



# ESG in TAURON Group's Strategy

We follow the *#Green Turn of TAURON*

SEPTEMBER 2023



## TAURON Group's 2022-2025 Strategy with outlook until 2030

### Mission

**WE TAKE CARE OF THE CUSTOMER.  
WE CARE FOR THE PLANET.  
WE CHOOSE THE GREEN TURN OF TAURON.**

### Vision

**TAURON – COMPANY OF FIRST CHOICE.**

## TAURON Group's business strategy takes into account ESG commitments

ESG commitments have been incorporated in TAURON Group's Strategy and they regulate, fully and coherently, our attitude towards sustainable development by defining the **directions of actions** and **goals** related to the protection of the environment and the climate, care for the society and application of the highest standards of corporate governance.



In line with ESG criteria the objectives of the Strategy in this area are:

- measurable and enable performance monitoring,
  - supported by actions, initiatives and projects that make their implementation possible,
- and
- in line with the UN 2030 Agenda for Sustainable Development.



# TAURON Group's sustainable development constitutes declaration to implement the UN's Sustainable Development Goals

We take actions aimed at achieving all of UN's Sustainable Development Goals



In its Strategy TAURON Group focuses on 5 goals

7 AFFORDABLE AND CLEAN ENERGY  
Ensure access to affordable, reliable, sustainable and modern energy for all.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE  
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

11 SUSTAINABLE CITIES AND COMMUNITIES  
Make cities and human settlements inclusive, safe, resilient and sustainable.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION  
Ensure sustainable consumption and production patterns.

13 CLIMATE ACTION  
Take urgent action to combat climate change and its impacts.



**TAURON Group's sustainable development**

# ESG

## Directions of actions and goals

**DIRECTIONS:**

- COMBATTING CLIMATE CHANGE AND ENVIRONMENT DEGRADATION
- STRENGTHENING THE IMPLEMENTATION OF CIRCULAR ECONOMY
- SUSTAINABLE INFRASTRUCTURE

**GOALS as part of ESG**

- Seeking to minimize hard coal consumption and achieving climate neutrality by 2050
- Support in combatting "low emission" pollution
- Activities promoting Circular Economy
- Adaptation to climate change

**DIRECTIONS:**

- ENSURING SECURITY BASED ON THE BEST PRACTICE AND STANDARDS
- APPLYING CORPORATE GOVERNANCE IN ACCORDANCE WITH THE BEST PRACTICE
- RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

**DIRECTIONS:**

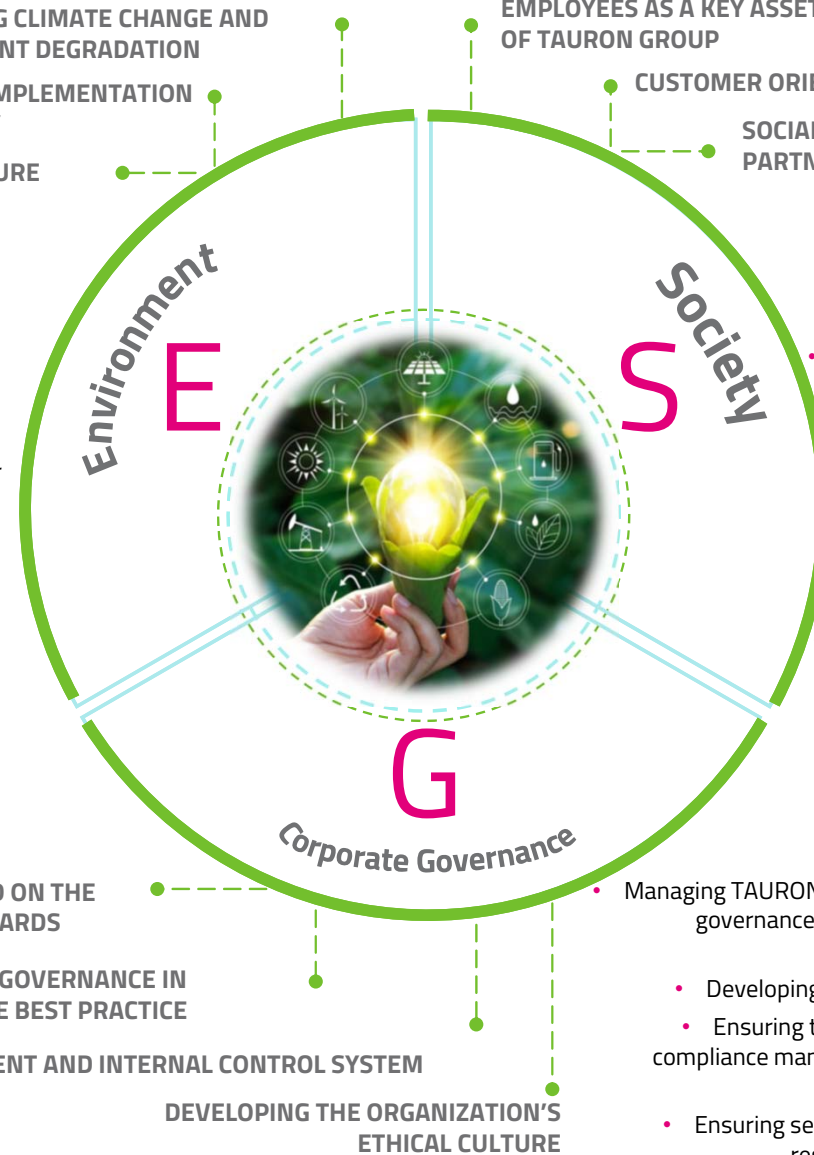
- EMPLOYEES AS A KEY ASSET OF TAURON GROUP
- CUSTOMER ORIENTATION
- SOCIAL AND BUSINESS PARTNERSHIPS

**GOALS as part of ESG**

- Work environment providing support for employee development, ensuring compliance with the ethics and diversity principles
- Providing support to customers in their pursuit of sustainable development and strengthening their competitiveness by offering them a variety of ecological products
- Introducing facilities and eliminating barriers for persons with disabilities
- Increase of customer satisfaction level and digitization of service related processes
- Supporting activities for general public benefit as well as efficient and transparent dialogue

**GOALS as part of ESG**

- Managing TAURON Group in compliance with corporate governance principles, ESG related management objectives (KPIs)
- Developing positive relations with shareholders
- Ensuring the functioning of systems, including: compliance management, risk management, internal audit, whistleblowing
- Ensuring security and data protection, improving resilience against cybersecurity threats





4 areas of application of the principles of United Nations Global Compact

TAURON participates in UN Global Compact since October 18, 2022

TAURON is a participant of the world's largest corporate sustainable development initiative that requires companies to commit to implement the ten principles of the Global Compact:

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labor;
5. the effective abolition of child labor; and
6. the elimination of discrimination in respect of employment and occupation.
7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.
10. Businesses should work against corruption in all its forms, including extortion and bribery.



HUMAN RIGHTS



LABOUR



ENVIRONMENT



ANTI-CORRUPTION



# UN Global Compact principles vs TAURON Group's directions of actions and goals

## TAURON Group's Strategy fits into the Global Compact principles



1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

### HUMAN RIGHTS

**S: Direction 1, GOAL:** Work environment providing support for employee development, ensuring compliance with the ethics and diversity principles

**S: Direction 2, GOAL:** Introducing facilities and eliminating barriers for persons with disabilities



### LABOUR

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labor;
5. the effective abolition of child labor; and
6. the elimination of discrimination in respect of employment and occupation.

**S: Direction 1, GOAL:** Work environment providing support for employee development, ensuring compliance with the ethics and diversity principles

**S: Direction 3, GOAL:** Supporting activities for general public benefit as well as efficient and transparent dialogue



# UN Global Compact principles vs TAURON Group's directions of actions and goals

## TAURON Group's Strategy takes into account the Global Compact principles



### ENVIRONMENT

7. Businesses should support a precautionary approach to environmental challenges  
8. undertake initiatives to promote greater environmental responsibility; and  
9. encourage the development and diffusion of environmentally friendly technologies.

**E: Direction 1, GOAL:** Seeking to minimize hard coal consumption and achieving climate neutrality by 2050

**E: Direction 1, GOAL:** Support in combatting "low emission" pollution

**S: Direction 2, GOAL:** Providing support to customers in their pursuit of sustainable development and strengthening their competitiveness by offering them a variety of ecological products



### ANTI-CORRUPTION

10. Businesses should work against corruption in all its forms, including extortion and bribery.

**G: Direction 3, GOAL:** Ensuring the functioning of systems, including: compliance management, risk management, internal audit, whistleblowing



# TAURON Group's Sustainable Development

Key Performance Indicators and actions

## ENVIRONMENT







# Environment

Commitments we pursue:

- Green transformation of the power sector
- Protection of the environment and the natural resources
- Mitigating and adaptation to climate change



## TAURON Group's business strategy takes into account ESG commitments

### DIRECTIONS:

#1 COMBATTING CLIMATE CHANGE AND ENVIRONMENT DEGRADATION

#2 STRENGTHENING THE IMPLEMENTATION OF CIRCULAR ECONOMY

#3 SUSTAINABLE INFRASTRUCTURE

### GOALS as part of E – Environment and Climate Protection

- Seeking to minimize hard coal consumption and achieving climate neutrality by 2050
- Support in combatting "low emission" pollution
- Activities promoting Circular Economy
- Adaptation to climate change



# Environment

## Direction #1

COMBATTING CLIMATE CHANGE AND ENVIRONMENT DEGRADATION



### GOAL

Seeking to minimize hard coal consumption and achieving climate neutrality by 2050

### KPI

Increase of RES capacity to 1.6 GW in 2025 and to 3.7 GW in 2030

Reduce emissions to 200 kg CO<sub>2</sub>/MWh in 2025 and below 160 kg CO<sub>2</sub>/MWh in 2030

Reduce coal based assets' share in TAURON Group's generation portfolio to 17% in 2025 and below 1% in 2030

### ACTIONS TO BE TAKEN

- Acquisition of projects, own development, and construction of new installations generating electricity from RES, including photovoltaic farms, onshore and offshore wind farms, hydroelectric power plants, as well as development of energy storage solutions
- Carve out of conventional, coal based generation assets
- Transformation of district heat generation and transmission area – change of generation mix by construction of new generation units using low-emission fuel





# Environment

## Direction #1

### COMBATTING CLIMATE CHANGE AND ENVIRONMENT DEGRADATION



#### GOAL

Support in combatting "low emission" pollution

#### KPI

Complete approx. 450 MWt of new customer connections to the district heating network by 2030

Maintain effective district heating system in Silesian conurbation until 2030 (as per the definition of an effective heating system)

Maintain heat transfer losses at 2022 year's level or better

#### ACTIONS TO BE TAKEN

Development of new heating network that enables connection of new consumers – promoting district heating and reduction of "low emission" pollution and smog

Upgrade of heating network assets – reduction of transmission losses, network upgrade and improvement of energy efficiency

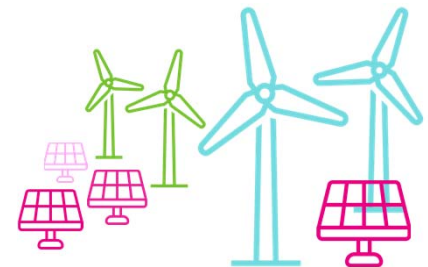
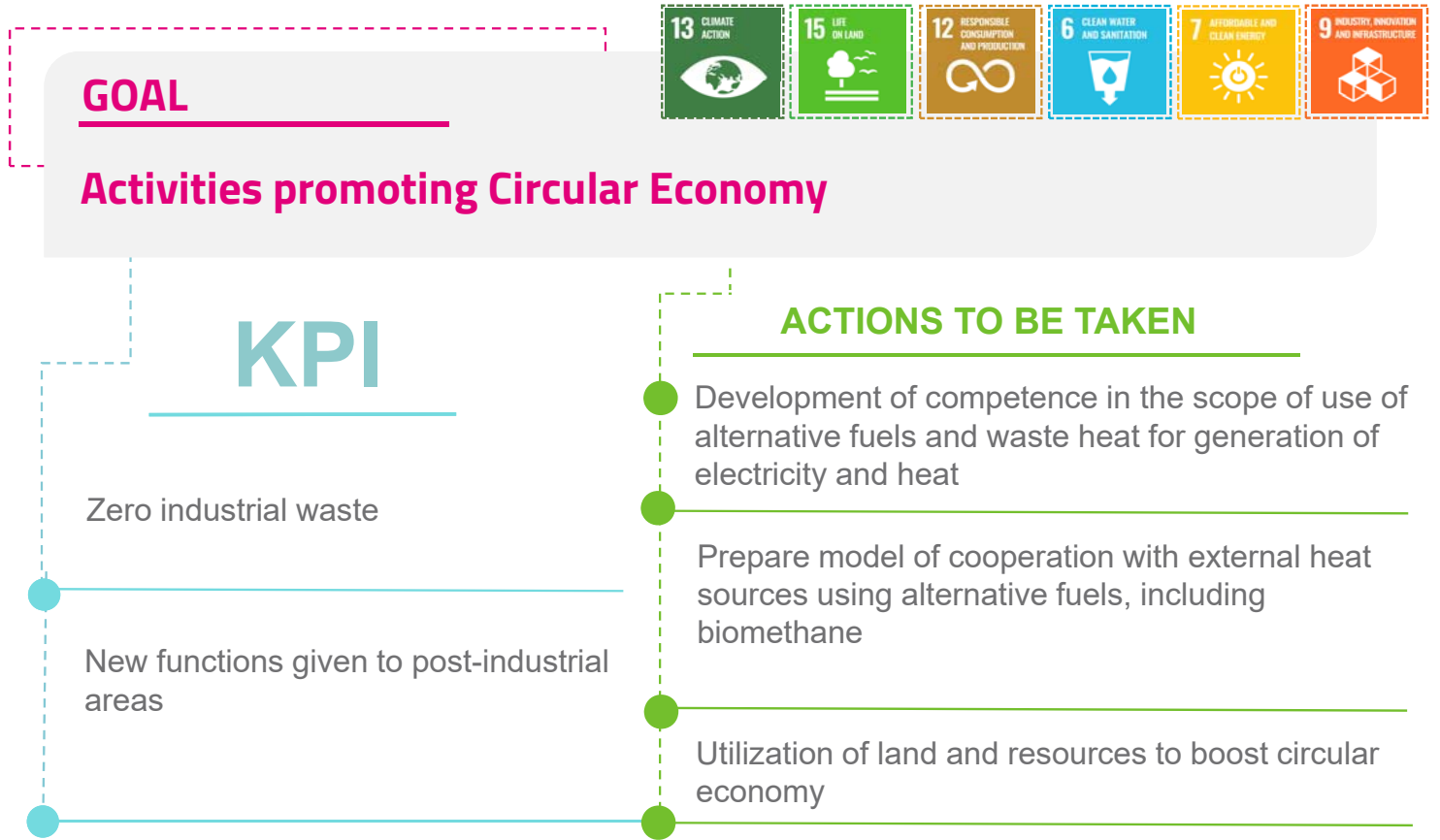




# Environment

## Direction #2

STRENGTHENING THE IMPLEMENTATION OF CIRCULAR ECONOMY





# Environment Direction #3

## SUSTAINABLE INFRASTRUCTURE



### GOAL

## Adaptation to climate change

### KPI

Reliability of distribution grid – quality indicators IF (interruption frequency) and ID (interruption duration) at levels not exceeding those specified in the quality model developed by the regulator (URE)

100% remote meters communicated with the remote meter reading system at medium and low voltage stations by 2025 and increase in the number of remote meters at end customers by 2030 in line with the Energy Law act

Improved energy efficiency and optimized energy consumption

### ACTIONS TO BE TAKEN

Investments in grid infrastructure

Implementation of smart metering in distribution grid in accordance with the requirements of Energy Law act

Implementation of actions aimed at improvement of energy efficiency of the Group's assets and reduction of direct energy use

Implementation of Environmental Policy and Climate Policy





# TAURON Group's Sustainable Development

Key Performance Indicators and actions

## SOCIETY

---





## Society

Commitments we pursue:

- Employee development and occupational health and safety
- Care for human rights and diversity
- Sustainable development from customer's perspective
- Educating in protection of environment and climate
- Transparent social dialogue



## TAURON Group's business strategy takes into account ESG commitments

### DIRECTIONS:

#1 EMPLOYEES AS A KEY ASSET OF TAURON GROUP

#2 CUSTOMER ORIENTATION

#3 SOCIAL AND BUSINESS PARTNERSHIPS

### GOALS as part of S – Social Responsibility

- Work environment providing support for employee development, ensuring compliance with the ethics and diversity principles
- Providing support to customers in their pursuit of sustainable development and strengthening their competitiveness by offering them a variety of ecological products
- Introducing facilities and eliminating barriers for persons with disabilities
- Increase of customer satisfaction level and digitization of service processes
- Supporting activities for general public benefit as well as efficient and transparent dialogue



## Society

# Direction #1

EMPLOYEES AS A KEY ASSET OF TAURON GROUP



### GOAL

**Work environment providing support for employee development, ensuring compliance with the ethics and diversity principles**

### KPI

Improved ratios of engagement and communication measured in periodic employee opinion surveys – ratios not worse than in previous surveys

Fluctuation ratio lower than market average (Sedlak&Sedlak HR ratios)

Average number of training hours per employee not lower than average number of training hours at TAURON Group in previous year

Gender pay gap

Number of cases reported to TAURON Group's Ethics Commission

Zero fatalities

### ACTIONS TO BE TAKEN

Shaping organizational culture based on TAURON Group's values: Partnership – Growth – Courage

Taking care of employees, competence development adequate to TAURON Group's transformation related challenges

Work environment that is safe and in compliance with ethics principles





# Society

## Direction #2

### CUSTOMER ORIENTATION



#### GOAL

Providing support to customers in their pursuit of sustainable development and strengthening their competitiveness by offering them a variety of ecological products

#### KPI

At least 65 percent of customers saying TAURON's offer supports ecological behavior by 2025

Increased share of sale of products and services marked as The Green Turn of TAURON

Number of pro-ecological campaigns for customers

#### ACTIONS TO BE TAKEN

Activities supporting customer awareness increase in the scope of care for the climate and the environment

Development of ecological products and services





# Society

## Direction #2

### CUSTOMER ORIENTATION



### GOAL

- 1. Introducing facilities and eliminating barriers for persons with disabilities
- 2. Increase of customer satisfaction level and digitization of service processes

### KPI

Digital accessibility – guarantee WCAG 2.1 Level AA standard for websites

Provide functioning of Client Ombudsman

Improve Customer Effort Score (CES) and Net Promoter Score (NPS)

First Time Resolution (FTR) >90% in 2030

Minimum share of customer service processes to be completed online – 65% by 2025

Zero paper (full digitization) by 2030

### ACTIONS TO BE TAKEN

Actions for the benefit of persons with disabilities and disadvantaged groups

Provide advanced, integrated channels for sale and customer service, simplify procedures





# Society

## Direction #3

### SOCIAL AND BUSINESS PARTNERSHIPS



### GOAL

**Supporting activities for general public benefit as well as efficient and transparent dialogue**

### KPI

Value of projects implemented by TAURON Group for local communities

Number of projects executed in partnership with schools, universities, number of company supported classes

Provide functioning of Social Dialogue Commissioner and representatives responsible for contact with self-governments

Number of implemented CSR (corporate social responsibility) projects

No conflicts/ court disputes with local stakeholders related to the company's operations and their impact on local residents

### ACTIONS TO BE TAKEN

Implementation of CSR projects

Promote employee volunteer programs and diversify the directions of volunteer actions

Provide communication and transparent dialogue with local communities during execution of investment projects





A top-down view of a wooden desk. On the right side, there is a silver laptop with a black keyboard. In the center, a pair of black-rimmed glasses lies flat. Below the glasses is a white mug filled with dark coffee. In the upper right corner, there is a small green succulent plant. The background is a light-colored wooden surface with a natural grain pattern.

# TAURON Group's Sustainable Development

Key Performance Indicators and actions

**CORPORATE GOVERNANCE**

---





## Governance

Commitments we pursue:

- Shaping the organization's ethics culture by application of the Code of Conduct
- Maintaining clear and transparent communication with shareholders and investors
- Functioning in line with the adopted policies and management systems



## TAURON Group's business strategy takes into account ESG commitments

### DIRECTIONS:

- #1 ENSURING SECURITY BASED ON THE BEST PRACTICE AND STANDARDS
- #2 APPLYING CORPORATE GOVERNANCE IN ACCORDANCE WITH THE BEST PRACTICE, DEVELOPING THE ORGANIZATION'S ETHICAL CULTURE
- #3 RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

### GOALS as part of G – Corporate Governance

- Ensuring security and data protection, improving resilience against cybersecurity threats
- Managing TAURON Group in compliance with corporate governance principles, ESG related management objectives (KPIs)
- Developing positive relations with shareholders
- Ensuring the functioning of systems, including: compliance management, risk management, internal audit, whistleblowing



## Governance

# Direction #1

ENSURING SECURITY  
BASED ON THE BEST  
PRACTICE AND  
STANDARDS



### GOAL

**Ensuring security and data protection, improving resilience against cybersecurity threats**

### KPI

Improving data security methods using information technology

Share (in %) of employees trained in the scope of security standards specified, inter alia, in Personal Data Protection Policy and TAURON Group's Security Management System Policy

Implemented IT Support Management Policy in the scope of managing IT changes

Implementation of the Business Continuity Management System at Key Service Providers by 2023

### ACTIONS TO BE TAKEN

Improve data security methods using information technology and implement data management model in TAURON Group

Secure business continuity and increase security of infrastructure and systems





# Governance

## Direction #2

APPLYING CORPORATE GOVERNANCE IN ACCORDANCE WITH THE BEST PRACTICE, DEVELOPING THE ORGANIZATION'S ETHICAL CULTURE



### GOAL

Managing TAURON Group in compliance with corporate governance principles, ESG related management objectives (KPIs)

### KPI

Number of reported cases of non-compliance with individual principles of the Best Practice for WSE Listed Companies

Selected KPIs taking into account ESG issues

Annual disclosure of tax strategy implementation in a given year

Number of initiatives (trainings/campaigns) implemented in connection with development of the organization's ethical culture and shaping the desired behavior patterns among employees based on Code of Conduct

### ACTIONS TO BE TAKEN

Monitoring and reporting incidents related to non-compliance of the Best Practice for WSE Listed Companies

Seeking to include ESG related KPIs in top management's KPIs

Reporting implementation of tax strategy

Development of the organization's ethical culture and shaping the desired behavior patterns





## Governance

### Direction #2

APPLYING CORPORATE GOVERNANCE IN ACCORDANCE WITH THE BEST PRACTICE, DEVELOPING THE ORGANIZATION'S ETHICAL CULTURE



#### GOAL

Developing positive relations with shareholders

#### KPI

No administrative penalties imposed by the Polish Financial Supervision Authority on TAURON for failure to comply with disclosure obligations

Organizing earnings calls and General Meetings with live online transmission and simultaneous interpretation into English

Responding to investors/ shareholders' queries concerning TAURON Group within 10 days at the latest

#### ACTIONS TO BE TAKEN

Correct execution of disclosure obligations by TAURON

Publication of annual and interim reports in a form available to all stakeholders

Transparent dialogue with investors and shareholders





# Governance

## Direction #3

### RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM



#### GOAL

**Ensuring the functioning of systems, including: compliance management, risk management, internal audit, whistleblowing**

#### KPI

- Implementation of tasks defined in Compliance Plan
- Share (in %) of employees acquainted with rules on counteracting abuse, including corruption and conflict of interest applicable in TAURON Group
- Share (in %) of suppliers acquainted with TAURON Group's Code of Conduct for Suppliers
- Provide functioning of a system of channels for reporting abuse, including protection of whistleblowers
- Periodic presentation to the supervisory board of an assessment of effectiveness of risk management and internal audit systems. Maintaining the principle saying that remuneration of individuals responsible for risk management, compliance and internal audit is independent of the company's results

#### ACTIONS TO BE TAKEN

- Implementation of Compliance Plan
- Organizing information campaigns concerning rules on counteracting abuse, including corruption and conflict of interest applicable in TAURON Group
- Periodic review and update of the Code of Conduct for TAURON Group's Suppliers
- Managing the system of channels for reporting abuse and protection of whistleblowers
- Assessment of effectiveness of risk management and internal audit systems







Thank you  
for your attention