



PGNiG Group's Non-Financial Report for 2020

2020



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1. Introduction to the Non-Financial 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 2020, and covers all subsidiaries included in the PGNiG Group's Consolidated Financial Statements for 2020. The previous report was issued as a separate non-financial report for 2019 on March 12th 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 includes no major changes in relation to the Non-Financial Report for 2019 in terms of the scope of data presented, business model changes and the methods applied for the measurement of key areas, and no adjustments to key data presented in the Non-Financial Report for 2019.

1.2 Methodology and reporting rules

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

This Report was prepared based on the international GRI Standards 2016, with 2018 updates, developed by the Global Reporting Initiative. In addition, this Report reflects the recommendations contained in IPIECA's Sustainability reporting guidance for the oil and gas industry. The reported indicators include the 'core' GRI indicators, the 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.

To ensure due care in the reporting process, the PGNiG Group was supported by the independent consultancy Kapital Intelktualny 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 content was defined in a three-stage process: identification, prioritisation and validation.

Tab. 1 Stages in defining the content of the Report

No.	Stage	Initiatives taken
1	Identification	<p>Significant business issues and sustainable development areas for the Group were defined during consultations with the Management Board, management staff and expert staff.</p> <p>Identification of topics expected to be dealt with by stakeholders, as established through qualitative and quantitative online surveys and focus group interviews.</p> <p>The identification process took into account the trends and guidelines of international standards for corporate social responsibility as well as non-financial and industry reporting.</p>
2	Prioritisation	<p>This stage included cascading the identified key areas and assigning weights to the aspects identified in a dialogue with stakeholders and the project team.</p> <p>As part of this stage, the materiality of identified topics was determined in the context of proposed changes to the reporting framework associated with climate-related disclosures, the European Green Deal Strategy and the 2015 Paris Agreement.</p>
3	Validation	<p>A validation consultation was held with the Supervisory and Management Boards, management staff and key employees to define the final list of matters to be covered.</p>

1.3 List of material topics

(GRI 102-47)

Formulating the content of this Report was preceded by quantitative and qualitative surveys among PGNiG Group stakeholders, designed to identify their expectations with regard to the Group's key non-financial reporting areas for 2020. The dialogue with stakeholders was held using an IT application for the collection, aggregation and statistical analysis of survey data. In addition to the quantitative surveys, interviews were carried out among interdisciplinary stakeholder focus groups to supplement the interpretation of survey findings and to outline future directions the Group should follow in the reporting of non-financial information. During the interviews, stakeholders put forward their own proposals of issues which, in their opinion, should be addressed in more detail in this Report. The dialogue with stakeholders, including the surveys and moderated focus group interviews, was held in the period from October 9th to November 6th 2020 by the independent consultancy Kapital Intelktualny sp. z o.o.

The surveys were designed to match the respective areas with identified stakeholder groups, including employees, representatives and members of the company trade unions, managers, management and supervisory staff, customers, suppliers, members of local communities, social partners, beneficiaries of CSR initiatives, including those implemented by the PGNiG Foundation, representatives of environmental organisations, members of industry organisations, stock analysts, ESG analysts, investors, shareholders, representatives of the State Treasury, science and research institutions, universities, NGOs, and media.

Aggregation of the answers to the closed- and open-ended survey questions and those asked during the focus group interviews held at the PGNiG Group revealed both the stakeholders' expectations and recommendations regarding topics identified during the surveys and interview session as key for the PGNiG Group's Non-Financial Report for 2020. The feedback was classified according to the materiality of the aspects (medium, high) and their impact (within the Group, outside the Group). The materiality matrix of the matters and their contents are presented below.

Tab. 2 Materiality matrix of issues

MATERIAL REPORTING ASPECTS	MATERIALITY		IMPACT	
	MEDIUM	HIGH	WITHIN THE GROUP	OUTSIDE THE GROUP
<u>STRATEGIC AREA</u>				
• Role of the PGNiG Group's operations in ensuring Poland's energy independence and availability of energy resources		+	+	+
• Effect of the PGNiG Group's operations on achieving a convenient strategic position internationally		+	+	+
• Opportunities and risks related to implementing the adopted business strategy		+	+	+
• Position of climate change within the PGNiG Group's strategy		+	+	+
• Importance of implementing good ESG (environmental, social, governance) practices in achieving strategic objectives		+	+	+
• Impact of the COVID-19 pandemic on the PGNiG Group's future economic and financial performance	+		+	+
• Results of implementing the CSR strategy	+		+	+
<u>ECONOMIC AREA</u>				
• Importance of the PGNiG Group's operations and their contribution to Poland's economic growth		+	+	+
• R&D&I initiatives		+	+	+
• Sectoral challenges arising from current trends, such as the European Green Deal, sustainable development, climate impact disclosures		+	+	+
• Efficiency improvements through adaptation of the Group in response to challenges posed by technological revolution, e.g. automation and robotisation	+		+	+
• Identified risks related to the COVID-19 pandemic	+		+	+

MATERIAL REPORTING ASPECTS	MATERIALITY		IMPACT	
	MEDIUM	HIGH	WITHIN THE GROUP	OUTSIDE THE GROUP
<ul style="list-style-type: none"> Expanding product range and customer base 	+		+	+
<ul style="list-style-type: none"> Forecast impact of the COVID-19 pandemic on the PGNiG Group's business model 	+		+	+
ENVIRONMENTAL AREA				
<ul style="list-style-type: none"> Solutions supporting environmentally sustainable approach and conducive to the goal of climate neutrality 		+	+	+
<ul style="list-style-type: none"> Practices and initiatives to protect biodiversity and ecosystems 	+		+	+
<ul style="list-style-type: none"> Solutions reducing the environmental impact of the supply chain at each of its stages, including exploration for and production of crude oil and natural gas, gas distribution and storage, sale and generation of heat and electricity 		+	+	+
<ul style="list-style-type: none"> Initiatives to reduce the use of natural resources 	+		+	+
<ul style="list-style-type: none"> Educating the public in best practices for responsible use of the environment in everyday life 	+		+	+
<ul style="list-style-type: none"> Investments in research and development contributing to the reduction of negative environmental impacts 		+	+	+
SOCIAL AREA				
<ul style="list-style-type: none"> Implemented rules of socially responsible and transparent supply chain 	+		+	+
<ul style="list-style-type: none"> Solutions ensuring confidentiality and data security 	+		+	+
<ul style="list-style-type: none"> Customer satisfaction and solutions to improve consumer comfort 	+		+	+
ETHICS AREA				
<ul style="list-style-type: none"> Initiatives to promote ethical work culture and prevent discrimination 	+		+	+
<ul style="list-style-type: none"> Improvement of procurement practices for suppliers, providing transparent cooperation rules 	+		+	+
<ul style="list-style-type: none"> Initiatives to build a corporate culture based on respect and mutual trust between employees, associates and managers 	+		+	+
<ul style="list-style-type: none"> Compliance, control and audit procedures 	+		+	+

2. PGNiG'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 15 years of PGNiG's stock market presence and many years of the PGNiG Group's sustainable development

Polskie Górnictwo Naftowe i Gazownictwo Spółka Akcyjna (PGNiG) has its registered office at ul. Marcina Kasprzaka 25, Warsaw, Poland. PGNiG is the Parent of the PGNiG Group (the Group). Its shares have been listed on the Warsaw Stock Exchange (WSE) for more than 15 years. The State Treasury is the majority shareholder of PGNiG.

PGNiG floated its shares on the WSE on September 23rd 2005. The Company was immediately included in the WIG20 blue-chip index, and its capitalisation on the first trading day was PLN 22.5bn. Fifteen years on, PGNiG's market cap is PLN 26.8bn, having increased more than PLN 4bn since its IPO date (the Company's capitalisation at close of trade on September 22nd 2020).

For all these years, PGNiG has worked to ensure Poland's energy security, while increasing the Company's shareholder value. The Group consistently pursues both these objectives: it diversifies natural gas supply sources and continues to expand new segments of the energy market, while maintaining financial stability, sharing profits with shareholders, and taking care of its environment.

PGNiG had supported and been a constituent of RESPECT, the first index of responsible companies in Central and Eastern Europe, since the index's inception in 2009. The RESPECT Index featured responsibly and sustainably managed companies maintaining high quality of reporting, investor relations and disclosure standards. Throughout the duration of the index, PGNiG successfully qualified for inclusion in each of its successive editions.

On September 3rd 2019, the WSE began to publish a new index, namely WIG-ESG, which replaced the previous RESPECT Index. The new index comprises companies featured in the WIG20 and mWIG40 indices, including PGNiG. The weights of WIG-ESG components depend on the free float adjusted by reference to ESG ratings and scores assigned for compliance with the Code of Best Practice for WSE Listed Companies 2016.

PGNiG is the leader of the natural gas market in Poland and one of the largest companies listed on the WSE. PGNiG's business comprises exploration for and production of natural gas and crude oil. Through the Group's key companies, PGNiG is also active in the area of import, storage, sale and distribution of gas and liquid fuels, as well as heat and electricity generation and distribution.

The PGNiG Group plays a key role on the Polish gas market and, as the market leader, takes responsibility for maintaining Poland's energy security. Therefore, it 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, Russia, Belgium and Belarus, 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 (PUN), engaged in upstream activities on the Norwegian Continental Shelf and the Norwegian Sea, and PGNiG Supply & Trading (PST), which sells gas to wholesale customers abroad. In addition, PST trades on the global LNG market through its London branch.

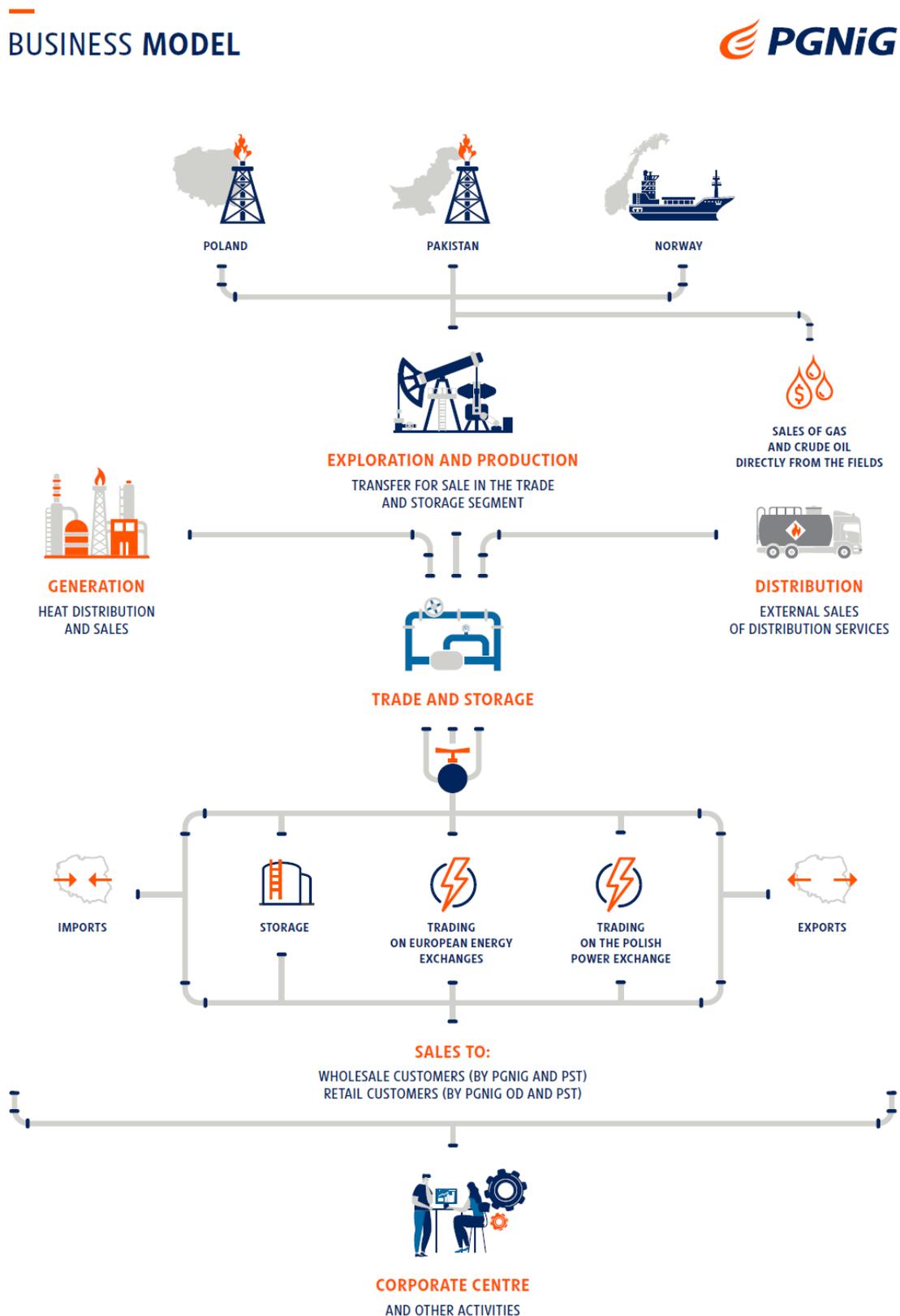
2.2 Structure of the PGNiG Group's operations

(GRI 102-6; GRI 102-7)

2.2.1 Business model

(GRI 102-9)

Fig. 1 PGNiG Group's business model



The PGNiG Group identifies five business segments.

Exploration and Production

The segment's principal business activity is extraction of hydrocarbons from deposits and preparation of produced hydrocarbons for sale. This involves exploring for and extracting natural gas and crude oil from deposits, and includes geological surveys, analysis of geophysical data, drilling, and development of and production of hydrocarbons from gas and oil fields. The work is conducted based on PGNiG's own resources or jointly with partners, under joint operations agreements, in Poland and abroad. The cryogenic processing of nitrogen-rich gas yields, apart from high-methane gas, such products as liquefied natural gas (LNG), gaseous and liquid helium, and liquid nitrogen. In crude refining, crude condensate, sulfur and propane-butane are obtained. The segment relies on storage capacities available at the Daszewo and Bonikowo Underground Gas Storage Facilities.

The segment includes 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

The principal activity of the segment is trade in natural gas in Poland and abroad. The segment specialises in selling natural gas produced from domestic fields or imported. The PGNiG Group is the largest supplier of natural gas in Poland. It is rapidly increasing its presence in foreign markets as a wholesaler and end user supplier by expanding the operations of its subsidiaries. The segment also trades in electricity, certificates of origin for electricity, CO₂ emission allowances, and crude oil. PGNiG is the leader of natural gas trading on the Polish Power Exchange. Trade and Storage operates seven underground gas storage facilities (Brzeźnica, Husów, Kosakowo, Mogilno, Strachocina, Swarzędów and Wierzchowice) 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 OD), PGNiG Sales and Trading GmbH, PST Europe Sales GmbH and Gas Storage Poland sp. z o.o. (GSP).

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. Gas distribution services are provided by Polska Spółka Gazownictwa sp. z o.o. (PSG), a subsidiary with a dominant share in the market. As the Distribution System Operator, PSG conducts its business in all provinces of Poland.

Generation

The segment's activities consist in generation of electricity, heat, cooling and compressed air, and distribution of heat. The segment carries out major power engineering projects relying on natural gas. PGNiG TERMIKA is the Group's competence centre for heat and electricity generation as well as execution of heat and power projects.

The segment includes the following companies: PGNiG Termika SA and PGNiG Termika Energetyka Przemysłowa SA.

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.

One of the segment's key ambitions 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 SA, Geovita SA, PGNiG Serwis sp. z o.o., PGNiG Technologie SA and Polski Gaz TUW.

2.2.2 Companies of the PGNiG Group

(GRI 102-7)

As at December 31st 2020, 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 SA and the PGNiG Group.

Fig. 2 Fully consolidated companies of the PGNiG Group



2.3 Supply chain and intra-Group relations

2.3.1 Role of the key companies with regard to the supply chain

The PGNiG Group is the leader of the Polish natural gas market, with a modern and efficiently managed structure. Its operations span almost the entire value chain in the gas sector, and the Group also holds assets in the fuel and power sectors. The Group comprises companies with diverse business profiles, placed along the supply chain.

On the gas market, the PGNiG Group companies are present along the entire supply chain, including production, distribution and sales, both direct and through the Polish Power Exchange.

PGNiG and its subsidiary PGNiG Upstream Norway AS engage in exploration for and production of natural gas and crude oil from fields in Poland, Norway and Pakistan (where the output is immediately sold on the local market). Since 2019, PGNiG has also been involved in oil and gas exploration in UAE. The Group purchases gas from countries east of Poland through the Yamal pipeline and via the LNG terminal from Qatar, the United States and Norway.

In the distribution segment, it relies on the transmission infrastructure owned by Operator Gazociągów Przesyłowych Gaz System SA and uses the PGNiG Group companies' own resources, including in particular the infrastructure of Polska Spółka Gazownictwa sp. z o.o., with connections to end customers, and Gas Trading SA (distribution of liquefied gas) as well as gas storage facilities (Gas Storage Poland sp. z o.o. and PGNiG). Gas is sold in Poland on the Polish Power Exchange, directly to wholesale customers, and by PGNiG Obrót Detaliczny sp. z o.o. to retail customers. It is exported to Ukraine as well. PGNiG Supply and Trading GmbH sells gas to end customers in Germany and other markets.

PGNiG produces crude oil from combined gas and oil deposits, and sells the oil directly to its licence partners and co-operators.

The PGNiG Termika Group is an electricity and heat producer. Electricity is produced from natural gas and hard coal. Heat is sold for distribution, including to Veolia and end users.

The PGNiG Group also provides auxiliary services for its core business areas, including geophysical services supporting exploration for conventional and unconventional oil and gas, onshore drilling services, specialist construction, design and broadly defined maintenance and financial services.

2.3.2 Role of the PGNiG Group's key companies in implementing the objective of Poland's energy security

Diversification of natural gas supply sources and directions

PGNiG is the principal importer of natural gas to Poland. A considerable portion of gas supplies still comes from countries east of Poland, 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. Not only is this area of the Group's activity consistent with the objective set out in the 'Strategy for Responsible Development until 2020 (with 2030 Outlook)', namely restoration of the country's gas production potential based on the resources available in Poland to the extent which will satisfy demand for gas, but it also constitutes an inherent part of the Group's business operations 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 considered 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 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 Relations with stakeholders and the environment

2.4.1 PGNiG Group stakeholders

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

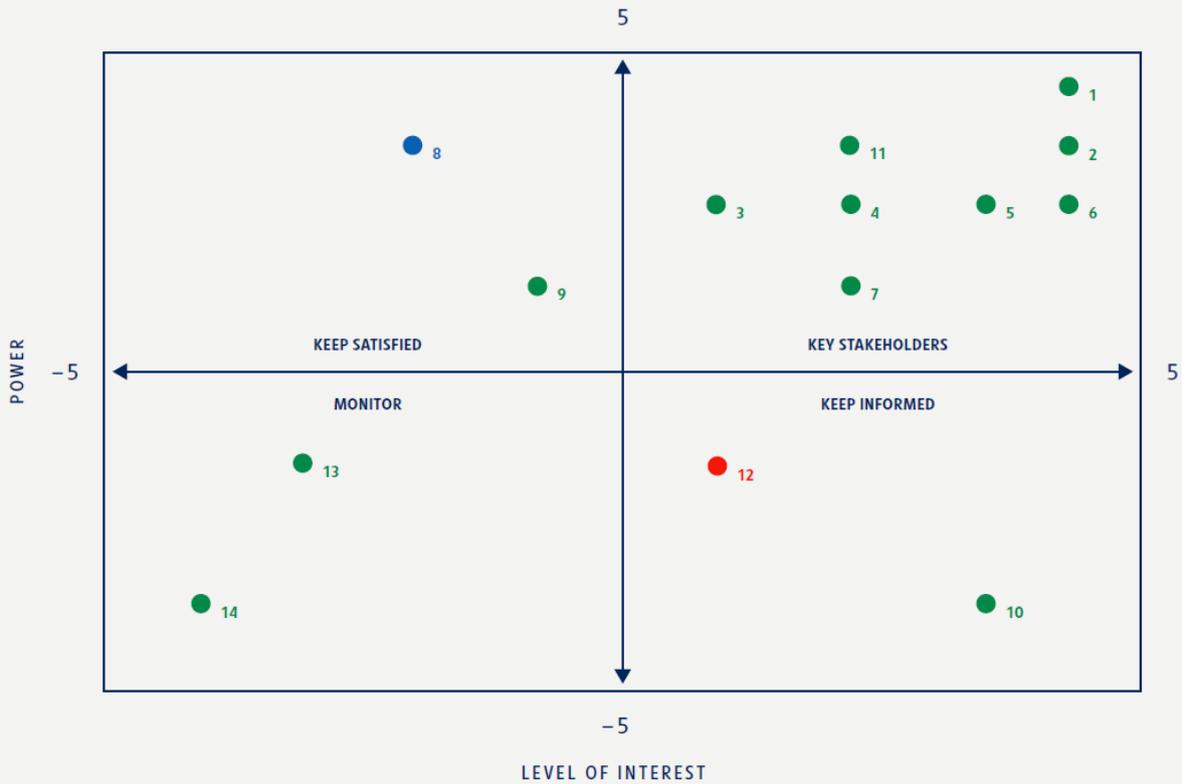
Given the diverse activities and reach of the PGNiG Group's operations, we interact daily with a wide range of various stakeholder groups. Each of them has their own needs and expectations regarding the information provided. Based on our contacts with stakeholders throughout the year and the survey to identify material topics for this year's Non-Financial Report, it should be noted that compared with the previous year's 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 delivery of the CSR Strategy and initiatives undertaken in the human resources, environmental and social areas are gaining in prominence among stakeholders. 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 varies depending on economic and regulatory conditions. In 2020, stakeholders requested more non-financial information on climate-related and more broadly defined ESG initiatives, as well as the planned R&D activities.

Whatever their expectations, the PGNiG Group seeks to develop open dialogue and collaboration with each stakeholder group. Bilateral exchange of information facilitates making business decisions contributing to sustainable development of the Group and of 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

STAKEHOLDER MATRIX



TYPE OF IMPACT

- POSITIVE
- NEUTRAL
- NEGATIVE

STAKEHOLDER GROUPS

1. PROVIDERS OF CAPITAL: SHAREHOLDERS AND FINANCIAL INSTITUTIONS
2. STRATEGIC ALLIANCES
3. EMPLOYEES – CURRENT, RETIRED AND PROSPECTIVE
4. REPRESENTATIVES OF THE PGNIG TRADE UNIONS
5. CUSTOMERS
6. TRADING PARTNERS AND SUPPLIERS (OF SERVICES AND PRODUCTS)
7. STOCK AND ESG ANALYSTS
8. PUBLIC ADMINISTRATION BODIES AND THE MARKET REGULATOR, THE EUROPEAN COMMISSION
9. INNOVATORS AND START-UPS
10. LOCAL COMMUNITIES
11. MASS MEDIA
12. COMPETITION
13. NGOS, SOCIAL ORGANISATIONS
14. R&D INSTITUTES, UNIVERSITIES AND OTHER SCHOOLS

In 2020, a review of the stakeholder groups was carried out, identifying the interdependencies and the main areas of interaction. The stakeholders were classified 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. 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 on a daily basis.

Tab. 3 List of stakeholder groups with description, impact and communication

No.	Stakeholder group	Description of the stakeholder group	Stakeholder relationships and impact on the PGNiG Group	PGNiG's expectations and impact on stakeholders	Method of communication	Communication topics
1)	Providers of capital: shareholders and financial institutions	<p>The PGNiG Group is an entity of strategic importance to Poland. The Group's majority shareholder is the State Treasury, holding 71.88% of its shares. The minority shareholders include Polish and international pension and investment funds, as well as businesses and retail investors.</p> <p>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.</p>	<p>The State Treasury expects PGNiG to support its social and economic goals and contribute to Poland's position on the international arena, in keeping with the strategic objectives that focus on ensuring the country's energy security. Other shareholders and investors, in line with the Group's strategy, expect it to deliver satisfactory economic and financial performance building its competitive position on the international market, foster the Group's growth through innovative climate-oriented and environmental solutions, and pay dividends (dividend policy). In addition, financial institutions expect a guarantee of repayment of the capital they provided to the Group as well as financial and legal transparency.</p>	<p>The growing confidence of capital market participants in the PGNiG Group has evidently had an impact on capital mobilisation. The record-high economic and financial performance, improved competitive position of the upstream and distribution business and the share of gas as an alternative fuel on the commodity market have an influence on stakeholders wishing to participate in future profits, eliminating short-termism among those that may be expecting immediate returns.</p> <p>The PGNiG Group's efforts are also reflected in its good financial ratings, which have a positive effect on investors' readiness to invest in PGNiG debt securities on international markets despite their lower yield, caused by the overall market situation (low interest rates), and improve the Group's creditworthiness, which directly translates into its ability to raise cheaper capital.</p>	<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 • exchange of correspondence with representatives of the State Treasury • joint initiatives of the PGNiG Group and governmental authorities: conferences, workshops, bilateral meetings 	<ul style="list-style-type: none"> ▸ the Group's financial standing ▸ transparency of operation ▸ the Group's strategy and objectives ▸ development activities ▸ the Group's values.
2)	Stock and ESG analysts	<p>ESG disclosures are increasingly important in the assessment of companies' investment risk.</p> <p>By analysing correlations between financial and non-financial data which affect a company's future financial performance and stock market valuation, analysts provide full information to potential investors. Their assessment determines retail and institutional</p>	<p>Stock and ESG analysts want to receive reliable and concrete information that has a real impact on the future financial performance, market position and, consequently, market valuation of shares, derivatives, and debt securities.</p>	<p>The PGNiG Group is in dialogue with analysts, informing them of its ESG implementation and monitoring. 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</p>	<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 	<ul style="list-style-type: none"> ▸ non-financial information of the Group ▸ transparency of operation ▸ the Group's strategy and objectives ▸ involvement in ESG ▸ the Group's values.

No.	Stakeholder group	Description of the stakeholder group	Stakeholder relationships and impact on the PGNiG Group	PGNiG's expectations and impact on stakeholders	Method of communication	Communication topics
		investors' readiness to invest in financial instruments issued by the PGNiG Group.		maintained through a development process aligned with the current and expected market landscape, are all a part of the analysts' assessment.		
3)	Trading partners and suppliers (of services and products)	This stakeholder group comprises a wide range of entities trading with the PGNiG Group in Poland or abroad. It includes both key suppliers, of strategic importance to Poland's energy security, and other smaller companies that support the Group, in particular in the implementation of its technological processes. On the one hand, these are 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 which the PGNiG Group carries out its development and innovation projects to implement new technologies and solutions. As part of such cooperation, the PGNiG Group develops technologies to produce, distribute and store hydrogen, a clean fuel for zero-emission hydrogen vehicles. Depending on the type of suppliers, different cooperation policies are applied.	The key aspects of cooperation with suppliers are the certainty of supplies, continuity of cooperation, and security of payments for the goods or services received. The PGNiG Group's procurement policy attaches great importance to compliance with ethical, social and environmental standards by potential suppliers. Therefore, suppliers expect clear and transparent terms of cooperation from the Group – from tender procedures to transaction settlement methods. The main element of successful cooperation is to fulfil the agreed financial and non-financial terms of contracts, while maintaining confidentiality of the projects. Trading partners expect the PGNiG Group's support in joint ventures, which is to help attract customers and open up new business areas facilitating the development of a competitive offering for customers.	The fulfilment of mutual expectations is also an important aspect of such cooperation. Therefore, the PGNiG Group expects its suppliers to constantly improve their processes to deliver products of a required quality. At the same time, through certain procedures, it seeks to ensure compliance with the terms of contracts and participation in tender procedures. In addition, it expects that liquidated damages for failure to comply with the terms of contracts are respected. A key element building trust in a partner is its reputation and a portfolio confirming relevant experience. aa	<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 	<ul style="list-style-type: none"> ▸ terms and conditions of business ▸ 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 ▸ satisfaction with the relationship.
4)	Innovators and start-ups	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.	Innovators expect clear conditions for presenting their ideas and solutions as well as support in their development and implementation. They exert a positive impact on the Group's status quo, encouraging it to seek and invest in innovation. At the same time, the Group makes sure that the financial risk related to the project budget, and the non-financial risk (related to whether the activities undertaken are reasonable in relation to the possible implementation of the innovation on an industrial scale) are clearly defined. The ultimate purpose of such cooperation is to enhance the Group's	The PGNiG Group is contributing to increased involvement in new innovative projects, and thus to faster research and development processes. The Group also creates new business needs, which require knowledge of the innovation management at start-ups from initial ideas through to commercialisation, increasing its business scalability through market position.	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> ▸ the Group's strategy and objectives ▸ development activities ▸ joint ventures ▸ development plans.

No.	Stakeholder group	Description of the stakeholder group	Stakeholder relationships and impact on the PGNiG Group	PGNiG's expectations and impact on stakeholders	Method of communication	Communication topics
			competitive advantages in the main areas of its business.			
5)	Scientific and research institutions, universities and other schools	Ongoing cooperation with scientific and research institutions and universities is among the cornerstones of PGNiG, giving it access to knowledge supporting decisions on the global development trends for the Group. 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.	Science and educational institutions expect the Group to provide support and cooperate in the development of their activities so that their scientific and educational efforts are directed towards practical solutions for business. Vocational schools provide future employees for the industry. Cooperation in this area helps to meet businesses' needs regarding the knowledge and skills of future employees. Scientific and research institutions supplement the Group's own intellectual capital. They foster development at the interface between science and business, thus providing a springboard for creating innovative solutions, which are then validated by start-ups and commercialised by the Group's special purpose vehicles. Universities and schools are also a special group of stakeholders that affect the Group's decisions in the educational area. The research staff's potential allows PGNiG to implement growth- and climate-oriented projects and to make proper use of innovative research work. The Group also engages in social outreach activities geared towards promoting education, and supports professional advancement of the Group's employees by offering them post-graduate, MBA and other courses.	Given its staffing needs, the PGNiG Group expects that its future employees are trained in relevant areas and gain specific competencies. By becoming a patron of schools, it can influence the education of its future technical staff and the development of skills and competencies important for future work. In addition, it provides research problems with sound business rationale, whose solution has an actual effect on economic growth.	<ul style="list-style-type: none"> • joint projects • conferences • direct email and telephone contact • consultations and expert support for investment projects • joint research and development projects • support for vocational education at all levels • the PGNiG Foundation's projects and grants 	<ul style="list-style-type: none"> • development plans • support for community education • joint initiatives and projects.
6)	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.	Retail customers expect the Group to ensure a continuous supply of gas at an affordable price, so that it represents a small portion of their household budgets. Businesses expect to receive gas supplies, for both heating and process purposes, that account for an optimum share of their expenses. Efforts taken by the PGNiG Group in those areas allow it to	The PGNiG Group leverages cutting-edge technologies to ensure that its customers have better access to the services provided by the Group. At the same time, the Group encourages the transition to more environmentally friendly solutions, for instance by opting for e-invoices or using online customer support. In this way, the Group builds	<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.

No.	Stakeholder group	Description of the stakeholder group	Stakeholder relationships and impact on the PGNiG Group	PGNiG's expectations and impact on stakeholders	Method of communication	Communication topics
		Its generation segment supplies heat and electricity to the market.	maintain or grow its market position among business customers for which gas purchases are a significant cost component.	environmental awareness among its customers. The PGNiG Group has also had a direct impact on the well-being of its customers through deployment of IT systems designed to ensure their safety during the COVID-19 pandemic, by limiting face-to-face contacts and replacing them with remote customer service.		
7)	Strategic alliances	The Group has both domestic and international strategic partners. With the State Treasury as the majority shareholder, various equity-related strategic alliance options are considered, with the overriding objective of reinforcing the Group's competitive position and fuelling its continuing growth, especially internationally and globally.	For that particular stakeholder group, generated synergies and the mutually complementary intellectual capital are of primary importance. Therefore, it is crucial to determine the scope of business and specific projects which, when delivered together, will produce tangible effects. To that end, strategic alliances require a well-structured partnership framework, involving the access to human resources which will form dedicated teams to deliver specific objectives.	What lies at the very core of any strategic partnership is a joint strategy as well as a map of mutual connections and interdependencies necessary to deliver the desired objectives. At the same time, the PGNiG Group expects a realistic assessment of the project viability and potential, both before and during such partnership.	<ul style="list-style-type: none"> • individual meetings with the Management Board and key personnel • current and periodic reports • reports and information materials • direct email and telephone contact with the PGNiG Group's business units • industry conferences • joint projects and business initiatives 	<ul style="list-style-type: none"> ▸ terms and conditions of the strategic alliance ▸ strategic plans ▸ growth of the Group ▸ satisfaction with the strategic alliance.
8)	Competition	Energy sector companies, including those operating on the retail market, which sell gas fuel directly to retail and business customers. To increase their market share, they offer gas fuel at competitive prices in addition to sales of natural gas or other products and services.	Competition pressures the PGNiG Group to launch new or improved solutions for its customers, Which creates an opportunity to look for new markets for the Group's products. In many cases, the competitors' activity makes the Group negotiate gas prices with key B2B customers on an individual basis.	The PGNiG Group's market position forces its competition to explore new business areas and revamp their offerings with new selling points to attract potential customers. In the wholesale market, this includes price hedging mechanisms and bundling of gas and electricity sales. In the case of retail customers, in addition to product bundling, PGNiG's competitors offer price discounts and ancillary services.	<ul style="list-style-type: none"> • industry conferences • one-on-one meetings, interaction within business and industry organisations • joint ventures under the auspices of the Ministry of State Assets • joint projects and business initiatives 	<ul style="list-style-type: none"> ▸ net profit/(loss) ▸ the Group's strategy and objectives ▸ development activities.
9)	Mass media	Mass 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	The media expect to receive reliable information on the Group's investment projects, financial results and plans. Their ability to form opinions on the Group's operations make them a source of consistent and transparent information, based on which all interested parties can assess those operations against the objectives set and pursued by the Group.	The PGNiG Group expects reliable information to be provided to its stakeholders based on facts and verified data, and any analyses and editing should be well-balanced so as not to mislead the audience (i.e. create positive or negative misconceptions).	<ul style="list-style-type: none"> • 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"> ▸ net profit/(loss) ▸ the Group's strategy and objectives ▸ development activities ▸ the Group's values.

No.	Stakeholder group	Description of the stakeholder group	Stakeholder relationships and impact on the PGNiG Group	PGNiG's expectations and impact on stakeholders	Method of communication	Communication topics
10)	NGOs, social organisations	of financial and non-financial reports. A significant group of stakeholders actively involved in social campaigns and charitable projects – a beneficiary of programmes implemented mainly by the PGNiG Foundation.	PGNiG engages with this stakeholder group in social support programmes through joint initiatives that foster the needs of local communities, support cultural and industrial heritage, scientific research and environmental protection, both nationwide and locally.	The PGNiG Group expects support from social organisations and NGOs to better understand the needs of communities and expects them to act as ambassadors under certain initiatives. Thanks to partnerships with local organisations that provide a better insight into the regional background, PGNiG is able to manage community relations more effectively.	<ul style="list-style-type: none"> dedicated business consultants one-on-one meetings conferences involvement in worldwide humanitarian and charity relief efforts in Poland and globally – through the PGNiG Foundation 	<ul style="list-style-type: none"> impact on local community development financial support joint community initiatives.
11)	Employees – current, retired and prospective	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. The PGNiG Group offers the very first job to many young people and is an employer of choice among new labour market entrants. At the same time, as the Group continues to grow, it is constantly on the lookout for specialists in various professional fields, whose qualifications will contribute to building an innovative organisation.	A key aspect of the Group's operations is providing its employees with stable employment and rewarding career opportunities in a safe and friendly working environment. The complexity of processes implemented at the PGNiG Group requires its staff to constantly broaden their knowledge and improve their skills. Employees actively participate in growth-oriented projects that enable the Group to provide top-quality services and products. On the other hand, they expect transparent rules of employment and remuneration appropriate for their roles. Potential employees who plan on building their career at the PGNiG Group require clear and transparent rules of recruitment, compliant with the applicable laws. They also expect transparency at each stage of their employment, adherence to the agreed terms and non-discriminatory assessment of potential job candidates based solely on their qualifications and skills.	Thanks to the unique relationship forged between the PGNiG Group and its employees, the Group's impact on its workforce is multifaceted: the Group expects its employees to be truly involved in their tasks and duties, motivates them to develop and hone their skills, and requires them to comply with the rules, procedures and the Group's code of ethics and core values, thus building a responsible workplace. As an employer enjoying recognition in the labour market, the PGNiG Group expects job candidates to become familiar with the Group's operations and its projects, explain how they intend to contribute to building the Group's competitive advantage, and discuss how they plan to address potential competence gaps, so as to have a hand in the PGNiG Group's continued growth.	<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 	<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 terms of employment.
12)	Representatives of the PGNiG Trade Unions	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 and conditions of agreements between	The Trade Unions represent and defend the employees' rights and professional and social interests, and are involved in creating regulations that govern the relations between the Group and its employees by negotiating, for instance, terms of employment, salaries and wages, and workplace health and	Trade unions play a crucial role as employee representatives. However, the PGNiG Group also expects the trade unions to have a hand in building an atmosphere of dialogue with employees and to encourage employee engagement in the Group's affairs and growth.	<ul style="list-style-type: none"> consultations held with the PGNiG Trade Unions and Employee Council in accordance with the law and agreements in place (meetings and correspondence depending on current needs and arrangements between the Management Board and employee representatives) 	<ul style="list-style-type: none"> development plans operating strategy terms of employment and remuneration payroll policy respect for human rights.

No.	Stakeholder group	Description of the stakeholder group	Stakeholder relationships and impact on the PGNiG Group	PGNiG's expectations and impact on stakeholders	Method of communication	Communication topics
		the parties with respect to professional and social matters.	safety conditions. Another key aspect is labour/management relations in the key areas of the Group's business and growth.		<ul style="list-style-type: none"> contact with employees of individual Group companies and PGNiG Branches responsible for conducting dialogue with the employer the same tools as those used to communicate with other employees: daily electronic newsletter, corporate intranet, etc. 	
13)	Local communities	Being one of the largest and oldest businesses in Poland, PGNiG conducts its operations in multiple locations, both domestically and abroad. Aware of its impact on the communities within the footprint of its projects, the Group has always sought to build long-lasting relations based on mutual trust. PGNiG cooperates with all stakeholders, including local residents, representatives of local governments, businesses and organisations.	Local communities take an interest in investment projects carried out close to where they live. For the Group's projects to be completed in an uninterrupted and timely manner, it is vital that all activities meet with approval from the communities in their immediate vicinity. Their launch is in each case preceded by dialogue with the local community. It is essential to provide information about the process and to gauge the community expectations in order to minimise its adverse impact on the social environment. PGNiG engages in extensive dialogue with local communities to adapt its investment projects to their needs. Through social activities as well as informational and educational efforts, it seeks to ensure that the local community understands the role of a given project, accepts it, and joins in its implementation. As a result, in many cases the Group engages in infrastructure development projects and supports local social organisations, science, culture and sports.	The ability to meet halfway and find common ground is the key to healthy social relations. In its dialogue with local communities, the PGNiG Group seeks partnership and cooperation. Therefore, it expects clear and fair information from this stakeholder group regarding any potential obstacles that could get in the way of the Group's investment project, as well as an attitude necessary to prevent escalation of problems in connection with the Group's activities.	<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 	<ul style="list-style-type: none"> investment plans support to local communities regional initiatives.
14)	Public administration bodies and the market regulator, the European Commission	Public administration bodies, the regulator (Polish Energy Regulatory Office URE), and the European Commission provide a legal framework governing business activities. The EC works with national regulators to implement solutions introduced across the EU at the national level.	Cooperation with this stakeholder group is based on mutual dialogue and respect for the law. PGNiG Group companies operate in regulated sectors, including gas distribution and storage, so regulatory compliance is a key aspect of their business. The Group engages in an open dialogue, which involves reviewing drafts of legislative solutions at the national and EU legislation level. On the other hand, as new legislative solutions	By voicing its position on important legal, regulatory and reporting matters, PGNiG protects the best interests of both the Company and its customers. In order to build sound relations with the regulators, the impact of any legislative changes on Poland's competitive landscape and energy independence must be highlighted.	<ul style="list-style-type: none"> consultations exchange of correspondence joint initiatives – conferences, workshops, bilateral meetings 	<ul style="list-style-type: none"> adherence to standards and legal regulations impact on the country's economy impact on market development.

No.	Stakeholder group	Description of the stakeholder group	Stakeholder relationships and impact on the PGNiG Group	PGNiG's expectations and impact on stakeholders	Method of communication	Communication topics
			are introduced, PGNiG adapts its operations, business model and processes to bring them into compliance.			

2.4.2 Organisations and associations

(GRI 102-12, GRI 102-13)

PGNiG sees engagement in the activities of industry associations as essential for strengthening the culture of sustainable and responsible business.

All PGNiG Group companies engage in dialogue aimed at building a modern and responsible energy sector in Poland. PGNiG itself is a member of and has working ties with several dozen industry organisations both in Poland and abroad. The strategic ones include: European Energy Forum and International Association of Oil & Gas Producers.

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

Tab. 4 List of organizations and associations - the 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
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 covered 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)	Pakistan Association Of Petroleum Geoscientists	Pakistan Association of Petroleum Geoscientists is a branch of the American Association of Petroleum Geologists in Pakistan.	PGNiG

No.	Name of organisation/ association	Description of partnership and examples of projects	Membership
9)	Pakistan Exploration and Production Companies Advisory Committee - PPEPCA	Pakistan Exploration and Production Companies Advisory Committee is an organisation representing local and foreign crude oil exploration and production companies operating in Pakistan.	PGNiG
10)	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
11)	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
12)	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, in keeping with European standards. It offers its members a chance to collaborate and share experience with respect to the implementation of quality management systems, in keeping with European standards.	PGNiG, Termika, Exalo
13)	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 (CLPB)
14)	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 to the adoption of new international standards. It also offers an opportunity to influence the standards developed at international, European and national levels.	PGNiG (CLPB), PSG
15)	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 form consortia for joint implementation of R&D and business projects, take advantage of the Cluster's advisory, education and training services, and participate in seminars as well as science and industry conferences.	PGNiG
16)	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, and promotes natural gas as a modern and environmentally friendly fuel. Furthermore, the Chamber engages in developing programmes to promote development of the gas industry.	PGNiG and the PGNiG Group companies
17)	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
18)	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
19)	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 which go beyond the individual interests of its members, having due regard to the interests of the general public and environmental protection, and to inspire directions for development of combined heat and power generation sources. PTEZ task forces have prepared and consulted legal revisions relating to heat markets (including implementation of the EU RED II Directive and	Termika

No.	Name of organisation/ association	Description of partnership and examples of projects	Membership
		amendments to the Energy Efficiency Act) as well as the capacity and electricity market (including amendments to the Capacity Market Act and to the Capacity Market Rules). The environmental protection team prepared PTEZ positions on, inter alia, amendments to the Waste Act against the backdrop of planned changes in the Waste Database (BDO) system, 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 also engages 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).	
20)	Izba Gospodarcza Ciepłownictwo 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
21)	Towarzystwo Gospodarcze Polskie Elektrownie (Polish Power Plants Association)	The association engages in the electricity generation sector, and 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
22)	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
23)	Gas Infrastructure Europe: Gas Storage Europe (GIE)	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 its members vis-à-vis EU institutions and the relevant regulatory authorities through active participation in processes promoting the development of a stable and secure gas market in Europe.	GSP
24)	International Association of Geophysical Contractors (IAGC)	Monitoring of occupational health and safety standards with respect to geophysical services provided by the Company.	Geofizyka Toruń
25)	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
26)	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
27)	"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
28)	Lubuska Izba Budownictwa (Construction Industry Chamber of the Province of Zielona Góra)	Through the Chamber, the company can liaise with central and local administration bodies and authorities, as well as social and business organisations, express its opinion on the existing or planned rules and regulations concerning business activities in the area of construction and technical services, and submit its own projects and proposals in that area.	Exalo
29)	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
30)	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. Polski Gaz TUW participates in PIU Committees, Sub-Committees and Task Forces.	Polski Gaz TUW

No.	Name of organisation/ association	Description of partnership and examples of projects	Membership
31)	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
32)	Narodowe Centrum Badań i Rozwoju (National Centre for Research and Development, NCBiR)	Partnership with NCBiR enables participation in the evaluation of research projects related to LNG technologies, as well as access to LNG-related expertise and latest developments. 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
33)	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
34)	Polska Izba Inżynierów Budownictwa, (regionalna) Okręgowa Izba Inżynierów Budownictwa (Polish Chamber of Civil Engineers, (regional) District Chamber of Civil Engineers)	Membership of that organisation is required to act as construction site inspector and to perform other professional duties, for instance to conduct construction and civil engineering surveys for PSG, in accordance with the Construction Law.	PSG
35)	Polski Komitet Elektrochemicznej Ochrony Przed Korozją Stowarzyszenie Elektryków Polskich w Warszawie (Polish Committee for Electrochemical Corrosion Protection at The Association of Polish Electrical Engineers in Warsaw)	Improving the operation of steel gas networks by exchanging experience between the PGNiG Group companies and external industry partners, enhancement of employee qualifications.	PGNiG, PSG
36)	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. The Norwegian Oil and Gas Association is the only industry organisation for oil, gas and distribution companies. Major NOROG initiatives currently in progress: <ul style="list-style-type: none"> • 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
37)	Oljedirektoratet, FORCE	Partnership for oil and gas research under the auspices of the Norwegian Petroleum Directorate.	PUN
38)	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
39)	NOFO (Norwegian Clean Seas Association for Operating Companies)	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. Major projects: <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
40)	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

No.	Name of organisation/ association	Description of partnership and examples of projects	Membership
41)	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
42)	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.	PST
43)	United Nations Global Compact (UNGC)	UNGC is the world's largest corporate sustainability initiative. It serves as a platform for development, implementation and promotion of responsible and sustainable corporate policies, and seeks to link business strategies to the ten core principles revolving around human rights, labour, environment, and anti-corruption. Through a wide range of activities, cooperation with governments, public administration, the private sector, NGOs and scientific institutions, UNGC strives to: <ul style="list-style-type: none"> • Mainstream the ten Global Compact principles in business activities around the world • Catalyse actions in support of broader UN goals, such as the Sustainable Development Goals (SDGs). 	PGNiG
44)	Polska Fundacja Narodowa (Polish National Foundation)	The mission of the Polish National Foundation is to promote and protect the image of Poland and Polish economy, and to inspire and create favourable conditions for building value and fostering growth of state-owned companies and Polish entrepreneurship. Other objectives of the Foundation are to promote advancement in renewable energy sources and to support CSR projects in that area.	PGNiG
45)	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
46)	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. In 2020, its activities were largely curtailed due to the COVID-19 pandemic.	PGNiG, PSG
47)	Stowarzyszenie Naukowo-Techniczne Inżynierów i Techników Przemysłu Naftowego i Gazowniczego, SITPNiG (Scientific Association of the Oil and Gas Industry Engineers and Technicians)	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. SITPNiG is the driving force behind a series of meetings called the Ignacy Łukasiewicz Schools Session, which include the Ignacy Łukasiewicz knowledge competitions.	PGNiG
48)	Towarzystwo Sportowo Turystyczne Nafty i Gazu 'SportGas' (Oil and Gas Sports and Tourism Association 'SportGas')	Promoting the physical activity and integration of sports enthusiasts through organisation of a number of sports competitions and events.	PGNiG and the PGNiG Group companies
49)	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
50)	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
51)	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 offers a chance to communicate and cooperate with other related scientific associations and institutions in Poland and abroad, and in particular 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

No.	Name of organisation/ association	Description of partnership and examples of projects	Membership

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 our industry and allow us 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.

The PGNiG Group’s strategies are in line with the Responsible Development Plan and the Responsible Development Strategy until 2020 (with an outlook until 2030) as its extension sanctioned by the Council of Ministers on February 14th 2017, and they are also consistent with Poland’s Energy Policy until 2030. 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.

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

In the Strategy currently in place, the key external developments are of macroeconomic nature (e.g. volatile prices of crude oil and natural gas), the rapidly accelerating competition growth on the Polish gas market, the need to diversify gas imports from 2022 onwards, and changes in the regulatory environment (gradual withdrawal of the tariff regime, unpredictable future of the support mechanism for power generation beyond 2018). Following analyses, the key macroeconomic assumptions underlying further strategic forecasts were updated, including those related to gas, oil and electricity prices. Strategic objectives and ambitions for the Group until 2022 were formulated.

A major internal change is the implementation of the Balanced Scorecard (BSC) methodology, which enables the balancing of the Group's financial, operating and development objectives based on four key BSC 'perspectives' (Financial, Customer and Stakeholder, Internal Process, and Learning and Growth). The result is a new way of defining main strategic objectives, where targets and ambitions are set at the Group level and then cascaded down to the Group's key business areas.

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 on global markets.

In addition to financial and social aspects, environmental issues 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 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. In line with its strategy, the Group will allocate approximately 13% of its total capital expenditure to ensure continuing advancement of that area. It should be noted that the PGNiG Group has embarked on an ambitious capital investment programme that lays the foundations for long-term and stable value growth.

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

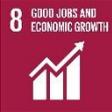
CSR STRATEGY



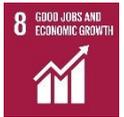
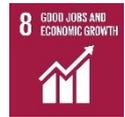
The CSR Strategy defines strategic objectives pursued by the PGNiG Group through the initiatives it undertakes. There is a plan of action for each of the Strategy objectives, whose status is monitored based on indicators adopted to facilitate the assessment of the implementation progress.

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 Goals of the PGNiG Group's sustainable development strategy, including their implementation

Area	Goal	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 style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </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>PGNiG actively supports 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 continue work on the implementation of the Baltic Pipe project;</p> <p>Increasing utilisation of the LNG Terminal in Świnoujście for the purposes of furthering diversification of LNG supply sources. At present, PGNiG S.A. 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). 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 style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div> <p>Implement, maintain and improve the environmental management system as a tool for implementing the QHSE Policy across the PGNiG Group.</p> <p>Using 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. As part of these efforts:</p> <p>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. In 2020, the key projects included: continuing performance of the contract to construct a CCGT unit and a</p>

Area	Goal	Key steps taken to achieve the goal
		<p>peak-load boiler house at the Żerań CHP plant (start-up of new units) and upgrade of the Siekierki CHP plant (continuing installation of a bag filter on the coal-fired K-11 boiler (unit ready for trial run); continued installation of a catalytic flue gas deNOx (SCR) system at the K-16 boiler (trial run in progress); and continued upgrade of the wastewater treatment plant of the wet flue gas desulfurisation unit).</p> <p>PGNiG Termika generates ca. 550,000–650,000 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> <p>Ensure 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, execute and participate in research projects on new technologies to improve the environmental and economic performance of work carried out by the PGNiG Group.</p> <p>Minimise the PGNiG Group's environmental impact through land reclamation (including with regard to past operations and the related historical contamination).</p> <p>Conduct 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>

Area	Goal	Key steps taken to achieve the goal
	<p>General public</p> <p>Dialogue with local communities in accordance with the best standards developed at the PGNiG Group</p>   	<p>Importantly, in 2020 all Group companies with the PGNiG Foundation at the helm joined forces to combat the COVID-19 pandemic.</p> <p>Implementation of Group-wide uniform rules for conducting dialogue with external stakeholders, including local communities, authorities, and non-governmental organisations (and sharing relevant knowledge across 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 2020, the ongoing support of local communities in their fight against the COVID-19 pandemic was of paramount importance.</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 unfolded, this area of business gained 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>

Area	Goal	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>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> <p>In 2020, 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, transition to remote work for office staff, and introduction of an optimum shift work system to ensure continuity of business operations.</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 employee privileges and benefits and taking efforts to harmonise benefit packages across all companies and branches;</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.A.'s recruitment policy and development of similar rules across PGNiG Group companies, with a particular focus on internal promotions;</p> <p>Launch of the SITO programme (Talent Identification System) across PGNiG Group companies;</p> <p>Launch of a mentoring programme for the talent pipeline;</p> <p>Providing mentoring to new hires to maintain the continuity of expertise;</p> <p>Development of a work placement and internship programme for the PGNiG Group.</p> <p>In 2020, the vast majority of training and professional development programmes were temporarily put on hold in</p>

Area	Goal	Key steps taken to achieve the goal
	<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>the face of the spreading COVID-19 pandemic. After several months, there were gradually rolled out in a remote (online) form.</p> <p>In 2020, 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. OHS units had to urgently provide the necessary protective equipment. 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 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 accidents at work.</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 development</p> <p>for 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</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>

Area	Goal	Key steps taken to achieve the goal
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taking into account social, environmental and safety criteria and human rights.

Proactively communicating the PGNiG Group's ethics policies and expectations to suppliers.



4. Management of organisational culture and corporate governance structure

4.1 Management and supervisory bodies

(GRI 102-18; GRI 102-22; 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 2016'. To ensure transparency of its activities, appropriate quality of its investor communications and protection of shareholder rights, the Company complies with approximately 95% of principles contained therein. 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 2020, the PGNiG S.A. Management Board consisted of six members, who jointly supervised the Company's management and operational processes. At the end of 2019, the Management Board's joint term of office came to an end. The new sixth joint term of office of the PGNiG Management Board commenced on January 10th 2020.

The Company's Management Board may consist of two to seven members. Management Board members are appointed for a joint term of three years.

4.1.1 Composition of the PGNiG Management Board

Composition of the Management Board as at December 31st 2020 and division of responsibilities for supervision and coordination of non-financial aspects:

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

Composition of the PGNiG Management Board as at January 1st 2020 and division of responsibilities for supervision and coordination of non-financial aspects:

- Piotr Woźniak – President:
 - HR strategy, pay and working time schemes, employment and payroll policies,
- Maciej Woźniak – Vice President, Trade,
- Michał Pietrzyk – Vice President, Finance,

- Łukasz Kroplewski – Vice President, Development,
- Robert Perkowski – Vice President, Operations,
 - Corporate Social Responsibility Program (CSR),
- Magdalena Zegarska – Vice President:
 - occupational health and safety, fire protection,
 - cooperation with trade unions, the Employee Council and other employee organisations where their operations relate to the Company and the PGNiG Group,
 - environmental protection.

On January 9th 2020, upon expiry of the three-year joint term of office, the Supervisory Board removed the following persons from the Management Board with effect as of the same day:

- Piotr Woźniak – President of the Management Board,
- Maciej Woźniak – Vice President of the Management Board,
- Robert Perkowski – Vice President of the Management Board,
- Łukasz Kroplewski – Vice President of the Management Board,
- Michał Pietrzyk – Vice President of the Management Board.

On January 9th 2020, the Supervisory Board appointed the following persons to serve on the Management Board:

- As of January 10th 2020 – Jerzy Kwieciński, as President,
- As of January 10th 2020 – Jerzy Wróbel, as Vice President, Trade,
- As of January 10th 2020 – Robert Perkowski, as Vice President, Operations,
- As of January 15th 2020 – Przemysław Waclawski, as Vice President, Finance,
- As of January 15th 2020 – Arkadiusz Sekściński, as Vice President, Development

for a joint term of office ending on January 10th 2023.

On January 23rd 2020, the Supervisory Board reappointed Jarosław Wróbel from the position of Vice President, Trade, to the position of Vice President of the Management Board.

On February 27th 2020, upon expiry of the three-year joint term of office, the Supervisory Board removed Magdalena Zegarska, who had been elected by PGNiG S.A. employees, from the Management Board. On the same day, the Supervisory Board appointed Magdalena Zegarska, who had been elected by PGNiG S.A. employees, as Vice President of the Management Board, for a joint term of office ending on January 10th 2023.

On October 21st 2020, Jerzy Kwieciński, acting as President of the Management Board, resigned from that position as of the end of October 22nd 2020. On October 28th 2020, the Supervisory Board appointed Jarosław Wróbel, Vice President of the Management Board, to serve as President of the Management Board. On November 10th 2020, the Supervisory Board appointed Paweł Majewski as President of the Management Board as of November 12th 2020 for a joint term of office ending on January 10th 2023.

Composition of the Company's Management Board as at March 25th 2021:

- Paweł Majewski – President,
- Robert Perkowski – Vice President, Operations,
- Arkadiusz Sekściński – Vice President, Development,
- Przemysław Waclawski – Vice President, Finance,
- Artur Cieślik – Vice President, Strategy and Regulation
- Magdalena Zegarska – Vice President.

On February 17th 2021, Jarosław Wróbel 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 Cieślik as Vice President of the PGNiG Management Board, for the joint term of office ending on January 10th 2023.

4.1.2 Supervisory Board and its committees

Composition of the PGNiG S.A. Supervisory Board as at December 31st 2020:

- 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

Composition of the PGNiG S.A. Supervisory Board as at January 1st 2020:

- 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 2020, two committees operated at the Company – the Audit Committee and the Strategy Committee.

Composition of the Audit Committee of the PGNiG Supervisory Board in 2020:

- Grzegorz Tchorek – Chairman of the Audit Committee
- Piotr Broda – Deputy Chairman of the Audit Committee
- Bartłomiej Nowak – Member of the Audit Committee

In 2020, the composition of the Audit Committee did not change.

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

- 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.

The Strategy Committee was established on January 23rd 2020 and was composed of:

- 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

In 2020, the composition of the Strategy Committee did not change.

The tasks of the Strategy Committee include:

- Giving opinions and recommendations to the Supervisory Board 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.

4.2 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 SA complies with the following standards: ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 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 QHSE Management System was introduced by way of a resolution of the PGNiG SA Management Board in 2016. The 2020 surveillance audit confirmed implementation of the ISO 45001:2018 occupational safety management system, replacing the earlier OHSAS 18001:2007 standard, and provided evidence that the ISO 9001:2015 quality management system and the ISO 14001:2015 environmental management system were in place. The certificates of compliance with the above standards will remain valid until July 19th 2021. In order to maintain the validity of these certificates, the QHSE Management System in place at PGNiG will undergo a recertification review.

The QHSE Management System at PGNIG is a management tool for operational activities. The process management implemented as part of the system allows the monitoring of operations in order to prevent events negatively affecting the implementation of processes, as well as to assess their efficiency and effectiveness. This translates into achieving specific economic and financial results and achieving business objectives.

The effective functioning of the QHSE Management System is supervised by the Management Board's Representative for the QHSE Management System, supported by Representatives of respective Directors at PGNIG Branches. The representative of the Management Board is authorized to represent PGNiG in the field of the QHSE Management System before external interested parties.

The PGNiG Group's QHSE Policy is the basic system document, which defines the directions of operation in the quality, environmental and occupational health and safety areas for the Group companies, as it is the basis for the management systems at the Group companies. The policy is reviewed periodically to evaluate its usefulness and relevance.

Tab. 6 Management systems and certification at selected units of the PGNiG Group

Organisational unit	System (IMS, EMS, QCS, OHSMS, EMAS etc.)	Certified (Yes/No)	Certification date	Date Recertification date	Certifying entity
PGNiG	QMS – ISO: 9001:2015 EMS – ISO:14001:2015 OHSMS ISO 45001:2018	YES	Jul 20 2018	Jul 19 2021	BSI
PGNiG Central Measurement and Testing Laboratory	MS compliant with PN-EN ISO/ IEC 17025:2005+Ap 1:2007, PN-EN ISO/IEC 17065:2013	YES	Feb 29 2020 (AB and AP) Dec 12 2016 (AC)	Dec 28 2023 (AP 017) Feb 18 2023 (AB 278) AC Dec 11 2024	PCA
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
GEOFIZYKA Toruń	IMS: ISO 9001:2015 ISO 14001:2015 ISO 45001:2018	YES	Mar 18 2011	Mar 11 2020	Lloyd's Register
PGNiG OD		NO			

Organisational unit	System (IMS, EMS, QCS, OHSMS, EMAS etc.)	Certified (Yes/No)	Date		Certifying entity
			Certification date	Recertification date	
PGNiG Technologie	IMS: QMS – ISO: 9001:2015 EMS – ISO:14001:2015 OHSMS – PN-18001:2004	YES	Dec 20 2013	Dec 19 2022	UDT
	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	Nov 1 2019	May 14 2021	American Petroleum Institute (API)
	PN-EN 1090-1+A1:2012	YES	Jun 8 2020		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 2019	PCBC
	QMS: PN-EN 450	YES	Oct 22 2008	Sep 23 2020	ITB
	QMS: PN-EN-14227-4	YES	Sep 23 2020	Sep 23 2020	ITB
	MS: PN-EN ISO/IEC 17025:2018-02	YES	Apr 27 2006	Feb 6 2020	PCA
	ISMS: PN-ISO/IEC 27001	YES	Jun 16 2015	Jun 16 2018	TUV Nord
BCM	NO	N/A	N/A	N/A	
PSG	IMS: ISO 14001:2015	YES all	Feb 1 2017	Jan 2 2020	TÜV NORD
	ISO 9001:2015		Feb 1 2017	Jan 2 2020	
	ISO 50001:2018		Jan 8 2020		
	ISO 45001:2018		Dec 3 2020		
	ISO 27001:2017		Dec 5 2018	2021	
	ISO 3834-2:2007		May 10 2019	2022	
GSP	QMS – ISO: 9001:2015	YES	Sep 3 2018	Sep 2 2021	DQS
	EMS – ISO:14001:2015		Sep 3 2018	Sep 2 2021	
	OHS – ISO:45001: 2018		Aug 6 2020	Aug 5 2023	

Through its QHSE Policy, the PGNiG Group undertakes to:

- identify, supervise and ensure the effectiveness of processes;
- build lasting relationships with the PGNiG Group 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 accidents at work, 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.

4.3 Non-financial risk monitoring and management

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

4.3.1 Risk management at the PGNiG Group

Based on an annual review of the internal control and risk management systems, the PGNiG Group does not operate a comprehensive corporate risk management system. At the PGNiG level, risk management processes are formalised and defined for key business areas. Risks are identified, addressed and assessed in accordance with the methodologies and assessment scales adopted in respective business areas. Risk management processes in particular areas are based on internally developed risk models and records, and risk management processes are identified and submitted for assessment to representatives of individual organisational units (management staff).

However, the Company recognises the need to build a comprehensive and integrated risk management system, encompassing business and non-financial risks, especially environmental and climate risks. At the strategic level, the Company is pursuing a process

mapping project across the PGNiG Group. It is expected that the project will also cover the defining and structuring of a process integrating risk management at the PGNiG Group level.

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 with their respective competencies. Risk management is supported by the certified QHSE Management System implemented at PGNiG, making it possible to identify, assess and monitor process risks, while specific measures are governed by the Process Risk Management Procedure.

Under applicable regulations, all business processes are subject to an analysis identifying and assessing any risks which could possibly interfere with the delivery of set objectives. Risk assessment is performed against a matrix based on a three-step scale used to define the measures to be taken in order to mitigate risks and reduce the likelihood of their occurrence. 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 place of occurrence, potential causes and impact, as well as probability of its occurrence. At the same time, the analysis takes into account the mechanisms currently applied to prevent materialisation of risks and mitigate the potential impact of risk events.

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. When looking at the number of identified non-financial risks in particular years, the PGNiG Group has seen a slight downward trend with respect to new risks. This is due to the choice of correct preventive measures making risk management efforts more effective. 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 PGNiG Group determines the measures to be taken to drive down the risk level 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.

Fig. 5 Non-financial risk management model

RISK MANAGEMENT



IDENTIFICATION OF NON-FINANCIAL RISKS

- MATRIX OF POTENTIAL NON-FINANCIAL RISKS



ASSESSMENT OF NON-FINANCIAL RISKS, PLANNING OF PREVENTIVE AND REMEDIAL MEASURES

- MONITORING OF IMPLEMENTED POLICIES, PROCEDURES, AND REGULATIONS
- VERIFICATION OF POTENTIAL EFFECTS
- GUIDELINES AND RULES DEFINED TO PREVENT NON-FINANCIAL RISKS



STRUCTURED MEASURES TO PREVENT MATERIALISATION OF NON-FINANCIAL RISKS

- UPDATING POLICIES, PROCEDURES, AND REGULATIONS
- TRAINING AND KNOWLEDGE BASE SYSTEM





5. Environmental aspects



5.1 Overview of environmental aspects

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

Mitigation of the environmental impact is among the main objectives of the policies implemented at and the values guiding both the PGNiG Group and PGNiG. The PGNiG Group's Code of Ethics defines the rules of conduct to be followed in day-to-day business activities, including those relating to environmental protection. They support a preventive approach to environmental issues. Regardless of the complexity of processes determining the scope of products and services, their potential environmental impacts are analysed and minimised. Given the diversity of sectors of the economy into which individual segments of the Group's business are categorised, there are also a variety of potential impacts on the environment. Aspects high on the management's agenda include climate change issues, which affect the development of the PGNiG Group's current and future operations.

The document setting out directions for the PGNiG Group is the PGNiG Group Sustainable Development Strategy for 2017–2022, which emphasises the importance of environmental aspects and their significance in the Group's responsible business. Furthermore, details of the environmental aspects are set out in the QHSE Policy, which focuses on taking action in compliance with the applicable legal regulations and indicates the need to use environmentally friendly technologies and solutions.

An integral part of the PGNiG Group's business relies on the development and use of environmental resources, which involves interference with the environment. As an entity aware of its environmental impact, the PGNiG Group strives to minimise its footprint based on environmental risk analysis, continuous monitoring of air, surface water, groundwater and soil, as well as the application of state-of-the-art environmental protection technologies.

Fig. 6 Environmental protection aspects applying to the PGNiG Group:



In order to support the delivery of the PGNiG Group’s QHSE Policy and the PGNiG Group Sustainable Development Strategy for 2017–2022, the Group has developed technical standards for its operations based on applicable legal requirements and best industrial practices. The Group also undertakes preventive measures in the area of exploration and production, and has partnered with research and development centres in order to develop new technologies or solutions to be integrated within segment-specific operations.

The Company has in place a Code of Responsible Development of Natural Gas and Crude Oil for Polskie Górnictwo Naftowe i Gazownictwo S.A., which defines good practices in the exploration for and production of hydrocarbons. These practices have due regard to the environment and business interests, but also to community and long-term national energy security objectives. Seismic surveys are carried out in strict compliance with the conditions, requirements and obligations set down by Regional Directorates for Environmental Protection in the relevant environmental decisions, including the possibility and timing of the work, e.g. in areas protected under the Natura 2000 network or restrictions on the use of certain surveying methods and/or equipment. A drilling site is selected after all relevant environmental, wildlife and social considerations have been identified in order to eliminate any spatial conflicts and minimise the onerousness of the work. In the drilling and production process, all necessary steps are taken to eliminate or minimise the impact on the natural and social environment, including land restoration once the exploration or production activities are discontinued.

The adopted CSR Strategy defines the objectives and measures designed to support initiatives aimed at integrating the principles of circular economy in the development of products and services. To that end, the PGNiG Group is engaged in research into new waste management methods, including waste recovery, which will support the achievement of adopted deliverables. The PGNiG Group also continues to implement measures reducing air emissions. Stakeholder and regulatory pressures call for unwavering commitment and focus also with regard to climate change mitigation measures. The importance of environmental matters is demonstrated by the investment projects implemented by the PGNiG Group in 2020 with a view to reducing gas and energy consumption as well as air emissions. Moreover, the Company takes steps aimed at improving energy efficiency through the implementation and maintenance of an energy management system and promotion of both existing and new solutions offering energy efficiency gains (such as cogeneration).

5.1.1 Environmental projects and technologies

Innovation and development activities

The prioritised actions included in the QHSE Policy with respect to the use of environmentally friendly technologies, in 2020 the PGNiG Group carried out a number of projects to advance that objective, including:

- 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 (Geofizyka Toruń).
- Expansion of laboratory facilities at the Physico-Chemical Measurement Laboratory to include new work stations that will support the development of a national hydrogen economy in terms of the quality of new gas fuels in order to provide commercial, innovative, world-unique alternative fuel quality testing services, enhancing the PGNiG Group's trading portfolio (CLPB – PGNiG).
- Construction of photovoltaic installations - following a stocktaking exercise carried out at the PGNiG Group, the Group estimated that its own properties meeting the criteria for construction of photovoltaic projects with a total capacity of approximately 20 MW. This is a multi-stage process aimed at improving energy efficiency and supplying clean solar energy to meet the Group's own needs and for sale to the grid. Initiatives to optimise the energy usage profiles and neutralise the environmental impact of office buildings are also carried out based on the PGNiG Group Energy Efficiency Improvement Programme.
 - A pilot photovoltaic system was installed on the roof of one of the PGNiG Head Office buildings. The PGNiG Head Office premises at ul. Kasprzaka 25 in Warsaw are located within a conservation protection zone for historical urban layout parameters, with many buildings entered in the register of historical monuments. Therefore, the C7 office building, which is not a historical monument, has been selected for the construction of the photovoltaic system; the roof with an area of approximately 1,500 square metres meets the project criteria. The photovoltaic system with a capacity of almost 50 kWp is comprised of 124 solar panels. The system will supply power to one of the office buildings located on the PGNiG premises at ul. Kasprzaka 25 in Warsaw. The unit will produce more than 42 MWh of green energy annually, largely covering the building's electricity demand.
 - The installation of a photovoltaic system at ul. Naftowa 3 in Zielona Góra will reduce the consumption of electricity purchased from outside the Group by 10% in the first phase, and thus will help reduce CO₂ emissions into the environment. Ultimately, the consumption of electricity will be reduced by some 20%.
- Continued construction of the KG1 gas-fired boiler house at the Żerań CHP plant, which has replaced two coal-fired boilers, while reducing air pollution (Termika).
- Construction of a diffuser system for discharging brine into the Puck Bay in order to ensure appropriate mixing and dilution of the brine in Bay water, in accordance with model assumptions and theoretical calculations (GSP).

Good practices

- Installation of hybrid (relying on a mix of electrical and acoustic fields) fish repelling systems at cooling water inlets from the Vistula River and the Żerań Canal at the Żerań CHP plant, to prevent fish entering the inlet pumping system (Termika).
- Reduction of occupied area by clustering holes at the Kosakowo UGSF by drilling one vertical and four directional wells from a single site (GSP).
- Use of treated wastewater from the wastewater treatment facility in Dębogórze (as process water) for cavern leaching, thus protecting underground water resources. Wastewater is taken from the discharge canal, through which the Dębogórze facility discharges it to the Puck Bay (GSP).
- Use of nitrogen instead of screening oil to insulate cavern ceilings during leaching. Leaching of storage caverns with nitrogen eliminates harmful impacts on the water environment of the Puck Bay, which could occur if oil were used (GSP).
- Discharge of rainwater, after pretreatment, into the ground, which helps maintain the natural water system despite partial development of the land (GSP).
- Performance of zoological tests on sites where conventional gas facilities were located in order to determine the condition of the soil and aquatic environment. Remediation of contaminated sites (PSG).
- Installation of cameras for on-line watching of peregrine falcon nests at the Żerań CHP plant and Kawęczyn heat plant, in partnership with the Sokół Association for Wild Animals (cameras were installed for the 2021 breeding season) (Termika).
- Since the 2020 breeding season, there have been swift nests on the main building of the Żerań CHP plant; the nests were built on the initiative of the Białoleka District Participatory Budget. (Termika)

- Running apiaries for bees (2 million bees in an urban environment). On the premises of PGNiG, 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 25 hives. The project combines environmental protection with educational elements. In 2020, the PGNiG Group also set up another 16-hive apiary in Warsaw, on the premises of the Siekierki CHP Plant. (Termika) The PGNiG Foundation is responsible for day-to-day care of the apiaries.

Educational activities

- Raising employees' awareness of selective municipal waste sorting, promotion of pro-environmental attitudes at the organisation to support rational use of environmental resources (water, fuel, electricity) is carried out at PGNiG and other Group companies by publishing articles in newsletters and in the employee magazine „Głos Grupy”.
- Geofizyka Toruń carried out various educational and awareness-raising projects. The most notable ones included:
 - Organisation of toolbox meetings, involving discussions with employees to raise their environmental awareness;
 - Conducting external and internal training for persons interested in environmental issues;
 - Distribution of posters and leaflets during awareness-raising and information campaigns;
 - Running articles about the environment and waste management in the 'Impuls' corporate magazine and HSE Bulletin.
- Under its 'In harmony with Nature' programme, Polska Spółka Gazownictwa promoted environmental sustainability among employees. The project included the following measures:
 - April 22nd – the Earth Day: educational campaign promoting 'Climate Action' as the main theme and slogan for 2020. Advertising environmental protection initiatives which primarily address challenges related to the advancing climate change.
 - Ecological Debt Day – an initiative aimed at drawing attention to humankind's environmental footprint as a measure of people's impact on the natural environment.
 - Nature at the Time of Corona – educational activities inspired by the article 'Nature at the Time of Corona', published in the PLANETA ZIEMIA WWF magazine, which discusses environmental causes of new viruses and zoonotic diseases.
 - New Energy Labels – an initiative intended to encourage people to inform themselves about the meaning of new energy labels and energy efficiency class icons launched in March 2021 for new household appliances/electronics.

5.1.2 Climate initiatives

(CCE-1/C1; CCE-1/C4; CCE-2/C2; CCE-3/C2; CCE-3/A1; CCE-3/A3; CCE-6/C2; CCE-7/C5)

The PGNiG Group is aware of the ongoing climate change and its own climate impacts. The Group takes measures to minimise them through technological changes and R&D activities. The levels of direct greenhouse gas emissions (scope 1) are monitored, which makes it possible to fine-tune the solutions supporting their reduction. In the long run, this will contribute to achieving climate neutrality in Poland and Europe as a whole.

The responsibility with which the Group companies approach climate change issues is manifested in the implemented solutions and changes made to the product mix or technologies. An example is PGNiG Termika Group, which seeks to maximise its involvement in R&D&I projects aimed at exploring optimal technological solutions for climate and energy efficiency improvement. Also worth noting is the involvement of PGNiG OD in the Clean Air programme under a cooperation agreement between PGNiG and the National Fund for Environmental Protection and Water Management. Its primary aim is to facilitate the process of subsidising the switchover to gas-fired boilers, which will contribute to a reduction of particles and other pollutant emissions from detached houses. In addition, PGNiG OD has also initiated solutions supporting climate improvement through changes within the organisation. The procedure entitled 'Eco-Driving – Rules for users of PGNiG OD business cars' was implemented, defining the rules of economical driving. In addition, PGNiG and other Group companies build their own low-carbon power generation sources and mount photovoltaic systems for their own needs, in a programme aimed to promote the development and uptake of low-carbon technologies at PGNiG. Its objective is to design new projects in such a way as to make use of technological possibilities for gradual transition to renewable energy, and for upgrade or replacement of captive heat sources. The switchover to low-carbon energy will optimise the cost of energy consumption at facilities managed by the Group.

Also Gas Storage Poland focuses on climate initiatives through ongoing or planned strategic projects. These include both R&D and commercial work in line with the global trend of growing demand for green energy. The shift to renewable energy sources calls for new methods of storing electricity to balance supply and demand. As a result, hydrogen will play an increasingly important role as a carrier and repository of energy from RES, providing support for seasonal fluctuations in electricity generation. Gas Storage Poland

plans to expand its storage business, in particular the storage of energy via hydrogen or biomethane. The services offered will also involve the preparation, execution and supervision of projects involving construction of underground energy storage facilities, and subsequently offering storage capacities dedicated to such energy carriers. The transition to low-carbon energy sources, in particular through renewable energy generation, and continuous GHG reductions can minimise the cost of energy supply. With an increase in demand for green energy in the steel and chemical industries, further expansion of the unit is possible, which will consequently enhance the Group's image as an environmentally and technologically advanced partner.

Energy efficiency

In 2020, the Energy Efficiency Improvement Programme for the PGNiG Group (the "Programme", PPEE) was launched to coordinate efforts aimed at achieving efficiency gains in the area of energy management at the PGNiG Group.

The first projects launched under the Programme included: 'Dębno 4.0' to implement a system for utilities monitoring and managing at the Dębno oil and gas production facility and 'Building Management Platform' ("BMP"), designed to prepare, and then implement the concept of a platform for monitoring and systemic control of energy management at the Company's Head Office facilities.

In 2020, PGNiG obtained a certificate confirming the implementation of an Energy Management System (the "Energy Management System", "EMS") based on the ISO 50001:2011 standard. The Energy Management System documentation was updated to meet the requirements of the ISO 50001:2018 standard and the Company was prepared for an audit enabling transition to compliance with the new standard in 2021.

In 2020, the Company submitted further applications for white certificates to the President of the Energy Regulatory Office (URE) in connection with three tasks (Replacement of a chiller at the Przemyśl Wschód gas production facility, Energy recovery at the compressor station of the Kościan-Brońsko gas production facility and a task under the Dębno 4.0 project). As at the end of 2020, nine applications were pending before the President of URE, their combined value (average annual final energy savings) amounting to 60,164.939 toe.

The initiatives implemented to the date should be considered organisational solutions. For example, a free-cooling solution was used to replace the chiller at the Przemyśl Wschód gas production facility. The recovery of energy at the Kościan-Brońsko gas production facility consists in replacing heat generated at the local gas boiler house with heat recovered from the exhaust gas emitted by the newly built piston compressor system. Dębno 4.0 is a solution to measure technological processes and establish an energy management system at the Dębno oil and gas production facility, but the project is in the initial phase of implementation. The BMP project is in the conceptual phase, and details of the specific solutions will be defined in 2021.

It is impossible to accurately determine savings for these organisational solutions because of too short operating time (early execution phase) or characteristics (the Energy Management System).

Reduction of CO₂ emissions

In order to reduce CO₂ emissions, PGNiG Termika Group uses condensing boilers and heat pumps, and produces electricity at the place where it is used. The company uses gas-based cogeneration technologies and intends to construct a photovoltaic system with a capacity of several MWp, which means that its business will rely only on its own high-efficiency and renewable energy sources. It should also be noted that the company is a Consortium Partner in the HORIZON 2020 programme, under which it is engaged in a project to convert a coal-fired boiler house into a biomass-fired unit, which will use only renewable energy sources interoperating with a photovoltaic system.

Rozwój technologii wodorowej

In 2020, PGNiG started work on projects looking to use hydrogen for power generation and automotive applications. The company will explore the possibilities of storing and transmitting hydrogen through the gas network. Hydrogen – Clean Fuel for the Future is PGNiG's new comprehensive hydrogen programme consisting of several projects ranging from 'green hydrogen' production, through hydrogen storage and distribution, to industrial power generation applications. The programme consists of several elements:

- Hydra Tank project – a test hydrogen refuelling station
- InGrid – Power to Gas project – RES-based hydrogen production Research into technical viability of hydrogen transport via the natural gas distribution network
- New Fuel Lab – hydrogen purity analysis and research into alternative fuels
- Hydrogen storage – use of underground gas storage facilities for hydrogen storage
- Energy generation – use of hydrogen in industrial energy generation.

Hydra Tank is the most advanced project, involving the launch of a test hydrogen refuelling station. Slated for launch in 2021, the facility will be located at ul. Prądzyńskiego in the Wola District of Warsaw, in the vicinity of the existing CNG (compressed natural gas) filling station. The initial period of operation will be a pilot test for PGNiG, combined with research work. Hydrogen is to complement PGNiG's existing range of fuels, including CNG and LNG, to drive advancement of gas mobility in Poland.

In 2020, PGNiG also began investigating the possibility of storing and transmitting hydrogen via the natural gas network. A 'green hydrogen' production facility is to be built by PGNiG's branch in Odolanów under the InGrid – Power to Gas project, scheduled to come on stream in 2022. PGNiG intends to use electricity generated by photovoltaic panels for the purpose of the project.

The project's objective is to investigate the possibility of injecting hydrogen into existing gas networks and to construct Poland's first demonstration unit for the production of green hydrogen through an electrolysis process, with the island operation option supported by an energy reservoir, as well as production of hydrogen using electricity from the power grid. The project also aims to carry out tests related to the injection of hydrogen into the gas network and the natural gas–hydrogen mixture's effect on pipelines and terminal equipment.

The PGNiG Central Measurement and Testing Laboratory is expanding its analytics capabilities to become the first laboratory in Poland and one of the few in Europe providing a hydrogen purity testing service. Once accredited, the Laboratory will test alternative fuels for PGNiG, also providing the testing service to third parties on a commercial basis.

Reducing the volume of gas burnt off in flare stacks

The principal area of PGNiG's business consists in supplying gas to end users, which is preceded by exploration for and production of hydrocarbons. Produced gas is burnt off in the process, visible as a flame. The combustion of natural gas in the course of developing gas deposits is an area where measures are taken to reduce greenhouse gas emissions. Thus, steps are taken to reduce the volume of gas burnt off in flare stacks. They involve planning and performing formation tests in such a manner as to minimise their duration necessary to properly and reliably carry out the work to obtain reliable formation test results required to decide on the use of wells and determine their optimum operating conditions. This helps reduce the volume of gas burnt off in flare stacks in the short-term (on a single well) and also contributes to long-term improvement.

In addition, an LPG compressor was installed at the Górzycza Gas Collection Facility, which eliminated the need to flare gas coming from the separation unit. Maintenance work requiring removal of gas from process units is carried out only during scheduled maintenance shutdowns of the gas production facilities, which translates into more efficient management of air emissions. It should be noted that the Lubiatów Oil and Gas Production Facility operates a vapour recovery unit (VRU) and an acid gas treatment unit (Sulfinol), which help reduce the volume of flared gas.

The following measures are planned to be implemented in the future to further reduce gas flaring emissions:

- Optimisation of various processes to reduce the volume of flared gas;
- Transporting natural gas from the Chałupczyn-1 well to the Radoszyn Oil and Gas Production Facility and using it for power generation.
- Replacing gas-powered pneumatic motors with electric or instrument air-powered pneumatic motors.
- Replacing natural gas with nitrogen as purge gas for compressor gas seals.
- Use of excess gas for crude oil production enhancement.
- Use of airtight technological processes to reduce the volume of flared gas.
- Development of new hydrocarbon deposits using technological processes that eliminate or reduce the need to flare gas.

5.2 Due diligence policies and procedures

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

Adherence to sustainability and environmental compliance is reflected in the QHSE Policy. Strong commitment and dedication on the part of the management staff and appropriate preparation of the workforce translate into improved environmental performance and delivery of the Policy objectives. Thus, the Policy sets out the directions for action in the following issues:

- Identifying, supervising and monitoring of environmental aspects,
- Identifying and ensuring compliance with applicable laws and other 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,
- Implementing pro-environmental measures (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.

5.2.1 Environmental management system at the PGNiG Group

The operation of the environmental management system according to the PN-EN ISO 14001 standard is based on the identification of environmental aspects of the organisation:

- Emission of air pollutants.

Emissions of particulates and gases, 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 operations of Geofizyka Toruń also involve vibrations.

- Land and groundwater contamination.

Its occurrence may be explained by the presence of contaminants generated in past activities, spills/leaks of petroleum or hazardous substances during drilling and other processes, operation of machinery and equipment, failures, or leaks from storage tanks or pipelines.

- Generation of hazardous waste.

Waste generation is inherent in the PGNiG Group's operations, but deployment of latest technologies and use of environmentally-friendly materials and products help to minimise the volume of generated waste.

Streamlined management of this area is one of the key requirements for carrying out analyses across the PGNiG Group and selecting areas of particular interest to the oil and gas industry in terms of environmental protection.

5.3 Environmental performance

5.3.1 Raw materials and consumables used

(GRI 301-1)

Tab. 7 Consumption of raw materials and fuels at the PGNiG Group in 2019–2020

Total raw materials and consumables used	2020*		2019	
	[mcm]	[million Mg]	[mcm]	[million Mg]
Natural gas	440.7		397.2	
including PGNiG	301.8		295.5	
Hard coal		2.6		2.9
Lignite		-		-

*The 2020 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 2020, PGNiG recorded an increase in gas consumption, driven by its increased use in heat and electricity generation, and 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.

5.3.2 Energy consumption at the PGNiG Group

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

Tab. 8 Energy consumption at the PGNiG Group in 2019–2020

Energy consumption	2020		2019	
	PGNiG Group*	PGNiG*	PGNiG Group*	PGNiG*
Generated internally from non-renewable sources				
Electricity [GWh]	696.4	89.1	899.8	80.5
Heat [MJ]	7 426 676 582	6 953 628 170	6 579 020 601	6 050 360 850
Steam [MJ]	317 760 354	317 760 354	321 513 571	321 513 571
Cooling [MJ]	2 873 574	-	2 712 345	-
Generated internally from renewable sources				
Electricity [GWh]	35.1	-	27.6	-
Heat [MJ]	15 465 680	-	12 139 248	-
Steam [MJ]	-	-	-	-
Cooling [MJ]	-	-	-	-
Purchased from the grid				
Electricity [GWh]	201.4	143.2	194.6	137.9

* The 2020 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. Energy consumption by the Group is correlated with its growth. However, year-on-year consumption of electricity generated internally from non-renewable sources fell across the Group by more than 22%, with a 27% increase in electricity generated internally from renewable sources, and a slight increase in electricity purchased from the grid.

The PGNiG Group implements pro-environmental solutions, such as cogeneration and trigeneration plants owned and operated by some of the companies. Photovoltaic systems are also deployed.

5.3.3 Water consumption at the PGNiG Group

Tab. 9 Water consumption at the PGNiG Group in 2019–2020, by source

Water (mcm)	2020		2019	
	PGNiG Group*	PGNiG*	PGNiG Group	PGNiG
surface water withdrawn from own intake points	153.8	-	142.4	-
ground water withdrawn from own intake points	0.4	0.3	0.4	0.3
rainwater	-	-	-	-
purchased from the mains, surface and ground water intakes	1.8	0.2	1.8	0.1

* The 2020 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.

As part of its exploration and production work, the PGNiG Group's objectives with respect to protecting surface and underground water resources are to reduce water consumption in processes and by humans. 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. To this end, 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.

5.3.4 Impacts on biodiversity

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

In 2020, 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. 10 PGNiG Group companies' key projects that have impact on biodiversity

No.	Name of project implemented in 2020	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	Installation of hybrid (relying on a mix of electrical and acoustic fields) fish repelling systems at cooling water inlets from the Vistula River and the Żerań Canal at the Żerań CHP plant, to prevent fish entering the inlet pumping system. (Termika)	Province of Warsaw / Warsaw		Dolina Środkowej Wisły (Middle Vistula Valley) Natura 2000 site Warszawski Obszar Chronionego Krajobrazu (Warsaw Protected Landscape Area)		Protection of fish
2	Since the 2020 breeding season, there have been swift nests on the main building of the Żerań CHP plant; the nests were built on the initiative of the Białoleka District Participatory Budget (Termika).	Province of Warsaw / Warsaw		Dolina Środkowej Wisły (Middle Vistula Valley) Natura 2000 site Warszawski Obszar Chronionego Krajobrazu (Warsaw Protected Landscape Area)	Giving swifts an opportunity to nest	
3	Kosakowo UGSF – construction of Cluster B caverns (GSP)	Province of Gdańsk, Kosakowo village	1. Natura 2000 site: – Puck Bay Special Protection Area PLB220005 2. Natura 2000 site: – <i>Specjalny Obszar Ochrony Zatoka Pucka i Półwysep Helski</i> Special Protection Area PLH220032	1. Nadmorski Park Krajobrazowy (seaside landscape park) 2. <i>Rezerwat Mechelińskie Łąki</i> reserve	reversible	reversible
4	ZABARTOWO 3D (Geofizyka Toruń)	Provinces of Bydgoszcz and Poznań/ Sępólno Krajeńskie, Łobżenica and Wyrzysk in the Piła County, and Krajenka, Lipka, Zakrzewo, Municipality and Rural Municipality of Złotów, in the Złotów County	national parks: none; nature reserves: none; landscape parks: none; Natura 2000 sites: Dolina Łobżonki (the Łobżonka Valley) PLH300040, Uroczyska Kujańskie (the Kujan Wilderness) PLH300052;		Short-term during project execution (means of transport, deployment and removal of equipment)	None
5	DERKACZ 3D (Geofizyka Toruń)	Province of Szczecin / Przybiernów, Nowogard, Golczewo	national parks: none; nature reserves: Przybiernowski Bór Bagienny (the Przybiernów Coniferous Swamp) and the gorge of the		Short-term during project execution (means of transport, deployment and removal of equipment)	None

No	Name of project implemented in 2020	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
			Wolczenica River; Cisy Rokickie im. Profesora Stanisława Króla (The Professor Stanisław Król Rokita Yews Nature Reserve)*; landscape parks: none; Natura 2000 sites: Ostoja Goleniowska (the Goleniów Refuge) PLH320013 and Ostoja Golczewska (the Golczewo Refuge) PLH320052;			
6	WILCZE 3D (Geofizyka Toruń)	Provinces of Bydgoszcz and Gdańsk/ Koronowo, Kamień Krajeński, Sępólno Krajeńskie, Sośno, Gostycyn, Kęsowo, Chojnice	national parks: none; nature reserves: Wąwelnio*, Bagno Głusza (the Głusza Swamp)*; landscape parks: Krajeński Park Krajobrazowy (the Sępólno Krajeńskie Landscape Park); Natura 2000 sites: Bory Tucholskie (the Tuchola Forest) PLB220009*;	Otulina Tucholskiego Parku Krajobrazowego (the Tuchola Landscape Park Buffer Zone);	Short-term during project execution (means of transport, deployment and removal of equipment)	None
7	KOCZAŁA MIASTKO 3D (Geofizyka Toruń)	Province of Gdańsk, Province of Szczecin/ Miastko, Koczała, Przechlewo, Rzeczenica, Biały Bór;	national parks: none; nature reserves: Cęgi Małe Lake*; landscape parks: none; Natura 2000 sites: Ostoja Drawska (the Drawsko Refuge) PLB3200019, Dolina Wieprza i Studnicy (the Wieprza and Studnica Valley) PLH220038, Jezioro Dymno (the Dymno Lake) PLH220069, Nowa Brda PLH220078		Short-term during project execution (means of transport, deployment and removal of equipment)	None
8	WIELKIE OCZY 3D (Geofizyka Toruń)	Province of Rzeszów/ Stubno, Jarosław, Laszki, Radymno, Wiązownica, Lubaczów, Oleszyce, Wielkie Oczy	national parks: none; nature reserves: Kamienne*, Moczary*; landscape parks: none; Natura 2000 sites: Łukawiec PLH180024, Lasy Sieniawskie (the Sieniawa Forests) PLH180054.		Short-term during project execution (means of transport, deployment and removal of equipment)	None
9	LUBIATOWO-KOPALINO AND ŻARNOWIEC 2D (Geofizyka Toruń)	Province of Gdańsk/ Krokowa, Choczewo, Gniewino	national parks: none; nature reserves: none; landscape parks: Nadmorski Park Krajobrazowy (seaside landscape park); Natura 2000 sites: Białogóra PLH220003, Piaśnickie Łąki (the Piaśnica Meadows) PLH220021	Otulina Nadmorskiego Parku Krajobrazowego (Seaside Landscape Park Buffer Zone);	Short-term during project execution (means of transport, deployment and removal of equipment)	None
10	ORPISZEW 3D (Geofizyka Toruń)	Province of Poznań/ Krotoszyn, Rozdradzew, Ostrów Wilk., Raszków, Dobrzyca	national parks: none; nature reserves: Dąbrowa near Biadki Krotoszyńskie*; landscape parks: none; Natura 2000 sites: Uroczyska Płyty Krotoszyńskiej (the Krotoszyn Plateau Wilderness) PLH300002, Dąbrowy Krotoszyńskie (the Krotoszyn Oaks) PLB300007		Short-term during project execution (means of transport, deployment and removal of equipment)	None
11	Chałupczyn-1 well preparation of the drilling rig site, drilling work (PGNiG)	Province of Zielona Góra/Lubrza	Paklica and Ołobok Ribbon Lakes Protected Landscape Area	Paklica and Ołobok Ribbon Lakes Protected Landscape Area	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	fixed lighting of the drilling rig, noise, increased vehicle traffic, scaring away of animals

No	Name of project implemented in 2020	Location (province/municipality)	Names of areas covered by forms of nature protection (national parks, nature reserves, landscape parks, Natura 2000 areas) where the project is implemented		Impacts on biodiversity	
				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
					permit to scare away game were obtained	
12	Sieraków-2H well preparation of the drilling rig site, drilling work (PGNiG)	Province of Poznań/ Sieraków	Noteć Forest Natura 2000 area PLB300015, Sierakowski Park Krajobrazowy (the Sieraków Landscape Park)	Noteć Forest Natura 2000 area PLB300015, Sierakowski Park Krajobrazowy (the Sieraków Landscape Park)	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	fixed lighting of the drilling rig, noise, increased vehicle traffic, scaring away of animals
13	Brońsko-31H borehole preparation of the drilling rig site (PGNiG)	Province of Poznań/ Śmigiel	Wielki Łęg Obrzański Natura 2000 site PLB300004	Wielki Łęg Obrzański Natura 2000 site PLB300004	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
14	Lisinieć-1 well preparation of the drilling rig site (PGNiG)	Province of Poznań/ Rzgów	Dolina Środkowej Warty (the Middle Warta Valley) Natura 2000 site PLB300002, Ostoja Nadwarciańska (the Warta Refuge) Natura 2000 site PLH300009, Nadwarciański Park Krajobrazowy (the Warta Landscape Park); Pyzdski Obszar Chronionego Krajobrazu (the Pyzdry Protected Landscape Area)	Dolina Środkowej Warty (the Middle Warta Valley) Natura 2000 site PLB300002, Ostoja Nadwarciańska (the Warta Refuge) Natura 2000 site PLH300009, Nadwarciański Park Krajobrazowy (landscape park), Pyzdski Obszar Chronionego Krajobrazu (protected landscape area)	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	fixed lighting of the drilling rig, noise, increased vehicle traffic, scaring away of animals
15	Krobielewko-7 well drilling rig site decommissioning (PGNiG)	Province of Zielona Góra/ Drezdenko	Noteć Forest Natura 2000 area PLB300015	Noteć Forest Natura 2000 area PLB300015	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	fixed lighting of the drilling rig, noise, increased vehicle traffic, scaring away of animals
16	Krobielewko-8 well drilling rig site decommissioning (PGNiG)	Province of Zielona Góra/ Skwierzyna	Noteć Forest Natura 2000 area PLB300015	Noteć Forest Natura 2000 area PLB300015	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	fixed lighting of the drilling rig, noise, increased vehicle traffic, scaring away of animals
17	Nowosiółki Dydyńskie-1 well (wildlife survey) (PGNiG)	Municipality of Fredropol, Province of Rzeszów	Pogórze Przemyskie (the Przemyski Foothills) Natura 2000 site PLB180001, Ostoja Przemyska (the Przemyski Refuge) PLH180012, Park Krajobrazowy Pogórza Przemyskiego (the Przemyski Foothills Landscape Park).		exclusion from intensive forest production, land take in a protected area, destruction of vegetation cover to build the rig, scaring away of animals	fixed lighting of the future drilling rig, noise, increased vehicle traffic, scaring away of animals
18	Posada Rybotycka-1 well (wildlife survey) (PGNiG)	Municipality of Fredropol, Province of Rzeszów	Pogórze Przemyskie (the Przemyski Foothills) Natura 2000 site PLB180001, Ostoja Przemyska (the Przemyski Refuge) PLH180012, Park		Post-agricultural wasteland. Land take in a protected area, destruction of vegetation	fixed lighting of the future drilling rig, noise, increased vehicle traffic, scaring away of animals

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				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
			Krajobrazy Pogórze Przemyskiego (the Przemysł Foothills Landscape Park).		cover to build the rig, scaring away of animals	
19	Koniusza-1 well (wildlife survey) (PGNiG)	Municipality of Fredropol, Province of Rzeszów	Pogórze Przemyskie (the Przemysł Foothills) Natura 2000 site PLB180001, Ostoja Przemyska (the Przemysł Refuge) PLH180012, Park Krajobrazy Pogórze Przemyskiego (the Przemysł Foothills Landscape Park).		Agricultural land – meadow and part of forest. Land take in a protected area, destruction of vegetation cover to build the rig, scaring away of animals	fixed lighting of the future drilling rig, noise, increased vehicle traffic, scaring away of animals
20	Olszany-1 well (wildlife survey) (PGNiG)	Municipality of Krasiczyn, Province of Rzeszów	Pogórze Przemyskie (the Przemysł Foothills) Natura 2000 site PLB180001, Ostoja Przemyska (the Przemysł Refuge) PLH180012, Park Krajobrazy Pogórze Przemyskiego (the Przemysł Foothills Landscape Park).		Arable land. Land take in a protected area, potential scaring away of animals	fixed lighting of the future drilling rig, noise, increased vehicle traffic, scaring away of animals
21	Boguszówka-1 well (wildlife survey) (PGNiG)	Municipality of Bircza, Province of Rzeszów	Pogórze Przemyskie (the Przemysł Foothills) Natura 2000 site PLB180001, Park Krajobrazy Pogórze Przemyskiego (the Przemysł Foothills Landscape Park)	Ostoja Przemyska (the Przemysł Refuge) Natura 2000 site PLH180012	Agricultural land – meadow. Land take in a protected area, potential scaring away of animals	fixed lighting of the future drilling rig, noise, increased vehicle traffic, scaring away of animals
22	Kramarzędka -1K (PGNiG)	Municipality of Krzywca, Province of Rzeszów	Przemysko-Dynowski Obszar Chronionego Krajobrazu (the Przemysł and Dynów Protected Landscape Area)	Not applicable	Agricultural land – meadow. Land take in a protected area	fixed lighting of the drilling rig, noise, increased vehicle traffic, scaring away of animals
23	Kramarzędka -3H (PGNiG)	Municipality of Krzywca, Province of Rzeszów	Przemysko-Dynowski Obszar Chronionego Krajobrazu (the Przemysł and Dynów Protected Landscape Area)	Not applicable	Agricultural land – meadow. Land take in a protected area	fixed lighting of the future drilling rig, noise, increased vehicle traffic, scaring away of animals
24	Rycerka Dolna-1 (PGNiG)	Municipality of Rajca, Province of Katowice	Żywiecki Park Krajobrazowy (Żywiec Landscape Park), buffer zone	Not applicable	Post-agricultural land – succession meadow. Land take in a protected area, potential scaring away of animals	fixed lighting of the future drilling rig, noise, increased vehicle traffic, scaring away of animals
25	Dukla-1 (PGNiG)	Municipality of Dukla, Province of Rzeszów	Obszar Chronionego Krajobrazu Beskidu Niskiego (the Beskid Niski Protected Landscape Area)	Not applicable	exclusion from forest production, land take in a protected area, destruction of vegetation cover to build the rig	fixed lighting of the future drilling rig, noise, increased vehicle traffic, scaring away of animals
26	Dukla-3H (PGNiG)	Municipality of Dukla, Province of Rzeszów	Obszar Chronionego Krajobrazu Beskidu Niskiego (the Beskid Niski Protected Landscape Area)	Not applicable	exclusion from forest production, land take in a protected area, destruction of vegetation cover to build the rig	fixed lighting of the future drilling rig, noise, increased vehicle traffic, scaring away of animals
27	Gilowce-3K (PGNiG)	Municipality of Miedzna, Province of Katowice	Not applicable	Stawy w Brzeszczach (the Brzeszcze Ponds) Natura 2000 site PLB120009	Agricultural land – Land take in an agricultural area.	fixed lighting of the future drilling rig, noise, increased vehicle traffic, scaring away of animals
28	Gilowce-4H (PGNiG)	Municipality of Miedzna, Province of Katowice	Not applicable	Stawy w Brzeszczach (the Brzeszcze Ponds) Natura 2000 site PLB120009	Agricultural land – Land take in an agricultural area.	fixed lighting of the future drilling rig, noise, increased vehicle traffic, scaring away of animals
29	Kulno-2 (PGNiG)	Municipality of Kuryłówka, Province of Rzeszów	Kuryłowski Obszar Chronionego Krajobrazu (the Kuryłówka Protected Landscape Area)	Rezerwat przyrody Brzyska Wola (the Brzyska Wola Nature Reserve)	exclusion from forest production, destruction of vegetation cover to build the rig	fixed lighting of the future drilling rig, noise, increased vehicle traffic, scaring away of animals
30	Pruchnik -39K (PGNiG)	Municipality of Pruchnik, Province of Rzeszów	Przemysko-Dynowski Obszar Chronionego Krajobrazu (the Przemysł and Dynów Protected Landscape Area)	Not applicable	Agricultural land – Land take in an agricultural area.	fixed lighting of the future drilling rig, noise, increased vehicle traffic, scaring away of animals
31	Grochowce-1K (PGNiG)	Municipality of Przemysł, Province of Rzeszów	Not applicable	Przemysko-Dynowski Obszar Chronionego	Agricultural land – Land take in an agricultural area.	fixed lighting of the future drilling rig, noise, increased

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			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
					Krajobrazu (the Przemysł and Dynów Protected Landscape Area)	vehicle traffic, scaring away of animals
32	Zapałów-3K (PGNiG)	Municipality of Wiązownica, Province of Rzeszów	Not applicable	Sieniawski Obszar Chronionego Krajobrazu (the Sieniawa Protected Landscape Area), Lasy Sieniawskie (the Sieniawa Forests) Natura 2000 site PLH 180054	Agricultural land – Land take in an agricultural area.	fixed lighting of the future drilling rig, noise, increased vehicle traffic, scaring away of animals
33	Milaki -1 (PGNiG)	Municipality of Lelkowo, Province of Olsztyn	Ostoja Warmińska (the Warmia Refuge) Natura 2000 site PLB280015	Not applicable	Agricultural land – meadow, land take in an agricultural area	fixed lighting of the future drilling rig, noise, increased vehicle traffic, scaring away of animals
34	Milaki -2K (PGNiG)	Municipality of Lelkowo, Province of Olsztyn	Ostoja Warmińska (the Warmia Refuge) Natura 2000 site PLB280015	Not applicable	Agricultural land – meadow, land take in an agricultural area	fixed lighting of the future drilling rig, noise, increased vehicle traffic, scaring away of animals
35	Derkacz 3D seismic surveys in the Kamień Pomorski licence area No. 1/2000/Ł (PGNiG)	Province of Szczecin/ Przybiernów, Stepnica, Golczewo, Wolin, Kamień Pomorski	<u>Natura 2000 sites:</u> Ostoja Goleniowska (the Goleniów Refuge) PLH320013 Ostoja Golczewska (the Golczewo Refuge) PLH320052, <u>Nature reserves:</u> Przełom Rzeki Wólcznicy (the Gorge of the Wólcznica River), Przybiernowski Bór Bagienny (the Przybiernów Coniferous Swamp), <u>Nature and landscape complexes:</u> Las Golczewski (the Golczewo Forest), Las Samliński (the Samlino Forest), Bukowa Góra (the Bukowa Hill), <u>Protected environment sites:</u> unnamed (Municipality of Golczewo),	Not applicable	increased vehicle traffic, seismic surveys using heavy equipment or dynamite, temporary scaring away of animals	Not applicable
36	Derkacz 3D seismic surveys in an unlicensed area (PGNiG)	Province of Szczecin/ Golczewo, Nowogard, Przybiernów	<u>Natura 2000 sites:</u> Ostoja Goleniowska (the Goleniów Refuge) PLH320013 and Ostoja Golczewska (the Golczewo Refuge) PLH320052, <u>Nature reserves:</u> Przybiernowski Bór Bagienny (the Przybiernów Coniferous Swamp), Przełom Rzeki Wólcznicy (the Gorge of the Wólcznica River), Ciszy Rokickie im. Profesora Stanisława Króla (The Professor Stanisław Król Rokita Yews Nature Reserve) <u>Protected Landscape Areas:</u> Las Czermnicki (the Czermnica Forest), <u>Nature and landscape complexes:</u> Dolina Rzeki Wólcznicy (the Wólcznica River Valley), Las Golczewski (the Golczewo Forest), Przybiernowskie Ciszy (the Przybiernów Yews) <u>Protected environment sites:</u> Mszar Łęgno (the Łęgno Mire), Grabiński Mszar (the Grabin Mire), Trzechelska Brzezina (the Trzechel Birch Wood), Uroczysko Zakładzie	Not applicable	increased vehicle traffic, seismic surveys using heavy equipment, temporary scaring away of animals	Not applicable

No	Name of project implemented in 2020	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
			(the Zakłodzie Wilderness), Czermnicki Mszar (the Czermnica Mire), Czermnicka Ostoja (the Czermnica Refuge),			
37	Orpiszew 3D seismic surveys in the Ostrów Wielkopolski licence area No. 48/96/Ł (PGNiG)	Province of Poznań/ Rozdrażew, Dobrzyca, Raszków, Krotoszyn, Ostrów Wielkopolski	<u>Natura 2000 sites:</u> Uroczyńska Płyty Krotoszyńskiej (the Krotoszyn Plateau Wilderness) PLH300002, Dąbrowy Krotoszyńskie (the Krotoszyn Oaks) PLB300007, Dąbrowy Krotoszyńskie Baszków – Rochy (the Baszków – Rochy Krotoszyn Oaks) <u>Protected Landscape Area</u> , Dąbrowa koło Biadek Krotoszyńskich (Dąbrowa near Biadki Krotoszyńskie) <u>nature reserve</u>	Not applicable	increased vehicle traffic, seismic surveys using heavy equipment or dynamite, temporary scaring away of animals	Not applicable
38	Orpiszew 3D seismic surveys in an unlicensed area (PGNiG)	Province of Poznań/ Rozdrażew, Krotoszyn	<u>Natura 2000 sites:</u> Uroczyńska Płyty Krotoszyńskiej (the Krotoszyn Plateau Wilderness) PLH300002, Dąbrowy Krotoszyńskie (the Krotoszyn Oaks) PLB300007, Dąbrowy Krotoszyńskie Baszków – Rochy (the Baszków – Rochy Krotoszyn Oaks) <u>Protected Landscape Area</u>	Not applicable	increased vehicle traffic, seismic surveys using heavy equipment, temporary scaring away of animals	Not applicable

5.3.5 Direct GHG emissions (Scope 1)

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

Direct greenhouse gas 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. 11 Direct greenhouse gas emissions by business segment of the PGNiG Group in 2018-2020

Direct GHG emissions by PGNiG Group's business segments (in '000 Mt of eCO ₂ *)	2020**	2019	2018
Upstream (Exploration and Production)	575.7	689.3	701.9
Downstream (Distribution, Storage and Trade)	103.0	107.2	101.5
Generation	6 144.3	6 377.8	6 342.5
Other	2.4	2.5	3.0
Total (PGNiG Group)	6 795.4	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 2020 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.

A short-term trend of GHG emissions falling slightly (by 5%) despite constant rapid growth across the PGNiG Group has been recorded.

Greenhouse gas emissions from gas flaring

(CCE-7/C4)

Tab. 12 Greenhouse gas emissions from gas flaring in 2020.

GHG emissions from gas flaring* (t CO _{2e})	2020	
	PGNiG Group**	PGNiG**
	75.40	75.40

*The emissions are calculated based on GHP Protocol guidance.
** The 2020 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 share of gas flared as a proportion of total greenhouse gas emissions at the PGNiG Group is 1.11%.

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

 Tab. 13 Direct CO₂ emissions from the PGNiG Group installations participating in EU ETS in 2019-2020

EU ETS installation	National Allocation Plan (KPRU) No.	2020*			2019		
		Emission allowances ['000 Mg]	Emission ['000 Mg]	Surplus/(Deficit) ['000 Mg]	Emission allowances ['000 Mg]	Emission ['000 Mg]	Surplus/(Deficit) ['000 Mg]
Mogilno CGSF	PL-0898-08	2.8	13.3	(10.5)	3.5	13.1	(9.5)
Odolanów	PL-0950-08	10.0	27.8	(17.8)	12.6	26.7	(14.1)
Lubiatów Oil and Gas Production Facility, Central Facility	PL-1070-13	39.2	62.5	(23.2)	40.0	56.3	(16.2)
Wierzchowice UGSF	PL-1072-13	-	72.3	(72.3)	-	83.0	(83.0)
Kosakowo CGSF	PL-1076-13	-	5.7	(5.7)	-	3.6	(3.6)
Dębno Oil and Gas Production Facility, Central Facility	PL-0563-05	24.3	32.7	(8.4)	24.8	32.3	(7.5)
Pruszków CHPP	PL-0026-05	20.8	107.5	(86.7)	26.5	120.8	(94.3)
Siekierki CHPP	PL-0027-05	600.6	2731.3	(2130.7)	778.6	2 961.1	(2182.5)
Żerań CHPP	PL-0028-05	442.4	2096.7	(1654.2)	571.7	2171.6	(1599.9)
Kawęczyn CHPP	PL-0124-05	20.4	104.3	(83.9)	25.8	79.7	(53.9)
Wola HP	PL-0125-05	0.4	0.5	(0.1)	2.0	0.9	1.1
CM Racibórz	PL-0297-05	8.5	42.4	(33.9)	10.7	42.4	(31.7)
CM Wodzisław Śląski	PL-0298-05	5.3	31.9	(26.5)	6.7	31.3	(24.5)
CM Żory	PL-0299-05	6.9	32.5	(25.7)	8.7	31.0	(22.3)
PTEP S.A. Moszczenica CHPP	PL-0083-05	21.1	44.1	(22.9)	33.5	42.1	(8.7)
PTEP S.A. Zofiówka CHPP	PL-0084-05	134.7	425.7	(291.1)	135.5	478.0	(342.5)
PTEP S.A. Pniówek CHPP	PL-0085-05	13.9	77.6	(63.7)	22.9	74.5	(51.7)
PTEP S.A. Suszec CHPP	PL-0086-05	7.1	26.6	(19.6)	10.0	28.9	(18.9)
Total		1358.3	5935.1	(4576.8)	1713.3	6277.3	(4563.9)

* The 2020 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, 18 installations of the PGNiG Group are covered by the EU ETS. In 2020, carbon dioxide emissions decreased by 5% y/y and amounted to 5,935,136.72 Mg. As free allowances of CO₂ emission rights decrease year by year, there is a need to purchase additional emission rights.

5.3.6 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.

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. 14 Air pollutants emitted by the PGNiG Group in 2019–2020

Emissions of gases, particulates and substances (Mg)	2020*		2019	
	PGNiG Group	PGNiG	PGNiG Group	PGNiG
CO ₂	6 074 609.1	240 499.9	6 556 513.1	391 951.9
CO ₂ biomass combustion	346 955.0	-	280 565.7	-
CH ₄	13 352.1	11 259.8	12 130.9	9 737.8
SO ₂	9 452.4	2 679.6	9 875.0	1 869.3
NO _x /NO ₂	5 952.5	488.3	6 556.5	406.4
CO	2 158.7	322.4	2 176.3	326.1
Total particulates	530.1	3.7	578.8	2.8
Total hydrocarbons	226.9	167.1	294.5	153.1
H ₂ S	0.4	0.4	0.4	0.4
Total	6 453 237.0	255 421.2	6 868 681.4	404 447.8

* The 2020 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.

5.3.7 Total water discharge by quality and destination

Tab. 15 Total water discharge by quality and destination in 2019–2020

Wastewater	2020*		2019	
	PGNiG Group	PGNiG	PGNiG Group	PGNiG
Domestic [‘000 m ³]	339.5	0.2	396.4	0.3
Municipal [‘000 m ³]	88.4	78.0	97.2	83.9
Industrial [‘000 m ³]	8 102.9	14.7	8 816.0	10.2
Other [‘000 m ³]	147 506.9	24.2	135 765.6	18.5

* Dane za 2020 r. od części jednostek GK PGNiG obejmują częściowe prognozy, w momencie publikacji Sprawozdania nie było możliwości technicznej ich pełnego zweryfikowania.

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 cooling purposes. The policy of economical water management is followed during drilling work and, where possible, wastewater is reused to prepare drilling muds.

PGNiG GHPB 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.

5.3.8 Waste management

(ENV-7/C3)

Extraction and processing of crude oil and natural gas inherently involves production of hazardous and non-hazardous waste and drilling waste. In 2020, all PGNiG Group companies worked to optimise the volumes of generated waste, mainly by implementing new technology and using eco-friendly materials and products. Programs to raise awareness of selective waste collection were implemented, and where possible, waste was recycled to specialized external operators.

Tab. 16 Waste management methods used at the PGNiG Group in 2019-2020

Other waste excluding municipal waste		Recovered		Disposed of [Mg]	Landfilled [Mg]
		Recycled [Mg]	Other recovery processes [Mg]		
2020*					
Hazardous waste	PGNiG Group	157.7	277.1	1 174.2	-
	PGNiG	35.3	85.4	318.1	-
Non-hazardous waste	PGNiG Group	1 989.9	544 344.0	1 738.7	1 282.7
	PGNiG	99.7	961.0	1 463.5	179.7
2019					
Hazardous waste	PGNiG Group	119.7	306.9	3726.1	-
	PGNiG	44.5	112.2	708.2	-
Non-hazardous waste	PGNiG Group	1 600.7	675 732.1	3 834.5	171.9
	PGNiG	123.8	383.6	3 002.2	171.9

* The 2020 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. 17 Method of drilling waste management in 2019-2020

Drilling waste		Stored in waste disposal facilities [Mg]	Recovered [Mg]	Disposed of [Mg]	Reused [Mg]	Stored [Mg]	Stored in rock mass [Mg]
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
2019							
Hazardous waste	PGNiG Group	-	2 380.4	25.9	-	-	-
	PGNiG	-	2 380.4	25.9	-	-	-
Non-hazardous waste	PGNiG Group	748.1	85 840.4	20 814.1	-	990.6	11 139.5
	PGNiG	-	81 191.2	10 660.5	-	149.1	11 139.5

* The 2020 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.

5.3.9 Environmental events

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

In the area of hydrocarbon exploration and production, there is a strong focus on the prevention of environmental emergencies and hazards caused by spills, emissions etc. 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.

In 2020, there was a single leak in exploration activities during seismic data acquisition by Geofizyka Toruń (approximately 40 litres of Panolin biodegradable hydraulic oil in total). The incident occurred on post-agricultural wasteland as a result of machinery failure (specialist vibration equipment), resulting in minor and temporary contamination of top soil with the biodegradable hydraulic oil. All consequences of the incident were fully remedied, without any environmental impacts. The site was re-checked several days after the incident. The contaminated soil was handed over to licensed waste collectors on the basis of the adopted and approved Waste Management Plan. In accordance with the Company's internal procedure aimed at preventing similar incidents in the future, hydraulic hose clamps were checked on all machines operated in the project. In addition, during the work of seismic teams regular training is provided to raise the awareness of procedures to be followed in the event of leaks and other environmental incidents. Additionally, the number of inspections of the technical condition of machinery was increased as a preventive measure to eliminate potential incidents.

Three incidents with a limited range, not causing any permanent damage, took place in PGNiG's production operations. Due to a failed tanker security device, crude oil contaminated an asphalt road. The leak site was secured with the use of absorbent powder and the residues were subsequently collected from the road by the State Fire Services. Neither the soil nor any watercourse were contaminated, and no environmental damage occurred. Another accident occurred when formation water was being pumped from a road tanker to storage tanks holding formation water pumped into rock mass. The water penetrated into an unnamed watercourse, but no hazardous substances were found in the water following tests. The Regional Directorate for Environmental Protection is carrying out an investigation to determine whether any environmental damage has occurred.

Finally, on January 30th 2020 an oil pipeline leaked formation fluid (a mixture on crude oil, formation water and high-sulfur natural gas) between the Barnówko-8 well and Barnówko Central Facility (at the Dębno Oil and Gas Production Facility), contaminating soil. All the 51.24 Mg (ca. 30 m³) of contaminated soil was immediately excavated and disposed of as waste. Once accredited tests confirmed that all the contamination had been removed, clean backfill was placed in the resulting excavation. No environmental damage occurred.

5.3.10 Penalties for non-compliance with environmental laws and regulations

(GRI 307-1)

No breaches of environmental laws or regulations were reported by PGNiG in 2020, and no penalties for non-compliance with environmental laws and regulations were imposed. The situation was similar across the entire PGNiG Group, except for administrative fines totalling PLN 5,800.00 imposed on PGNiG Termika:

- PLN 4,000.00 for delayed AC unit leak proof testing by a service provider.
- PLN 1,800.00 for delayed records of leak proof tests performed on three AC units by a service provider.

Leak proof testing of AC units at the Siekierki CHP plant was delayed but successful. A subsequent check was successful and revealed no technical issues in the A/C system.

5.4 Environmental risks and management approaches

All activities undertaken by the PGNiG Group involve the identification of environmental and climate risks. This applies in particular to the location of drilling work and includes an analysis of location-specific risks and potential conflicts with local communities. Based on the analysis, planned work is relocated (whenever possible) or action is taken to reduce its environmental footprint or impact. Significant environmental risks are defined in the table below:

Tab. 18 Risks related to environmental aspects

Environmental aspects			
No.	Identified non-financial risk	Method to prevent risk materialisation	Materiality
1	Risk of environmental accident at CNG stations due to leaks of substances/oils from tanks and containers, machinery and equipment located at CNG stations, or non-compliance with environmental regulations, machinery and equipment failures, human errors.	Implement environmental protection measures in accordance with current external and internal regulations, including but not limited to: <ul style="list-style-type: none"> • Waste handling manual, • Process manual for bunkering, • Fire safety instructions for CNG stations, • Explosion Protection Documents for all CNG stations. 	high
2	Risk of contamination or environmental damage occurring prior to decommissioning process and not identified before its commencement or in the course of ongoing decommissioning operations on a field, e.g. well decommissioning and site restoration.	<ul style="list-style-type: none"> • Identify pre-existing pollution and its locations, • Plan decommissioning along with full restoration only where pre-existing pollution has been identified earlier in the process, • Ensure that environmental damage sites are restored by PGNiG Group companies. 	medium
3	Risk of planning investment projects in areas with localities of protected species of plants, animals or fungi and protected habitats both within and outside Natura 2000 sites.	Perform a wildlife survey before the start of the facility design process, use appropriate technologies (e.g. controlled drilling), adapt the construction and erection schedule to eliminate any interference with breeding periods, as a last resort – re-route.	medium
5	Risk of industrial accident (fire, explosion) and/or structural collapse.	<ul style="list-style-type: none"> • Meet the obligations of upper tier establishment operators by developing and applying SEVESO documents, • Carry out periodic inspections and audits of buildings, equipment and systems according to manufacturers' recommendations and regulatory requirements, • Perform periodic operation and effectiveness checks of security and alarm systems, • Control access to site, train visitors, • Providing periodic training on relevant procedures to employees, • Supervise the selection of work contractors, • Comply with OHS and fire safety regulations and cooperate with competent authorities (State Fire Service, Provincial Inspectorate for Environmental Protection). 	medium
6	Risk of pipeline/system leaks resulting in process failures, which may pose a risk to the continuity of plant operation, pose a health hazard or cause potential losses to customers.	<ul style="list-style-type: none"> • Construction of pipeline according to Office of Technical Inspection and District Mining Office requirements, • Ensure proper selection of materials, • Carry out pressure testing and scan all welds before placement in service, • Ensure continuous process control, • Use a range of protective systems (grounding, gas detection, light and sound signalling, leak detection), 	medium

Environmental aspects			
No.	Identified non-financial risk	Method to prevent risk materialisation	Materiality
		<ul style="list-style-type: none"> Carry out regular inspection and maintenance of security and alarm systems, Select and provide training to operation staff, Accident handling manuals. 	
7	Risk of contamination of green areas and transport routes.	Designate appropriate transport routes and supervise transport service providers and vehicles used; supervise the transport of hazardous materials.	medium
8	Risk of incorrect waste sorting	Supervise waste sorting practices, permits held by collectors and operations of waste collection companies; keep day-to-day records; provide and designate waste storage locations; ensure marking of containers.	medium
9	Risk of negative environmental impacts, especially in terms of noise emissions into the environment during drilling operations.	Locate drilling sites at least 250 metres away from any buildings, provide noise protection screens, reduce noise emitted by drilling rig equipment, measure noise emissions; prepare noise emission distribution models at an earlier stage, consult local communities and authorities.	medium
10	Risk of exceeding emission limits set for fuel combustion pollutants	Flue gas emissions from the emitters are continuously measured. The executive order concerning monitoring of systems for continuous measurement of particulate and gaseous emissions in accordance with environmental protection regulations regarding responsibility for supervising, inspecting and ensuring reliability of systems for continuous measurement of particulate and gaseous emissions was implemented.	medium

Tab. 19 Climate change risks

Climate change risks			
No.	Identified non-financial risk	Method to prevent risk materialisation	Materiality
1	Risk of climate change impacts due to greenhouse gas releases from electricity generation.	<ul style="list-style-type: none"> Monitor electricity consumption, upgrade or replace captive heat sources. Energy efficiency improvement - PPEE 	medium
2	Risk of air pollution caused by emissions of greenhouse gases or other substances from transport and combustion processes in heat sources.	<ul style="list-style-type: none"> Prepare annual reports for environmental use locations to be submitted to the national database on emissions of greenhouse gases and other substances (KOBIZE) by technology: plants, sources, emitters. Regular KOBIZE reporting makes it possible to compare and verify emission volumes of greenhouse gases and other substances into the air. Implement appropriate procedures, such as the ECO DRIVING procedure for business car users at PGNiG OD. 	medium
3	Risk of increased CO ₂ emissions related to expansion of the PGNiG Group.	Use low-carbon technologies, implement R&D&I projects focused on energy self-sufficiency of hotels and manufacturing complexes based on cogeneration and renewable technologies.	low
4	Risk of a natural disaster, including escalation of extreme climatic events such as earthquakes, floods, landslides etc.	<ul style="list-style-type: none"> Choose locations outside of seismic hazard zones and floodplains, Fabricate infrastructure according to Office of Technical Inspection and District Mining Office requirements, using appropriate technology and materials, and ensure proper infrastructure monitoring – periodic inspections of all technical systems. 	low
5	Risk of lack of legal regulations for low-carbon fuels causing uncertainty in investment process.	Take active part in legislative consultations.	medium
6	Risk of failing to achieve environmental targets under planned investment projects where actual benefits from a project do not generate the expected value, understood as meeting the emission standards required by law.	Hold regular management meetings within the BAT/MCP Team, periodically review the scopes, budgets and schedules of environmental projects, periodically evaluate the programme of plant adjustment to environmental requirements by environmental protection units with the involvement of investment project units, analyse an environmental project immediately before handover for execution, provide for warranty and indemnity clauses in contracts and agreements.	medium



6. Social aspects



6.1 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.

6.1.1 Support of the fight against the COVID-19 pandemic

A vitally important activity in 2020 was the support provided in the fight against the COVID-19 pandemic across two levels. Intra-Group activities were focused on ensuring the safety of staff and business continuity, which meant ensuring uninterrupted supplies of gas, electricity and other services. External initiatives involved supporting local communities by providing material and financial assistance to healthcare institutions and social care providers. The beneficiaries included nursing homes, hospices and organisations supporting veterans.

The Group engages in the fight against the pandemic as part of its programme called ‘PGNiG – we are close to you’. A major part of the support was provided by the PGNiG SA Ignacy Łukasiewicz Foundation (the PGNiG Foundation), whose founder and key donor is PGNiG. The support was directed to hospitals, healthcare establishments, nursing homes, veterans’ facilities and other medical establishments in Poland and Europe, both in the form of cash and in-kind donations. Assistance was provided e.g. to medical establishments in Sanok, Zielona Góra and Ostrów Wielkopolski, the Łańcut Medical Centre (which became a dedicated Covid-19 hospital for the Province of Rzeszów), Autonomous Public University Hospital No. 4 in Lublin, and Warsaw’s MSWiA Central University Hospital, Provincial Infectious Diseases Hospital and Institute of Mother and Child.

The Foundation also helped organise an aid convoy to Uzbekistan and Ukraine with protective face masks, disinfectant liquids, and thermometers. On a local scale, the Group companies made cash and in-kind donations for those in need.

Best practices and other initiatives of the Group to support the fight against COVID-19:

- **Employee fund-raising initiative** – this was a spontaneous employee initiative supported by the PGNiG’s HR Department, consisting in facilitating the collection of money among employees to combat the coronavirus pandemic. At the request of the HR Department, in April 2020 the PGNiG Foundation opened a dedicated account for donations from employees. The initiative was joined by the Company’s Management Board and the Foundation, each contributing an amount matching the funds raised by employees. As a result, the amount raised by employees was tripled.

The fund-raising initiative became a joint effort of the employees, Management Board and the Foundation, which resulted in PLN 58,350 of total donations. The Branches from Odolanów, Sanok, Zielona Góra and Warsaw selected one institution from their respective area to which assistance was provided. The pandemic is a huge challenge for many care institutions, facing extreme difficulties. The beneficiaries of the collected funds, divided into four equal parts, were:

- Sanok Branch – the Nursing Home in Folsz,
 - Zielona Góra Branch – the Autonomous Public Health Care Establishment in Międzychód,
 - Odolanów Branch – the Nursing Home in Psary,
 - Head Office in Warsaw – Stołeczne Centrum Opiekuńczo-Lecznicze sp. z o.o.
- **PGNiG Foundation's Support for the TV education programme – School with TVP** . During the lockdown and distance learning starting from March 2020, several hundred hours of lessons were broadcast as part of the 'School with TVP' project on Polish state TV channels within two programming blocks: morning and afternoon (repetition), and via dedicated grade-specific Internet services available on the TVP VOD platform.
 - **Computers for distance learning** (donation in kind) – PGNiG and the Group companies (including: PGNiG Serwis, PSG, PGNiG Gazoprojekt and PGNiG Technologie) donated over 350 computers for distance learning to children from areas where PGNiG conducts its production activities, as part of the 'Combating Digital Exclusion in Distance Learning' project. The PGNiG Foundation also provided 24 laptops to schools in four municipalities (Lubrza, Miłosław, Krzywca, Iwierzyce) selected by the Geology and Hydrocarbon Production Branch (locations of exploration work).
 - Exalo provided financial support to the Ignacy Łukasiewicz Oil and Gas Schools in Krosno to facilitate **the production by students of protective face shields (using 3D printing technology)** intended for medical and uniformed services.
 - **Plasma donors** – an initiative organised by PGNiG Termika EP. Employees who had recovered from a coronavirus infection were given an opportunity to donate plasma (on a specific date and time). 32 company employees volunteered as part of the initiative. In addition, the PGNiG Crisis Management Team reminds the employees every few weeks, via internal communication channels, that COVID-19 convalescents can still donate plasma.
 - **Support for the National Health Fund (NFZ) Hotline** – between March 16th and April 27th 2020, several dozen employees working at the PGNiG OD Contact Centre supported the NFZ Hotline staff. The company's employees offered expert information based on scripts provided by the National Health Fund. During that time, 64 PGNiG OD consultants received 7,614 calls (81% of incoming calls), spending 455 hours, in total, on the phones. The average phone call lasted three minutes and 35 seconds.

The support for NFZ was organised in a flash, within just one day. The necessary software was immediately installed and workstations were configured, which was followed by technical and business tests and appropriate system authorisations. The hotline operators became immediately acquainted with relevant materials, received the necessary training and support from trainers. PGNiG's hotline operators supported the NFZ hotline in three cities: Warsaw, Poznań and Kraków. PGNiG's involvement helped reduce the waiting time for telephone advice on coronavirus and related health issues. PGNiG OD's results were excellent from the very first day: hotline operators received 99% of incoming calls, with an average waiting time of only two seconds.

- **Support for the Main Sanitary Inspectorate (GIS) hotline** – since October 16th 2020, PGNiG OD employees have supported GIS in handling incoming phone calls. It is our response to Poles' needs to obtain practical advice on COVID-19. By January 6th 2021, 64 PGNiG OD hotline operators received more than 10 thousand calls (84% of all received connections), spending nearly 500 hours on the phones. The average call time was two minutes and 52 seconds.

The PGNiG OD employees provide advice based on materials and scripts supplied by GIS. They answer questions related, among other things, to diagnostics, quarantine, health benefits, allowances, in-patient treatment, tests, prescriptions and ProteGO Safe application (for monitoring social contacts to support the fight against the coronavirus). The provision of necessary support to the state institution has no adverse effect on the company's ability to serve customers who, for the past several months, have been gradually shifting to electronic service platforms.

- **Ensuring comprehensive customer service during the COVID-19 pandemic (communication via digital channels)** – PGNiG OD has been focused on fast-paced development of electronic customer service channels. New solutions include: eBOK (Electronic Customer Service Office), a mobile application, ECO-invoice, an online payment facility and online contract execution facility. They have enabled the Company to provide efficient and comprehensive customer service during the pandemic without the need for face-to-face contact.

As a result of restrictions necessitated by the pandemic, the popularity of PGNiG's digital solutions have soared. The following increases were recorded in 2020: number of contracts executed via eBOK – 44% (from 1.50 to 2.16 million), number of contracts with ecolnvoice – 44% (from 955 thousand to 1.38 million), number of mobile application downloads – 124% (from 720 thousand to 1.61 million), number of online payments – 208% (from 1.57 to 4.83 million). By the end of December 2020, more than 63 thousand contracts were executed online.

A growing number of customers use our mobile application on a permanent basis – most frequently to check the meter status and make online payments for gas and electricity. Since its launch, PGNiG's application has been among the TOP3 most frequently downloaded applications in the Google Play store (House & Home category) and in the TOP20 AppStore's Business category.

PGNiG's customers benefit from the rapid development of digital channels, which are convenient and time-saving. While the pandemic continues, they also offer greater safety. Moreover, the solutions such as EKOInvoice reflect the Company's environmental commitment, as they help to significantly reduce paper consumption. The development of digital channels is also a means of optimising PGNiG OD's costs.

- **Customer service points temporarily closed** – out of concern for the safety of our employees and customers, direct customer service at all PSG offices was temporarily suspended on March 17th 2020. The decision was necessary to minimise the risk of infections among PSG employees by limiting their external contacts. The temporary suspension of direct service did not mean its complete cessation, as indirect communication tools and channels were launched. Document filing boxes were installed outside PSG Customer Service Points (CSPs) for customers to put applications and other documents in. There were also information leaflets showing the benefits of using the Service Connection Portal.

After reopening, the CSPs were equipped with disinfection facilities, hand sanitiser dispensers, disposable gloves and dedicated waste bins. Visual materials about protection against COVID-19 were also prepared in the form of posters and sent to all CSPs, providing information on the safety requirements and maximum number of customers allowed inside a CSP at the same time.

- **PSG Service Connection Portal** – an online tool enabling customers to apply for service connection without leaving their home. The solution has also helped shorten the application processing time.
- **Actions supporting the #stayathome campaign** – PGNiG Termika and Legia Warszawa promoted the #stayathome campaign during the March 2020 lockdown through a dedicated website and (<https://www.legia.com/zostanwdomu-i-zadbaj-o-cieplo-z-pgnig-termika/8773/>) on TVP 3 Warsaw TV channel via a 6-second spot saying: #stayathome We take care of the energy security of Poles We are close to you PGNiG TERMIKA.

- **Donations to entities from the nearest business environment:**

- GSP's donations:
 - scrubbing and washing machine for the hospital in Puck,
 - disinfectant liquids for the Community Centre in Mogilno,
 - disinfectant liquids for the Rewa Yacht Club (Municipality of Kosakowo),
 - pressure washer for the State Fire Brigade in Mogilno.
- PGNiG Termika donated food products for those under the care of the Warsaw-Praga Diocese branch of Caritas (the elderly, the sick, and people without close relatives) during the first stage of the COVID-19 pandemic.

- **Donating disinfectant liquids to public transport companies** – at the end of March and beginning of April, PGNiG OD donated anti-COVID-19 disinfectants to municipal transport companies using LNG and CNG fuels. The purpose of the initiative was to increase the safety of drivers at the time when demand surged while the market supply was still insufficient. Disinfectant liquids were donated to five companies: Miejskie Zakłady Autobusowe Sp. z o.o. of Warsaw, PKS w Bielsku-Białej S.A., Przedsiębiorstwo Komunikacji Miejskiej Tychy Sp. z o.o., Transgór Mysłowice S.A., and Miejskie Przedsiębiorstwo Komunikacyjne – Rzeszów Sp. z o.o.

The donated products helped the municipal transport operators using CNG and LNG fuels to ensure safe public transport during the difficult time of the pandemic. They were provided free of charge when demand was at its highest, helping ensure safe working conditions for bus drivers.

- **Support to local people provided by the PGNiG Operator Branch in Pakistan, including:**

- Distribution of more than 400 food packages with rice, flour, sugar, leguminous seeds, food oil, etc., and hand sanitisers among the needy in the area of PGNiG's operation in Pakistan (Dadu District) during the COVID-19-induced lockdown.
- 33 tents were donated to victims of flooding and heavy rainfalls in the area of Wahi Pandhi and Chhinni (Dadu District, Pakistan) to provide them with shelter immediately after the natural disaster, which occurred during the pandemic.
- The rainfall and floods also damaged local roads from Chhinni to Dadu (the main city of the district) and seriously affected the area of approximately 5 km. PGNiG immediately responded by using its heavy specialised equipment to help clean the area.

- PGNiG's field personnel and HSE team organised information meetings for local staff, contractors, guards and police about the pandemic and minimum precautions.

6.1.2 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 2020 included:

- **Support for flood victims in the Province of Rzeszów** –purchase and delivery of household appliances to affected families. The aid was provided to nearly 260 families from 14 municipalities.
- **Support for more than 70 Voluntary Fire Brigade units** –cash donations for purchase of life- and health-saving equipment.
- Completion of the '**Eko Skawina**' project consisting in thermal upgrading of houses for the poorest families in the Municipality of Skawina.
- **Vehicle for carrying passengers with disabilities** – the Foundation has a car for transporting passengers with disabilities and senior citizens, including current and former employees of the Group and veterans. The car's drivers have been properly trained in the provision of first aid. The vehicle had been used to transport people and veterans for treatments, rehabilitation, medical visits, events, etc.
- **Energy from Honey** – on the premises of PGNiG 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 25 hives. The project combines environmental protection with educational elements. In 2020, another apiary (of 16 hives) was set up by the PGNiG Group in Warsaw at the Siekierki CHP Plant (PGNiG Termika). The PGNiG Foundation is responsible for day-to-day care of the apiaries, which house a total of approximately two million bees in the urban environment.

The Foundation also supported many initiatives aligned with the objectives specified in its statutes. An important one was a financial donation to the **Ignacy Łukasiewicz Museum of Oil and Gas Industry Foundation in Bóbrka** to support the museum's 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.

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 2020, 12 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 implemented by the PGNiG Group companies, in addition to the 'To Be Like Ignacy' educational programme, 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 2020 (not related to the fight against the pandemic) included:

- **Distinction for support to local people by the PGNiG Operator Branch in Pakistan.**

In Pakistan, PGNiG 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. Moreover, the Social Investment Programme is based on a multi-directional strategy of allocating funds to different sectors and areas, which offer the best opportunities to deliver sustainable benefits for the community. PGNiG assumed a mandatory social welfare commitment, following the execution of the Kirthar exploration lease contract in 2005.

In Pakistan, PGNiG engages in matters concerning its stakeholders, both in the area of its operations and beyond. It works very closely with local communities and actively engages them at all project levels, i.e. from the creation of jobs and entrepreneurship development opportunities, to raising their living standards, to improvement of the healthcare and education systems. PGNiG also liaises with local authorities, politicians and public sector representatives to ensure efficient use of both mandatory and optional funds and establish long-term partnerships with the local communities.

In 2020, the PGNiG Operator Branch in Pakistan received the 'Annual Environment Excellence Award' from the Pakistani National Forum for Environment and Health (NFEH). The award was given in recognition of the successful implementation of a comprehensive CSR programme, including community and environmental initiatives.

The branch was awarded for a programme carried out in the Kirthar licence areas, where it engages in exploration and production from two natural gas fields – Rehman and Rizq. The following projects were completed by the branch as part of the programme:

- planting of over 2,000 trees at the Rehman facility site, which will provide habitats for wild birds and contribute to air quality improvement, reduction of temperature and greenhouse gas emissions, and prevention of soil erosion,
- launch of a wastewater treatment facility and development of green areas at the Rehman production plant's backyard,
- support of projects related to the supply of drinking water to the local community,
- development of road infrastructure and a medical care facility in Tando Rahim Khan providing free medical and ophthalmic care,
- training of local contractors and providing them with opportunities to work for the branch with a view to stimulating economic growth and improving the living conditions of local people,
- organising of more than 50 meetings with local residents in order to draw their attention to major environmental protection challenges.

Annual Environment Excellence Awards (AEEA) – the main objective of the AEEA programme is to recognise and promote organisations that particularly contribute to environmental protection, emission reduction and control of waste disposal and pollution processes, thus protecting national and regional ecosystems. The award is given to entities perceiving sustainable development as a basis for carrying out their activities without detriment to the environment or natural resources, in a friendly coexistence with local communities.

The National Forum for Environment and Health (NFEH) is the originator and organiser of the programme. NFEH is a Pakistani non-profit organisation set up to promote the knowledge about nature protection, in particular among children and youth. The entity is engaged in active talks with local decision-makers, promoting sustainability principles as an essential element of implemented projects and investments. Established in 1999, NFEH is an organisation associated with the United Nations Environment Programme (UNEP).

In February 2021, the PGNiG Pakistan Branch received the '*13th Annual CSR Award*' from 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 2020** – as part of a voluntary employee campaign, on September 18th 2020, PGNiG Head Office employees took part in the 'Clean the World' campaign in the Drewnica Forest Division. On the same day, an all-Poland #PLANting campaign was launched, where volunteers received coniferous tree seedlings and planted a commemorative common oak tree in front of the Forest Division headquarters.

Drewnica is a forest division situated to the north-east of Warsaw. It covers four counties and 14 municipalities, including the city of Warsaw and four of its districts. Since two-thirds of its territory is located in the Warsaw conurbation, it is a popular walking and biking area among local residents. Regrettably, not all of them leave the place clean and tidy. As part of the 2020 'Clean the World' campaign, nearly twenty PGNiG volunteers cleaned a part of the Drewnica Forest Division reducing the amount of litter on that green area.

- **Employees of PGNiG Gazoprojekt participated in the Wrocław Business Run** – the initiative was as an opportunity for employee integration. Several participants from the Company and more than a dozen fans as well as a newsletter-based communication drive were an integrating element and helped promote a healthy lifestyle. Proceeds raised from the event were donated to sick children under the care of the Wrocław University of Technology's Manus Foundation.
- **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 2020, information campaigns were carried out in 10 municipalities (in the Provinces of Rzeszów, Kraków, Zielona Góra and Poznań) where the 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 initiatives, e.g.:**
 - Przemyski Klub Biegacza the Przemysł Runner Club). Since 2019, PGNiG has sponsored various street run events. In 2020 these were: Zimowa Karpacka Piątka, ca. 250 participants – Przemysł, February 23rd 2020, and Przemyska Dycha, ca. 500 participants – Przemysł, September 20th 2020.
 - Stowarzyszenie Rozwoju Sportu “Przemysł” (the Przemysł Sport Promotion Association). Since 2018, PGNiG has sponsored a handball team of Przemysł, contract term – 2018-2020. In 2020, the team played 20 games, with approximately 3,700 fans in the stands.
 - 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. The event was open both to amateur and professional players.
 - Sanocki Klub Łyżwiarski GÓRNIK (the GÓRNIK Sanok Ice Skating Team) – support for the club’s activities, consisting in participating in competitions and their organisation in the 2020 season. The club also organises training camps and test competitions in Poland and elsewhere in Europe (Germany, the Netherlands, Italy). As suggested by its name, the club has been established under the auspices of PGNiG’s Sanok Branch, and its members are aged between 6 and 21. For years, the club members have successfully competed both at nationwide and international levels.
- **Support for local cultural initiatives, for instance:**
 - Roman Catholic Parish of Saint Stanislaus the Martyr in Przemysł. 2019–2020 supporting the organisation of cultural events for pupils and students (PGNiG’s sponsorship), in 2020 the ‘Bosco kołędować Jezusowi’ Christmas songs and carols competition, 166 performers from several provinces and 240 supporters
 - Sanok Musical Association – the ‘Sanok 2020 International Accordion Spring’ – concerts and meetings of young musical talent.
 - Sanok Community Centre – ‘Jazz Stars at the Sanok Community Centre’ – a nationwide music festival with a long tradition, attended by special guests from abroad. The festival features performances by jazz musicians.
 - PRO ARTIS Association – the ‘Organ and Chamber Music Festival’ organised as part of the 1st Organ Music Days Sanok 2020.
 - Sanok Motorbiker Association – the ‘Sanok 2020 Motorbikers’ Rally’ – a family open-air event that features 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. They also provide an opportunity to promote the tourist and cultural attractions of the Rzeszów region.
- **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.
- **Rescue Eco Patrol** – a rescue and eco patrol on the waters of the Puck Bay using a Rigid Inflatable Boat. For the first time during the entire 2020 summer season, the cooperation between GSP and the Mechelinki Marine Training Base Association led to the establishment of a rescue team composed of qualified life guards who patrolled the Bay, seeking to ensure safety and protect the environment in the area. The new rescue boat was docked at a 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. Lowering room temperature to 20 °C saves a lot of money and reduces heat consumption.

- **Exalo Kids Camp** programme for children of Exalo's employees. Workshops for children designed to promote their interest in what the company does, develop the youngest children's creativity and encourage their interest in sports activities. It promotes the sense of responsibility and the awareness of interdependence between exploration and drilling operations and the natural environment. The programme also supports the Company's growth vision and its role in the national economy.
- **Projects to help children** (gift parcels for young hospital patients, financial support in organising summer holidays for children from disadvantaged families, co-financing of renovation of the Polish Diaspora House – a children's holiday centre, co-financing of the Polish Football Cup of Children from Care Homes) – PGNiG Termika.
- **'Christmas Presents 2020'** – preparation by PGNiG Gazoprojekt employees of more than 30 presents for children from disadvantaged families under the care of Caritas Polska.
- **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 2020, in partnership with PGNiG Superliga, PGNiG employees provided support for children's homes and foster families. The initiative was joined by employees of the Company's Head Office and Branches, as well as by members of men's and women's teams playing in the Superliga handball league. All of them worked to help 37 family group homes and foster families. 11 sports clubs, including Superliga employees, took active part in the campaign.

6.1.3 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 2020, CSR activities were reorganised as a significant part of funds and resources were allocated to support the battle against COVID-19. However, long-term projects were 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, in addition to donating millions of złoty to fight the virus, 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.

Besides projects to combat the pandemic, the key projects run by the Foundation in 2020 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 many cases, the co-financing covers in full the freedom fighters' gas bills. In addition, PGNiG OD offered those Warsaw Uprising veterans who are covered by the Debt of Gratitude project 500 free 'To Your Health Packages', i.e. products guaranteeing easy and prompt access to medical services.

At present, the PGNiG Debt of Gratitude project covers 408 Warsaw Uprising veterans and/or veterans of the 1939 Defensive War. Since the project's inception, PGNiG OD and the PGNiG Foundation have paid out almost PLN 920 thousand to the veterans. The project also covers 688 hero miners who went on strike at the Wujek coal mine on December 16th 1981 – the total co-financing for their gas bills exceeds PLN 905 thousand.

'PGNiG Debt of Gratitude' is a token of gratitude to the heroes for their selfless courage and sacrifice in fighting for a free Poland. The purpose of the initiative is to honour persons working to revive, preserve or restore the memory of important events in Poland's history. The initiative guarantees tangible support for heroes of Poland's history through co-financing of their gas bills.

Partners of the programme include: 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 4th edition and start of the 5th edition.** An educational programme involving a competition for primary schools, which can apply for the title of the Ignacy School of Science and win attractive prizes. The programme also provides webinars for teachers on YouTube or Live Streaming on the bycjakignacy FB profile. More than 3,500 schools and over 50,000 pupils and students took part in the previous four editions. The 5th edition of the 'To be like Ignacy' programme enjoys immense interest. Although the activity of science-oriented student clubs was hindered by the pandemic, more than 2,500 schools enrolled in the programme.

Other CSR activities:

- **One nationwide virtual honorary blood donation drive in 2020:** organising a blood donation drive on the Company's premises in spring proved impossible due to COVID-19-related restrictions. A decision was made to launch an in-house information and promotion campaign to encourage employees of the PGNiG Group to donate blood at facilities of the Regional Blood Donation and Haemotherapy Centre and hospitals in the period from April 1st to June 14th. Each blood donor received a personal thank-you letter from Vice President of the Management Board.

On October 2nd, a traditional, on-site blood donation session was held at the Company's registered office. Despite bad weather, pandemic-related concerns and the need to follow safety procedures, more than 30 donors signed up for the event and donated more than 12 litres of this life-saving resource.

On December 4th, during the Miners' Day (St. Barbara's Day) celebrations, no traditional festivity of miners took place due to sanitary restrictions. Instead, employees were encouraged to donate blood to celebrate the occasion.

- The **'Connect, because every breath matters'** campaign run by PSG aimed to promote the fight for clean air and improve the quality of life for residents of Poland's most air-polluted cities. In 2020, due to the state of pandemic emergency, only two mobile air pollution measurement devices with external LED displays were donated during the second edition of the project (one for a Customer Service Point (CSP)). Given the need to observe sanitary procedures, it was not possible to offer free spirometry tests. During the campaign, PSG organised conferences at two locations: Bydgoszcz and Kowal. The conferences were attended by no more than 50 persons, including representatives of the local authorities, politicians, members of local governments and NGOs, journalists and residents, who care for the quality of air in their little homelands. 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 theatres are largely closed for sanitary reasons, the television offers the public a unique chance to explore this kind of art.

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.

- **Polish Handball Association** – in December 2020, PGNiG extended its partnership with the Association and will be the Polish Handball Team's Strategic Sponsor for another four years, until the end of 2024. PGNiG will continue to provide diverse support to Polish handball as a strategic sponsor of senior, youth and junior national men's and women's handball teams, the Polish Cup and beach handball. The agreement with the Polish Handball Association is PGNiG's key sports sponsorship deal.
- **PGNiG Superliga** – PGNiG is the title sponsor of the Polish men's and women's handball league. The name PGNiG Superliga stands for league games among clubs, which compete for the title of the Polish Champion. The tournament is also an opportunity to organise a number of CSR events for fans and local communities. The most important ones included:
 - The 'We are close to you' campaign – as part of the campaign, PGNiG Superliga women's league made a series of short video films featuring Q&A sessions with male and female Superliga players, which were immensely popular with fans. In addition, members of the men's and women's teams prepared video materials showing workouts to do at home, thus supporting the #stayathome campaign.
 - Superliga makes your dreams come true! – in 2020, PGNiG Superliga decided to make the dreams of its youngest fans come true. Young handball fans were asked to write and send letters describing their 'Superliga Dreams'. The competition was won by a 12-year old Maciek, whose dream was to meet Adam Morawski, a member of the Orlen Wisła Płock handball team. They had their get-together on January 31st in Zabrze, just before the game between NMC Górnik Zabrze vs Orlen Wisła Płock. The boy and his family were invited to the hotel where the entire Wisła

Plock team were staying to give him a chance to talk to Adam Morawski and to swap gifts. Maciek played the first pass, and as soon as the game was over Adam Morawski conducted a 15-minute training session with the boy.

- Convalescent blood plasma is one of the few effective therapies for COVID-19 patients with severe, life-threatening symptoms. Male and female Superliga players who have recovered from the coronavirus help others in combating COVID-19 and other serious diseases, which is why they decided to donate their blood plasma and blood. The number of handball players who donate blood to lend support in the battle against COVID-19 is on the rise.
- Training – Superliga is Poland's only league to have conducted training for athletes and coaches of each club in communicating with the media and running social media channels. Between August and December, 14 training sessions, attended by 317 people, were organised for members of the men's league. The training has produced a significant increase in the players' involvement in contacts with the media and a steady increase in the frequency and professionalism of their posts on social media channels. Since the training was launched in August, the total number of their followers has risen by as much as nearly 20%. Professional communication in the media and through social networking channels is expected to further popularise the handball league and enhance the brand awareness of its sponsors.
- **PGNiG Summer Superliga 2020** – once again, PGNiG is the title sponsor of qualifying rounds for the Polish Beach Handball Championships. This sports discipline is a natural extension of PGNiG's sponsorship activities as a strategic sponsor of handball in Poland. Inowrocław, Gdańsk, Stare Jablonki, Warsaw and Darłowo hosted the five tournaments held in 2020, bringing together a record-high number of participants and, most importantly, new beach handball clubs. Successful delivery of the project during the challenging pandemic time, coupled with strong efforts to promote the discipline in the media (online campaigns and the first ever three-hour broadcast on the TVP Sport channel), have contributed to delivering key objectives of the project, namely attracting new fans, and promoting all sponsors and project partners in the most effective and attractive way.

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.

13th Edition of the Young Innovator 2020 competition – the slogan of the competition organised by the Polish Federation of Engineering Associations (FSNT-NOT) is 'I have an idea for an innovative solution' and its objective is to stimulate and tap into the creativity of children and young people. It is held for pupils of primary (grades 4th–8th) and secondary (including vocational) schools. The subject matter of a submitted project may be any solution consisting in improvement of an existing solution or development of a new, at least partially original solution. It is recommended that a proposed solution be as simple as possible. Young people participating in the competition are active and highly capable, and the projects they have submitted have surprised numerous technology experts and been an inspiration for many novel solutions. The awarded projects are presented at the International Warsaw Invention Show (IWIS) held in Warsaw.

PSG is implementing the **Virtual Gas Industry Museum (WMG)** project, with the English-language version of the website launched in 2020. 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).

6.1.4 Customer satisfaction and customer awareness

During the pandemic, the PGNiG Group companies have been developing online contact 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 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 2020 were to ensure comprehensive customer service during the COVID-19 pandemic, i.e. to 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 the course of the fight against COVID-19, 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:

- Emails sent to PGNiG OD's customers (more than 2 million), announcing the closing of the PGNiG Customer Service Offices (CSOs) (March 2020).
- Continuous update of information in Google search hits for changes in the working/closing hours of PGNiG CSOs (March–December 2020).
- Launch of an online campaign promoting remote conclusion of agreements with PGNiG (March 2020).
- Enhancing an online campaign promoting the launch of eBOK (electronic Customer Service Office) and change of advertising materials in the context of the pandemic (**#zostańdomu załatw wszystko przez eBOK**) ('Stay at home, have everything arranged through eBOK') (April and May 2020).
- Launch of an additional campaign on the Internet/search engine about signing agreements online (April 2020).
- Preparation of messages posted at CSOs on the Customer Service Guidelines during the pandemic.

In May 2020, the '**Przejdź na EKOfakturę w PGNiG**' ('Switch to EKOinvoice at PGNiG') campaign was launched to:

- encourage the use of remote sales channels through activation of an eBOK account and downloading of the eBOK mobile application;
- encourage customers to switch to the EKOinvoice service and opt out of paper invoices;
- present the benefits of new channels and change customer habits of making payments and arranging other matters via traditional service channels.

The product campaign, promoting remote service channels (eBOK and 'Switch to EKOinvoice at PGNiG'), was designed to promote remote communication channels: eBOK, the mobile application and remote conclusion or amendment of agreements. In the period from January to the end of December, 492,000 new eBOK accounts were opened and 417,000 new consents were obtained for issuing EKOinvoices. Activation of an eBOK account is equivalent to acceptance of the rules for the service provision by electronic means.

PSG was running the '**Przyłącz się do nas**' ('Connect to Us') **information campaign** to encourage the largest possible number of people to activate a gas connection, and to demonstrate that natural gas is an environmentally friendly fuel and its use for house heating is not only economically viable but also environmentally responsible. The campaign was also intended to dispel the myths around the use of gas for heating, often arising from limited knowledge. The project is targeted primarily at municipal/village areas where PSG records the largest numbers of inactive gas connections.

The campaign is supported by two channels of access to potential customers: the direct one, through dedicated posters and leaflets distributed to municipal offices, as well as AdWords advertising; and the indirect one, i.e. through the media.

An important element of the campaign is the creation of an 'Aktywni na nowo' ('Active Anew') sub-page of PSG's main webpage, with a special questionnaire to identify the reasons for a customer's not using a gas connection.

Service Connection Portal – an online tool launched by PSG enabling customers to apply for service connection without leaving their home. The solution has also helped shorten the application processing time. Launch of the Service Connection Portal prevented any pandemic-related dwindling of interest in gas network connections. Within less than ten months from its launch by PSG, more than 56,000 gas network connection applications have been submitted and nearly 60,000 users have opened their personal accounts in the Portal. The Service Connection Portal is PSG's electronic customer service office, which guides a customer throughout the connection process.

The solutions implemented have materially shortened the application processing time and the time needed to define the terms and conditions of a connection. The average processing time for applications submitted in a traditional way is one week. For applications submitted through the Service Connection Portal, the time is up to three days shorter.

PSG continued a **visual standardisation project at its Customer Service Points (CSPs)**, accompanied by related activities, such as legible and up-to-date marking of buildings and access paths to CSPs, provision of dedicated parking spaces for customers, removal of architectural barriers, and upgrade of common areas.

Development of PSG's Contact Centre – implementation of a telephone and system-based customer service at the Contact Centre throughout PSG's operational area. The solution enables, among other things, connection to the gas network, execution of investment projects, handling of complaints, as well as, in selected areas, handling of service orders and reception of gas meter readings. A benefit of the solution is a standardised telephone customer service process by introducing uniform scripts for consultants, which raises the service quality. It also helps improve the quality of indirect customer service by using available communication channels. Following extension of the Contact Centre working hours, the telephone call times were shortened and the availability of information to customers was improved. At the same time, PSG embarked on a project to implement a virtual consultant to support telephone customer service at the Contact Centre (Chatbot and Voicebot).

GSP was involved in a project to enable the submission and review of applications for execution of Storage Services Agreements (SSAs), as well as their execution via the online **Storage Services Platform (SSP)**. An important module of the Platform is the one

supporting the application submission process, enabling customers to conveniently go through the entire process. As a result, the purchase of storage services is significantly simplified thanks to automation of individual activities provided for in the schedule, such as the acceptance of applications, their processing and informing applicants about the services received and the contract being concluded.

6.1.4.1 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.

In December 2020, PGNiG carried out a satisfaction survey among its strategic customers. The questionnaires returned revealed that 100% of PGNiG's customers would be willing to recommend PGNiG to other entities. As part of the assessment of individual stages of cooperation between PGNiG and its trading partners, the highest scores were given to: 'Settlement process' and 'Contract performance process'. In the customer service area, the highest scores were given to 'Easy contact with/availability of PGNiG staff' and 'Customer service quality'. On average, the cooperation with PGNiG and its customer service were assessed as more than good (3.4 and 3.6, respectively, on a four-point scale, where 3 stands for 'good' and 4 for 'very good').

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 March and April 2020, PGNiG OD carried out a 'B2B customer satisfaction survey'. The overall customer satisfaction indicator (CSI) was 91%, which represents a statistically significant increase relative to 2019 (87%). The indicator values for various segments were similar, with the highest (94%) in the institutional customer segment. A high satisfaction indicator (88%) was recorded for account manager services. Apart from services provided by account managers, the highest satisfaction indicators were achieved for supplies (94%), the quality of products and services supplied by PGNiG (93%), eBOK Biznes 24 (89%), as well as the 'quality to price ratio' for services and products (89%). The NPS (Net Promoter Score) for all B2B customers was 22, which means a significant increase compared with 2019 (7).

PSG conducted its fourth survey to measure customers' satisfaction with the gas network connection process. The survey was carried out by an independent external firm in the form of computer-assisted telephone interviews. The questionnaire contained closed-ended and open-ended questions on how the connection process could be improved.

The 2020 average rating of customer satisfaction with the gas network connection process was 4.20 (on a scale from 1 to 5). In the previous survey, the rating was 4.05 (down from the earlier 4.16), which means an increase in customer satisfaction recorded in the most recent survey. The survey covered the timeliness, quality of service, method of communication and cooperation with the contractor.

PST improved its online reputation on Google pages, climbing from star rating 2.7 to 4.3. The company also conducted a customer satisfaction survey among its existing customers, with 80% of customers rating their satisfaction at 8 or higher (on a scale from 1 to 10). The high customer satisfaction level was also confirmed by the 92% recommendation score from Check24.

In 2020, GSP carried out a survey to assess its customers' satisfaction with respect to communication about the provision of gaseous fuel storage services, including the availability of information on the storage services offered, GSP's availability for contact during the provision of storage services, possibility of submitting comments on the Rules of Storage Services and transparency of information on the GSP website. The survey was carried out using a questionnaire. The questions were addressed to the company's customers. A survey participant could choose from among the following three scores: 1 – not satisfied, 2 – have no opinion, 3 – satisfied. All the surveyed areas of customer communication were given the highest score possible, which warrants the conclusion that those surveyed are satisfied with their communication with GSP. None of the areas surveyed received the lowest score.

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

In 2020, the PGNiG Group companies added the following solutions to their offering, after prior consultation, in response to the reported needs:

- **'Legal Counsel for You'** – an insurance policy providing access to legal advice and reimbursement of the cost of a lawyer's remuneration, addressed to individual customers (PGNiG OD),
- **'Legal Counsel for Business'** – an insurance policy providing access to legal advice and reimbursement of the cost of a lawyer's remuneration, addressed to businesses (PGNiG OD),

- **'To Your Health Package'** – guaranteeing easy and prompt access to medical services: medical (including telephone) consultations, basic medical and nursing procedures, laboratory tests and medical assistance (PGNiG OD).

6.1.4.3 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 has launched 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 have been run 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.
- 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 implemented a number of development projects (including 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.

6.2 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 2019–2020.
- 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 S.A. 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 in some cases 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.

6.3 Selected social performance indicators

6.3.1 Number of social projects and their beneficiaries

In 2020, the PGNiG Group companies and the PGNiG Foundation provided support to over 550 initiatives and events (with PGNiG alone supporting almost 140), compared with over 500 in 2019. The number of beneficiaries of the PGNiG Group’s social programmes, including the Foundation’s programmes, is estimated at 20 million people in 2020. Such a large number of beneficiaries is attributable to the fact that 2020 was a specific year, when most activities were devoted to combating the pandemic. In 2019, the number of beneficiaries of the Group’s support and social projects was estimated at over 365 thousand.

6.3.2 Expenditure incurred to fight the COVID-19 pandemic

Since March 2020, the PGNiG Group and the PGNiG Foundation have spent over PLN 50 million to fight the COVID-19 pandemic. This is the amount of aid granted outside the Group and the cost of ensuring the safety of the Group companies’ employees and maintaining business continuity. The majority of financial and non-financial support was provided to healthcare institutions and other social care providers. Beneficiaries of social assistance outside the Group included nursing homes, hospices, and organisations supporting veterans.

6.4 Social risks and management approaches

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

The Group identified the following significant social risks and risk mitigation measures:

Tab. 20 Social risks

Social aspects			
No.	Identified non-financial risk	Method to prevent risk materialisation	Materiality
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, • 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. 	medium
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, 	high

Social aspects			
No.	Identified non-financial risk	Method to prevent risk materialisation	Materiality
		<ul style="list-style-type: none"> Education and information initiatives intended to provide project updates, Interviews with local communities, open/one-on-one meetings, negotiations and mediation. 	
4	Risk of misunderstanding the nature of upstream activities and their environmental impact.	<ul style="list-style-type: none"> Inviting visitors or allowing tours around gas extraction facilities, gas storage facilities, etc. Information meetings with local authorities and local communities. 	medium
5	Negative reception of the Company's CSR activities by the social environment – 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. 	medium
6	Interruption of continuous comprehensive customer service during the COVID-19 pandemic.	<ul style="list-style-type: none"> Appointment of the COVID-19 Prevention and Response Team; 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, Development of remote comprehensive customer service – at times, contact only via the telephone and Internet, Ongoing monitoring of the epidemiological situation. 	high



7. Employee aspects



7.1 Overview of employee aspects

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

Human capital is considered the key element determining the value of PGNiG and the entire PGNiG Group, making possible the delivery of the Group's strategy. Thus, the HR strategy is based on the assumption that employees are the Company's main resource, their knowledge, skills, performance and involvement enabling the organisation's development and supporting its competitive position on the both domestic and foreign markets.

PGNiG effectively pursues the objectives of its HR policy, which is designed primarily to ensure personnel substitutability for key and unique positions within the organisation. Therefore, the Company makes an effort to have in place a strong pipeline of successors with the required competencies and capabilities. In 2020, 63 successors were prepared under the mentor-successor model. At the same time, efforts are made to align the workplaces with employee expectations. To this end, the 'Your Better Workplace' Bank of Ideas was established, where employees suggest ideas about how to change their working environment and thus contribute to its actual modelling. In 2020, 39 ideas were submitted to the Bank of Ideas from all locations across PGNiG. The Committee selected 12 winning projects to be implemented in 2021. The 'Bank of Ideas' campaign was carried out through an internal communication platform.

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 transparent standards of conduct. These efforts are aimed at building mutual and fair employer-employee relationships, which 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 organisational culture is based on information flow and knowledge sharing between employees, which helps to build a modern organisation. 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 has a teambuilding aspect, sharing stories about interests and hobbies pursued by employees. Everyday communication takes place through company intranets, which publish news and internal communications on a regular basis.

An important factor influencing performance is employee engagement and personal fulfilment opportunities gained through participation 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 mutual obligations arising from the adopted rules governing the employer-employee relationship were not met. The key factors facilitating strong relations within the organisation are remuneration and incentivisation.

7.1.1 Remuneration and benefits policy

(GRI 401-2)

The PGNiG Group applies a clear and transparent remuneration policy governed by the Collective Bargaining Agreement. At the same time, the individual organisational units apply the internal regulations and 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 a vital element 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' openness to collaboration in joint initiatives.

New hires emphasise the importance of the Induction Programme, which enables them to get to know the organisation quickly and integrate into its structures. 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.

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

Extra payments:

- Length-of-service award
- 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 addition, PGNiG conducts an employer perception survey, which helps it plan the building of the employer's brand image in an informed manner. Through the survey, the Company can probe and understand the needs and motivation of its various employee groups. Its findings provide guidance on how to attract, retain and involve employees.

Employee expectations and perception of the organisational culture are also monitored at other PGNiG Group companies. An example is an employee satisfaction survey carried out by PSG among all its employees. The overall satisfaction indicator was 73% (up 1pp on 2018). The commitment (loyalty) indicator was 61% (up 12pp on 2018). Compared with peer companies, these results were good, with no indicator below the lower end of the respective market benchmark.

7.1.1.1 Remuneration policy for members of the Management Board and Supervisory Board of PGNiG SA

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 said Act also applies to 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 Remuneration Policy for members of the PGNiG Management and Supervisory Boards was adopted by the General Meeting of PGNiG on June 24th 2020.

7.1.2 Development and training

(SOC-7/C1)

Investment in building the competencies of PGNiG employees is a fixture of the Company's HR efforts. The Training Management System in place at PGNiG 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 ensure continuity of the process, training was delivered online. In 2020, 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. 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 participate in internal and external training to enhance their potential. There are also various projects that employees carry out as part of the Group's broad operations. Resolving unique issues relating to long-term contracts is perceived by employees as the quickest route towards professional development. Such initiatives foster creativity, open up new opportunities to apply the acquired skills in practice, and create new areas of knowledge within the organisation. Training programmes are delivered through 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 as it enhances professional skills of the entire team. Our employees are given opportunities to improve their professional qualifications 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 a variety of training courses covering all aspects of a modern business, including risk management, legal environment analysis and customer service. The Training Management System specifies in detail the forms of training applied. These include:

- 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.

7.1.3 Management and succession programmes

(GRI 404-2)

The strategic task of PGNiG's and the PGNiG Group's HR policy is to create favourable conditions to ensure knowledge retention within the organisation in order to avoid losses of knowledge due to staff churn. To that end, the PGNiG Group rolls out 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, competence needs at various Group companies, projects are tailored as needed. In 2020, GSP launched the gradual roll-out of the 'Competence Model' project. As part of this initiative, the company held 'Competence made easy' workshops and training courses for managers, designed to develop their analytical skills used as part of their managerial and general competencies. Last year, PGNiG Gazoprojekt carried out the 'Gazoprojekt Academy' project for younger employees to learn more about the nature of the company's business and projects. The project was also meant as a platform for knowledge sharing and fostering cooperation among various business areas. PGNiG Termika EP held nine training sessions and conferences for a group of managers, including two closed training sessions. Given the epidemiological risk persisting since March 2020 and the need to work remotely from home, the management staff participated in training focused on the organisation of work, team management and the monitoring of team performance in the 'home office' system. Specialist job-related training was also organised. In addition, in

accordance with the collective bargaining agreement, a Mentors' Fund was established at PGNiG Termika EP to recognise and reward employees who voluntarily provide training and support to other staff members, so as to foster their professional development in areas designated by the employer, in particular to fill competence gaps and achieve the expected levels of competence through training. Similar initiatives are taken at PSG under the ongoing Management Competence Development Programme. Last year, the second area of development under the programme was covered, including change management, innovation and change-oriented corporate culture. Due to the pandemic, the training was delivered in the form of webinars. The programme also included internal briefings in the form of Skype meetings or presentations made available for individual use. In addition, the company launched the second edition of the programme, covering basic training for newly hired managers and those who did not attend the first edition.

Programmes are also in place 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. To that end, internal and external recruitment process is 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).

7.1.4 Staff recruitment and selection

(SOC-5/C1)

Hiring the right employees that match current needs and the job profile is an important driver of the Group's success. PGNiG and the PGNiG Group operate a recruitment process designed to select candidates that would deliver added value to the entire team. The Group 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.

The recruitment 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 clear and transparent recruitment process helps to make responsible decisions regarding employment and career development of candidates.

A recruitment process at PGNiG is launched in response to a vacancy identified in an organisational or business unit. Through the SuccessFactors SAP system, a manager places a request to initiate the process, which is then approved by designated decision makers. At the PGNiG Group, internal recruitment is given priority. Therefore, job postings are first announced internally to reach employees across the Group. After an employee is recruited internally, the recruitment process ends. Otherwise, the job posting is published in external recruitment portals and on the Company's website under the CAREER tab.

Recruitment tools tailored to a particular job are used, such as analytical tests, work samples, language and knowledge tests, etc. The choice of such tools depends on the position for which recruitment is held. In addition to those tools, all recruitment processes involve interviews. Based on the results of such tests and interviews, a decision is made and ultimately an employment offer is presented to the selected candidate.

The employee selection process at the PGNiG Group is very similar, in keeping with the 'Employee recruitment and selection standards at the PGNiG Group' and other internal regulations in place at individual business units, such as Work Rules and the 'Employee recruitment and selection rules'. Recruitment is initiated by the manager of an organisational unit 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 may take place.

In addition to a recruitment and HR consultant, the requesting manager and a person designated by the requesting manager (if any) will participate in recruitment meetings. The team will evaluate candidates in formal terms and in terms of their relevant qualifications, and select the candidate who best matches the requirements specified for the job. Various methods are used to facilitate the candidate selection process, including initial interviews, knowledge tests, practical skills tests, case studies, psychometric tools, reference checks, and assessment centres. IT tools supporting the recruitment process: SAP Employee Portal (processing of recruitment requests), eRecruiter (registration of applications, selection of candidates), the Candidate Experience survey database.

7.1.5 Internships and work placements

As a responsible entity both in the business and HR dimension, PGNiG S.A. 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.

Last year, PGNiG was engaged mainly in the ‘Energy for the Future’ project, an internship programme run by PGNiG jointly with two other groups (the PGE Group and the ORLEN Group) under the auspices of the Ministry of Climate; in October 2019, a fourth energy company, PSE S.A., joined the initiative. 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 his/her areas of interest. The number of interns enrolled in the fifth edition of the programme was 15.

During the pandemic, the internships and work placements took place partly on a remote basis or were limited due to the introduced restrictions. However, the PGNiG Group went online to show young people what it was like to work in the oil & gas sector from the insider’s perspective. For instance, at the nationwide JOBICON job fair PSG delivered the ‘Recruitment in the time of the coronavirus’ and ‘The art of team work, or how to stand out’ workshops. During JOBICON, the company held more than 90 meetings and recorded nearly 7,000 profile views.

Internships are also offered by PGNiG outside the programmes discussed above. In 2020, a total of 184 persons were covered by the Group’s internship and work placement opportunities.

Tab. 21 Number of internship and work placement participants at the PGNiG Group in 2019 and 2020

Number of internship and work placement participants Company	2020			2019		
	Secondary school students	University students	Graduates	Secondary school students	University students	Graduates
PGNiG	2	18		9	74	
GK PGNiG	54	129	1	166	165	162

In 2020, PGNiG was among the winners of the 10th edition of the ‘Trustworthy Employer’ competition in the internship programmes category for the Company’s GeoTalent programme, addressed to students and graduates wishing to pursue their professional careers in the oil and gas industry. The purpose of the competition is to promote among employers responsible employee and social policy practices that are compliant with EU standards.

7.1.6 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, and it 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.

7.2 Due diligence policies and procedures

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

7.2.1 General HR policies and procedures

Transparent working conditions are the starting point for building good relations with the staff. Therefore, the principles set out in the Code of Ethics in place at PGNiG S.A. and the PGNiG Group are of key importance. 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 S.A. 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 forth 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 regulations adopted under the Policy:

- Introduce Group-wide rules on defining a Workplace Kit to which an employee is entitled depending on their position,
- Rationalise and optimise 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 also a 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.

7.2.2 Description of the area, OHS policies and procedures applied

(SHS-1/C2; SHS-3/C2)

The PGNiG Group companies manage the areas of quality, environmental protection as well as occupational health and safety on the basis of the Group-wide QHSE (Quality, Health, Safety, Environment) Policy. The QHSE Policy defines the goals and directions of the Group companies' activities in those areas and embodies their commitment to meeting the requirements of continuous improvement of the effectiveness of quality, environmental and occupational health and safety management systems. In the area of occupational health and safety, the Policy is also a declaration of proactive activities, eliminating or minimizing the risk of injury and occupational disease of employees. It provides guidance on how to ensure a safe workplace through Policy-based activities and measures. Its commitments under the Policy are fulfilled by PGNiG 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 the work environment,
- Performing work in a safe, planned, organised and supervised manner,
- Identifying hazards and conducting job and workplace risk assessments;

- Applying state-of-the-art safeguards and process solutions designed to prevent accidents, mechanical failures and occupational diseases;
- Occupational and local risk assessment,
- 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 the active participation of employees or their representatives and the use of consultation at all levels of management.

The PGNiG Group performs its tasks on a systemic basis, in accordance with the best standards, taking account of good industry practice. The tasks performed result from the commitments made by the Company's Management Board in the QHSE Policy and from the need to implement and maintain the Company's Quality, Environment, and OHS Management System.

All employees are subject to health and safety training in accordance with the established training plan, and they have access to extensive medical care. Each employee has been instructed about the occupational risk level at their workplace. Occupational health and safety training takes place regularly in accordance with the Regulation of the Minister of Economy and Labor of 27.07.2004 on training in the field of occupational health and safety, and their frequency depends on the position and the risks involved. Increasing the level of safety is also the subject of annual meetings organised by the Company's Head Office, devoted to OHS conditions and experience sharing, and attended by representatives of external bodies, such as the National Labour Inspectorate.

PGNiG builds a safe work culture among employees, which translates into their correct behaviour, attitudes and actions. We undertake measures aimed at continuous improvement of safety of all persons staying on our premises, including visitors. New hires undergo initial OHS training, comprising basic and job-specific components.

Periodic training is held at regular intervals in accordance with the time periods set for individual positions, depending on the hazards present at the given position. In addition, each employee of the company and contractor performing work for PGNiG, as well as persons staying at the drilling rig site, undergoes induction QHSE training focusing on the hazards existing at the particular location.

7.2.3 OHS good practices and initiatives

(SHS-3/C3)

Key initiatives and best practice in 2020 included:

- The 'Safety Incidents Module' IT tool was deployed at PGNiG to record all safety incidents. The purpose is to report and analyse all unsafe situations, and to take action to prevent their future re-occurrence.
- Purchase of Bentec 2000 HP deep drilling rig by PGNiG. The unit comes with state-of-the-art systems to automate crew work and improve operational safety, including an automated drill string feeder system.
- Exalo Drilling equipped the Mechanical Workshop in Piła with mobile overhead travelling cranes to improve safety, organisation of work and working conditions of the crew.
- Exalo Drilling invested in a state-of-the-art Drilmec hydraulic system, which will automate operations and thus eliminate hazards at the most exposed workstations (derrickman, floorman). The cutting-edge technical solutions will also eliminate noise hazards.
- Geofizyka Toruń's 'Mission Zero' Programme – designed to raise OHS awareness among employees and encourage them to identify hazards and assess risks prior to performing a task.
- Equipping PSG units in automatic external defibrillators (AEDs), including staff training in first aid involving the use of AEDs.
- Awareness-raising and information campaigns, such as: 'Ergonomics at computer workstations', 'COVID-19' – detailed information on safe behaviour and use of the required protections against viral infections, as well as recommendations of the Crisis Management Team, 'Stay Safe on the Water' awareness campaign, delivered by Group companies as part of internal communication, mostly using
- 'Occupational Safety' competitions and workshops at Geofizyka Toruń on the World Day for Safety and Health at Work.

- Termika continued the upgrade of the passive fire protection system of pipe-rack supports at the Lubiatów Oil and Gas Production Facility.
- Termika adapted its facilities to perform biomass testing, which will improve the safety of staff by reducing their exposure to the biological agent, and will drive down the related occupational risk.

7.2.4 Measures introduced to improve occupational safety related to combating the COVID-19 pandemic

Good practices and initiatives to improve occupational safety related to combating the COVID-19 pandemic:

- Activities of the COVID-19 Crisis Management Team at the PGNiG Group, issuing ongoing recommendations and instructions regarding occupational safety for all Group entities and disseminating verified knowledge on how to combat the pandemic spread both during and after work.
- Placing automatic hand sanitiser dispensers in the main halls of the Group companies' offices (also local units).
- Equipping the personnel with protective face masks and gloves.
- Temporary closure of certain facilities, including customer service points closed by PGNiG OD and PSG, depending on the unfolding epidemiological situation in Poland.
- Introducing hygienic restrictions at work (including occupancy limits for indoor spaces).
- Taking body temperature at the entrances into work establishments.
- Introducing restrictions for company canteens.
- Limiting business trips, training sessions, and business meetings.
- Signing a contract with a network of laboratories to perform screening and PCR tests.
- Regular communication to employees on how to stay safe during the pandemic.
- Offering a remote work option to office personnel and promoting it among the managers of units performing office work.

7.3 Employee-related performance

7.3.1 Employment

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

As at December 31st 2020, PGNiG employed 4,838 staff, 26 (or 0.5%) 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. 22 Employment at the PGNiG Group by segment

	2020	2019	Change	
	PGNiG Group	PGNiG Group	Number of persons	Percentage
Exploration and Production	6 534	6 747	(213)	(3.2%)
Trade and Storage	3 026	3 061	(35)	(1.1%)
Distribution	11 517	11 482	35	0.3%
Generation	1 817	1 833	(16)	(0.9%)
Other Activities	1 714	1 663	51	3.1%
TOTAL	24 608	24 786	(178)	(0.7%)

As at December 31st 2020, the PGNiG Group employed 24,608 staff, 178 fewer than the year before (down 0.7%).

Number of employees under employment contracts, by gender and employment type (as at December 31st 2020)

Tab. 23 Number of employees under employment contracts, by gender and employment type (as at December 31st 2020)

Organisational unit	PGNiG		PGNiG Group	
	open-ended	fixed-term	open-ended	fixed-term
Women	94%	6%	87%	13%
Men	96%	4%	91%	9%
Total	96%	4%	90%	10%

Number of employees under employment contracts, by region and employment type (as at December 31st 2020)

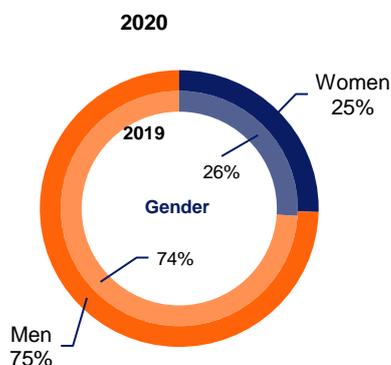
Tab. 24 Number of employees under employment contracts, by region and employment type (as at December 31st 2020)

Organisational unit Contract type:	PGNiG		PGNiG Group	
	open-ended	fixed-term	open-ended	fixed-term
Poland	96%	4%	90%	10%
Europe	75%	25%	94%	6%
Other	94%	6%	70%	30%

Number of persons who work for the organisation, but who are not employed under employment contracts (as at December 31st 2020)

At PGNiG, the number of such employees is negligible (15). Such persons are only hired when the Company is in need of high-class experts. This form of employment is very rare also across the entire PGNiG Group (with only 188 such cases). Most Group companies either employ very few or no such experts at all. Exalo Drilling, operating in the Republic of Chad and using services of third party providers, is an exception. In 2020, the number of staff hired through those providers was 125, working mainly under drilling mud contracts and contracts for the provision of management services. This form of employment is used given the nature of the work and local labour law in the Republic of Chad.

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



Management Boards of PGNiG Group companies by gender and age

Tab. 25 Management Boards of PGNiG Group companies by gender and age (%) as at the end of 2020

Organisational unit	Women		Men	
	31-50 years	over 50 years of age	31-50 years	over 50 years of age
PGNiG	17%	0%	67%	17%
PGNiG Group	12%	5%	52%	31%

7.3.2 Employees covered by the Collective Bargaining Agreement

(GRI 102-41)

Employees covered by the Collective Bargaining Agreement

Tab. 26 Employees covered by the Collective Bargaining Agreement (%)

Organisational unit	2020	2019
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 2020.

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. 27 Total number of employees officially associated in trade unions in 2020 (%)

Organisational unit	2020
PGNiG	60%
PGNiG Group	51%

7.3.3 Employee turnover

(GRI 401-1; SOC-6/A1)

Employee turnover at the PGNiG Group – new hires/departures (by age, gender and region, as at the end of 2020)

Tab. 28 Employee turnover at the PGNiG Group – new hires/departures (by age, gender and region, as at the end of 2020)

Region: Poland		Number of new hires			Number of departures		
Age (years)	Women	Men	Total	Women	Men	Total	
up to 24 years	38	85	123	8	24	32	
25-34	181	295	476	69	131	200	
35-44	170	223	393	91	143	234	
45-55	50	144	194	51	158	209	
over 55 years of age	3	31	34	159	438	597	
Total	442	778	1220	378	894	1272	

Region: Europe		Number of new hires			Number of departures		
Age (years)	Women	Men	Total	Women	Men	Total	
up to 24 years	-	1	1	-	1	1	
25-34	1	12	13	1	1	2	
35-44	7	10	17	2	9	11	
45-55	6	13	19	1	2	3	
over 55 years of age	2	5	7	0	4	4	
Total	16	41	57	4	17	21	

Region: Other		Number of new hires			Number of departures		
Age (years)	Women	Men	Total	Women	Men	Total	
up to 24 years	-	-	-	-	2	2	
25-34	1	20	21	2	18	20	
35-44	-	7	7	1	29	30	
45-55	-	3	3	2	15	17	
over 55 years of age	-	-	-	-	7	7	
Total	1	30	31	5	71	76	

Employee turnover at the PGNiG Group in 2019–2020

Tab. 29 Employee turnover at the PGNiG Group in 2019–2020 (%)

Organisational unit	New hires in 2019 as percentage of total workforce	New hires in 2020 as percentage of total workforce	Departures in 2019 as percentage of total workforce	Departures in 2020 as percentage of total workforce
PGNiG	3.99%	4.98%	3.51%	4.53%
PGNiG Group	8.34%	5.32%	6.79%	5.56%

7.3.4 Parental leave

(GRI 401-3)

Leaves

Tab. 30 Number of employees on parenting-related leave during the year

Organisational unit	Number of employees on parenting-related leave during the year			
	2020		2019	
	Women	Men	Women	Men
PGNiG	78	6	65	3
PGNiG Group	411	118	426	122

Tab. 31 Number of employees who returned to work after parenting-related leave during the year

Organisational unit	Number of employees who returned to work after parenting-related leave during the year			
	2020		2019	
	Women	Men	Women	Men
PGNiG	41	4	40	3
PGNiG Group	219	113	207	118

Tab. 32 Number of employees who returned to work after parenting-related leave and were still employed 12 months later

Organisational unit	Number of employees who returned to work after parenting-related leave and were still employed 12 months later			
	2020		2019	
	Women	Men	Women	Men
PGNiG	28	10	27	2
PGNiG Group	162	127	185	121

Rate of return to work of the PGNiG Group employees

Tab. 33 Rate of return to work of the PGNiG Group employees in 2019–2020

Organisational unit	Rate of return to work of the PGNiG Group employees (%)					
	2020			2019		
	Women	Men	Total	Women	Men	Total
PGNiG	53%	67%	54%	62%	100%	63%
PGNiG Group	53%	96%	63%	49%	97%	59%

PGNiG employees who were still employed 12 months later after returning from parenting-related leave

Tab. 34 PGNiG employees who were still employed 12 months later after returning from parenting-related leave in 2019–2020

Organisational unit	PGNiG employees who were still employed 12 months later after returning from parenting-related leave (%)					
	2020			2019		
	Women	Men	Total	Women	Men	Total
PGNiG	88%	91%	89%	90%	100%	91%
PGNiG Group	75%	94%	82%	nd	nd	nd

Parenting-related leave is any leave to which an employee may be entitled after child birth/adoption, including maternal, additional maternal, paternal, parental and childcare leave.

7.3.5 Number of training hours

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

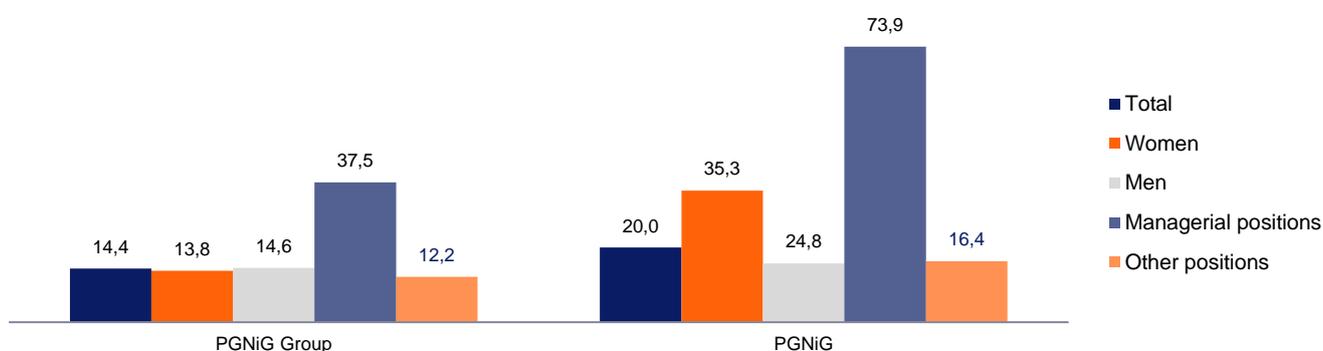
Average number of training hours per employee

Tab. 35 Average number of training hours per employee in 2018-2020

Organisational unit	2020	2019	2018
PGNiG	20 h	37 h	27 h
PGNiG Group	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 2020, many training sessions were postponed or cancelled, and those remaining were delivered remotely online.

Fig. 8 Average number of training hours per employee in 2020 by category



7.3.6 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. 36 Percentage of employees subject to the performance assessment process at the PGNiG Group

Organisational unit	Employees covered by performance assessment (%)	
	2020	2019
PGNiG	96%	98%
PGNiG Group	82%	82%

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

Tab. 37 Percentage of employees covered by performance assessment by gender and employment category

Organisational unit	Percentage of employees covered by performance assessment by gender and employment category in 2020				
	Women	Men	Total	Managerial positions	Other positions
PGNiG	98%	95%	96%	100%	96%
GK PGNiG	89%	81%	82%	100%	80%

7.3.7 Work safety metrics

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.

7.3.7.1 Number of accidents at work at the PGNiG Group

(SHS-3/C1)

In the PGNiG Group, the number of accidents at work fell by 6.88% year on year. The number of persons who were injured in accidents at work decreased by 6.17%. The following tables present detailed information on the accidents that occurred at the PGNiG Group and other OHS issues.

Number of accidents and casualties

Tab. 38 Number of accidents and casualties in 2019-2020

Organisational unit	Total accidents	Casualties			including persons injured:		Number of group accidents in total number of accidents	
		Women	Men	Total	in accidents at work	in accidents treated as accidents at work	number of accidents	number of persons
	2020							
PGNiG	15	1	14	15	15	-	-	-
PGNiG Group	149	8	144	152	152	-	2	5
	2019							
PGNiG	20	4	16	20	15	5	-	-
PGNiG Group	160	18	144	162	154	6	2	4

Types of injury in accidents at work

Tab. 39 Types of injury in accidents at work in 2019-2020

Organisational unit	death			Type of injury severe bodily injury			minor bodily injury		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
	2020								
PGNiG	-	-	-	-	-	-	1	14	15
PGNiG Group	-	-	-	-	-	-	8	144	152
	2019								
PGNiG	-	-	-	-	-	-	4	16	20
PGNiG Group	-	2	2	-	-	-	18	141	159

Post-accident absenteeism

Tab. 40 Days lost in 2019-2020

Organisational unit	Days lost		
	Women	Men	Total
	2020		
PGNiG	-	462	462
PGNiG Group	2 515	7 097	9 612
	2019		
PGNiG	81	796	877
PGNiG Group	468	7 432	7 900

F, SR, LDR, IR

Tab. 41 F, SR, LDR, IR in 2019-2020

Organisational unit	Accident frequency (F)			Severity rate (SR)			Lost day rate (LDR)		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
	2020								
PGNiG	0.99	3.79	3.19	0	33.0	30.80	0	37.62	11.91
PGNiG Group	1.29	8.29	6.45	314.38	49.28	63.24	49.07	49.95	49.72
	2019								
PGNiG	3.94	4.33	4.25	20.25	49.75	43.85	10.42	25.53	22.52
PGNiG Group	2.97	8.19	6.84	26.00	52.34	49.38	9.53	50.84	40.45

7.3.7.2 Diagnosed occupational diseases

Diagnosed occupational diseases at the PGNiG Group

Tab. 42 Diagnosed occupational diseases at the PGNiG Group in 2019-2020

Organisational unit	Total number of diseases	Occupational disease certificates issued by the National Sanitary Inspectorate			
		Occupational loss of hearing	Vibration syndrome	Pneumoconiosis	Other
	2020				
PGNiG	3	-	-	-	3
PGNiG Group	5	1	-	-	4
	2019				
PGNiG	3	-	-	-	3
PGNiG Group	6	2	-	-	4

7.3.8 OHS-related initiatives

Tab. 43 OHS-related initiatives in 2019-2020

Organisational unit	OHS training				Total	Number of OHS meetings with technical and operational staff
	Induction training for new employees	Periodic	First aid training	Other		
	2020					
PGNiG	214	2 197	1 142	89	3 645	20
PGNiG Group	1 299	9 771	2 325	738	14 136	225
	2019					
PGNiG	230	2 806	637	62	3 735	89
PGNiG Group	1 831	13 163	2 352	1 255	18 601	305

7.4 Employee risks and management approaches

(GRI 102-15)

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. 44 Employee risks

Employee aspects			
No.	Identified non-financial risk	Method to prevent risk materialisation	Materiality
1	Societal concerns generated by COVID-19 and risk of losing business continuity. The halted economic growth, increased unemployment, as well as high COVID-19 incidence and morbidity rates during the pandemic period are generating substantial concerns not only about jobs, but also about personal safety.	<ul style="list-style-type: none"> Appointment of the COVID-19 Prevention and Response Team; one of the Team's objectives is to maintain business continuity of the Company and the Group in the context of ensuring Poland's energy security and supporting efficient communication and employee safety during the pandemic. 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. Online communication was enhanced and face-to-face training was replaced with online courses. The internal communication system was improved. 	high
2	Risk of competency gaps within key areas. Due to the specific nature of the PGNiG Group, a wide range of competencies are unique to its industry. These competencies are hard to find, so if employees leave or their competencies are not improved, they will be difficult to restore or acquire from the market.	<ul style="list-style-type: none"> Continuous improvement of competencies through various forms of training (mainly online training in 2020), Implementation of a leadership and management training programme, A key roles identification system was implemented and key competencies were described at PGNiG with a view to identifying them and providing informed development opportunities. 	medium
3	Loss of key employees. Due to the specific nature of the Group, loss of key employees entails a risk of difficulties in recruiting new staff from the market.	<ul style="list-style-type: none"> Implementation and operation of incentive and loyalty schemes, pay and fringe benefits, List of key roles, a competency model prepared to track and develop universal, management and technical competencies, Provision of replacements for key roles. 	medium
4	Absence of candidates who would have specific competencies and would be ready to take up a job, especially highly specialised personnel.	<ul style="list-style-type: none"> 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. 	medium
5	Risk of conflicts with trade unions.	<ul style="list-style-type: none"> Regular meetings with social partners. (In 2020, more meetings were held online due to the pandemic). Providing periodic information on the condition and plans of a given company, Preparation of reliable documents, submitted for approval to trade unions, which enables efficient content review. 	high
6	Risk of a generation gap emerging. Limited transfer of knowledge and competencies due to retirements.	<ul style="list-style-type: none"> Planning employee recruitment, using incentives to encourage employees to announce planned retirement in advance. Programmes supporting effective talent pipeline development, such as: <ul style="list-style-type: none"> Hooked on Science (technicians), Termika for Power Engineers (engineers), Mentoring Academy – an innovative development programme for employees of the Production Branches and the Odolanów Branch of PGNiG. Provisions of Collective Bargaining Agreements governing the retirement programme, knowledge-sharing incentives etc. 	medium
7	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, Following uniform rules of conduct across the organisation and communicating them during training sessions for employees and 	medium

Employee aspects

No.	Identified non-financial risk	Method to prevent risk materialisation	Materiality
		managers, to trade unions, at periodic meetings, and making appropriate changes in internal regulations.	
8	Sick leave, quarantine, isolation resulting in work disruption / lack of quick replacement options.	<ul style="list-style-type: none"> Appointment of the COVID-19 Prevention and Response Team; one of the Team's objectives is to maintain business continuity of the Company and the Group in the context of ensuring Poland's energy security, Observing sanitary rules at work and maintaining safe working conditions, Implementing more remote work options. 	high

Tab. 45 OHS aspects risks

OHS aspects

No.	Identified non-financial risk	Method to prevent risk materialisation	Materiality
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	Accidents at work or occupational 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"> Implementation of the IMS and HSE system, including an observation and incentive programme for employees, Regular OHS training, 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. 	low
3	Inadequate working conditions – OHS rules are not provided at the workplace, which increases the risk of accidents at work, 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



8. Ethics aspects



8.1 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 this area is the Code of Ethics (the PGNiG Group Ethical Standards Code), which has been adopted at PGNiG and across the 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. Rules of conduct adopted by the organisation are based, *inter alia*, on the principles enshrined in the Charter of the United Nations. They refer to human rights, labour standards, environmental protection, anti-corruption and legal compliance. These principles 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. With this goal in mind, the Code of Ethics has been adopted to provide clear guidance on the rules of conduct. The Code set forth the rules of adherence to ethical standards in everyday work and requires 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. The anti-mobbing procedure requires employees to refrain from mobbing and discrimination at the workplace, and specifies what steps need to be taken if a misconduct has been reported. The organisation's objective is to create an environment where human rights violations are non-existent. The PGNiG Legal, Compliance and HR Departments are responsible for implementing and monitoring observance of human rights.

Last year, training in ethics, workplace harassment, discrimination and anti-corruption was provided at PGNiG. The ethics-related themes focused on four PGNiG values: quality, accountability, partnership and reliability. The purpose of the training was to demonstrate these values with reference to specific situations. It had the form of interactive e-learning workshops, during which employees solved case studies relating to ethics. 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.

A key issue influencing the PGNiG Group's image and perception is compliance with anti-corruption policies and procedures. 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>. The PGNiG Group has a responsible approach towards 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.

8.2 Due diligence policies and procedures

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

Conducting business in compliance with applicable laws is among PGNiG's top priorities. To that end, in order to establish transparent procedures, the Company introduces internal regulations which provide clear guidance for PGNiG Group companies as well as its employees and business partners. 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:

- reliability,
- responsibility,
- partnership.

These core values underpin the PGNiG Group's actions and are evident in relations with the local communities, which are considered as a manifestation of a sense of responsibility for the Group's operations and the overriding mission delivered for the benefit of 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 Code sets out the following declared values:

- 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 our 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.

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 Transparency Policy for Managers:

- 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.

The principle of respect for employee diversity and employee rights is also manifested through the implementation of the PGNiG Group anti-mobbing and anti-discrimination policy. The Group takes measures conducive to building positive relations among employees and creating a workplace where every employee feels 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, with due consideration given to the respective obligations, 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. It should be noted that in this respect the Group 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 adopted under the PGNiG Group's Anti-Corruption and Gift Policy:

- Define the obligations of PGNiG 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. Furthermore, 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. At the same time, 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.

8.3 Ethics performance

As a responsible business partner, 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 across the Group are uniform in terms of their nature and scope.

8.3.1 Risk of corruption

(GRI 205-1)

Tab. 46 Organisational units assessed for corruption risks

Organisational unit	Percentage of organisational units assessed for corruption risks:	
	2020	2019
PGNiG	95%	100 %
PGNiG Group	91%	100 %

8.3.2 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 2020, 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 in 2020

Tab. 47 Percentage of members of governing bodies to whom the adopted anti-corruption policies and procedures have been communicated in 2020

Organisational unit	Percentage of members of governing bodies to whom the adopted anti-corruption policies and procedures have been communicated:	
	Region - Poland	Region - Europe
PGNiG	100%	-
PGNiG Group	86%	100%

Tab. 48 Percentage of members of governing bodies who have received anti-corruption and anti-bribery training in 2020

Organisational unit	Percentage of members of governing bodies who have received anti-corruption and anti-bribery training:	
	Region - Poland	Region - Europe
PGNiG	100%	-
PGNiG Group	58%	100%

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

Tab. 49 Total number employees to whom the adopted anti-corruption policies and procedures have been communicated in 2020

Organisational unit	Positions	Number of employees informed	Percentage of employees informed
Region: Poland			
PGNiG	management	All (internal communication and training)	100 %
	other	All (internal communication and training)	100 %
PGNiG Group	management	at most Group companies all managers were informed via internal communication and training	99%
	other	at most Group companies all employees were informed via internal communication and training	99%
Region: Europe			
PGNiG	management	-	-
	other	-	-
PGNiG Group	management	All (internal communication and training)	100%
	other	All (internal communication and training)	100%
Region: Other			
PGNiG	management	-	-
	other	-	-
PGNiG Group	management	All (internal communication and training)	100%
	other	All (internal communication and training)	100%

In 2020, the PGNiG Group held a mandatory e-learning training programme on ethics and anti-corruption. In addition, the training covered important topics related to workplace as well as procedures applying to whistle-blowers. 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/poppr+POLITYKA+ANTYKORUPCYJNA++PREZENTOWA+GK+PGNiG+19.07.2017.pdf/33392f29-f568-4057-8e89-2e008566ab06>.

8.3.3 Corruption-related reporting

(GRI 205-3)

Total number of confirmed incidents of corruption

Tab. 50 Total number of confirmed incidents of corruption in 2020

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

8.3.4 Human rights training

(GRI 412-2)

Tab. 51 Human rights training in 2020

Organisational unit	Total number of hours allocated to training on human rights policies or procedures covering aspects of human rights that are relevant to the business.	Number of employees who received training on human rights policies or procedures covering aspects of human rights that are relevant to the business.
PGNiG	672 h	2 344
GK PGNiG	984 h	3 776

Most of the training in the field of human rights was carried out remotely, moreover, many units canceled or significantly limited all employee training, including in this field, due to the duration of the pandemic.

8.3.5 Total number of incidents of discrimination

(GRI 406-1)

Tab. 52 Total number of incidents of discrimination in 2020

Organisational unit	Number of confirmed discrimination incidents in 2020
PGNiG	0
PGNiG Group	2

No incidents of discrimination were identified at PGNiG.

However, two incidents of discrimination were reported across the PGNiG Group at PGNiG Termika. The reported incidents were investigated and reviewed by committees appointed for that purpose, which gathered explanatory information on the incidents. Corrective actions resulting from the confirmed irregularity were taken in line with the notifiers' expectations.

8.4 Ethics-related 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. 53 Ethics-related risks

No.	Identified non-financial risk	Ethics aspects	
		Method to prevent risk materialisation	Materiality
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. 	high
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, 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"> Compliance with the provisions of: <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. eB2B procurement platform, Institutional control, Functional control. 	high
4	Offering or accepting a gift without reporting it in the register of benefits.	Increasing employee awareness by communicating the applicable anti-corruption provisions of the PGNiG Group Anti-Corruption and Gift Policy.	low

Ethics aspects			
No.	Identified non-financial risk	Method to prevent risk materialisation	Materiality
		<p>One way to prevent potential violations is to regularly remind the employees by email about the requirement to comply with anti-corruption provisions. Employees are obliged 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. 	
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, • Appropriate internal regulation. 	high
6	Data leak or loss.	<ul style="list-style-type: none"> • Emergency Procedure, • Trade Secret Procedure. 	high
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.	<ul style="list-style-type: none"> • Compliance with the provisions of the Code of Ethics on the prevention of workplace harassment, which apply to all employees and define preventive measures and rules of handling harassment reports. • In addition, all newly hired employees must read and sign the Notice on legal provisions governing equal treatment in the workplace (Article 941 of the Labour Code) and familiarise themselves with the company's Work Rules. • Training and education in this area, especially for managers. 	medium

9. Additional information

9.1 Tables of non-financial indicators (GRI Standards, IPIECA, Group's own indicators)

(GRI 102-55)

Tab. 54 Table of non-financial indicators - GRI Standards

Indicator	GRI Guidelines	Position in the Report / Comments
General Standard Disclosure		
Organizational Profile		
GRI 102-1	Name of the organization	2. PGNiG's and the PGNiG Group's business model
GRI 102-2	Description of the organization's activities, brands, products, and services	2. PGNiG's and the PGNiG Group's business model
GRI 102-3	Location of the organization's headquarters	2. PGNiG's and the PGNiG Group's business model
GRI 102-4	Location of operations	2. PGNiG's and the PGNiG Group's business model
GRI 102-5	Nature of ownership and legal form	2. PGNiG's and the PGNiG Group's business model
GRI 102-6	Markets served	2.2. Structure of the PGNiG Group's operations
GRI 102-7	Scale of the organization	2.2. Structure of the PGNiG Group's operations
GRI 102-8 (SOC-5/C2)	Information on employees and other workers	7.3.1. Employment
GRI 102-9	The organization's supply chain	2. PGNiG's and the PGNiG Group's business model
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
GRI 102-11 (GOV-2/A1)	Whether and how the organization applies the Precautionary Principle or approach	4.3. Non-financial risk monitoring and management; 5.2; 6.2.; 7.2.; 8.2. Due diligence policies and procedures
GRI 102-12	External initiatives endorsed by the organization	2.4.2. Organisations and associations 3.2.2. PGNiG Group's sustainable development strategy
GRI 102-13	Membership of associations	2.4.2. Organisations and associations
Strategy		
GRI 102-15 (GOV-1/C3; GOV-2/A2)	A description of key impacts and risks	4.3. Risk management
Ethics and Integrity		
GRI 102-16 (GOV-1/C2; SOC-1/C1)	Values, principles, code of ethics, standards, and norms of behavior	8.1. Overview of ethics aspects; 8.2. Due diligence policies and procedures
GRI 102-17 (GOV-1/C4) (GOV-3/C1)	Ethical standards and norms	8.1. Overview of ethics aspects; 8.2. Due diligence policies and procedures

Indicator	GRI Guidelines	Position in the Report / Comments
Governance		
GRI 102-18 (GOV-1/C1)	Governance structure	4.1. Management and supervisory bodies
GRI 102-22 (GOV-1/A1)	Composition of the highest governance body and its committees (number and gender of members)	4.1. Management and supervisory bodies
Stakeholder engagement		
GRI 102-40	A list of stakeholder groups engaged by the organization	2.4.1. PGNiG Group stakeholders
GRI 102-41	Percentage of employees covered by collective bargaining agreements	7.3.2. Employees covered by the Collective Bargaining Agreement
GRI 102-42	Basis for identifying and selecting stakeholders	2.4.1. PGNiG Group stakeholders
GRI 102-43	Approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	2.4.1. PGNiG Group stakeholders
GRI 102-44	Key topics and concerns raised by stakeholders	2.4.1. PGNiG Group stakeholders
Reporting practice		
GRI 102-45	Entities included in the report	1.1. Legal basis and scope
GRI 102-46	Defining report content	1.2. Methodology and reporting rules
GRI 102-47	Material topics identified in defining report content	1.3. List of material topics
GRI 102-48	Restatements of information given in previous report	1.1. Legal basis and scope
GRI 102-49	Significant changes from previous reporting periods in the list of material topics and topic boundaries	1.1. Legal basis and scope
GRI 102-50	Reporting period	1.1. Legal basis and scope
GRI 102-51	Date of most recent report	1.1. Legal basis and scope
GRI 102-52	Reporting cycle	1.1. Legal basis and scope
GRI 102-53	Contact point for questions regarding the report	9.2. Contact
GRI 102-54	Claims of reporting in accordance with the GRI Standards	1.2. Methodology and reporting rules
GRI 102-55	GRI content index	9.1. Tables of non-financial indicators (GRI Standards, IPIECA, Group's own indicators)
GRI 102-56	External assurance	1.2. Methodology and reporting rules
Management approach		
GRI 103-1	Scope and materiality of defined topics	5.1. Overview of environmental aspects; 6.1. Overview of social aspects; 7.1. Overview of employee aspects;

Indicator	GRI Guidelines	Position in the Report / Comments
		8.1. Overview of ethics aspects
GRI 103-2 (GOV-3/C1) (GOV-3/C3) (SOC-1/C1)	Management approach	3.1. Mission and vision, 4.3. Non-financial risk monitoring and management 4.2. System supporting management decisions, 5.1. Overview of environmental aspects; 6.1. Overview of social aspects; 7.1. Overview of employee aspects; 8.1. Overview of ethics aspects
GRI 103-3	Evaluation of the management approach	5.1. Overview of environmental aspects; 6.1. Overview of social aspects; 7.1. Overview of employee aspects; 8.1. Overview of ethics aspects
Economic		
Anti-corruption		
GRI 205-1	Total number and percentage of operations assessed for risks related to corruption and Significant risks identified	8.3.1. Risk of corruption
GRI 205-2	Communication and training about anti-corruption policies and procedures	8.3.2. Anti-corruption training
GRI 205-3	Confirmed incidents of corruption and actions taken	8.3.3. Corruption-related reporting
Environmental		
Environmental issues		
GRI 301-1	Raw materials and consumables used	5.3.1. Raw materials and consumables used
GRI 302-1 (CCE-6/C1)	Energy consumption within the organisation	5.3.2. Energy consumption at the PGNiG Group
GRI 302-2 (CCE-6/C2)	Energy consumption outside of the organisation	5.3.2. Energy consumption at the PGNiG Group
Company indicator 1	Water consumption	5.3.3. Water consumption at the PGNiG Group
GRI 304-2 (ENV-4/C1)	Impacts on biodiversity	5.3.4. Impact on biodiversity
GRI 305-1 (CCE-4/C1)	Air emissions (scope 1)	5.3.5. Direct GHG emissions (Scope 1)
GRI 305-7 (ENV-5/C1)	Air emissions	5.3.6. GHG reduction
Company indicator 2	Total water discharge	5.3.7. Total water discharge by quality and destination
Company indicator 3 (ENV-7/C3)	Waste generated by the organisation and disposal method	5.3.8. Waste management
GRI 306-3 (ENV-6/C1)	Events with environmental impacts	5.3.9. Environmental events

Indicator	GRI Guidelines	Position in the Report / Comments
GRI 307-1	Non-compliance with environmental laws and regulations	5.3.10 Penalties for non-compliance with environmental laws and regulations
Employee topics		
Employee issues		
GRI 401-1 (SOC-6/A1)	Total number and rate of new employee hires and employee turnover by age group, gender and region	7.3.3. Employees turnover
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	7.1.1. Remuneration and benefits policy
GRI 401-3	Return to work and retention rates of employees that took parental leave, by gender	7.3.4. Parental leave
Company indicator 4 (SHS-3/C1)	Type of injuries and rates of injuries, occupational diseases, lost days, days away from work, work-related fatalities, by region and gender	7.3.7.1. Number of accidents at work at the PGNiG Group
Company indicator 5	Occupational diseases	7.3.7.2. Diagnosed occupational diseases
Company indicator 6	OHS training and meetings	7.3.8. OHS- related initiatives
GRI 404-1 (SOC-7/C2)	Average hours of training per year per employee by gender and by employee category	7.3.5. Number of training hours
GRI 404-2	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	7.1.3. Management and succession programmes
GRI 404-3 (SOC-6/C1)	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	7.3.6. Performance assessment
Human rights		
GRI 405-1 (SOC-5/C3)	Diversity of governance bodies and employees	7.3.1. Employment
GRI 406-1	Total number of incidents of discrimination and corrective actions taken	8.3.5. Total number of incidents of discrimination
GRI 412-2	Employee training in human rights policies or procedures	8.3.4. Human rights training
Social issues		
Company indicator 7	Number of beneficiaries of social programmes	6.3. Selected social performance indicators
Company indicator y 8	Number of supported initiatives and events	6.3. Selected social performance indicators

Tab. 55 Table of non-financial indicators - IPIECA

Indicator	Guidelines	Position in the Report / Comments
Ethics and management		
GOV-1/C1 (GRI 102-18)	Governance architecture, including the role of the board, board committees, board diversity, executives, managers, the workforce and stakeholders.	4.1. Management and supervisory bodies
GOV-1/A1 (GRI 102-22)	Composition of the board and executive team, including selection processes, areas of expertise, diversity and length of terms.	4.1. Management and supervisory bodies
GOV-1/C2 (GRI-102-16)	Code of conduct, values and principles and how they relate to sustainability	8.1. Overview of ethics aspects
GOV-1/C3 (GRI 102-15)	The way in which the board reviews sustainability issues, including risks and opportunities, supported by examples of their work in action	4.3. Non-financial risk monitoring and management
GOV-1/C4 (GRI 102-17)	Corporate policies that address sustainability issues	8.1. Overview of ethics aspects Due diligence policies and procedures
GOV-1/A7	Training and other processes that inform your workforce about your code of conduct requirements or equivalent rules related to business ethics and behaviour.	8.1. Overview of ethics aspects
GOV-2/A1 (GRI 102-11)	Management of sustainable development issues, including ethics and compliance	4.3. Non-financial risk monitoring and management Due diligence policies and procedures
GOV-2/A2 (GRI 102-15)	Assessment of the impact of risks and ways to mitigate negative consequences	4.3. Non-financial risk monitoring and management Due diligence policies and procedures
GOV-3/C1 (GRI 102-17) (GRI 103-2)	Policies, codes of conduct and internal controls related to the prevention of bribery and corruption	8.1. Overview of ethics aspects Due diligence policies and procedures
GOV-3/C2	Employee awareness programs and training	8.1. Overview of ethics aspects
GOV-3/C3 (GRI 103-2)	Business partners' anti-corruption policies and due diligence procedures, including suppliers and subcontractors	8.1. Overview of ethics aspects
Climate change and energy		
CCE-1/C1	The approach to managing climate issues, identified opportunities and responsibility for the processes implemented	5.1.2. Climate initiatives
CCE-1/C4	The relationship between the anticipated future energy demand and the entity's climate policy and strategy	5.1.2. Climate initiatives
CCE-2/C2	Investments and activities aimed at reducing greenhouse gas emissions	5.1.2. Climate initiatives
CCE-3/C2	An approach to low carbon supply and alternative energy	5.1.2. Climate initiatives
CCE-3/A1	Technological prospects for the transition to low-carbon technology	5.1.2. Climate initiatives
CCE-3/A3	Involvement in external institutions or programs promoting the development and application of low-carbon technologies	5.1.2. Climate initiatives
CCE-4/C1 (GRI 305-1)	Greenhouse gas emissions (scope 1)	5.3.5. Direct GHG emissions (Scope 1)

Indicator	Guidelines	Position in the Report / Comments
CCE-6/C1 (GRI 302-1) (GRI 302-2)	Total energy consumption	5.3.2. Energy consumption at the PGNiG Group
CCE-6/C2	Initiatives to improve energy efficiency	5.1.2. Climate initiatives
CCE-7/C4	Share of emissions from gas combustion in flares	5.3.5. Direct GHG emissions (Scope 1)
CCE-7/C5	Actions related to the reduction of emissions resulting from the combustion of gas flare	5.1.2. Climate initiatives
Environment		
ENV-4/C1 (GRI 304-2)	Investments located near protected areas	5.3.4. Impact on biodiversity
ENV-5/C1 (GRI 305-7)	Emission to the atmosphere	5.3.6. GHG reductions
ENV-6/C1 (GRI 306-3)	Prevention of environmental events	5.3.9. Environmental events
ENV-7/C3 (wskaźnik własny 3)	Waste generated by the organization and procedures	5.3.8. Waste management
Safety, health and security		
SHS-1/C2	General approach to safety, health and security for workers	7.2.2. Description of the area, OHS policies and procedures applied
SHS-3/C1 (wskaźnik własny 4)	Injuries and accidents	7.3.7.1. Number of accidents at work at the PGNiG Group
SHS-3/C2	Significant incidents and corrective measures taken	7.2.2. Description of the area, OHS policies and procedures applied
SHS-3/C3	Initiatives to improve occupational safety	7.2.3. OHS good practices and initiatives
Social		
SOC-1/C1 (GRI 102-16)	Human rights due diligence procedures	8.1. Overview of ethics aspects
SOC-5/C1	Policies, programmes and procedures to promote diversity, inclusion and non-discrimination of employees.	7.1.4. Staff recruitment and selection
SOC-5/C2 (GRI 102-8)	Employee information and diversity	7.3.1. Employment
SOC-5/C3 (GRI 405-1)	Employee information and management structure	7.3.1. Employment
SOC-6/C1 (GRI 404-3)	Communication of results and action plans	7.1.6. Competence assessment
SOC-6/A1 (GRI 401-1)	Staff turnover	7.3.3. Employee turnover
SOC-7/C1	Approach to training and development.	7.1.2. Development and training
SOC-7/C2 (GRI 404-1)	Results of implemented training programmes	7.3.5. Number of training hours

9.2 Contact

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9.3 Definitions and converters

9.3.1 Definitions

Whenever any of the following acronyms and terms appear in this 2019 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. 56 List of abbreviations

Abbreviations and acronyms	Meaning
Proper names of companies and branches	
PGNiG, the Company, the Issuer	PGNiG SA as the parent of the group of companies
PGNiG Group	the PGNiG Group consisting of PGNiG SA as the parent and the subsidiaries
CLPB	PGNiG Central Measurement and Testing Laboratory Branch
ECSW	Elektrociepłownia Stalowa Wola SA
EXALO	EXALO Drilling SA
Gazoprojekt	PGNiG Gazoprojekt S.
Geofizyka Kraków	GEOFIZYKA Kraków sp. z o.o. w likwidacji (in liquidation)
Geofizyka Toruń	GEOFIZYKA Toruń sp. z o.o.
GEOVITA	GEOVITA SA
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	PGNiG TERMIKA S.A.
PGNiG TERMIKA EP	PGNiG TERMIKA Energetyka Przemysłowa S.A.
PGNiG UN	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

9.3.2 Converters

Tab. 57 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.

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10. Representation of the PGNiG Management Board and authorisation of the report

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

PGNiG Management Board:

President of the Management Board

Paweł Majewski

Signed with qualified digital signature

Vice President of the Management Board

Przemysław Waclawski

Signed with qualified digital signature

Vice President of the Management Board

Arkadiusz Sekściński

Signed with qualified digital signature

Vice President of the Management Board

Robert Perkowski

Signed with qualified digital signature

Vice President of the Management Board

Artur Cieślik

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Vice President of the Management Board

Magdalena Zegarska

Signed with qualified digital signature

Warsaw, March 25th 2021.