the system of employee training which raises awareness among employees in this area and keeps their knowledge thereof up to date. The assessment revealed that all Group business units are subject to the risk of corruption to the same extent. Therefore, the preventive measures applied by the Group are uniform in terms of their nature and scope with respect to each unit.

Tab. 31 Assessment of organisational units for corruption risks

Organisational unit	Percentage of organisational units assessed for corruption risks as at	
	2021 r.	2020 r.
PGNiG	95%	95%
PGNiG Group	91%	91%

6.6.2 Anti-corruption training

(GRI 205-2)

Training is an essential element of PGNiG Group's anti-corruption framework. In the previous reporting period, the PGNiG Group held training aimed at disseminating knowledge of and good practices in building a corruption-free organisational culture. In 2021, measures were taken to inform all employees of the adopted anti-corruption policy and procedures. The Group also organised a more in-depth training on the subject for a selected group of employees.

Anti-corruption training and awareness

Tab. 32 Percentage of members of governing bodies to whom the adopted anti-corruption policies and procedures were communicated and who received anti-corruption training in 2021 at the PGNiG Group

Organisational unit	Percentage of members of governing bodies to whom the adopted anti-corruption policies and procedures have been communicated:	Percentage of members of governing bodies who have received anti-corruption and anti-bribery training:
PGNiG	100%	100%
PGNiG Group	100%	70%

Total number employees to whom the adopted anti-corruption policies and procedures have been communicated

Tab. 33 Percentage of employees to whom the adopted anti-corruption policies and procedures were communicated and who received anti-corruption training in 2021 at the PGNiG Group, by employee category:

Organisational unit	Percentage of employees to whom the adopted anti-corruption policies and procedures have been communicated	Percentage of employees who have received anti-corruption and anti-bribery training in 2021:
PGNiG		
senior executive	100%	20%
middle management	100%	8%
other employees	100%	30%
PGNiG Group		
senior executive	100%	63%
middle management	100%	32%
other employees	100%	27%

In 2021, the PGNiG Group held a mandatory e-learning training programme on ethics and anti-corruption. The training covered important topics related to workplace mobbing as well as procedures applying to whistleblowers. The Group will also hold separate training for management staff in this area.

Total number of business partners to whom the adopted anti-corruption policies and procedures have been communicated:

PGNiG Group companies inform their business partners of the anti-corruption rules applicable at the PGNiG Group, The anti-corruption policy is available on the Group's corporate websites at: <https://pgnig.pl/documents/10184/46753/popr+POLITYKA+ANTYKORUPCYJNA++I+PREZENTOWA+GK+PGNiG+19.07.2017.pdf/33392f29-f568-4057-8e89-2e008566ab06>.

6.6.3 Corruption-related reporting

(GRI 205-3)

The PGNiG Group condemns using any form of corruption in its business. All PGNiG Group companies seek to completely eliminate any instances of corruption that may occur at the Group.

Total number of confirmed incidents of corruption

Tab. 34 Number of confirmed corruption incidents in 2021

Organisational unit	Number of confirmed corruption incidents
PGNiG	0
PGNiG Group	0

6.6.4 Total number of incidents of discrimination

(GRI 406-1)

Tab. 35 Number of confirmed discrimination incidents in 2021

Organisational unit	Number of confirmed discrimination incidents in 2021
PGNiG	0
PGNiG Group	0

No incidents of discrimination were identified at PGNiG or the PGNiG Group.

6.7 Security and data protection

PGNiG has implemented the Information Security Management System (ISMS) certified for compliance with the PN-EN ISO/IEC 27001:2017-06 standard. The system is based on the Information Security Policy (ISP) and the ICT Security Policy (ICT SP). The policies are the Company's framework for processing information, especially personal data. In line with the PGNiG Group's Data Protection Policy, PGNiG also fully protects personal data at the Company and selected PGNiG Group companies.

For PGNiG, information security means:

- protecting information resources and means of information processing;
- ensuring security and continuity of information processing;
- systematic management of risks by identifying resources, the related threats, and by selecting actions to safeguard those resources;
- reviewing changes introduced at the Company and their impact on the security of information resources.

The main objective of implementing the ISMS is to ensure data security and continuity of services through:

- ensuring compliance with the applicable laws;
- protecting the IT systems from unauthorised access, physical damage and malware;
- raising employees' awareness of cyber security issues and involving them in protection of information;
- ensuring ongoing analysis of the risk of information loss;
- ensuring improvement of the Information Security Management System.

One special solution are the rules of incident management defined in the ICT SP, which bring together the rules of response to IT incidents, taking into account the coordination by the Management Board's Representative for the ISMS of actions taken in response to incidents.

The rules set out in the ISMS are subject to ongoing monitoring and change management in accordance with certified procedures for supervising the documentation of integrated management systems.

All persons who have access to PGNiG's information resources are required to observe the rules set out in the System and demonstrate their commitment to its development and effectiveness of the implemented solutions.

Substantiated complaints regarding breaches of customer privacy and losses of data

(GRI 418-1)

In 2021, PGNiG and most of the Group companies did not report any substantiated complaints regarding breaches of customer privacy and losses of data.

The only exception here was PGNiG OD, the provider of services to the largest group of customers (more than seven million) of the PGNiG Group, where Data Protection Officer registered 308 breaches of personal data protection. 307 breaches did not require notification to the Data Protection Authority (UODO) or data subjects. However, in one case the risk level was assessed as high. The incident involved actions detrimental to the company and its customers which were taken by the now former PGNiG OD employee whose employment contract was terminated with immediate effect. The case, investigated by the Prosecutor's Office, was referred to court by law enforcement agencies after the bill of indictment was drawn up. After the Prosecutor's Office provided PGNiG OD's Data Protection Officer with information that the circumstances preventing PGNiG OD from complying with its obligations under Articles 33 and 34 of the GDPR had ceased to exist, in January 2022 PGNiG OD formally notified UODO of the breach (in February 2021, the company provided UODO with preliminary information on the case) and informed four PGNiG OD customers about breach of their data.

With respect to each event of breach, assessments were performed concerning the risk of breaching rights and freedoms of persons whose data was breached, including in terms of the obligation to notify UODO or the data subject of the breach, based on the ENISA methodology.

Incidents of non-compliance with regulations

(GRI 416-2)

In 2021, the PGNiG Group did not receive any notifications or complaints regarding non-compliance with regulations and voluntary codes related to the impact of products and services on health and safety.

6.8 Ethical risks and management approaches

(GRI 102-15)

The PGNiG Group identifies potential non-financial risks related to ethics and analyses risks which may materialise in the future. The table below shows how the organisation manages the risks, preventing them from materialising.

Tab. 36 Risks related to ethics aspects

Ethics aspects			
No.	Identified non-financial risk	Method to prevent risk materialisation	Risk level ²²
1	Risk of corruption and bribery.	<ul style="list-style-type: none"> Compliance with the principles set out in the PGNiG Group Anti-Corruption and Gift Policy, the PGNiG Group Code of Ethics, the PGNiG Group Ethics and Compliance Management System and the Transparency Policy for Managers. In particular, these documents support and regulate the management of the above risks. Information and education activities addressed to employees to improve their understanding of pertinent regulations and values and to raise their awareness of potential consequences of violations, including ethics and anti-corruption training. 	medium
2	Loss of the Company's reputation and image as a reliable and trustworthy organisation may have far-reaching negative legal consequences.	<ul style="list-style-type: none"> Legal regulations adopted by the Group, i.e. the PGNiG Group Anti-Corruption and Gift Policy, the PGNiG Group Code of Ethics, the PGNiG Group Ethics and Compliance Management System. Making employees aware of the applicable regulations, availability of documents, obligation to know the regulations in place and staff training. 	low
3	Risk of a corrupt employee using the Company's assets to the Company's detriment, including the following violations: <ul style="list-style-type: none"> fraud (misrepresentation concerning the provision of a service), theft of property, obtaining and unlawful use of any information constituting trade secrets, commercially sensitive information, personal data or classified information, 	<ul style="list-style-type: none"> Application in practice of regulations in force, such as: <ul style="list-style-type: none"> Code of Ethics, Rules of personal data protection, Rules of preventing fraud and anti-corruption guidance, Compliance Programme, Instruction on the protection of trade secrets, Instruction on contract awards and expenditures, Investment project execution procedure, Rules for calculation of contractual penalties, Contract and agreement templates. 	low

²² The risk level is the size of a risk expressed as a combination of its impact and the likelihood of risk occurrence

Ethics aspects			
No.	Identified non-financial risk	Method to prevent risk materialisation	Risk level ²²
	<ul style="list-style-type: none"> • tampering with reported data in order to avoid disciplinary measures or to obtain a bonus, • conflict of interest, • bid rigging, • cybercrime, • disclosure of contact details of prospective PGNiG Group customers, • misappropriation of the PGNiG Group's assets. 	<ul style="list-style-type: none"> • eB2B procurement platform, • Institutional control, • Functional control. 	
4	Offering or accepting a gift without reporting it in the register of benefits.	<p>Increasing employee awareness through appropriate communication of anti-corruption regulations, including the use of regular reminders in the form of emails of the need to comply with anti-corruption regulations. Obliging employees to:</p> <ul style="list-style-type: none"> • report any gifts accepted or offered, • report any instances of corruption identified, • submit declarations on the absence of any instances of corruption. 	low
5	Poor employee awareness (regardless of position) of the need to monitor and report any instances of corruption (including suspected corruption).	<ul style="list-style-type: none"> • Preparation of newsletters to support internal communication, • Provision of training to improve awareness and knowledge, • Introduction and application of appropriate internal regulations. 	low
6	Data leak or loss.	<ul style="list-style-type: none"> • Operation of the Information Security Management System (SMS) certified for compliance with the PN-EN ISO/IEC 27001:2017-06 standard. Compliance with the Principles of Information Security Policy (ISP) and the ICT Security Policy (ICT SP). • Application of the Crisis Procedure and Business Secret Procedure. 	medium
7	Risk of labour rights violations. Any act or behaviour related to or directed against an employee, such as unequal treatment, discrimination, workplace harassment etc.	<p>Compliance with the provisions of the Code of Ethics on the prevention of workplace harassment, definition of preventive measures and rules of handling harassment reports. All newly hired employees must read and sign the Notice on legal provisions governing equal treatment in employment (Art. 941 of the Labour Code) and read the company's Work Rules.</p> <ul style="list-style-type: none"> • Training and education on employee rights, especially among managers. 	medium

7. Additional information

7.1 Table of non-financial indicators

(GRI 102-55)

Tab. 37 GRI Standards non-financial indicators

Indicator	GRI Guidelines	Place in the report (section title) / Commentary	Reporting scope
GRI 102-1	Name of the organization	2. PGNiG S.A.'s and the PGNiG Group's business model	complete
GRI 102-2	Description of the organization's activities, brands, products, and services	2. PGNiG S.A.'s and the PGNiG Group's business model	complete
GRI 102-3	Location of the organization's headquarters	2. PGNiG S.A.'s and the PGNiG Group's business model	complete
GRI 102-4	Location of operations	2. PGNiG S.A.'s and the PGNiG Group's business model	complete
GRI 102-5	Nature of ownership and legal form	2. PGNiG S.A.'s and the PGNiG Group's business model	complete
GRI 102-6	Markets served	2.2. Operating structure of the PGNiG Group	complete
GRI 102-7	Scale of the organization	2.2. Operating structure of the PGNiG Group 2.2.2. Companies of the PGNiG Group	complete
GRI 102-8 (SOC-5/C2)	Information on employees and other workers	5.3.1. Employment	complete
GRI 102-9	Supply chain	2. PGNiG S.A.'s and the PGNiG Group's business model	complete
GRI 102-10	Significant changes to the organization's size, structure, ownership, or supply chain in the reporting period	1.1. Legal basis and scope	complete
GRI 102-11 (GOV-2/A1)	Whether and how the organization applies the Precautionary Principle or approach	6.3. Non-financial risk monitoring and management	complete
GRI 102-12	External initiatives endorsed by the organization	2.5.2. Organizations and associations 3.2.2. PGNiG Group's sustainable development strategy	complete
GRI 102-13	Membership of associations	2.5.2. Organizations and associations	complete
Strategy			
GRI 102-15 (GOV-1/C3; GOV-2/A2)	A description of key impacts and risks	4.3. Climate-related risks and opportunities 6.3. Non-financial risk monitoring and management	complete
GRI 103-1	Explanation of the material topic and its boundary	4.1. PGNiG Group's key measures for climate and environmental protection 5.2.2. Description of the area, OHS policies and procedures applied 5.4.1. Overview of social aspects 6.4. Overview of ethics aspects	complete
GRI 103-2 (GOV-3/C1) (GOV-3/C3) (SOC-1/C1)	The management approach and its components	3.1. Mission and vision 6.3. Non-financial risk monitoring and management 6.2. System supporting management decisions	complete

Indicator	GRI Guidelines	Place in the report (section title) / Commentary	Reporting scope
		4.1. PGNiG Group's key measures for climate and environmental protection 5.2.2. Description of the area, OHS policies and procedures applied 5.4.1. Overview of social aspects 6.4. Overview of ethics aspects	
GRI 103-3	Evaluation of the management approach	3.2. Strategy overview 4.1. PGNiG Group's key measures for climate and environmental protection 5.2.2. Description of the area, OHS policies and procedures applied 5.4.1. Overview of social aspects 6.4. Overview of ethics aspects	complete
GRI 203-2	Significant indirect economic impacts	2.3. Role of the PGNiG Group's key companies in ensuring national energy security 5. Social	partial
Ethics and Integrity			
GRI 102-16 (GOV-1/C2; SOC-1/C1)	Values, principles, standards, and norms of behavior	6.4. Overview of ethics aspects 6.5. Due diligence policies and procedures	complete
GRI 102-17 (GOV-1/C4) (GOV-3/C1)	Mechanisms for advice and concerns about ethics	6.4. Overview of ethics aspects 6.5. Due diligence policies and procedures	complete
GRI 205-1	Operations assessed for risks related to corruption	6.6.1. Risk of corruption	partial
GRI 205-2	Communication and training about anti-corruption policies and procedures	6.6.2. Anti-corruption training	partial
GRI 205-3	Confirmed incidents of corruption and actions taken	6.6.3. Corruption-related reporting	complete
GRI 406-1	Incidents of discrimination and corrective actions taken	6.6.4. Total number of incidents of discrimination	complete
GRI 416-2	Assessment of the health and safety impacts of product and service categories	6.7. Security and data protection	complete
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	6.7. Security and data protection	complete
Governance			
GRI 102-18 (GOV-1/C1)	Governance structure	6.1. Management and supervisory bodies	complete
GRI 102-22 (GOV-1/A1)	Composition of the highest governance body and its committees	5.3.1. Employment 6.1. Management and supervisory bodies	complete
Stakeholder engagement			
GRI 102-40	List of stakeholder groups	2.5.1. PGNiG Group stakeholders	complete
GRI 102-41	Collective bargaining agreements	5.3.2. Employees covered by the Collective Bargaining Agreement	complete

Indicator	GRI Guidelines	Place in the report (section title) / Commentary	Reporting scope
GRI 102-42	Identifying and selecting stakeholders	2.5.1. PGNiG Group stakeholders	complete
GRI 102-43	Approach to stakeholder engagement	2.5.1. PGNiG Group stakeholders	complete
GRI 102-44	Key topics and concerns raised	2.5.1. PGNiG Group stakeholders	complete
Environmental aspects			
GRI 201-2	Financial implications and other risks and opportunities due to climate change	4.3. Climate-related risks and opportunities	partial
GRI 301-1	Materials used by weight or volume	4.7.1. Raw materials and consumables used	partial
GRI 302-1 (CCE-6/C1)	Energy consumption within the organisation	4.7.2. Energy consumption at the PGNiG Group	partial
GRI 302-2 (CCE-6/C2)	Energy consumption outside of the organisation	4.7.2. Energy consumption at the PGNiG Group	partial
own indicator 1	Water consumption	4.7.3. Water consumption at the PGNiG Group	complete
GRI 304-2 (ENV-4/C1)	Impacts on biodiversity	4.7.4. Impacts on biodiversity	complete
GRI 305-1 (CCE-4/C1)	Direct (Scope 1) GHG emissions	4.7.5. Direct GHG emissions (Scope 1)	complete
GRI 305-7 (ENV-5/C1)	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	4.7.6. GHG reductions	complete
own indicator 2	Total water discharge	4.7.7. Total water discharge by quality and destination	complete
own indicator 3 (ENV-7/C3)	Waste generated by the organisation and disposal method	4.7.8. Waste management	complete
GRI 306-3 (ENV-6/C1)	Events with environmental impacts	4.7.9. Environmental events	complete
Employee topics			
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	5.1.1. Remuneration and benefits policy	complete
GRI 403-1	Occupational health and safety management system	5.2.2. Description of the area, OHS policies and procedures applied	complete
GRI 403-2	Hazard identification, risk assessment, and incident investigation	5.2.2. Description of the area, OHS policies and procedures applied	complete
GRI 403-3	Occupational health services	5.2.2. Description of the area, OHS policies and procedures applied	complete
GRI 403-6	Promotion of worker health	5.1.7. Health promotion programmes for employees	complete
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.3.5. Work safety metrics	partial
GRI 403-8	Workers covered by an occupational health and safety management system	5.3.5.1. Employees covered by an occupational health and safety management system	partial
GRI 403-9 (SHS-3/C1)	Work-related injuries	5.3.5.2 Number of occupational accidents at the PGNiG Group	partial

Indicator	GRI Guidelines	Place in the report (section title) / Commentary	Reporting scope
GRI 404-1 (SOC-7/C2)	Average hours of training per year per employee	5.3.3. Number of training hours	partial
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	5.1.3. Management and succession programmes	partial
GRI 404-3 (SOC-6/C1)	Percentage of employees receiving regular performance and career development reviews	5.3.4. Performance assessment	partial
GRI 405-1 (SOC-5/C3)	Diversity of governance bodies and employees	5.3.1. Employment	partial
Social aspects			
Own indicator 4	Number of beneficiaries of social programmes	5.4.6 Number of social projects and their beneficiaries	complete
Own indicator 5	Number of initiatives and events supported	5.4.6 Number of social projects and their beneficiaries	complete
Reporting practice			
GRI 102-45	Entities included in the consolidated financial statements	1.1. Legal basis and scope	complete
GRI 102-46	Defining report content and topic Boundaries	1.2. Methodology and reporting rules	complete
GRI 102-47	List of material topics	1.3. List of material topics	complete
GRI 102-48	Restatements of information	1.1. Legal basis and scope	complete
GRI 102-49	Changes in reporting	1.1. Legal basis and scope	complete
GRI 102-50	Reporting period	1.1. Legal basis and scope	complete
GRI 102-51	Date of most recent report	1.1. Legal basis and scope	complete
GRI 102-52	Reporting cycle	1.1. Legal basis and scope	complete
GRI 102-53	Contact point for questions regarding the report	7.2. Contact	complete
GRI 102-54	Claims of reporting in accordance with the GRI Standards	1.2. Methodology and reporting rules	complete
GRI 102-55	GRI content index	7.1. Table of non-financial indicators	complete
GRI 102-56	External assurance	1.2. Methodology and reporting rules	complete

7.2 Contact

Krzysztof Pęcherski

Chief CSR Specialist
 CSR Section
 Marketing Department
 Polskie Górnictwo Naftowe i Gazownictwo SA
 ul. M. Kasprzaka 25
 01-224 Warszawa
 E-mail: krzysztof.pecherski@pgnig.pl

7.3 Definitions and converters

7.3.1 Definitions

Whenever any of the following acronyms and terms appear in this 2020 Non-Financial Report of PGNiG and the PGNiG Group and nothing to the contrary is stated herein, these acronyms and terms should be interpreted as follows:

Tab. 38 Abbreviations and acronyms

Abbreviations and acronyms	Meaning
Proper names of companies and branches	
PGNiG, the Company, the Issuer	PGNiG S.A. as the parent of the group of companies
PGNiG Group	the PGNiG Group consisting of PGNiG S.A. as the parent and the subsidiaries
CMTL	PGNiG Central Measurement and Testing Laboratory Branch
ECSW	Elektrociepłownia Stalowa Wola S.A.
EXALO	EXALO Drilling S.A.
Gazoprojekt	PGNiG Gazoprojekt S.A.
Geofizyka Kraków	GEOFIZYKA Kraków Sp. z o.o. w likwidacji (in liquidation)
Geofizyka Toruń	GEOFIZYKA Toruń Sp. z o.o.
GEOVITA	GEOVITA S.A.
GSP	Gas Storage Poland Sp. z o.o.
PGG	Polska Grupa Górnicza Sp. z o.o.
PGNiG OD	PGNiG Obrót Detaliczny Sp. z o.o.
PGNiG Technologie	PGNiG Technologie Sp. z o.o.
PGNiG Termika S.A., Termika	PGNiG TERMIKA S.A.
PGNiG TERMIKA EP	PGNiG TERMIKA Energetyka Przemysłowa S.A.
PUN	PGNiG Upstream Norway AS
PGNiG UNA	PGNiG UPSTREAM NORTH AFRICA B.V.
Polski Gaz TUW	Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych
PSG	Polska Spółka Gazownictwa Sp. z o.o.
PST	PGNiG Supply & Trading GmbH
PST ES	PST Europe Sales GmbH
Names of institutions, capital market entities and energy markets	
EEX	European Energy Exchange (an energy exchange in Germany)
GASPOOL	GASPOOL Balancing Services GmbH (a hub in Germany)
GAZ-SYSTEM	Operator Gazociągów Przesyłowych GAZ-SYSTEM S.A.
WSE	Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.)
KRS	National Court Register
NCG	NetConnect Germany GmbH & Co. KG (a hub in Germany)
NBP	National Balancing Point (a hub in the UK)
LNG terminal	the President Lech Kaczyński LNG Terminal in Świnoujście
POLPX	Polish Power Exchange (Towarowa Giełda Energii S.A.)
TTF	Title Transfer Facility
URE	Polish Energy Regulatory Office
Units of measure	
bbl	1 barrel of crude oil
boe	barrel of oil equivalent;
LNG	liquefied natural gas
MWt	1 megawatt thermal
MWe	1 megawatt electrical
NGL	gas composed of molecules heavier than methane: ethane, propane, butane, isobutane, etc.
PJ	1 petajoule
TWh	1 terawatt hour
Economic and financial metrics	
EBIT	earnings before interest and taxes
EBITDA	earnings before interest, taxes, depreciation and amortisation
Adjusted EBITDA	EBITDA adjusted for impairment losses on non-current assets
EV	enterprise value
P/BV	price/book value
P/E	price/earnings
ROA	return on assets
ROE	return on equity
Net margin	net profit to revenue
Other	
HP	heat plant
CHPP	CHP plant
SFG	Storage Facilities Group

SF	storage facilities
CGSF	cavern gas storage facility
EGM	Extraordinary General Meeting (of a joint stock company)
EGM	Extraordinary General Meeting (of a limited liability company)
UGSF	underground gas storage facility
GM	General Meeting of Shareholders (of a joint stock company)
GM	General Meeting of Shareholders (of a limited liability company)
Currencies used	
PLN	amounts expressed in the Polish zloty
euro, EUR	amounts expressed in the euro
US dollar, USD	amounts expressed in the US dollar
NOK	amounts expressed in the Norwegian crown
SEK	amounts expressed in the Swedish crown
UAH	amounts expressed in the Ukrainian hryvnia
OMR	amounts expressed in the Omani rial

7.3.2 Converters

Tab. 39 List of converters

Converters	1 bcm of natural gas	1m tonnes of crude oil	1m tonnes of LNG	1 PJ	1 mboe	1 TWh
1 bcm of natural gas	1	0.90	0.73	38	6.45	10.972
1m tonnes of crude oil	1.113	1	0.81	42.7	7.5–7.8*	11.65
1m tonnes of LNG	1.38	1.23	1	55	8.68	14.34
1 PJ	0.026	0.23	0.019	1	0.17	0.28
1 mboe	0.16	0.128–0.133*	0.12	6.04	1	1.70
1 TWh	0.091	0.086	0.07	3.6	0.59	1

* The converter is different for crude oil produced in Poland and Norway.

7.4 Index of tables in the Report

Tab. 1 Materiality matrix	5
Tab. 2 Initial qualification of the PGNiG Group's activities to the Taxonomy for 2021 based on the regulatory status as at December 31st 2021.....	10
Tab. 3 List of stakeholder groups with a description, communication channels used and key topics and concerns raised by them.	13
Tab. 4 List of organisations and associations – PGNiG Group.....	15
Tab. 5 Objectives and implementation of the PGNiG Group Sustainable Development Strategy	22
Tab. 6 Consumption of raw materials and fuels at the PGNiG Group in 2020–2021.....	34
Tab. 7 Energy consumption at the PGNiG Group in 2020–2021	34
Tab. 8 Water consumption at the PGNiG Group by source, 2020–2021	35
Tab. 9 PGNiG Group companies' key projects that have impact on biodiversity.....	35
Tab. 10 Direct GHG emissions by PGNiG Group's business segments in 2018-2021	42
Tab. 11 Direct CO ₂ emissions from the PGNiG Group installations participating in EU ETS in 2020-2021	43
Tab. 12 Air pollutants emitted by the PGNiG Group in 2020–2021	44
Tab. 13 Total water discharge by quality and destination in 2020–2021	44
Tab. 14 Waste management methods used at the PGNiG Group in 2020–2021	45
Tab. 15 Method of drilling waste management in 2020–2021	45
Tab. 16 Employment at the PGNiG Group by segment.....	53
Tab. 17 Number of employees under employment contracts by gender and employment type (as at December 31st 2021).....	54
Tab. 18 Management and Supervisory Boards of PGNiG Group companies by gender and age (%) as at the end of 2021	54
Tab. 19 Rady Nadzorcze Grupy Kapitałowej PGNiG wg płci i wieku (w procentach) na koniec 2021 r.....	54
Tab. 20 Employees covered by the Collective Bargaining Agreement (%)	55
Tab. 21 Total number of employees officially associated in trade unions in 2021 (%)	55
Tab. 22 Average number of training hours per employee in 2018-2021.....	55
Tab. 23 Percentage of employees subject to the performance assessment process at the PGNiG Group.....	56
Tab. 24 Employees covered by performance assessment system by gender and job category	56
Tab. 25 Employees covered by an occupational health and safety management system in 2021 (%)	56
Tab. 26 Number of occupational accidents in 2020-2021	57
Tab. 27 Risks related to employee aspects.....	64
Tab. 28 Risks related to OHS aspects.....	66
Tab. 29 Social risks and their management	66
Tab. 30 Management systems and certification at selected PGNiG Group entities	71
Tab. 31 Assessment of organisational units for corruption risks.....	78
Tab. 32 Percentage of members of governing bodies to whom the adopted anti-corruption policies and procedures were communicated and who received anti-corruption training in 2021 at the PGNiG Group.....	78
Tab. 33 Percentage of employees to whom the adopted anti-corruption policies and procedures were communicated and who received anti-corruption training in 2021 at the PGNiG Group, by employee category:	78
Tab. 34 Number of confirmed corruption incidents in 2021	79
Tab. 35 Number of confirmed discrimination incidents in 2021	79

Tab. 36 Risks related to ethics aspects	80
Tab. 37 GRI Standards non-financial indicators	82
Tab. 38 Abbreviations and acronyms	86
Tab. 39 List of converters	87

7.5 Index of figures in the Report

Fig. 1 PGNiG Group's business model.....	7
Fig. 2 Fully consolidated companies of the PGNiG Group (as at December 31st 2021)	9
Fig. 3 Stakeholder matrix.....	12
Fig. 4 Key elements of the PGNiG Group Sustainable Development Strategy for 2017–2022	21
Fig. 5 Natural gas demand projections in Poland Energy Policy 2040	31
Fig. 6 PGNiG Group action pathways to climate neutrality as set out in the PGNiG Group ESG Policy	32
Fig. 7 Workforce structure at the PGNiG Group at the end of 2021, by gender	54
Fig. 8 Average number of training hours per employee in 2021 by gender and job	55
Fig. 9 Non-financial risk management model	74

8. Representation by the PGNiG Management Board and authorisation of the Report

The Management Board of PGNiG represents that to the best of its knowledge, this Non-Financial Report of PGNiG and the PGNiG Group gives a fair view of the Company's and the Group's condition.

PGNiG SA Management Board:

President of the Management Board	Paweł Majewski	<i>Signed with qualified electronic signature</i>
Vice President of the Management Board	Przemysław Waclawski	<i>Signed with qualified electronic signature</i>
Vice President of the Management Board	Arkadiusz Sekściński	<i>Signed with qualified electronic signature</i>
Vice President of the Management Board	Robert Perkowski	<i>Signed with qualified electronic signature</i>
Vice President of the Management Board	Artur Cieślik	<i>Signed with qualified electronic signature</i>
Vice President of the Management Board	Magdalena Zegarska	<i>Signed with qualified electronic signature</i>

Warsaw, March 22nd 2022

This document is an English version of the original Polish version.

In case of any discrepancies between the Polish and English version, the Polish version shall prevail.