

REPORT OF THE MANAGEMENT BOARD



on the operations of TAURON Polska Energia S.A. and TAURON Capital Group for the financial year 2024

TABLE OF CONTENTS

1. TAURON POLSKA ENERGIA S.A. AND TAURON CAPITAL GROUP 7

1.1. General information 7

1.2. Structure of TAURON Capital Group 8

1.3. Organizational or equity ties with other entities 10

1.4. Major domestic and foreign investments, as well as equity investments 10

1.5. TAURON Group's Business Strategy and the implementation thereof 12

1.6. Description of the expansion policy and directions 16

Implementation of the strategic investment (CAPEX) projects 16

Evaluation of the capability to complete the intended investment projects 19

1.7. Major achievements in the field of research, development and innovations 19

1.8. Principles of management of TAURON Polska Energia S.A. and TAURON Capital Group and the changes thereof 21

1.9. Employment information 25

2. OPERATIONS OF TAURON POLSKA ENERGIA S.A. AND TAURON CAPITAL GROUP 26

2.1. Core products, goods and services 26

2.2. Markets and sources of supply 28

2.3. Assessment of the factors and non-typical (one-off) events that have a significant impact on the financial result achieved 33

2.4. Factors important for growth 45

2.5. Timeline 46

2.6. Major events having a significant impact on the operations in 2024 and after the balance sheet date, i.e. December 31, 2024 46

2.7. Prizes and accolades (honorable mentions) 51

2.8. Expenditures to provide support for culture, sports, charity institutions, media, social organizations, trade unions 52

3. RISK IN TAURON GROUP'S OPERATIONS 54

3.1. Risk management strategy 54

3.2. Risks in the individual Segments of operations 55

3.3. Description of the most material risk categories and their mitigation examples 57

3.4. The impact of the Russian Federation's aggression against Ukraine on the current and future operations of TAURON Capital Group 61

4. ANALYSIS OF THE FINANCIAL POSITION AND ASSETS OF TAURON POLSKA ENERGIA S.A. 62

4.1. Principles of preparing annual financial statements 62

4.2. Overview of the economic and financial data disclosed in the annual financial statements 62

4.3. Differences between the financial results reported in the annual report and the forecasts of results for the given year published earlier 66

4.4. Key financial ratios and the Alternative Performance Measures 66

5. ANALYSIS OF THE FINANCIAL POSITION AND ASSETS OF TAURON CAPITAL GROUP 68

5.1. Principles of preparing annual consolidated financial statements 68

5.2. TAURON Capital Group's financial results 68

5.3. TAURON Capital Group's financial results per Segment of operations 69

5.4. Characteristics of the structure of assets and liabilities in the consolidated statement of financial position 75

5.5. Discussion of the economic and financial figures disclosed in the annual consolidated financial statement 78
5.6. Material off-balance sheet items 82
5.7. Differences between the financial results reported in the annual report and the forecasts of results for the given year published earlier 82
5.8. Key financial ratios and the Alternative Performance Metrics 82
5.9. Key financial and operating data for the last 5 years 84
5.10. What can we expect in 2025 88
5.11. Current and forecast financial and assets situation 88

6. INFORMATION ON THE AUDIT FIRM 91

7. FINANCIAL RESOURCES AND INSTRUMENTS 93
7.1. Proceeds from the security issues 93
7.2. Financial instruments 93
7.3. Assessment of the financial resources management 93

8. SHARES AND SHAREHOLDERS OF TAURON POLSKA ENERGIA S.A. 95
8.1. Shareholding structure 95
8.2. Dividend policy 95
8.3. Number and nominal value of TAURON Polska Energia S.A.'s shares, as well as of the shares and interests in the related units, held by the Members of the Management Board and of the Supervisory Board 96
8.4. Agreements related to the potential changes to the shareholding structure 96
8.5. Share buybacks 96
8.6. Employee stock award programs 97
8.7. Share price performance on the Warsaw Stock Exchange (WSE) 98
8.8. Investor relations 100

9. STATEMENT ON APPLICATION OF CORPORATE GOVERNANCE 102
9.1. Applied set of corporate governance rules 102
9.2. Set of abandoned rules of corporate governance 107
9.3. Main characteristics of the internal controls and risk management systems in relation to the process of drawing up the financial statements and the consolidated financial statements 109
9.4. Shareholders holding substantial blocks of shares 111
9.5. Holders of securities entitling to the special control rights 112
9.6. Restrictions on exercising the voting right 112
9.7. Restrictions on the transfer of the ownership right to securities 113
9.8. Rules on appointing and dismissing of the Members of the Management Board and of the Supervisory Board of TAURON Polska Energia S.A. 114
9.9. Procedure of amending TAURON Polska Energia S.A.'s Articles of Association 116
9.10. General Meeting of TAURON Polska Energia S.A. and the shareholders' rights 116
9.11. Management Board and Supervisory Board of TAURON Polska Energia S.A. and the committees thereof 120
9.12. Diversity policy with respect to the composition (membership) of the Company's authorities 147

10. POLICY OF COMPENSATION OF THE MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD 149
10.1. Compensation system for the Members of the Management Board and the key managers 149

10.2. Amount of compensation of the Members of the Management Board of TAURON Polska Energia S.A. and the entities that are a part of TAURON Capital Group ... 154
10.3. Agreements concluded with the Members of the Management Board that envisage a compensation in case of their dismissal from the position held ... 155
10.4. Information on the changes to the compensation policy during the last financial year ... 155
10.5. System of the Compensation of the Members of the Supervisory Board of TAURON Polska Energia S.A. ... 156
10.6. Compensation of the Members of the Supervisory Board of TAURON Polska Energia S.A. ... 156

11. OTHER MATERIAL INFORMATION AND EVENTS ... 158

11.1. Material proceedings pending in front of the court, competent arbitration authority or public administration authority ... 158
11.2. Agreements that are material for TAURON Capital Group's operations ... 162
11.3. Transactions with related entities on terms other than at arm's length ... 165
11.4. Concluded and terminated credit and loan agreements ... 165
11.5. Loans and sureties granted as well as sureties and guarantees received ... 165
11.6. Other information that could be material for the evaluation of TAURON Capital Group's personnel, assets, financial position, financial result and the changes thereof, as well as the information that could be material for the evaluation of the ability of TAURON Capital Group to meet its obligations ... 167

12. TAURON Group's sustainable reporting ... 168

General information ... 168
12.1. Basis for preparing sustainability reporting (BP-1, BP-2) ... 168
12.2. Governance structure (GOV-1) ... 169
12.3. Sustainability management ... 170
(GOV-1, GOV-2) Management structure of the ESG topics at Tauron Group ... 170
(GOV-3) Integration of sustainability related performance in incentive schemes ... 174
(GOV-4) Statement on due diligence ... 174
12.4. Risk management and internal controls over sustainability reporting (GOV-5) ... 175
12.5. Sustainability in TAURON Group's Business Strategy (SBM-1) ... 176
12.6. TAURON Group's Business Model ... 178
12.7. TAURON Group's value chain (SBM-1) ... 181
12.8. Materiality assessment ... 185
(SBM-2) TAURON Group's material stakeholders ... 185
(IRO-1) Description of processes for identifying and assessing material impacts, material risks and material opportunities ... 188
(SBM-3) Material impacts, risks and opportunities ... 191
12.9. ESRS compliance table (IRO-2) ... 197

Environment and Climate ... 203

12.10. Environmental Taxonomy Compliance ... 203
Due diligence at TAURON Group and the Minimum Safeguards (MS) related to the EU Taxonomy ... 203
EU Taxonomy Compliance Testing Process ... 207
Results of the EU Taxonomy compliance test ... 210
12.11. Climate change (E1) ... 225
12.12. Pollution (E2) ... 246
12.13. Water (E3) ... 253
12.14. Biodiversity and ecosystems (E4) ... 255

12.15. Resource use and circular economy (E5) 267
Social responsibility 274
12.16. Own workforce (S1) 274
12.17. Value chain workers (S2) 301
12.18. Affected communities (S3) 304
12.19. Consumers and end users (S4) 310
Corporate governance 330
12.20. Business conduct (G1) 330
Security Management System 337
Appendix A: GLOSSARY OF TERMS AND LIST OF ABBREVIATIONS 340
Appendix B: INDEX OF TABLES AND FIGURES 345

TAURON Group in numbers

Revenue	EBITDA	CAPEX	Net Debt / EBITDA	Balance sheet total
32 535 PLN m	6 470 PLN m	5 127 PLN m	1.7x	45 714 PLN m
-22% vs 2023	+18% vs 2023	+17% vs 2023	-0.7x vs 31.12.2023	-7% vs 31.12.2023

RES

- **14** wind farms with a total capacity of **540** MWe,
- **34** hydro power plants with a total capacity of **133** MWe,
- **4** photovoltaic farms with a total capacity of **111** MWe,
- **1.57** TWh of gross electricity production.

GENERATION

- 5 power plants with a total electric capacity of 4.2 GWe and a total thermal capacity of 0.9 GWt
- 9.0 TWh of gross electric production, including 0.01 TWh from biomass,
- 3.1 PJ of heat production.

HEAT

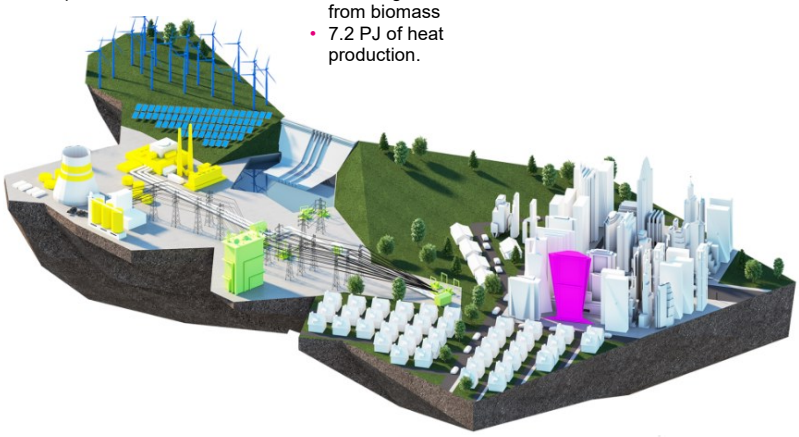
- 5 combined heat and power plants, and 31 heat generation plants with a total electric capacity of 0.4 Gwe and a total thermal capacity of 1.2 GWt,
- 0.9 TWh of gross electric production, including 0.1 TWh from biomass
- 7.2 PJ of heat production.

DISTRIBUTION

- **5.98** million customers,
- distribution
- covering the area of 57 900 km2, i.e. 18.5% of Poland's territory,
- 51.67 TWh of distributed electricity.

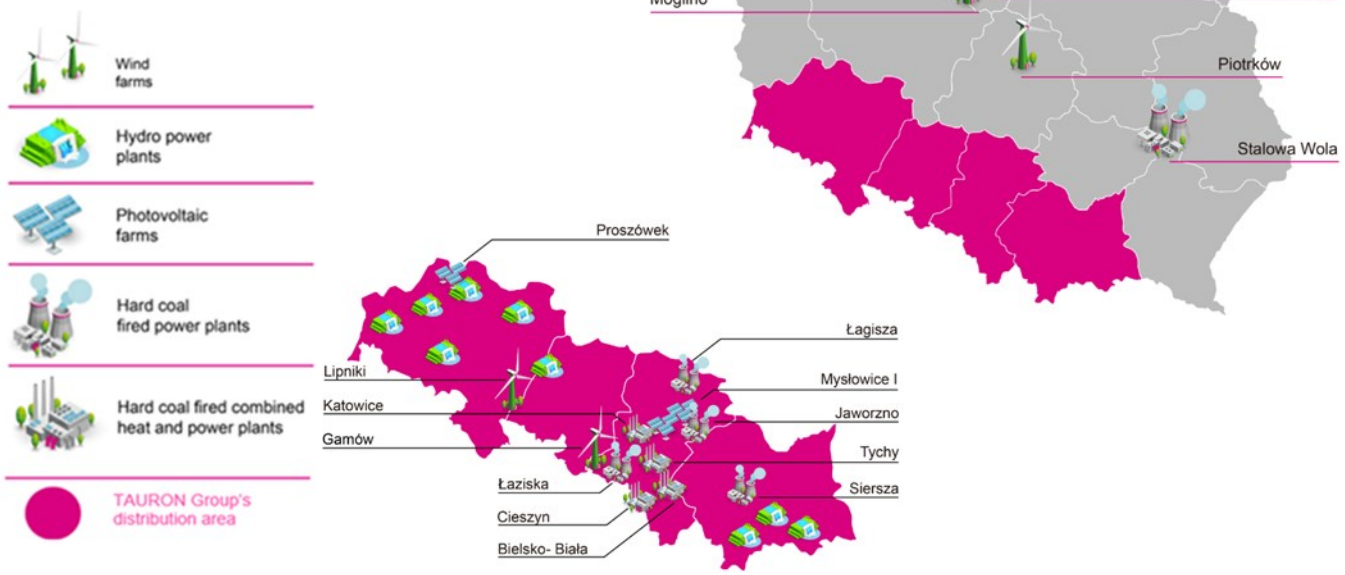
SUPPLY

- 5.81 million customers,
- 26.79 TWh of retail electricity supply,
- gas engines with a total electric capacity of 5.2 MWe
- 42 GWh of gross electricity production.



Key assets

of TAURON Group



1. TAURON POLSKA ENERGIA S.A. AND TAURON CAPITAL GROUP

Pursuant to art. 55. clause 2a of the *Act of September 29, 1994, on accounting (the consolidated text in the Journal of Laws of 2023, item 120, as subsequently amended) and § 71, clause 8 of the Regulation of the Minister of Finance of March 29, 2018 on the current and periodic (interim) information to be disclosed by the securities issuers and the conditions for recognizing as equivalent the information required by the legal regulations in force in a non-member state* (Journal of Laws of 2018, item 757), TAURON Polska Energia S.A. has drawn up the Report of the Management Board on the operations of TAURON Polska Energia S.A. and the Report of the Management Board on the operations of TAURON Polska Energia S.A. Capital Group in a form of a single document.

Information on the Business Model of TAURON Polska Energia S.A. is presented in this report in Section 12.6. as part of TAURON Group's Sustainability Reporting.

1.1. General information

ESRS 2 SBM-1 §40 (d)

TAURON Capital Group's parent (holding) company is TAURON Polska Energia S.A. (hereinafter referred to as the Company or TAURON), that had been established on December 6, 2006, as part of the *Program for the Power Sector*. The Company had been registered in the National Court Register on January 8, 2007, under the name: Energetyka Południe S.A. The change of the Company's name to its current name, i.e. TAURON Polska Energia S.A., was registered on November 16, 2007. The Company does not have any branches (divisions) within the meaning of Act on accounting.

TAURON is performing the management function at the Capital Group, managing the subsidiaries and supervising their operations. It is focusing on the key business areas, including the portfolio management, hedging of the sell and buy positions, and also coordinating the operational functions within the Group. The Company's business operations also include the wholesale trading of electricity and gas, as well as the derivative energy products. The Company, within the meaning of the provisions of ESRS 2 SBM-1, §40 (d), is engaged in fossil fuel activities limited to coal and gas trading in order to secure the needs of the Group's entities. These activities do not constitute the Company's core operating area, and the revenues generated from them do not have a material impact on the Company's financial results.

TAURON Polska Energia S.A. Capital Group (hereinafter referred to as TAURON Capital Group or TAURON Group) is a vertically integrated energy group whose conventional generation units related assets are located in the south of Poland, while the renewable energy sources are distributed throughout the country - with the wind farms located primarily in northern Poland and the hydroelectric power plants located mainly in the south. The subject of its business operations is the supply of electricity and heat generated using its in-house generating units as well as acquired from the market, and the provision of electricity distribution and heat transmission services, providing stable and competitive energy solutions to more than 5.9 million customers located in southern Poland.

In 2024, the management of TAURON Group was based on, among other things, its internal document *TAURON Group's Business and Operational Model*, defining the division of the roles and responsibilities, based on the assignment of the process competences among the Corporate Center, Lines of Business and Shared Service Centers. The Group's new management principles had been put into effect on December 18, 2024, as further described in sections 1.8. and 12.6. of this report.

Starting from the *Interim Abbreviated Consolidated Financial Statements of TAURON Capital Group for the six month period ended on June 30, 2024*, changes had been made in the division of the Group's operations into the operating segments. The most significant change is the stripping out of a new operating segment – the Heat. In addition, the assignment of some subsidiaries to the individual Segments had been altered. *The detailed changes are described in note 12 of the Consolidated Financial Statements of TAURON Group.* In accordance with the changes in question, for the purpose of reporting TAURON Capital Group's results for 2024, the business operations of TAURON Capital Group had been divided into the following 6 main Segments (Operating Segments), hereinafter also referred to as the Lines of Business:



Generation Segment that comprises mainly electricity generation and supply using conventional sources, including co-generation, as well as electricity generation from biomass burning. This Segment also includes the generation and supply of the heat produced by the Tauron Wytwarzanie S.A. subsidiary's power plants as well as the generation equipment's overhaul operations, the trading of the biomass, the utilization (management) of the hard coal combustion and extraction processes' by-products.



Heat Segment that comprises the generation of heat at the Tauron Ciepło sp. z o.o. (Ltd.) subsidiary's combined heat and power plants and heat generation plants, as well as its transmission and supply. The Segment also includes the generation and supply of electricity.



Renewable Energy Sources (RES) Segment that comprises electricity generation from the renewable energy sources, i.e. hydroelectric, wind and photovoltaic power plants.

Distribution Segment that comprises distribution of electricity using the distribution grids located on the territory of the following provinces: Małopolska, Lower Silesia, Opole, Silesia, partly: Świętokrzyskie, Podkarpackie, Łódź, Wielkopolska and Lubuskie. The Segment also includes the operations that cover the technical support services related to the electricity metering systems, the metering data acquisition, the real estate administration, as well as the technical support services for the vehicles.

Supply Segment that comprises electricity and natural gas supply to the final consumers as well as the electricity, natural gas and derivative products wholesale trading. In addition, the Segment comprises trading and management of the CO_2 emission allowances and the property right as well as the sales of the hard coal fuel for the needs of the Group's generation units. In addition, the Segment's subsidiaries are offering the services related to, among other things, the management and maintenance of the street lighting, the smart city products, the e-mobility products, as well as the services focused on improving energy efficiency. The Segment also includes the business operations involving the production of electricity by the methane engines.

Apart from the main Segments of its operations, TAURON Capital Group is also conducting the operations presented as part of the **Other Operations** that comprise, among other things, the customer service for TAURON Capital Group's customers, the provision of the support services for TAURON Capital Group's subsidiaries with respect to accounting, human resources (HR) management, information and communications technology (ICT), as well as the operations related to the extraction of the stone (rocks) and the production of the sorbing agents. The Other Operations also include the activities related to conducting the hydrogen research and development projects, as well as the financial and brokerage operations.

TAURON Group, within the meaning of ESRS 2 SBM-1 §40 (d), is engaged in the processing of fossil fuels, including coal and gas, for the production of electricity and heat, as well as in gas trading for bulk and industrial customers.

Neither TAURON nor the TAURON Group, as defined by ESRS 2 SBM-1 §40 (d), earns revenue from its activities in:

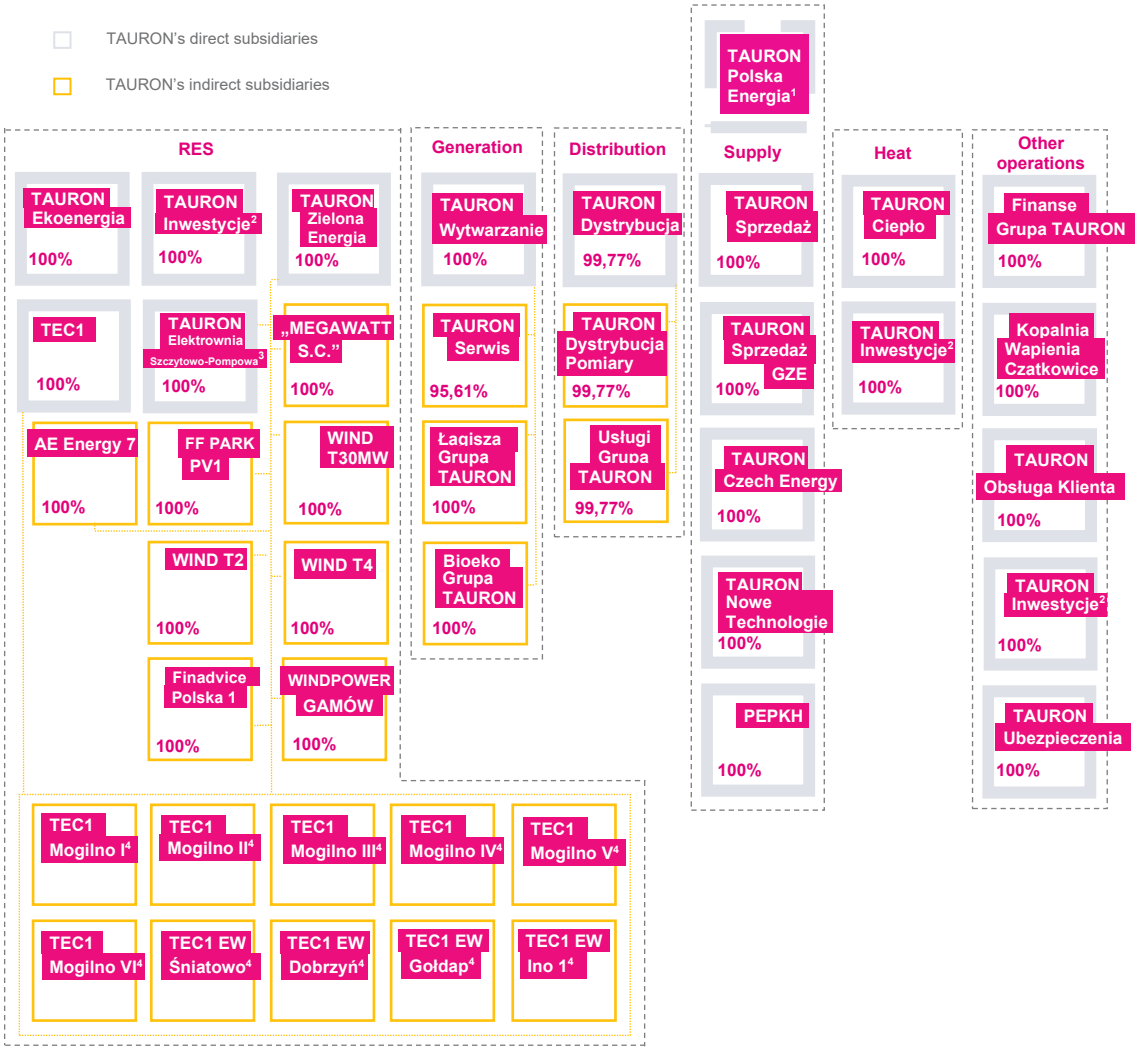
1. exploration, extraction and processing of fossil fuels - including mining, production, storage, refining and distribution - as defined in Article 2, point 62 of Regulation (EU) 2018/1999(17) of the European Parliament and of the Council,
2. production of chemicals - covered by division 20.2 in Annex I to Regulation (EC) No. 1893/2006,
3. production and sale of controversial weapons, including anti-personnel mines, cluster munitions, chemical and biological weapons, tobacco cultivation and production.

1.2. Structure of TAURON Capital Group

As of September 30, 2024, and as of the date of drawing up this information, TAURON Capital Group's key subsidiaries, apart from TAURON parent company, had included 30 subsidiaries subject to consolidation that are listed below. In addition, the Company had held, directly or indirectly, shares in the other 41 companies.

Entities subject to consolidation

Figure no. 1 TAURON Capital Group's structure, including the subsidiaries subject to consolidation, as of December 31, 2024



[1] *TAURON is included in the Supply Segment.*
[2] *The company's operations related to the generation of electricity from the renewable sources are included in the Renewable Energy Sources (RES) Segment. The company's operations related to the conducting of the investment projects as well as the generation of electricity from the sources other than the non-renewable sources are included in the Heat Segment, The company's operations related to the conducting of the research and development activities with respect to hydrogen are included as part of the Other Operations.*
[3] *As of September 20, 2024, the company name of En-Energia I sp. z o.o. (Ltd.) had been changed to TAURON Elektrownia Szczytowo-Pompowa sp. z o.o. (Ltd.)*
[4] *TEC1 sp. z o.o. (Ltd.) (TEC1) is the general partner, TAURON Zielona Energia sp. z o.o. (Ltd.) (TAURON Zielona Energia) is a limited partner.*

Changes to the organization

Table no. 1 Changes to the organization of TAURON Capital Group in the first half of 2024 and by the date of drawing up this information

Event	Description of the event
1. Merger of TAURON Ciepło sp. z o.o. (Ltd.) and Energetyka Cieszyńska sp. z o.o. (Ltd.)	On January 3, 2024, the District Court of Katowice - Wschód in Katowice, the 8th Commercial Division of the National Court Register had registered the incorporation by TAURON Ciepło sp. z o.o. (Ltd.) (the Acquiring Company) of Energetyka Cieszyńska sp. z o.o. (Ltd.) (the Acquired Company). Due to the capital (equity) structure of the companies involved in the above mentioned merger (100% of the shares in the share capital of the Acquired Company had been held by the Acquiring Company), the merger had taken place based on the regulations allowing for the so-called simplified merger procedure (Article 516, § 6 of the Code of Commercial Companies), in accordance with Article 492, § 1, item 1 of the Code of Commercial Companies, i.e. by transferring all of the assets of the Acquired Company to the Acquiring Company.
2. Cancellation of merger of TAURON Zielona Energia sp. z o.o. (Ltd.) and 10 limited partnerships	On July 1, 2024, the District Court of Katowice - Wschód in Katowice, the 8th Commercial Division of the National Court Register had registered the merger of TAURON Zielona Energia sp. z o.o. (Ltd.) (the Acquiring Company) with the companies: TEC1 sp. z o.o. EW Dobrzyń sp.k., TEC1 sp. z o.o. EW Gołdap sp.k., TEC1 sp. z o.o. EW Śniatowo sp.k., TEC1 sp. z o.o. Ino 1 sp. k., TEC1 sp. z o.o. Mogilno I sp. k., TEC1 sp. z o.o. Mogilno II sp. k., TEC1 sp. z o.o. Mogilno III sp. k., TEC1 sp. z o.o. Mogilno IV sp. k., TEC1 sp. z o.o. Mogilno V sp. k., TEC1 sp. z o.o. Mogilno VI sp. k. (the Acquired Companies). The merger of the Acquiring Company and the Acquired Companies had taken place in accordance with Article 492, § 1, item 1 of the Code of Commercial Companies, i.e. by transferring all of the assets of the Acquired Companies to the Acquiring Company. The Company and the Acquiring Company, as well as partners of the Acquired Companies took legal steps aimed at repealing the legal effects of the registry court's decision concerning the registration of the abovementioned merger,

Event	Description of the event
	made on the basis of legal actions which, in the opinion of the Company and entities which participated in the merger, constituted an error. On February 4, 2025 (an event after the balance sheet date) the District Court in Katowice issued the decision saying that the resolution of the Extraordinary Shareholders' Meeting of TAURON Zielona Energia concerning the merger, which came into force as of February 22, 2025 (an event after the balance sheet date) is null and void. Then, a request was filed with the National Court Register to cross off the merger with retroactive effect as of July 1, 2024. The National Court Register crossed off the entry dated July 1, 2024 on merger of TAURON Zielona Energia with 10 limited partnerships by way of decision dated March 21, 2025, which results in reinstating the legal status of the abovementioned limited partnerships.
3. Establishment of 9 limited liability companies	On July 23, 2024, the following companies had been established: TAURON BME1 sp. z o.o., TAURON BME2 sp. z o.o., TAURON BME3 sp. z o.o., TAURON BME4 sp. z o.o., TAURON BME5 sp. z o.o., TAURON BME6 sp. z o.o., TAURON BME7 sp. z o.o., TAURON BME8 sp. z o.o. and TAURON BME9 sp. z o.o., with all of them having their registered offices in Katowice. The share capital of each of the above companies amounts to PLN 5 000 and is divided into 100 shares with a nominal value of PLN 50 each, which had been fully subscribed by TAURON. On August 1, 2024, the District Court of Katowice - Wschód in Katowice, the 8th Commercial Division of the National Court Register had registered the companies: TAURON BME7 sp. z o.o., TAURON BME8 sp. z o.o. and TAURON BME9 sp. z o.o. Subsequently, on August 2, 2024, the court had registered the companies: TAURON BME1 sp. z o.o., TAURON BME2 sp. z o.o., TAURON BME3 sp. z o.o., TAURON BME4 sp. z o.o., TAURON BME5 sp. z o.o. and TAURON BME6 sp. z o.o. The established companies will be used to implement investment projects in the form of the construction of the battery energy storage facilities. The above activities are in line with the assumptions of TAURON Group's strategy.
4. Acquisition of the shares in the company Finadvice Polska 1 sp. z o.o. (Ltd.) by TAURON Zielona Energia.	On September 19, 2024, TAURON Zielona Energia had acquired 100% of the shares in the share capital of Finadvice Polska 1 sp. z o.o. (Ltd.), which holds the rights to develop the Miejska Górka wind farm project located in the Wielkopolska Province, Rawicz District, Miejska Górka Commune, with a gird connection capacity of 190.8 MW. According to the adopted assumptions, Finadvice Poland 1 sp. z o.o. (Ltd.) will complete the project in the second half of 2027.
5. Division of TAURON Inwestycje sp. z o.o. (Ltd.) (an event that took place after the balance sheet date),	On April 1, 2025 (an event that took place after the balance sheet date), the District Court of Katowice - Wschód in Katowice, the 8th Commercial Division of the National Court Register (KSR) registered the division of TAURON Inwestycje sp. z o.o. (Ltd.) (the Divided Company) to TAURON Ciepło (the Acquiring Company) by spinning off of the assets of the Divided Company. The division of the Divided Company consists in spinning off of the conventional area, which is an organized part of the enterprise, to the TAURON Ciepło subsidiary. The division of TAURON Inwestycje sp. z o.o. (Ltd.) is in line with the assumptions of the Group's Business Model. These activities are intended to ensure organizational and decision-making consistency within the Group by implementing the assumptions of assigning the activities of TI to the individual lines of business of TAURON Group and its subsidiaries.

1.3. Organizational or equity ties with other entities

Apart from the equity ties with the companies presented in section 1.2 of this report, the organizational or equity ties are applicable to the material joint subsidiaries (co-subsidiaries) in which the Company held, directly or indirectly, shares, and which, as of December 31, 2024, and as of the date of drawing up this information, include the companies listed in the below table

Table no. 2 List of material joint subsidiaries (co-subsidiaries) as of December 31, 2024, and as of the date of drawing up of this information

Company name	Registered office	TAURON's share in the company's capital and in the parent company	Subsidiary holding directly shares in the company
1. EC Stalowa Wola S.A. (Joint Stock Company) (EC Stalowa Wola)	Stalowa Wola	50.00%	TAURON Inwestycje sp. z o.o. (Ltd.) (TAURON Inwestycje)
2. TAMEH HOLDING sp. z o.o. (Ltd.) (TAMEH HOLDING)[1]	Dąbrowa Górnicza	50.00%	TAURON
3. TAMEH POLSKA sp. z o.o. (Ltd.) (TAMEH POLSKA)	Dąbrowa Górnicza	50.00%	TAMEH HOLDING
4. TAMEH Czech s.r.o.[2]	Ostrava, Czech Republic	50.00%	TAMEH HOLDING

[1]The ownership of the shares is the subject of the arbitration proceedings referred to in section 11.1 of this report.
[2]On August 9, 2024, the company TAMEH Czech s.r.o. had been placed into a liquidation bankruptcy, which, in the Group's opinion, translates into the loss of the joint control over the above mentioned company as of that date within the meaning of the accounting regulations.

1.4. Major domestic and foreign investments, as well as equity investments

The major domestic and foreign investments, as well as equity investments made in 2024 and by the date of drawing up this report are listed below.

Taking up or acquiring share securities in TAURON Capital Group's subsidiaries

Table no. 3 Summary of the equity increases in TAURON Capital Group's subsidiaries in 2024 and by the date of drawing up of this report

Company	Share capital increase (total price for taking up shares / interests) (PLN)	Company taking up shares / interests	Nominal value of shares / interest taken up (PLN)	Date of passing the resolution by the General Meeting of the Partners / Shareholders	Structure of the share capital following the increase
1. TAURON Elektrownia Szczytowo-Pompowa sp. z o.o. (Ltd.) [1]	8 500 000	TAURON Polska Energia	85 000	04.09.2024	TAURON Polska Energia 100%

[1]*Former En-Energia I sp. z o.o. (Ltd.)*

Taking up or acquiring of share securities in the other companies in which TAURON holds an equity stake

Table no. 4 Summary of the equity increases in the other companies, in which TAURON holds an equity stake, implemented in 2024 and by the date of drawing up this report

Company	Share capital increase (total price for taking up shares / interests) (PLN)	Company taking up shares / interests	Nominal value of shares / interest taken up (PLN)	Date of passing the resolution by the General Meeting of the Partners / Shareholders	Structure of the share capital following the increase
1. EEC Magenta spółka z ograniczoną odpowiedzialnością 2 ASI spółka komandytowo-akcyjna (EEC Magenta limited liability company 2 ASI limited joint stock partnership) (EEC Magenta 2 ASI)	39 189	EEC Ventures spółka z ograniczoną odpowiedzialnością 2 spółka komandytowa (EEC Ventures limited liability company 2 limited partnership) (EEC Ventures 2)	1 173	24.01.2024	EEC Ventures 2 2.94%
	1 919 000	PFR NCBR CVC FIZAN	19 190		PFR NCBR CVC FIZAN 49.03%
	1 879 900	TAURON	18 799		TAURON 48.03%
2. EEC Magenta 2 ASI	38 400	EEC Ventures 2	1 176	18.06.2024	EEC Ventures 2 2.94%
	1 877 500	PFR NCBR CVC FIZAN	18 775		PFR NCBR CVC FIZAN 49.03%
	1 843 100	TAURON	18 431		TAURON 48.03%
3. EEC Magenta 2 ASI	8 466	EEC Ventures 2	249	21.10.2024	EEC Ventures 2 2.94%
	415 500	PFR NCBR CVC FIZAN	4 155		PFR NCBR CVC FIZAN 49.03%
	407 100	TAURON	4 071		TAURON 48.03%
4. EEC Magenta 2 ASI	7 940	EEC Ventures 2	218	27.03.2025	EEC Ventures 2 2.94%
	392 100	PFR NCBR CVC FIZAN	3 921		PFR NCBR CVC FIZAN 49.03%
	384 200	TAURON	3 842		TAURON 48.03%

As of December 31, 2024, the most material equity investments in the financial assets, valued at fair value, include the stakes in the following entities:

1. Polski Holding Obronny sp. z o.o. (Ltd.) – with the balance sheet value of PLN 80 million,
2. EEC Magenta 2 ASI – with the balance sheet value of PLN 39 million,
3. Spółka Ciepłowniczo Energetyczna Jaworzno III sp. z o.o. (Ltd.) – with the balance sheet value of PLN 29 million,
4. Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. (Ltd.) – with the balance sheet value of PLN 24 million.

Investments in the financial assets

TAURON and TAURON Capital Group's subsidiaries did not make any investments in the financial assets in 2024.

The detailed information on the financing model put in place at TAURON Capital Group is presented in section 7.3. of this report.

1.5. TAURON Group's Business Strategy and the implementation thereof

On December 17, 2024, the Management Board of the Company Directors adopted and the Supervisory Board gave a positive opinion of the document *TAURON Group's Strategy for 2025 - 2035 - TAURON New Energy*.

TAURON Group's Strategy for the years 2022 - 2030 with an outlook until 2050, adopted for implementation in 2022, had been in effect until that date.

TAURON Group's Strategy for the years 2022 - 2030 with an outlook until 2050, in effect as of December 17, 2024

The main objective of *TAURON Group's Strategy for the years 2022 - 2030 with an outlook until 2050*G was to build TAURON Group's value through the modern solutions for the customers and climate while maintaining its financial stability. This goal was implemented based on the three priorities.:

Priority #1 – *Sustainable operations* – transition towards climate neutrality and reduction of emissions as well as achieving climate neutrality by 2050.

As part of this priority the following directions had been implemented:

1. increasing of the installed capacity in the renewable energy, including an involvement in the development of the offshore wind power as well as maintaining of the capacity and improving of the efficiency of the hydro power as a stable renewable resource,
2. exiting the coal fired power generation and the hard coal mining operations as well as the transition of the district heating towards the low- and zero carbon sources,
3. reducing of the emissions and achieving climate neutrality by 2050,
4. commitment to the development of the Circular Economy,
5. innovative solutions supporting the transition to the environmentally sustainable operations.

Priority #2 – *Growth based on the largest customer base* – achieving a leading position on the domestic market of the energy group in terms of the reliability of the electricity and heat distribution, as well as the electricity supply and customer service.

As part of this priority the following directions had been implemented:

1. ensuring the security of the energy supply and the quality of electricity and heat,
2. maintaining high customer satisfaction indices, modern IT tools,
3. continuous development of the basket of products and services and the new models of cooperation with the customers,
4. readiness to provide the new distribution services under the new electricity market model
5. increase in revenue from new business development and commercialization of innovations,
6. development of intelligent and flexible network infrastructure,
7. research and innovation activities assuming taking advantage of the potential of the Company's infrastructure and customer base.

Priority #3 – *An organization that keeps up with change* – maintaining of a stable financial position based on an improvement of the efficiency and the streamlined organization.

As part of this priority the following directions had been implemented:

1. ensuring financing for the investments and operations, including taking advantage of the strategic and capital (equity) partnerships for an expansion,
2. human capital management in order to develop and implement the solutions that shape an organizational culture and a friendly work environment,
3. maximum use of the funds dedicated to the transition,
4. operational efficiency based on the revised business model,
5. information security as an important element of development.

Table no. 5 Level of implementation of the key strategic objectives set in TAURON Group's Strategy for 2022 - 2030 with an outlook until 2050 in 2024.

Strategic goals	Assumptions	Level of implementation in 2024
EBITDA	PLN 4.5 billion in 2025 PLN 6.5 billion in 2030	PLM 6.5 billion
Net debt / EBITDA	At a safe level	1.7x
RES installed capacity	1.6 GW in 2025 3.7 GW in 2030	0.87 GW
Emissions	200 kg CO_2/MWh in 2025 < 160 kg CO_2/MWh in 2030	704 kg CO_2/MWh
Smart meters' share	100% by 2030	25.9%

Strategic goals	Assumptions	Level of implementation in 2024
New connections of the consumers to the district heating network	450 MWt in 2030	in 2024: 22.98 MWt in 2023: 29.2 MWt (in 2022: 33.6 MWt)
FTR (First Time Resolution) indicator	> 90% in 2030	98.82% via a telephone channel

TAURON Group's Strategy for 2025 - 2035 – TAURON New energy



TAURON New Energy defines the future of TAURON Group based on the pillars that are the overarching values for all of TAURON Group's subsidiaries: customer, ESG, economic stability, employees, RES and distribution infrastructure.

The strategy takes into account the new customer approach and the impact of the key regulatory and market changes on TAURON Group's business operations, including a failure to finalize the divestment of the hard coal fired generation assets to the National Energy Security Agency.

The new challenges arising from the current situation on the market and in the power sector, as well as a number of the EU regulations promoting the development of the renewable energy sources, thereby setting the investment directions, are causing a significant acceleration in the transition of the power sector towards the development of the renewable sources and independence from energy commodities.

TAURON Group's mission – We are powering change with New Energy

TAURON Group has set a long term goal for the organization's existence aimed at powering change with new energy:

1. to build a sustainable competitive advantage and take a strategic position in the New Energy World,
2. to create sustainable economic value for Shareholders, Investors,
3. to provide tangible value for the customers and local communities,
4. to build an effective organization and an organizational culture focused on the customers and value creation,
5. to provide jobs and inspire passion for the work.

TAURON Group's Vision - We will create a World of New Energy, focusing on green solutions, ensuring customer comfort and security

The strategy assumes TAURON Group's development around its business core, which is 6 million customers connected to the distribution grid who are buying electricity, including electricity produced preferably from the renewable energy sources owned by TAURON Group.

TAURON Group's Values

As part of the Group's new Strategy, values have been adopted as its foundation.

Figure no. 2 TAURON Group's values



RESPONSIBILITY

1. for the comfort, safety and bills of our customers
2. for future generations, employees and local communities
3. 3for the environment and the development of the regions in which we operate



COMMITMENT

1. to meeting the challenges of a changing reality
2. to building our and our customers' competitive advantage
3. to achieving our goals and executing our strategy



EFFICIENCY AND ENERGY

1. in creating value for Shareholders and Customers
2. in implementing change
3. in acting boldly and effectively

Prospective goals and assumptions of TAURON Group's Strategy

As part of the Group's new Strategy, three key strategic performance indicators have been adopted that will be used to assess progress in achieving the long term strategic goals, and these are:

EBITDA

1. doubling of EBITDA by 2035,
2. increase of EBITDA above PLN 9 billion in 2030 and above PLN 13 billion in 2035.

Profitable expansion

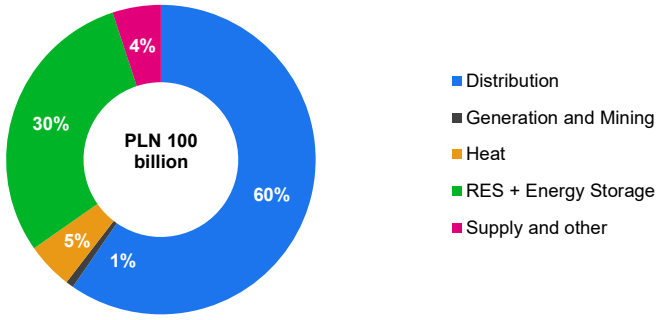
1. investment IRR > 1.5 p.p. above the cost of capital,
2. profitability of sales in all customer segments and per product,
3. maintaining of the net debt / EBITDA ratio at a safe level,
4. maintaining of investment grade rating,
5. payout of dividends for 2028 and beyond.

Green energy penetration level

1. increase in RES installed capacity and energy storage facilities 3.4 GW in 2030 and 6.1 GW in 2035,
2. share of electricity supply from zero carbon sources close to 50% in 2035
3. move away from the use of hard coal for heat generation by 2030,
4. decommissioning of hard coal fired units by 2030, with the exception of the 910 MW unit in Jaworzno,
5. readiness to spin off hard coal fired generating assets (or the 910 MW unit in Jaworzno on its own) by 2030, and in the absence of a spin-off, financial ringfencing,
6. climate neutrality in 2040,
7. elimination of paper consumption by 80% by 2035 (transition to online and mobile).

It is estimated that the implementation of the Strategy will require capital expenditures in the amount of approximately PLN 100 billion in 2024 - 2035. The two main directions of investments are electricity distribution and increasing capacity in the renewable sources and energy storage facilities.

Figure no. 3 Capital expenditures (CAPEX) in 2024-2035[1]



[1]910 MW in Jaworzno not included beyond 2030

In order to implement investment projects, it is assumed that the diverse sources of financing will be used, such as:

1. debt financing and own funds, including selective divestments (50 - 60%): bilateral and syndicated loans linked to the sustainability goals and loans dedicated to the taxonomy projects, bond issues on the domestic and foreign markets linked to the sustainability goals and bond issues based on the green bond standard, private placement financing,
2. grant sources and loans offered on the preferential terms (20 - 30%): National Recover and Resilience Improvement Plan, Modernization Fund, European Funds for Infrastructure, Climate and Environment, Just Transition Fund, National Funds (NFOŚiGW / WFOŚiGW), CEF - Connecting Europe Facility,
3. off-balance sheet instruments, capital (equity) partnerships and project finance (10 - 20%).

Strategic directions and growth (development) prospects for the main Business Units (BU)

Table no. 6 Strategic directions and expansion (development) prospects for TAURON Group's main Business Units

Strategic goals	Growth (expansion) prospects
Distribution BU	
The main goal of the Distribution BU is to maintain its leadership position on the Polish market with respect to the security (safety) and efficiency of the distribution grid's operation. Thanks to the continuous development and modernization of the grid, the Distribution Segment is to continue to be a line of business generating the stable, regulated revenues for the Group.	The activities aimed at ensuring the reliability of the electricity supply and simplifying the procedures related to connecting of the new consumers and micro installations to the grid will be continued. The investment projects to be carried out will allow for adapting TAURON Capital Group's distribution assets to the growing volume of the electricity generated by the dispersed renewable energy sources, and also for preparing the grid to interoperate with the infrastructure to be used for charging the electricity vehicles.
With respect to the use of the smart grid metering, TAURON Group is planning to implement 100% smart metering of the grid in 2030 by installing the smart meters and will continue to be the largest electricity distributor in Poland in terms of the volume and the number of the customers.	The development (expansion) of TAURON Group with respect to the smart grids and the smart meters will allow for an introduction of the additional functionalities, both on the part of the distributor, as well as that of the customer. The ability to obtain a financing available in the preferential terms funds will have a significant impact on the growth of the Distribution Segment.
The activities of the unit will also be focused on ensuring the high reliability of the electricity supply, strengthening and developing a positive customer experience and ensuring a safe working environment.	The above mentioned challenges will be dealt with on the regulated market that makes the distribution segment's operations dependent on the new elements of the regulatory policy introduced by the President of the Energy Regulatory Office (ERO).

Strategic goals	Growth (expansion) prospects
RES BU	
 The main goal is of the RES BU to ensure a generation mix that is optimal in terms of the profitability, allowing for the covering of the demand of TAURON Group's customers for the energy produced from the renewable sources. The activities of the unit will also be focused on improving of the efficiency of the hydro power solutions, implementing of the energy storage facility technologies, including the pumped storage power plants.	A rapid growth of the renewable energy sources has been observed over the last few years, in particular with respect to the photovoltaics (PV) installations. The technological changes with respect to the wind farms, along with the favorable regulations (the Act on promoting of the electricity generation in the offshore wind farms of 2021, the liberalization of the so-called distance act of 2023, the incentives for the investment projects related to the pumped storage power plants, the amendment to the Act on the RES related to the cable pooling) are an opportunity for the growth of the segment. The ecological issues are driving the development of the renewable energy sources. In the coming years, the expansion of the RES line of business at TAURON Group will be focused on the investment projects related to the photovoltaic farms and the onshore wind farms, as well as in the energy storage facilities.
Heat BU	
 The main goal of the Heat BU is to transform the heat production sector, ensuring the reliable supply of the low carbon heat at the acceptable prices. As part of the ongoing transition of TAURON Group towards the climate neutrality, the activities conducted by BU Heat will focus on the replacement od the hard coal fired production sources with the modern low carbon units. The activities of the unit will also be focused on the development of the heat market and the implementation of the new district heating network consumer connections. An important aspect will be maintaining of the status of an efficient district heating system for the key areas of the business operations.	In the heat line of business, the strategic issue is to replace the hard coal fired generating units with the low carbon sources. In the case of the large district heating generation sources, gas is considered to be a transition fuel on the path to achieve the climate neutrality. The development of the heat market through an expansion of the district heating network and connecting of the new customers supports the reduction of the low emission sources.
Supply BU	
 The main goal of the Supply BU is to supply the low carbon energy to the customers in an environmentally friendly manner, while taking care of meeting their needs. It is assumed that the share of the green and the low carbon electricity volume will come in at more than 30% in the time frame up to 2030 and close to 50% in 2035. Activities will also focus on the development of digital customer service channels and improvement of customer satisfaction indicators. The activities of the unit will also be focused on the development of the digital customer service channels and an improvement of the customer satisfaction indices. In addition, the development of the products related to the electrification of the society, services and the manufacturing industry as well as the energy consumption profile management (dynamic tariffs, DSM programs, energy storage facilities, EV) is planned.	The growing customer awareness is leading to the increased demands with respect to the products offered and the speed and the quality of the service delivery. The importance of the ecology, the changing attitudes in the way the electricity is consumed and the large rise in the number of the prosumers are the factors that are having an ever stronger impact on the customer needs and expectations. TAURON is assuming that it will provide 100% of clean energy to its customers in the long term. A further growth in the popularity of the digital customer service channels and the multi channel customer services will result in the transfer of the customer service to the digital platforms. In response to the growing ecological awareness, the basket of the products and the services related to the natural environment and climate protection will also be changing.
Generation BU	
 The main goal of the Generation BU is to ensure an economically justified functioning during the energy transition period. The activities of the unit will also be focused on an improvement of the operational efficiency and on the gradually phasing out of the conventional generation, taking into account a socially just transition. The preparation of the options for the transformation of the sites (locations) is planned, including the preparation of the large scale investment project options and an economically effective development of the decommissioned assets. At the same time, TAURON Group is ready to spin off its hard coal fired generation assets (or the 910 MW unit in Jaworzno on its own) to the State Treasury by 2030, and in the event the spin-off does not come to fruition, to prepare the Generation BU for a financial independence (ringfencing).	Taking into account the transition towards the sustainable development, the future of the hard coal fired power generation is highly uncertain. However, currently the hard coal fired assets constitute a guarantee of the security of the national power system. The spin off of the hard coal fired generation assets out of TAURON Group would make it easier to obtain the financing for other expansion projects, in particular the ventures related to the RES. Therefore, TAURON Group's Strategy assumes its readiness to spin off the assets related to the electricity generation by the hard coal fired units. At the same time, in the event such a possibility arises, TAURON Group is planning to prepare the strategic options for the use of the locations (sites) of the conventional hard coal fired units, such as, among other things, the construction of the battery energy storage facilities, the conversion of the units to being biomass fired, the alternative fuel fired installations, or the photovoltaic farms.

The implementation of TAURON Group's Strategy in 2024

As a result of the implementation of a number of the investment projects, as of the end of 2024, TAURON Group had the following RES sources in operation: 538 MW of installed capacity in the wind power, 133 MW of installed capacity in the hydro power facilities, 90 MW of installed capacity coming from the biomass and 111 MW of installed capacity coming from the photovoltaics installations. The total amount of installed generating capacity in the RES as of the end of 2024 had come in at 872 MW, which corresponds to 55% of the implementation of the RES target for 2025. At the same time, the share of the RES sources in TAURON Group's energy mix had increased. Ats of the end of 2024, 14% of TAURON Group's installed capacity had come from the RES sources.

In June 2024, TAURON Group had announced its *New Energy* offering that includes electricity from the renewable sources, which is confirmed by a TÜV SÜD certificate and a fixed electricity price is guaranteed for 9 years for the households and for 5 years for the businesses. Along with the new tariff, an e-invoice is offered, which allows for the reduction of the paper consumption.

1.6. Description of the expansion policy and directions

The expansion (development) directions adopted and implemented by TAURON Group are a response to the current challenges of the power sector, first and foremost, the tightening of the climate and environmental policy of the European Union (EU). The key elements of the new TAURON Group's Strategy for 2025 - 2035 include achieving of the climate neutrality in 2040, PLN 60 billion of investments in the distribution segment and more than 6 GW of installed capacity in the renewable sources and energy storage by 2035. The priorities also include becoming the leader in the electricity supply, as well as the position of the most pro-customer energy group in the country.

Implementation of the strategic investment (CAPEX) projects

Key investment projects in the RES line of business

Photovoltaic (PV) farms

The works on the development of the photovoltaic farm projects on TAURON Capital Group's sites had been continued 2024. The works include obtaining of the required administrative permits and decisions. The final decisions with respect to the implementation of the individual projects will be made following an evaluation of their business case.

Table no. 7 Key strategic investment projects with respect to the photovoltaic farms carried out in 2024

Investment project	Capacity (MW_e)	Total capital expenditures incurred (PLN m)	Work progress	Planned completion date
Construction of the photovoltaic farm in Bałków	54 MW	70.1	25%	Q4 2025
Construction of the photovoltaic farm in Postomino	90 MW (stage I 80 MW; stage II 10 MW)	215.5	60%	Q4 2025
Construction of the photovoltaic farm in Proszówek	55 MW (stage I 45.6 MW; stage II 9.4 MW)	183.2	100%	Commissioned

Onshore wind farms

TAURON Capital Group is looking for the opportunities to acquire advanced wind farm development projects ready for the construction and the operating onshore wind farm assets on the market. As part of such efforts, the internal analyses and the due diligence studies of the potential wind farm acquisition projects had been carried out in cooperation with the developers in 2024. On September 19, 2024, TAURON Group had acquired the shares in Finadvice Polska 1 sp. z o.o., a company implementing the 190.8 MW Miejska Górka wind farm project.

Table no. 8 Key strategic investment projects with respect to the wind farms carried out in 2024

Investment project	Capacity (MW_e)	Total capital expenditures incurred (PLN m)	Work progress	Planned completion date
Construction of the wind farm in Nowa Brzeźnica	19.6 MW	76.2	65%	Q2 2025
Construction of the wind farm in Sieradz	23.8 MW	80.1	35%	Q4 2025
Construction of the wind farm in Miejska Górka	190.8 MW	284.5	4%	Q2 2027
Construction of the wind farm in Gamów	33 MW	316.6	100%	Commissioned
Construction of the wind farm in Warblewo	30 MW	324.8	100%	Commissioned
Construction of the wind farm in Mierzyn	58.5 MW	467.1	100%	Commissioned

Offshore wind farms (in the Polish Exclusive Economic Zone of the Baltic Sea)

On January 9, 2023, the Minister of Infrastructure had disclosed the information that the company Elektrownia Wiatrowa Baltica-7 sp. z o.o. (Ltd.) in which TAURON holds 44.96% of the shares (the remaining shares are held by Polska Grupa Energetyczna S.A. – PGE), had been awarded the highest number of points in the adjudication proceeding for the issuance of a permit for the construction and use of the artificial islands, structures and devices in the area located on Słupsk Shoal (Ławica Słupska), designated as 43.E.1, for the purpose of the construction of an offshore wind farm. Subsequently, on August 9, 2023, TAURON had received a decision of the Minister of Infrastructure of August 8, 2023, on the granting to Elektrownia Wiatrowa Baltica-7 sp. z o.o. (Ltd.) of a permit of

the scope indicated above. That decision had become final as of August 21, 2023. The capacity of the planned offshore wind farm, which would be built under the obtained permit, will be approximately 1 GW.

On August 16, 2024, Polskie Sieci Elektroenergetyczne S.A. (PSE) published a list of preliminary conditions for connecting offshore wind farms to the transmission grid, including for Elektrownia Wiatrowa Baltica-7 sp. z o.o. The preliminary connection conditions are issued in accordance with the provisions of the Act of December 17, 2020 on the promotion of electricity generation in offshore wind farms. They allow offshore wind farm investors to apply for the right to cover the negative balance through an auction in accordance with Chapter 4 of this Act.

TAURON had taken part in the consultations on the regulations regarding the offshore wind farms and in the work of the industry organizations.

As part of TAURON Group's Strategy for 2025 - 2035, it had been assumed that the construction of wind and photovoltaic farms will continue based on customer demand, including, among others, the preparation of a project for the construction of an offshore wind farm together with a partner.

Rożnów II Pumped Storage Power Plant (Elektrownia Szczytowo-Pompowa - ESP)

TAURON is planning to build an energy storage facility in the form of a pumped storage power plant located in the vicinity of the Rożnów Hydroelectric Power Plant (Elektrownia Wodna Rożnów). The Pumped Storage Power Plant (ESP) is planned in the municipality of Łososina Dolna, in the county of Nowy Sącz. The lower reservoir will be the Rożnów Lake (Jezioro Rożnowskie), the upper reservoir will be built on a hill located close to the lake. The initial concept of the Pumped Storage Power Plant (ESP) construction assumes the construction of a facility with an energy capacity of approximately 3 GWh and a maximum generated power of approximately 700 MW.

In April 2024, a decision was made to implement the project using the special purpose vehicle En Energia I sp. z o.o. (Ltd.), whose name was changed to TAURON Elektrownia Szczytowo Pompowa sp. z o.o. (Ltd.) (TESP).

In 2024, a number of analyses and documentation had been developed, including: a hydrological analysis, a business model, the nature inventory. The lease agreements had been concluded with TAURON Ekoenergia and the State Forests (Lasy Państwowe), the right to use the property had been obtained, an application had been submitted to have the conditions for connecting the Pumped Storage Power Plant (ESP) to the transmission grid defined.

A basic engineering design had also been commissioned, understood as an optimized concept, subjected to a feasibility verification with a particular consideration of the geological, environmental, technology, formal and legal issues, and a clarification of the widest possible scope of the technical assumptions.

Due to the potential investment outlays in the amount of several billion PLN, in 2024 TAURON had begun the talks on the possibility of co-financing of the investment projects as part of the aid mechanisms and co-financing along with the banks and the international funds.

The commencement of the operation of the pumped storage power plant is planned to take place 2033.

Key investment projects in the Heat line of business

Table no. 9 Key strategic investment projects in the Heat line of business carried out in 2024

Investment project	Scope of the investment project	Total capital expenditures incurred (PLN m)	Work progress	Planned completion date
Construction of the 140 MWt gas fired boiler at ZW Katowice (Katowice Generation Plant) for the district heating market needs	*The scope of the project includes the construction of a 140 MWt gas fired water boiler on the existing foundations, along with the supporting infrastructure and a steel stack, with the environmental emission parameters: BAT with a 15% reserve versus the limit values.*	98.9	95%	Q2 2025
Construction of the peaking and backup boiler house at ZW Bielsko Biała EC 2 (Bielsko Biała Generation Plant Combined Heat and Power Plant 2)	*The scope of the project includes the construction of a 76 MWt (2 x 38 MWt) natural gas and light fuel oil fired peaking and backup boiler house. The project stems from the need to replace the old boiler house, which will not meet the requirements of the BAT Conclusions starting 2025 due to its poor technical condition and failure rate, thereby affecting the lack of the backup for the 50 MW unit at Bielsko Biała EC 2 (Bielsko Biała Generation Plant Combined Heat and Power Plant 2)*	46.7	98%	Q2 2025
Construction of the gas engines at ZW Bielsko Biała EC 2 (Bielsko Biała Generation Plant	*The scope of the project includes an installation of three identical, complete cogeneration units based on the reciprocating (piston) engines, powered by natural gas, with a capacity of approximately 10 MWt / 10 MWe each (the capacity of the entire system stands at approximately 30 MWt / 30 Mwe), the construction of the electrical and thermal power evacuation*	0.6	24%	Q4 2027

Investment project	Scope of the investment project	Total capital expenditures incurred (PLN m)	Work progress	Planned completion date
Combined Heat and Power Plant 2)	*lines along with a pumping station and a water treatment station, the construction of a heat accumulator, the construction of the associated infrastructure.*			

Key investment projects in the Supply and Other Operations lines of business

Table no. 10 Key strategic investment projects in the Supply and Other Operations lines of business carried out in 2024

Investment project	Scope of the investment project	Total capital expenditures incurred (PLN m)	Work progress	Planned completion date
Production 2.0	*The scope of the project includes the reconfiguration of the Limestone Mine's (Kopalnia Wapienia Czatkowice sp. z o.o. (Ltd.)) technological system in order to increase the production of grits and aggregates using its in-house assets, including the restoration of the grit production line, the construction and the modernization of the rock (stone) crushing and transportation nodes. The project involves the use of the technology that would allow for maximizing the use of the raw material obtained from the mine.*	0.4	5%	Q4 2027

Capital expenditures (CAPEX)

TAURON Capital Group's capital expenditures had come in at PLN 5 127 million in 2024 and they had been higher than the investment outlays incurred in the same period of 2023, when they had clocked in at PLN 4 364 million. This is first and foremost due to the increase in expenditure in the Renewable Energy and Distribution Segments.

Table no. 11 The highest by value, capital expenditures incurred by TAURON Capital Group's Lines of Business in 2024

Item	Capital expenditures (PLN m)
Distribution	
1. Installation of the new grid connections	1 587
2. Existing grid assets' upgrades (refurbishments) and replacements	1 063
3. Comprehensive replacement of the meters with a remote readout feature (AMIPlus)	239
4. Dispatch Communications System	82
Generation	
CAPEX on the replacements and upgrades (refurbishments), as well as components, and also on the 910 MW unit at TAURON Wytwarzanie	104
Heat	
1. Replacement and upgrades (refurbishments) expenditures as well as components	46
2. Maintenance of the district heating networks	25
3. Connecting of the new facilities to the network at TAURON Ciepło	21
4. Katowice Generation Plant (Zakład Wytwórczy Katowice) – Construction of the gas fired boiler with the capacity of 140 MWt at TAURON Ciepło	10
5. The Ligota project related to the construction and modernization of the network infrastructure as part of the district heating system at TAURON Ciepło	8
6. Construction of a peaking and backup boiler room and gas engines at ZWB EC2	2
RES	
1. Construction of the wind farm in Mierzyn with the capacity of 58.5 MW	316
2. Construction of the wind farm in Miejska Górka with the capacity of 190.8 MW	284
3. Construction of the wind farm in Gamów with the capacity of 33 MW	227
4. Construction of the wind farm in Warblewo with the capacity of 30 MW	213
5. Construction of the photovoltaic farm in Postomino with the capacity of 90 MW	184
6. Construction of the photovoltaic farm in Bałków with the capacity of 54 MW	69
7. Construction of the wind farm in Sieradz with the capacity of 23.8 MW	57

Item		Capital expenditures (PLN m)
8.	Modernization (refurbishment) of the hydroelectric power plants	42
9.	Construction of the photovoltaic farm in Proszówek stage I and II with the total capacity of 55 MW	31
10.	Construction of the wind farm in Nowa Brzeźnica with the capacity of 19.6 MW	27
Supply and Other Operations		
1.	IT related investment projects at Tauron Obsługa Klienta (Tauron Customer Service)	136
2.	Maintenance and development of the street lighting	68
3.	Centrum Usług Biznesowych TAURON Obsługa Klienta (Tauron Customer Service Business Service Center)	14
4.	Construction of a fiber optic network (NRP)	9
5.	Program Klient 360 TAURON Obsługa Klienta (Tauron Customer Service 360 Client Program)	4

The detailed information on the capital expenditures incurred in the individual Segments of TAURON Capital Group's operations is provided in section 5.3 of this report.

Evaluation of the capability to complete the intended investment projects

TAURON Capital Group's strategic investment projects and the financing thereof are centrally managed at the Company level. Based on the completed analyses with respect to the planned investment outlays and the funds held the Management Board of the Company assesses whether TAURON Capital Group is able to finance the current and the future intended investment projects included in the Strategy using the funds generated from the operating activities and by obtaining an external financing.

The Company is pursuing a policy of diversifying the financing instruments and is striving to secure the financing and maintain the ability of TAURON Capital Group's subsidiaries to meet both the current as well as the future obligations in the short and in the long term, including the ones related to the investment plans. The steps are taken to acquire the new sources of financing and the result of such efforts include the agreements and the annexes entered into in 2024, as well as after the balance sheet date.

The detailed information related to the conclusion of the agreements with respect to the financing of the operations and investment projects of TAURON Group is provided in section 11.2. of this report.

1.7. Major achievements in the field of research, development and innovations

The research and development as well as the innovations related activities (R+D+I) are reflected in the Strategic Research Agenda (SAB). As part of its activities in the Research and Innovations Area, TAURON Capital Group is applying a portfolio based management of the research and development projects, ensuring a comprehensive approach to the implementation of the tasks providing the support for TAURON Group's transition towards climate neutrality.

SAB is a document that describes in a precise manner the directions of the innovations that are key for the development of TAURON Group. The document is composed of four research portfolios:

1. Customer and His / Her Needs,
2. Smart distribution,
3. Green energy,
4. Sustainable heat.

Each portfolio sets the directions for the research and development projects. As part of the directions the problem areas have been defined for the selected detailed research areas that are important from the point of view of TAURON Group's development plans. Such a structure of the SAB supports the selection of the specific projects and the rejection of others, as well as allows for an optimal allocation of the financial resources. This way, TAURON Capital Group's research and development as well as the innovations related activities are carried out and developed based on the complete and detailed assumptions of the strategic nature – with the clearly defined goals and ambitions.

PLN 40 million had been allocated to the functioning of the R+D+I area in 2024. 7 projects (including 2 start-ups) had been launched in various lines of business. As part of four portfolios of the Research and Innovations Area, 24 projects with the total value of close to PLN 35 million had been carried out. For the implementation of some of these projects TAURON Capital Group had obtained the funding from the external sources in the form of the subsidies and loans offered on the preferential terms in the total amount of more than PLN 12 million.

Table no. 12 Selected R&D projects carried out in 2022 by TAURON Capital Group's subsidiaries, co-financed from the external sources

Projects / programs / tasks	Co-financing source
1. Digital solutions to improve the sustainability indicators and the flexibility potential of the hydro power assets (D-HYDROFLEX)	Horizon Europe
2. Reference application to encourage the customers to use energy and power more efficiently and increase the demand side flexibility (ECLIPSE)	Digital Europe
3. Recycling, Electromobility, Energy storage – the second life of the batteries coming from the electric vehicles (RES2LIFE)	National Fund for Environmental Protection and Water Management (Narodowy Fundusz Ochrony Środowiska i Gospodarki Wodnej)

Table no. 13 Status of work in the selected research and development projects being implemented in 2024

Research and development project	Status of the works
1. RES2LIFE	The goal of the project is to implement an innovative energy storage technology based on the partially depleted electric vehicle batteries and integrated with a local renewable energy source and the electric vehicle charging stations. With regard to the use of the used batteries for the construction of the stationary energy storage facility, the project is based on the technology developed as part of the Second Life ESS project completed in 2023. In the fourth quarter of 2024, the RES2LIFE project grant agreement had been signed with the National Fund for Environmental Protection and Water Management and the implementation had begun. The signing of the key contracts, including for the supply of the used batteries, and the acquisition of the administrative permits are planned for 2025, followed by the start of the construction of the plant.
2. Second Life 2.0	The project aims to further develop the energy storage technology with the use of the used battery packs coming from the electric vehicles, as well as to develop the standards for the energy storage management and to develop a business model for commercializing the second life storage based on the used batteries. In 2024, the work had been conducted on developing the functionality of the storage facility and testing its capabilities. In the next stage, the procedures will be developed for the operation, management and reporting of the energy storage facilities. The project is a continuation of the Second Life ESS project completed in 2023.
3. D-HYDROFLEX	The project is focused on developing the digital technologies that increase the flexibility and functionality of the existing hydro power plants. The project uses advanced tools such as the digital twin, predictive analysis, optimization methods in order to increase the efficiency and reliability of the hydro power plant operations. The goal of the project is to provide a set of the digital tools, their implementation and the verification in 5 demonstrators, including the EW Wały Śląskie. In 2024, the concept, the use case scenarios and the IT architecture of the digital toolkit for increasing of the efficiency of the power generation and performing of the predictive maintenance tasks had been developed. It is envisaged that, in 2025, the infrastructure for the acquisition of the object measurement data will be modernized, a data base will be built, and subsequently the digital twin of the hydro system and a vibration analysis system for an early detection will be implemented.
4. ECLIPSE	The goal of the project is to implement and demonstrate the Common European Reference Framework (CERF) for an application that enables a voluntary energy consumption reduction and the off peak load shifting based on the recommendations, strategies and incentives, as well as a promotion of the sustainable energy use and consumer empowerment. Among other things, the development activities on the eLicznik application and service directed at the new communication functionalities (personalized advice, incentives, promotion of self consumption, recommendations for the specific behaviors) will be carried out as part of the project. In 2024, mainly conceptual work had been carried out in order to develop the functional and technical assumptions for the reference application. The development of the new functionalities for the eLicznik application on the basis of the functional and technical requirements is planned in 2025.
5. Flexible Distribution	In the first quarter of 2024, the work had been completed on the developing of a prototype of an IT tool to support the decision making with respect to the purchase of the flexibility services. This tool is based on the analytical and forecasting methods developed as part of the previous stages of the project. The purpose of the pre-implementation work, carried out in 2024, had been to migrate the developed prototype to the development and testing environments provided by TAURON Obsługa Klienta (Customer Service). Once the migration process had been completed, the prototype was launched in the target environments, along with the introduction of the relevant test data sets, and also the automatic downloading of the weather forecasts from the external provider's servers was launched. The prototype is now available in TAURON's infrastructure. The prototype of the tool allows AI to use the computational model of the network to determine the load values of the transformers and further on of the lines, based on the historical and forecast weather data. The possibility of a further use of the prototype in this regard and its potential development is being analyzed.
6. Hydrogen Poland	The project encompasses the entire cycle of a hydrogen circular economy – the tasks related to the research and development efforts, implementation work, production, application, conversion to other fuels and storage based on the next generation technologies, applicable to the large (utility) scale energy installations, prosumer installations and the transportation. In 2024, the work had been carried out on updating of the feasibility study for the Hydrogen Poland project, directed at separating two major components from the original scope so that they could operate as the separate projects. The work had also been under way on the preparation of the full project documentation necessary for the submission of an application for the co-financing of the HP-HRS part of the project, covering the construction of an RFNBO (renewable fuels of non-biological origin) hydrogen production facility based on a 20 MW electrolyzer, along with the associated infrastructure.
7. NH3Engine	The project includes the development of the technology and conducting of the demonstration of the feasibility of using the green ammonia as a fuel for the heat and electricity production in the reciprocating co-generation systems. As part of the project's implementation, an internal combustion engine had been purchased and adapted to the ammonia combustion in 2024, which subsequently passed the trial operation run and was handed over for the testing. The engine's testing campaign, along with the ammonia feed line, in the various operating states of the system is planned for 2025.

	Research and development project	Status of the works
8.	Battery Energy Storage Facilities - Capacity Market	An initiative had been launched within TAURON Group in 2023 to explore the scope and the feasibility of constructing the Battery Energy Storage (BME) facilities in order to use the storage facilities in the Group's operations and as a potential source of the new opportunities arising from a participation in the Capacity Market and the Balancing Market. In 2024, the individual BME projects had been prepared for the implementation, including the work related to the Certification for the Main Auction of the Capacity Market, and these projects had subsequently taken part in the Auction with the positive results. The capacity contracts had been awarded to 11 projects with a total net capacity of 276.5 MW. In 2025, these projects will be proceeding to the implementation stage.

Cooperation with the start-ups

2024 had been the time of the further development of the TAURON Progres proprietary accelerator program and the continuation of the scouting campaign launched in 2023. The initiative had been targeted at the start-up community in Poland and it had been aimed at searching for the innovative solutions, responding to the goals and ambitions included in TAURON's innovation roadmap, i.e. in the Strategic Research Agenda (SAB). The result of the scouting preparation is a list of 44 challenges, mapped with the participation of the representatives of 8 of TAURON's subsidiaries. In response to the identified needs, more than 500 start-ups had applied to take part in the 4 rounds of the scouting, conducted in 2023 and 2024. 22 start-up teams had been invited to make further presentations, and further discussions had been continued with another 10. 4 companies operating in the areas of energy storage, heat and distribution were invited to agree on the terms of the cooperation

In August 2024, TAURON had joined a program aimed at providing the support for the cooperation between the start-up companies and the large enterprises. The program, under the name KPT ScaleUp Booster, run by the Kraków Technology Park (Krakowski Park Technologiczny), had received the funding for its implementation from the Polish Agency for the Development of Entrepreneurship (Polska Agencja Rozwoju Przedsiębiorczości) as part of the European Union co-financed Program *European Funds for the Modern Economy 2021 - 2027 (FENG), Priority II. Innovation friendly environment, Measure 2.28 Startup Booster Poland Smart UP (call (recruitment) number: FENG.02.28-IP.02-001/23).* TAURON, acting as a Technology Recipient, is seeking for the innovative solutions on the start-up market in the areas of heat generation and distribution, customer, digitization, hydrogen technologies, RES generation and electricity distribution. In September 2024, the first round of the project call (recruitment) had been completed. The year 2024 had been closed with 2 pilot projects agreed for the implementation in 2025. The KPT ScaleUp Booster program will continue to last until the end of 2026, with a total of 3 rounds of the project calls (recruitments) planned.

Continuing to build the strategic position of TAURON Capital Group with respect to the startups, TAURON had carried out, in 2024, the further follow-up investments as part of EEC Magenta - a CVC (corporate venture capital) type of fund set up in 2018. In 2024, EEC Magenta had built an investment portfolio worth nearly PLN 135 million and it currently has 14 innovative start-ups as part of this portfolio. In 2024. EEC Magenta CVC had already found itself in the divestment period, i.e. the period during which only the so-called follow-on (continuation) type investments are made in the companies that are a part of the CVC Fund's portfolio.

1.8. Principles of management of TAURON Polska Energia S.A. and TAURON Capital Group and the changes thereof

Principles of management of TAURON Polska Energia S.A.

In accordance with the provisions of the *Regulations of the Management Board of TAURON Polska Energia S.A.* (Regulations of the Management Board), the Management Board shall conduct the affairs of the Company and represent it in all of the judicial and extra judicial proceedings. All of the issues connected with managing the Company, which are not restricted by the legal regulations and the provisions of the *Articles of Association of TAURON Polska Energia S.A.* (the Company's Articles of Association) to the competence of the General Meeting (GM) or the Supervisory Board shall be within the competence of the Management Board of the Company. A cooperation of two members of the Management Board or one member of the Management Board together with a proxy is required for making statements on behalf of the Company.

The detailed information on the matters lying within the competence of the Management Board, acting as a collective body, is provided in section 9.11. of this report.

In accordance with the *Organizational Regulations of TAURON Polska Energia S.A.* (Organizational Regulations), the Company shall be managed directly by the Management Board of the Company, as well as through the proxies (power of attorneys), the Executive Directors or the persons holding other positions reporting directly to the Members of the Company's Management Board.

The Company shall carry out its tasks through:

1. separate organizational units (business units):

1) Business Areas, comprising the independent (autonomous) work positions and organizational units (business units) reporting directly to the Executive Directors. The work of the Executive Directors is managed (supervised) by the Members of the Management Board of the Company,
2) Teams, constituting the organizational units (business units) reporting to the Members of the Management Board or the Executive Directors. The activities of the Team are managed by the Team Leader (Manager),

2. independent (autonomous) work positions:

1) Executive Directors who manage and lead the work of the subordinate Teams or work positions constituting the given Business Area of the Company,
2) other independent (autonomous) work positions that may be entrusted to, in particular, the Powers of Attorney (Proxies), Inspectors, Spokespersons,

3. temporary organizations – the Project Teams set up with the goal to implement the tasks and projects of the Company.

Changes to the principles of management of TAURON Polska Energia S.A.

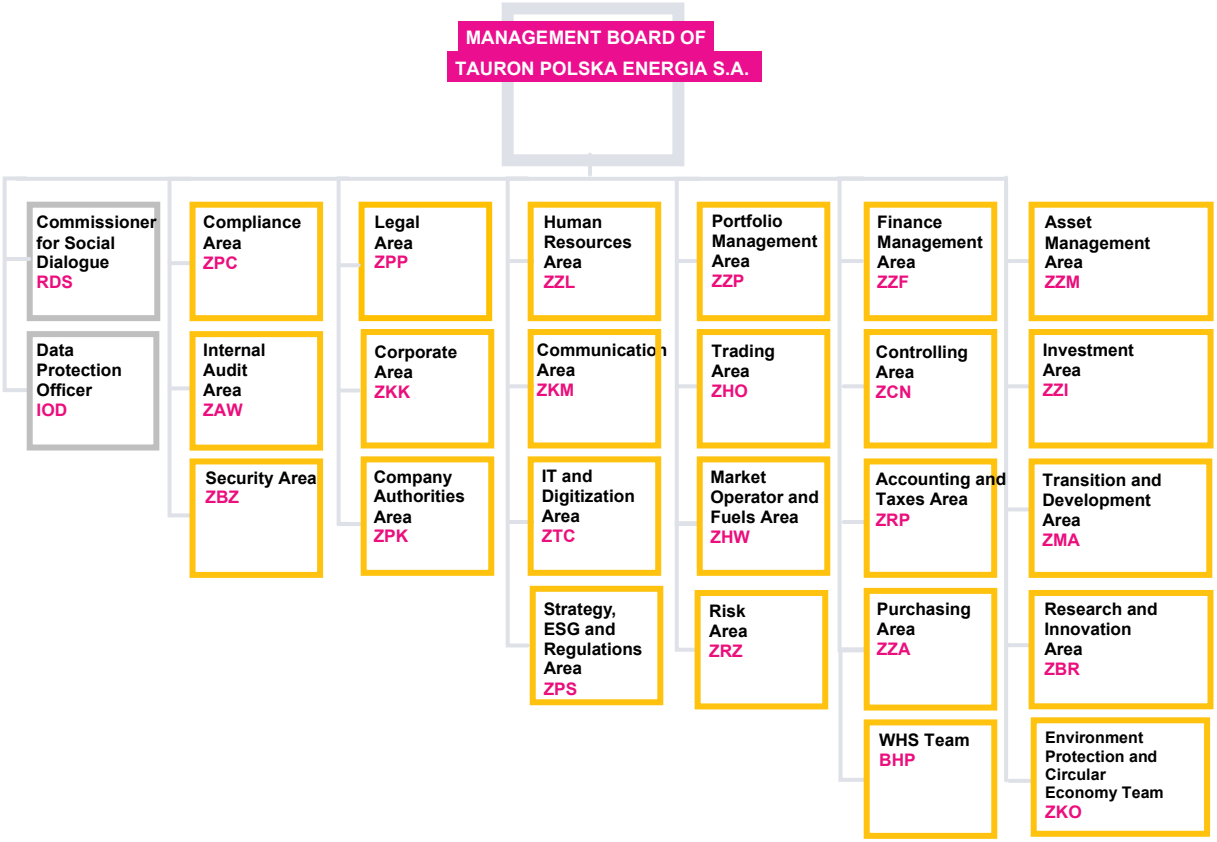
In April 2024, the Organizational Regulations had been amended, including, in particular, the following:

1. creation of the Strategy, ESG and Regulatory Area, which was entrusted with some of the functions of the liquidated Regulatory and International Affairs Area in terms of shaping the regulatory environment, the functions of the Business Transformation and Development Area in terms of the TAURON Group's business model and coordinating and standardizing non-investment projects, the functions of the Communications and Marketing Area in terms of the customer perspective,
2. the establishment of the Compliance Area, which is entrusted with the functions of the Compliance Officer and the functions of the existing Compliance and Security Area in terms of Compliance and the Risk Area in terms of Transaction Control,
3. modifications to the scopes of functions and names of individual Business Areas.

In December 2024, with effect from January 1, 2025, another amendment to the Organizational Regulations was made, which included, in particular:

1. transfer of the functions related to non-investment projects from the Strategy, ESG and Regulation Area to the Transformation and Development Area,
2. exclusion of the functions concerning the creation of standards for IT systems from the IT and Digitalization Area due to their transfer to TAURON Customer Service,
3. exclusion of the functions relating to building a sales position under hedging in the wholesale market from the Portfolio Management Area in connection with their transfer to TAURON Sales,
4. modification of the scopes of functions of individual Business Areas.

Figure no. 4 Organizational diagram of TAURON as of December 31, 2024



After the balance sheet date, in connection with the amendment to the Organizational Bylaws consisting in transfer of the function related to purchase, delivery and transport of fuels to TAURON Ciepło, the name Market Operator and Fuels Area was changed into Market Operator and Trade Support Area.

On April 29, 2024, the Management Board of the Company, by way of a resolution, made the current assignment of the individual Business Areas and the independent work positions, directly, to the Members of the Management Board of the Company.

The diagram showing the division of the responsibilities of the Members of the Management Board of the Company is presented in section 9.11. of this report.

Principles of management of TAURON Capital Group

Up to December 17, 2024, the management of TAURON Group had been carried out based on two internal documents: *Code of TAURON Group* and *TAURON Group's Business and Operating Model* (Business and Operating Model).

Code of TAURON Group

Code of TAURON Group regulates TAURON Group's operations, ensuring the implementation of the goals through the specially tailored solutions with respect to the management of TAURON Capital Group's entities, including, in particular, the setting of the objectives of the subsidiaries' business operations that would enable achieving of the effects assumed in the Strategy.

Business and Operating Model

Business and Operating Model had assumed a process based management of the Group, the essence of which is a clear and transparent division of the competences and responsibilities, a continuous search for and the implementation of the process improvements and modifications in order to improve the efficiency thereof. The processes had been the superior organization in relation to the organizational structure of the individual subsidiaries and they have run horizontally across entire TAURON Capital Group.

The goal of the process based management is to achieve the operating synergies among TAURON Capital Group's various subsidiaries, share the knowledge and use the best practices, standardize and automate the processes, and also to ensure a consistency of the actions taken within TAURON Capital Group's subsidiaries in order to support the implementation of the Strategy.

The Members of the Management Board had managed the Mega processes assigned thereto. The owners of the 22 Mega processes identified at TAURON Group had been the designated Executive Directors at TAURON or the persons holding other work positions directly reporting to the Members of the Management Board of the Company.

The process documentation had defined and described the decision making powers (competences) and the actions to be undertaken by the individual organizational units within TAURON Capital Group's various subsidiaries. The owners of the Mega processes had decomposed the processes into the lower level processes and have appointed the owners thereof. Each process had had its owner and the process metrics defined by the process owner in accordance with the decision making competences assigned thereto, stemming from the process documentation. The process documentation had also defined the course of action (interdependencies) and the decision making competences for the recurring activities, along with the descriptions of the products and services listed. The competencies and process interdependencies had described in the process documentation are complementary to the competencies stemming from the organizational structure of the individual subsidiaries and support the operations of TAURON Capital Group's subsidiaries as a uniform organizational structure.

Standing Committees of TAURON Group

The IT and OT Change Management Council and the following standing Committees had been in place within TAURON Capital Group as of December 31, 2024:

1. Investment Committee,
2. Risk Committee,
3. TAURON Group's Liquidity Committee,
4. Sponsoring Committee,
5. TAURON Group's ESG Committee.

The Committees had been established in order to enable performing of the operations in accordance with the principles of the operating consistency, in compliance with the law and interests of TAURON Capital Group and those of its stakeholders.

Changes to the principles of management of TAURON Capital Group

Since December 18, 2024, the management of TAURON Group has been carried out based on *TAURON Group Management Model* (Management Model) and *TAURON Group Operating Model* (Operating Model), adopted by the Management Board of the Company to replace the Business and Operating Model in place thus far.

TAURON Group Management Model

The Management Model specifies the arrangement of a management structure that streamlines the decision making and information flow within TAURON Group's management aimed at implementing the Strategy.

The adoption of the Management Model has sanctioned the way TAURON Group is managed, taking into account the decisions made and the conducting and monitoring of the activities within the individual Business Units, Shared Service Centers or TAURON Group's Subsidiaries in the perspective of the Group Functions, under the supervision of the Executive Group Management, Executive Business Unit Management, aimed at achieving the synergies and improving of the performance (earnings) of TAURON Group.

TAURON Group Operating Model

The adopted Operating Model aims to effectively implement TAURON Group's Strategy and business assumptions, implements the provisions of the Management Model in the operational part of TAURON Group's business, and assumes and maintains that TAURON Group is managed through the intra corporate and internal regulations, as well as the process based management.

The internal and intra corporate regulations shall determine the management, operations and organization of TAURON Group and its Subsidiaries.

The process based management constitutes a form of TAURON Group's management and aims to streamline the flow of the information, improve efficiency and ensure a clear split (allocation) of the responsibilities within TAURON Group. The process based management has been adapted to meet the growing needs of the flexibility, process complexity, customizing of the customer needs and the shorter product life cycles. The well defined process based management allows for a fast decision making, increases the organization's efficiency and flexibility, which translates into an increased efficiency of TAURON Group. It also enables a better use of the employees' knowledge and experience through their active involvement in the processes and the improvement thereof.

The Operating Model has defined 32 Mega processes that describe the scope and distribution of the tasks and functions for the Corporate Center, Business Units, TAURON Group's Subsidiaries as well as the Shared Services Center and the Owners thereof. The supervision (oversight) of the individual groups of the Mega processes is performed by Members of the Management Board of TAURON.

The above mentioned changes adapt the principles of the management of TAURON Capital Group to the need to respond efficiently to the changes in TAURON Capital Group's organization, the regulatory and business

environment, the legal regulations, including the amendments to the Code of Commercial Companies, and the needs of TAURON Capital Group.

1.9. Employment information

Key headcount data

TAURON's average headcount came in at 429 FTEs in 2024, i.e. it was comparable to the employment level in 2023, when the average headcount had stood at 441 FTEs.

TAURON Capital Group's average headcount clocked in at 18 762 FTEs in 2024, which meant an increase by 0.1% (14 FTEs) as compared to the employment level in 2023, when the average headcount had stood at 18 728 FTEs.

Table no. 14 Key data on the headcount at TAURON and TAURON Capital Group for 2024, and for 2023 allocated by segments in force as of December 31, 2024

		TAURON		TAURON Capital Group	
Key employment data	Unit	2024	2023	2024	2023
Average headcount by segment, including:	FTEs	429	441	18 742	18 728
Generation Segment	FTEs	-	-	*3 024*	*3 104*
Heat Segment[1]	FTEs	-	-	*1 543*	*1 566*[2]
Distribution Segment	FTEs	-	-	*9 983*	*9 917*
Supply Segment	FTEs	*429*	*441*	*921*	*929*
RES Segment	FTEs	-	-	*279*	*269*
Other operations	FTEs	-	-	*2 992*	*2 943*
Headcount by segment, including:	persons	413	449	18 800	18 946
Generation Segment	*persons*	-	-	*2 946*	*3 118*
Heat Segment[1]	*persons*	-	-	*1 521*	*1 565*[2]
Distribution Segment	*persons*	-	-	*10 118*	*10 043*
Supply Segment	*persons*	*413*	*449*	*919*	*951*
RES Segment	*persons*	-	-	*281*	*293*
Other operations	*persons*	-	-	*3 015*	*2 976*
Headcount by education level, including					
College graduates	*%*	*98%*	*97%*	*45%*	*44%*
High school graduates	*%*	*2%*	*3%*	*40%*	*39%*
Vocational school graduates	*%*	*0%*	*0%*	*14%*	*16%*
Elementary school graduates	*%*	*0%*	*0%*	*1%*	*1%*
Headcount by age, including:					
Up to 30 years	*%*	*9%*	*11%*	*12%*	*10%*
30 - 40 years	*%*	*27%*	*30%*	*16%*	*16%*
40 - 50 years	*%*	*41%*	*39%*	*27%*	*27%*
50 - 60 years	*%*	*20%*	*17%*	*37%*	*38%*
Above 60 years	*%*	*3%*	*3%*	*8%*	*9%*
Headcount by gender, including:					
Women	*%*	*49%*	*48%*	*27%*	*27%*
Men	*%*	*51%*	*52%*	*73%*	*73%*

[1]Starting with the Interim condensed consolidated financial statements of TAURON Group for the period of 6 months ending on June 30, 2024 there were changes in the allocation of the Group's operations to operating segments. The most important change consisted in establishment of a new operating segment – Heat. In addition, allocation of some of the companies to operating segments was also changed. Detailed information on the changes are presented in note 12 to the Consolidated Financial Statements of TAURON Group.

[2]Figures for 2023 include also headcount of the companies: Energetyka Cieszyńska Sp. z o.o., which as of December 31, 2023 was allocated to Generation Segment and as of the beginning of 2024 was transferred to TAURON Ciepło, and TAURON Inwestycje which as of December 31, 2024 was allocated to Generation and RES Segment.

2. OPERATIONS OF TAURON POLSKA ENERGIA S.A. AND TAURON CAPITAL GROUP

2.1. Core products, goods and services

ESRS 2 SBM-1 §40 (a) i., iv.

The core products, goods and services of TAURON Polska Energia S.A.

TAURON had conducted its operations, among other things, in the following areas in 2024:

1. **Wholesale trading in electricity, gas and related products** - includes the purchasing and selling of electricity and natural gas to secure the needs of TAURON Capital Group's entities. In addition, it includes trading in the CO_2 emission allowances, energy certificates of origin (guarantees of origin) and the energy efficiency guarantees. In 2024, TAURON had carried out the purchase and sale of 29.74 TWh of electricity and 4.94 TWh of natural gas.
2. **Portfolio management** – refers to electricity, natural gas, the CO_2 emission allowances and the property rights, which allows the Capital Group to optimize its costs.
3. **Participation in the capacity market** – Includes securing the capacity obligations both within the Capital Group as well as with respect to the external entities.
4. **Operator activities and trade balancing** – TAURON acts as a Market Operator for the electricity and gas, providing the trade balancing for the Capital Group's entities and for the external customers.
5. **Corporate management** – includes an oversight of the purchasing, financial management, property management, corporate risk management, IT management, the coordination of the legal services and the coordination of the activities in the field of the accounting and tax consulting.

TAURON is also performing the functions related to the centralization of the key processes within the Capital Group, which allows for achieving of the synergies and the cost optimization.

Description of the significant markets or customer groups served

TAURON is focusing on the following markets and customer groups

1. **Electricity market** – the Company's core business operation is the wholesale electricity trading in Poland based on a license for the electricity trading issued by the President of the Energy Regulatory Office (ERO). The key customers include the Capital Group's subsidiaries, such as TAURON Sprzedaż and TAURON Sprzedaż GZE, which conduct the retail supply of electricity to the end users, which in 2024 had purchased a total of 88.46% of the electricity purchased. Other sales directions include the Exchange Clearing House (4.98%), PSE (2.54%) and other counterparties (4.02%), including Capital Group's other subsidiaries, including TAURON Ciepło (0.52%), TAURON Ekoenergia (0.27%) and TAURON Czech Energy (0.24%).
2. **Natural gas market** – the Company's additional activity is also the wholesale trading in natural gas in Poland based on a license for trading in the gas fuels issued by the President of the Energy Regulatory Office (ERO). The main consumers from the Capital Group is TAURON Sprzedaż, which is responsible for 41.7% of the sales, while the remaining sales are carried out with the external contractors, among which the main counterparty is the Commodity Exchange Clearing House (Izba Rozliczeniowa Giełd Towarowych S.A.), which generates 50.35% of the revenue in this segment.
3. **Corporate customer service** – TAURON's competences also include the provision of the management services with respect to the portfolios of energy and the CO_2 emission allowances as well as the trade balancing of electricity and gas, both for the Capital Group's entities as well as the external customers. TAURON is responsible for settling of the Companies' obligations in terms of the CO_2 emission allowances and securing the emission needs of the subsidiaries, taking into account the granted emission allowances. As the Market Operator, it is responsible for the trade balancing of the Capital Group and for the external customers..
4. **Capacity market** – TAURON also acts as a representative of the Capital Group's subsidiaries (excluding TAURON Wytwarzanie) with respect to all of the key capacity market processes. The Company participates in the secondary capacity market both in the context of securing the electricity supplies for the Group entities as well as implementing contracts with the external partners.

TAURON is serving a wide range of the customers, including both the large business entities as well as the retail customers through its subsidiaries. These activities contribute to the diversification of the revenue sources and to the reducing of the risk of being dependent on a single consumer.

The core products, goods and services of TAURON Capital Group

TAURON Capital Group is conducting its operations and generating its revenue, first and foremost, from the supply of the electricity and heat, coming both from its in-house generation, as well as from the trading, and also from the performance of the electricity distribution service, as well as the heat transmission service. In addition, its lines of business include the gas supply and the provision of the additional services.

Electricity and the green solutions

TAURON Capital Group is offering electricity to the individual and business customers and in its strategy to a significant degree it focuses on the green transition. The key product with respect to the electricity supply is the *New Energy* offering, which is offering the supply of electricity originating 100% from the renewable sources. Thanks to this solution, the Group's customers are able to use the ecological energy under the long term contracts (5 year deals for the companies and 9 year deals for the individual customers), which ensures the price stability and the support for the pro-ecological activities.

The Group is also developing the *PPA (Power Purchase Agreement) agreements* – the long term contracts for the business customers, which allow for stabilizing of the costs and implementing of the sustainable development goals, using the energy coming from the renewable sources.

In addition, other green products are offered, such as *Eko* enabling purchase of electricity from renewable sources, which is confirmed by certificates issued by an external entity. For more advanced customers, the Group is offering the modern solutions, such as the dynamic tariffs (for example, the G14 dynamic tariff) or the products tied to the energy exchange prices, which help to optimize the consumption and the costs of electricity.

Additional services

In terms of the additional services related to the electricity supply, the Group is offering, among other things:

1. *Assistance services*, such as the assistance in repairing of the home appliances, electrical and plumbing installations, as well as the protection of the photovoltaic installations or car charging stations.
2. Pro-environmental products, including the *Forest (Las)* service, as part of which the trees supporting the sustainable development are planted on behalf of the customers

Thanks to the diversity of the products and services, TAURON Capital Group is focused on the quality and innovation, while supporting the customers in the energy transition, and the solutions offered by the Group are helping to save energy and use the ecological energy sources.

Distribution of electricity

TAURON Capital Group is providing the services that include the transmission and delivery of electricity to the end users, as well as with respect to the management of the distribution grid, including ensuring the continuity and security of the supply and measurements.

Heat for the individual and business customers

The Group produces and delivers heat to the houses, residential buildings, companies and the public institutions. The production is based, among other things, on the modern technologies, such as cogeneration and biomass combustion, which enables an efficient use of the resources and a reduction of the CO_2 emissions.

Table no. 15 TAURON Capital Group's 2024 - 2023 production and sales volumes

Production and sales volumes	Unit	2024	2023	Change in % (2024 / 2023)
1. Electricity generation (gross production), including:	TWh	11.51	12.67	91%
Electricity generation from renewable energy sources, including:	TWh	1.69	1.67	101%
1) Production from biomass	TWh	0.12	0.20	60%
2) Production of hydro, wind and photovoltaic power plants	TWh	1.57	1.47	107%
2. Heat production	PJ	10.27	10.35	99%
3. Heat supply	PJ	12.52	13.04	96%
4. Electricity distribution	TWh	51.67	51.30	101%
5. Electricity supply	TWh	35.25	42.82	82%
1) retail	TWh	26.71	30.75	87%
2) wholesale	TWh	8.54	12.07	71%
6. Number of customers – Distribution	'000	5 982	5 925	101%

The amounts corresponding to the sales volumes presented above are provided in section 5 of this report.

2.2. Markets and sources of supply

TAURON Capital Group's markets

ESRS 2 SBM-1 §40 (a) ii.

Retail and wholesale of electricity and gas

The retail sales of the electricity and natural gas to the end customers on the territory of Poland are conducted by TAURON Sprzedaż and TAURON Sprzedaż GZE.

The customer segmentation used by TAURON Capital Group (strategic, business and mass customers), depending on the volume of the electricity consumed, aims to adapt the product offering, the sales channels and marketing communication to the expectations of a given customer segment. As of June 1, 2024, the supply subsidiaries have changed the customer segmentation, dividing them into the following customers:

1. business market – all of the entities conducting a business activity with a Tax Identification Number (NIP),
2. mass market – households.

Table no. 16 Categories of TAURON Capital Group's final customers pursuant to the market segmentation applied since June 1, 2024, and the specifics of the business operations conducted thereby

Customer group	Description of the customers
1. Business customers	Customers running a business with a Tax Identification Number (NIP). As part of this market, the following customer segments have been distinguished: 1. key customers – with an annual volume greater than 10 GWh, 2. business customers – an annual volume in the range of 0.5 - 10 GWh, 3. SMEs – the small business customers with an annual volume less than 0.5 GWh in the tariff groups C and G, not holding a license, 4. institutional customers – the customers who are the public local government units regardless of the volume of their consumption, 5. indirect customers – customers with an annual consumption up to 10 GWh acquired from the market with the participation of the companies intermediating in the sales process.
2. Mass customers	Households.

The supply subsidiaries had been operating in 2024 in a market environment where the level of the competitiveness in the individual market segments had not changed significantly as compared to the previous years. The household (individual customers) market segment had continued to be covered by the obligation to have the electricity sales prices approved by the President of the ERO in 2024.

Business customers

In the institutions and business entities (business customer) market segment the competition is strong and the businesses have already been taking advantage of the liberalization of the electricity prices for several years. The progress of the liberalization has resulted in an ever increasing awareness of the business customers expecting the competitive solutions. The enhanced sales activities of the energy companies exert an ever increasing price pressure. The business customers are willing to take advantage of the ability to switch their electricity supplier. The consequences of such a situation include the introduction of the activities aimed at protecting the utilities' own customer base against the actions taken by the competition by introducing the loyalty building agreements.

The households segment, where the number of the electricity supplier switch cases represents a small percentage of the total number of customers, is considered to offer a strong potential. In 2024 more than 44 000 consumers of electricity had switched their suppliers (including approximately 18 000 institutional customers and approximately 26 000 households).

In 2024, TAURON Group's supply subsidiaries had continued to develop their offering for the business customers and the local government units, adapting it to the rapid changes taking place in the market, regulatory and technological environment. Striving to provide the customers with the comprehensive and innovative solutions, the Group expanded its offering, adapting it to the growing requirements related to the decarbonization, energy efficiency and the volatility of the energy prices on the market. In 2024, a special emphasis had been placed on the development of the green products, which had seen a 35% increase in interest as compared to the previous year. This had been the result of both the growing ecological awareness of the customers as well as the implementation of TAURON Group's new Strategy, assuming the rapid expansion of the renewable energy sources.

As part of the green products, the business customers and the local government units had been able to take advantage of, among other things, New Energy, the PPA contracts, EKO Premium and EKO Business. The offering had included both the long term contracts for the purchase of the electricity coming from the renewable sources belonging to TAURON Group, as well as the solutions ensuring the possibility of purchasing electricity with a reduced impact on the environment. The Guarantees of Origin had also played a key role, the sales of which had risen significantly in 2024. The total volume of the electricity sold as part of the green products had come in at 2.7 TWh, while the sales of the Guarantees of Origin had clocked in at a very high level of mote than 823 GWh. In 2024, as many as 74% of the business customers, measured by the sales volume, had taken advantage of the additional products from TAURON Sprzedaż offering.

The power exchange traded products, settled based on the prices listed on the Polish Power Exchange, had enjoyed a great interest among the customers with the high electricity consumption. In 2024, as much as 60% of the electricity supply to the business customers had taken place based on the power exchange mechanisms, including the Exchange Energy Valuation and the Exchange Valuation of the Property Rights.

The supply subsidiaries have also been developing the efficiency products, responding to the growing regulatory pressure and the customer needs with respect to the electricity consumption optimization. An Enterprise Energy Audit, Energy Efficiency Audit and the Capacity Charge Optimization had been the key services supporting the customers in reducing the energy costs and increasing the operational efficiency.

The technical products, including the reactive energy compensation, the construction of the photovoltaic installations, the MV station service and the REMIT reporting, had played an important role in providing the customers with a comprehensive support with respect to the energy management. A rapid market development and the growing regulatory requirements had meant that the offering of these products had been gradually adapted to the new technological and operational challenges.

Mass customers

In 2024, TAURON Group's supply subsidiaries had been steadfastly developing an offering of the pro-environmental products, adapting it to the growing ecological awareness of the customers and the strategic goals of TAURON Group in the field of the green transition. The key element of the offering for the mass customers had been the EKO products, New Energy (Nowa Energia) and the Forest (Las) service, which allow the consumers to directly support the development of the renewable energy sources and the environmental protection activities.

As part of the *New Energy (Nowa Energia)* product, the customers are able to use the electricity originating solely from the renewable sources, such as wind, solar and hydro. This energy comes both from TAURON Group's in-house renewable installations as well as from the verified, certified external sources. New Energy is a response to the growing interest of the customers in the use of the clean energy sources and their desire to reduce the carbon footprint. This product is in line with TAURON Group's strategy assuming that by 2040, 100% of the energy supplied will be coming from the renewable energy sources or the zero carbon sources.

EKO is a product that provides the customers with access to the renewable energy confirmed by an independent certificate, as well as the possibility of supporting the development of the green energy market. The customers using the EKO product can be sure that their energy comes solely from the wind, water or sun, which is confirmed by the TÜV SÜD Polska certificate. In addition, this product allows the consumers to actively support the green energy producers who are investing in the new renewable capacities and the development of the low carbon technologies.

The *Forest (Las)* service is an innovative solution that allows the customers to contribute to the restoration of the Polish forests and to the expansion of the green areas. As part of this activity, TAURON Group's supply subsidiaries, in a cooperation with the State Forests Enterprise (Lasy Państwowe), are planting the trees on behalf of the customers - one tree for each year of using the service. This is one of the activities supporting climate neutrality, because trees absorb CO_2, helping to reduce the greenhouse gas emissions.

In addition to the pro-environmental solutions, the sales of assistance services are continued, including an extensive service support for the customers, and the products that stabilize the energy costs, such as a discount guarantee or a fixed price guarantee, which ensure the predictability of the bills. The offering of the dynamic products dedicated to the customers who want to actively manage their energy consumption by adapting it to the changing market conditions has also been developing rapidly.

TAURON Group supply subsidiaries are steadfastly implementing the strategy of providing the innovative solutions combining security, price stability and ecology, enabling the customers to actively participate in the green energy transition and have a real impact on the environment.

Table no. 17 Volume of retail electricity supplied by the TAURON Sprzedaż and TAURON Sprzedaż GZE subsidiaries and the number of customers in 2024 per market segment

Customer type	Electricity volume supplied (TWh)	Number of customers ('000)
1. Business customers	14.3	544.6
2. Mass customers – households	9.5	5 267
3. Supply to TAURON Dystrybucja to cover the balancing differences	2.7	0.001
Total	**26.5**	**5 811.4**

In addition, TAURON Sprzedaż had completed the supply of gas to 56 000 of the Business and Mass Market Segments customers in 2024. The volume of the sales of this fuel had come in at more than 2.0 TWh. Due to the rapid changes on the energy commodity market, the successive departures of the residential customers had been observed in 2024.

With respect to 2024, the government had extended a series of the acts of law aimed at protecting (shielding) of the customers against the effects of the price increases on the wholesale electricity and gas markets, introducing the prices frozen at the 2022 levels, up to a certain volume limit and the maximum prices (price caps) for the electricity consumed in excess of the cap (limit) in the first half of the year and the maximum prices for the entire electricity consumed during the second half of the year, into the billings of the residential customers and for the consumers who are the micro and the small enterprises, as well as the local government units and others listed in the acts of law. The Company, having applied the maximum prices (price caps) and the frozen prices, had applied, in accordance with these acts of law, for the compensation payments, to be settled and paid out by Zarządca Rozliczeń S.A. (the Settlements Manager), which is a special purpose vehicle of the State Treasury, set up in accordance with the provisions of the *Act of June 29, 2007, on the principles of covering the costs incurred by the electricity generators in connection with an early termination of the long term contracts for the sale of capacity and electricity*. Having in mind their right to apply to Zarządca Rozliczeń S.A. (the Settlements Manager) with the requests for the payouts of the compensation payments for the electricity, the Supply Segment subsidiaries had logged in their accounting books, for the year ended on December 31, 2024, the revenue on this account in the amount of PLN 2 255 million, and on the account related to the gas fuel, in the amount of PLN 28 million.

Wholesale of electricity and natural gas in Poland is conducted by TAURON Group's subsidiaries. The Group's subsidiaries are operate mainly on the wholesale markets in the country, and TAURON is also active on the foreign markets, conducting the trading in all of the segments of the domestic energy market, i.e.: on the intraday market, the day ahead market and on the futures market. TAURON Group's subsidiaries are an active participant of Towarowa Giełda Energii S.A. (Polish Power Exchange).

In terms of the wholesale trading in the gas fuels, TAURON Group is actively operating on the Polish Power Exchange (Towarowa Giełda Energii - TGE), conducting the transactions both on the SPOT market as well as on the Commodity Forward Market (RTT). In addition, TAURON Group conducts the proprietary trading on the international gas exchange EEX, and also participates in the transactions on the Intercontinental Exchange (ICE) platform on the National Balancing Point hub. The access to the international hubs allows the Group to diversify the sources and optimize the gas purchase prices. In addition, the Group concludes the transactions on the over the counter market (OTC) and also conducts the prop trading on the RTT, which allows for generating of the additional margins by taking advantage of the volatility of the gas prices. As part of its operations on the wholesale market, the Company secures the gas supplies for TAURON Group's entities, which allows for the stabilization of its operational activity. TAURON is also a participant in the European Capacity Platform, PRISMA primary, Platform RBP, i.e. a platform organizing the transmission capacity (throughput) auctions on the European gas market. In terms of the transmission capacity (throughput) reservations on the domestic market, the Company operates as a participant of the GSA GAZ-SYSTEM Aukcje auction platform.

In addition, the TAURON Capital Group is conducting the electricity and gas sales in the Czech Republic through TAURON Czech Energy s.r.o. The company's operations are focused foist and foremost on the operations on the wholesale market and on the deliveries to the end customers, mainly in the enterprise segment. In the wholesale market, the trading on three 110 kV energy islands (Nachod - Kudowa, Boguszów - Porici and Mnisztwo - Trzyniec) is of particular importance. The company's activities in this area are focused on finding the opportunities to hedge the results in these areas (hedging), resulting from the price differences between the Polish and the Czech markets, regardless of the direction of the energy flow.

The largest consumers of the electricity sold by TAURON Capital Group in 2024 are the Commodity Exchange Clearing House (Izba Rozliczeniowa Giełd Towarowych S.A.) and Polskie Siecie Elektroenergetyczne (TSO), for which the shares of the electricity sales had come in at 10.1% and 9.3%, respectively, of the total electricity sales revenue and, respectively 5.4% and 5.0% each of TAURON Group's total sales revenue. TAURON Group's subsidiaries have no capital ties to the above mentioned counterparties.

In terms of the gas sales, TAURON Capital Group does not identify the transactions with a selected contractor (counterparty) for which the share in the Group's total sales revenues would exceed 10%.

Sales of the thermal energy and the heat transmission services

The sales of the heat to Tauron Capital Group's customers is carried out on the territory of the Silesian metropolitan area by TAURON Ciepło. The heat coming from both its in-house heating plants as well as from the purchases on the market is delivered to the residential buildings, the commercial facilities and the public institutions via the company's transmission networks.

Heat sales in 2024 had come in at 12.49 PJ and had been 4% lower as compared to 2023. In 2024, the share of the sales of the heat generated by its in-house sources in the total volume of the heat sales had clocked in at 82%.

The heat sales market served by TAURON Ciepło includes the following diverse consumers: the cooperative sector (43.1%), the private sector – the housing communities and the single family houses (18.5%), the municipal sector (12.9%), the offices and institutions (12.7%) and the industrial sector and the other sectors (12.9%).

In terms of the sales of the heat and the transmission services, TAURON Capital Group does not identify the transactions with a selected contractor (counterparty) for which the share in the Group's total sales revenue would exceed 10%.

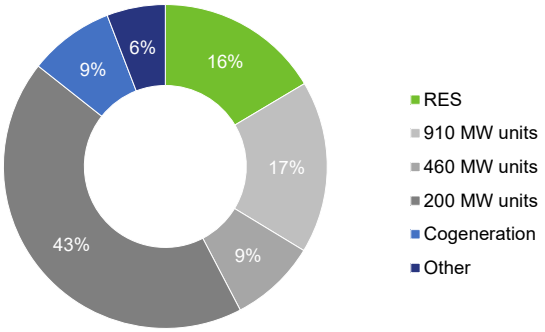
Sales of the generated electricity and heat

TAURON Capital Group's electricity and heat generation is carried out by:

1. hard coal fired and biomass fired power plants and combined heat and power plants,
2. hydroelectric power plants,
3. wind farms,
4. photovoltaic farms,
5. gas engines.

The total installed electric capacity of TAURON Capital Group's generation units had come in at 5.3 GWe of electric capacity and 2.2 GWt of thermal capacity as of the end of 2024.

Figure no. 5 Structure of the installed capacity of TAURON Group's generating units per generating unit type as of December 31, 2024



TAURON Capital Group had generated, in total, 11.51 TWh of electricity in 2024, which had constituted a lower level as compared to 2023 when the production of electricity had come in at 12.67 TWh. The decline is mainly the result of the lower electricity production output of the conventional generating units by 1.15 TWh, down from the level of 11.00 TWh in 2023, to 9.82 TWh. This had been related to the different manner (mode) of the units' operation, as requested by the market operator. In addition, there had been an increase, in 2024, in the electricity production from the RES by 0.02 TWh, from the level of 1.67 TWh in 2023 to 1.69 TWh. This change is mainly due to the higher production by the wind farms and the photovoltaic farms commissioned in 2023 and 2024 along with the lower production by the hydro power plants due to the less favorable hydrological conditions, as well as the lower production from burning of the biomass.

In 2024, the electricity produced by TAURON Capital Group's subsidiaries had been sold on the domestic market, first of all to TAURON Capital Group's Supply Segment subsidiaries.

In addition, TAURON Capital Group's generation subsidiaries obtain the guarantees of origin of energy due to the electricity generation from the RES, which are subsequently purchased by the Supply Segment subsidiaries and submitted to the President of ERO for redemption.

Sales of the electricity distribution services

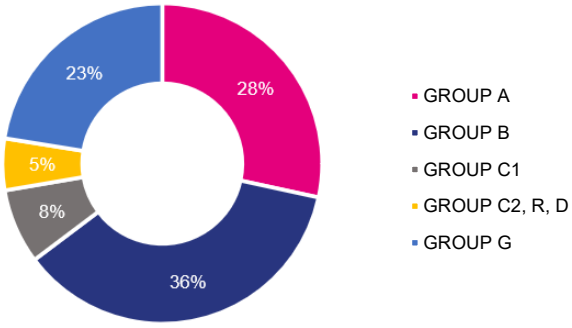
TAURON Dystrybucja is a subsidiary providing the electricity distribution services at TAURON Capital Group.

The regulated market on which TAURON Dystrybucja is operating includes the operations of 5 large electric utilities dealing with the electricity distribution and 183 other smaller enterprises of such type. The operations in the field of the electricity distribution are carried out under the conditions of a natural monopoly, which means that they are licensed by the President of the Energy Regulatory Office (ERO), and the scope of the operations conducted is limited to the distribution grids located in a strictly defined area (municipalities and / or cities in whole or in part). The rules for determining the justified revenue obtained by the electricity distribution companies (the revenue allocated to the rates of charges for the provision of the electricity distribution services) are defined in the regulatory models developed and implemented by the President of the Energy Regulatory Office (ERO).

TAURON Dystrybucja is providing the electricity distribution services for approx. 5 982 000 final consumers. The Company covers with its operations an area of approximately 57 thousand km^2, located mainly in the Lower Silesia, Małopolska, Opole and Silesia regions and, in addition, in the Łódź, Podkarpacie and Świętokrzyskie regions. The operational functions are performed by 11 branches located in: Bielsko-Biała, Będzin, Częstochowa, Gliwice, Jelenia Góra, Kraków, Legnica, Opole, Tarnów, Wałbrzych and Wrocław.

The sales to the tariff eligible consumers on the individual voltage levels: the high voltage (A group), the medium voltage (B group) and the low voltage (C and G groups), represent 97.1% of the distribution services sales volume. The total electricity volume delivered, as part of the sales of the distribution services to the tariff eligible consumers connected to TAURON Dystrybucja's grid in 2023, as part of the total sales of the distribution services, had come in at 51.67 TWh and it had been higher, as compared to 2023, by 0.38 TWh, i.e. by 1%.

Figure no. 6 Structure of the electricity distribution by the tariff groups in 2024



The sales of the distribution services are carried out on the basis of the comprehensive agreements, as well as pursuant to the agreements on the provision of the distribution services entered into with the consumers. The former type of the agreement covers both the electricity supply by the Supply Segment's subsidiaries, as well as the delivery of this electricity by the subsidiary acting as a DSO. The latter type of the agreement regulates only the delivery of the electricity by the subsidiary acting as a DSO. In the case of this type of the agreements, the purchase of the electricity is governed by the separate electricity supply agreements, entered into by a consumer with the supplier selected thereby.

In the financial years ended on December 31, 2024, and December 31, 2023, TAURON Capital Group did not identify an individual customer from outside of TAURON Capital Group with which it would have concluded any transactions related to the provision of the distribution services that would exceed 10% of its total consolidated sales revenues.

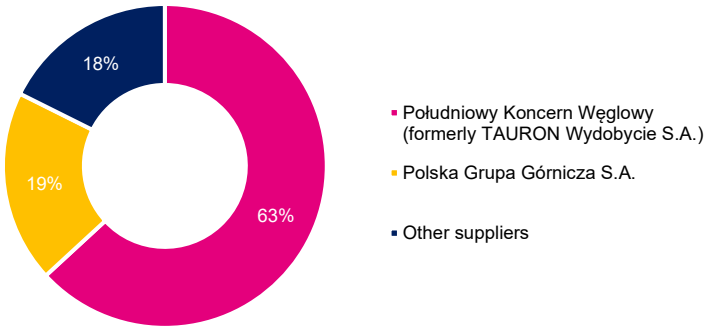
TAURON Capital Group's supply sources

Hard coal (domestic market)

The hard coal purchased by the Group's subsidiaries, mainly the MII A class thermal coal dust with a grain size of 0 - 22 mm, is used in the process of the electricity and heat production. In 2024, TAURON Capital Group had relied entirely on the domestic coal producer market in accordance with the following supplier structure:

1. 63.15% of the hard coal and coal sludge supplies used for the electricity and heat production were carried out from the coal mines of Południowy Koncern Węglowy S.A.,
2. 19.21% of the hard coal supplies for the electricity and heat production were carried out from the coal mines of Polska Grupa Górnicza S.A.,
3. 17.64% of the hard coal supplies for the electricity and heat production were carried out from the other suppliers.

Figure no. 7 Hard coal and coal sludge purchased in 2024 (in %)



In the supply processes, the rail transportation was mainly used (approx. 85% of the mass of the delivered coal dust), which was mostly provided by PKP Cargo. In addition, there are production units in the Group operating on the basis of the belt conveyor connections, which is the most cost effective method of transportation. The turnover with both the individual hard coal suppliers as well as the companies providing the hard coal transportation services did not exceed 10% of the consolidated sales revenues of TAURON Group and TAURON.

Gas (domestic and foreign market)

TAURON Capital Group, through the Polish Power Exchange (TGE) and on the OTC market (over the counter market, directly between the participants), sources the gas fuel on the domestic market. Currently, the main source of the gas fuel purchases is the Polish Power Exchange, which accounts for more than 90% of the entire volume of the gas fuel purchases.

Access to the wholesale gas market at TAURON Group is provided solely by TAURON Polska Energia. The Company is an active participant of the gas market managed by TGE (PPX), it carries out the transactions on the SPOT market, as well as on the RTT forward market products. In addition, the Company is a participant of the

Intercontinental Exchange on the National Balancing Point and The European Energy Exchange. The volume of the transactions concluded by the Company on the OTC market is also systematically growing. By operating on the gas market the Company is securing the supplies of the raw material for TAURON Capital Group's entities and for the needs of the customers of the Trading (Supply) Subsidiaries (including the consumers holding a license). In the financial years ended on December 31, 2024 and on December 31, 2023, TAURON Capital Group did not identify any individual suppliers from outside of TAURON Capital Group with which it would have concluded any transactions related to the purchase gas that would exceed the level of 10% of the total sales revenue of TAURON Capital Group.

Geographic market areas and key suppliers and consumers

The key area of TAURON's business operations is the domestic market where the revenue generated from the sales of the goods, materials and services clocks in at 99.9% of the Company's total sales revenue. The main consumers of the goods and materials sold are TAURON Sprzedaż and TAURON Sprzedaż GZE, whose shares stand at, respectively, 63.2% and 10.3% of the Company's sales revenue. In addition, 14.6% of the revenues are generated for the benefit of TAURON Wytwarzanie, mainly with respect to the sales of the CO_2 emission allowances. TAURON Sprzedaż, TAURON Sprzedaż GZE and TAURON Wytwarzanie are the companies with the capital ties to TAURON in which TAURON holds 100% of the shares, as indicated in section 1.2 of this report. The main supplier of the purchased goods is the Commodity Exchange Clearing House (Izba Rozliczeniowa Giełd Towarowych), whose share of the value of the purchased goods and services stands at 48/5%. TAURON has no equity ties to this supplier. The next largest supplier of the purchased goods is TAURON Wytwarzanie with a share of 20.6%. This company has equity ties to TAURON, in which it holds 100% of the shares.

The key area of TAURON Capital Group's business operations is the domestic market where the revenue generated from the sales of the products, goods, materials and the services clocks in at 99.1% of the total sales revenues. The main consumers of the products, goods and materials sold in 2024 are the Commodity Exchange Clearing House (Izba Rozliczeniowa Giełd Towarowych) and Polskie Sieci Elektroenergetyczne S.A. (TSO), whose share stands at, respectively, 7.3% and 5.0% of TAURON Group's sales revenue. The main suppliers of the purchased goods and services are the Commodity Exchange Clearing House (Izba Rozliczeniowa Giełd Towarowych) and Polskie Sieci Elektroenergetyczne S.A. (TSO), whose share in the amount of the consolidated sales revenue of TAURON Capital Group stands at, respectively, 32.6% and 17.0%. TAURON Capital Group's subsidiaries have no equity ties with this counterparty.

2.3. Assessment of the factors and non-typical (one-off) events that have a significant impact on the financial result achieved

Internal factors

Table no. 18 Internal factors impacting the operations and the earnings of the Company and TAURON Capital Group in 2024

Description of the factor
1. decisions with respect to the implementation of the key investment projects and the activities with respect to searching for the new energy generation sources projects,
2. loyalty building measures aimed at retaining of the existing customers and the marketing activities aimed at acquiring of the new customers,
3. TAURON Group's centralized financial management area, supported by the use of such tools as: the corporate model of financing, the financial liquidity (cash flow) management policy using the *cash pool* mechanism, the risk management policy in the financial area, insurance policy,
4. activities of the Tax Capital Group aimed, first and foremost, at optimizing the implementation of the corporate income tax settlement obligations by the key subsidiaries of TAURON Capital Group,
5. failures of TAURON Capital Group's equipment, installations and grids (networks)
6. expectations with regard to an increase of the compensation (wages) at TAURON Capital Group,
7. implementation of the wind farm and photovoltaic construction projects with a total capacity of 554.7 MW,
8. implementation of TAURON Group's Strategy for the years 2022 - 2030 with an outlook until 2050, adopted in 2022.

The detailed information related to the impact of the above mentioned factors on the financial result achieved in 2024 is provided in sections 4 and 5 of this report. The effects of such an impact are visible both in the short term, as well as in the long term outlook.

External factors

The operations and earnings of TAURON and TAURON Capital Group had been impacted in 2024 by the following external factors:

1. macroeconomic environment,
2. market environment,
3. regulatory environment,
4. competitive environment.

Macroeconomic environment

TAURON Capital Group's core business operations are conducted on the Polish market and the changes taking place in this market have an impact on the functioning of the Group. The macroeconomic situation is a material factor impacting the earnings generated by TAURON Capital Group.

According to the data published by Statistics Poland (GUS), Poland's Gross Domestic Product (GDP) had gone up by 2.7% in the third quarter of 2024, as compared to the previous year. The consumer goods and services price index (inflation rate) had clocked in at 4.7% in November (year on year change).

The situation on the labor market continues to remain stable. According to the data published by Statistics Poland (GUS), the registered unemployment rate had, as of the end of November 2024, stood at approximately 5.0%.

Market environment

Electricity

Table no. 19 Volumes of electricity consumption, production and imports in Poland, as well as the average electricity prices on the SPOT market, both in Poland, as well as in the neighboring countries in 2023 and in 2024

Volume	unit	2024	2023	Increase / Decrease
1. Electricity consumption	GWh	168 956	167 518	1 438 (+0.9%)
2. Electricity production by the domestic power plants	GWh	166 990	163 629	3 361 (+2.1%)
3. Electricity production by the power plants fired with:				
1) hard coal[1]	GWh	69 112	76 607	-7 495 (-9.8%)
2) lignite	GWh	35 844	34 571	1 273 (+3.7%)
3) gas fuel	GWh	16 768	13 650	3 118 (+22.8%)
4. Electricity production by the wind farms	GWh	24 874	22 000	2 874 (+13.1%)
5. Electricity production by solar and other renewable sources	GWh	17 334	13 209	4 125 (+31.2%)
6. Cross-border (inter-system) exchange balance [2]	GWh	1 966	3 889	-1 923 (-49.4%)
7. Average electricity price on the SPOT market in:				
1) Poland	PLN/MWh	415.45	510.94	-95.49 (-18.7%)
	EUR/MWh[3]	96.47	112.15	-15.68 (-14.0%)
2) the neighboring countries (on the example of Germany)	EUR/MWh[3]	79.57	95.18	-15.61 (-16.4%)

[1] *Including the industrial power plants.*
[2] *A positive value of the balance denotes the net imports, while a negative value of the balance denotes the net exports.*
[3] *The prices in EUR / MWh are converted according to the NBP's average exchange rate in 2024 and in 2023, respectively.*

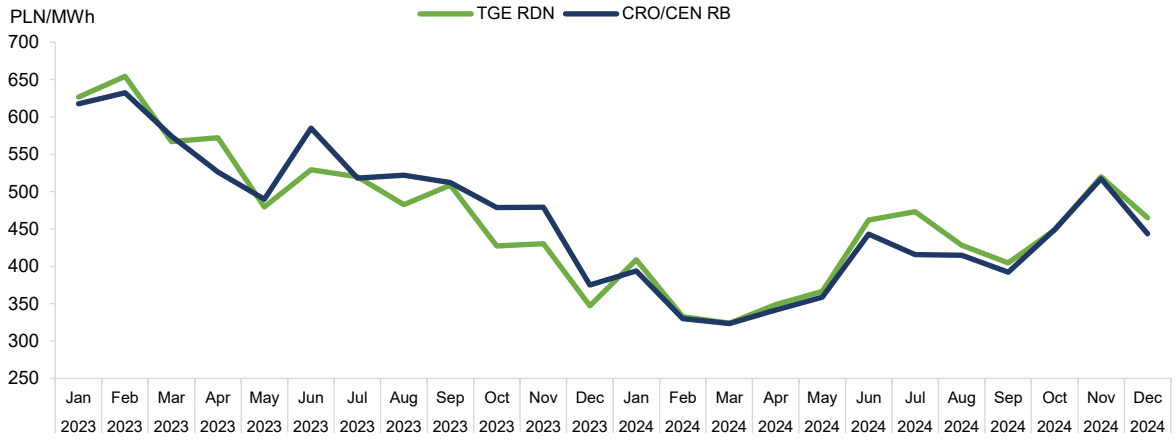
The wholesale electricity price on the Day Ahead Market (RDN) of the Polish Power Exchange (TGE) had clocked in at 415.45 PLN/MWh in 2024 and it had been lower by 95.49 PLN/MWh (a drop by 18.7%) as compared to 2023. The average settlement (clearing) price on the Balancing Market (RB) had come in at 402.18 PLN/MWh and it had been lower by 122.87 PLN/MWh (a decrease by 23.4%) as compared to 2023.

The decline of the SPOT prices in 2024 had been due to: the higher production from the renewable sources, and, in particular, an increase in the electricity production by the photovoltaic sources, as well as the relatively lower prices of the CO_2 emission allowances, the thermal coal and the natural gas.

According to the data from PSE (TSO), in 2024, the domestic electricity consumption from the power grid had gone up by 0.9%, as compared to 2023. The higher level of the demand for the electricity in the national power system had been impacted by: the weather conditions (the lower temperatures in winter, in particular in January, and the warm summer), an improvement of the GDP growth rate in the first half of 2024, as well as the expiry of the effective term of the regulations related to the forced reduction of the electricity consumption, in particular in the public administration.

In 2024, Poland had been a net importer of the electricity, due to the lower SPOT prices in the neighboring countries. Due to the higher share of the RES in the electricity production in Poland, in 2024 there had been a decrease in the electricity production by the hard coal fired power plants. The production by the lignite fired power plants had gone up due to their operation due to the need to maintain an adequate level of the spinning reserve in the National Power System and the lower variable costs of the generation. Due to the relatively low gas prices, as well as due to an increase in the installed capacity in the subsector (the new gas units Gryfino B09 and B10 had been brought on line), the production by the gas fired sources had gone up as compared to 2023.

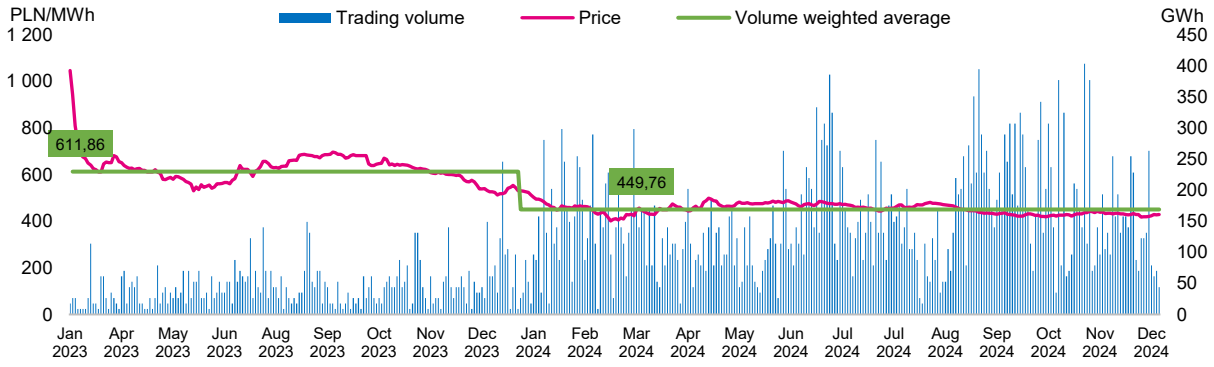
Figure no. 8 Average monthly electricity prices on the SPOT and RB markets in the years 2023 - 2024



The price of the benchmark base load contract with the delivery in 2025 (BASE_Y-25) had been in a sideways trend on the Polish electricity market in 2024, fluctuating within the range between approximately 400 PLN/MWh and approximately 530 PLN/MWh. The changes in the price levels had been in line with the trends in the price changes on the related markets, in particular those of the CO_2 emission allowance prices, as well as the prices of gas in Europe. The trading volume for the one year contract with the delivery in 2025 had been higher on the Polish Power Exchange (TGE) in 2024 than in 2023 for the one year contract with the delivery in 2024 (an increase by 12.3%).

The volume weighted average price for the Daily Settlement Prices (Dzienny Kurs Rozliczeniowy - DKR) of the BASE_Y-25 contract recorded during the trading sessions taking place in 2024 had come in at 449.76 PLN/MWh, and it had been lower by 162.10 PLN/MWh (a decrease by 26.5%). The volume weighted average price for the DKR prices of the PEAK5_Y-25 contract had clocked in at PLN 483.67 PLN/MWh in 2024. No transactions had been concluded for this contract in 2023.

Figure no. 9 BASE_Y-25 contract trading volume in the years 2023 - 2024



Hard coal

The average price of the continued one year hard coal contract at the ARA ports had come in at 4.59 USD/GJ in 2024 and it had been lower by 0.47 USD/GJ as compared to the average price of such a contract in 2023 (a decrease by 9.3%). On the other hand, the average value of the PSCMI1 index had clocked in at 22.22 PLN/GJ in 2024, and it had been lower than the value of this index in 2023 by 10.30 PLN/GJ (a decline by 31.7%).

The demand and supply situation on the international hard coal market in 2024 had been stable as compared to the period of the price fluctuations observed in the years 2022 - 2023, which had been a consequence of the Russian Federation's attack on Ukraine.

The hard coal prices at the ARA ports had been in an upward trend since March 2024. Due to the numerous suppl side disruptions in the second half of 2024, the prices had topped 5.20 USD/GJ and had been the highest since October 2023. The main reason for the price increase had been the recovery of the demand related to the replenishing of the stockpiles before the upcoming heating season. The lowest levels had been recorded at the beginning of the year and had stood at approx. 3.6 USD/GJ, which had been brought about by the high inventory levels and the large generation from the renewable energy sources.

The hard coal price fluctuations at the ARA ports in 2024 had also been impacted by the rapid changes of the geopolitical situation - the war in Ukraine (and the sanctions imposed on Russia as a result), as well as the conflict in the Middle East. The limited increase in the hard coal prices had also been the result of the global trend of developing the renewable energy sources, as well as of the pressure caused by the rising CO_2 emission costs in Europe.

Natural gas

The volume weighted average price of gas on the Day Ahead Market (RDN) on the Polish Power Exchange (TGE) had stood at 179.19 PLN/MWh in 2024 and it had been lower by 35.26 PLN/MWh than in 2023. The lowest price of the contract on the Day Ahead Market (RDN) market had been recorded in February 2024, while the highest price had been logged in December 2024, with the volume weighted average monthly prices coming in at 134.79 PLN/MWh and at 219.79 PLN/MWh, respectively.

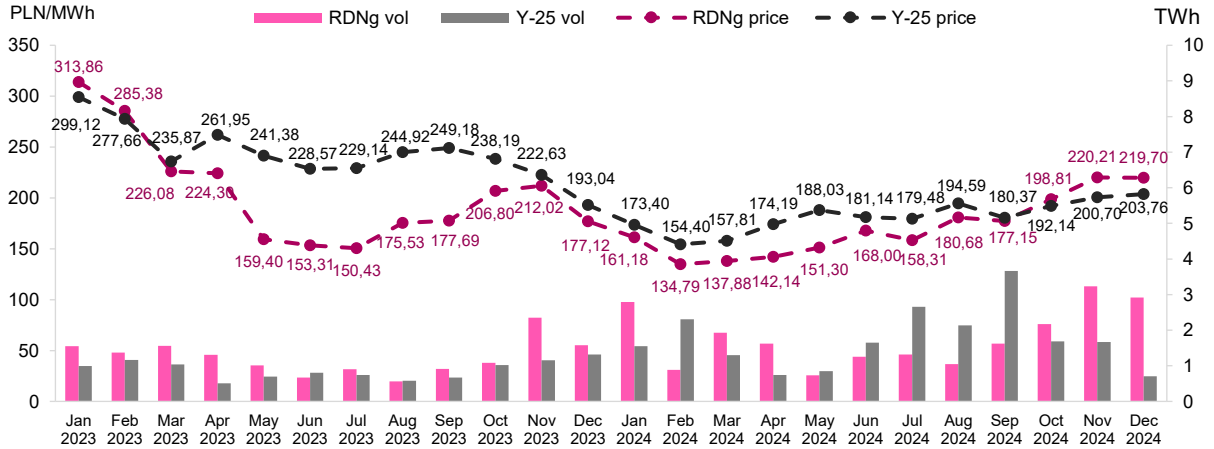
The volume weighted average gas price of the benchmark GAS_BASE_Y-25 one year contract had clocked in at 180.44 PLN/MWh in 2024. The lowest price of this contract had been reported in February 2024, while the highest price had been logged in November 2024, coming in at 145.48 PLN/MWh and at 222.00 PLN/MWh, respectively.

The aggregate trading volume on the Polish Power Exchange (TGE) had clocked in at approx. 136.7 TWh in 2024, as compared to approx. 133.1 TWh in 2023 (an increase by 2.7%). The futures market had the largest share in the overall gas trading in 2024, with a volume generated at the level of approx. 110.0 TWh. On the SPOT market, the total trading volume of the contracts on the Day Ahead Market (RDN) market had come in at approx. 21.5 TWh.

Following a period of the high price volatility in the years 2022 - 2023, which had been a consequence of the Russian Federation's attack on Ukraine, the demand and supply situation on the European gas market had stabilized in 2024. From February 2024 to December 2024, the prices in the European gas hubs had been in an upward trend.

In the first half of 2024, the main factors supporting the price increases for the discussed raw material had been the events related to the conflicts in Ukraine and the Middle East as well as the weather conditions in Asia, which had led to an increase of the demand for LNG in this region of the world. In the second half of 2024, there had been clashes between the Ukrainian and the Russian forces in the Kursk region, where the only gas connection between Russia and Ukraine had been located. In spite of these events, thanks to the stable gas supplies by sea and from the Norwegian Continental Shelf, the EU countries had managed to exceed the average storage filling level of 95% in October 2024. At the end of the year, mainly due to the low generation from the wind farms in Europe and the temperatures remaining close to the seasonal norm, there had been a lot of pumping of the blue fuel from the European storages, which had contributed to the significant increases in the prices of the raw material in question on the market. In addition, the information about the planned suspension of the Russian gas supplies via the Ukrainian territory at the beginning of 2025 had also led to the strengthening of the strong upward trend observed at the end of December 2024.

Figure no. 10 Average monthly SPOT market and BASE _Y-25 contract gas prices on TGE (PPX) in the years 2023 - 2024



CO_2 emission allowances

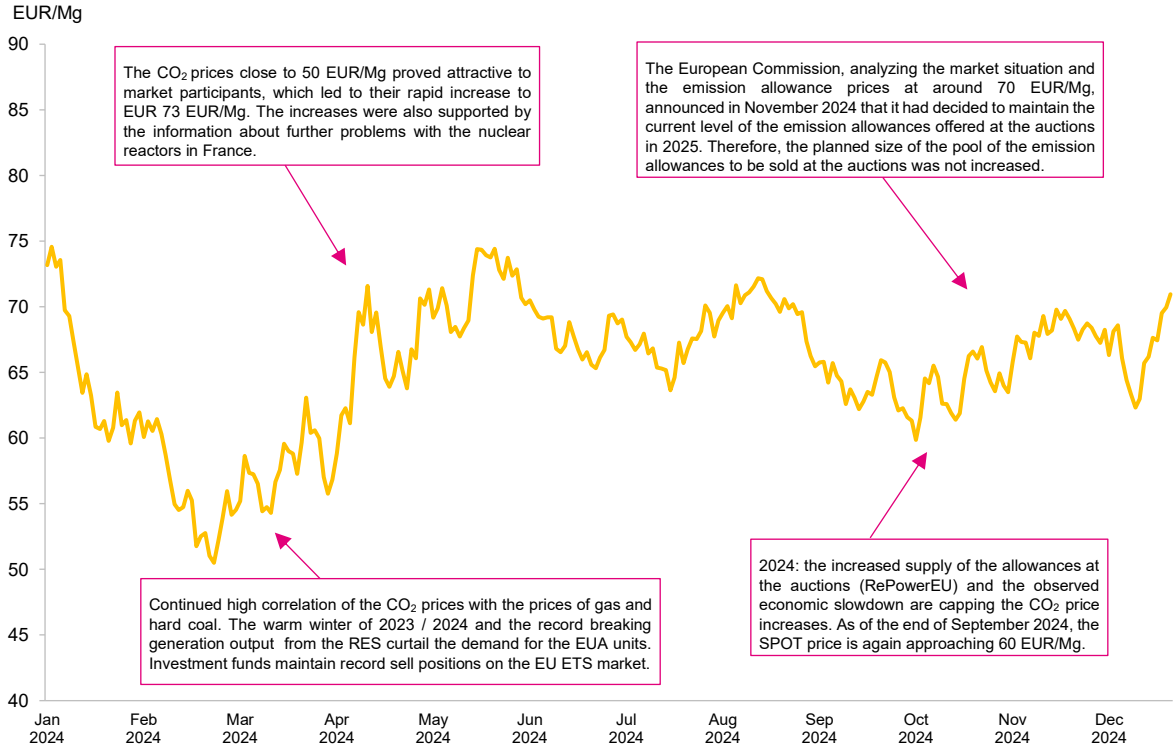
Due to the continued high emissions of the energy sector in Poland, as compared to other European Union countries, the CO_2 emission allowance prices had continued to be one of the leading factors impacting the wholesale electricity prices in Poland. The EUA market in 2024 had been characterized by the high price volatility, with the periods of both the rapid increases as well as the sharp declines. The prices had been strongly impacted by the weather conditions and the economic situation in Europe. The settlement (clearing) prices for the CO_2 emission allowances under the benchmark contract with the delivery in December 2024 (EUA DEC-24) on the ICE Endex exchange had been fluctuating within the range between 52.22 EUR/Mg and 77.35 EUR/Mg in 2024. The average clearing price in 2024 had come in at 66.49 EUR/Mg and it had been lower by 18.76 EUR/Mg, as compared to the average price logged in 2023 (a drop by 22.0%).

The first half of 2024 had been dominated by the intense price declines, in particular at the beginning of the year. As a result, the emissions allowance prices in February had approached the lowest values in 3 years. In the following months, there had been temporary increases with the large price fluctuations. The high correlation of the CO_2 prices with the gas prices had been of great importance. In addition, the information on the oversupply (glut) of the emission

allowances, which as a result of the EU regulatory changes had to be directed to the auctions in the following years, had a strong impact on the market.

In the second half of 2024, at the turn of July and August, a reversal of the long term downward trend could have been observed. The emission allowances prices had gained in value, in line with the seasonal pattern observed in the recent years. The information about the European Commission (EC) leaving the supply level unchanged in 2025 had additionally supported these increases (financing of the RePowerEU program). The recovery on the gas market, in turn, had fueled the demand for the emission allowances in the context of the so-called *fuel switching*: the higher raw material prices had resulted in an increase in the profitability of the contracting based on the higher emission fuels.

Figure no. 11 Impact of the political actions and the environment (stakeholders) on the EUA DEC product price performance in 2024



Property rights

The prices on the green certificates market had seen a decline in 2024, as compared to the previous year. The TGEozea index had reached its maximum price in July 2024, which had been at the level of 82.87 PLN/MWh, while the minimum price for the above mentioned index had been recorded in December 2024, at the level of 28.88 PLN/MWh. The weighted average price of PMOZE_A in 2024 had come in at 48.22 PLN/MWh and it had been lower by 69.5%, than the weighted average price in 2023 (a decrease by 109.96 PLN/MWh).

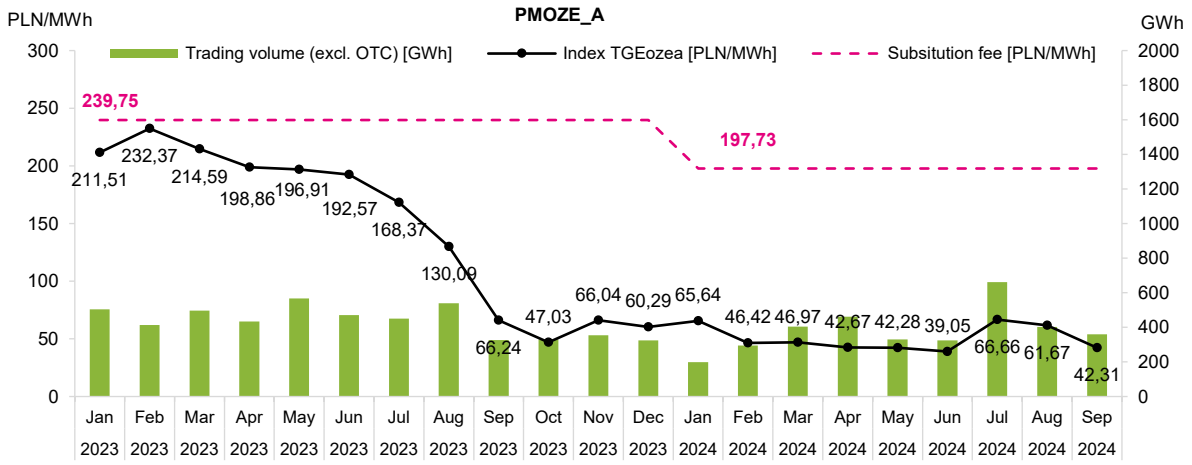
The balance of the PMOZE_A register, as of the end of September 2024, had reached a surplus of 17.8 TWh. Taking into account the certificates that are blocked for the redemption, this balance had come in at 17.5 TWh (an increase by 40.8%, year on year). The substitution fee set for 2024 had clocked in at the level of 197.73 PLN/MWh, while the obligation to *present the green certificates for the redemption in 2024 had dropped by 7 pp as compared to 2023 and, in accordance* with the *Regulation of the Minister of Climate and Environment of August 28, 2023, on changing the quantitative share of the total of electricity resulting from the redeemed guarantees of origin of energy (energy certificates) confirming the production of electricity from the renewable energy sources in 2024,* it stands at 5%. The obligation for 2025, in accordance with the statutory delegation, increases by 3.5 percentage points as compared to 2024, to the level of 8.5%.

The prices of the certificates confirming the generation of electricity from the agricultural biogas PMOZE-BIO (blue certificates), for which the level of the obligation in the years 2021 - 2024 stands at 0.5%, had invariably been stable. The TGEozebio index had traded close to the substitution fee, which in 2024 had stood at 300.03 PLN/MWh. The weighted average price of the TGEozebio index had come in at 302.34 PLN/MWh in 2024, with the balance of the PMOZE-BIO register, as of the end of December 2024, standing at the level of 336.8 GWh. Taking into account the certificates blocked for the redemption, this balance had dropped to the level of 291.5 GWh (an increase by 3.0% year on year).

The prices of the PMEF_F white certificates had been fluctuating in 2024 between the minimum level of 2 112.61 PLN/toe, reached in January 2024, and the maximum price, obtained in June 2024, standing at the level of 4 633.87 PLN/toe. The weighted average price had come in at 2 574.69 PLN/toe in 2024, and it had been higher by 21.4%, as compared to the same period of 2023. On average, the prices had been clocking in at 22.0% above the

substitution fee set at the level of 2 110.65 PLN/toe for 2024. The trading volume had been higher by 3.7% as compared to that in 2023, and it had come in at 99 383 toe in 2024.

Figure no. 12 Property rights (green certificates) indices in 2024



Regulatory environment

TAURON Capital Group is monitoring the changes and taking actions in the regulatory area, both on the national, as well as on the European Union (EU) level, which may have a direct or indirect impact on TAURON Capital Group.

Table no. 20 The most important changes and initiatives in the regulatory environment of TAURON Capital Group with respect to the EU legislation in 2024

Name and description of the regulation	Status as of December 31, 2024	Impact on TAURON Capital Group
2040 climate target		
On February 6, 2024, the European Commission (EC) published the communication containing a proposal for an EU - wide climate target for 2040, set at the level of a 90% reduction in the greenhouse gas emissions as compared to 1990. The communication does not establish a new target, and is not a legislative initiative. The legal basis for the initiative is Article 4, clause 3 of the European Climate Law. The 2040 target will be an intermediate target for achieving the EU's climate neutrality in 2050. In the EC's proposed scenario, the energy sector emissions approach zero in 2040. The use of the zero- and low - carbon sources is envisioned, including the RES, the nuclear power, the energy efficiency, the energy storage, the CCS and CCU technologies. The RES sources, along with the nuclear power, are expected to satisfy more than 90% of the EU's energy consumption in 2040. The remaining 10% is to be offset by the negative emissions or the low - carbon solutions using the CCS technology.	Adoption of the EC Communication. The 2040 target will be further discussed in 2025. It is indicated that the EC is planning to present a draft legislative change in 2025.	The adoption of the communication launches the debate on the 2040 climate targets at the EU level. An intermediate target for 2040 should be expected to be set, which may entail a tightening of the EU climate and energy regulations - the revisions to the ETS, RED, EED, EPBD directives are possible. Among other things, the gradual phasing out of the fossil fuels is expected, as well as a greater support and facilitation for the RES investment projects, a greater use of RES, the nuclear power as well as the expansion of the energy storage facilities and the power grids is anticipated.
European action plan for the wind power – European Wind Package		
The goal of the "European action plan for the wind power" published by the EC in October 2023 is to increase the competitiveness of the EU companies in the wind energy sector. The plan is not a legislative proposal, it lays out the actions aimed at maintaining of the wind industry's key role in the EU's environmental transition. It focuses on the six pillars: an acceleration of the deployment, an improved auction model, the access to the financing, creating of a competitive international environment, the skills, as well the engagement of the industry and the member states. In terms of the improved auction model, the plan is linked to the Net Zero Industry Act containing the provisions related to the non-price criteria to be used in the RES auctions.	Adoption of the EC Communication The implementation, in 2024, of the measures based on the existing regulations (for example, the funding from the Innovation Fund), as well as the new regulations and the non-legislative documents (for example, the non-price criteria for the RES auctions under the Net Zero Industry Act (NZIA) and the below described May 2024 Commission's Recommendation on the RES auction model)	It is expected that the implementation of the investment projects in the wind power sector will be made easier and the access to the EU funding will possibly also be made easier.
Fit for 55		
The *Fit for 55* regulatory package published by the European Commission (EC) in July of 2021 is aimed at achieving the target of reducing the greenhouse gas emissions by at least 55% by 2030. It includes, among other things, a revision of the directive on the promotion of the energy coming from the renewable sources (REDIII), the directive on the energy efficiency (EED), the directive on the	The legal acts published in the Official Journal of the EU (CBAM, ETS, REDIII, EED, EPBD). The ETD directive is	The *Fit for 55* package will contribute to the development of the low emission (low carbon) technologies, first and foremost the renewable energy sources.

Name and description of the regulation	Status as of December 31, 2024	Impact on TAURON Capital Group
European Union's Emissions Trading System (EU ETS), the introduction of a price adjustment mechanism at the borders taking into account the CO_2 emissions (Carbon Border Adjustment Mechanism - CBAM) and the amendment to the Energy Taxation Directive (ETD). The indicated regulations include, among other things, the proposals for the tightening of the EU ETS system, changing of the definition of the efficient district heating and cooling systems, increasing of the RES target and improving of the energy efficiency by 2030. In December 2021, the EC had published the further elements of the *Fit for 55* package, including a draft revision of the Energy Performance of Buildings Directive (EPBD). In 2024, the majority of the legislation included in the Fit for 55 package had been finalized (except for ETD).	an exception, as the work on it is still under way.	The regulations that are a part of the package will introduce a number of the new material requirements and changes in the market and in the regulatory environment for TAURON Capital Group's subsidiaries, including, among other things, the raising of the target with respect to the share of the energy coming from the renewable sources under the REDIII Directive, the raising of the emissions reduction target in the EU ETS Directive, the increasing of the energy efficiency in the EED directive, or the significant curtailing of the levels of the emissions (decarbonizing) generated by the buildings in the EPBD directive.
Reform of the electricity market		
On March 14, 2023, the EC had published the draft proposals that make up the energy market reform. The main element of the reform is the amendment of the Regulation 2019/943 of June 5, 2019, on the internal market in the electricity (the so-called market regulation) and the Directive 2019/944 of June 5, 2019, on the common rules for the internal market in the electricity and amending the Directive 2012/27/EU (the so-called market directive). The main objective of the reform is to limit the growth of the energy prices and improve the conditions for the investments in the renewable energy sources in the EU, including the strengthening of the role of the PPAs (Power Purchase Agreements) and the Contracts for Difference (CfDs). A part of the reform also includes an amendment to the Regulation 1227/2011 on the integrity and transparency of the wholesale energy market (the so-called REMIT Regulation). In 2024, the work on the reform of the electricity market model had been finalized.	The REMIT II Regulation had been published in the Official Journal of the EU on April 17, 2024. The Regulation had entered into force on May 7, 2024. The amendment to the Market Regulation and the amendment of the Market Directive had been published in the Official Journal of the EU on June 26, 2024. The Directive and the Regulation had entered into force on July 16, 2024	The reform will contribute, in particular, to the promotion of the electricity generation from the renewable energy sources and to the changes to the rules within the framework of the support systems. The possibility of temporarily extending of the participation of the hard coal fired units in the capacity market mechanisms provided that the specific criteria had been met has been introduced. The way in which the above mentioned derogations are implemented in the national legislation may have a significant impact on TAURON Group. The market reform provides an opportunity to develop the flexibility supporting systems. The goal of REMIT II is to strengthen the integrity and the transparency of the wholesale energy markets.
Regulation on the establishment of a framework of measures to shore up the European ecosystem for the production of the carbon neutral technology products (carbon neutral industry act; Net - Zero Industry Act)		
In March 2023 the EC had published a proposal for a Net - Zero Industry Act (NZIA) regulation that had focused on the establishing of the conditions to increase the production capacity of the carbon neutral technologies in the EU in order to contribute to the achieving of the EU's climate goals and the climate neutrality target. The regulation introduces, among other things, a list of the carbon neutral technologies and the shorter lead times for the issuing of the permits for the construction or the expansion of the production projects (including for the grid connection). The regulation is also very important for the shape of the future RES auction model, including with respect to the use of the non-price criteria in the auctions in order to develop the value chains in the EU (the planned executive act). The work on the regulation had been finalized in 2024.	The regulation had been published in the Official Journal of the EU on June 28, 2024, and it had entered into force on June 29, 2024. The adoption of the executive regulation on the non-price criteria in the renewable energy auctions is planned for 2025.	The EC initiative may introduce a number of the significant changes in the market and the regulatory environment of TAURON Group aimed at increasing the production capabilities with respect to the green technology on the territory of the EU. In addition, the regulation and the planned executive act will have a significant impact on the shape of the RES auctions (in particular, in terms of the additional, non-price criteria).
Directive on the industrial emissions (integrated pollution prevention and control)		
On April 5, 2022, the European Commission (EC) had submitted a proposal to revise the IED directive, which is the EU's main instrument regulating the pollutants emitted by the industrial installations, in order to make it more effective in preventing or minimizing the emissions of the pollutants and stimulating the transition towards the zero pollutant emissions level, contributing to the accomplishment of the targets set out in the European Green Deal. The directive obliges the member states, among other things: to apply the most stringent admissible emission limit values achievable in the BAT compliant installations, to introduce the derogations from the BAT compliant admissible emission limit standards in the case of the emergency situations leading to the major supply disruptions and to take into account the operators' indicative plans of the transition in the years 2030 – 2050 in the environmental management system.	The regulation had been published in the Official Journal of the EU on July 15, 2024, and it had entered into force on August 4, 2024. completed.	The regulations may result in the need to incur the additional expenditures to bring the operating generating units and the contemplated to be erected generating units into the compliance with the stringent standards. However, the final conditions for the existing and the planned investment projects will be known after the BAT conclusions have been adopted.
Executive Decision of the Council amending the Executive Decision of June 17, 2022, on the approval of Poland's National Recovery and Resilience Improvement Plan		
In accordance with Article 21c of Regulation (EU) 2021/241, Poland had submitted a revised National Recovery Plan (NRP), including the RePowerEU related section, to the EC in August 2023. The NRP revisions are related to 59 activities. The NRP budget following the revision stands at PLN 263.23 billion (PLN 111.27 billion in the grant	Amendments to the National Recovery Plan (NRP) have been approved by the EC and adopted by the Council.	The changes made to the National Recovery Plan (NRP), i.e. the establishment of the Energy Support Fund and of the Offshore Wind Energy Fund, the setting up of a new investment in the

Name and description of the regulation	Status as of December 31, 2024	Impact on TAURON Capital Group
(subsidy) part, PLN 151.96 billion in the loan part). In line with the EU targets, a significant portion of the budget is to be allocated to the climate targets (46.6%) and to the digital transformation (21.36%). The EC had approved the updated National Recovery Plan (NRP) including RePowerEU on November 21, 2023. The Ministry of the Regional Funds and Policy (MFiPR) had held the public consultations on the NRP revision in March and April 2024. 11 of 55 reforms and 22 of 56 investment projects had been included in the revision. On July 1, 2024, the Council had approved the further amendments to the NRP, including with respect to the G15L milestone related to the Energy Support Fund, in the case of which the amount to be transferred to the BGK bank had been reduced from EUR 17.1 billion to EUR 16.3 billion.	The solutions with respect to the National Recovery Plan (NRP) are at the implementation stage.	construction or the modernization of the distribution grids in the rural areas, as well as the new reforms, i.e. the elimination of the barriers to the RES development and the acceleration of the RES integration into the distribution grid, may contribute to the optimizing of the financing structure of the investment projects implemented and planned to be implemented by TAURON Group. The detailed solutions with respect to the National Recovery Plan (NRP) are at the implementation stage.
Commission's recommendation of May 2024 on the renewable energy sources auction model		
The recommendation is related to the designing of the auction for the energy produced by the renewable energy sources, and is aimed at harmonizing and increasing of the efficiency of the auction procedures. The recommendation is intended to provide the support for the member states in the designing of the auctions in order to promote the quality, resilience as well as the environmental and social sustainability. The use of the non-price criteria will make it possible to reward the projects with the higher added value, which will translate into the development of the European production chain of the carbon neutral technologies. The indexing and the penalties for the delays are to ensure the timely implementation of the projects. The recommendation is non-binding (a soft law), and will eventually be replaced by an executive regulation of the Commission issued on the basis of the NZIA.	The recommendation has been published	The recommendations introduced are intended to ensure a greater uniformity of the auction conditions in the EU. A positive element is the recommendation on the indexing.

Table no. 21 The most important changes in the national regulatory environment of TAURON Capital Group in 2024 with respect to the adopted and published legislative acts as well as the ones on which the legislative works are in progress

Name and description of the regulation	Status as of December 31, 2024	Impact on TAURON Capital Group	Impact on the Segment
Draft Act on the amendments to the Act on the investments in the wind power plants and certain other acts (UD89)			
The main proposed amendments to the act on the investments in the wind power plants: the abolition of the general 10H rule, a new mutual and minimum distance between the LEW installations and the residential developments set at the level of 500 m, a modification of the rules for the locating of the wind farms from the national parks by establishing a minimum distance expressed in meters (currently the 10H rule is in place), and from the natural reservation and Natura 2000 areas The amendments under consideration also include, among other things, the changes that would clarify the RES support mechanisms and the support for the biomethane in the installations with the capacity of more than 1 MW and the scope of the data provided by the electricity suppliers to a renewable energy prosumers, a collective prosumer and a virtual prosumer.	On December 23, 2024, the draft act, following the public consultation, was submitted to the Standing Committee of the Council of Ministers	The proposed changes may increase the opportunities for investments in the new RES capacity, which will contribute to the decarbonization of TAURON Group's generation capacity.	
The Act of May 23, 2024, on the Energy Voucher and the amendments to certain other acts in order to cap the price of electricity, natural gas and the district heating (Journal of Laws item 859)			
The draft introduces, among other things, a one time energy voucher for the households in the period from July 1 to December 31, 2024, in the amount of PLN 300 to PLN 1 200, depending on the type of the households and the heating method used, an extension of the maximum price (price cap) mechanism's effective term to cover the second half of 2024, in the amount of up to 500 PLN/MWh for the households and 693 PLN/MWh for the SMEs, the local government units and the county public employment offices, while maintaining the use of the compensation payments and the advance payments and an extension of the protection (shield) for the eligible customers using the gas fuel. The act also introduces an obligation for the electricity trading companies, with respect to the needs of the eligible consumers, to submit, for an approval by the President of the ERO, a tariff amendment or a tariff with an effective term not shorter than until December 31, 2025. The act also provides for an extension until June 30, 2025 of the existing support mechanisms for the heat consumers. The Act also introduces the principle that the application of the maximum price in the settlements with the SMEs in the second half of 2024 constitutes the public aid or the de minimis aid, respectively.	The act had been published in the Official Journal on June 12, 2024. The act has entered into force.	The act has an impact on the settlements with the electricity and heat consumers; an obligation to apply the maximum prices (price caps) and to obtain an approval of a new tariff by the President of the ERO (an impact, among other things, on the TAURON Sprzedaż and TAURON Sprzedaż GZE subsidiaries). The Company had disclosed the *effects of the electricity tariffs for the G tariff group consumers, approved by the President of the ERO, in current report No. 36/2024 of June 28, 2024.*	

Name and description of the regulation	Status as of December 31, 2024	Impact on TAURON Capital Group	Impact on the Segment
Act of November 27, 2024, amending the Act on the extraordinary measures aimed at capping the electricity prices and supporting certain consumers in 2023 and 2024 and certain other acts (Journal of Laws, item 1831)			
The Act extends the effective term of the maximum electricity price (price cap) until: 1. September 30, 2025, for the households at the net amount of 500 PLN/MWh net, 2. March 31, 2025, for the local government units and the county public employment offices at the net amount of 693 PLN/MWh. For the selected final consumers (mainly the households, from the tariff group G) in the period from 1 January 1, 2025, to June 30, 2025, the capacity fee of 0 PLN / month will apply. The Act introduces the regulations requiring the energy companies conducting operations in the field of electricity trading for the needs of the eligible consumers, which have an approved and binding electricity tariff for the period from July 1, 2024 to December 31, 2025, or perform the tasks of an ex officio electricity supplier to submit a petition to the President of the Energy Regulatory Office for: 1. a change of the electricity tariff for these consumers for the period from July 1, 2024 to December 31, 2025, or 2. an approval of the electricity tariff for the period from July 1, 2025 to December 31, 2025 – in the event that it does not have a tariff approved by the President of the Energy Regulatory Office - by the deadline of April 30, 2025. The Act specifies the matter of granting the public aid and the de minimis aid to the SMEs using the maximum price (price cap) in the second half of 2024. It introduces, among other things, a template for the information to be submitted to the electricity suppliers by the eligible consumers.	On December 11, 2024, the act had been published in the Journal of Laws The act has entered into force	The Act has an impact on the settlements with electricity consumers; the obligation to apply the maximum prices (price caps) and to submit an application for an adjustment of the applicable tariff by the President of the Energy Regulatory Office (ERO). The Act will have an impact on the customer service in connection with the performance of the electricity supplier's obligations in the context of providing the public aid and the de minimis aid (impact on, among other things, TAURON Sprzedaż and TAURON Sprzedaż GZE).	
Draft Act on the amendments to the Act on the Capacity Market (UC70)			
The proposed changes include, among other things, the introduction and the subsequent holding of the supplementary auctions for the second half of 2025 and for the delivery years 2026, 2027 and 2028 (the annual auctions). The act is related to the so-called electricity market reform (the regulations are described in the section related to the EU).	On 24 December 2024, the draft act had been adopted by the Council of Ministers. On 6 February 2025, the act was published in the Journal of Laws (an event that took place after the balance sheet date)	The changes enable (under the certain conditions), among other things, a participation of the eligible units in the supplementary auctions, which may also include the units that are a part of TAURON Group.	TAURON
National Energy and Climate Plan until 2030 (update of the 2019 NECP).			
In September 2024, the Ministry of Climate and Environment had published a presentation related to the Draft National Energy and Climate Plan to 2030 (NECP), laying out the main assumptions of the document. According to the assumptions of the NECP update, Poland can achieve a 50.4% reduction in the greenhouse gas emissions in 2030 as compared to 1990, versus a 30% reduction assumed in the NECP currently in place and a 55% reduction implied by the Fit for 55 package. According to the transition scenarios presented, Poland may achieve a 32.6% RES share in the final gross energy consumption by 2030 in accordance with the WAM scenario (the ambitious transition scenario) and a 29.8% RES share in the final gross energy consumption, in accordance with the WEM scenario (the market and technical conditions driven transition scenario). The draft document update also indicates that the target for the share of the RES in final energy consumption in the heating and cooling is to come in at 35.4% in 2030 (in accordance with the WAM scenario).	On October 11, 2024, the draft update of the NECP had been submitted for the public consultation, which ended in mid-November 2024.	Among other things, the draft provides for a large increase in the RES installed capacity and the additional capacity in the nuclear power generation and the gas fired power generation. The detailed assumptions were subject to the public consultation that TAURON Group took part in.	TAURON
Act of November 27, 2024, on the amendments to the Act on the Renewable Energy Sources and certain other acts (Journal of Laws item 1847)			
The regulations that will be included in the amendment are related to the following areas: 1. an alignment of the exemptions (relief solutions) for the energy - intensive consumers with the CEEAG, an alignment of the national legislation with the GBER regulation and the EU Regulation 2019 / 943, 2. alignment of the support system for the high efficiency cogeneration to the requirements of CEEAG, 3. an acceleration of the issuing of the licenses in the RES line of business (an alignment with the Council Regulation (EU) 2024 / 223). 4. changes to the net - billing settlement system.	On December 13, 2024, the act had been published in the Journal of Laws The act has entered into force	The changes related to the acceleration of the permit issuing (permitting) procedures for the RES investment projects may have an impact on both the RES segment as well as on the Distribution segment. In addition, the changes to the net - billing system will have an impact on the Supply segment	

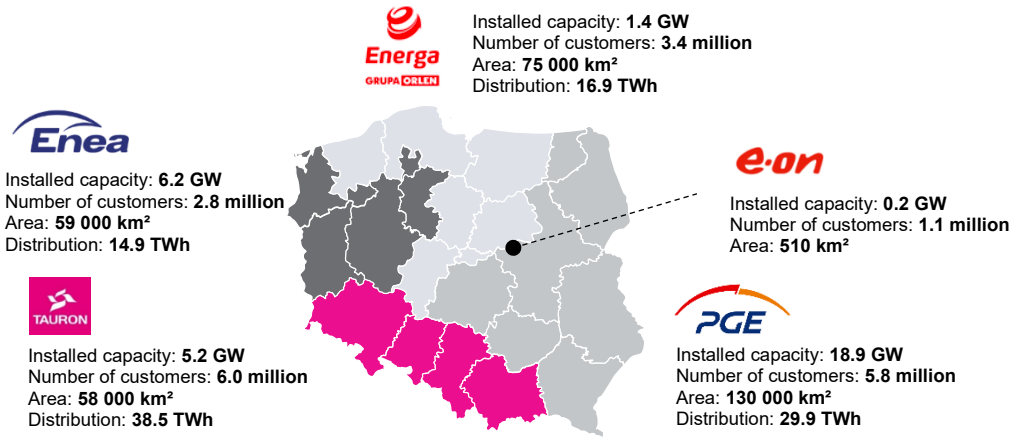
Name and description of the regulation	Status as of December 31, 2024	Impact on TAURON Capital Group	Impact on the Segment
Act of November 21, 2024, on the amendments to the Act - Energy Law and certain other acts (Journal of Laws item 1881)			
The purpose of the changes is to simplify the existing regulations and to reduce the procedural obligations. The changes included in the draft assume, among other things: the introduction of a set of concepts in the Energy Law necessary for the development and operation of the hydrogen market in Poland, as well as taking into account the cross sectoral possibilities of the use of the hydrogen or the designing of the principles of operation of a system dedicated to the hydrogen – the hydrogen networks	On December 19, 2024, the Act had been published in the Journal of Laws	The establishment of a legal framework for the hydrogen economy will provide the regulatory stability, which is important for TAURON Group's entities considering the project initiatives in the hydrogen area.	RES Segment
Act of November 19, 2024, on amending the act on the agricultural tax, the act on the local taxes and fees, and the stamp duty act			
The amendment aims, among other things, to eliminate any doubts in the interpretation of the regulations in force up to now, and to clarify their content in order to ensure the correct application thereof. The amendments introduced in the act include, among other things, a modification of the definition of a building and structure.	On November 29, 2024, the act had been published in the Journal of Laws The act has entered into force	Changes to the Real Estate Tax Act may result in an increase in the tax burdens for TAURON Group.	TAURON Group
Draft regulation of the Minister of Climate and Environment on the detailed conditions for the granting of public aid by the National Fund for Environmental Protection and Water Management (NFOŚiGW) for the investments in the electricity storage and the related infrastructure (1214)			
The Regulation assumes that the National Fund for Environmental Protection and Water Management (NFOŚiGW) will provide the public aid from the Modernization Fund for: 1. construction of the independent (autonomous) electricity storage facilities with a power of no less than 2 MW and a capacity of no less than 4 MWh connected to the transmission or distribution lines, regardless of the voltage; 2. construction of a connection to the grid and the accompanying infrastructure; 3. configuration and adaptation of the energy storage facilities. Th aid under the regulation may be granted until 31 December 2025.	On 26 November 2024, the draft regulation had been submitted for the public consultation On March 7, 2025, the regulation was published in the Journal of Laws (an event that took place after the balance sheet date)	The proposed solution, once implemented, will enable applying for the additional funds for the investments in the development of the energy storage facilities.	RES Segment

TAURON Group | Supply Segment | RES Segment | Distribution Segment

Competitive environment

Apart from TAURON Capital Group, three large, vertically integrated energy groups are currently operating on the Polish energy market: PGE, Enea and Energa. In addition, the company E.ON Polska S.A. is conducting its operations in the Warsaw metropolitan area, managing Warsaw's power grid.

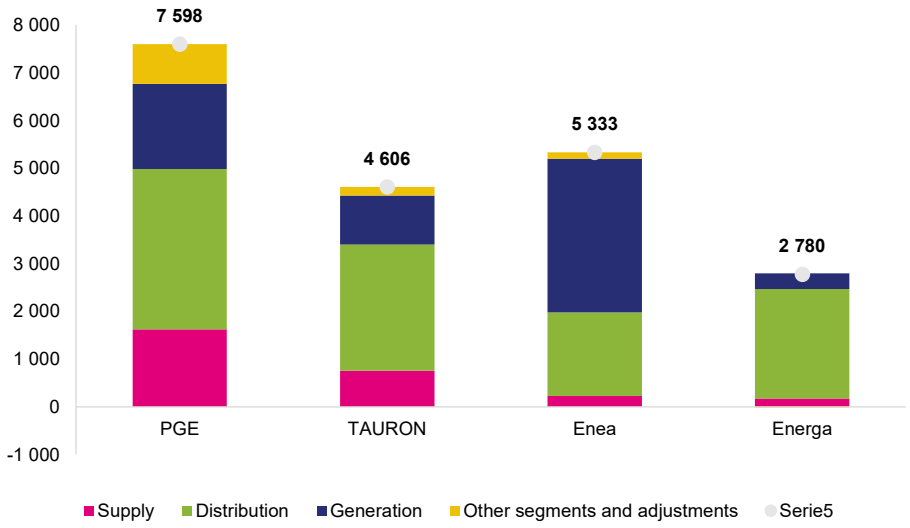
Figure no. 13 TAURON Capital Group's competitive environment based on the available data for the first three quarters of 2024



According to the data for the first three quarters of 2024, the consolidated energy groups (PGE, TAURON, Enea, Energa) had held an approximately 57% market share in the electricity generation sub-sector.

TAURON Capital Group is a fully vertically integrated electric utility that takes advantage of the synergies stemming from the size and the scope of the operations conducted thereby. TAURON Capital Group has been conducting its operations in the key segments of the energy market (excluding the transmission of electricity), i.e. the generation, the distribution as well as the supply and the trading of the electricity and heat.

Figure no. 14 EBITDA – estimated structure based on the main operating segments in the first 9 months of 2024[1]



[1]*In order to make the segments presented comparable the Generation Segment includes also Mining, RES and Heat.*
Source: Companies' interim reports.

Generation

TAURON Capital Group is a key producer of electricity in Poland

TAURON Capital Group's share in the domestic electricity generation market, measured based on the gross electricity production output, had stood at approx. 6% in the first three quarters of 2024. TAURON Capital Group is one of the largest electricity producer on the Polish market. TAURON Capital Group's conventional generation assets are concentrated in the south of Poland. The renewable energy sources: the wind and photovoltaic power plants are located throughout the country, while the hydro electric power plants are located in the southern and southwestern parts of the country.

85% of TAURON Capital Group's generation assets had been, as of the end of 2024, the hard coal fired units. TAURON Capital Group's total installed capacity had stood at 5.2 GW as of December 31, 2024, with the renewable energy sources accounting for close to 0.8 GW of that figure. The wind farms' installed capacity represents 9%, while the hydro electric power plants' installed capacity accounts for 3% and the biomass fired generating units' installed capacity accounts for 2% of TAURON Capital Group's total installed capacity.

TAURON Capital Group has produced 11.51 TWh of electricity in 2024, with 1.69 TWh coming from the RES.

Nationwide, as of the end of the second quarter of 2024, TAURON Capital Group's hard coal fired units' installed capacity had accounted for approx. 14% of the total installed capacity of all of the hard coal and lignite fired generating units in Poland. With respect to the installed capacity of the wind farms, biomass and biogas fired power plants, as well as the hydro electric power plants, the share of TAURON Capital Group had come in at: approx. 4%, 7% and 14%, respectively.

According to the data for the first half of 2024, PGE is the largest electricity generator in Poland, with its share in the domestic electricity production market standing at approx. 36%, and with the installed capacity of 18.8 GW. Enea is the second largest electricity producer in Poland, with a market share coming in at approx. 13% and with the installed capacity of 6.2 GW. Energa, on the other hand, has the largest share of the electricity produced from the renewable energy sources (RES) on the Polish market and Energa's total installed capacity stands at approx. 1.4 GW. Energa produced 1.5 TWh of electricity in the first half of 2024, with close to 0.9 TWh (i.e. 64%) coming from the RES.

Figure no. 15 Gross electricity production - estimated market shares in the first three quarters of 2024

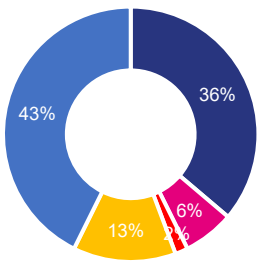
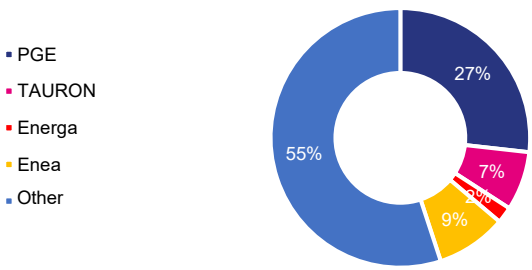


Figure no. 16 Installed capacity - estimated market shares in the first three quarters of 2024



Source: Agencja Rynku Energii S.A. (ARE), the companies' information posted on the web sites

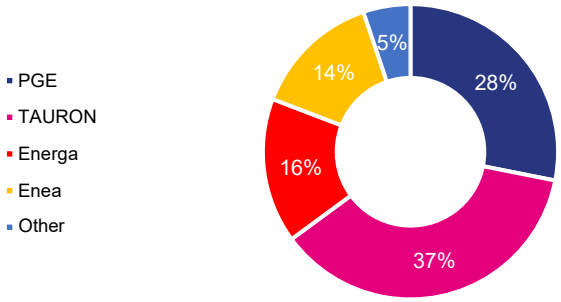
Distribution

TAURON Capital Group is the Polish market leader in terms of the number of the distribution customers and the volume of electricity distributed

TAURON Capital Group is the largest electricity distributor in Poland. The share of TAURON Dystrybucja S.A. (TAURON Dystrybucja) in the electricity distribution to the final consumers had come in at approx. 37% in the third quarter of 2024. TAURON Capital Group's distribution grids cover more than 18% of Poland's territory. The volume of the electricity distributed to the final consumers had clocked in at approx. 51.67 TWh in 2024.

TAURON Capital Group's distribution operations, due to the natural monopoly in the designated area, are a source of a stable and predictable revenue, accounting for a material part of the consolidated revenue of the entire TAURON Capital Group. The electricity distribution's geographical area on which the Distribution Segment's and the Supply Segment's subsidiaries are operating is a heavily industrialized and densely populated area and therefore the distribution grid is very well utilized. The number of the Distribution Segment's customers had come in at approx. 5.98 million as of the end of 2024.

Figure no. 17 Electricity distribution - estimated market shares of the individual energy groups in the first three quarters of 2024



Source: Agencja Rynku Energii S.A. (ARE), the companies' information posted on the web sites

Supply

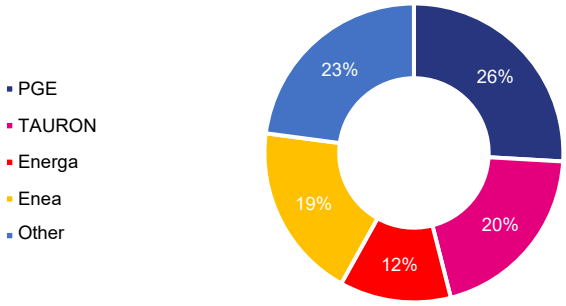
TAURON Capital Group is the second largest electricity supplier in Poland

TAURON Capital Group holds a 20% share in the market of the electricity supply to the final consumers in Poland. The volume of the retail electricity supply of TAURON Capital Group had come in at 26.71 TWh in 2024. The number of the customers served by TAURON Capital Group's Supply Segment stands at 5.81 million.

PGE is the largest retail electricity supplier with a 26% market share. The other two groups, Enea and Energa, hold a 19% and a 12% market share, respectively.

In the segment that includes the electricity supply to the households the individual energy groups are geographically linked, first of all, with the areas in which they are acting as an ex officio electricity supplier.

Figure no. 18 Electricity supply to the final consumers - estimated market shares of the individual energy groups in the first three quarters of 2024



Source: Agencja Rynku Energii S.A. (ARE), the companies' information posted on the web sites

Table no. 22 Installed capacity, volume of generation, distribution and supply of electricity by the main energy groups on the domestic market in the first three quarters of 2024

Grupa	Installed capacity		Generation[1]		Distribution		Supply	
	GW	%	TWh	%	TWh	%	TWh	%
1. PGE	18.9	27%	44.7	36%	29.9	28%	25.3	26%
2. TAURON	5.2	7%	8.0	6%	38.5	37%	19.7	20%
3. Energa	1.4	2%	2.0	2%	16.9	16%	12.3	12%
4. Enea	6.2	9%	16.1	13%	14.9	14%	18.6	19%
5. Other	38.9	55%	52.7	43%	5.5	5%	22.4	23%

Grupa	Installed capacity		Generation[1]		Distribution		Supply	
	GW	%	TWh	%	TWh	%	TWh	%
Total	**70.6**	**100%**	**123.5**	**100%**	**105.7**	**100%**	**98.3**	**100%**

[1] *Volume of the gross electricity generated in the first three quarters of 2024.*
Source: ARE, information from the companies posted on their web sites, the in-house estimates in case of the companies publishing the net production output.

2.4. Factors important for growth

Table no. 23 Factors that will have the most material impact upon the results of TAURON Capital Group's operations over at least the next quarter

Description of the factor
1. The changing geopolitical environment, including the continued Russian aggression against Ukraine and the potential mediation efforts by the international community (including the US administration), as well as a possible escalation of the tensions in other regions (for example, the Middle East), which could have an impact on the raw material and energy markets, the EU policy and the conditions for doing business in the region.
2. The threats (risks) to the critical infrastructure, including both potential physical events (for example, the deliberate attacks or acts of sabotage) and the growing number of the cybersecurity incidents targeting the IT / OT systems, which could lead to a loss of the availability, integrity and confidentiality of the information, a disruption of the operational processes and the reduced business continuity.
3. The changes in the regulations related to the energy sector, as well as the changes in the legal environment, including: the tax law, environmental protection and spatial development (zoning) law, as well as the positions and decisions of the state administration institutions and offices, for example, Office of Competition and Consumer Protection (UOKiK), ERO, EC, including, among other things, those that may be related to: 1) in the longer term, a further potential regulatory intervention with respect to the G tariffs (support mechanisms, including the price regulation, compensation system, maintaining a separate tariff for GZE), 2) functioning of the balancing market including any potential changes to the rules that had come into force in June 2024, including, among other things, with respect to the settlement prices and the products offered, as well as limiting of the liquidity and transparency of the energy market (abolition of the power exchange trading obligation).
4. The capacity market mechanism determining the decisions regarding the future of the hard coal assets beyond July 2025, the need to optimize the maintenance costs and the expectations of the Social Partners (work force), local government units and the local communities with respect to their continued operation or conversion.
5. The changes in the energy mix affecting the level of the utilization of the conventional generating units, coal inventories, end customer profile costs, the level of the electricity imports /exports and the available capacity reserve in the power system, thus impacting the level of the Group's revenues.
6. The market conditions in Poland, the EU and in the global economy, including the prices of electricity, CO_2 emission allowance and fuel, affecting the generated results (including maintaining of the IRGiT margins).
7. An effective and in line with the schedule implementation of TAURON Group's Strategy adopted on December 17, 2024 and the implementation of an early warning system for the deviations from the strategic plan in order to mitigate the identified risks.
8. The macroeconomic situation, including the inflation rate, the interest rates, the FX rates and the GDP growth rate, having an impact on the valuation of the assets and the liabilities listed by the Company in the statement of financial condition,'
9. The availability of the financing and the possibility of obtaining the aid funds, in particular the European funds, supporting the investment projects and the energy transition.
10. The financial condition of the customers and contractors, including the risk of an increase in the overdue accounts receivable and the deterioration of the liquidity position in the Group's environment.
11. The legal and environmental changes, including the new requirements stemming from the national laws and the EU's climate policy, which may have an impact on the implementation of the investment projects.
12. Shaping of the HR policy and the expectations with respect to the growth of the wages at TAURON Capital Group.
13. An impact of the weather related factors, including the extreme ones, affecting the failure rate of TAURON Capital Group's assets and the seasonality of the revenues achieved and the costs incurred.

TAURON Capital Group's operations are characterized by the seasonality that is applicable, in particular, to the heat production, distribution and supply, the electricity distribution and supply to the consumers. The heat supply depends on the weather conditions, in particular on the outdoor temperature, and it is higher in the autumn and winter season. The volume of the electricity supply to the individual consumers depends on the length of the daytime which usually makes electricity supply to this group of the consumers lower in the spring and summer season and higher in the autumn and winter season. The seasonality of TAURON Capital Group's other lines of business is low.

In addition, the operations of the Group's lines of business may be affected by the current situation related to the war on the Ukrainian territory. However, given its impact on the market and the regulatory environment, which is highly volatile, the forecasting of its future effects is difficult due to a number of factors. Such aspects as the scale and duration of the conflict, any further developments, including a possible escalation of the hostilities, and their impact on the condition of the Polish and global economies will, in particular, have a material impact. In addition, any further regulatory actions taken at the European Union level and at the national level, in particular in the context of implementing any intervention measures and the shaping of the future energy market, may have an impact on the level of the financial performance in the coming quarters.

In addition, the ever increasingly important climate regulations at the European Union level and at the national level constitute a significant premise for analyzing the current and the future situation of TAURON Capital Group in the coming quarters.

2.5. Timeline

Table no. 24 2024 highlights

JANUARY FEBRUARY MARCH	1. Merger TAURON Ciepło and Energetyka Cieszyńska sp. z o.o. (Ltd.) 2. Signing of a loan agreement by TAURON with Bank Gospodarstwa Krajowego (BGK) for the amount of PLN 750 million. 3. Changes to the composition (membership) of the Management Board and the Supervisory Board of TAURON. 4. Completion of all of the acceptance tests required by Polskie Sieci Elektroenergetyczne S.A. by the 910 MW Unit in Jaworzno.
APRIL MAY JUNE	1. Extraordinary General Meeting of TAURON. 2. Commencement of investment activities related to the construction of the Bałków photovoltaic farm with a capacity of 54 MW. 3. Publishing of the financial results of TAURON and TAURON Capital Group for 2023, 4. TAURON awarded a special honorable mention for the dialogue with the stakeholders by the “Rzeczpospolita” daily at the ESG Eagles Gala. 5. Publishing of the financial results of TAURON and TAURON Capital Group for the first quarter of 2024, 6. Ordinary General Meeting of TAURON. 7. Changes to the composition (membership) of the Supervisory Board of TAURON. 8. TAURON awarded the 1st place in the Responsible Business Leader 2024 ranking in the “Fuel, energy, mining” category, which is a list of the largest companies in Poland assessed in terms of the responsible management in accordance with the ESG guidelines.
JULY AUGUST SEPTEMBER	1. Completion of the construction of the 58.5 MW Mierzyn wind farm. 2. Setting up of the companies: TAURON BME1 sp. z o.o. (Ltd.), TAURON BME2 sp. z o.o. (Ltd.), TAURON BME3 sp. z o.o. (Ltd.), TAURON BME4 sp. z o.o. (Ltd.), TAURON BME5 sp. z o.o. (Ltd.), TAURON BME6 sp. z o.o. (Ltd.), TAURON BME7 sp. z o.o. (Ltd.), AURON BME8 sp. z o.o. (Ltd.), and TAURON BME9 sp. z o.o. (Ltd.), for the implementation of the investment projects in the form of the construction of the battery energy storage facilities 3. Extraordinary General Meeting of TAURON. 4. Changes to the composition (membership) of the Supervisory Board of TAURON. 5. Publishing of the financial results of TAURON and TAURON Capital Group for the first half of 2024, 6. Acquisition by TAURON Zielona Energia of the shares in Finadvice Polska 1 sp. z o.o. implementing the project of building the Miejska Górka wind farm with a capacity of 190.8 MW. 7. Conclusion of a program agreement with Bank Polska Kasa Opieki S.A. (Joint Stock Company) , Powszechna Kasa Oszczędności Bank Polski S.A. (Joint Stock Company) and Santander Bank Polska S.A. (Joint Stock Company), under which a bond issue program was established.
OCTOBER NOVEMBER DECEMBER	1. Reaffirming by the Fitch Ratings agency of TAURON’s long term foreign and local currency ratings at "BBB-" with a stable outlook 2. *TAURON awarded the special prize The Best of The Best for the annual report in the competition The Best Annual Report 2023,* 3. Completion of the construction of the 30 MW Warblewo wind farm. 4. Signing of a loan agreement with BGK for the amount of PLN 2 billion. 5. Signing of a syndicated loan agreement for PLN 900 million with Powszechna Kasa Oszczędności Bank Polski S.A. (Joint Stock Company) and Industrial and Commercial Bank of China (Europe) S.A. (Joint Stock Company) Branch in Poland. 6. Signing of an agreement between TAURON and the Instrat Foundation for a just transition in the south of Poland 7. Publishing of the financial results of TAURON and TAURON Capital Group for the third quarter of 2024 8. Completion of the construction of the 55 MW Proszówek photovoltaic farm. 9. Adoption of TAURON Group’s Strategy for the years 2025 - 2035. 10. Signing of a loan agreement with BGK for the amount of PLN 11 billion from the funds of the National Recovery and Resilience Plan for the development and adaptation of the power grid to the needs of energy transition and climate change. 11. Completion of the construction of the 33 MW Gamów wind farm

2.6. Major events having a significant impact on the operations in 2024 and after the balance sheet date, i.e. December 31, 2024

The more important events and accomplishments that had a significant impact on TAURON Capital Group’s operations that had occurred in 2024, as well as by the date of drawing up of this report are listed below.

In addition, the above mentioned events should include the agreements that are significant for TAURON Capital Group’s operations, presented in detail in section 11.2. of this report.

Table no. 25 Major events that had taken place in 2024, as well as by the date of drawing up of this report

Item and description of the incident
Business event
Court proceedings related to the insolvency of TAMEH Czech s.r.o.
On December 14, 2023, the company TAMEH Czech s.r.o. (TAMEH Czech) had filed an insolvency petition with the District Court in Ostrava, which – having reviewed the petition – on December 19, 2023, had issued the decision declaring TAMEH Czech s.r.o insolvent. Subsequently, on April 18, 2024, TAURON received a decision of the District Court in Ostrava dated April 15, 2024, approving the reorganization of TAMEH Czech. The decision was issued after a vote of TAMEH Czech's creditors had been completed and had been in line with the petition submitted by TAMEH Czech's management board. On August 9, 2024, the management board of TAMEH Czech had filed a petition with the Ostrava Regional Court for an approval to convert the reorganization of TAMEH Czech into a liquidation bankruptcy. On August 12, 2024, TAURON had received a letter from TAMEH HOLDING informing it that the Ostrava Regional Court had issued the decision on August 9, 2024 to convert the TAMEH Czech reorganization into a liquidation bankruptcy. The subject of the operations of TAMEH Czech s.r.o. is the production of the energy utilities (carriers) for the Liberty Ostrava a.s. steel plant, which is the company's only customer. The filing of an insolvency petition by TAMEH Czech s.r.o. had been due to the failure of Liberty Ostrava a.s. to meet its obligations towards the company, which had led to the inability to continue its operations. The owner of 100 percent of the shares in

Item and description of the incident
TAMEH Czech s.r.o. is TAMEH HOLDING, a joint subsidiary of TAURON, in which TAURON holds a 50 percent stake. The remaining 50 percent stake is held by the companies that are part of the ArcelorMittal Capital Group. TAURON had disclosed the information on the above events in current reports no. 48/2023 of December 14, 2023, no. 49/2023 of December 22, 2023, no. 48/2023/K of February 8, 2024, no. 49/2023/K of February 8, 2024, no. 15/2024 of March 15, 2024, no. 26/2024 of April 18, 2024, no. 42/2024 of August 9, 2024, and no. 44/2024 of August 12, 2024.

Events related to TAURON's acceptance of an offer by the ArcelorMittal Group's lead partner to purchase the shares in TAMEH HOLDING sp. z o.o.

TAMEH HOLDING is a joint venture in which currently TAURON and ArcelorMittal Group's companies (the Group's lead partner (shareholder), i.e. AM Global Holding S.a r.l., with its registered office in the Grand Duchy of Luxembourg (AM Global Holding) and ArcelorMittal Poland S.A. with its registered office in Dąbrowa Górnicza (AMP)) each hold 50% of the shares. The main subject of the business operations of TAMEH HOLDING is the production of the blast furnace blowing, compressed air, process steam, production and sales of the electricity and the heat for the district heating purpose. TAMEH HOLDING is a holder of 100% of the shares in two operating companies: TAMEH POLSKA and TAMEH Czech.

In the Shareholders' Agreement entered into on August 11, 2014, between TAURON Group's subsidiaries and ArcelorMittal Group companies (collectively referred to as the Parties), defining the terms and conditions of the Parties' cooperation within TAMEH HOLDING (the Shareholders' Agreement), the Parties had made irrevocable offers to each other to buy and sell the shares in TAMEH HOLDING. Each of the Parties had the right to accept the irrevocable purchase offer made by the other Party, among other things, in the event that one of the prerequisites set forth in the Shareholders' Agreement would materialize as of the elapse of December 31, 2023.

As a result of the materialization, as of the elapse of December 31, 2023, of one of the prerequisites set forth in the Shareholders' Agreement, on January 2, 2024, a TAURON's representative, in the presence of the bailiff recording the act of the serving of the statement, had left at AM Global Holding's registered office a statement on TAURON's acceptance of AM Global Holding's offer to purchase all of 3 293 403 shares held by TAURON in TAMEH HOLDING for the amount of PLN 598 098 090.30 (Sale Price). In accordance with the Shareholders' Agreement, the transfer of the ownership of the shares shall take place upon the crediting of the bank account with an amount equal to the Sale Price, which should take place no later than on the 30th business day from TAURON's acceptance of the offer, i.e. from the date of serving the statement to AM Global Holding.

On January 4, 2024, TAURON had received a message sent on behalf of AM Global Holding containing the information that AM Global Holding had been disputing the effectiveness of the serving of the above mentioned statement.

On January 9, 2024, TAURON had received a letter from AM Global Holding, which, according to AM Global Holding, constituted a statement of the acceptance of TAURON's offer to purchase all of the shares in TAMEH HOLDING owned by the ArcelorMittal Group companies for PLN 598 098 090.30. In the light of TAURON's earlier actions and the steps taken by AM Global Holding, a risk of the arising of a dispute between the Parties with respect to the effectiveness of the serving of the above mentioned statements has been identified.

In reference to the above mentioned events, on January 12, 2024, TAURON had sent a letter to AM Global Holding in which it expressed its consent to enter into the negotiations in accordance with the procedure set forth in the Shareholders' Agreement.

In connection with the expiration of the above mentioned deadline of 30 working days and a failure to receive the payment of the Sale Price for the shares in TAMEH HOLDING by such a deadline, the Parties have submitted to each other the summons to pay, while at the same time upholding their readiness to negotiate and amicably resolve the dispute arisen.

On October 1, 2024, due to the lack of an agreement on the effectiveness of the serving of the statements regarding the acceptance of the offers to purchase the shares in TAMEH HOLDING, the Management Board of TAURON had taken the decision to summon and had summoned AM Global Holding (Lead Partner), AMP and ArcelorMittal Long Products Europe Holding S. à r.l., with its registered office in the Grand Duchy of Luxembourg (AMLP), to an ad hoc arbitration to resolve the dispute regarding the Lead Partner's failure to pay the sale price for the shares held by TAURON in the company TAMEH HOLDING (Summons). The value of the subject of the dispute stands at PLN 598 098 090.30, with AMP and AMLP being jointly and severally liable along with the Lead Partner (Shareholder) for the payment of this amount.

The arbitration will be conducted in accordance with the rules set forth in the United Nations Commission on International Trade Law (UNCITRAL) Arbitration Rules 2021 by an ad hoc arbitral tribunal.

On October 30, 2024, TAURON received a response to the summons to the arbitration from the Lead Partner (Shareholder), AMP and AMLP regarding the resolution of the dispute mentioned above. In response to the summons, the Lead Partner (Shareholder) submitted a counterclaim, in which it demanded the payment by TAURON of PLN 598 098 090.30 plus the statutory interest for a late payment calculated as of February 14, 2024 until the date of the payment of the price for the shares held by the Lead Partner (Shareholder) and AMP in TAMEH. In TAURON's opinion, the claims of the Lead Partner (Shareholder) are without merit.

TAURON had disclosed the information on the above events in current reports no. 1/2024 of January 2, 2024, no. 2/2024 of January 2, 2024, no. 3/2024 of January 4, 2024, no. 4/2024 of January 9, 2024, no. 6/2024 of January 12, 2024, no. 54/2024 of October 1, 2024 and no. 58/2024 of October 30, 2024.

Acquisition of a special purpose vehicle with the rights to a wind farm construction project

On September 18, 2024, the Supervisory Board of the Company, at the request of the Management Board, had adopted a resolution enabling TAURON Group to go ahead with the transaction related to the acquisition, from VSB Green Yield One GmbH, of 100 percent of the shares in the share capital of the special purpose vehicle Finadvice Polska 1 sp. z o.o. (Special Purpose Vehicle - SPV), a company holding the rights to a wind farm project with a capacity of approximately 190 MW located in the municipality of Miejska Górka in the Wielkopolska Province (Wind Farm). The shares in the Special Purpose Vehicle were to be acquired by TAURON Zielona Energia.

In accordance with the adopted assumptions, the Special Purpose Vehicle will complete the Wind Farm construction project in the second half of 2027.

The total capital expenditures related to the acquisition of the Special Purpose Vehicle and the construction of the Wind Farm may reach approximately PLN 1.9 billion.

The signing of the final documentation related to the acquisition of the shares in the Special Purpose Vehicle by TAURON Zielona Energia had taken place on September 19, 2024. The project will lead to the erection of one of the largest onshore wind farms in Poland.

The purchase of the Special Purpose Vehicle, which holds the rights to the Wind Farm project, is a material step in the implementation of the assumptions of the Group's Strategy in the area of the renewable energy sources development.

TAURON had disclosed the information on the above events in current reports no. 51/2024 and no. 52/2024 of September 19, 2024.

TAURON Group's Strategy for the years 2025 – 2035

On December 17, 2024, the Management Board of the Company had adopted, and the Supervisory Board gave a positive opinion on the document entitled *TAURON Group's Strategy for 2025 - 2035 (Strategy) – TAURON New Energy*.

Item and description of the incident

Our mission: We are powering changes with New Energy.

Our vision: We will create a World of New Energy, focusing on green solutions, ensuring customer comfort and security

The values that form the foundations of the Strategy: Responsibility, Commitment, Efficiency and Energy.

TAURON Group's business priorities:

1. strong and stable financial situation,
2. customer orientation and a rapid expansion of the distribution segment,
3. profitable increase of the capacity of RES and energy storage facilities,
4. decarbonization and improvement of the efficiency of the heat line of business,
5. customer in the center of attention and a profitable sales growth,
6. just transition of the conventional energy,
7. building an organizational culture based on the values: Responsibility, Commitment, Efficiency and Energy, as well as ESG, focused on creating value.

Strategic efficiency metrics:

1. EBITDA – the goal is to double EBITDA by 2035, an increase of EBITDA to the level above PLN 9 billion in 2030 and above PLN 13 billion in 2035,
2. profitable growth:
   1) investment IRR > 1.5 p.p. above the cost of capital,
   2) profitability of sales in all customer segments and per product,
   3) maintaining of the net debt / EBITDA ratio at a safe level,
   4) maintaining of investment grade rating,
   5) payout of dividends for 2028 and beyond
3. „green energy penetration level":
   1) the goal is to increase in RES installed capacity and energy storage facilities 3.4 GW in 2030 and 6.1 GW in 2035,
   2) share of electricity supply from zero carbon sources close to 50% in 2035
   3) move away from the use of hard coal for heat generation by 2030,
   4) decommissioning of hard coal fired units by 2030, with the exception of the 910 MW unit in Jaworzno,
   5) readiness to spin off hard coal fired generating assets (or the 910 MW unit in Jaworzno on its own) by 2030, and in the absence of a spin-off, financial ringfencing,
   6) climate neutrality in 2040,
   7) elimination of paper consumption by 80% by 2035 (transition to online and mobile).

The Strategy assumes that 90% of the investment outlays in the years 2024 - 2035 will be allocated to the development of the distribution and renewable energy sources lines of business.

TAURON had disclosed the information on the above event in current report no. 63/2024 of December 17, 2024.

The detailed information on the Strategy is presented in sections 1.5. and 12.5 of this report.

Update of the information on the project to build a CCGT unit at the Łagisza Power Plant

On February 3, 2025 (an event that took place after the balance sheet date), the Management Board of the Company approved the decision of the Company's Investment Committee to close the project related to the construction of a CCGT unit at the Łagisza Power Plant in Będzin (the Project) due to the identified risk of a failure to maintain the profitability of the Project over the full time frame of its life cycle, following the updating of the financial and environmental assumptions.

In addition, on February 3, 2025, the Management Board of the Company approved the decision of the Company's Investment Committee to commence the planning stage of the project related to the construction of a cogeneration heat source at the Łagisza Power Plant in Będzin, as part of which the analyses would be conducted regarding the implementation of an alternative investment option at the same location.

The new project assumes the replacement of the heat currently produced by the hard coal fired unit with the heat to be produced using a modern heating system, including a gas cogeneration unit adapted to the introduction of the zero carbon fuel technology, a unit using the Power to Heat technology and a heat accumulator.

The new project is in line with the assumptions of the strategy of TAURON Group's Heat Line of Business, which assumes a decarbonization of the heat production and maintaining of the status of TAURON Ciepło's district heating system as an energy efficient system.

TAURON had disclosed the information on the above event, in reference to current report no. 8/2022 of March 22, 2022, in current report no. 3/2025 of February 3, 2025.

Other major events

Information on the effects of the tariffs for the G tariff group customers approved by the President of the Energy Regulatory Office

On June 28, 2024, the TAURON Sprzedaż sp. z o.o. (Ltd.) and TAURON Sprzedaż GZE sp. z o.o. (Ltd.) subsidiaries (Trading Subsidiaries) had conducted an assessment of the impact of the tariffs for the electricity supplied to the consumers from the G tariff groups (Tariffs) approved by the President of the Energy Regulatory Office (ERO) on the financial results of the Trading (Supply) Subsidiaries in the year 2024.

The President of the ERO had approved the sales prices for the electricity supplied to the consumers from the G tariff groups by the Trading (Supply) Subsidiaries at the average level of 623 PLN/MWh. The Tariffs are to be in force from July 1, 2024, to December 31, 2025. The G tariff groups' consumer include, first and foremost, the households. The sales prices for the electricity approved by the President of the ERO are materially lower as compared to the tariffs approved on December 15, 2023, which had been supposed to be applicable throughout the entire year 2024. The need to adjust the tariffs applicable to date stems from the provisions of the Act of May 23, 2024, on the energy voucher and the amending of certain other acts in order to cap the prices of the electricity, the natural gas, and the district heating. The solutions provided for in the above mentioned act allow for the spreading of an increase of the electricity sales prices over time and the approved tariffs enable the distributing of the costs and the revenues of the Trading (Supply) Subsidiaries over the 18 month time frame (July 2024 - December 2025).

The analyses conducted by the Trading (Supply) Subsidiaries had demonstrated that the approved tariffs would generate, in the second half of 2024, a loss on the electricity supply to the G tariff group customers estimated to stand at approximately PLN 216 million, which would be recognized in the financial results of the Trading (Supply) Subsidiaries at the EBITDA level in the second half of 2024. Nevertheless, assuming no further legislative changes in this respect would be introduced, the Trading (Supply) Subsidiaries had estimated that the above mentioned loss on the supply of the electricity to the G tariff group customers would be fully offset by the revenues obtained from this group of the customers in 2025.

TAURON had disclosed the information on the above mentioned event in current report: no. 36/2024 of June 28, 2024.

As of the date of drawing up of this report, the estimates indicated above have not changed materially.

Asset impairment tests

Item and description of the incident

On July 16, 2024 (an event that took place after the balance sheet date), the premises for the asset impairment tests to be conducted in accordance with the International Financial Reporting Standard 36 “Impairments of assets” (IFRS 36), due to an update of the pricing assumptions (the so-called price paths) with respect to the prices of the electricity, hard coal, natural gas and the CO_2 emission allowances forecast for the coming years, had been identified. The update of the assumptions stems from an increase of the share of the renewable energy sources (RES) in the energy mix and a simultaneous decrease of the share (significance) of the hard coal and lignite fired conventional energy sources. In addition, a rapid development of the RES and energy storage technologies leads to a significant drop of the electricity SPOT prices which, in turn, has direct impact on the lower valuation of the futures contracts. The above mentioned developments are observed both in Poland as well as in Europe and they represent the effect of the implementation of the long term climate and energy policy of the European Union.

On August 9 2024, the analyses carried out as part of the impairment tests related to the assets belonging to TAURON Group as of June 30, 2024, had been completed. With respect to the consolidated financial statements the analyses completed had demonstrated that it was justified to book a write down for the impairment loss on the carrying value of the property, plant and equipment (tangible fixed assets) and the intangible fixed assets as well as the rights to use the assets in the Generation Segment in the amount of PLN 1 473 million and in the Heat Segment in the amount of PLN 138 million. Tauron had estimated that the above mentioned write downs will translate into a decrease of the consolidated operating profit (EBIT) of TAURON Group for the period of 6 months of 2024 by PLN 1 611 million. With respect to the standalone financial statements the analyses completed had demonstrated that it was justified to write down the carrying amount of the loan granted to the TAURON Wytwarzanie subsidiary in the amount of PLN 1 932 million, which translated into a decrease of TAURON’s gross financial result for the period of 6 months of 2024 by PLN 1 932 million. The Company estimated that booking of the above mentioned write downs would have no impact on the EBITDA of TAURON and TAURON Group for the period of 6 months ended on June 30, 2024 (under the term of EBITDA the Company understands the EBIT increased by the amortization, depreciation and the write downs related to the non-financial assets).

On March 4, 2025 (an event that took place after the balance sheet date), the analyses conducted as part of the impairment tests of TAURON Group's assets as of December 31, 2024, were completed, and, with respect to both the consolidated financial statements of TAURON Group as well as the standalone financial statements of TAURON, they demonstrated the legitimacy of reversing of the impairment losses related to, respectively:

1. tangible and intangible fixed assets as well as the rights to use the assets (after taking into account of the write downs on the parts of the generating units) in the amount of PLN 113 million, which will lead to an increase of the Group's consolidated gross financial result for 2024 by an identical amount,
2. shares in the TAURON Ciepło subsidiary by the amount of PLN 585 million, which will lead to an increase of the standalone gross financial result for 2024 by an identical amount.

The reversal of the above write downs will not affect the EBITDA result in the standalone and the consolidated financial statements of TAURON and TAURON Group.

The final results of the asset impairment tests are presented in note 13 to the *Consolidated Financial Statements of TAURON Group for the year ended on December 31, 2024.*

TAURON had disclosed the information on the above mentioned events in current reports no. 39/2024 of July 16, 2024, as well as in no. 8/2025 of March 4, 2025.

Proceedings related to the status of a Tax Capital Group

In the year ended on December 31, 2024, and in the comparable period, TAURON and the selected subsidiaries settled the income tax as part of the Tax Capital Group (PGK) registered on December 28, 2022, by the Head of the First Mazovian Tax Office in Warsaw for the years 2023 - 2025.

As a result of the merger process carried out in 2024, on July 1, 2024, the merger of TAURON Zielona Energia belonging to the Tax Capital Group (PGK) (the acquiring company) with 10 limited partnerships (the acquired companies) had been registered in the National Court Register, with respect to which, until the merger, TAURON Zielona Energia had been the only limited partner holding almost 100% of all of their rights and obligations. As part of the legal actions covering the merger and an increase in the capital of TAURON Zielona Energia, the Company identified an occurrence of a situation fulfilling the conditions of a material error referred to in Article 84 of the Act of 23 April 1964 - the Civil Code, with respect to the share exchange ratio, as a result of which the registration of the increase translated into a reduction of the Company's share in the share capital of TAURON Zielona Energia from 100% to 62.5%.

As a consequence, the Company and the acquiring company, as well as the partners (shareholders) of the acquired companies, had taken the legal steps, in particular in the form of submitting of the relevant statements of will and the adequate petitions to the Registry Court, aimed at bring about a revoking of the legal effects of the decision of the Registry Court regarding the registration of the merger and an increase in the capital of TAURON Zielona Energia, made on the basis of the legal actions burdened, in the opinion of the Company and entities participating in the merger, with an error.

On December 27, 2024, TAURON, as the parent company in the Tax Capital Group (PGK), had received a decision confirming the expiry, as of July 1, 2024, of the decision to register the agreement on the establishment of the TAURON Tax Capital Group as a result of the violation of the condition of the Company holding at least 75% of the shares in the share capital of TAURON Zielona Energia, a member of the TAURON Tax Capital Group.

On January 10, 2025 (an event that took place after the balance sheet date), TAURON filed an appeal against the decision of the Head of the First Mazovian Tax Office in Warsaw, due to the conviction that the process of merging TAURON Zielona Energia with the acquired companies had been ineffective and thus that TAURON's share in the share capital of TAURON Zielona Energia had been reduced, which was registered on July 1, 2024, in the National Court Register, and thus determines the maintaining of the status of the Tax Capital Group.

On February 11, 2025 (an event that took place after the balance sheet date), as a result of an effective appeal, the Company received a decision of the Director of the Tax Administration Chamber in Warsaw on the revoking in its entirety of the decision of the Head of the First Mazovian Tax Office in Warsaw regarding the expiry on July 1, 2024, of the decision to register the agreement on the establishment of the TAURON Tax Capital Group and referring of the case for a reconsideration by this body. In the opinion of the Director of the Tax Administration Chamber in Warsaw, the first instance body had ignored the evidence and circumstances presented by TAURON before issuing the decision, in particular the fact that TAURON Zielona Energia had filed a lawsuit on December 5, 2024 to declare the resolution of the meeting of the shareholders (partners), adopted in connection with the merger of the companies and the increase in the capital of TAURON Zielona Energia, as being null and void, and did not consider TAURON's petition to suspend the tax proceedings until the common court decides on the issue of the effectiveness of the merger.

On February 4, 2025 (an event after the balance sheet date), the District Court in Katowice issued a ruling declaring the resolution of the Extraordinary Meeting of the Shareholders of TAURON Zielona Energia with respect to the merger of the acquiring company with the acquired companies as being null and void.

On March 21, 2025 (an event that took place after the balance sheet date), TAURON Zielona Energia received the information that, at its request, the District Court of Katowice East, 8th Commercial Division of the National Court Register, had deleted from the National Court Register the entry of July 1, 2024, regarding the merger of TAURON Zielona Energia with 10 limited partnerships.

On March 24, 2025 (an event that took place after the balance sheet date), TAURON received a decision from the Head of the First Mazovian Tax Office in Warsaw on the dismissal of the tax proceedings regarding the expiry of the decision to register the agreement on the establishment of the TAURON Tax Capital Group.

Item and description of the incident

The receipt of the above decision is the result of the case being reconsidered by this body and means that the status of the TAURON Tax Capital Group has been maintained. As a result, the tax proceedings conducted in this case have become moot.

TAURON had disclosed the information on the above mentioned events in current reports no. 67/2024 of December 27, 2024, no. 4/2025 of February 11, 2025, no. 11/2025 of March 21, 2025, as well as in no. 12/2025 of March 24, 2025.

Signing a memorandum of understanding between TAURON and PEPKH concerning possibility of amicable settlement of disputes with Amon Sp. z o.o. and Talia Sp. z o.o.

On April 2, 2025 (an event after the balance sheet date) TAURON and PEPKH as well as companies from the Capital Group of Polenergia – Amon Sp. z o.o. (Amon) and Talia Sp. z o.o. (Talia, jointly with PEPKH and TAURON and Amon as Parties) signed a memorandum of understanding concerning possibility of amicable settlement of all court disputes between the Parties (Memorandum). Signing the Memorandum means that amicable settlement of disputes between the Parties has become probable.

In line with the provisions of the Memorandum, the Parties agreed that the terms and conditions of amicable settlement of the court disputes should be as follows:

1. The Parties declare they are ready to terminate Agreements for the Sale of Property Rights resulting from certificates of origin confirming that electricity was produced by a renewable source of energy by, respectively Amon and Talia, concluded on December 23, 2009 between PEPKH, Amon and Talia.
2. The Parties declare they are ready to amend Power Purchase Agreements for electricity produced in wind farms of respectively Amon and Talia concluded with PEPKH on December 23, 2009 in such manner that their performance should be resumed for a period of 10 years from the date of signing the settlement agreement and the new price at which the electricity will be purchased agreed by the Parties will not be changed throughout the term of the agreements.
3. Amon and Talia declare they are ready to withdraw lawsuits filed against PEPKH and waive their claims in disputes conducted before the District Court in Gdańsk. PEPKH declares it is ready to pay Amon and Talia one time compensation in the total amount of PLN 15 million. The amount agreed between the Parties will be paid to notary's escrow account and will be released upon signing of all settlement documents. PEPKH declares it is ready to withdraw its counterclaim against Amon filed with the District Court in Gdańsk and the lawsuit against Talia filed with the District Court in Warsaw, with claims waived in both cases and declares it is ready to withdraw cassation appeals in cases conducted before the Supreme Court.
4. The Issuer declares that on the day of signing the settlement documents, it is ready to sign settlement agreement with Amon and Talia following which Amon and Talia will withdraw their lawsuits and waive their claims against the Issuer filed with the District Court in Katowice and at the same time the Issuer will enter into rights and obligations of the Buying Party of the Power Purchase Agreements in place of PEPKH.
5. The Parties declare they are ready to waive all their mutual claims and rights that are or might be attributable to them for non-performance or improper performance of the Power Purchase Agreements by either Party, as well as all tort related claims resulting from such non-performance or improper performance of such agreements, and the waiver will include both, the claims already covered by court disputes as well as any further claims not covered by those disputes, that would refer to the period of time closed before the conclusion of the future, settlement agreement negotiated by the Parties.

The Parties signing the Memorandum declared that in the case of concluding settlement agreement on the abovementioned terms and conditions, the Power Purchase Agreements will cover purchase of the total volume of electricity from Amon and Talia wind farms at the estimated level of approx. 1.2 TWh in the horizon of 10 years term of the Power Purchase Agreements, and the total value of the Power Purchase Agreements in the 10 years term of the agreements defined as a result of multiplication of the volume of power sold and the price determined in the agreements will amount to estimated amount of approx. PLN 500 milion.

Signing the Memorandum is not equal to signing settlement agreement between the Parties, and is only a declaration of the Parties intention of amicable settlement of court disputes. For the above provisions to enter into force, corporate approvals of all Parties are required as well as signing of relevant settlement documentation the wording of which will be now negotiated by the Parties.

TAURON disclosed the information on the above mentioned event in current report no. 13/2025 of April 2, 2025 in reference to current reports no. 7/2015 of March 19, 2025, no. 21/2018 of June 18, 2018, no. 26/2019 of July 25, 2019, no. 33/2019 of September 2, 2019, no. 6/2020 of March 6, 2020, no. 40/2020 of September 8, 2020, no. 49/2021 of December 20, 2021, no. 44/2022 of November 17, 2022, no. 20/2023 of March 31, 2023 and no. 50/2023 of December 28, 2023.

2.7. Prizes and accolades (honorable mentions)

TAURON and TAURON Capital Group's subsidiaries had received the following awards and accolades (honorable mentions) in 2024:



TAURON awarded the *Green Energy Leader* statuette by the Executive Club during the *Green Industry Diamonds* gala as a company that stands out against its industry competition and takes into account the implementation of sustainable development goals in its strategy.



TAURON awarded special *The Best of The Best* prize for the continuous high quality of the annual reporting in *The Best Annual Report 2022* competition organized by the Institute of Accounting and Taxes.



TAURON awarded the 1st place and TAURON Wytwarzanie awarded the 7th place in the *Golden Hundred Enterprises of the Silesian Province for the top companies in the region* ranking, organized by Polska Press Grupa, the editor of the *Dziennik Zachodni* daily and *Strefa Biznesu*.



TAURON awarded a special prize and the Friendly Workplace 2024 statuette for its efforts aimed at creating a friendly organizational culture in a competition organized by Markapracodawcy.pl



TAURON awarded a special honorable mention for the dialogue with the stakeholders by the *Rzeczpospolita* daily at the ESG Eagles Gala.



TAURON awarded the 1st place in the *ESG Ranking. Responsible Management in the fuel, energy, mining category*, which is a list of the largest companies in Poland assessed in terms of the responsible management in accordance with the ESG guidelines.

PRZYJAZNA REKRUTACJA

TAURON Obsługa Klienta awarded a prize as part of the participation in the Friendly Recruitment Coalition, which brings together companies and organizations that apply and promote the good recruitment practices and distinguish themselves by caring for the positive experiences of the candidates taking part in the recruitment processes.

HR 2024 NAJWYŻSZEJ JAKOŚCI

TAURON and TAURON Obsługa Klienta awarded the HR Top Quality Awards 2024 prize by the Polish Human Resources Management Association for creating and implementing the best HR projects and practices in the organization. TAURON and TAURON

Dream Employer POLAND 2024

TAURON Obsługa Klienta awarded a prize in the Dream Employer competition promoting the employers that create an inspiring, diverse and inclusive work environment.

ODPOWIEDZIALNY PRACODAWCA Lider HR 2024

TAURON awarded the Responsible Employer. HR Leader prize, the purpose of which is to promote the right activities with respect to the Human Resources management.

2.8. Expenditures to provide support for culture, sports, charity institutions, media, social organizations, trade unions

The sponsoring, promotional and CSR activities are aimed at building the strength and recognition of the TAURON brand. Their task is to create a strategic position of the brand in the energy industry in the minds of the customers, which will provide support for the implementation of the business challenges stemming from TAURON Group's Strategy for the years 2025 - 2035. The role of the sponsoring, promotional and CSR activities is to build a positive brand image, customer trust and a strong and long term relationship with them, which will ultimately contribute to the growth of the company and strengthen the image of TAURON as a credible business partner.

The perception of the organization through the prism of its image has a key impact on the customer's willingness to make purchases and customer loyalty. TAURON Capital Group is associated with almost 6 million customers, and the main area of its operations covers the following provinces: Lower Silesia, Opole, Silesia and Małopolskie.

As part of the corporate regulations, the above mentioned activities are described in the core documents adopted by way of a resolution by the Management Board of the Company and implemented by the specific subject matter related areas. These corporate acts include:

1. TAURON Brand Strategy for the years 2022 - 2030,
2. TAURON Group's Sponsorship Strategy for the years 2018 – 2025[1]
3. TAURON Group's Communication Strategy for the years 2018 – 2025,
4. TAURON Group's Sponsorship Principles,
5. TAURON Group's Principles of Conducting Promotional Activities,
6. TAURON Group's Principles of Conducting Corporate Social Responsibility (CSR) Projects[1].

[1]In 2024, the Company developed a new "TAURON Group Sponsorship, Promotion and CSR Strategy for the years 2025 - 2035", which was approved in the first quarter of 2025..

These documents regulate in detail the manner and the objectives of spending the funds as part of the implementation of the sponsorship, promotional and the CSR activities. They also regulate the method to be applied to assessing of the effectiveness of such projects. This makes the activities with respect to developing and managing the image of TAURON Capital Group transparent and measurable.

TAURON Capital Group attaches particular importance to the proper performance of the role of a responsible member of the community within which it is operating, It addresses the pro-social projects broadly, in proportion to the range of its business operations.

Table no. 26 TAURON Capital Group's expenditures to provide support for culture, sports, charity institutions and social organizations in 2024

Category	TAURON Capital Group's expenditures in 2023 (PLN m)[1]
1. Culture and art	1.8
2. Sports	17.3
3. Education	0.6
4. TAURON Foundation	3.5
5. Social organizations / charitable institutions	1.6

[1]*The expenditures include the costs of the sponsor*ship, promotional and CSR related activities as well as the donations provided by TAURON Capital Group's subsidiaries to the foundations, social organizations, etc.

In the sports category, the biggest support was provided to the Polish Olympic Committee (Polski Komitet Olimpijski), with which TAURON had signed a long term agreement in 2023. As part of this cooperation, TAURON was a strategic sponsor of the Polish sports associations: Polish Roller Sports Association (Polski Związek Sportów Wrotkarskich), the Polish Aeroclub (Aeroklub Polski), the Polish Gymnastics Association (Polski Związek Gimnastyczny) and the Titular (Name Rights) Partner of the Polish Hockey League (Polska Hokej Liga).

As of 2020. TAURON has also been cooperating with the Polish Volleyball League with which TAURON extended the cooperation for another four years in 2024. As part of the titular (name rights sponsorship) and strategic sponsorship, TAURON is providing its support for the best volleyball leagues in Poland. The titular sponsorship (name rights partnership) covers TAURON leagues and the Polish Cup for Women and Men, while the strategic sponsorship covers: PlusLiga, Polish Super Cup for Women and Men.

Supporting sports for the local community, TAURON is also the titular sponsor (name rights partner) of the GTK Gliwice club.

From the point of view of TAURON Capital Group's sponsorship spending, TAURON Arena Kraków indoor venue is an important project of a strategic regional scope. In 2024, TAURON had signed a new agreement under which it would be the titular sponsor of the facility until 2028. TAURON Arena Kraków is an interdisciplinary venue hosting the sports and cultural events. It is the largest sports and entertainment indoor arena in Poland and one of the most modern venues in the world, and the events held in the facility have a nationwide reach and are highly recognizable.

For 17 years, TAURON has been a sponsor of the TAURON Nowa Muzyka festival, presenting the most interesting debutants and the greatest classics of the contemporary electronic music, as well as jazz and rock artists.

As part of educational projects, TAURON has been supporting the Wawel Royal Castle continuously since 2010. In 2024, the cooperation with Wawel had included the patronage of the summer outdoor music festival *Wawel at Dusk (Wawel o zmierzchu)* and the *Health Week* (*Tydzień Zdrowia)* project combined with a blood donation campaign, as well as the exhibition projects and educational campaigns for the children and youth.

In 2024, the Group had also implemented an educational campaign under the slogan *#Do not cause smog #Take a breathe (#Weź nie smoguj #Weź oddychaj)*, addressed to the residents of the Silesian metropolitan area, including the educational activities carried out at the schools.

At the end of 2024, TAURON Group got involved in the *EcoMagic of the Holidays (EkoMagia Świąt)* project, the goal of which is to promote the ecological attitudes and build a holiday mood among the local communities. The project covered 7 cities in the area of the Company's operations, including Wrocław, Katowice, Kraków, Opole, as well as the flood affected areas in Głuchołazy. As part of the events organized, the residents were inspired to take the pro-ecological actions, including, among other things, the collection of the raw materials and waste recycling.

Among the CSR projects carried out by TAURON, the cooperation with the Siemacha Association deserves a special mention. Thanks to the partnership with TAURON Group, the Siemacha Association is able to provide support in the field of education, therapy and sports for more than 2 500 children at 20 specialist facilities operated in the south of Poland.

The power of good energy was also released in the cooperation with the Sherpas of Hope Foundation, which enables people with the disabilities to fulfill their dreams of conquering the mountain peaks.

TAURON Group has been cultivating a tradition of a cooperation with the organizations that provide help and ensure people's safety for years. Since 2014, TAURON has been supporting the Mountain Volunteer Search and Rescue Service (Górskie Ochotnicze Pogotowie Ratunkowe - GOPR). As part of the cooperation, TAURON and GOPR are organizing the campaigns that promote an active lifestyle and safe behavior in the mountains.

TAURON Capital Group includes the TAURON Foundation, which, thanks to the financial support of the Group's subsidiaries, is achieving its statutory goals. The Foundation operates as an independent public benefit organization, remaining outside of the corporate regulations of TAURON Group.

In 2024, the Foundation had carried out 220 social initiatives, focusing on providing help for the people and institutions that had found themselves in a difficult situation. It provided support for TAURON Group's employees and their families, engaged in the educational and sports projects, and supported the educational, health care and rehabilitation facilities.

One of the key activities in 2024 had been aid for the flood victims in the Lower Silesia. The Foundation organized the deliveries of water, food, work clothes and tools for the residents of the counties of Prudnik, Głuchołazy and Świdnica. The affected employees of TAURON Group received a special support - the donations handed over made it possible to purchase the building materials, furniture and household appliances, helping many families return to normal.

In addition, the Foundation provided the support for the Volunteer Fire Departments (Ochotnicze Straże Pożarne) operating in the flood affected areas by financing the purchase of the equipment and supplies that had been destroyed or used intensively during the rescue operations.

The detailed list of the projects supported by the TAURON Foundation is available on the foundation's website at the following address: https://fundacja.tauron.pl/wspieramy/projekty-realizowane.

3. RISK IN TAURON GROUP'S OPERATIONS

3.1. Risk management strategy

At TAURON Group risk is understood as an uncertain occurrence or a group of occurrences that, in case of materializing, will have an impact on achieving by TAURON Group of its defined strategic goals, both in a negative manner (a threat), as well as in a positive way (an opportunity). In line with its Strategy in place the Company is implementing the process of managing the risk related to the operations of TAURON Group. The primary goals of risk management include ensuring the broadly understood security and safety of TAURON Group's operations. In particular, TAURON Group's risk management is to ensure an increased predictability of achieving its strategic goals, sustainable (stable) generation of its financial results, the protection of TAURON Group's current economic value, as well as provide support for the decision making processes.

TAURON Group's risk management:

1. is based on the risk management process that provides the comprehensive and consistent rules – it is a continuous process that includes the risk identification, the risk assessment, the implementation of the adopted response to risk as well as the communications among the participants of the process,
2. covers all of the elements of the value chain,
3. provides the centralized risk measurement, monitoring and control function, as well as the ability to evaluate the full risk profile in the organization and the consistent risk management principles,
4. ensures the independence of the risk taking function from its control and monitoring,
5. ensures a clear split of the competences and the responsibilities, in particular by introducing the risk ownership function,
6. is overseen by the Risk Committee which, as an expert team, initiates, analyzes, monitors, controls and supports the functioning of the risk management system at TAURON Group on a permanent and continuous basis,
7. is a pro-active process, focused on an adequately early identification of the threats (risks), allowing for taking of the preventive measures,
8. is a systematic and continuously improved process which allows for aligning it on an ongoing basis to TAURON Group's specifics and its organizational structure, as well as to the changing environment,
9. places an emphasis on developing awareness, training and encouraging personnel to use the knowledge of the risks in the daily activities,
10. co-forms TAURON Group's internal audit (control) system, constituting, along with the compliance and the security management functions, an element of the Three Line Defense Model,
11. uses the tools that allow for an effective implementation of the process, i.e. a risk card (sheet), a risk register (log), a risk response plan, the volatility models, the scoring models and the risk limits,
12. is based on a risk model that defines a consistent classification of risk, enabling its uniform and comprehensive recognition (handling) at TAURON Group's level.

The Enterprise Risk Management System (ERM System) is governed by *TAURON Group's Enterprise Risk Management Strategy* that defines the organization's corporate risk management framework and rules, and its goal is to ensure the consistency of managing the individual risk categories that are detailed in the separate regulations, aligned to the specifics of the individual threat (risk) groups. As part of the ERM Strategy, the Enterprise Risk Management Process (ERM Process) plays a central role, ensuring a comprehensive and coherent risk management principles, interconnected methodologically and informationally. The ERM process includes the continuous activities with respect to the risk identification, the risk assessment, the risk control and monitoring, planning as well as the implementation of the risk responses, also including the communication between the participants of the risk management process. As part of the ERM System, the following Specific Risks are identified within TAURON Capital Group, for which the separate Policies tailored to the nature and the specifics of the given group of threats (risks) are defined.

Figure no. 19 Basic classification of the enterprise risk

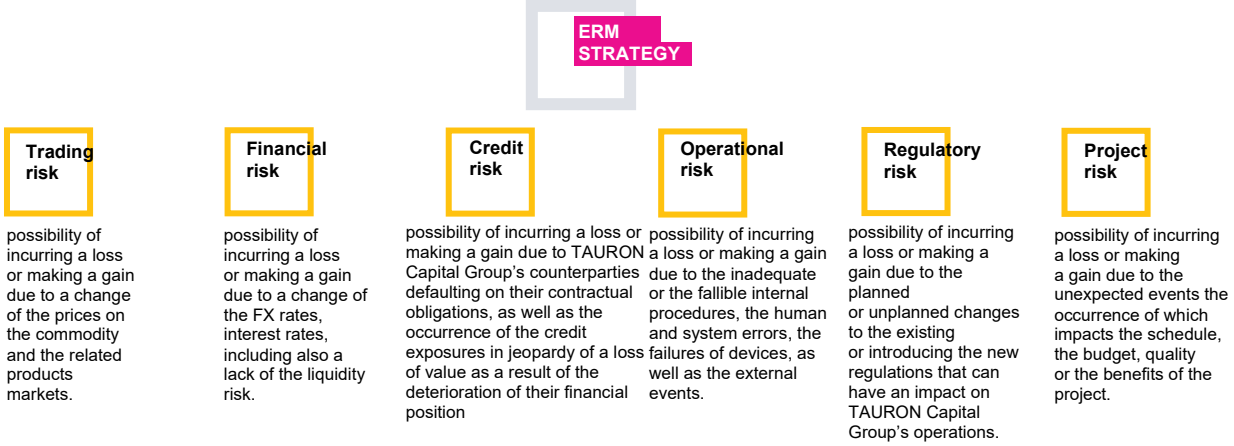
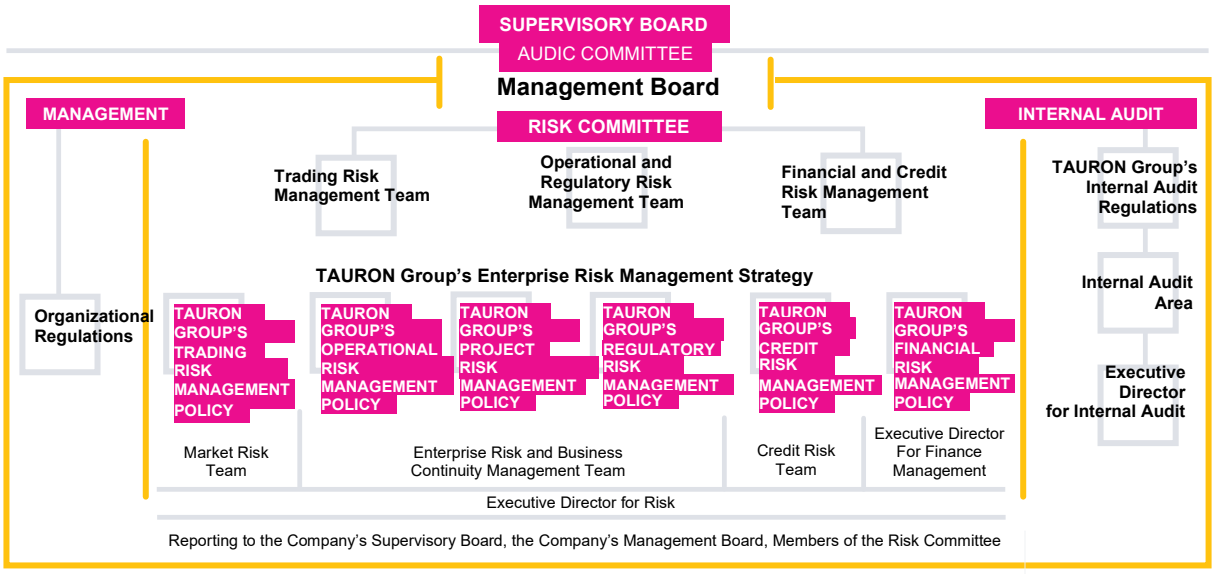


Figure no. 20 The links between the various roles in the context of the ERM Strategy and the documents regulating the ERM



During the reporting period, the risk response activities had been implemented at both the operational and strategic levels, which had been directed at minimizing the negative effects of the identified risks in both the business aspects, as well as with respect to the business continuity, and, in particular, in 2024:

1. intensified risk control was carried out due to the high volatility of the market and the economic environment, as well as the risks of key importance to the Capital Group's operations,
2. updated and adjusted the strategy for securing the commercial position in line with the commercial plans, the market and the regulatory conditions,
3. monitoring of the regulatory environment was carried out and responses were taken in terms of preparing the analyses of the impact of legislative projects on TAURON Group, participating in the consultations within the industry associations, preparing of the regulatory positions,
4. monitoring of the risk of exceeding the covenants included in the financing agreements was carried out.

The development of TAURON Group's system of the risk control indicators, with a particular focus on the early warning indicators, was steadfastly continued. There was also an annual review and updating of the TAURON Group's risk registers, with the aim to identify the new risk factors as well as review and implement the mitigating actions, and to identify the material risks, opportunities and impacts (IROs) from the perspective of the sustainability aspects.

3.2. Risks in the individual Segments of operations

Table no. 27 Risks in the individual Segments of operations

Segment	Description of the risk
	Generation –The Generation Segment is exposed to the market risk, the regulatory risk as well as the technical and the organizational risks that will have a significant impact on the Segment's results in the coming years. One of the key risks for the Generation Segment is the market risk associated with the volatility of the prices of the electricity and the related products, which translates into the amount of the margins earned from the operations conducted. 2024 had brought a stabilization of the market conditions and an improvement in the balance between the demand and supply on the hydrocarbons market, leading to a downward trend of the electricity prices and the decline of their volatility. Nevertheless, in the perspective of 2025, taking into account the effect of the implementation of the new balancing market rules that will be increasing the price volatility on the SPOT market and on the balancing market, an elevated level of the market risk is identified. The material aspects affecting the observed reduction in the generation output of the conventional units include also the imports of the electricity and an increase in the volume of the energy production using the RES technologies. This situation, in addition to having a negative impact on the segment's profitability, may result in the reduced demand for the fuel and lead to the curtailments in its purchases from TAURON Group's contractors (counterparties). The rapid development of the RES technologies and the ever growing share of the renewable energy in meeting of the demand for the electricity, apart from the declines in the electricity demand and the positive import balance of the cross border electricity exchange, also leads to the pushing of TAURON Group's conventional generating units out of the market and the need to adapt the operation of such conventional generation sources to the unstable (intermittent) production of the renewable energy sources. Such a situation forces the need to balance the units on the short term markets (buybacks / forced actions), which may generate both the opportunities, as well as the threats (risks). Nevertheless, the high price of the fuel has led to the maintaining of the high cost of the production in these generating units and the lack of the ability to compete with the other cheaper sources of the electricity. With respect to the operational factors, the most material threat is the risk of not achieving the planned availability rate (dispatchability) of the generating units, which is related to the individual units' failure rate, the high variability of the units' loads, the quality of the fuel and the market situation, as indicated above. The direct effects of a failure rate of the generating units include the costs of the fixing of the failures as well as the commercial consequences stemming from a failure to earn the margin on the electricity sales or the need to balance the sell position. A failure to meet the planned availability rate (dispatchability) of the generating units may also result in the inability to meet the capacity obligation, which, if it is not possible to reserve the capacity using the internal sources or on the secondary market, may result in the assessing of the penalties on the Generation Segment's subsidiaries for this reason. In the longer term, it is important to keep in mind the directions set by the EU Climate Policy and the gradual phasing out of the fossil fuel based generating units. This is of particular relevance in view of the announcement of the acceleration of the pace of the reductions in the greenhouse

Segment	Description of the risk

gas emissions by 2040. This will result in a gradual further deterioration of the profitability rate for such generating units, the pushing out of the production from these sources by the low- and zero carbon units, and the phasing out of the support systems currently in place.



Heat – The Heat segment, in addition to the factors similar to those applicable in the Generation segment. i.e. the market risk, the regulatory risk as well as the technical and the organizational risks (the assets' availability rate (dispatchability)), is exposed to the risks in the operations related to the risk of the reduced demand for the heat and a reduction in the contracted heat capacity due to the large scale thermal modernization works on the buildings and a rise in the average winter outdoor temperatures due to the climate change taking place. The heat sales are also subject to the tariff risk, where the ability to pass on the cost of the operations to the final consumer may be restricted by the regulatory constraints. The meeting of the regulatory requirements will, in turn, be particularly important during the implementation of the replacement investment projects in the heat segment, carrying the risks arising from the selection of the generation technologies and the new units' compliance with the stricter environmental requirements.



RES – The RES segment is exposed to the market risks, the risks related to the weather factors having an impact on the volume of the electricity production, in particular the hydro, the wind and the solar based power generation, the technical and the organizational risks, as well as the regulatory risks, the impact of which may have a significant impact on the earnings of the RES Segment and, what follows, also on the expansion (growth) opportunities thereof

One of the key risks of the RES Segment is the market risk associated with the volatility of the prices of the electricity and the related products, which translates into the amount of the margins earned from the operations conducted. The rapid growth of the installed capacity in the photovoltaic and the wind based power generation sources and an increase in the share of the electricity demand covered by such generation sources have an impact on the changes in the price level and profile on the wholesale electricity markets. In particular, the price declines are observed during the periods of the high production of the renewable energy sources. The continuation of such a trend, along with the lower demand for the electricity, leads to the negative prices on the short term markets. As a consequence, this has had, and it will continue to have, an impact on the profitability rate of the existing and the planned RES generating units.

The weather conditions represent a material threat to the segment, affecting the volume of the production by the RES units. In particular, the volume of the electricity produced by the hydro power plants is dependent on the hydrological conditions, including the quantity and the frequency of the rainfall both in the winter, as well as during the summer period. In the case of the wind and the photovoltaic power generation, the lower volatility of the volume produced, and thus the greater stability of achieving the planned production volumes is observed.

The results of the RES Segment are also impacted by the availability (dispatchability) rates of the assets and the risk of a failure related thereto (including, among other things, in the event of an occurrence of the extreme weather events), and, as a consequence, the possible temporary outages of some of the assets from use and the potential additional costs of the repair thereof.

With respect to the RES Segment's expansion (growth) it should be pointed out that the existing RES Segment's growth opportunities and strategies are facing the regulatory headwinds related, in particular, to the construction of the new RES sources. In particular, in spite of the partial liberalization of the so-called distance law, there are still barriers in place that curtail the development of the onshore wind energy.



Distribution – The Distribution Segment is exposed to the macro economic risk, the regulatory risk as well as the technical and the organizational risks that will have a significant impact on the Segment's results in the coming years.

One of the most important threats to the Distribution Segment is the distribution services sales risk related to the electricity delivery volume, and, as a consequence, the fluctuations of the revenue from the provision of the distribution services to the individual groups of consumers. The material reasons behind this risk include both the macro economic factors, i.e. a decline of the demand for the electricity due to the economic slowdown or the weather conditions, as well as the factors stemming from the climate issues, i.e. an increase in the consumer awareness with respect to reducing the energy consumption intensity and the rapid growth of the prosumer energy observed over the recent years. However, this risk is a medium term risk by the nature thereof due to the regulatory account mechanism in place, aimed at the balancing, in the medium term, of the impact of the fluctuations in the level of the demand for the electricity to cover the operating expenses of the DSOs.

An equally material risk is associated with the occurrence of an unfavorable deviation of the operating expenses related to the inability to cover the costs of the operations during the period covered by the tariff, and in particular the operating expenses and the costs of purchasing the electricity to cover the balancing difference.

With respect to the operational factors, a material risk for the Distribution Segment is the risk of an asset failure, i.e. the risk related to maintaining the availability of the transmission networks (systems) and the costs related to the fixing of the failures resulting from, among other things, the climate changes leading to an increase in the frequency and the intensity of the extreme weather occurrences, such as the hurricanes, hoar frost, strong winds incidentally accompanied by the tornadoes and the thunder lightnings causing the failures of the distribution grids. One should also take into account a rapid increase in the number of the renewable energy sources, which has an impact on the stability of the operation of the distribution grid.

In the medium term and in the long term, the material risks for the Distribution Segment include the regulatory risks, including the ones related to a change in the structure and the parameters determining the tariff amount (the factors behind this risk include, among other things, the WACC rate, the amount of the capital expenditures, the balancing difference indicators and the level of the transmission fee rates), the issues related to the compliance with the electricity distribution quality indicators that have an impact on the regulated revenue and a change to the distribution tariff model, or an increase in the operating expenses as a consequence of the *Act on the Agricultural Tax, the Act on the Local Taxes and Fees, and the Act on the Forest Tax.*

A threat to the Distribution Segment is also the credit risk, understood as a failure (default) of the contractors (counterparties) to meet their obligations arising from the distribution services sales.



Supply – The Supply Segment is exposed to the market risk, the regulatory risk as well as the risks stemming from the competitive and the macro economic environment that will have a significant impact on the Segment's results in the coming years. One of the most important regulatory risks in the Supply Segment is the regulated tariff risk, related to the level of the costs allowed and approved by the President of the ERO to be passed on in the sales price for the given year for the households (G Tariff), including also a possible tariff adjustment during the year. Currently a significant regulatory risk is also the potential further extension of the regulations already put in place for 2025 (until September 30, 2025) aimed at capping of the price increases for the households and the eligible consumers.

Also identified is a risk related to the interpretation of the President of the ERO regarding the amount of the discharged allowance for the price difference fund (for the period from December 2022 to the end of 2023).

Another threat to the accomplishment of the Supply Segment's goals is the risk related to the non-achievement of the assumed electricity supply volume. The reasons behind this risk stem from, both, the competitive environment factors, as well as the macro economic factors, i.e. a drop of the demand for the electricity caused by the potential economic slowdown and the volatility of the electricity prices. In addition, this risk is impacted by the following factors: an increase of the customer awareness and a change in the customer behaviors and needs, the trend to shore up the consumer rights protection, as well as the regulatory pressure to curb the increases of the prices and the level of the consumption of the electricity and gas by the final consumers.

At the same time, the market risk associated with the volatility of prices of the electricity, gas and the related products poses a threat to the Supply Segment. As a consequence of the high volatility of the electricity and gas prices, as well as the decline in the liquidity of the power exchange based forward electricity market (as a result of the abolition of the so-called power exchange obligation), there is an increased risk of hedging the sell position to the end customer. In addition, due to the changes in the generation structure stemming mainly from the very rapid growth of the

Segment	Description of the risk

renewable energy sources in Poland, observed in the recent years, the material changes in the electricity price profiles are observed. These situations cause increased uncertainty with respect to the cost of the profiling and balancing of the demand of the end customers.

A material threat (risk) to the Supply Line of Business (Segment) is also posed by the credit risk understood as a failure of the customers to meet their obligations arising from the electricity and gas sales (customer defaults). The uncertainty and the fluctuations on the market may lead to an increase in the insolvency rate of the counterparties (contractors) of TAURON Group.

Other Operations and Risks – The other organizational units that are a part of TAURON Group are first and foremost providing the support services for the above mentioned Segments. The main risks that are present in the Other Operations Segment are related to ensuring the availability and the security of the IT services, the broadly understood compliance management, the personal data protection, as well as the security and protection of the property (tangible assets). In connection with the conflict in Ukraine, the security and the cyber security threats (risks) are particularly relevant, including the possible restrictions with respect to the access to the IT / OT infrastructure, the internet and the GSM networks, as well as the physical security of the critical infrastructure elements, the breach of which may cause the disruptions in the functioning of the operational processes and the business continuity.

At TAURON Group's level, one of the material threats related to the entire value chain of TAURON Capital Group is the risk of financing resulting from the gradual withdrawal of the financial institutions from financing of the activities based on the fossil fuels. It should be pointed out that the risk in question is primarily dependent on the potential continuation of the government plans to spin off the hard coal fired generation assets into a separate entity.

The risk of losing TAURON Capital Group's tax status is identified in connection with the pending proceedings.

The material threats (risks) for TAURON Group also include the regulatory and the political issues related to the environment protection and the climate protection issues, the risks related to the financial condition of TAURON Group's key counterparties, the sustainability risks, the risks associated with the human resources management and the workforce (social partner) expectations with respect to the growth of the wages, as well as the pending court litigations. With respect to the regulatory risk, the continued trend towards the tightening of the EU Climate Policy is observed, related to a greater curtailment of the CO_2 emissions and the support for the RES investment projects, which leads to an increase in the volatility in terms of the national sector related regulations, and this, in turn, translates into an increase in the number of the regulatory risks of the strategic importance for TAURON Group.

3.3. Description of the most material risk categories and their mitigation examples

Table no. 28 Most material risk categories identified for TAURON Capital Group

Name and description of the risk	Risk trend and materiality	Main responses to the risk
Trading risk		
Market risk		
The threats (risks) or the opportunities related to a change in the prices on the wholesale electricity market and the energy related product markets, including the hard coal, gas, crude oil, the CO_2 emission allowances, the property rights, which have a negative impact on the financial results, as well as stemming from a lack of the supply of the above mentioned products on the market and the liquidity in the commodity markets.	➡ 🟥	1. Monitoring of the trading positions and of the use (consumption) of the risk limits. 2. Daily control (checking) of the compliance with the limits - *Value at Risk* and the volumes of the open positions. 3. Applying of the *Stop Loss* limits allowing for protecting (locking in) the generated result. 4. The use of the futures (forward) products allowing for the hedging of the future exposure to the trading risk. 5. Taking advantage of the effects of the diversification between the products and the trading portfolios as well as the use of the internal netting.
Financial and credit risk		
Interest rate risk, FX rate risk		
The threats (risks) or the opportunities related to an impact of the interest rates and / or the FX rates on TAURON Group's financial results.	➡ 🟨	1. Ongoing monitoring of the risk exposure in order to minimize the negative impacts of the changes to the interest rates and of the FX rates. 2. Use of the risk limits (*Value at Risk*). 3. Transfer of the risk through the use of the hedging transactions.
Financial liquidity risk and financing risk		
The threats (risks) related to the lack of TAURON Group's ability to meet its obligations on an ongoing basis and the difficulties in accessing the capital, a change in the conditions for obtaining and servicing the financing already taken on and the planned one (including due to the tightening of the EU climate policy).	➡ 🟨	1. Diversification of the sources of financing including the arranging of the guaranteed financing programs as well as the securing of the alternative sources of financing. 2. Analyzing of the market and the availability of the sources of financing. 3. Ongoing communications with the financial institutions. 4. Arranging of the financing agreements ahead of the time the funding is needed.
Credit risk		
The threats (risks) related to a deterioration of the financial condition of TAURON Group's customers and counterparties, and as a consequence, the possibility of an occurrence of the overdue accounts receivable and the pursuit of the accounts receivable by way of a court litigation and the improper performance of the obligations under the concluded contracts.	➡ 🟨	1. Applying of the assessment of the counterparties' credit rating (assigning of the ratings and the credit limits) at TAURON Group's individual subsidiaries. 2. The use of the credit collaterals for the customers with an unacceptable risk exposure. 3. Monitoring of the status (level, balance) of the Company's overdue accounts receivable.

Name and description of the risk	Risk trend and materiality	Main responses to the risk
		4. The use of the continuous monitoring of the financial standing of the counterparties (business partners, contractors). 5. Conducting of the debt collection processes.
Risks related to the environment (stakeholders)		
Macro economic risk		
The threats (risks) or the opportunities related to a change in the economic situation of the country, the instability of the financial markets, which may lead, in particular, to a change in the demand for the electricity, an increase / decrease in the cost of the operations of the enterprise (including the costs of the wages) and a change in the financial condition of the customers and the counterparties.	➡ 🟨	1. Diversification of the revenue sources. 2. Market analysis and the application of the pre-emptive actions with respect to the anticipated crisis (downturn) or a slowdown of the GDP growth rate. 3. Actions taken as part of the response plans with respect to the individual risks at TAURON Group.
Tax risk		
The threats (risks) related to the incorrect or untimely payment of the tax obligations and associated with the implementation of the regulatory changes.	➡ 🟨	1. Activities in accordance with the legal regulations (Corporate Income Tax Act). 2. Issuing of the opinions (providing feedback) with respect to the economic (business) events by TAURON Capital Group's tax advisors. 3. Jointly agreeing upon the positions at TAURON level. 4. Applying of the uniform accounting principles for the companies (subsidiaries) within the PGK (Tax Capital Group).
Climate change risk		
The threats (risks) or the opportunities related to the tightening of the EU climate policy, as well as of the environmental requirements resulting from the climate change, the activities supporting the energy efficiency (the expansion of the prosumer energy development, the support for the thermal insulation projects, the construction of the in-house energy and heat sources, the departure from the hard coal as fuel), a change in the conditions of TAURON Group's operations (the need to adapt the company to the challenges of the changes stemming from the climate change). The implications of the risk include: the headwinds / tailwinds or the volatility of the costs of raising the capital to finance the operations based on the fossil fuels, the need to incur the additional capital expenditures for adapting of the assets to the environmental requirements, an increase of the price of the CO_2 emission allowances, the decline of the demand for the products offered by TAURON Group's subsidiaries.	⬆ 🟥	1. Application of *TAURON Group's Climate Policy*. 2. Gradual adaptation of the production assets and the energy mix of TAURON Capital Group to the production of the renewable energy as well as the zero and low emission electricity generation technologies. 3. Update of TAURON Group's Strategic Research Agenda. 4. Adaptation of TAURON Group's Investment Strategy to the guidelines stemming from the Group's Strategy and TAURON Group's Climate Policy. 5. Active participation in the works of the teams issuing the opinions (providing feedback) on the projects and proposing the optimal solutions. 6. Active searching for the technical and organizational solutions that would minimize the impact of TAURON Capital Group's operations on the climate change. 7. Promoting of the eco-mobility or the climate-neutral mobility. 8. Cooperation with the business partners and the social partners (workforce) with respect to the adaptation to the climate change.
Risks related to the technology, infrastructure and security (safety)		
Environmental risk		
The threats (risks) related to the negative impact of the business operations conducted on the natural environment and the use of its resources, including, in particular, the loss of the control over the process that would enable the prevention of the overly excessive (above the applicable standards) pollution, damage, disruption or failures of the installations or equipment that would have a negative impact on the environment. The materialization of the risk results in the degradation of the natural environment and the penalties for a failure to meet the environmental requirements, the need to remove them, a curtailment of the production, the delays in the implementation of the investment projects, a contamination of the water sources in a way that makes their use impossible, a destruction of a habitat, facility or an area that is of value for nature – a nature restoration project related compensation, the restrictions on the further expansion of the business operations, a loss of TAURON Group's image, a limitation of the possibility of using the financial aid programs. The risk also includes an increase in the environmental requirements stemming from the tightening of the EU's climate policy.	➡ 🟨	1. Application of TAURON Group's Environmental Policy. 2. Conducting of the business operations that have an impact on the environment in accordance with the principles of the sustainable development. 3. Monitoring of the proposed legal regulations in order to take the pre-emptive environmental measures as part of TAURON Group's business operations, and in particular with respect to the investment and asset management processes. 4. Working with all of the parties and process participants in order to identify and minimize the environmental impacts. 5. Active searching for the technical and organizational solutions that would minimize the potentially adverse impact of TAURON Group's business operations on the climate change 6. Monitoring, documenting and monthly reporting of the selected values (parameters) to the Group level for the purpose of management analysis, development of the recommendations and an exchange of the "industry's environmental best practices", through which a continuous improvement of TAURON Group in the area of environmental protection is realized. 7. Responding to the changing communication channels and the activity with respect to seeking of the environmental data from the stakeholders.
Weather risk		
The threats (risks) or the opportunities related to the volatile weather conditions, including the more frequent	➡	1. Gradual adaptation of the production assets to the consequences of the extreme weather phenomena and the volatility of the weather

Name and description of the risk	Risk trend and materiality	Main responses to the risk
occurrence of the weather anomalies, leading, among other things, to a volatility of the volume of the electricity and the heat supply and distribution, a volatility of the production volume.		conditions, in particular in the Lines of Business sensitive (vulnerable) to these factors. 2. Monitoring and analysis of the new technological solutions curtailing the impact of the adverse weather conditions on the volume of the electricity produced. 3. Continuous technical supervision of the operation of individual wind mills conducted by the companies operating the farms.
Company assets (property) risk		
The threats (risks) related to the failures of the machinery and equipment, the distribution (of electricity, heat) grid failures caused, among other things, by the operation thereof, but also by the random (fortuitous) events, including those related to the extreme weather conditions (storms, floods, hurricane winds, heat waves, fires) as a consequence of, among other things, the climate change. The materialization of the risk has an impact on the availability (dispatchability) rates of the assets and results in the downtime related to the asset failures, the increased costs of the rectification thereof, the deterioration of the quality indicators and the impact on the regulated revenue. In addition, it may also lead to a failure to meet the capacity obligation, as a consequence resulting in the need to conclude the transactions on the secondary market or the payment of the financial penalties to the TSO (PSE). One of the effects is also the need to balance the trading position.		1. Optimizing of the capital expenditures on the asset replacements, the ongoing monitoring of the condition of the machines, devices and the installations. 2. Recommending of the tasks, to be included in the Investment Plan, with respect to the replacement investment projects to reduce the causes of the risk for the equipment with a nominal life cycle overrun. 3. Raising of the professional qualifications and the work culture of the personnel by organizing of the courses and the training. 4. Responding to the emergency situation by the technical personnel and the automatic process safety interlocks (safeguards). 5. Introducing of the IT tools with respect to improving of the monitoring and managing the failure indicators (rates, ratios). 6. Continuous monitoring of the availability (dispatchability) rate of the generating units and the demand side reduction facilities, as well as the shifting of the capacity obligations that require reserving to the dedicated intra-group reserve units or to the external entities. 7. Gradual adaptation of the production assets to the consequences of the extreme weather phenomena and the volatility of the weather conditions, in particular in the Distribution Line of Business.
IT / OT risk		
The threats (risks) related to the IT / OT infrastructure security and safety, as well as the failures of the IT / OT infrastructure (including a ransomware attack).		1. Developing and maintaining of the plans aimed at ensuring the continuity of the IT / OT infrastructure's operation. 2. Periodic identifying and categorizing of the IT / OT resources based on the service restoration targets. 3. Use of the IT / OT solutions with the adequate technical parameters, ensuring an acceptable level of the reliability and performance of the operation (including also the UPS devices, the GSM modem, the mobile phones). 4. Planning and conducting of the training courses with respect to the IT / OT infrastructure's continuity of the operation and security.
Risk related to the purchasing of the energy related fuels		
The threats (risks) or the opportunities related to the possible necessity to purchase the hard coal at a higher / lower price than assumed in the budget plan (which may be due to a change in the production of the electricity and thermal energy by TAURON Group's generating units, as well as due to a failure to fulfill the concluded hard coal contracts in the minimum quantities). An additional risk factor is the supply of the hard coal on the market, in particular the hard coal with the right quality parameters, which, as a consequence, may lead to a failure to meet the level of the strategic reserves or, in an extreme scenario, the need to reduce the production output.		1. Maintaining of the required levels of the hard coal inventory in the stockpiles, 2. Securing of the additional hard coal volume under the SPOT contracts and, as a volume option, purchasing of the imported hard coal. 3. Use of the DAP / CPT formulas, allowing for the flexible response to the changing market conditions (increasing of the hard coal deliveries using the supplier's transportation). 4. Monitoring of the performance of the volumes specified in the contracts. 5. Long term hedging of TAURON Group's fuel position taking into account the current economic conditions. 6. Negotiations with the hard coal suppliers. 7. Searching for the new directions of the supplies.
Risks related to the work force and the organizational culture		
Personnel risk		
Risks (threats) related to the labor issues, including the provision of the qualified personnel, diversity, participation, employment and working conditions, the relations with the trade unions and the respect for the right of freedom of association, the human capital management, the career path management and the recruitment, the training systems, the occupational health and safety, as well as, in the longer term, the need to ensure the adequate competences resulting from the energy transition process. The materialization of risks may result in the interruptions or the disruptions in the operational activities, the labor grievances, the industrial disputes, the strikes, a loss of the specialized staff and the difficulties in replacing them.		1. Conducting of the consultations with the social organizations operating at TAURON Group's subsidiaries. 2. Conducting of the social dialogue between the Management Board of TPE and the Social Council within the framework of the drafted "Agreement on the Cooperation in Social Dialogue at TAURON Group". 3. Functioning of the Social Dialogue Ombudsman, who is providing the support for an effective communication between the employers and the trade unions. 4. Caring for the development of the employees' competencies, including through a participation in the development training courses.
Risk of the social disputes		

Name and description of the risk	Risk trend and materiality	Main responses to the risk
Risk related to the collective disputes, the strikes, the social conflicts (the conflicts with the work force) being a consequence of a lack of the personnel's satisfaction with the economic and social situation.	➡ 🟧	1. Conducting of the public consultations regarding the planned changes. 2. Conducting of a policy of the dialogue with the social partners (work force). 3. Preparing and implementing of the motivational solutions. 4. Active internal communication with respect to the personnel matters.
Risk of a lack of due diligence		
The risk associated with a non-compliance with the procedures and a lack of due diligence by the employees in carrying out their duties.	➡ 🟨	1. A systematic periodic training of the employees. 2. An analysis of the repeated cases of errors and mistakes made by the employees, taking of the systemic remedial actions. 3. The implementation of the Internal Control System and the control mechanisms for the processes carried out at TAURON Capital Group.
Risks related to the lack of compliance		
Legal risk (including the risk of non-compliance)		
The threats (risks) related to the changes to the legal provisions and the compliance therewith, the interpretation of the new laws and regulations, the requirements imposed by the regulator and the oversight authorities, as well as the legal disputes with the customers and the counterparties The negative consequences of the materialization of the risk may include the financial penalties, the criminal and the civil law liability, a loss of the image of the Group.	➡ 🟨	1. Continuous monitoring of the regulatory environment and the changes to the legal regulations, including in the area of the social issues, the respect for the human rights, counteracting the corruption, the environment protection and the employee related issues. 2. Implementation of the required changes to the internal regulations and the intra-corporate regulations. 3. Setting up of the working groups tasked with the preparation and the implementation of the required changes stemming from the legal environment. 4. Continuous cooperation with the authorities (regulators) overseeing the energy market and the capital market.
Risks related to the customers and the counterparties (business partners, contractors)		
Customer service risk		
The threats related to the non-compliance with the customer service standards leading to the customer dissatisfaction with the service, the customer complaints, a loss of customers.	➡ 🟨	1. Monitoring and analyzing of the external customer satisfaction indicators (metrics) and the indicators (metrics) related to the complaints. 2. Undertaking of the additional measures, for example, with respect to the internal regulations, defining the standards of conduct as a result of the analysis of the indicators (metrics). 3. Developing of the key account managers' competences and skills.
Volume and margin risk		
The threats (risks) or the opportunities related to a change in the volume of the sales of the products offered by TAURON Group's subsidiaries, in particular as a result of the macro economic situation, the development of the energy efficiency solutions, the thermal insulation of the buildings, the growth of the prosumer energy, the impact of the climate factors causing a significant deviation of the temperature deviation versus the planned values. The implications of the materializing of the risk include the volatility of the revenue at the individual operating segments of TAURON Group due to the changes in the level of the demand.	⬆ 🟧	1. Ongoing updating of the offering, launching of the sales of the multi package (multipakiet) type products. 2. Conducting of the marketing campaigns, acquiring of the new customers. 3. Activities focused on the retaining of the existing customers and acquiring of the new customers (expansion oriented activities).
Purchasing process risk		
The threats (risks) or the opportunities related to the purchasing proceedings conducted, their erroneous implementation, an unplanned change of the purchase costs, taking into account the methods used to prevent the violations of the human rights by the business partners, counteracting corruption and fraud (abuse) in the purchasing process and the compliance with the ethical and moral standards during the implementation thereof.	➡ 🟨	1. Application of the provisions of the Code of Conduct for Contractors (Counterparties) of TAURON Group's subsidiaries. 2. Application of the provisions of TAURON Group's Anti-Corruption Policy. 3. Inclusion of the anti-corruption clauses in the contracts with the contractors (counterparties). 4. Application of TAURON Group's Respect for Human Rights Policy 5. Standardization of the rules of conducting the proceedings in the purchasing process and the transparency thereof. 6. Building of the long lasting relationships with the contractors (counterparties) based on the trust and the mutual respect.
Risks related to the regulations		
Regulatory risk		
The threats (risks) or the opportunities related to the change of the existing regulations or the introduction of the new regulations that have an impact on the operations of TAURON Group and the need to adapt to the regulatory changes, in particular those resulting from	➡ 🟥	1. Continuous monitoring of the regulatory environment and the changes to the legal regulations. 2. Active participation in the consultations with respect to the planned regulations (the industry organizations, the government agencies).

Name and description of the risk	Risk trend and materiality	Main responses to the risk
a significant increase (tightening) in the requirements of a specific regulation, including the environmental requirements stemming from the climate change, the support for the pro-climate activities (the expansion of the prosumer energy, the thermal insulation of the buildings, the development of the in-house generation sources). The implications of the materializing of the risk include, first and foremost: the volatility of the revenues in the individual operating segments of the Group, the volatility of the operating expenses as a result of the need to adapt to the legislative changes.		3. Active measures aimed at creating a regulatory environment in a manner favorable to TAURON Group. 4. Continuous cooperation with the authorities (regulators) overseeing the energy market and the capital market. 5. Consultations with the organizational (business) units with respect to the proposed regulations. 6. Internal consultations.

■ Moderate materiality ■ Medium materiality ■ High materiality

3.4. The impact of the Russian Federation's aggression against Ukraine on the current and future operations of TAURON Capital Group

The information related to the impact of the Russian Federation's aggression against Ukraine on the current and future operations of TAURON Capital Group the transactions with the related entities is provided in note 60 to the Consolidated Financial Statements of TAURON Polska Energia S.A Capital Group.

4. ANALYSIS OF THE FINANCIAL POSITION AND ASSETS OF TAURON POLSKA ENERGIA S.A.

4.1. Principles of preparing annual financial statements

The Financial Statements of TAURON have been drawn up in accordance with the IFRS approved by the EU.

The IFRS comprise the standards and interpretations approved by the International Accounting Standards (IAS) Board as well as the International Financial Reporting Standards Interpretation Committee.

The Financial Statements of TAURON have been drawn up with the assumption of the continuation of the business operations (going concern) by TAURON in the foreseeable future, i.e. over the time frame not shorter than 1 year from the balance sheet date. As of the date of the approval of the Financial statements of TAURON for publication, no circumstances have been detected, indicating any risk for business continuity by TAURON.

The accounting principles (policy) adopted for drawing up of the Financial Statements of TAURON are presented in the individual notes to the Financial Statements of TAURON.

4.2. Overview of the economic and financial data disclosed in the annual financial statements

Statement of comprehensive income

Table no. 29 Annual standalone statement of comprehensive income in 2024 - 2023 drawn up in accordance with the IFRS

Statement of comprehensive income drawn up in accordance with the IFRS (PLN m)	2024	2023	Change in % (2024 / 2023)
Sales revenue	**22 849**	**34 314**	**67%**
Own cost of goods, materials and services sold	(21 865)	(33 924)	64%
Gross profit (loss) from sales	**984**	**390**	**252%**
Cost of sales	(26)	(33)	79%
Overhead costs	(145)	(116)	125%
Other operating revenue and costs	(2)	(11)	18%
Operating profit (loss)	**811**	**230**	**353%**
Operating profit margin (%)	*3.5%*	*0.7%*	*500%*
Income from dividend	1 336	475	281%
Interest income on loans	848	947	90%
Costs of interest on debt	(760)	(928)	82%
Revaluation of interests and shares	551	(271)	-
Revaluation of loans	(1 994)	(760)	262%
Other financial revenue and costs	(175)	(330)	53%
Pre-tax net profit (loss)	**617**	**(637)**	**-**
Pre-tax net profit margin (%)	*2.7%*	*-1.9%*	-
Income tax	(107)	(1)	10 700%
Net profit (loss)	**510**	**(638)**	**-**
Net profit margin (%)	*2.2%*	*-1.9%*	-
Other net comprehensive income	**(79)**	**(232)**	**34%**
Total comprehensive income	**431**	**(870)**	**-**
EBITDA	**822**	**240**	**343%**
EBITDA margin (%)	*3.6%*	*0.7%*	*515%*

The Company had reported an operating profit of PLN 811 million in 2024, which had been higher than the result achieved in 2023, first and foremost as a consequence of generating the higher margins on the trading operations with respect to the electricity, gas and CO_2 emission allowances trading.

The result on the financing activities in 2023 had included the higher income from the dividends and the higher costs related to the revaluation of the loans.

Revenue

Table no. 30 Company's revenue in 2024 - 2023

Item (PLN m)	2024	2023	Change in % (2024 / 2023)
Total revenue	**26 165**	**36 477**	**72%**
Sales revenue	**22 849**	**34 314**	**67%**
Revenue from sales of goods and materials:	**22 503**	**33 970**	**66%**
Electricity (without excluding excise tax)	17 490	28 938	60%
Gas	3 809	3 581	106%
Greenhouse gas emission allowances	1 203	1 424	84%
Other	1	27	4%
Revenue from sales of services:	**346**	**344**	**101%**
Trading services sales	108	135	80%
Other	238	209	114%
Revenue from other operations	**1**	**1**	**100%**
Revenue from financial operations	**3 315**	**2 162**	**153%**
Revenue from dividends	1 336	475	281%
Revenue from bonds and loans interest	879	1 002	88%
Other financial revenue	1 100	685	161%

The revenue from the sales of goods and materials represents 86% of the total revenue, while financial revenue represents 13%.

The high share of the revenue from the sales of goods and materials is a consequence of the adopted Business Model, where the main role of TAURON is to hedge the buy and sell positions of TAURON Capital Group's entities. In addition the Company performs the function of the Market Operator and the entity responsible for the trading balancing of TAURON Capital Group's subsidiaries and manages, among other things, the property rights and the CO_2 emission allowances.

In the reporting period ended on December 31, 2024, the Company had generated the sales revenues that had been lower by 33% than the revenue posted in 2023, which is the result of the following factors:

1. a decrease of the revenue from the sales of electricity by 40% as a result of the lower electricity sales prices by 32%, as compared to 2023, along with the lower sales volume by 12%,
2. an increase of the revenue from the sales of the CO_2 emission allowances which is the result of the sale in 2024 of a lower by 29% volume of the allowances for the redemption needs of TAURON Capital Group's subsidiaries due to the emissions both for 2023, as well as for 2022, along with the significantly higher by 51% prices of the emissions allowances,
3. a decrease by 16% of the revenue from the gas sales as a result of a decrease of the prices by 23%, along with the simultaneous higher, by 16%, gas sales volume completed. The sales conducted are mainly aimed at hedging the agreements and contracts for the gas sales entered into by TAURON Sprzedaż and achieving of a positive margin on the trading activities.

The second largest revenue item is the financial revenue that includes the dividends (40%), interest revenue on the bonds and loans (27%) and the other financial revenue (33%), which is a consequence of the holding operations conducted by TAURON and the implemented corporate financing model, as well as TAURON Group's Liquidity Management Policy, along with the cash pool mechanism put in place at TAURON Capital Group, which allows for an efficient management of the finances of all of TAURON Capital Group's subsidiaries.

Costs

Table no. 31 Level and structure of the costs incurred by the Company in 2024 - 2023

Item (PLN m)	2024	2023	Change in % (2024 / 2023)
Total costs	**(25 548)**	**(37 114)**	**69%**

Item (PLN m)	2024	2023	Change in % (2024 / 2023)
Cost of goods, materials and services sold	(21 865)	(33 924)	64%
Costs of sales and overheads	(171)	(149)	115%
Costs of other operations	(3)	(11)	27%
Costs of financial operations	(3 509)	(3 030)	116%

The total costs of the Company's operations in 2024 had represented 69% of the amount of its costs in 2023. The decrease in the Company's costs had been, first and foremost, affected by the lower, by 36%, costs of goods, materials and services sold.

The cost of goods, materials and services sold had come in at PLN 21 865 million and it had been lower by PLN 12 059 million as compared to 2023, with the biggest impact thereupon coming from a decrease of the electricity purchase costs due to the completion of the purchases at the average prices lower by 30%, while at the same time the volume of the purchases had been lower by 12% lower as compared to 2023.

The costs of the financing activities had come in at PLN 3 509 million and they had been higher by 16% as compared to 2023. The financial expenses include the revaluation of the loans (60%), the interest expense on the use of the external financing drawn (22%), the valuation and the costs of the realized derivative instruments (17%), and the other financial expenses (1%).

Company's assets and financial position

Table no. 32 Company's annual standalone statement of financial position, drawn up in accordance with the IFRS (material items)

Statement of financial position drawn up in accordance with the IFRS (PLN '000)	As of December 31, 2024	As of December 31, 2023	Change in % (2024 / 2023)
ASSETS			
Fixed assets	**26 138**	**27 108**	**96%**
Interests and shares	16 085	15 520	104%
Bonds and loans granted	9 888	11 273	88%
Current assets	**2 767**	**4 946**	**56%**
Inventory	34	12	283%
Accounts receivable due to deliveries and services	1 746	2 584	68%
Bonds and loans granted	521	1 138	46%
Cash and equivalents	172	484	36%
TOTAL ASSETS	**28 905**	**32 054**	**90%**
EQUITY AND LIABILITIES			
Equity	**11 881**	**11 450**	**104%**
Long term liabilities	**10 739**	**14 067**	**76%**
Liabilities due to debt	10 661	13 884	77%
Short term liabilities	**6 285**	**6 537**	**96%**
Liabilities due to debt	4 477	3 648	123%
Liabilities towards suppliers and other liabilities	1 020	979	104%
TOTAL EQUITY AND LIABILITIES	**28 905**	**32 054**	**90%**

As of December 31, 2024, the fixed assets had accounted for the biggest share of the total assets (90%), where the dominating item is the value of the interests and shares (56% of the total assets), as well as the loans granted (34% of the total assets).

As of December 31, 2024, and as of December 31, 2023, the shareholders' equity had come in at 41% and 36% of the total equity and liabilities.

The liabilities of the Company due to debt, as of December 31, 2023, had been related to:

1. bonds issued as part of the bond issue program in the amount of PLN 5 055 million, including the subordinated hybrid bonds in the amount of PLN 1 135 million,

2. loans obtained from the consortium of the banks in the amount of PLN 1 310 million,
3. loans obtained from BGK in the amount of PLN 1 660 million,
4. loans from the related entities drawn as part of the Agreement for the provision of the cash pool service in the amount of PLN 2 429 million,
5. loans obtained from the European Investment Bank (EIB) in the amount of PLN 2 924 million (along with the interest),
6. loans obtained from SMBC Bank EU AG in the amount of PLN 500 million (along with the interest),
7. loans obtained from Erste Group Bank AG in the amount of PLN 506 million (along with the interest),
8. an overdraft facility from BGK in the amount of PLN 35 million,
9. loan from a subsidiary in the amount of PLN 713 million.

In addition, pursuant to IFRS 16 Leases, the Company's liabilities due to debt also include a lease liability in the amount of PLN 6 million, related to the right of perpetual usufruct of land, leases of office premises and storage space, parking spaces and cars.

Statement of cash flows

Table no. 33 Statement of cash flows drawn up in accordance with the IFRS (material items)

Statement of cash flows drawn up in accordance with the IFRS (PLN '000)	2024	2023	Change in % (2024 / 2023)
CASH FLOW FROM OPERATING ACTIVITIES			
Pretax profit / (loss)	617	(637)	-
Adjustments	68	217	31%
Net cash from operating activities	**685**	**(420)**	**-**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of shares in a subsidiary	(9)	(59)	15%
Loans granted	(1 184)	(1 245)	95%
Repayment of loans granted	327	305	107%
Dividends received	1 336	442	302%
Interest received on loans granted	916	808	113%
Net cash from investing activities	**2 177**	**233**	**934%**
CASH FLOW FROM FINANCING ACTIVITIES			
Redemption of debt securities	(982)	(170)	578%
Repayment of loans	(9 061)	(6 751)	134%
Interest paid	(783)	(747)	105%
Loans taken	6 870	7 900	87%
Net cash from financing activities	**(3 192)**	**221**	**-**
Increase / (decrease) in net cash and equivalents	**(330)**	**34**	**-**
Net FX differences	-	27	0%
Change of judgement regarding Cash Pool transactions	750	-	-
Cash opening balance	**463**	**(321)**	**-**
Cash closing balance	**133**	**(287)**	**-**

The balance of cash received from the operating, investing and financing activities of the Company for 2024, taking into account the opening cash balance, had stood at PLN 133 million. In addition, the closing cash balance presented in the Company's balance sheet as of the end of the period is the result of the adjustment of the cash that is represented by the balances of the loans granted and drawn under the cash pool transactions, due to the fact that they do not constitute cash flows from the investing or financing activities, as they are used mainly for the current liquidity management.

4.3. Differences between the financial results reported in the annual report and the forecasts of results for the given year published earlier

The Management Board of the Company did not publish any forecasts of the earnings of TAURON for 2024. This decision was due to the considerable volatility of the market and a substantial number of the factors affecting its predictability.

4.4. Key financial ratios and the Alternative Performance Measures

The below table presents the key financial ratios of TAURON, which may constitute an important source of the information for the investors on the financial and operational standing of the Company. The Alternative Performance Measures below as defined by the ESMA Guidelines on the Alternative Performance Measures, in the opinion of the Management Board, present additional information regarding the Company's financial results. They constitute the standard metrics commonly used in the financial analysis, the usefulness of which has been analyzed in terms of the information provided to the investors on the financial standing, financial efficiency and the cash flows of the Company. In 2024, there had been no changes to the methodology for determining the individual indicators in relation to 2023, therefore the values of the indicators are comparable.

Table no. 34 Key financial ratios of TAURON

Item		Definition	2024	2023	Change in % (2024 / 2023)
1.	EBIT (PLN m)	Operating profit	811	230	353%
2.	EBIT margin	EBIT / sales revenue	3.5%	0.7%	530%
3.	EBITDA (PLN m)	Operating profit before depreciation	822	240	343%
4.	EBITDA margin	EBITDA / sales revenue	3.6%	0.7%	514%
5.	Gross Profitability	Pretax profit / sales revenue	2.7%	-1.9%	-
6.	Net Profitability	Net profit / sales revenue	2].2%	-1.9%	-
7.	Return on equity	Net profit / equity as of the end of the period	4.3%	-5.6%	-
8.	Return on assets	Net profit / total assets	1.8%	-2.0%	-
9.	Current liquidity ratio	Current assets / short term liabilities	0.44	0.76	58%

The EBITDA and EBIT margins had come in at the comparable levels of 3.6% and 3.5%, respectively, in 2024, which had meant an increase of 2.9 p.p. and 2.8 p.p., respectively, as compared to the previous year. The improvement in both ratios is primarily due to an increase in the operating profit, which had resulted from the generation of the higher margins on trading activities in the areas of electricity, gas and CO_2 emissions trading. At the same time, there was a decrease in the sales revenue, mainly as a result of the lower prices and volume of electricity sold and the lower gas prices with an increase in its sales volume. The detailed reasons for this decline are discussed in Section 4.2 of this report.

The gross profitability had clocked in at 2.7% in 2024, up 4.6 p.p. as compared to the previous year, when the ratio had come in at -1.9%. The change had been primarily due to an improvement in the gross profit, as a result of the following factors:

1. an increase in the income from the dividends, mainly as a result of the recognition (booking) of the dividend received from the subsidiary TAURON Dystrybucja,
2. recognition (booking) of a loss on the derivative instruments stemming from the strengthening of the PLN exchange rate, which led to a decrease in the valuation and the result on the current settlement (clearing) of the foreign currency derivative instruments,
3. recognition (booking of the foreign exchange gains (positive FX differences) related to the valuation of the external financing in EUR, thanks to the appreciation of the PLN,
4. decrease in the interest expense, as a result of the lower average annual level of the utilization of the external financing and the generally lower interest rates,
5. reversal of an impairment loss on TAURON Ciepło shares stemming resulting from a positive result of the impairment test - the reasons for this change are described in detail in section 11 of the Company's stand alone financial statements,
6. an increase in the cost of the revaluation of the loans, as a result of a decrease in the carrying amount of the loan granted to TAURON Wytwarzanie on the basis of the impairment tests conducted and the projected cash flows - the reasons for this change are described in detail in section 10 of the Company's stand alone financial statements.

The net profitability had come in at 2.2% in 2024, up 4.1 p.p. as compared to the previous year, when the ratio had come in at -1.9%. The improvement in the net profitability had been mainly due to a rise in the gross profit, along with an increase in the income tax expense, which had limited the scale of an improvement at the net profit level.

The increase in the deferred income tax expense had been mainly a consequence of a decrease in the deferred income tax assets. This had been, first and foremost, due to a decrease in the liabilities arising from the valuation of the foreign currency derivative instruments and a decrease in the liabilities related to the allowances (charges) for the Price Difference Payout Fund, due to their execution.

The Return on Equity (ROE) had clocked in at 4.3%, up 9.9 p.p. as compared to the previous year, when the ratio had come in at -5.6%. The change had been a direct result of an improvement in the net financial income, the increase of which had an impact on the components of the ratio. The reasons for the change in the net income are described above.

The Return on Assets (ROA) had gone up by 3.8 p.p. in 2024, reaching the level of 1.8%. The main cause of the improvement in the ratio is a change in the net financial result from negative (PLN -638 million) to positive (PLN 540 million), the reasons for which are indicated above. At the same time, the value of the ratio had been affected by the decrease in the assets, which had occurred despite the positive financial result. The decrease in the assets had been primarily the result of:

1. a reduction in the accounts receivable from the consumers, mainly as a result of the lower electricity and gas prices,
2. a decrease in the carrying value of the loans granted, mainly to the subsidiary TAURON Wytwarzanie S.A. - the reasons for this change are described in detail in section 10 of the Company's stand alone financial statements,
3. a decrease in the other financial assets due to the full repayment of the cash deposit previously provided to BGK and the partial repayment of the loan by ECSW - the reasons behind this change are described in detail in section 23 of the Company's stand alone financial statements.

An increase in the value of the interests and shares had an opposite effect, mainly as a result of a reversal of an impairment charge related to the shares in the TAURON Ciepło subsidiary in the amount of PLN 585 million and the recognition (booking) of an impairment charge related to the shares in the TAMEH Holding joint venture in the amount of PLN 9 million, and the details of the changes are presented in Note 11 of the Company's stand alone financial statements.

The current ratio had dropped by 0.32 p.p., reaching the level of 0.44 as of the end of 2024. The change had been mainly due to a decrease in the current assets, the reasons for which are outlines above, while the current liabilities had been maintained at a comparable level year on year.

5. ANALYSIS OF THE FINANCIAL POSITION AND ASSETS OF TAURON CAPITAL GROUP

5.1. Principles of preparing annual consolidated financial statements

The Consolidated Financial Statements of TAURON Capital Group have been drawn up in accordance with the IFRS, approved by the EU.

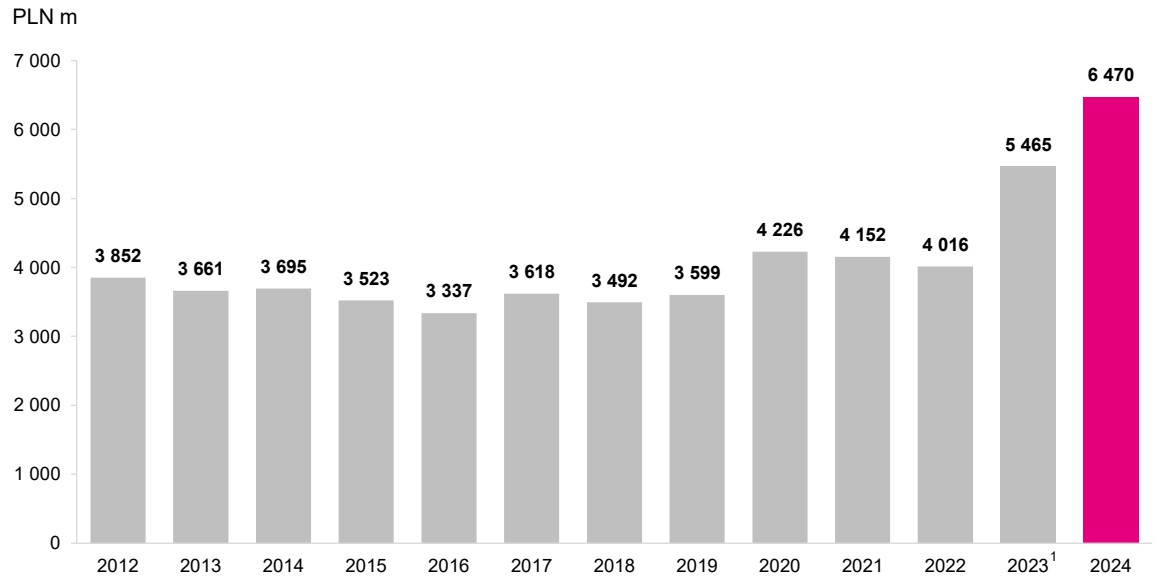
The IFRS comprise the standards and the interpretations approved by the International Accounting Standards Board, as well as by the International Financial Reporting Interpretation Committee.

The Consolidated Financial Statements of TAURON Capital Group have been drawn up with the assumption of the continuation of business operations by TAURON Capital Group's subsidiaries in the foreseeable future, i.e. over the time frame not shorter than 1 year from the balance sheet date. As of the date of the approval of the Consolidated Financial Statements of TAURON Capital Group for publication, no circumstances have been detected, indicating any risk for business continuity by TAURON Capital Group.

The accounting principles (policy) adopted for drawing up of the Consolidated Financial Statements of TAURON Capital Group are presented in note 6 and in the individual notes to the Consolidated Financial Statements of TAURON Capital Group.

5.2. TAURON Capital Group's financial results

Figure no. 21 TAURON Capital Group's EBITDA in the years 2012 - 2024

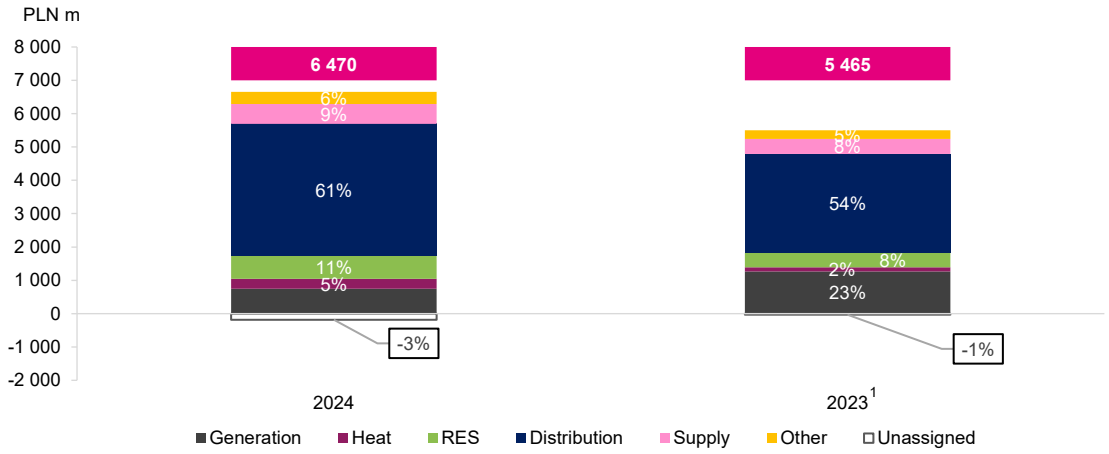


[1]*Adjusted data.*

Table no. 35 TAURON Capital Group's 2024 - 2023 EBITDA broken down into individual lines of business (segments of operations)

EBITDA (PLN m)	2024	2023 Adjusted data	Change in % (2024 / 2023)
Generation	746	1 270	59%
Heat	302	123	246%
RES	684	431	159%
Distribution	3 963	2 962	134%
Supply	598	454	132%
Other operations	359	257	140%
Unassigned items	(182)	(32)	569%
EBITDA	**6 470**	**5 465**	**118%**

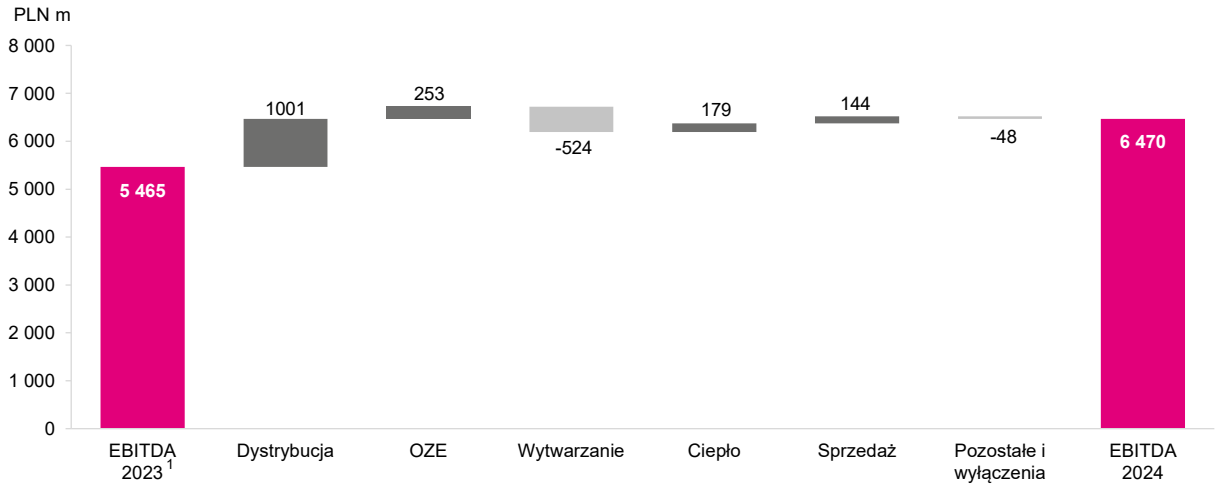
Figure no. 22 TAURON Capital Group's 2024 - 2023 EBITDA structure



[1] *Adjusted data*

The Distribution, Generation and RES Segments had been the biggest contributors to TAURON Capital Group's EBITDA in 2024.

Figure no. 23 Change in TAURON Capital Group's EBITDA in the year 2023 – 2024



[1] *Adjusted data.*

5.3. TAURON Capital Group's financial results per Segment of operations

ESRS 2 SBM-1 §40 (b) – (c)

Generation Segment

Table no. 36 Generation Segment's 2024 - 2023 results

Item (PLN m)	2024	2023 Adjusted data [1]	Change in % (2024 / 2023)
Sales revenue	**8 215**	**11 223**	**73%**
electricity	6 921	9 673	72%
heat	284	277	103%
property rights related to guarantees of origin of electricity (energy certificates)	0	16	0%
services – Capacity Market	780	643	121%
greenhouse gas emission allowances	0	265	0%
biomass	61	150	41%
combustion by-products and mining by-products	113	62	182%
other	56	137	41%

Item (PLN m)	2024	2023 Adjusted data [1]	Change in % (2024 / 2023)
EBIT	**-1 046**	**662**	**-**
Depreciation and impairment charges	1 792	608	295%
EBITDA	**746**	**1 270**	**59%**

[1] In *2023, the data of the Generation and Heat Segments had been presented together as a single Generation Segment.*

The Generation Segment's sales revenue had come in lower by 27% in 2024, as compared to the same period in 2023, mainly due to the lower revenue from the sales of the electricity brought about by the lower sales prices and the lower sales volume.

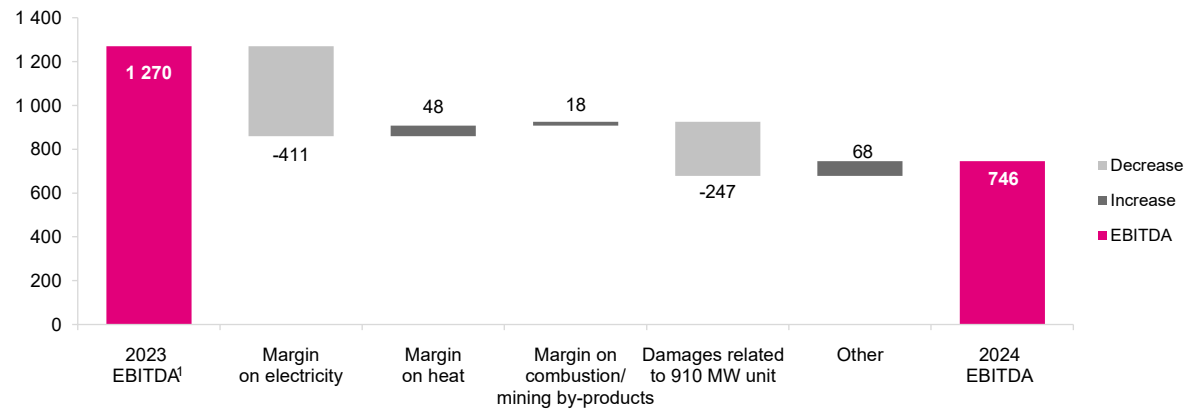
The Generation segment's EBITDA and EBIT results had clocked in lower in 2024 than in 2023. The results posted had been affected by the following factors:

1. the decline in the margin on the sales of the electricity had been, first and foremost, a consequence of the lower electricity sales prices that had been partially offset by a decline in the prices of the hard coal and the CO_2 emission allowances. The additional factor impacting the decrease in the margin had been the lower electricity sales volume as a consequence of the lower contracting on the forward (futures) market. In contrast, the Balancing Market reform of June 2024 had contributed to an increase in the revenue from the balancing services. The deviation had also been impacted by the events of 2023, including the allowance (charge) for the Price Difference Payout Fund and the use (consumption) of the onerous provision set up in 2022 and related to the contracts carried out in 2023,
2. the higher margin on the heat sales as a consequence of an increase of the heat sales prices based on the tariffs year on year and the lower costs of the fuels,
3. the higher margin on the sales of the combustion process by-products (UPS) and the mining process by-products (UPW) year on year,
4. the balance of the funds received under the guarantees (bonds) on the account of the improper performance of the contract for the construction of a 910 MW unit in Jaworzno as a result of signing of the settlement agreement in front of the General Counsel of the Republic of Poland in Warsaw and the benefits (entitlements) paid out to the subcontractors in 2023,
5. the other factors, including mainly the higher balance of the other business operations.

In addition, the EBIT result had been impacted by the recognition (booking) of the impairment charges.

In 2024, TAURON Group had recognized (booked) in its results the setting up of the impairment charges, whose total hit (charge) to the Segment's operating profit had clocked in at PLN 1 473 million. The value of the CGU write downs in 2024 is higher than in the same period of the previous year, in which it had come in at PLN 23 million.

Figure no. 24 Generation Segment's EBITDA



[1] *Adjusted data.*

Major investment projects (CAPEX)

The Generation Segment's capital expenditures had come in at PLN 114 million in total in 2024, including mainly PLN 104 million of the outlays on the replacements, upgrades and components, as well as the 910 MW unit at TAURON Wytwarzanie.

Heat Segment

Table no. 37 Heat Segment's results in 2024 - 2023

Item (PLN m)	2024	2023 Adjusted data[1]	Change in % (2024 / 2023)
Sales revenue and the compensation payments	**2 302**	**2 644**	**87%**
electricity	*590*	*937*	*63%*
heat	*1 544*	*1 519*	*102%*
property rights related to guarantees of origin of electricity (energy certificates)	*23*	*64*	*36%*
services – Capacity Market	*25*	*32*	*78%*
Compensation payments	*109*	*83*	*131%*
Other	*11*	*9*	*122%*
EBIT	**161**	**-301**	**-**
Depreciation and impairment charges	141	424	33%
EBITDA	**302**	**123**	**246%**

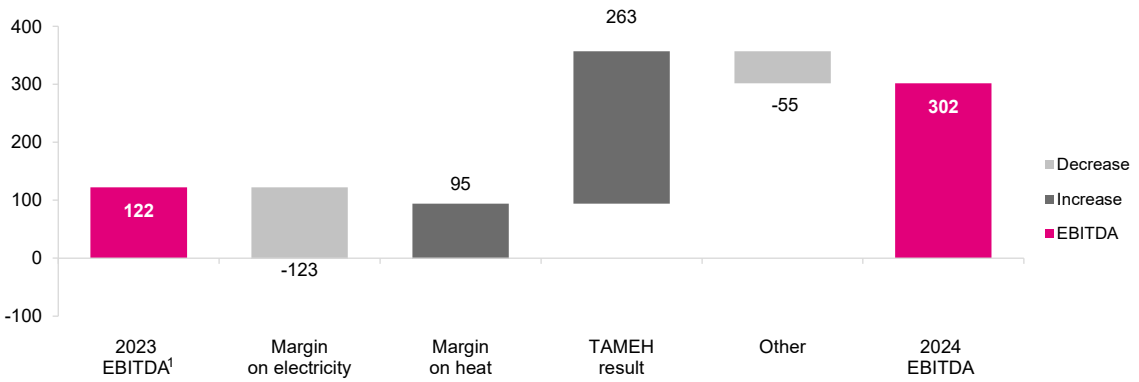
[1] *In 2023, the data of the Generation and Heat Segments had been presented together as a single Generation Segment.*

The Heat Segment's sales revenue in 2024 had come in lower by 13% as compared to 2023, mainly due to the lower revenue from the sales of the electricity brought about by the lower sales prices and the lower sales volume.

The Heat segment's EBITDA and EBIT results had come in higher in 2024 than in the previous year. The level of the results posted had been affected by the following factors:

1. the lower margin on the sales of the electricity as a result of the lower electricity sales prices, offset by a decline in the prices of the hard coal and the CO_2 emission allowances. In addition, the decrease in the margin had been affected by the lower electricity sales volume resulting from the lower contracting on the forward (futures) market,
2. the higher margin on the heat sales mainly as a consequence of an increase of the heat sales prices based on the tariffs year on year,
3. the lower result of the TAMEH subsidiary as a consequence of the TAMEH Czech subsidiary having been placed into the liquidation bankruptcy proceedings,
4. the higher result of TAMEH Group - in December 2023, the TAMEH Czech subsidiary had filed a petition with the court to declare its insolvency, as a consequence of a failure of its main counterparty to pay its obligations. As a result of the above, the result of TAMEH Group for the year 2023 had been hit with the impairment charges and the provisions due to the insolvency. In 2024, the TAMEH Czech subsidiary had been placed into the liquidation bankruptcy proceedings,
5. the other factors, including the provisions for the penalties and the higher costs of the business operations conducted.

Figure no. 25 Heat Segment's EBITDA



[1] *Adjusted data.*

Major investment projects (CAPEX)

The Heat Segment's capital expenditures had come in at PLN 135 million in total in 2024, including the outlays on the following investment projects:

1. PLN 46 million on the replacements, upgrades and components at TAURON Ciepło,
2. PLN 10 million on the construction of the gas fired boiler with a capacity of 140 MWt at ZW Katowice,

3. PLN 8 million on the expansion of the district heating market – Katowice Południe (Ligota Project),
4. PLN 25 million on the maintenance of the district heating network,
5. PLN 21 million on connecting of the new facilities to the network,
6. PLN 2 million on the construction of the peaking and backup boiler houses at ZW Bielsko and the gas-fired engines.

Renewable Energy Sources (RES) Segment

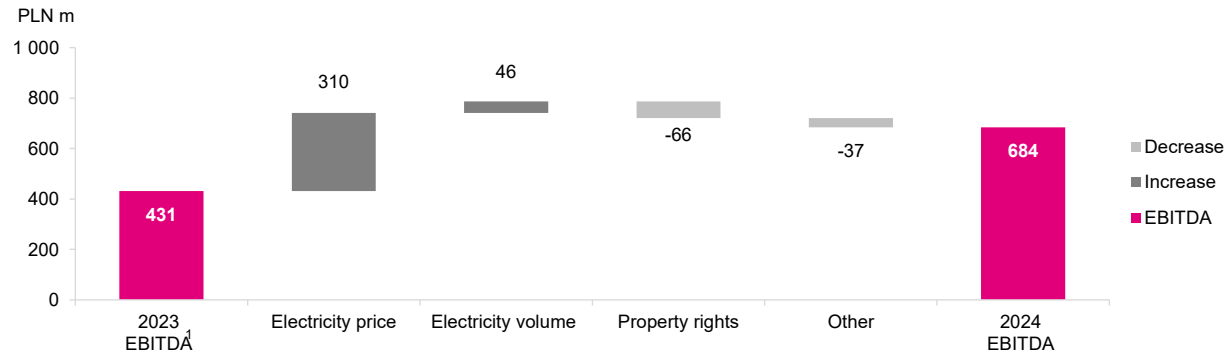
Table no. 38 RES Segment's results in the years 2024 - 2023

Item (PLN m)	2024	2023 Adjusted data	Change in % (2024 / 2023)
Sales revenue	**987**	**750**	**132%**
Electricity	*864*	*474*	182%
Guarantees of origin of electricity	*89*	*254*	35%
Other revenue	*34*	22	155%
EBIT	**497**	**261**	**190%**
Depreciation and impairment charges	187	170	110%
EBITDA	**684**	**431**	**159%**

The RES segment's EBITDA and EBIT results had come in at a higher level in 2024, as compared to 2023. The results posted had been affected by the following factors:

1. an increase of the electricity sales price related to the cancelling of the price limits (price caps) in force in 2023,
2. an increase in the volume of the electricity sales by 7%, mainly due to the commissioning of the new generating units,
3. the lower result on the sales of the guarantees of origin of electricity (energy certificates), which is a consequence of the lower prices of the property rights and the lower by 17% volume of the property rights acquired by the eligible wind farms,
4. the other factors, including mainly the higher costs of the business operations conducted and the booking of the impairment charge related to the accounts receivable.

Figure no. 26 RES Segment's EBITDA



[1] *Adjusted data.*

Major investment projects (CAPEX)

The RES Segment's capital expenditures had come in at PLN 1 514 million in total in 2024, including the outlays on the following investment projects:

1. PLN 316 million on the construction of the Mierzyn wind farm with a capacity of 58.5 MW,
2. PLN 284 million on the construction of the Miejska Górka wind farm with a capacity of 190.8 MW,
3. PLN 227 million on the construction of the Gamów wind farm with a capacity of 33 MW,
4. PLN 213 million on the construction of the Warblewo wind farm with a capacity of 30 MW,
5. PLN 184 million on the construction of the Postomino photovoltaic farm with a capacity of 90 MW,
6. PLN 69 million on the construction of the Bałków photovoltaic farm with a capacity of 54 MW,
7. PLN 57 million on the construction of the Sieradz wind farm with a capacity of 23.8 MW,
8. PLN 42 million on the modernization of TAURON Ekoenergia's hydro power plants,
9. PLN 31 million on the construction of the Proszówek photovoltaic farm with a capacity of 55 MW,
10. PLN 27 million on the construction of the Nowa Brzeźnica wind farm with a capacity of 19.8 MW.

Distribution Segment

Table no. 39 Distribution Segment's results in the years 2024 - 2023

Item (PLN m)	2024	2023 Adjusted data	Change in % (2024 / 2023)
Sales revenue and the compensation payments	**11 906**	**12 193**	**98%**
Distribution services [1]	11 476	11 774	97%
Other revenue	430	419	103%
EBIT	**2 547**	**1 630**	**156%**
Depreciation and impairment charges	1 416	1 332	106%
EBITDA	**3 963**	**2 962**	**134%**

[1] *Including an upward adjustment (revaluation) of the electricity purchase.*

The Distribution Segment had reported a decrease of the sales revenue, including the compensation payments, by 2% in 2024, as compared to 2023, and the increases of EBIT and EBITDA by, respectively, 56% and 34%

The change had been brought about by the following factors:

1. the higher margin achieved on the distribution service as a result of the higher Weighted Average Cost of Capital (WACC) year on year and the higher value of the Regulatory Asset Base (RAB) adopted in the calculation of the tariff for the year 2024 as well as the lower volume of the electricity purchased for the purpose of covering the balancing difference,
2. the impact of the settlements as part of the regulatory account in the tariff for 2024,
3. the higher volume of the electricity distributed in total by 0.38 GWh, including to the final consumers by 0.26 TWh, first and foremost in the tariff group B, as a consequence of an improvement of the economic conditions (sentiment), and in the group G as a consequence of, among other things, an increase in the number of the consumers,
4. an increase of the other distribution revenue, including mainly due to the exceeding of the grid connection contractual passive (reactive) power consumption and the new grid connections.

Figure no. 27 Distribution Segment's EBITDA



[1] *Adjusted data*

Major investment projects (CAPEX)

The Distribution Segment's total capital expenditures had come in at PLN 3 103 million in total in 2024. The main capex directions had included:

1. PLN 1 587 million on the investment projects related to connecting of the new consumers to the grid,
2. PLN 1 063 million on the investment projects related to the grid modernization and replacements,
3. PLN 239 million on AMIPlus – the remote readout meters,
4. PLN 82 million on the Dispatcher Communications System.

Supply Segment

Table no. 40 Supply Segment's results in the years 2024-2023

Item (PLN m)	2024	2023 Adjusted data	Change in % (2024 / 2023)
Sales revenue and compensation payments	**29 513**	**42 125**	**70%**
electricity, including:	17 079	24 784	69%
revenue from retail electricity supply	15 078	21 214	71%

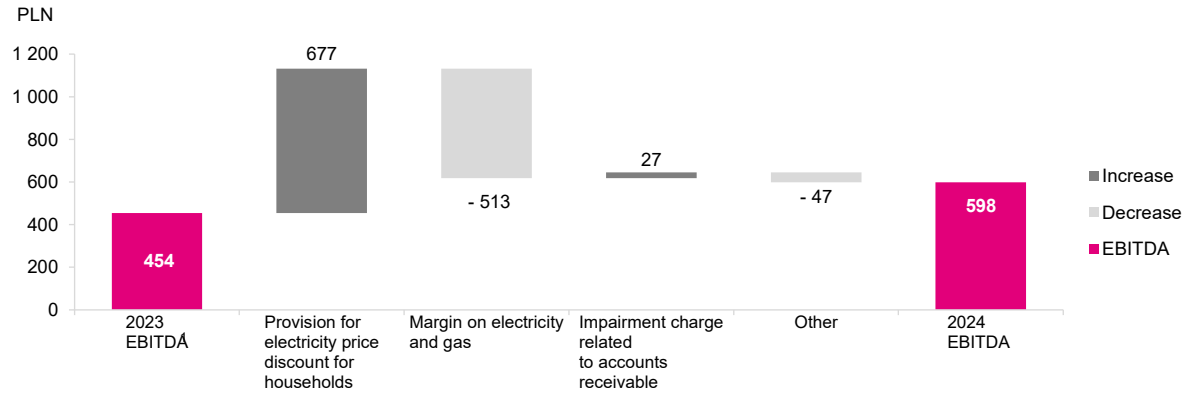
Item (PLN m)	2024	2023 Adjusted data	Change in % (2024 / 2023)
greenhouse gas emission allowances	3 809	3 580	106%
fuel	1 366	2 297	59%
distribution service (passed on)	4 367	3 919	111%
street lighting service	169	166	102%
compensation payments	2 283	6 937	33%
other revenue, including trading services	440	442	100%
EBIT	**547**	**409**	**134%**
Depreciation and impairment charges	51	45	113%
EBITDA	**598**	**454**	**132%**

The Supply Segment's sales revenue in 2024 had been lower by 31% as compared to the same period of 2023, the main reason for which had been the lower revenue from the electricity sales. The above mentioned decline is due to the lower prices obtained for the electricity sold and the lower volume in almost each customer segment. The decrease in the prices is a consequence of the lower market electricity prices year on year, and the updating, as of July 1, 2024, of the G tariff by the President of the ERO. The decline in the volume is due to the lower demand from the customers, mainly the business ones. In addition, the decline of the revenue had also been brought about by the lower trading (commercial) fees received. Another area where the lower revenues had been reported had been the fuel sales, mainly due to the lack of the sales of the hard coal fuel to the TAURON Wytwarzanie subsidiary in connection with the transfer of the fuel supply management function to the Company that had taken place as of the end of 2022. The above mentioned declines had been slightly dampened by an increase in the revenue from the sales of the CO_2 emission allowances to the generation subsidiaries.

The Supply Segment's EBITDA and EBIT had come in higher in the period under review than in the same period of 2023. The level of the results posted had been affected by the following factors:

1. The higher margin earned on the sales of the electricity and gas, which is the result of:
   1) setting up, as of September 30, 2023, of a provision for the reduction of the customers' accounts payable towards the energy companies as a consequence of the entry into force of the Regulation of the Minister of Climate and Environment of September 9, 2023, amending the regulation on the method of shaping and calculating the tariffs and the method to be used to perform the settlements in electricity trading, the revaluation thereof as of December 31, 2023, and its partial release in 2024 in connection with the received interpretation of the tax authorities with respect to the VAT settlements,
   2) the lower earned margin on the sales of the electricity to the households in the second half of 2024 as compared to 2023 due to the updating of the G tariff that had taken effect as of July 1, 2024,
   3) the lower volume of the electricity sold to the business customers,
   4) the higher margin earned on the wholesale electricity trading which is mainly related to not having to pay the allowance (charge) to the Price Difference Payout Fund which had taken place in 2023,
   5) the higher margin earned on the sales of the gas fuel, which is related to the stabilizing of the price of this raw material, which had allowed for the reducing of the loss on the sales thereof,
2. the lower impairment charge related to the carrying amount of the accounts receivable due to the improved customer ratings and a decrease in the level of the accounts receivable, mainly as a consequence of to a decline in the prices of the electricity and gas year on year.

Figure no. 28 Supply Segment's EBITDA



[1] *Adjusted data.*

Major investment projects (CAPEX)

The Supply Segment's capital expenditures had come in at PLN 75 million in total in 2024, the amount spent mainly by the TAURON Nowe Technologie subsidiary for the activities related to the maintenance and expansion of the street lighting.

Other Operations

Table no. 41 Other Operations Segment's results in the years 2024 - 2023

Item (PLN m)	2024	2023 Adjusted data	Change in % (2024 / 2023)
Sales revenue	**1 215**	**1 118**	**109%**
Customer service	405	395	*103%*
Support services	570	545	*105%*
Aggregates	188	158	*119%*
Other revenue	52	20	*260%*
EBIT	**118**	**82**	**144%**
Depreciation and impairment charges	241	175	138%
EBITDA	**359**	**257**	**140%**

Other Operations Segment subsidiaries' sales revenue had come in higher by 9% in 2024, as compared to the sales revenue posted in 2023, which had primarily been due to the higher sales of the aggregates, the larger volume of the support services provided for the needs of TAURON Capital Group's subsidiaries as well as the other revenue (mainly the telecommunications services).

Major investment projects (CAPEX)

The Other Operations Segment subsidiaries' capital expenditures had come in at PLN 186 million in total in 2024 and they had included mainly the outlays related to the investments in the IT systems at TAURON Obsługa Klienta in the amount of PLN 136 million, the Business Services Center (Centrum Usług Biznesowych) in the amount of PLN 14 million, the construction of the fiber optic network in the amount of PLN 9 million and the Customer 360 Program (Program Klient 360) in the amount of PLN 4 million.

5.4. Characteristics of the structure of assets and liabilities in the consolidated statement of financial position

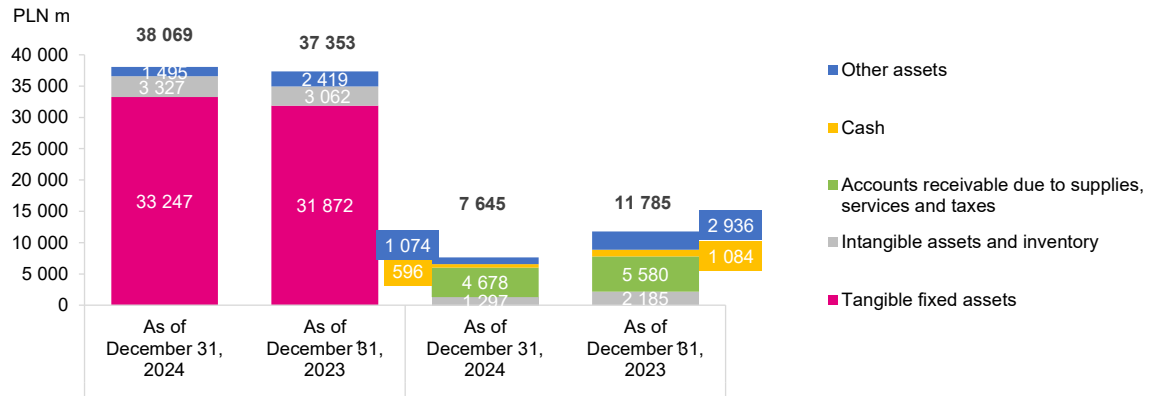
Table no. 42 Consolidated statement of financial position – assets (material items) as of December 31, 2024 and December 31, 2023[1]

	As of December 31, 202		As of December 31, 2023 (Adjusted data)		Change in % 2024 / 2023
	PLN m	Structure in %	PLN m	Structure in %	
ASSETS					
Fixed assets	38 069	83,3%	37 353	76.0%	102%
Tangible fixed assets	33 247	72,7%	31 872	64.9%	104%
Current assets	7 645	16.7%	11 785	24.0%	65%
Cash and equivalents	596	1.3%	1 084	2.2%	55%
Fixed assets and the group's assets for disposal, classified as held for trade	5	0.0%	5	0.0%	100%
TOTAL ASSETS	**45 714**	**100.0%**	**49 138**	**100.0%**	**93%**

[1]*Due to the limited comparability of the earlier periods, the data is presented in a two year time frame. The data comprising the earlier periods is presented in section no. 5.9 of this report.*

As of December 31, 2024, TAURON Capital Group's statement of financial position shows the balance sheet total that is lower by 7% as compared to the balance sheet total as of December 31, 2023.

Figure no. 29 Change in the structure and level of the assets as of December 31, 2024, and as of December 31, 2023[1]



[1]*Adjusted data.*

The fixed assets represent the biggest item of the assets, with the share thereof accounting for 83.3% of the total assets, with a rise in their value by 1.9%, i.e. by PLN 716 million, which is the result of an increase in the value of the tangible fixed assets (property, plant and equipment) and of the right to use the assets by 4.3%, i.e. by PLN 1 375 million, and by 15.3%, i.e. by PLN 331 million, respectively, the decline of the value of the assets related to the deferred income tax by 81.0%, i.e. by PLN 615 million, as well as of the other items of the fixed assets by 14.7% in total, i.e. by PLN 316 million.

The decline in the value of the current assets by 35%, i.e. by PLN 4 140 million, which is mainly the result of the drop of the value of:

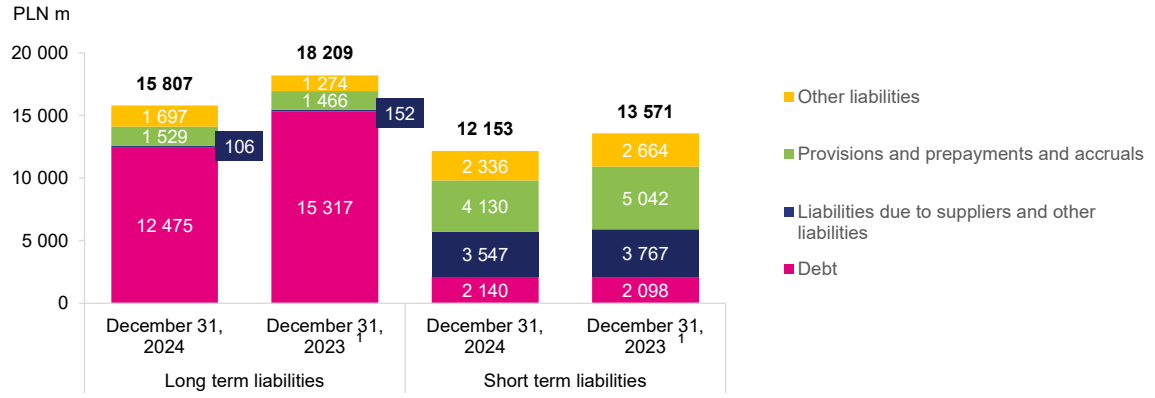
1. the other financial assets by 70%, i.e. by PLN 1 706 million, mainly as a consequence of the settlement (clearing) of the accounts receivable related to the compensation payments due to:
   1) the electricity trading companies pursuant to the regulations of the *Act of October 7, 2022, on the special solutions aimed at protecting the electricity consumers in 2023* and the *Act of October 27, 2022, on the emergency measures to cap the electricity prices and provide the support for certain consumers in 2023*,
   2) the Distribution Segment's subsidiary pursuant to the *Act of October 7, 2022, on the special solutions aimed at protecting the electricity consumers in 2023,*
2. the accounts receivable due from the consumers by 13%, i.e. by PLN 592 million, mainly a consequence of the lower electricity and gas prices, which has a direct impact on the change in the turnover and the balances as of the end of the reporting periods,
3. the accounts receivable due to the other taxes and fees by 42%, i.e. by PLN 335 million, mainly as a result of a decline in the VAT related receivables,
4. inventory, mainly of the hard coal, by 37%, i.e. by PLN 546 million,
5. the guarantees of origin of electricity (energy certificates) and the CO_2 emission allowances to be redeemed by 49%, i.e. by PLN 342 million, which is the result of the use of the above mentioned assets for the purpose of fulfilling the obligation to redeem them for the year 2023,
6. the cash balance by 45%, i.e. by PLN 488 million, the reasons for which are outlined further on in this chapter, in the section related to the statement of cash flows.

Table no. 43 Consolidated statement of financial position – equity and liabilities (material items) as of December 31, 2024 and as of December 31, 2023 [1]

Statement of financial position (PLN m)	As of December 31, 2024		As of December 31, 2023 (adjusted data)		Change in % (2024 / 2023)
	PLN m	Structure in %	PLN m	Structure in %	
EQUITY AND LIABILITIES					
Equity attributable to shareholders of the parent entity	**17 713**	**38.7%**	**17 320**	**35.2%**	**102%**
Non-controlling shares	41	0.1%	38	0.1%	108%
Total equity	**17 754**	**38.8%**	**17 358**	**35.3%**	**102%**
Long term liabilities	**15 807**	**34.6%**	**18 209**	**37.1%**	**87%**
Liabilities due to debt	12 475	27.3%	15 317	31.2%	81%
Short term liabilities	**12 153**	**26.6%**	**13 571**	**27.6%**	**90%**
Liabilities due to debt	2 140	4.7%	2 098	4.3%	102%
Total liabilities	**27 960**	**61.2%**	**31 780**	**64,7%**	**88%**
TOTAL EQUITY AND LIABILITIES	**45 714**	**100.0%**	**49 138**	**100,0%**	**93%**

[1]*Due to the limited comparability of the earlier periods, the data is presented in a two-year time frame. The data comprising the earlier periods is presented in section no. 5.9 of this report.*

Figure no. 30 Change in the structure and level of the equity and liabilities as of December 31, 2024, and as of December 31, 2023



[1]*Adjusted data.*

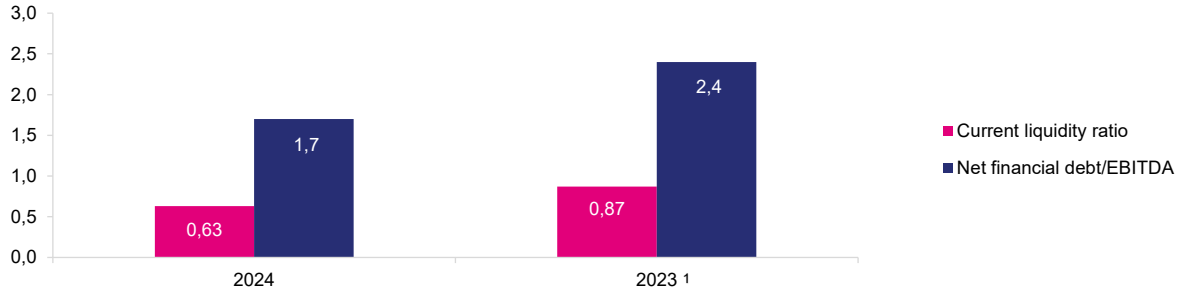
The amount of TAURON Capital Group's long term liabilities had decreased by 13% in 2024, i.e. by PLN 2 402 million, mainly as a result of a change in the value of the accounts payable due to debt by 19%, i.e. by PLN 2 842 million, as a consequence of the reclassifying of some of the loans as the short term liabilities in connection with the repayment due dates thereof and taking out of the new financing. The above mentioned drop had been partially offset by the increase in the value of the accounts payable due to the deferred tax by 49%, i.e. by PLN 520 million.

The amount of TAURON Capital Group's long term liabilities had gone down by 10%, i.e. by PLN 1 418 million, mainly as a result of the drop in the value of:

1. The provisions related to the obligations (liabilities) due to the guarantees of origin of electricity (energy certificates) and the CO_2 emission allowances by 10%, i.e. by PLN 358 million, which is the result of:
   1) setting up of a provision for the obligations (liabilities) due to the guarantees of origin of electricity (energy certificates) and the CO_2 gas emissions for 2024,
   2) using up (consuming), in 2024, of a portion of the provision in connection with the fulfillment of the obligation to redeem (retire) the CO_2 emission allowances for 2023,
   3) releasing, in 2024, of a portion of the provisions set up as of December 31, 2023, due to the fall of the EUR exchange rate,
2. the accounts payable towards the suppliers, including the investment related commitments, by 6%, i.e. by PLN 171 million,
3. the other provisions by 63%, i.e. by PLN 601 million, which is mainly due to the partial use (consumption) of the provisions, set up as of December 31, 2023, related to the reduction of the payments to the consumers and the release thereof in connection with the receipt of the tax authority's interpretation with respect to the VAT settlement on this account,
4. accounts payable due to the other taxes and fees by 5%, i.e. by PLN 53 million,
5. derivative instruments by 42%, i.e. by PLN 269 million, mainly due to a decrease in the value of the forward FX instruments due to a decrease in the exposure to the foreign exchange risk in connection with the decrease in the EUR/PLN exchange rate year on year,
6. the other non-financial liabilities by 11%, i.e. by PLN 158 million, which is the result of the settlement of the account payable related to the contribution of an allowance (charge) to the Price Difference Payout Fund and an increase in the accounts payable to the customers for the overpayments received and the prepayments on the account of the grid connection fees.

As compared to the balance sheet date falling on December 31, 2023, the net debt to EBITDA ratio is 0.7x lower in 2024, due to a decrease in the financial liabilities by 17% and the higher EBITDA generated in 2024 as compared to that generated for the financial year 2023. The reasons for the rise in the EBITDA are outlined in the description of the changes in the operating segments' results in section 5.2 of this report and in the description of the reasons behind the change in the consolidated statement of comprehensive income in section 5.3 of this report. While the reasons for the change in the debt are indicated in section 5.5 of this report. The boundary covenant level (net debt / EBITDA ratio) specified in certain agreements entered into between the Company and financial institutions is no more than 3.5x. Exceeding this level of the leverage ratio could result in a possible call for an immediate repayment of TAURON's liabilities.

Figure no. 31 Current liquidity ratio and the net financial debt to EBITDA ratio in the years 2024 - 2023



[1]Adjusted data.

5.5. Discussion of the economic and financial figures disclosed in the annual consolidated financial statement

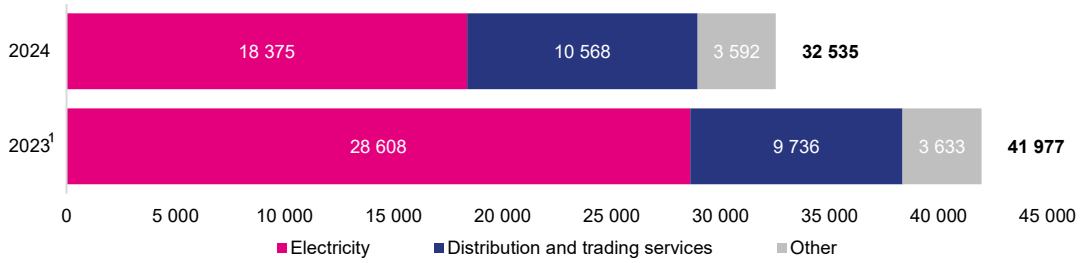
Consolidated statement of comprehensive income

Table no. 44 Annual consolidated statement of comprehensive income for the years 2024 – 2023[1]

Statement of comprehensive income (PLN m)	2024	2023 (Adjusted data)	Change in % (2024 / 2023)
Sales revenue	32 535	41 977	78%
Compensation payments	2 864	8 058	36%
Own cost of sales	(32 922)	(47 094)	70%
Other operating revenues and costs	90	260	35%
Share in the profits of the joint ventures	84	(487)	-
Operating profit	**2 651**	**2 714**	**98%**
Operating profit margin (%)	*8.1%*	*6.5%*	*125%*
Cost of interest on debt	(672)	(797)	84%
Other financial revenue and costs	(93)	(295)	32%
Pretax financial result	**1 886**	**1 622**	**116%**
Pretax financial result margin (%)	*5.8%*	*3.9%*	149%
Income tax	(1 296)	(494)	262%
Net financial result	**590**	**1 128**	**52%**
Pretax net financial result margin (%)	*1.8%*	*2.7%*	67%
Total income for the period	**398**	**789**	**50%**
Net profit / loss attributable to:			
Shareholders of the parent entity	585	1 123	52%
Non-controlling stakes (interests)	5	5	100%
EBIT and EBITDA			
EBIT	**2 651**	**2 714**	**98%**
EBITDA	**6 470**	**5 465**	**118%**

[1]Due to the limited comparability of the earlier periods, the data is presented in a two year time frame. The data comprising the earlier periods is presented in section no. 5.9 of this report.

Figure no. 32 Structure of TAURON Capital Group's revenue for *2024 and 2023*



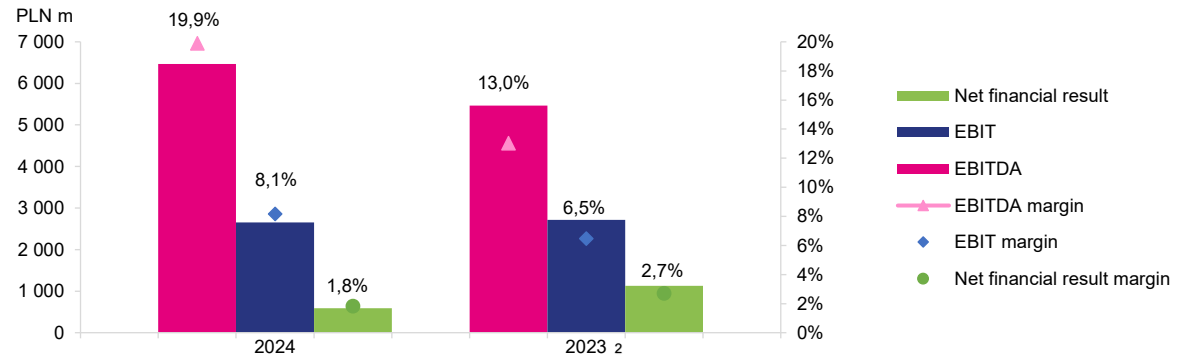
[1]*Adjusted data.*

TAURON Capital Group had generated the revenue in 2024 that had been lower by 22% than the revenue reported in 2023, mainly as a result of the lower revenue from the electricity sales. The declines in the electricity sales revenue had been recorded both in the retail electricity trading area as well as in the wholesale electricity trading area, which is primarily due to the lower prices obtained and the lower average sales volume. The decrease in the prices offered for the customers in each segment is directly related to the changes in the market electricity prices observed. In addition, the decrease in the revenue had also been impacted by the change in the volume which had been due to the lower demand from the business customers and, in the case of the wholesale trading, the lower level of the electricity volume contracting. In addition, the decrease in the revenue had also been impacted by the lower amount of the trading (commercial) fees received. The above mentioned declines had been only slightly offset by an increase in the revenue from the distribution and trading services, mainly as a result of an increase in the rate for the distribution and transmission services. In the case of the other products, goods and services, the revenue obtained had been subject to the relatively small changes and did not have a significant impact on the change in the revenue year on year.

The costs of TAURON Capital Group's operations (operating expenses) incurred in 2024 had been lower by 30% than the costs borne in the same period of 2023, which is mainly a consequence of incurring the lower costs of the purchases of the electricity as a result of the decline of the prices and the lower volumes as a result of the lower demand from TAURON Group's customers. In addition, the other factors that had contributed to the above mentioned decline had included the lower costs of the hard coal fuel consumed for the purpose of the production of the electricity and heat and those of the CO_2 emission allowances, mainly as a result of the lower consumption, as a consequence of the lower production. In addition, the lower cost of the hard coal fuel is impacted by the lower purchase price of the fuel as a consequence of the year on year decline in the market prices for this raw material. Another factor contributing to the change in the cost of the operations (operating expenses) is the significantly lower value of the allowance (charge) for the Price Difference Payout Fund, the obligation to set up which in 2023 had stemmed from the provisions of the legal acts obliging both the generators as well as the suppliers of the electricity and gas to pay the profits, in excess of the statutorily assumed margin percentage, to the Settlement Manager (Zarządca Rozliczeń). In addition, the decrease in the costs had been impacted by the partial utilization of the inventory write down set up as of the end of 2023 due to the significant fall in the market prices of the hard coal fuel The above decreases in the cost items had partially been offset by the increases of the costs of:

1. the depreciation, mainly as a result of an increase in the value of the assets of TAURON Capital Group, primarily in the distribution segment and the other operations segment in conjunction with the commissioning of the investment projects carried out,
2. the impairment charges related to the non-financial fixed assets as a consequence of the completed impairment tests of the carrying value of the fixed assets, which had demonstrated that the booking of such write downs had been justified,
3. employee benefits, which is the result of the following factors:
   1) the booking in the costs of 2024 of the effects of the agreements signed with the social partners (work force) in 2023,
   2) an increase of the minimum wage in 2024,
4. the distribution services purchased which is a consequence of an increase of the tariff rate for the PSE distribution services,
5. the higher costs of the taxes and fees, mainly due to the higher costs of the grid assets as a consequence of an increase in the value of the assets as a result of the investment projects under way and an increase of the tax rates.

Figure no. 33 TAURON Capital Group's financial results and the level of the margins earned from the continuing operations in the years 2024 – 2023
[1]



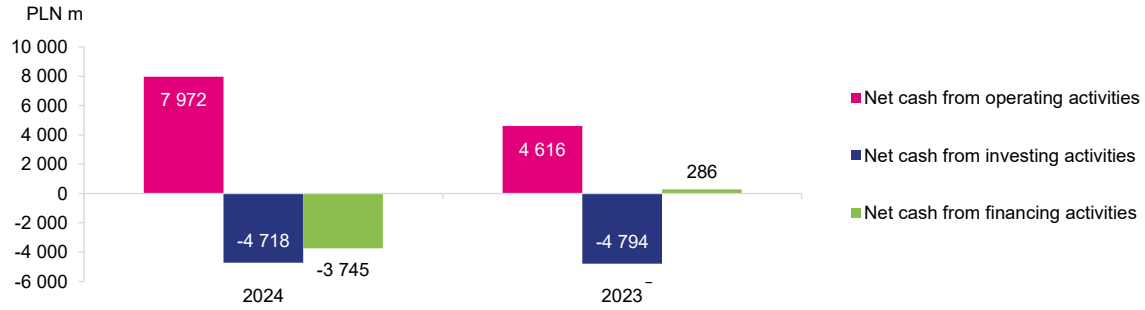
[1]Due to the limited comparability of the earlier periods, the data is presented in a two year time frame. The data comprising the earlier periods is presented in section no. 5.9 of this report.
[2]Adjusted data.

The EBITDA margin had come in at 19.9% in 2024, which had meant a rise by 6.9 p.p. as compared to the same period of 2023. This change had been due to both an increase in EBITDA by 18% as well as a decrease in the sales revenue by 22%. The reasons behind the change in EBITDA are described in section 5.3 of this report, while sales revenues are outlined above. The EBIT margin had come in at 8.1%, an increase by 1.7 p.p. as compared to 2023. This increase had been a relative figure, as the EBIT itself had been slightly lower (by 2% year on year). This had been the result of the write downs due to the impairment charges related to the fixed assets, booked as a result of impairment testing, at a higher amount than in 2023, which had limited the positive impact of the operational change. The net income margin had come in at 1.8%, down 0.9 p.p. year on year. This decline had been a consequence of a marked fall of the net income (down 48% year on year), in spite of the relatively stable operating results. The key factor affecting the level of the net income had been an increase in the income tax expense, first and foremost with respect to the deferred taxes. A deferred tax asset of PLN 902 million had not been recognized (booked) in 2024, mainly in the Generation Segment, which had had a material negative impact on the final financial result, the reasons for which are described in detail in section 20 of the Consolidated Financial Statements of TAURON Capital Group.

The comprehensive income attributable to the shareholders of the parent company had clocked in at PLN 393 million in 2024, as compared to PLN 784 million posted a year ago, while the net profit attributable to the shareholders of the parent company had come in at PLN 585 million in 2024, as compared to PLN 1 123 million posted in the same period of 2023.

Statement of cash flows

Figure no. 34 Cash flows in the years 2024 - 2023[1]



[1]Due to the limited comparability of the earlier periods, the data is presented in a two year time frame. The data comprising the earlier periods is presented in section no. 5.9 of this report.
[2]Adjusted data.

The amount of cash flows from the operating activities had come in at PLN 7 972 million in 2024, which had been the result of the following factors:

1. the generated EBITDA result in the amount of PLN 6 470 million,
2. an adjustment related a share in the non-cash profits / losses of the joint ventures in the amount of PLN 84 million,
3. a positive change in the working capital in the amount of PLN 2 216 million, which is the result of:
   1) a positive change of the balance of the accounts receivable in the amount of PLN 2 365 million, due to a change of the balance of the accounts receivable from the consumers, which is the result of the changes in the prices of the energy products, a decrease of the balance of the accounts receivable due to the compensation payments as a consequence of the settlement thereof, and a decrease of the balance of other financial liabilities,

2) a positive change of the inventory level in the amount of PLN 516 million,
3) a negative change of the balance of the accounts payable in the amount of PLN 366 million, mainly as a consequence of an increase in the accounts payable to the suppliers, accounts payable due to the wages, insurance and the other financial liabilities, and a reduction of the tax related obligations with the exception of the income tax,
4) a negative change of the other long term and short term assets as well as the provisions in the total amount of PLN 224 million,
5) a negative change of the prepayments and accruals, as well as the government subsidies in the amount of PLN 92 million, mainly as a consequence of the gratuitous (free of charge) receipt of the tangible fixed assets (property, plant and equipment), intangible assets and the rights to use, as well as the grants, including those that had been returned,
6) a positive change in the balance of the collaterals transferred to IRGIT (Warsaw Commodity Exchange Clearing House) in the amount of PLN 17 million,

4. an expense in the amount of PLN 150 million due to the income tax,
5. an expense associated with the settlement of the derivative instruments in the amount of PLN 627 million relating to the FX derivatives, hedging the foreign exchange risk mainly related to the purchase of the CO_2 emission allowances,
6. the other factors: PLN +147 million, including mainly a non-cash profit adjustment related to the recognition (booking) and the use of an inventory related impairment charge during the reporting period.

Największy wpływ na kształtowanie się strumienia środków pieniężnych o charakterze inwestycyjnym mają wydatki z tytułu nabycia rzeczowych aktywów trwałych, które w 2024 r. wyniosły 4 750 mln PLN, a największe wydatki zostały poniesione przez Segment Dystrybucja i stanowiły 64% całości wydatków inwestycyjnych.

The expenditures for the purchase of the tangible fixed assets have the biggest impact on the cash flow from the investing activities, and they had come in at PLN 4 750 million in 2024, with the largest expenditures having been incurred by the Distribution Segment and accounting for 64% of the total capital spending.

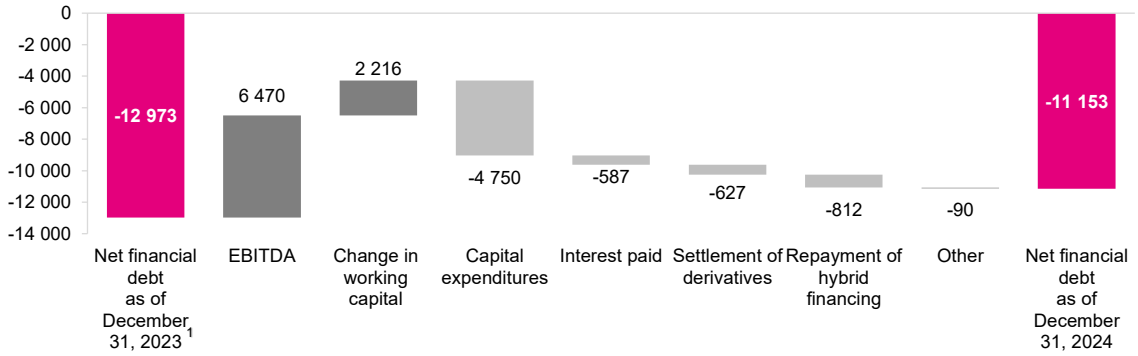
The negative value of the cash flow from the financing activities is primarily due to the surplus of the expenses due to the repayment of the financial obligations over the inflows from the financing obtained. The amount of the credits (borrowings) and loans repaid had come in at PLN 10 056 million, while the amount of the proceeds received due to the taking out of the loans had clocked in at PLN 6 947 million. In addition, in 2024, TAURON Capital Group had paid the amount of PLN 587 million due to interest, mainly related to the financial obligations, had repaid the accounts payable due to the leases in the amount of PLN 122 million, and had received the subsidies in the amount of PLN 79 million.

Table no. 45 The Group's' financial debt and TAURON Capital Group's net financial debt to EBITDA ratio as of December 31, 2024, and as of December 31, 2023

	As of December 31, 2024	As of December 31, 2023 (adjusted data)	Change in % (2024 / 2023)
Financial liabilities (PLN m)	11 749	14 057	84%
Net financial liabilities (PLN m)	11 153	12 973	86%
Net debt to EBITDA ratio	1.7x	2,4x	72%

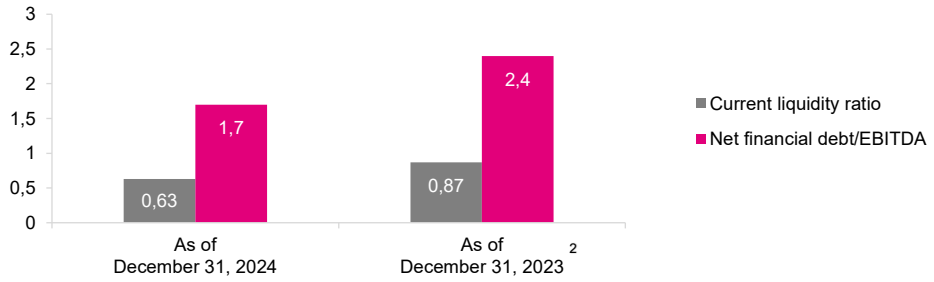
As compared to the balance sheet date falling on December 31, 2023, the net debt to EBITDA ratio as of the end of 2024 had come in at a lower level. A decline of the financial liabilities by 16% had translated into an improvement of the ratio by 0.3x, while an increase of the EBITDA result by PLN 1 billion for 2024, as compared to the result for the financial year 2023, had translated into an improvement of the ratio also by 0.4x. The reasons for a change in the operating EBITDA result are indicated in the description of the changes in the results of the operating segments and in the description of the changes in the consolidated statement of comprehensive income. On the other hand, the reasons behind the change in the net debt level are shown in the chart below.

Figure no. 35 TAURON Capital Group's cash flows in 2024



[1]*Adjusted data.*

Figure no. 36 Current liquidity ratio and the net financial debt to EBITDA ratio as of December 31, 2024, and as of December 31, 2023.[1]



[1]*Due to the limited comparability of the earlier periods, the data is presented in a two year time frame. The data comprising the earlier periods is presented in section no. 5.9 of this report.*
[2]*Adjusted data.*

TAURON Capital Group is effectively managing its financial liquidity using the central financing model put in place and the central financial risk management policy. TAURON Capital Group is using the cash pooling mechanism in order to minimize the potential cash flow disruptions and the risk of the loss of liquidity. TAURON Capital Group is using various sources of funding, such as, for example, overdrafts, bank loans, the loans from the environmental funds, bond issues, including the subordinated bond issues. The boundary (threshold) covenant level (of the net debt to EBITDA ratio) specified in certain agreements concluded between the Company and the financial institutions is no more than 3.5x. The exceeding thereof could result in potentially requiring TAURON to repay its liabilities immediately. The amount of the available financing for TAURON Group, as of September 30, 2024, stands at PLN 4.5 billion.

5.6. Material off-balance sheet items

The material off-balance sheet items of TAURON Capital Group, as of December 31, 2024:

1. the lawsuits brought by the companies from the Polenergia and Wind Invest groups against TAURON and PEPKH, related to the termination of the long term contracts for the purchase of the electricity and the property rights by PEPKH,
2. the claim of the WorleyParsons consortium against the company Polskie Elektrownie Jądrowe (Polish Nuclear Plants) (formerly PGE EJ 1 sp. z o.o. (Ltd.)),
3. the claim of Huta Łaziska (Łaziska Steel Works) for the alleged damage caused by a failure to implement, by GZE S.A. (company taken over by TAURON), the decision of the President of the Energy Regulatory Office (ERO) related to the resumption of the electricity supply by GZE to Huta Łaziska (Łaziska Steel Works),
4. the lawsuit brought by Enea against TAURON as well as against TAURON Sprzedaż and TAURON Sprzedaż GZE as the co-defendants, where the basis of Enea claim includes the allegations related to the Company's unjust enrichment (benefit) in connection with the possible errors with respect to the determination of the metering and billing data by Enea Operator sp. z o.o. (Ltd.), constituting the basis for the settlements of Enea and TAURON with PSE (TSO), due to an imbalance on the Balancing Market,
5. the administrative proceedings initiated by the President of the Office of Competition and Consumer Protection (UOKiK) and the President of the Energy Regulatory Office (ERO) against the Heat, Distribution, Supply Segments' subsidiaries,
6. the contingent liabilities related to the possibility of the future costs to be incurred by TAURON Capital Group's subsidiaries due to the non-contractual use of the real estate, i.e. the land on which the distribution grids, the district heating installations and the devices related thereto are located,
7. the contingent liabilities associated with the liabilities related to risks concerning the rules for determining the cost of the allowance (charge) for the Difference Payout Fund.

The detailed information related to the off-balance sheet items both in the subjective and objective terms, as well in terms related to the value thereof is presented in notes 55 and 56 to the Consolidated Financial Statements of TAURON Capital Group.

5.7. Differences between the financial results reported in the annual report and the forecasts of results for the given year published earlier

The Management Board of the Company did not publish any forecasts of the earnings of TAURON Capital Group for 2024. This decision was due to the considerable volatility of the market and a substantial number of factors negatively affecting the predictability thereof.

5.8. Key financial ratios and the Alternative Performance Metrics

The below table presents the key financial ratios of TAURON Capital Group which may constitute an important source of the information for the investors with respect to the financial and operational standing of TAURON Capital Group. The Alternative Performance Measures presented below, as defined by the ESMA Guidelines on the Alternative Performance Metrics, in the opinion of the Management Board, present the additional information with

respect to the financial performance (results) of TAURON Capital Group's business operations. They constitute the standard metrics commonly used in the financial analysis, the usefulness of which has been analyzed in terms of the information provided to the investors on the financial efficiency (performance), cash flows and the debt of TAURON Capital Group. In 2024, there had been no changes in the methodology used for determining the individual metrics in relation to 2023, and therefore the values of the metrics are comparable.

Table no. 46 Key financial ratios of TAURON Capital Group's operations[1]

Ratios	Definition	2024	2023 (Adjusted data)
PROFITABILITY			
EBIT margin[1]	Operating profit / Sales revenue	19.9%	13.0%
EBITDA margin[1]	EBITDA / Sales revenue	8.1%	6.5%
Net Profitability	Net profit / Sales revenue	1.8 %	2.7%
Return on Equity (ROE)	Net profit / Equity at the end of the period	3.3%	6.5%
LIQUIDITY			
Current liquidity ratio	Current assets / Short term liabilities	0.63	0.87
DEBT			
Total debt ratio	Total liabilities / total equity and liabilities	0.61	0.65
Net financial debt / EBITDA	(Financial liabilities - Cash) / EBITDA	1.7x	2.4x
OTHER RATIOS			
Earnings per share (EPS)	Net result attributable to shareholders of the parent entity / Number of ordinary shares	0.33	0.64

[1]*Due to the limited comparability of the earlier periods, the data is presented in a two year time frame. The data comprising the earlier periods is presented in section no. 5.9 of this report.*

The profitability ratios had undergone a varying degree of changes in 2024, as compared to the previous year.

The EBITDA margin had gone up by 6.9 p.p. in 2024, coming in at the level of 19.9%. The increase was the result of the improved economic efficiency and a decrease in the revenue, mainly due to the lower electricity and gas prices - which had led to a reduction of the denominator of the ratio. The lower level of the revenue (the denominator of the ratio) had a favorable impact on the upward change of the margin, while the EBITDA had gone up nominally by 18.4% year on year, confirming a real improvement in the operating performance.

The EBIT margin had also seen an increase, although on a smaller scale than the EBITDA margin. The change had been 1.7 p.p. and the ratio had clocked in at 8.1%. This increase had been only relative - as the EBIT result had been slightly lower than a year earlier. The key factor limiting its increase had been the higher impairment charges related to the assets' carrying amount, the legitimacy of which had been confirmed in the tests conducted during 2024. Their value had been similar to the increase in EBITDA, which had neutralized the positive effect of the operational improvement.

The net profitability, on the other hand, had fallen by 0.9 p.p. year on year to 1.8% in 2024, in spite of the higher EBIT margin. Although the business operations had remained stable and the EBIT result had been only slightly lower than in the previous year, the net profit had fallen 48%. The key negative factor, however, had been a marked increase in the tax expense, stemming first and foremost from the higher deferred taxes. The main part of it - in the amount of PLN 902 million – had been related to the increase in the level of the unrecognized deferred tax assets, mainly in the Generation segment, the reasons for which are described in detail in section 20 of the Consolidated Financial Statements.

The Return on Equity (ROE) ratio is lower by 3.2 p.p. year on year, reaching the level of 3.3%, which is, first and foremost, due to the lower net profit, the reasons for which are outlined above. The shareholders' equity had gone up by 2.3% in the period under review, making the impact of the change of the result decisive for the level of the ratio.

The current ratio had come in at 0.63 in 2024, down from 0.87 in 2023. The main reason for this change had been the decline in the current assets, which had gone down by PLN 4 067 million as compared to the previous year. The biggest contributor to this decline had been the settlement of the accounts receivable due to the compensation for the energy companies, which had reduced the value of the other financial assets by PLN 1 707 million. At the same time, the current liabilities had fallen, but to a lesser extent, which had translated into a lower liquidity ratio. It is worth noting that the lower values of the current liquidity ratio are a common phenomenon in the energy industry. This is due to the specifics of the sector, in which the large capital investments and the long term liabilities affect the structure of the balance sheet. The current level of the ratio is within the typical range for the energy companies and does not pose a threat to the financial stability.

The overall debt (leverage) ratio and the net deb to EBITDA ratio illustrate the share of the liabilities in the financing of TAURON Capital Group. The current level of these ratios enables TAURON Capital Group to obtain external financing necessary to carry out its planned investment projects. The levels of both ratios confirm TAURON Capital Group's stable financial position. It should be mentioned that the net financial debt to EBITDA ratio, which is also one of the basic ratios monitored by TAURON Group, determines the level of the Group's ability to repay its debt with the operating profits. This ratio is also the main covenant used in the signed agreements with the banks, and its acceptable value, depending on the provisions of the financing agreements, stands at 3.5x or 4.0x. The value of this ratio is lower as compared to the value reported in 2023, as a result of the posted EBITDA having been better by 19%, as well as the debt calculated for this ratio having dropped by 14%.

The Earnings per share (EPS) had clocked in at PLN 0.33 in 2024, down from PLN 0.64 in the previous year. The reduction in the EPS is due to the lower net income attributable to the shareholders of the parent company.

Table no. 47 Net financial debt reconciliation

Item (PLN m)	2024	2023 (Adjusted data)
Cash and its equivalents	**(596)**	**(1 084)**
Long term financial debt	**9 659**	**12 037**
Long term credits and loans, and other	6 231	7 392
Long term liabilities due to the unsubordinated bonds issued	3 428	4 645
Short term financial debt	**2 070**	**2 020**
Short term credits and loans, and other	861	1 811
Short term liabilities due to the unsubordinated bonds issued	1 209	209
Total financial debt	**11 729**	**14 057**
Contingent liabilities treated as equivalent to debt in the financing documentation	**20**	**-**
Net financial debt	**11 153**	**12 973**

Table no. 48 Reconciliation of the result on the EBITDA level

Item (PLN m)	2024	2023 (Adjusted data)
Net financial result	**590**	**1 128**
Income tax charged to the financial result	1 296	494
Costs of interest on debt	672	797
Financial revenue and other financial costs	93	295
EBIT from the operations	**2 651**	**2 714**
Depreciation	2 378	2 232
Impairment loss charged to the financial result	1 441	519
EBITDA from continuing and discontinued operations	**6 470**	**5 465**

5.9. Key financial and operating data for the last 5 years

Table no. 49 Financial data and operating data for the years 2020 – 2024[1]

Key information	unit	2020 (Adjusted data)	2021 (Adjusted data)	2022	2023 (Adjusted data)	2024	Change in % (2024 / 2023)
STATEMENT OF COMPREHENSIVE INCOME							
Sales revenue	PLN m	20 850	25 614	37 341	41 977	32 535	78%
Operating profit	PLN m	(1 537)	916	1 119	2 714	2 651	98%
Financial revenue (total)	PLN m	196	193	127	602	653	108%
Financial costs (total)	PLN m	(838)	(434)	(1 086)	(1 694)	(1 418)	84%

Key information	unit	2020 (Adjusted data)	2021 (Adjusted data)	2022	2023 (Adjusted data)	2024	Change in % (2024 / 2023)
Pre-tax profit (loss) from continuing operations	PLN m	(2 179)	1 125	110	1 622	1 886	116%
Income tax	PLN m	6	(293)	(319)	(494)	(1 296)	262%
Net profit (loss) from continuing operations	PLN m	(2 173)	832	(209)	1 128	590	52%
Net profit (loss) from discontinued operations	PLN m	-	(447)	75	-	-	-
Net profit (loss) from continuing and discontinued operations attributable to:	PLN m	(2 173)	385	(134)	1 128	590	52%
shareholders of the parent entity	PLN m	(2 170)	338	(134)	*1 123*	*585*	*52%*
non-controlling stakes (interests)	PLN m	(3)	47	0	*5*	*5*	-
EBITDA from continuing and discontinued operations	PLN m	4 226	4 152	4 016	5 465	6 470	118%
STATEMENT OF FINANCIAL POSITION							
Fixed assets	PLN m	33 585	33 855	35 053	37 353	38 069	102%
Current assets	PLN m	6 111	6 220	10 267	11 785	7 645	65%
Total equity	PLN m	16 727	16 524	16 614	17 358	17 754	102%
Total liabilities	PLN m	22 969	23 551	28 706	31 780	27 960	88%
long term liabilities	PLN m	15 687	13 634	18 511	18 209	15 807	87%
short term liabilities	PLN m	7 102	9 917	10 195	13 571	12 153	90%
Net financial debt	PLN m	10 595	10 129	11 775	12 973	11 153	86%
Capital expenditures	PLN m	4 039	2 932	3 962	4 364	5 127	117%
CASH FLOW ACCOUNT							
Net cash from operating activities	PLN m	4 042	4 955	2 775	4 616	7 972	173%
Net cash from investing activities	PLN m	(3 977)	(3 103)	(3 976)	(4 794)	(4 718)	98%
Net cash from financing activities	PLN m	(374)	(2 003)	1 518	286	(3 745)	-
Cash closing balance	PLN m	895	623	940	1 048	557	53%
RATIOS							
EBIT margin	%	(7)%	4%	3%	6%	8%	133%
EBITDA margin	%	20%	16%	11%	13%	20%	154%
Net financial debt / EBITDA	multiple	2.5x	2.4x	2.9x	2.4x	1.7x	71%
Net earnings per share	PLN / share	-1.24	0.19	-0.08	0.64	0.33	52%
OPERATING DATA							
Commercial coal production	Mg m	4.54	5.15	5.01	-	-	-
Gross electricity production	TWh	12.5	15.59	15.55	12.67	11.51	91%
Electricity production from RES	TWh	1.94	1.71	1.57	1.67	1.69	101%
Heat production	PJ	11.63	12	10.58	10.35	10.27	99%
Retail electricity supply	TWh	32.43	33.41	31.14	30.75	26.71	87%
Electricity distribution	TWh	50.26	53.97	53.68	51.30	51.67	101%
Number of customers (Distribution)	M	5.71	5.78	5.84	5.93	5.98	101%

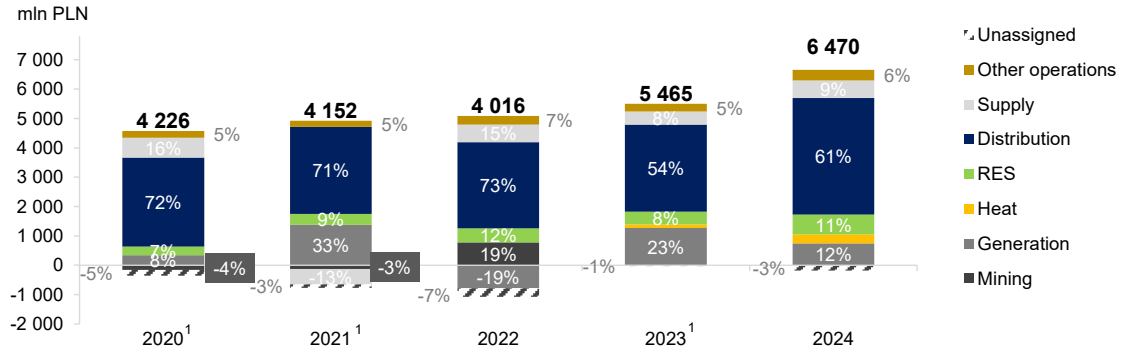
[1]*The values presented for the years 2020 - 2022 do not reflect the values in compliance with the IFRS and are not directly comparable due to the changes in the presentation (organization) of the Segments.*

Table no. 50 TAURON Capital Group's EBITDA, broken down into Segments of Operations in the years 1020 – 2024[1]

EBITDA (PLN m)	2020 (Adjusted data)	2021 (Adjusted data)	2022	2023 (Adjusted data)	2024	Change in % (2024 / 2023)	Change (2024 - 2023)
Continuing operations							
Mining	(157)	-	-	-	-	-	-
Generation	344	1 375	(779)	1 270	746	59%	(524)
Heat				123	302	246%	179
RES	297	376	476	431	684	159%	253
Distribution	3 023	2 967	2 939	2 962	3 963	134%	1 001
Supply	683	(524)	594	454	598	132%	144
Other operations	229	208	298	257	359	140%	102
Unassigned items	(193)	(134)	(313)	(32)	(182)	569%	(150)
EBITDA from continuing operations	**4 226**	**4 268**	**3 215**	**5 465**	**6 470**	**118%**	**1 005**
Discontinued operations							
Mining		(130)	781	-	-	-	
Consolidation adjustments / Unassigned items		14	20	-	-	-	
EBITDA from discontinued operations		**(116)**	**801**	**-**	**-**	**-**	
EBITDA total from discontinued and continuing operations	**4 226**	**4 152**	**4 016**	**5 465**	**6 480**	**118%**	**1 005**

[1]The values presented for the year 2023 do not reflect the values in compliance with the IFRS and are not directly comparable due to the changes in the organization of the Segments that had taken place in 2024, i.e. the spinning off of the Heat Segment from the Generation Segment. In addition, due to the loss, as of December 31, 2022, of the control by TAURON Group over the TAURON Wydobycie subsidiary as a result of the divestment of the shares thereof to the State Treasury, the results of the Mining Segment subsidiary for the years 2021 and 2022 are presented as a part of the discontinued operations.

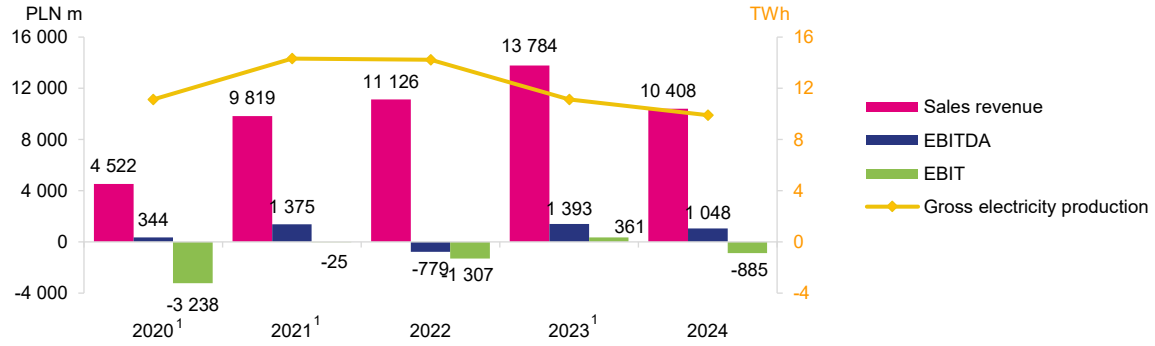
Figure no. 37 Structure of TAURON Capital Group's EBITDA in the years 2020 – 2043



[1]Adjusted data. Key information for the years 2019 - 2023 by Segments of Operations.

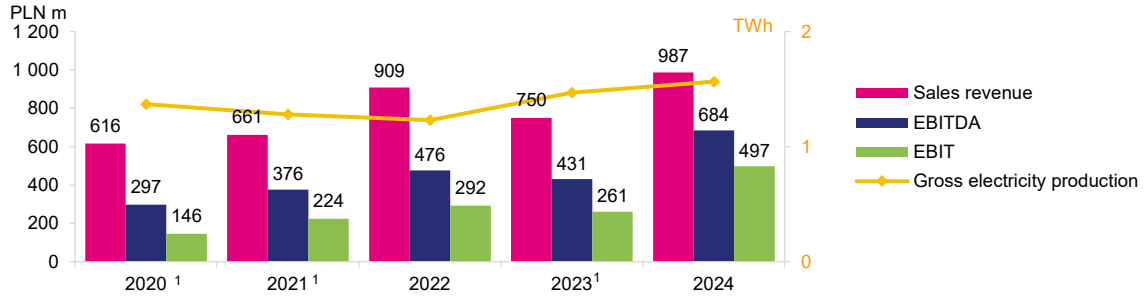
Key information for the years 2020 - 2024 by Segments of Operations

Figure no. 38 Generation Segment's and Heat Segment's data for the years 2020 - 2024



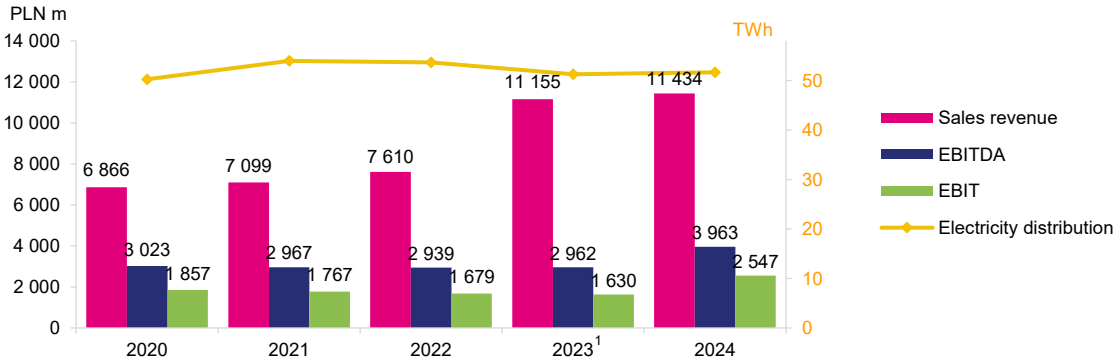
[1]*Adjusted data.*

Figure no. 39 RES Segment's data for the years 2020 - 2024



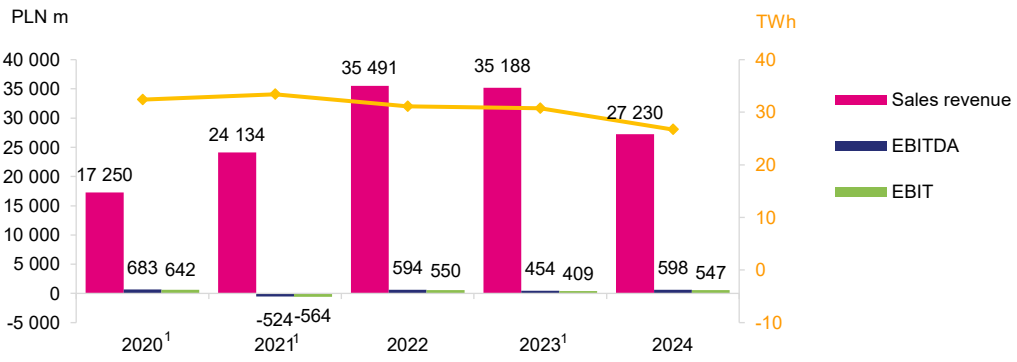
[1]*Adjusted data.*

Figure no. 40 Distribution Segment's data for the years 2020 - 2024



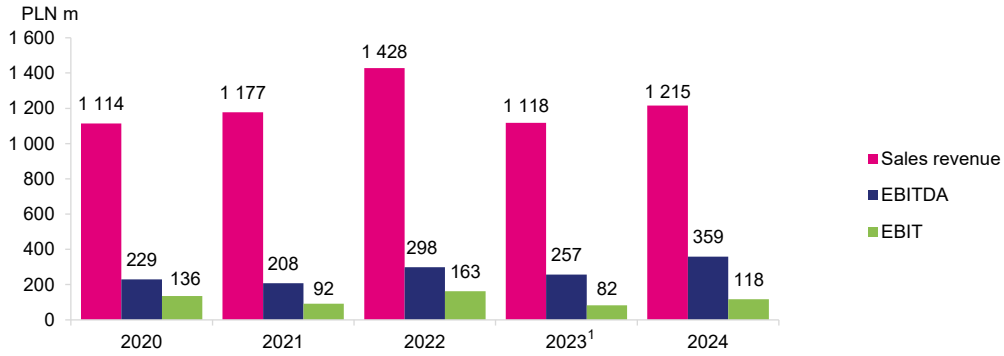
[1]*Adjusted data.*

Figure no. 41 Supply Segment's data for the years 2020 - 2024



[1]*Adjusted data.*

Figure no. 42 Other Operations Segment's data for the years 2020 - 2024



[1]*Adjusted data.*

5.10. What can we expect in 2025

The World Bank updated its forecast of Poland's GDP growth rate in January 2025, indicating that Poland's GDP will climb by 3.4% in 2025, and by 3.2% in 2026. However, the report did not provide a detailed justification for these projections. On the other hand, according to the latest projection of the National Bank of Poland, published on March 14, 2025, the GDP growth rate is expected to come in at 3.7% in 2025, 2.9% in 2026, and 2.3% in 2027. According to the analysts from the banking sector, following the GDP growth rate at the level of approximately 3% in 2024, the growth rate will accelerate in 2025, mainly due to a significant inflow of the EU funds under the 2021 - 2027 financial plan and as part of the National Recovery Plan. In the longer term, when the impact of these funds begins to fade, the economic growth is expected to slow down.

According to the Statistics Poland's (GUS) data, published on January 15, 2025, the average annual inflation rate had clocked in at 3.6% in 2024. On the other hand, as per the projection presented by the National Bank of Poland (NBP), the predicted inflation rate will go up to the level of 4.9% in 2025, and then come down to 3.4% in 2026 and 2.5% in 2027.The NBP is forecasting that the CPI inflation will reach its peak in the first half of 2025 (5.4% in the first quarter and 5.2% in the second quarter), and then begin to come down in the third quarter. However, at the end of 2025, the price growth is expected to speed up again, and this trend will continue until the second quarter of 2026. The core inflation, according to the central bank, will continue to remain at an elevated level - its decline will be curtailed by, among other things, the planned increases in the prices of the utilities (sewage discharge, waste disposal, water supply) and an increase in the excise tax on the tobacco products. The NBP indicates that the marked decline of the pace of the price growth in 2025 will mainly affect the food, which is expected to be caused by the normalization of the supply conditions - especially on the fruit, vegetable and butter markets. In the years 2026 - 2027, the rate of the consumer price growth will be held back by the slowing wage growth, limited demand pressures and the low inflation rate in the international environment, including a decline in the energy commodity prices on the world markets.

In the long term, the transition of the power sector will be continued, in line with the assumptions of the EU's climate and energy policy, including the *Fit for 55* package. The regulations at the EU level have an impact on the functioning of the domestic energy market, supporting a gradual change of the power generation structure towards the low- and zero carbon sources. TAURON Group, in line with its expansion (growth) directions adopted on December 17, 2024, in *TAURON Group's Strategy for 2025 - 2035*, is steadfastly implementing actions that provide support for the sustainable transition, focusing on the development (expansion) of the renewable energy sources, a modern distribution grid and the solutions that promote the decarbonization and increase energy efficiency.

The additional information related to the forecasts for 2024 is provided *in section 5.11. of this report*.

5.11. Current and forecast financial and assets situation

Taking into account the current market situation, it is expected that the earnings of TAURON Capital Group in the coming years will be impacted by both the external factors, as well as by the actions taken inside the Group.

In the **Heat Segment**, a material challenge for the next few years is the transition of the district heating industry to the low- and zero carbon sources. With respect to the district heating, replacing of the hard coal fired generating units with the low carbon sources is a strategic issue. The development of the heat market through an expansion of the district heating network and connecting of the new customers provides the support for the reduction of the low emission sources. TAURON Group is planning to become a reliable heat producer and the largest supplier of heat in the region, which will be possible thanks to the replacing of the hard coal fired sources with the modern low carbon units, ensuring the high reliability and quality of the heat supply, improving of the technical and economic parameters, including minimizing of the heat transmission losses, developing of the district heating market by acquiring the new customers, supporting the elimination of the low emission sources and expanding the range of its offering with the new products.

In the **Generation Segment**, the transition of the conventional power generation is envisaged, taking into account the social challenges, through a profitable operation of the hard coal fired units, based on the capacity market solutions, and subsequently followed by a gradual decommissioning of the unprofitable generation units. The transition of the conventional power industry also means the Group's readiness to spin off the hard coal fired generating assets by 2030, and in the absence of the spin-off, a financial self reliance (ringfencing). It assumes an economically effective management of the decommissioned assets and the preparation of the large scale investment options.

In the **RES Segment**, an expansion is expected to continue through the further investments in the photovoltaic farms and the onshore wind farms. Of material importance for the development of the onshore wind farms is the assumed further amendment of the provisions of the Act of May 20, 2016, on investments in the wind power plants, making it easier to find the locations of the investment projects related to the onshore wind farms, which is at an advanced stage of the legislative process. The amended provisions, which are planned to be introduced, include an additional reduction in the requirement to maintain an appropriate distance for the newly built wind farms in relation to buildings to 500 meters. This will allow for the launching of the additional projects that could not be implemented before due to the distance requirements. The draft of the new act envisages not only unblocking of the implementation of the new greenfield wind power investment projects, but also provides an opportunity to increase the installed wind power capacity in Poland as part of the so-called repowering, i.e. replacing of the older wind turbines with the newer, more efficient equipment providing the higher unit capacities. For both the wind farms as well as the photovoltaic farms, the problem that continues to persist is the obtaining of the conditions for a connection to the DSO grid. The Segment's activities will also be focused on improving of the efficiency of the hydro power, implementing of the energy storage technologies, including the pumped storage power plants. The implementation of the above mentioned expansion (growth) activities should ensure a stable financial performance of the Segment as a result of, first of all, an increased electricity production volume.

The **Distribution Segment** is and it will continue to be a stable source of the revenue for TAURON Capital Group. Ensuring the security and safety of the grid operation and the reliability of the electricity supply, as well as accomplishing of the other long term goals set for the electricity distribution operations, requires significant investment outlays on the modernization and development of the distribution grid. In the near term, the implementation of the new investment projects is planned with respect to the modernization of the existing assets and the changes in the network topology and technology. Improving of the flexibility of the grid is necessary both in order to better utilize the potential of the existing and the planned to be connected RES sources, as well as it is also necessary to create the technical conditions for the energy transition. At the same time, a number of the development initiatives are being undertaken aimed at, among other things, improving of the energy efficiency (the process of transmitting power and energy from the generator to the consumer), including also the rational use of the existing energy resources. Accordingly, an extensive work is being carried out in order to provide support of the financing for the ongoing investment projects under the regulatory model, as well as the aid funds. The Distribution Segment is currently benefiting from a loan obtained from the funds available under the National Recovery and Resilience Improvement Plan as part of Investment G3.1.4 - Support for the National Energy System (Energy Support Fund) for the financing of the costs of implementing the development and adaptation of the power grid. It is assumed that the Segment’s financial condition will be maintained and the optimum level of the Segment's basic financial and technical parameters and indicators will be ensured. As it is operating on the regulated market, the Distribution Segment makes a caveat that its forecasts are dependent on the elements of the regulatory policy for the DSOs introduced by the President of the ERO, as well as on the legislative solutions stemming from the national and the EU law.

In the **Supply Segment**, it is assumed that a competitive advantage will be developed in the electricity market based on a rapid response to the market changes and the customer expectations. It is forecast that the Segment’s positive financial results will be maintained and its value growth model based on the customer relationships and the sales of the additional products and services in combination with the energy supply will be continued. The Segment's financial position in 2025 will continue to be affected by the regulatory environment and the legal changes. Mention should be made, first and foremost, of the *Act of October 27, 2022 on extraordinary measures to cap electricity prices and provide support for certain consumers in 2023 - 2025*, as subsequently amended. In accordance with the Act, the eligible customers will be billed at the maximum prices. The difference between the price approved by the President of the ERO and the price pursuant to the Act will be covered by the compensation payment based on the applications submitted to the Settlement Manager (Administrator). In addition, the financial performance will be affected by the stabilization of the wholesale prices on the electricity market (following the large increases and the volatility in the previous years due to the geopolitical situation). The risk of the pressure on the fuel and energy markets due to the war in Ukraine and the risk of a curtailment of the fuel availability and the need to realign the supply chains has diminished. One should also take into account the high probability of an accelerated GDP growth rate in 2025, which may translate into an increased demand for the electricity and gas fuel. In the longer term, TAURON Group wants to provide the customers with 100% of clean energy by 2040 coming from its own sources and through a new model for the long term allocation of the electricity produced by the RES to the final customers. A profitable expansion in all of the segments and the development of the modern products, services and sales channels will enable the Group to achieve a high volume of the electricity supplied to the existing and the new customers throughout Poland. By placing the customer at the center of attention, it is planned that the highest level

of customer service quality will be accomplished with the use of the chatbots or artificial intelligence, and a continuous improvement of the customer satisfaction indicators as well as the development of the modern, digital, integrated sales channels will be carried out.

Other operations - the main consumers of the shared services provided include, first and foremost, the Distribution Segment and the Supply Segment, for the benefit of which the projects with respect to customer service are implemented and finalized, while at the same ensuring the highest quality of service. In addition, the services for TAURON Capital Group's subsidiaries are provided, with respect to, among other things, the financial and accounting services, the human resources (HR) and payroll services, the IT services, the fleet management services, as well as the real estate management services. Such activities enable achieving of the synergy effects across entire TAURON Capital Group and bring the cost efficiency improvements.

6. INFORMATION ON THE AUDIT FIRM

On November 9, 2021, the Supervisory Board, based on the recommendation of the Audit Committee, appointed the audit firm Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością Spółka komandytowa (Limited Liability Company Limited Joint Stock Partnership) (Ernst & Young Audyt Polska) to conduct an audit and the review of the financial statements and the consolidated financial statements of TAURON for the years 2022 - 2024. On February 28, 2022, TAURON concluded an agreement with Ernst & Young Audyt Polska and the subject of the agreement covered:

1. audit of the financial statements of the Company for the years 2022 - 2024, drawn up in accordance with the requirements of the IFRS,
2. audit of the financial statements of the selected subsidiaries of TAURON Capital Group for the years 2022 - 2024, drawn up in accordance with the IFRS,
3. audit of theconsolidated financial statements for the years 2022 - 2024, drawn up in accordance with the IFRS,
4. review of the interim, half year financial statements of the Company, required by the Warsaw Stock Exchange Joint Stock Company (WSE), for the periods ended on June 30, 2022, June 30, 2023, and June 30, 2024, drawn up in accordance with the requirements of the IFRS,
5. review of the interim, half year consolidated financial statements, required by the Warsaw Stock Exchange (WSE), for the periods ended on June 30, 2022, June 30, 2023, and June 30, 2024, drawn up in accordance with the requirements of the IFRS.

In addition, in accordance with the agreement, TAURON has exercised the option involving the ability to commission the financial audit services including the evaluation of the annual report of the Supervisory Board on the compensation of the Company's Management Board and Supervisory Board for the years 2022 - 2024 and the other permitted services, including the verification of the interim, the half year and the annual consolidation packages of the selected subsidiaries of TAURON Capital Group for the years 2022 - 2024, required for the preparation of the consolidated financial statements and carrying out, in the years 2022 – 2024, of the agreed upon procedures with respect to the verification of the subsidiary's report on the update of the Regulatory Asset Base (RAB) and the Regulatory Asset Base for the AMI System (AMI RAB) for the purpose of determining a reasonable rate of return on the capital employed by the President of the Energy Regulatory Office (ERO) for the years 2023 - 2025.

On August 28, 2024 an agreement has been entered into with Ernst & Young Audyt Polska covering the completion of the attestation (certification) of TAURON Group's sustainability reporting for the year 2024. Signing the agreement was related to the provisions of the Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting (CSRD Directive). The CSRD Directive imposed on the member states of the European Union the obligation to implement to local legal regulations, inter alia, the regulations regarding supervision over sustainable development reporting and indicated certified auditors and audit firms as independent bodies verifying the non financial information. As of the moment of signing the agreement, the service of atestation of sustainable development reporting of TAURON Capital Group for 2024 was a permitted service as understood under Article 136 of the Act of 11 May 2017 on statutory auditors, audit firms and public supervision.

Prior to 2024 the services provided for the Company by Ernst & Young Audyt Polska had included: the audit of the standalone financial statements and the consolidated financial statements of the Company for the years from 2008 until 2012 and for the years from 2017 to 2023, as well as the reviews of the interim, half year standalone financial statements and the consolidated financial statements of the Company for the periods ended on June 30 in the individual years from 2010 until 2012 and from 2017 to 2023, carrying out, in the years 2019 – 2023, of the agreed upon procedures with respect to the verification of the subsidiary's report on the update of the Regulatory Asset Base (RAB) for the purpose of determining a reasonable rate of return on the capital employed by the President of the Energy Regulatory Office (ERO) and carrying out of a service involving an evaluation of the report of the Supervisory Board on the compensation for the years 2019 – 2023. The Company had also used, prior to 2018, the advisory (consulting) and the training services provided by Ernst & Young Audyt Polska, to the extent in line with the legal regulations in force and not leading to the curtailment of the level of the impartiality and the independence of the auditor.

The total amount of the compensation of the audit firms came in at PLN 3 646 000, of which the compensation of the audit firm Ernst & Young Audit Poland clocked in at PLN 3 535 000. Other than the services provided by Ernst & Young Audit Poland shown, the Group did not use the services of any other entity in the Ernst & Young network (EY network).

Table no. 51 TAURON The amount of the compensation of the audit firms for the services provided for TAURON Capital Group's subsidiaries

Services provided for TAURON Capital Group's subsidiaries	Year ended on December 31, 2024 (PLN '000)	Year ended on December 31, 2023 (PLN '000)
1. Mandatory audit, including:	2 384	2 235
1) consolidated financial statements	409	328
2) standalone financial statements of the parent entity	354	305
3) standalone financial statements of the subsidiaries	1 621[1]	1 602[2]
2. Other certifying (assurance) services provided with respect to the parent entity, including the reviews of the financial statements and the evaluation of the annual report of the Supervisory Board on the compensation	485	485
3. Other certifying (assurance) services provided with respect to the subsidiaries, including a verification of the consolidation packages	307	323
4. Attestation (certification) of TAURON Group's sustainability reporting	470	0
5. Tax advisory services	0	0
6. Other services (including training) provided for TAURON Capital Group	0	0
Total	**3 646**	**3 043**

[1]As part of the amount of PLN 1 621 000 related to the audit of the standalone financial statements of the subsidiaries, the compensation in the amount of PLN 1 521 000 applies to the audit firm Ernst & Young Audyt Polska and the compensation in the amount of PLN 118 000 applies to the other audit firms.
[2]As part of the amount of PLN 1 *602 000 related to the audit of the standalone financial statements of the subsidiaries, the compensation in the amount of PLN 1 405 000 applies to the audit firm Ernst & Young Audyt Polska and the compensation in the amount of PLN 197 000 applies to the other audit firms.*

7. FINANCIAL RESOURCES AND INSTRUMENTS

7.1. Proceeds from the security issues

The Company did not issue any securities in 2024.

7.2. Financial instruments

The use of the financial instruments with respect to eliminating the price changes, the credit risk, the material disruptions of the cash flows and a loss of the financial liquidity

The financial risk at TAURON Capital Group is managed by TAURON. The centralizing of the financial risk management function is aimed at optimizing the process, including the minimizing of TAURON's and TAURON Capital Group's costs in the above mentioned respect. As part of the financial risk management in 2024 TAURON had continued to hedge the risk of the volatility of the cash flows resulting from its debt based on the WIBOR reference rate by continuing the interest rate swap (IRS) hedging transactions that it had entered into earlier.

In addition, in 2024, TAURON had hedged its FX exposure arising from the trading operations (first of all due to the purchase of the CO_2 emission allowances), as well as from the investing activities related to the implementation of the projects in the field of the renewable energy sources by concluding the forward type contracts. In 2024, TAURON had also been continuing the strategy of hedging its foreign currency exposure generated by the interest payments on the financing obtained in EUR by concluding the forward type contracts. The goal of such transactions was to hedge against the risk of the cash flow volatility stemming from the FX rate fluctuations.

With respect to hedging of the credit risk, TAURON Capital Group did not use any financial instruments.

As part of the efforts aimed at eliminating the price risk (a loss of margin), the contracting of the electricity sales is followed by the contracting of the CO_2 emission allowances. Such a method of hedging the positions allows for minimizing the risk of the CO_2 costs not being covered by the contracted electricity price. The basis for determining the CO_2 sales price for the emission allowances volume defined this way is the CO_2 price on the exchange from the time when the CO_2 volume is contracted.

On the other hand, as part of the liquidity loss risk management, the instruments referred to in section 7.3 of this report are used.

The objectives and methods of the financial risk management

As part of the financial risk management, TAURON Capital Group is managing the FX risk and the interest rate risk, based on *TAURON Group's Financial Risk Management Policy* as well as the Risk Tolerance approved by the Management Board, the Global Financial Risk Limit including the decomposition thereof into the individual financial risk types. The main goal of managing such risks is to minimize the sensitivity of TAURON Capital Group's cash flows to the financial risk factors and to minimize the financial costs and the hedging costs as part of the transactions with the use of the derivative instruments. In the cases when it is possible and economically justified, TAURON uses the derivative instruments the characteristics of which allow for applying the hedging accounting.

With respect to the financial risks TAURON Capital Group also identifies and actively manages the liquidity risk understood as a potential loss or a curtailment of the ability to pay the ongoing expenses, due to an inadequate value or the structure of the liquid assets in relation to the short term obligations or an insufficient level of the actual net inflows from the operating activities.

As part of the identified financial risks, TAURON is also managing the risk of the financing understood as a lack of the possibility to obtain the new funding, an increase of the cost of the funding and the risk of the termination of the existing financing agreements. As part of the efforts aimed at minimizing the financing risk, TAURON is conducting a policy of obtaining the funding for TAURON Capital Group with an adequate advance notice in relation to the planned date of the use thereof. This means that TAURON Capital Group should have signed programs of guaranteed financing or hedging for such financing in place by accumulating the funds on TAURON Capital Group's accounts. Such a policy is, first and foremost, aimed at ensuring a flexible choice of the financing sources and taking advantage of the favorable market conditions, as well as reducing the risk of the need to take on the new liabilities under the adverse financial terms. TAURON's policy also covers the standardizing of the covenants and the provisions of the financing agreements in the most important (key) elements of the documentation.

7.3. Assessment of the financial resources management

TAURON is conducting the corporate policy with respect to the financial management and as a result of that an effective management of the finances of the entire TAURON Capital Group is possible. The main tools enabling the effective management include the adequate internal corporate regulations, as well as the cash pool service in place within TAURON Capital Group and the intra Group loans. In addition, the adopted financial management model is supported by *TAURON Capital Group's Financial Risk Management Policy* and *TAURON Capital Group's Insurance Policy*. In these areas the Company is performing the function of the management body (manager) and the decision maker with respect to the directions of the measures to be undertaken, enabling the setting of the relevant limits of the risk exposure.

In accordance with the adopted financing policy the Company is responsible for obtaining the financing for TAURON Capital Group's subsidiaries (where with the Company's approval, the project financing from the environmental funds may be obtained directly by the Capital Group's subsidiaries). The funds obtained both internally (from TAURON Capital Group's subsidiaries generating the financial surpluses), as well as externally (from the financial market), are subsequently transferred to TAURON Capital Group's subsidiaries that are reporting the need for the financing or to the subsidiaries dedicated to carry out the indicated projects.

The conducted policy with respect to the acquiring of the funding sources enables, first of all, to increase the possibility of obtaining the financing for the general corporate purposes and the capital expenditures (CAPEX), reduce the cost of the external capital, curtail the establishing of the number and forms of the collaterals (pledges) on the assets of TAURON Capital Group as well as the covenants required by the financial institutions, and also leads to the reduction of the administrative (overhead) costs. The corporate financing model also enables acquiring of the funding sources that are not available for the individual subsidiaries. The Company is also considering implementing the method of acquiring the funding using the project finance formula with respect to the RES projects. The Company has an option to exclude the financing obtained by TAURON's selected special purpose vehicles (SPV) for the implementation of the RES investment projects from the net debt / EBITDA ratio calculation. In the case of deploying the project finance solutions, the funds will be obtained directly by the SPV companies implementing the investment projects in the field of the renewable energy sources (RES) in cooperation with TAURON, where TAURON will be performing the arrangement (organizational) functions. The above mentioned measure should enable a greater use of the debt financing as part of TAURON's new strategy.

The other key element having an impact on the financial management efficiency is the financial liquidity management, implemented through, among other things, the determination of the liquidity position and the implementation of the liquidity controlling processes. TAURON Capital Group manages the cash flows efficiently, maintains an adequate liquidity of TAURON Capital Group by optimizing the level of the expenses and the cash balances at the subsidiaries. The above mentioned activities lead to the improving of the selection of the moment (timing) of the fund raising and the determining of the maturity date, as well as to maintaining of an adequate level of the liquidity reserve, and also bring about the reduction of the financial costs.

In order to optimize TAURON Capital Group's financial liquidity management and the decision making processes, in particular with regard to the total working capital and approving the liquidity position of TAURON Capital Group's subsidiaries for the given year, as well as for the purpose of the ongoing monitoring and developing the management guidelines for the subsidiaries, the Liquidity Committee is in place at TAURON Capital Group.

The liquidity management is supported by the implemented cash pool mechanism. Its overarching goal is to ensure TAURON Capital Group's ongoing financial liquidity, while at the same time curbing the costs of the short term external financing and minimizing the financial costs related to maintaining the cash surpluses on the bank accounts. Due to the functioning of the cash pool structure, TAURON Capital Group's subsidiaries, facing the short term funding deficits, may use the funds of the subsidiaries generating the financial surpluses, without the need to acquire the external financing.

Both, the financing policy, as well as TAURON Capital Group's liquidity management policy conducted by TAURON are, first of all, aimed at, apart from increasing the efficiency of managing TAURON Capital Group's finances, eliminating the threats of the curtailment or loss of TAURON Capital Group's financial liquidity. The guaranteed sources of the financing, obtained with an adequate lead time, effectively eliminate the risk of TAURON Capital Group losing its liquidity. The Company is pursuing a policy of diversifying the financing instruments, but, first and foremost, it is seeking to secure the financing and to maintain the ability of TAURON Capital Group's subsidiaries to meet the current and future obligations in the short term and in the long term.

In addition, TAURON Capital Group has dedicated agreements in place to provide the collateral for the liabilities towards IRGiT (Warsaw Commodity Exchange Clearing House) and the bank guarantee programs, as part of which it is possible to issue the guarantees to provide the collateral (pledges) for the liabilities of TAURON Capital Group's subsidiaries within the centralized bank limits. The above mentioned measure has curtailed the costs of the guarantees acquired and has curbed the formal steps required to obtain a guarantee.

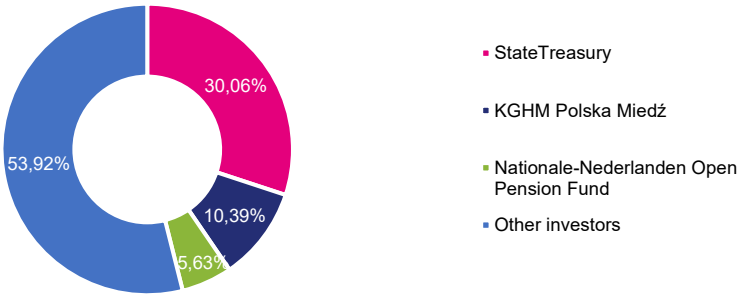
The Company and TAURON Capital Group had demonstrated in 2024 a full capacity to pay its accounts payable within the payment deadlines thereof.

8. SHARES AND SHAREHOLDERS OF TAURON POLSKA ENERGIA S.A.

8.1. Shareholding structure

As of January 1, 2024, as of December 31, 2024 and as of the date of drawing up this report the Company's share capital, in accordance with an entry in the National Court Register, stood at PLN 8 762 746 970 and was split into 1 752 549 394 shares with a nominal value of PLN 5 per share, including 1 589 438 762 ordinary AA series bearer shares and 163 110 632 registered ordinary BB series shares.

Figure no. 43 Shareholding structure as of January 1, 2024, December 31, 2024, and as of the date of drawing up this report



The detailed information regarding the shareholding structure is presented in section 9.4. of this report.

8.2. Dividend policy

As part of the Strategy adopted in December 2024, TAURON has assumed a dividend payout beyond 2028, at the level of PLN 0.50 per share, as well as an annual dividend growth rate at the level of 6%, allowing for achieving of the level of PLN 0.70 per share in 2035, with the assumption that up to 20% of the consolidated net profit will be allocated for the dividend payout. The criteria for the dividend payments will be in accordance with the Good Practices of Companies Listed on the WSE. The decision to pay out the dividend shall be made by the General Meeting of the Shareholders of the Company following a recommendation by the Management Board, which will take into account the following circumstances when determining the recommended level of the dividend payout:

1. the Company's liquidity situation, in particular in the event that the Company fails to generate cash in an amount that would allow the payment of the dividend,
2. the formal and legal restrictions, including the requirement to cover the previous years' losses pursuant to the provisions of the Commercial Companies Code,
3. the risk of violating the covenants included in TAURON's financing documentation (the loan agreements or the bond issue terms and conditions), in particular with respect to not exceeding a certain level of the leverage ratio (the net debt to EBITDA ratio) and ensuring an investment grade rating,
4. allocation of the profit for the expenditures related to the implementation of the strategic projects, provided that, in TAURON's opinion, the retention of the funds will contribute to an increase in the value of the assets.

The dividend had last time been paid out by the Company in 2015, in the amount of PLN 262 882 409.10 for the financial year 2014. Starting as of 2015, the Company has not paid out any dividend

Covering of the net loss for 2023.

On April 16, 2024, the Management Board of the Company had taken the decision to recommend to the Ordinary General Meeting to cover the net loss for the financial year 2023 incurred by the Company in the amount of PLN 637 505 198.92 from the Company's reserve capital.

On June 3, 2024, the Ordinary General Meeting (GM) of the Company had passed a resolution, in line with the recommendation of the Management Board, to cover the net loss for the financial year 2023 from the Company's reserve capital.

TAURON disclosed the information on the above events in current report no. 25/2024 of April 16, 2024, and in current report: no. 33/2024 of June 3, 2024.

8.3. Number and nominal value of TAURON Polska Energia S.A.'s shares, as well as of the shares and interests in the related units, held by the Members of the Management Board and of the Supervisory Board

Table no. 52 The Company's shares held by the Members of the Company's Management Board as of December 31, 2024, and as of the date of drawing up this report.

First name and last name	Number of the Company's shares held	Nominal valus of the Company's shares held
1. Grzegorz Lot	0	0
2. Piotr Gołębiowski	0	0
3. Michał Orłowski	0	0
4. Krzysztof Surma	9 100	45 500

The persons holding the positions of the Members of the Management Board of the Company as of December 31, 2024 and as of the date of drawing up this report, did not hold any shares or interest in the companies related to the Company.

The persons holding the positions of the Members of the Supervisory Board of the Company as of December 31, 2024 and as of the date of drawing up this report, did not hold any shares of TAURON, nor did they hold any shares or interest in the companies related to the Company.

8.4. Agreements related to the potential changes to the shareholding structure

The Company does not have any information on the existence of any agreements (including also the agreements concluded after the balance sheet date), as a result of which any changes in the proportions of the shares held by the existing shareholders and bondholders may occur in the future.

8.5. Share buybacks

In 2024 and as of the date of drawing up this report, TAURON and its subsidiaries had not acquired or held any of its own shares, with the exception of TAURON Dystrybucja, as discussed below.

Acquiring of the shares in TAURON Dystrybucja S.A.

As of January 1, 2024, TAURON Dystrybucja had held a total of 229 410 of its own shares with a total nominal value of PLN 4 588.20, which had represented 0.0008% of the company's share capital. These shares had been purchased from the minority shareholders in 2023 in order to be redeemed, due to a failure of the General Meeting convened on June 22, 2023, and on September 14, 2023 to adopt a resolution on the mandatory repurchase of the company's shares owned by the shareholders whose shares represent no more than 5% of the share capital by the majority shareholder. In accordance with Article 418^1, § 4 of the Code of Commercial Companies, if a resolution on the mandatory repurchase of the shares is not adopted at the General Meeting, a company shall be obliged to purchase the shares of the minority shareholders, in order to be redeemed, within 3 months from the date of holding the General Meeting.

For the same reason, i.e. a failure of the General Meeting convened on February 16, 2024, to pass a resolution on the mandatory repurchase of the company's shares owned by the minority shareholders, the company in the first quarter of 2024 had purchased a total of 344 596 own shares with a total nominal value of PLN 6 891.92, representing 0.0012% of the company's share capital, in order to be redeemed. In accordance with Article 418^1, § 6 of the Code of Commercial Companies, the share repurchase price shall be equal to the value of the net assets per share, as shown in the financial statements for the last financial year, less the amount to be distributed to the shareholders. In connection with the above, the shares had been repurchased at a price of PLN 0.50 per share, which had translated into a total value of PLN 172 298.00 for all of the acquired shares.

Subsequently, on March 26, 2024, the Management Board of TAURON Dystrybucja had adopted the resolutions on the redemption of the company's shares purchased by TAURON Dystrybucja from the shareholders whose shares had represented no more than 5% of the share capital and on the lowering of TAURON Dystrybucja's share capital as well as the amendments to the company's Articles of Association. The Management Board of TAURON Dystrybucja had taken the decision to lower the company's share capital from the amount of PLN 560 467 130.62 by the amount of PLN 11 480.12, i.e. to the amount of PLN 560 455 650.50.

Following the redemption of the above mentioned shares, in 2024, TAURON Dystrybucja had acquired a total of 274 714 of its own shares in order to be redeemed, with a total nominal value of PLN 5 494.28, which after rounding up had represented 0.0009% of the company's share capital. These shares had been purchased due to a failure of the General Meeting convened on June 27, 2024, to pass a resolution on the mandatory repurchase of the company's shares owned by the minority shareholders, whose shares had represented not more than 5% of the

share capital, by the majority shareholder. In accordance with Article 418^1, § 6 of the Code of Commercial Companies, the shares had been repurchased at a price of PLN 0.52 per share, which had translated into a total value of PLN 142 851.28 for all of the acquired shares.

In conjunction with the above, as of December 31, 2024, TAURON Dystrybucja had held 274 714 of its own shares with a total nominal value of PLN 5 494.28, which after rounding up had represented 0.0009% of the company's share capital.

On January 28, 2025 (an event that took place after the balance sheet date), the Management Board of TAURON Dystrybucja adopted the resolutions on the redemption of 274 714 shares purchased by the company from the shareholders whose shares represented no more than 5% of the share capital and on the lowering of the company's share capital as well as the amendments to the company's Articles of Association. The Management Board of TAURON Dystrybucja took the decision to lower the company's share capital from the amount of PLN 560 455 650.50 by the amount of PLN 5 494.28, i.e. to the amount of PLN 560 450 156.22. The registry court had registered the above mentioned lowering of the company's share capital on March 10, 2025 (an event that took place after the balance sheet date).

Following the above mentioned redemption of the shares purchased, as of the date of drawing up this report TAURON Dystrybucja does not hold any of its own shares.

8.6. Employee stock award programs

No employee stock award programs had been implemented by the Company in 2024.

8.7. Share price performance on the Warsaw Stock Exchange (WSE)

TAURON shares have been listed on the Main Market of the Warsaw Stock Exchange (WSE) since June 30, 2010.

TAURON share price had fluctuated between PLN 2.77 and PLN 4.113 in 2024. During the last stock market session of 2024 the share price had stood at PLN 3.759.

After a year of record highs, 2024 turned out to be a year of a slowdown and a stabilization for the Warsaw Stock Exchange. The first half of the year had seen a continuation of the bull market that had begun in 2023, but in the second half of the year the levels of the indices were coming down lower and lower, and for the whole year the rate of return of the main indices was minimal or, in some cases, even negative. This was a different situation than the sentiment prevailing on the world's largest stock exchanges, for which the past year had been exceptionally successful.

Among the WSE's main indices, the WIG20 index had ended the year with a negative result and a decline of 6.44 percent, while the other indices had posted small increases. The WIG index had gained 1.42 percent, the sWIG80 index had risen 3.01 percent, and the best performance had been posted by the mWIG40 index, which had risen 5.83 percent. The sector index WIG Energia had fallen 11.23 percent over the year.

The prices of the fuel and electricity have stabilized, contributing to a marked decline and a subsequent stabilization of the inflation rate. The average annual inflation rate in Poland in 2024 had come in at 3.6 per cent, as compared to 11.4 per cent in 2023 and 14.4 per cent a year earlier. At the same time, the economic situation had continued to remain at a fairly stable, growth rate. The GDP grew by 2 per cent in the first quarter of 2024, by 3.2 per cent in the second quarter, by 2.7 percent year on year in the third quarter, and by 1.0 percent in the fourth quarter, which translated into 2.9 percent economic growth for the whole of 2024. This confirms the recovery from the economic slowdown, and the rate of the economic growth is very good as compared to the other European countries.

The price performance of the shares of TAURON and the shares of the entire energy sector had been, first and foremost, impacted in the period under review by the information related to the overall situation on the electricity market, the transition of the energy sector under way and the uncertainty with respect to the further fate of the spinning off of the generation assets based on the hard coal and lignite out of the energy groups, the decline of the hard coal prices, the extension of the electricity prices freeze period, and in the case of TAURON share price performance – in addition, the publishing of the updated strategy or the obtaining of the funds from the National Recovery and Resilience Plan.

As of December 31, 2024, TAURON shares had been included in the following stock exchange indices:

1. **WIG** – an index that includes all of the companies listed on WSE's Main Market that meet the basic criteria for the inclusion in the indices. TAURON's share in the WIG index: 0.986%,
2. **WIG-Poland** – a national index that groups solely shares of the domestic companies listed on WSE's Main Market that meet the basic criteria for the inclusion in the indices. TAURON's share in the WIG-Poland index: 1.003%,
3. **WIG30** – an index that includes 30 of the largest and most liquid companies listed on WSE's Main Market. TAURON's share in the WIG30 index: 1.335%,
4. **WIG40** – an index that includes 40 of the largest and most liquid companies listed on WSE's Main Market. TAURON's share in the WIG40 index: 4.448%,
5. **WIG-Energia** – a sector based index that comprises companies that are included in the WIG index and also qualified to the energy sector. TAURON's share in the WIG-Energia index: 25.757%.

Table no. 53 Key data on the TAURON shares in 2015 - 2024

Year	Share price high (PLN)	Share price low (PLN)	Last share price (PLN)	Market capitalization at the end of the period (PLN m)	Market capitalization at the end of the period (%)	Book value (PLN m)	Price / Earnings
2015	5.38	2.36	2.88	5 047	0.98	18 837	4.2
2016	3.19	2.31	2.85	4 995	0.9	16 349	-
2017	4.12	2.75	3.05	5 345	0.8	17 880	3.02
2018	3.37	1.64	2.19	3 838	0.66	18 967	3.7
2019	2.44	1.43	1.64	2 874	0.52	19 168	13.9
2020	3.26	0.82	2.72	4 770	0.89	18 071	-
2021	3.86	2.39	2.65	4 651	0.66	16 497	-
2022	3.65	1.70	2.12	3 714	0.65	17 235	13.5
2023	4.60	1.82	3.73	6 544	0.86	18 609	3.8

Year	Share price high (PLN)	Share price low (PLN)	Last share price (PLN)	Market capitalization at the end of the period (PLN m)	Market capitalization at the end of the period (%)	Book value (PLN m)	Price / Earnings
2024	4.11	2.77	3.76	6 588	0.90	17 580	-

Year	Price / Book Value	Rate of return ytd[1] (%)	Dividend yield (%)	Trading volume (PLN m)	Trading volume share (%)	Average volume per session (pcs)	Average number of transactions per session (pcs)
2015	0.27	-40.78	5.2	3 063	1.5	3 190 195	1 431
2016	0.31	-1.04	-	3 199	1.69	4 662 087	1 465
2017	0.31	7.02	-	2 737	1.16	3 261 765	1 323
2018	0.2	-28.2	-	3 104	1.52	5 622 737	1 769
2019	0.15	-25.11	-	2 001	1.04	4 508 965	1 699
2020	0.26	65.98	-	3 233	1.09	6 807 622	2 523
2021	0.28	-2.50	-	3 015	0.96	3 883 666	2 167
2022	0.22	-20.16	-	2 651	0,93	4 086 822	2 026
2023	0.35	76.22	-	2 865	1.04	3 837 532	2 331
2024	0.37	0.67	-	2 527	0.76	2 901 258	2 162

[1]Rate of return calculated taking into account the investor's income from the dividend and assuming that the additional income realized is re-invested. The methodology in accordance with Biuletyn Statystyczny GPW (WSE Statistical Bulletin).
Source: Biuletyn Statystyczny GPW (WSE Statistical Bulletin).

Figure no. 44 TAURON share price performance and trading volumes in 2024

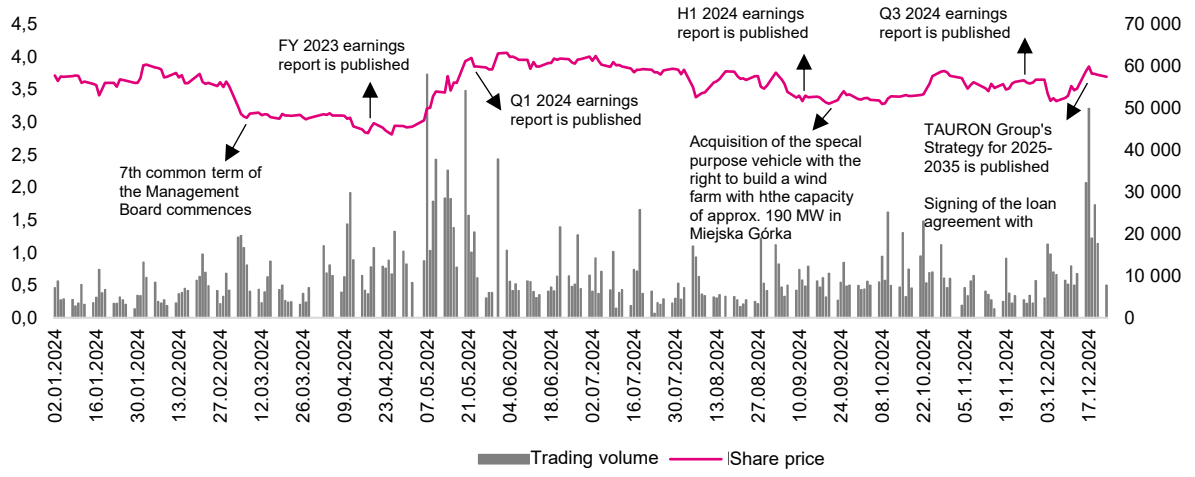
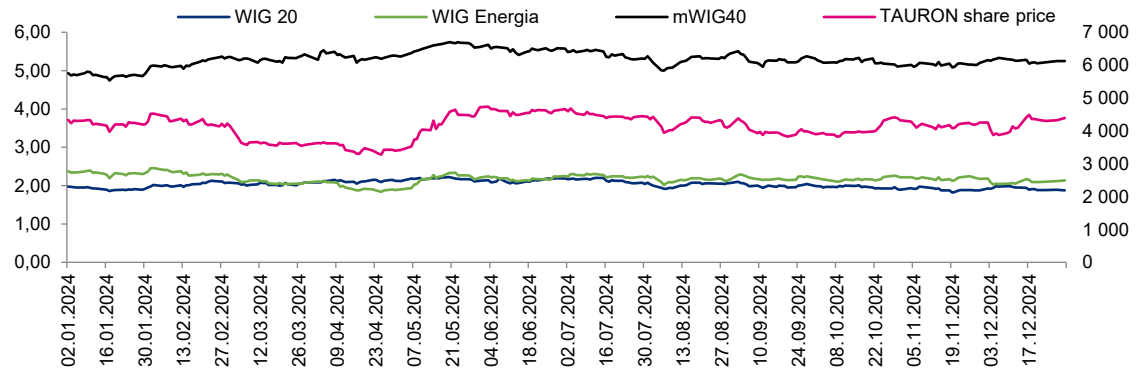


Figure no. 45 TAURON share price (in PLN) against the backdrop of the WIG20 and WIG-Energia indices since the market debut until December 31, 2024



Recommendations for the shares of TAURON Polska Energia S.A.

The analysts from the brokerage houses and the investment banks had issued, in total, 15 recommendations for TAURON shares in 2024, including:

9 "buy" recommendations

4 "hold" recommendations

2 "sell" recommendations

Table no. 54 Recommendations issued in 2024

Date of issuing recommendation	Institution issuing recommendation	Recommendation / target price
15.02.2024	Citi	Neutral / PLN 3.80
11.04.2024	Santander BM	Neutral / PLN 3.80
23.04.2024	DM BOŚ	Sell / PLN 2.868
13.05.2024	Trigon DM	Buy / PLN 3.94
29.05.2024	Citi	Buy / PLN 5.20
26.06.2024	DM mBanku	Hold / PLN 4.27
24.09.2024	DM BOŚ	Buy / PLN 4.20
27.09.2024	DM PKO BP	Buy / PLN 4.70
21.10.2024	Trigon DM	Buy / PLN 4.10
20.11.2024	Santander BM	Overweight / PLN 6.00
26.11.2024	Noble Securities DM	Buy / PLN 3.94
3.12.2024	Wood&Co.	Hold / PLN 3.90
4.12.2024	Ipopema Securities	Sell / PLN 2.91
5.12.2024	BM Pekao	Buy / PLN 4.40
9.12.2024	Trigon DM	Buy / PLN 4.46

8.8. Investor relations

Transparent, accurate and regular communications is the foundation of TAURON's investor relations (IR) program. It is taking place not only in the form of the mandatory activities required by the legal regulations, namely, by disclosing the information in the current and periodic regulatory filings (current reports) for example, but it is also supplemented with a number of the additional activities and tools addressed directly to all of the stakeholders. The high quality communications leads to the higher level of trust among the investors, the financing institutions and the business partners. Building of the relationships with the investors is based on both implementing the best practices applied around the world, as well as on setting the highest standards on the Polish capital market.

The analysts, the fund managers and the shareholders had access to a wide spectrum of the information on TAURON Capital Group in 2024, through the use of the various communications tools.

In connection with the publishing of the periodic, interim reports, the Company was organizing the earnings conference calls for the investors and the analysts, each time attended by several dozen representatives of the capital markets and media. Such events were simultaneously interpreted into English. The ability to replay them at a later date was also provided. As a result, all of the interested parties were guaranteed an equal access to the information. In addition, the Company organized two chats with the representatives of the Management Board, dedicated to the individual (retail) investors.

Apart from the meetings accompanying the publishing of the periodic, interim reports, the representatives of the Company took part in the meetings with the investors and the conferences for the investors in 2024, during which, in total, approximately 130 meetings with the investment fund managers and the capital market analysts, including 2 investor conferences and more than 120 of individual meetings, conference calls and video conference calls, had been held. During the meetings the representatives of TAURON were presenting TAURON Capital Group's strategy, discussing the most important capex projects, the financial position, as well as the current situation on the market and the outlook for the energy sector.

In 2024, similar as in the previous years, TAURON had also participated in the events addressed to the individual investors. The Company was, among other things, a partner of the "WallStreet" conference organized by the Individual Investors Association (Stowarzyszenie Inwestorów Indywidualnych).

In connection with the growing importance of the online channels and the social media, the Company is placing a lot of weight on the development of the use thereof with respect to the communications with the investors. The broadcasts of the events that are important for the investors are provided via the YouTube service, for example, the earnings conference calls or the General Meetings. TAURON also has a corporate profile on the X (formerly Twitter) social portal where the entries related to, among other things, the investor relations are posted. Being aware of the fact that the website is a significant source of the information for the investors, in particular, its *Investor Relations* tab; the Company takes care of its content and the validity of the content provided therein. The *Investor Relations* section contains a lot of useful information on both the current events as well as the planned ones, the financial results or the strategy of TAURON Capital Group. The presentations and the video broadcasts of the earnings conference calls summarizing the financial results are also posted thereupon.

Table no. 55 Timeline of the investor relations highlights (events) and activities that had taken place in 2024

Date	Highlight (event)
3.04.2024	Extraordinary General Meeting of the Company
18.04.2024	Full year 2023 standalone and consolidated earnings reports published
19.04.2024	Conference call for the analysts, the fund managers and the media to present the FY 2023 financial results
23.04.2024	Chat for the individual investors as part of the cooperation with the Individual Investors Association
22.05.2024	Q1 2024 consolidated earnings report published
23.05.2024	Video conference call for the analysts, the fund managers and the media to present the Q1 2024 financial results
3.06.2024	Ordinary General Meeting of the Company
7.06.2024	Participation in the WallStreet conference organized by the Individual Investors Association
2.07.2024	Resumption of the Ordinary General Meeting of the Company
3.09.2024	Extraordinary General Meeting of the Company
11.09.2024	H1 2024 consolidated earnings report published
12.09.2024	Video conference call for the analysts, the fund managers and the media to present the H1 2024 financial results
17.10.2024	Participation in the Trigon Investor Week conference, Warsaw
28.11.2024	Q3 2024 consolidated earnings report published
29.11.2024	Video conference call for the analysts, the fund managers and the media to present the Q3 2024 financial results
29.11.2024	Chat for the individual investors as part of the cooperation with the Individual Investors Association
5.12.2024	Participation in the Wood's Winter Wonderland – EME conference, Prague

9. STATEMENT ON APPLICATION OF CORPORATE GOVERNANCE

Pursuant to § 70, clause 6, sub-clause 5) *of the Regulation of the Minister of Finance of March 29, 2018 on the current and periodic (interim) information disclosed by the issuers of securities and the conditions to acknowledge as equivalent the information required by the legal regulations of a non-member state* (i.e. Journal of Laws of 2018, item 757), the Management Board of the Company presents the statement on the application of corporate governance in 2024.

9.1. Applied set of corporate governance rules

In 2024 the Company had been subject to the corporate governance rules, described in the Best Practice of the WSE (GPW) Listed Companies 2021 (Best Practice 2021), adopted by the Supervisory Board of the WSE (GPW) by way of the resolution no. 13/1834/2021 of March 29, 2021, which had come into force on July 1, 2021.

The text of the Best Practice 2021 document is published on the WSE (GPW) website at the following address: https://www.gpw.pl/dobre-praktyki2021.

The up to date information on the application by the Company of the principles outlined in the Best Practice 2021 document is posted on the Company's website at the following address: https://www.tauron.pl/tauron/relacje-inwestorskie/informacje-o-spolce/lad-korporacyjny.

Information on the change in the scope of the Company's application of the principles outlined in the Best Practice in 2024

Seeking to apply the broadest possible scope of the Good Practice, in connection with the announcement, along with TAURON Group's Strategy for 2025 – 2035, of a new dividend policy, the adoption of the new *TAURON Group's Internal Audit Regulations* and the amendment of the *Organizational Regulations*, in 2024 the Company had begun applying Principle **3.6.** (pertaining to the organizational and functional subordination of the person in charge of the internal audit) and Principle **4.14**. (pertaining to the principles of the dividend payout) The updated information on the Company's application of the principles outlined in the Best Practice 2021 had been posted on the Company's website at the above mentioned address on December 17, 2024.

Description of the manner in which the Company is applying the principles outlined in the Best Practice

The rules related to the information disclosure policy and communication with the investors

Section 1 of the Best Practice 2021 sets out the rules for ensuring the proper communications with the stakeholders and conducting a transparent and reliable information disclosure policy.

The Company had been using various channels of communications with the capital market participants in 2024. All of the information required by the law is posted and updated on an ongoing basis on the Company's website. The Company had maintained ongoing contacts with the investors (the institutional and individual ones) as well as the analysts from the brokerage houses and the investment banks. The Company had communicated with them at the conferences organized following the publication of every interim report, through the individual meetings organized at the request of the investors and analysts, as well as through the regularly organized chats for the retail investors. The contact details for the investors along with the available telephone numbers and the e-mail addresses, as well as a contact form (rule **1.1.**), are provided on the Company's website at the following address: https://www.tauron.pl/tauron/relacje-inwestorskie.

The Company had prepared and published, on the Company's website at the above indicated address, the periodic (interim) reports containing the financial results, as soon as possible following the end of the reporting period. In order to reduce the investors' uncertainty with respect to the Company's financial standing, the Company had published the estimated financial results prior to the publication of the periodic (interim) reports (rule **1.2.**).

TAURON Group's Strategy for the years 2022 - 2030 with an Outlook until 2050 had been the binding document in place in 2024. At the same time, in mid-2024, the work had begun on developing a new Strategy for TAURON Group, which was published on December 17, 2024, in current report no. 63/2024, which included the key information on the new Strategy, such as the vision and mission, the foundations of the Strategy, the Group's business priorities and the strategic performance indicators (metrics). The current report was accompanied by an appendix outlining the detailed information on the adopted Strategy. The new Strategy continues the strategic activities implemented in the document previously in effect, i.e. TAURON Group's transition towards the decarbonization, and reinforces the importance of the ESG values for TAURON Group. One of the pillars of the new Strategy is sustainability and the ESG values. The Strategy takes into account such issues as:

1. environmental issues, including the metrics and risks related to climate change and the sustainability issues,
2. social and labor issues, including, among other things, the measures, taken and planned, aimed at, among other things, ensuring gender equality, sound working conditions, respect for the employees' rights, dialogue with the local communities, customer relations.

The new Strategy focuses on the sustainable development and social responsibility for the present and the future generations. As part of its concern for the climate and a responsible use of the resources, TAURON Group has adopted in the Strategy, as one of its three most important performance indicators (metrics), the so-called "degree of turning green." The Group's long term goal is to achieve climate neutrality in 2040.The Strategy outlines, among other things, that 100% of clean energy will be supplied to the customers by 2040, while it is planning to ensure customer experience at the highest level and to continuously improve the customer satisfaction indicators. With respect to the labor issues, diversity, inclusiveness and equality at work will be ensured. In terms of the corporate governance, it was emphasized that the management will follow the best practices, including the modern and transparent business models and principles of the Best Practice. *The detailed information on the new Strategy is provided in section 12.5 of this report.*

TAURON Group's sustainability related information is available on the website: https://www.tauron.pl/tauron/o-tauronie/raportowanie-esg, including, among other things, the ESG data, TAURON Group's codes and policies on the environmental, social and corporate governance issues (rule **1.3.**).

In order to ensure the proper communication with the stakeholders, with respect to the adopted business strategy, the Company has posted, on the website: https://nowaenergia.tauron.pl/ and https://www.tauron.pl/tauron/o-tauronie/raportowanie-esg, the information on the assumptions of the Strategy it has in place, the measurable goals, including in particular the long term goals, the planned activities. The Company will be publishing the information on the progress in the implementation of the strategic goals, defined based on the metrics, both the financial, as well as the non-financial ones (rule **1.4.**). The information on the strategy in the ESG area, posted on the website, explains, among other things: how the climate change issues are taken into account in the decision making processes of the Company and those of its Group's entities, indicating the risks involved with respect thereto (rule **1.4.1**.).

The Company discloses the expenses incurred thereby and its Group in order to support culture, sports, charitable institutions, media, social organizations, trade unions, etc. in this Report of the Management Board on the Operations of TAURON Polska Energia S.A. and TAURON Capital Group for the financial year 2024 in section 2.8. (rule **1.5.**).

The Company had held conference calls for the investors, analysts and media representatives each time after the publication of the financial results in 2024. These conference calls had been made available online in real time to all of the interested parties. During the earnings conference calls, the representatives of the Management Board of the Company had presented and commented on the financial and operating results posted, the adopted strategy and the implementation thereof, as well as the most important events that had an impact on the business operations of the Company and TAURON Capital Group, as well as the outlook for the future. During the organized meetings, the Management Board of the Company had publicly provided the explanations and given answers to the questions asked (rule **1.6.**).

The investors may submit their questions in writing, by phone, via e-mail or using the contact form available on the website at the following address: https://www.tauron.pl/tauron/relacje-inwestorskie/kontakt-dla-inwestorow/formularz. The Company has adopted a Procedure for disclosing the information on the Company and the subsidiaries thereof for the purpose of the Investor Relations, along with an indication of the deadlines for completing the individual activities. The answers to the questions are provided immediately, and in the case of the issues that would require the in-depth analyses / calculations, within 10 days (rule **1.7.**).

The rules related to the Management Board and the Supervisory Board

Section 2 of the Best Practice sets out the rules with respect to the performance by the Management Board and the Supervisory Board of the responsibilities thereof.

As of the end of the financial year 2024, all of the Members of the Supervisory Board had met the independence criteria listed in the Act of May 11, 2017, on certified auditors, audit firms and public oversight, and also had no actual and material ties to a shareholder holding at least 5% of the total number of the votes in the company. Whereas, as of the date of drawing up this report, one Member of the Supervisory Board had actual and material ties to a shareholder holding at least 5% of the total number of the votes in the company (rule **2.3.**).

During the period covered by this report, all of the votes of the Supervisory Board and the Management Board had been held by way of an open ballot (rule **2.4.**).

The Rules of Procedure of the Company's Supervisory Board and the Rules of Procedure of the Company's Management Board shall provide for the voting Members of the Management Board and the Supervisory Board to submit a dissenting opinion for the record (rule **2.5.**). During the period covered by this report, no Member of the Management Board or the Supervisory Board had submitted a dissenting opinion for the record.

Holding a position in the Company's Management Board had been the main area of the professional activity of the Members of Management Board, and for the performance of the functions by the Members of the Management Board on the Supervisory Boards of the entities outside of the Capital Group had, every time, been issued an approval of the Supervisory Board (rule **2.6.** and rule **2.7.**). The Members of the Supervisory Board had been able to devote the required amount of time to perform their responsibilities (rule **2.8.**). The Chair of the Supervisory Board had not managed the works of the Audit Committee (rule **2.9.**), and the administrative and the financial resources

had been delegated in accordance with the Company's size and the Company's financial position in order to ensure the efficient functioning of the Supervisory Board (rule **2.10.**).

On April 17. 2024, the Supervisory Board had drawn up and presented to the Ordinary General Meeting for approval the *Report of the Supervisory Board of TAURON Polska Energia S.A. for the financial year 2023* that had included all of the information indicated in rule **2.11**. By way of a resolution of the Ordinary General Meeting of June 3, 2024, the above mentioned report had been approved.

The rules related to the internal systems and functions

Section 3 of the Best Practice 2021 refers to the efficient operation of the Company's internal systems and functions as the tools to be used for the performance of the oversight.

The Company had maintained the following effective systems in 2024: internal control system, risk management system and the legal compliance system, as well as an effective internal audit function, corresponding to the size of the Company and the type and scale of its business operations (rule **3.1.**). In this respect the Company has the following documents in place:

1. TAURON Group's Internal Audit Regulations, which was developed to effectively carry out the internal audit function at TAURON Group,
2. TAURON Group's Compliance Policy, which defines the principles of the functioning of TAURON Group's Compliance Management System, in particular: purpose, structure, tools, stages and areas of the compliance management,
3. TAURON Group's Corporate Risk Management Strategy, which aims to ensure the consistency with respect to the management of the individual risk categories, defining the main principles, standards and tools of the ERM System's architecture.

The Company has in place separate units responsible for the tasks of the individual systems or functions (rule **3.2.**). The Director in charge of Audit shall be responsible for the internal control and internal audit system, the Director in charge of Risk Management shall be responsible for the risk management and the Director in charge of Compliance shall be responsible for overseeing the Company's compliance with the law.

In 2024, the Company had in place the Director in charge of Audit who managed the internal audit function acting in accordance with generally recognized international standards of professional internal audit practice (rule **3.3.**). In this regard, while carrying out the internal audit function at the TAURON Group, the employees of the Audit Area and the audit units are applying the Global Standards for Internal Auditing published by the Institute of Internal Auditors IIA Poland.

The compensation of the persons responsible for the risk management and compliance as well as that of the head of the internal audit shall depend on the performance of the assigned tasks and not on the Company's short term results (rule **3.4.**). The above mentioned principle is included in the Company's MBO Based Employee Bonus System Regulations, where it is indicated that the targets set for the employees eligible for a bonus, who are responsible for the risk management, compliance and the internal audit management, must not depend on the Company's short term performance. In addition, the persons responsible for the risk management and compliance shall report directly to the President or another Member of the Management Board, which is in line with the Organizational Regulations of the Company (rule **3.5.**).

A new wording of *TAURON Group's Internal Audit Regulations* had been adopted in 2024 in order to ensure the application of rule 3.6. The provisions of the document in question strengthen the independence of the Director in charge of audit and are in line with the requirements of the Best Practice regarding the functional subordination of this position to the Company's Supervisory Board. In accordance with the Company's Organizational Regulations in force, the Director in charge of audit is organizationally reporting to the President of the Management Board (rule **3.6.**).

In 2024, the Audit Committee had been monitoring the effectiveness of the internal control, risk management, compliance oversight systems and the internal audit function on an ongoing basis. The Director in charge of audit had presented to the Audit Committee, during the meeting on April 15, 2024, an assessment of the effectiveness of the functioning of the systems and functions referred to in rule 3.1. On April 15, 2024, the Audit Committee had adopted the relevant report (rule **3.8.**) and recommended that the Company's Supervisory Board include the issues mentioned in the above mentioned report in the content of the *Report of the Supervisory Board of TAURON Polska Energia S.A. for the year 2023*. The Company's Supervisory Board, during its meeting on April 17, 2024, carried out an annual assessment of the effectiveness of the above mentioned systems and functions for the year 2023 and adopted the *Report of the Supervisory Board of TAURON Polska Energia S.A. for the year 2023*, in which it was included.

In accordance with *TAURON Group's Compliance Policy*, after the end of each quarter, but no later than by the 30th day following the end of the quarter, the Director in charge of Compliance (Compliance Officer) shall prepare a written report for the Audit Committee on the scope of the tasks completed by TAURON Group's compliance units, with the proviso that the data for the last quarter of the given year shall be presented in *TAURON Group's Compliance Report*. On the basis of *TAURON Group's Corporate Risk Management Strategy*, the Director in charge of Risk (Chief Risk Officer) shall be responsible for preparing a report, on at least a monthly basis, that would

include, in particular, the information on the risks identified at TAURON Group's level and the information on staying within the Risk Tolerance limits. The report shall be provided to the members of the Risk Committee, and following the end of each quarter the report shall be received by the members of the Company's Management Board. The frequency of the reporting to the Company's Supervisory Board and the Audit Committee at TAURON is in line with the applicable corporate governance principles (rule **3.9.**). In 2026, the Company is planning to carry out an independent assessment of the functioning of the internal audit (rule **3.10.**).

The rules related to the General Meeting and the relations with the shareholders

Section 4 of the Best Practice 2021 sets out the rules for holding of the General Meetings and the other rules aimed at encouraging the shareholders to get involved in the Company's affairs.

In 2024, the Company had set the place, date and form of the General Meetings in such a way as to allow as many shareholders as possible to attend. The General Meetings had always been convened well in advance and in 2024 they had been held on the following dates: the Extraordinary General Meetings on April 3, 2024 (Wednesday) at 12:00 p.m. and on September 3, 2024 (Tuesday) at 12:00 p.m., and the Ordinary General Meetings on June 3, 2024 (Monday) at 11:00 a.m., and subsequently after resuming of the meeting on July 2, 2024. (Tuesday) at 12:00 p.m. The adjournment of the 2024 General Meeting had been ordered once and only in the event of a legitimate motion filed by a shareholder present at the Ordinary General Meeting, after the motion had been granted by the General Meeting by way of the resolution. All of the GMs of the Company in 2024 had been held in Katowice (rule **4.2.**).

The Company had provided a publicly available broadcast, in real time, of each General Meeting held in 2024, and the representatives of the media had been provided an opportunity to attend the General Meeting (rule **4.3.** and rule **4.4.**).

In 2024, the General Meeting had been convened by the Management Board pursuant to the provisions of the Code of Commercial Companies, and the Management Board had taken all of the required steps in order to convene, organize and conduct the General Meeting. In 2024, there was no convening of a General Meeting pursuant to article 399, § 2 - 4 or article 400, § 3 of the Code of Commercial Companies (rule **4.5.**).

The draft resolutions of each General Meeting of the Company that had been held in 2024, related to the issues and decisions other than those of a procedural nature had included the justifications (statements of reason) (rule **4.6**.).

The Supervisory Board had provided its opinion (feedback) on all of the draft resolutions to be put by the Management Board on the agenda of each General Meeting that had been held in 2024 (rule **4.7.**).

In accordance with the Regulations of the General Meeting the shareholders should submit the draft resolutions of the General Meeting on the issues put on the agenda of the General Meeting no later than 3 days prior to the General Meeting.

In addition, pursuant to the Regulations of the General Meeting, the shareholders who intend to propose the candidates for the members of the Supervisory Board should provide the Company with the justification of the candidates along with the professional CVs of the candidates and a complete set of materials related thereto, by the deadline that would enable the other shareholders to study them before the General Meeting is held and to make a decision on the appointment of a member of the Supervisory Board based on the adequate knowledge, but not later than 3 days prior to the General Meeting. The information received from the shareholders shall promptly be made available by the Company to the other shareholders in the manner specified in the announcement (notice) on the General Meeting for the provision of the documentation and the draft resolutions to be presented to the General Meeting. A shareholder proposing the candidates for the members of the Supervisory Board shall submit to the Company, along with the justification for the candidate, a statement of the candidate on the candidate's compliance or non-compliance with the independence criteria specified in the *Act of May 11, 2017 on certified auditors, audit firms and public oversight*, as well as on the existence or non-existence of the actual and material ties between this candidate and a shareholder holding at least 5% of the total number of the votes in the Company.

In 2024, the Company had received the proposals of the candidates for the position of a Member of the Supervisory Board of the Company each time with a sufficient advance notice. On March 26 and 28, 2024, the Company had received the proposals of the candidates from the shareholders for a consideration during the General Meetings scheduled to be held on April 3, 2024, and on August 28, 2024, the proposal of the candidate for a consideration during the General Meeting scheduled to be held on September 3, 2024. The Company had also received the draft resolutions from the shareholders for the convened General Meetings of the Company with a sufficient advance notice. Along with the submission of a proposed candidate, the shareholders had provided the relevant materials regarding the proposed candidate. The information received from the shareholders was subsequently disclosed by the Company to the public in the current reports (regulatory filings) and posted on the Company's website at the following address: https://www.tauron.pl/tauron/relacje-inwestorskie/walne-zgromadzenie (rule **4.8.**, rule **4.9.1.** and rule **4.9.2.**).

In 2024, the Company had not experienced a situation where the exercising of the powers of any shareholder and the manner of exercising the powers held by any shareholder would lead to an obstruction of the proper operation of the Company's authorities (rule **4.10.**).

In 2024, the Members of the Management Board and of the Supervisory Board of the Company had attended each General Meeting held in 2024 at a venue of the meeting and in a group that enabled them to express their opinions on the matters placed on the agenda of the General Meeting and to provide the substantive answers to the questions asked during the General Meeting. In addition, the certified auditor who had audited the Company's and TAURON Group's financial statements took part in the Ordinary General Meeting. The Management Board presented the Company's financial results and other material information included in the financial statements subject to an approval by the General Meeting to the participants of the Ordinary General Meeting (rule **4.11.**).

In accordance with the Regulations of the General Meeting, a resolution of the General Meeting on the issue of the shares with the subscription rights (rights issue) shall specify in detail the issue price or the mechanism for the determination thereof, or shall oblige the authorized body to determine it prior to the subscription right date, within the time that would enable making of the investment decision In 2024, there had been no resolutions of the General Meeting on the issue of shares with the subscription rights (rights issue) (rule **4.12.**).

In accordance with the Regulations of the General Meeting a resolution on a new issue of the shares with the exclusion of the subscription rights, which at the same time grants the pre-emptive right to take up the newly issued shares to the selected shareholders or other entities, may be adopted if at least the following conditions are met:

1. The Company has a rational, economically justified need to urgently raise capital or the issue of the shares is related to the rational, economically justified transactions, among other things, such deals as a merger with or an acquisition of another company, or the shares are to be taken up under the incentive program adopted by the Company,
2. persons who will be entitled to the pre-emptive rights will be identified according to the objective general criteria,
3. the price of the shares to be taken up will be in a rational relation to the current price of the Company's shares or will be determined as a result of the market based book building process.

In 2024, there had been no resolutions of the General Meeting on the new issue of shares with the exclusion of the subscription rights (rule **4.13.**).

In 2024, in connection with the Company's new dividend policy adopted along with the Strategy announced on December 17, 2024, the Company had begun to apply rule 4.14, according to which the Company should strive to distribute its profit through the dividend payouts, and the retaining of all of the profit by the Company is possible if the reasons indicated in the above mentioned rule are applicable. In accordance with the dividend policy adopted, the decision on the dividend payout by the Company will be made by the General Meeting of the Company based on the recommendation received from the Management Board, which will take into account the rationale included in the said principle when determining the recommended level of the dividend payout (rule **4.14.**).

The rules on the conflict of interest and the related party transactions

Section 5 of the Best Practice sets out the procedures for managing a conflict of interest and concluding transactions with the related entities under such conditions when there is a possibility of a conflict of interest arising.

In accordance with the Regulations of the Management Board and the Regulations of the Supervisory Board of TAURON Polska Energia S.A., the Members of the Management Board or of the Supervisory Board shall inform the Management Board or the Supervisory Board, respectively, of any conflict of interest or the possibility of the occurrence thereof and they shall not participate in the consideration of a matter in which a conflict of interest may arise with respect thereto (rule **5.1.**). In 2024, there had been no events that would give rise to a conflict of interest.

In accordance with the Regulations of the Management Board of TAURON Polska Energia S.A., if a Member of the Management Board or of the Supervisory Board considers that a decision of the Management Board or of the Supervisory Board, respectively, is contrary to the interests of the Company, he or she should demand that his or her dissenting opinion on the matter be included in the minutes of the meeting of the Management Board or of the Supervisory Board (rule **5.2.**). In 2024 there had been no instances of the dissenting opinions being submitted to the minutes of the meeting of the Management Board or of the Supervisory Board by the Members of the Management Board and by the Members of the Supervisory Board.

In accordance with the procedures implemented by the Company, no shareholder shall be privileged over the other shareholders in relation to the transactions with the related entities. This shall also be applicable to the transactions between the Company's shareholders and the entities that are a part of the Company's group (rule **5.3.**). In this regard, *TAURON Group's Procedure for the Concluding of the Transactions with the Related Parties* shall be applicable.

In accordance with the Company's Articles of Association a resolution of the General Meeting authorizing the Management Board of the Company to take steps aimed at acquiring the shares to be redeemed shall specify the conditions for the purchase of the shares by the Company (buy - back), while ensuring that the rights of all of the shareholders are respected (rule **5.4.**). During the period covered by this report, the General Meeting of the Company had not passed any resolutions with respect to the above mentioned matters.

In the case a transaction of the Company with a related entity requires an approval of the Supervisory Board, prior to adopting a resolution on the granting of the approval, the Supervisory Board shall assess whether it is necessary to first consult an external entity that will carry out the valuation of the transaction and an analysis of its economic

effects which is in line with the *Regulations of the Supervisory Board of TAURON Polska Energia S.A.* (rule **5.5.**). In 2024, there had been no transactions with the related parties that would require an approval of the Supervisory Board, therefore the Supervisory Board of the Company had not passed any resolutions with respect to an assessment of any transactions of this type, however, on January 22, 2025 (an event that took place after the balance sheet date), the Company's Supervisory Board approved the Company's entering into a material transaction with a related party, i.e. TAURON Dystrybucja, related to the granting of an unsecured financing to this company in the form of an intra-group loan of up to PLN 11.0 billion, with an option of increasing it to the maximum amount of PLN 39.6 billion, with a repayment period not longer than by December 16, 2049, to finance the costs of implementing the development and adaptation of the electricity grid to the needs of the energy transition and climate change, under the terms and conditions consistent with the draft intra-group loan agreement.

The conclusion of the intra-group loan agreement is one of the conditions that TAURON is required to meet in order to trigger the first drawdown under the loan agreement from the funds of the National Recovery and Resilience Plan (NRP), concluded by TAURON with Bank Gospodarstwa Krajowego. The funds obtained from the bank must be transferred in full to TAURON Dystrybucja without an undue delay, on the terms not worse than the terms of the loan agreement with the bank for TAURON, i.e. without any additional benefits for TAURON.

If a conclusion of a transaction with a related entity requires an approval of the General Meeting, the Supervisory Board shall prepare an opinion on the legitimacy of concluding such a transaction and, in such a case, shall assess the need to consult an external entity referred to in the previous paragraph (rule **5.6.**). In the case the decision on the conclusion by the Company of a material transaction with a related entity is made by the General Meeting, prior to making such a decision, the Company shall provide all of the shareholders with an access to the information required to assess the impact of this transaction on the Company's interest, including providing the opinion of the Supervisory Board referred to above (rule **5.7.**). In accordance with the model adopted by the Company, entering into a material transaction with a related party shall require an approval of the Supervisory Board of the Company and it shall not require an approval of the General Meeting of the Company. In connection with the above, in 2024, the situations referred to in this paragraph did not occur in the Company.

The Company publishes on its website a list of the material transactions with the related entities drawn up in accordance with Art. 90i of the *Act of July 29, 2005, on a public offering and conditions of introducing financial instruments to an organized trading system and on public companies*: https://www.tauron.pl/tauron/relacje-inwestorskie/wykaz-istotnych-transakcji.

The rules related to the compensation

Section 6 of the Best Practice 2021 sets out transparent, fair, consistent and non-discriminatory principles for the compensation of the management team.

During the period covered by this report the compensation paid out by the Company to the Members of the Management Board of the Company and of the Supervisory Board of the Company as well of the key managers had been, in the opinion of the Company, sufficient to attract, retain and motivate the persons with the competencies required for the proper management and the oversight of the Company. The amount of the compensation had been adequate to the tasks and duties performed by the specific individuals and the responsibility related thereto (rule **6.1.**). The amount of the compensation of the Members of the Supervisory Board had not been dependent on the Company's short term performance (rule **6.5.**). The detailed information on the Company's compensation system for the Members of the Management Board and of Supervisory Board of the Company in place in 2024, as well as the amounts of compensation for 2024, are presented in section 10 of this report.

9.2. Set of abandoned rules of corporate governance

The Company did not apply the following rules provided in the Best Practice in 2024:

1. **1.4.2.** – the rule related to the presentation of the value of the ratio expressing the equal compensation paid out to its employees, calculated as a percentage difference between the average monthly compensation (taking into account the bonuses, rewards and other additions) of women and men for the last year and the information on the actions taken in order to eliminate any potential inequalities in this respect, including the presentation of the risks related thereto and the time frame over which achieving of the equality is planned.

   In spite of the fact that the Company does not ensure the application of this principle, it is striving for equality of the employees in every aspect of their employment, including the compensation for women and men. The Company is conducting the analyses with respect to the wage gap index. TAURON Group's wage equality index is calculated based on the wages paid in relation to the average employment and it is published in TAURON Capital Group's sustainability reporting. The indicator is calculated taking into account the division into the managerial, administrative and the blue collar positions.

2. **2.1.** – the rule related to having a diversity policy in place with respect to the Management Board and the Supervisory Board, adopted by the Supervisory Board or the General Meeting, respectively, defining the diversity goals and criteria, among other things, in terms of the gender, education background, specialist knowledge, age and professional experience, as well as indicating the date and the method of monitoring the achievement of such goals. In terms of the diversity with respect to gender the prerequisite for ensuring the

diversity of the Company's authorities is the participation rate (share) of the minority in the given authority at a level of not less than 30%.

In spite of the fact that the Company does not have a Diversity Policy with respect to the Management Board and the Supervisory Board in place, steps are being taken in order to introduce the diversity in the composition of the Management Board and the Supervisory Board. On May 24, 2021, the General Meeting, with the aim of striving to ensure the diversity with regard to women and men as members of the Supervisory Board, had passed the amendments to the Regulations of the General Meeting of the Company recommending that the persons making the decisions on the election of the members of the Supervisory Board should ensure the comprehensiveness of this authority by selecting such individuals to be the members thereof who would ensure the diversity, thus allowing, among other things, for the achievement of a target minimum minority ratio set at the level of no less than 30%.

As of the end of the financial year 2024, the diversity had been ensured in the composition of the Company's Supervisory Board with respect to gender at the level of 28.57%, education background, specialist knowledge, age and professional experience.

As of the end of the financial year 2024, the diversity in the composition of the Company's Management Board had not been ensured with respect to gender, but the diversity with respect to age, education background, specialist knowledge and professional experience has been ensured. The Members of the Company's Management Board are selected through an announced recruitment procedure in compliance with the principle of equal opportunity and non-discrimination, aimed at verifying and evaluating the qualifications of the candidates and selecting the best candidate to be a Member of Management Board of the Company.

3. **2.2.** – the rule stating that the persons making the decisions on the appointment of the members of the Management Board or the Supervisory Board should ensure the versatility of these authorities by selecting as the members thereof the persons that would ensure the diversity, enabling, among other things, achieving of the target minimum minority participation rate (share), set at a level of not less than 30%, in line with the goals set out in the adopted diversity policy referred to in rule 2.1.

   In spite of the fact that the Company does not have a Diversity Policy with respect to the Management Board and the Supervisory Board in place, however, the Company's shareholders are striving to ensure that the composition of the Management Board and the Supervisory Board should be comprehensive. For a broader explanation, see the description of rule 2.1 above.

4. **3.7.** – the rule stating that that rules 3.4. - 3.6. (relating to the persons responsible for the risk management and compliance, and the persons in charge of the internal audit) shall also apply to those entities from the company's group that are of material importance to the operations thereof, in case they have designated (appointed) persons to perform these tasks.

   The Risk Management Coordinators and the Compliance Coordinators, who do not always report directly to the president or another member of the subsidiary's management board, have been appointed at TAURON Capital Group's subsidiaries that are of material importance to the operations thereof. The solutions adopted by these subsidiaries in terms of the organizational structure, in spite of the fact that they do not always ensure the direct reporting to the members of the company's management board, do not restrict the possibility of the direct reporting to the members of the company's management board. With regard to the Audit and Internal Control Area, the audit function is centralized, and no persons have been designated (appointed) to perform the audit tasks at the subsidiaries.

5. **4.1.** – the rule related to allowing the shareholders to take part in a general meeting by means of electronic communication, if it is justified due to the shareholders' expectations reported to the company, provided that it is able to provide the technical infrastructure required to conduct such a general meeting.

   The Company is monitoring, on an ongoing basis, the changes in the shareholding structure that could affect the way the communication is conducted during the general meeting. In addition, in the event that the Company receives requests from the shareholders to conduct a general meeting using the electronic means of communication, the Company will verify the technical possibilities that would ensure the safe conduct of the general meeting for the shareholders and the Company, and in the absence of any contraindications, the Company will take actions in accordance with this recommendation. In 2024, the Company did not receive any requests to allow a participation in the General Meeting using the electronic means of communication.

6. **6.2.** – the rule regarding such a structuring (design) of the incentive programs that, among other things, the level of the compensation of the members of the management board of the company and that of the key managers thereof would be made dependent on the actual, long term standing of the company in terms of the financial and non-financial results as well as the long term increase in the shareholder value and the sustainable development, as well as the stability of the company's business operations.

   The level of the variable compensation of the Members of the Management Board and the key managers of the Company is dependent on the annual consolidated financial results of the Company and on the long term standing of the Capital Group in terms of the non-financial results. The principles of compensating the Members of the Management Board, that would assume, among other things, that the variable compensation should be dependent on the annual results, were adopted by the General Meeting of the Company on May 24, 2024, at

the request of the State Treasury, i.e. the shareholder holding 30.06% in the Company's share capital and in the total number of the votes at the General Meeting of the Company A change of the above mentioned compensation principles is beyond of the control of the Management Board of the Company and it shall require a decision of the shareholders in a form a relevant resolution passed by the General Meeting of the Company.

7. **6.3.** – the rule stating that if one of the company's incentive programs is a management options program, then the implementation of the options program should be conditional on the eligible persons achieving, for at least 3 years, the predetermined, realistic and adequate financial and non-financial, as well as the sustainable development goals, and the established price at which the eligible persons would purchase the shares or settle the options may not differ from the value of the shares from the period when the program was adopted.

   The compensation and bonus system for the Members of the Management Board of the Company and the key managers thereof in force does not provide for linking the compensation with the instruments tied to the Company's shares.

8. **6.4.** – the rule stating that the supervisory board shall perform its tasks on a continuous basis, therefore the compensation of the members of the supervisory board may not depend on the number of the meetings held. The compensation of the members of the committees, in particular the audit committee, should take into account the additional workload related to the work in such committees.

   The Members of the Supervisory Board receive a fixed monthly compensation, regardless of the number of the convened meetings and regardless of the participation of the Members of the Supervisory Board in the work of the committees, including that of the Audit Committee.

The other rules included in the Best Practice had been applied by the Company in 2024, with a caveat that until December 17, 2024, the Company had not applies rule 3.6 and rule 4.14, as discussed more broadly in section 9.1 of this report.

In 2024, there had been no incidental violations of the applicable Best Practice rules.

9.3. Main characteristics of the internal controls and risk management systems in relation to the process of drawing up the financial statements and the consolidated financial statements

The internal control (audit) and risk management system with respect to the process of drawing up the financial statements and the consolidated financial statements is implemented on 3 levels:

LEVEL I

General principles of of the Company's and TAURON Capital Group's management

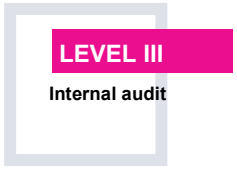
Pursuant to the adopted internal regulations TAURON Capital Group's subsidiaries are operating based on the organizational regulations and have defined organizational structures in place, where the applicable business units are assigned the responsibility for the activities with respect to drawing up the financial statements and the consolidated financial statements. Such units are obliged to perform the ongoing control that is built into the tasks performed and the functional control of their activities. Based on TAURON Capital Group's Business Model put in place the Process Documentation of Mega-process 3.4 Accounting is in force, as part of which, among other things, the processes associated with the financial reporting of the Company and TAURON Capital Group are outlined. The process documentation defines the responsibilities of the business units within the reporting processes. The Process Documentation defines the responsibilities of the business units as part of the reporting processes. The Process Documentation is subject to the necessary updates in the case of an occurrence of the events that require changes, such as, for example, the changes to the legal regulations or the reorganization related to the changes at TAURON Capital Group.

LEVEL II

Risk management

TAURON Capital Group has put the Risk Area in place, whose role is to oversee and establish TAURON Capital Group's risk management system. These functions are implemented within the Company by the Corporate and Business Continuity Management, Market and Credit Risk Teams. The goal of the risk management is to ensure the improvement of the predictability of attaining of the strategic objectives by TAURON Capital Group, including the stable creation of the financial result through an adequately early identification of the threats (risks) allowing for the preventive activities to be undertaken. The risk management standards applicable at TAURON Capital Group have been defined in TAURON Group's Corporate Risk Management Strategy and in the policies for managing the specific risks. The ERM system encompasses all of TAURON Capital Group's lines of business and the business processes carried out within TAURON Capital Group, including the process of drawing up the financial statements. The risks associated with this process are managed, monitored and reported as part of the ERM System. The goal of the standardization is to ensure the consistency in managing the individual risk categories, by defining the general principles, standards and tools of the system's architecture. The oversight of the ERM system at TAURON Capital Group is performed by the Risk Committee, which as an expert team, on a permanent basis and continuously, initiates, analyzes, monitors, controls (audits) and supports the functioning of TAURON Capital Group's risk management system.

The detailed information on the risk management system is provided in section 3.1. of this report.



The Internal Audit (Control) Area is functioning within TAURON Capital Group, with the goal to provide the support for the achievement of TAURON Capital Group's objectives by providing the objective assurance and advice to the supervisory boards and the management boards of the subsidiaries, carrying out the planned and the ad hoc audit tasks, and providing the support for the organization in maintaining an effective TAURON Capital Group's Internal Control System by defining the Group's internal audit principles, verifying the control mechanisms and evaluating the effectiveness thereof.

The audit activities are carried out by the employees of the Internal Audit Area at TAURON and the employees of the subsidiaries in the organizational units responsible for an internal audit. The model of functioning of the Internal Audit Area at TAURON Capital Group is based on the centralization of the process of planning and coordination of the audit tasks and a functional subordination of the personnel employed at the subsidiaries in the organizational units responsible for an internal audit. The organization of the Internal Audit Area is aimed at enabling the scope of the audits to cover the entire business operations of the organization, both from the point of view of the needs of TAURON Capital Group and those of the individual subsidiaries. The direct, as part of the organizational structure, reporting to the President of the Management Board allows the Area to maintain the necessary independence and objectivity needed to effectively perform its duties. The Executive Director for Internal Audit has also been provided with the possibility of a periodic reporting directly to the Audit Committee as a standing committee appointed within the Supervisory Board of TAURON. This empowerment is implemented in the applicable Organizational Regulations of the Company.

In addition, a model for a periodic Evaluation of the Internal Control System is also in place at TAURON Capital Group whose goal is to provide the Company's Management Board and the Audit Committee of the Company's Supervisory Board with the independent and objective information on the functioning of the control mechanisms in the business processes. The Evaluation of the Internal Control System is carried out annually and it includes an assessment of the adequacy, the implementation and effectiveness of the selected control mechanisms related to the risks assessed as material for the Internal Control System, as well as a review of the recommendations made as part of the previously completed assessments.

The most important aspects related to the internal controls and risk management with respect to the process of drawing up the financial statements and the consolidated financial statements

Supervision over the application of the consistent (uniform) accounting rules by TAURON Capital Group's subsidiaries when developing the reporting packages for the purpose of drawing up TAURON Capital Group's consolidated financial statements

In order to ensure the consistent accounting principles based on the International Financial Reporting Standards (IFRS), approved by the European Union, the Accounting Policy of TAURON Polska Energia S.A. Capital Group (Accounting Policy) was developed and implemented by TAURON Capital Group. This document shall be accordingly updated in case there are changes to the legal regulations. The rules defined in the Accounting Policy shall be applicable to TAURON's standalone financial statements and TAURON Capital Group's consolidated financial statements. TAURON Capital Group's subsidiaries shall be obligated to apply the Accounting Policy when preparing the reporting packages that provide the basis for drafting TAURON Capital Group's consolidated financial statements.

In addition, TAURON Capital Group developed and implemented a corporate regulation that comprehensively regulates issues related to the rules and deadlines for preparing the reporting packages for the purpose of the consolidated financial statements. The reporting packages shall be validated by the holding company's Consolidation and Reporting Team and by an independent certified auditor during an audit or review of TAURON Capital Group's consolidated financial statements.

Procedures used to authorize and provide opinions on the Company's financial statements and TAURON Capital Group's consolidated financial statements.

The Company has implemented the financial statements' authorization procedures. The quarterly, half year and full year financial statements of the Company and TAURON Capital Group's consolidated financial statements shall be approved by the Company's Management Board prior to being published. The full year financial statements of TAURON and TAURON Capital Group's consolidated financial statements shall be additionally presented for evaluation to the Company's Supervisory Board prior to being published. The Company's Vice President of the Management Board for Finance (Chief Financial Officer) shall oversee the preparation of financial statements, while the Management Boards of the subsidiaries included in the consolidation shall be responsible for preparing the reporting packages for TAURON Capital Group's consolidated financial statements.

The Supervisory Board's structure includes the Audit Committee of the Supervisory Board of TAURON Polska Energia S.A.

The detailed information on the composition, competences and description of the operations of the Audit Committee of the Supervisory Board of TAURON Polska Energia S.A. is presented in section 9.11. of this report.

IT systems as well as the financial and accounting processes

TAURON Capital Group's subsidiaries maintain accounting books (ledgers) which constitute the basis for preparing financial statements using ERP grade financial and accounting computer systems, enabling system audits of the correctness of the document flow and classifying of the business events. The consolidated financial statements are prepared using an IT tool used to consolidate financial statements, providing system control with respect to the consistency (integrity) and timeliness of preparing the consolidation data.

TAURON Capital Group's subsidiaries have implemented the IT and organizational solutions that provide control of access to the financial and accounting system and ensure the adequate protection and archiving of the accounting books. The access to the IT systems is restricted based on the applicable access rights assigned to the authorized personnel. The control mechanisms are applied in the process of granting and changing the access rights to the financial and accounting systems. The rights granted are also subject to a periodic verification.

The accounting functions at TAURON Group's subsidiaries are to a significant degree integrated – the financial and accounting services for the majority of TAURON Capital Group's subsidiaries are performed by CUW-R (Shared Cervices Center – Accounting) and as a result of that TAURON Capital Group's financial and accounting processes are to a large degree uniform. The subsidiaries have adjusted their own procedures to the flow of the financial and accounting processes, taking into account the specifics of the individual segments. The accounting processes as well as the financial and accounting services for the subsidiaries that are a part of the Generation segment are carried out by the TAURON Wytwarzanie S.A. subsidiary, which is a reflection of the Group's readiness to potentially spin off the hard coal fired generation assets

TAURON Capital Group's Business Model in place clearly splits the responsibilities with respect to the financial and accounting processes between the Company (designated as the Corporate Centre) and the subsidiaries and CUW R, indicating that the Corporate Centre is the owner of the processes associated with the accounting and reporting of TAURON Capital Group. With respect to the tasks performed by the Corporate Centre, the strategic functions associated with the development of the model of the operations and standards of TAURON Capital Group with respect to the accounting and supervision of the implementation of standards in the accounting area at the subsidiaries and CUW R have been indicated. In addition, it has been indicated that the Company as the Corporate Centre shall be responsible for drawing up the Company's financial statements and the consolidated financial statements of TAURON Capital Group. A clear split of the responsibilities and a strong emphasis on the fulfillment of the supervisory functions by the Corporate Centre in relation to CUW R and the subsidiaries is, among other things, aimed at improving the process of preparing the financial statements.

Subjecting the Company's financial statements and TAURON Capital Group's consolidated financial statements to an audit and reviews by an independent certified auditor

The Company's full year financial statements and TAURON Capital Group's full year consolidated financial statements are subject to an audit by a certified auditor. The Company's interim abbreviated financial statements and TAURON Capital Group's interim abbreviated consolidated financial statements for the first half year periods of the given financial year are subject to an audit by a certified auditor. In November 2021, the Company had selected an entity authorized to audit and review the financial statements as well as the consolidated financial statements of the Company and to audit the financial statements of TAURON Capital Group's selected subsidiaries for the years 2022 – 2024 with the selected company being Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością Spółka komandytowa (Limited Liability Company Limited Joint Stock Partnership). The contract with the above mentioned entity authorized to audit the financial statements covers, in particular, the completing of the audit of the Company's financial statements and of TAURON Capital Group's consolidated financial statements for the years 2022 - 2024, as well as the completing of the review (audit) of the Company's interim financial statements and TAURON Capital Group's interim consolidated financial statements for the 6 - month periods ending on June 30, 2022, June 30, 2023 and June 30, 2024.

In the year ended on December 31, 2024, the Company had conducted a tender proceeding for the selection of an audit firm, as a result of which the Supervisory Board of the Company had selected an audit firm PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Spółka komandytowa (Limited Liability Company Limited Joint Stock Partnership) to audit and review the financial statements of the Company and to audit the consolidated financial statements of TAURON Capital Group for the years 2025 – 2027. The contract with the above mentioned audit firm covers, in particular, the completing of the audit of the Company's financial statements and of TAURON Capital Group's consolidated financial statements for the years 2025 - 2027, as well as the completing of the review (audit) of the Company's interim financial statements and TAURON Capital Group's interim consolidated financial statements for the 6 - month periods ending on June 30, 2025, June 30, 2026 and June 30, 2027.

The rule related to the changing of the audit firm of the Company and TAURON Capital Group

The Company has in place the *Policy for selecting an audit firm to conduct an audit and review of the financial statements and the consolidated financial statements of TAURON Polska Energia S.A.*, adopted by the Audit Committee of the Company's Supervisory Board, which includes the following rule:

1. maximum duration of the continuous audit engagements (mandates) carried out by the same audit company or an entity related to that audit company or any member of the network operating in the EU countries that such audit companies are members of, shall not exceed 10 years,
2. following the elapse of the 10-year duration of the mandate (engagement) neither the audit company, nor any member of its network operating within the European Union shall conduct an audit of the Company for the subsequent 4 years,
3. a key certified auditor shall not conduct an audit of the Company for a period longer than 5 years,
4. a key certified auditor may again conduct an audit of the Company after at least 3 years have elapsed from the completion of the last audit.

9.4. Shareholders holding substantial blocks of shares

According to the best of the Company's knowledge, the structure of the shareholders holding directly or indirectly through their subsidiaries at least 5% of the total number of the votes at the General Meeting of the Company as of January 1, 2024, as of December 31, 2024 and as of the date of drawing up of this report has not changed and is as follows:

Table no. 56 Shareholders holding directly or indirectly through their subsidiaries at least 5% of the total number of the votes at the General Meeting of the Company as of January 1, 2024, as of December 31, 2024 and as of the date of drawing up of this report

	Shareholders	Number of shares held	Percentage share in the share capital	Number of votes held	Percentage share in the total number of votes
1.	State Treasury	526 848 384	30.06%	526 848 384	30.06%
2.	KGHM (Polish Copper Mining Company)	182 110 566	10.39%	182 110 566	10.39%
3.	Nationale-Nederlanden Otwarty Fundusz Emerytalny (Open Pension Fund)[1]	98 630 000	5.63%	98 630 000	5.63%

[1] *in accordance with the list of the shareholders holding at least 5% of the number of votes at the Company's General Meeting on May 10, 2023 and subsequently at the Company's Extraordinary General Meeting on September 3, 2024*

In 2024 and by the date of drawing up of this report the Company had received the following notifications related to the changes in the holdings of TAURON shares and the financial instruments linked to TAURON shares:

1. a notification received on May 10, 2024, from Helikon Investments Limited with its registered office in London, according to which Helikon Long Short Equity Fund Master ICAV had held, as of May 9, 2024, the financial instruments entitling it, in total, to 7.2876 per cent of the total number of the votes in the Company (127 719 427 votes), out of which: 5.0012 per cent of the total number of the votes in the Company (87 648 415 votes) had been related to the financial instruments other than the equity shares (cash settled equity swaps), while 2.2864 per cent of the total number of the votes in the Company (40 071 012 votes) had been related to the Company's shares,
2. a notification received on September 13, 2024, from Helikon Investments Limited with its registered office in London, according to which Helikon Long Short Equity Fund Master ICAV had held, as of September 11, 2024, the financial instruments entitling it, in total, to 10.0697 per cent of the total number of the votes in the Company (176 476 271 votes), out of which: 7.3538 per cent of the total number of the votes in the Company (128 878 565 votes) had been related to the financial instruments other than the equity shares (cash settled equity contracts for difference), while 2.7159 per cent of the total number of the votes in the Company (47 597 706 votes) had been related to the Company's shares,
3. a notification received on December 9, 2024, from Helikon Investments Limited with its registered office in London, according to which Helikon Long Short Equity Fund Master ICAV had held, as of December 4, 2024, the financial instruments entitling it, in total, to 12.146 per cent of the total number of the votes in the Company (212 865 056 votes), out of which: 7.9163 per cent of the total number of the votes in the Company (138 737 427 votes) had been related to the financial instruments other than the equity shares (cash settled equity contracts for difference), while 4.2297 per cent of the total number of the votes in the Company (74 127 629 votes) had been related to the Company's shares,
4. a notification received on January 22, 2025 (an event that took place after the balance sheet date), from The Goldman Sachs Group, Inc., according to which on January 17, 2025, the Goldman Sachs Group Inc.'s entities exceeded the 5% threshold of the total number of the votes in the Company (in total, based on the number of the shares and the financial instruments other than the shares held). The said notification was corrected by The Goldman Sachs Group, Inc. on February 11, 2025 (an event that took place after the balance sheet date). According to the corrected notification, as of January 17, 2025, The Goldman Sachs Group, Inc.'s entities held the financial instruments entitling them, in total, to 5.51% of the total number of the votes in the Company (96 604 765 votes), out of which 3.20% of the total number of the votes (56 165 891 votes) were related to the financial instruments other than equity shares, and 2.31% of the total number of the votes (40 438 874 votes) were related to the shares in the Company.

9.5. Holders of securities entitling to the special control rights

The Company did not issue any securities that would grant special control rights with respect to the Company.

9.6. Restrictions on exercising the voting right

The restrictions on exercising the right to vote are included in § 10 of the Company's Articles of Association which are available on the Company's website at the following address: https://www.tauron.pl/tauron/relacje-inwestorskie/informacje-o-spolce/dokumenty-spolki.

The above mentioned restrictions on the exercising of the voting right are formulated in the following way:

1. The voting right of the shareholders holding more than 10% of the total votes in the company shall be limited so that none of them can exercise more than 10% of the total votes in the company at the General Meeting of the Company.
2. The restriction on the exercising of the voting right mentioned in clause 1 above shall not apply to the State Treasury and the entities controlled thereby in the period during which the State Treasury, together with the entities controlled thereby, hold a number of the company's shares that entitle them to exercise at least 25% of the total votes in the Company.
3. The votes of the shareholders who have a parent / subsidiary relationship within the meaning of § 10 of the Articles of Association (Shareholder Cluster) shall be aggregated; in case the aggregate number of their votes exceeds 10% of the total votes in the Company it shall be subject to a reduction. The rules of the votes' aggregation and reduction are defined in the clauses 6 and 7 below.
4. A shareholder, within the meaning of § 10 of the Articles of Associations, shall be any party (entity, person), including its parent and subsidiary company, entitled directly or indirectly to a voting right at the General Meeting of the Company on the basis of any legal title; it shall also be applicable to a party (entity, person) that does not hold the company's shares, and in particular to a user, lien holder, party (entity, person) entitled on the basis of a depositary receipt under the regulations of the Act of July 29, 2005 on the trading of financial instruments, as well as a party (entity, person) entitled to take part in the General Meeting of the Company in spite of disposing of its shares after the date of establishing (registering) the right to take part in the General Meeting of the Company.
5. A parent company and a subsidiary company, for the purposes of § 10 of the Company's Articles of Association, shall be understood, accordingly, as a party (entity, person):
   1) with a status of a controlling undertaking, controlled undertaking or, at the same time, both the status of a controlling undertaking and controlled undertaking within the meaning of the Act of February 16, 2007, on the protection of competition and consumers, or

2) with a status of a parent company, higher level parent company, subsidiary company, lower level subsidiary company, co-controlled company or one that has both the status of a parent company (including a higher level parent company) and the status of a subsidiary (including a lower level subsidiary company and a co-controlled company) within the meaning of the Act of September 29, 1994 on accounting, or
3) which has (parent company) or one which is under (subsidiary company) controlling influence within the meaning of the Act of September 22, 2006, on transparency of financial relationships between public bodies and public undertakings and on financial transparency of some undertakings, or
4) whose votes due to the Company's shares owned directly or indirectly are subject to aggregation with votes of another party (entity, person) or other parties (entities, persons) on the conditions defined in the Act of July 29, 2005 on a public offering and conditions of introducing financial instruments to an organized trading system and on public companies in connection with holding, disposing of or acquiring the substantial blocks of the Company's shares.

6. The aggregation of the votes is based on totaling of the number of the votes held by the individual shareholders that are the members of the Shareholders' Cluster.
7. A reduction of the votes involves decreasing of the total number of the votes in the Company that the shareholders that are members of the Shareholders' Cluster, are entitled to exercise at the General Meeting of the Company to the level of 10% of the total votes in the Company. A reduction of the votes shall take place in accordance with the following rules:
   1) the number of the votes of a shareholder who holds the largest number of votes in the Company among all of the shareholders that are the members of the Shareholders' Cluster shall be reduced by a number of the votes equal to a surplus above 10% of the total votes in the Company held by all of the shareholders that are the members of the Shareholders' Cluster,
   2) if, in spite of the reduction mentioned in clause 1) above, the total number of the votes that the shareholders that are the members of the Shareholders' Cluster are entitled to exceeds 10% of the total votes in the Company, a further reduction of the votes held by the other shareholders that are the members of the Shareholders' Cluster shall be made. A further reduction of the individual shareholders' votes shall take place in an order established on the basis of the number of the votes that the individual shareholders that are the members of the Shareholders' Cluster hold (from the highest to the lowest one). A further reduction shall take place until the total number of the votes held by the shareholders that are the members of the Shareholders' Cluster does not exceed 10% of the total votes in the Company,
   3) in any case a shareholder whose voting rights have been reduced shall have the right to exercise at least one vote,
   4) a restriction on the exercising of the voting right shall also apply to a shareholder absent at the General Meeting of the Company.
8. Each shareholder who is going to take part in the General Meeting of the Company, in person or through a proxy, shall be obliged to, without a separate notice mentioned in clause 9 below, notify the Management Board or the Chairperson of the General Meeting of the Company that she or he holds, directly or indirectly, more than 10% of the total votes in the Company.
9. Notwithstanding the provisions of clause 8 above, in order to establish the basis for aggregating and reducing the votes, a Company's shareholder, Management Board, Supervisory Board and the individual members of such bodies shall have the right to demand that a shareholder of the Company provide information whether she or he is a party (entity, person) having the status of a parent or subsidiary company towards another shareholder within the meaning of § 10 of the Company's Articles of Association. The entitlement mentioned in the preceding sentence shall also include the right to demand the revealing of the number of the votes that the Company's shareholder holds on its own or jointly with other shareholders of the Company.
10. A party (entity, person) that has failed to fulfill or has fulfilled the information disclosure obligation mentioned in clauses 8 and 9 above improperly, shall, until a failure to fulfill the information disclosure obligation has been remedied, be able to exercise its voting right with respect to one share only; the exercising of the voting rights with respect to the other shares by such party (entity, person) shall be null and void.

9.7. Restrictions on the transfer of the ownership right to securities

As of December 31, 2024, and as of the date of drawing up of this report the Company's Articles of Association do not envisage any restrictions on the transfer of the ownership right to the Company's securities.

However, in accordance with the *Act of July 24, 2015 on the control of certain investments* (Journal of Laws of 2023, item 415), an entity intending to purchase or achieve a material shareholding or purchase the dominating control over TAURON, which is, in accordance with the *Regulation of the Council of Ministers of December 18, 2024, on the list of entities subject to protection and their competent control bodies* (Journal of Laws of 2024, item 1892), an entity subject to protection, shall, each time, be obligated to submit a notification to the control body – the competent Minister of the State Assets of its intention to do so, unless such an obligation rests on other entities.

In addition, in accordance with the *Act of December 16, 2016, on the principles of the management of state assets (Journal of Laws of 2024, item 125, as subsequently amended*), the shares or rights attached to the shares in TAURON that are owned by the State Treasury may not be sold.

9.8. Rules on appointing and dismissing of the Members of the Management Board and of the Supervisory Board of TAURON Polska Energia S.A.

Management Board of TAURON Polska Energia S.A.

The rules on appointing and dismissing of the Members of the Company's Management Board

The Management Board of the Company shall be composed of 1 to 6 persons, including the President and the Vice Presidents. The Members of the Management Board of the Company shall be appointed and dismissed by the Company's Supervisory Board for a common term of office lasting 3 full financial years, except for the 1st term of office that had lasted 2 years. The term of office (tenure) of a Member of the Management Board shall expire, at the latest, as of the date of the General Meeting which approves the financial statements for the last full financial year of the Member of the Management Board's term of office. In accordance with the Company's Articles of Association, each of the Members of the Management Board can be dismissed or suspended from office by the Company's Supervisory Board or the General Meeting of the Company.

In accordance with the Company's Articles of Association the Members of the Management Board shall be appointed by the Supervisory Board based on the conducted qualification (recruitment) proceedings whose goal is to verify and evaluate the candidates' qualifications and select the best candidate.

A candidate for a Member of the Management Board must meet the requirements set out in § 16, clauses 3 and 4 of the Company's Articles of Association.

A candidate for a Member of the Management Board of the Company may be a person who meets all of the following conditions:

1. holds a university degree or a university degree obtained abroad and recognized in the Republic of Poland, pursuant to the separate regulations,
2. has had at least 5 years of employment on the basis of a labor contract, call-up, selection, appointment, cooperative employment contract, or a provision of services on the basis of any other contract or by way of a self-employment,
3. has had at least 3 years of experience of holding the managerial or independent positions or resulting from the self-employment,
4. meets the requirements, other than those listed in items 1 – 3, specified in the separate regulations, and in particular does not violate the restrictions or prohibitions on holding the position of a member of a management body at the commercial companies.

A Member of the Management Board of the Company cannot be a person who:

1. performs the function of a social collaborator or is employed in the office of a deputy, a senator, a combined deputy and senator office or the office of a Member of the European Parliament under a labor contract or performs work on the basis of a job performance contract (contract of mandate) or other contract of a similar nature,
2. is a member of a political party authority representing the political party externally and is authorized to take on any obligations on its behalf,
3. is employed by a political party on the basis of a labor contract or performs work on the basis of a job performance contract (contract of mandate) or other contract of similar nature,
4. holds an elected position in a company's trade union organization or in a trade union organization of a company (subsidiary) that is a part of the capital group,
5. his or her social or income generating activity gives rise to a conflict of interest with respect to the company's activities.

In accordance with the *Regulations of the qualification (recruitment) proceedings for the positions of the Members of the Management Board of TAURON Polska Energia S.A.*, in addition to the above mentioned conditions, a candidate for a position of a Member of the Management Board should hold a security clearance authorizing access to the classified information marked "secret (classified)" within the meaning of the Act of August 5, 2010, on the protection of the classified information, or express consent to undergo the security clearance procedure provided for obtaining access to the classified information marked "secret (classified)", in the event of having been appointed to be a Member of the Management Board.

The Supervisory Board, in connection with the expiration of the common 6th term of office of the Management Board as of December 31, 2023, on February 13, 2024, posted an announcement, on the Company's website and in the Public Information Bulletin of the Ministry of the State Assets, on the initiating of the qualification (recruitment) proceedings for the following positions on the Management Board of the 7th common term of office: the President of the Management Board (CEO), the Vice President of the Management Board for Finance, the Vice President of the Management Board for Trade, the Vice President of the Management Board for Asset Management and Development. In the announcement posted the Supervisory Board defined the detailed rules and the procedure for these proceedings, the date and the venue where the interviews would be conducted, the range of the issues to be the subject of the interviews, the requirements and the method to be applied to evaluate the candidate.

By the deadline specified in the announcement, 54 applications from the candidates for the above mentioned positions on the Management Board of the Company had been received at the Company's registered office.

As part of the qualification (recruitment) proceedings conducted the Supervisory Board of the Company completed the verification of the applications of the candidates with respect to the meeting of the formal requirements defined in the above mentioned announcement and evaluated the individual candidates in order to determine which candidates best met the requirements to perform the functions for the above mentioned positions on the Management Board of the Company, and it also conducted the qualification (recruitment) interviews with the selected candidates.

As a result of the qualification (recruitment) proceedings completed the Supervisory Board of the Company on February 29, 2024, selected the best candidates for the positions of the President of the Management Board, the Vice President for Finance, the Vice President for Trade and the Vice President for Asset Management and Development, and the Supervisory Board of the Company appointed the following persons as the Members of the Management Board for the 7th term of office, effective as of March 7, 2024:

1. Mr. Grzegorz Lot as the President of the Management Board,
2. Mr. Krzysztof Surma as the Vice President of the Management Board for Finance,
3. Mr. Piotr Gołębiowski as the Vice President of the Management Board for Trade,
4. Mr. Michał Orłowski as the Vice President of the Management Board for Asset Management and Development.

The information on the results of the qualification (recruitment) proceedings was published on the Company's website.

The diagram showing the division of the competences (responsibilities) of the Members of the Management Board of the Company is presented in section 9.11 of this report.

Supervisory Board of TAURON Polska Energia S.A.

Rules on appointing and dismissing of the Members of the Company's Supervisory Board

The Supervisory Board of the Company shall be composed of 5 to 9 persons, appointed for a common term of office lasting 3 full financial years, except for the first term of office that had lasted 1 financial year. The term of office (tenure) of a Member of the Supervisory Board shall expire, at the latest, as of the date of the General Meeting which approves the financial statements for the last full financial year of the Member of the Supervisory Board's term of office. In accordance with the Company's Articles of Association, the Members of the Company's Supervisory Board shall be appointed and dismissed by the General Meeting, subject to the following:

1. during the time when the State Treasury, together with the State Treasury controlled entities within the meaning of § 10, clause 5 of Company's Articles of Association, hold a number of the Company's shares that entitle them to exercise at least 25% of the total votes in the Company, the State Treasury shall be entitled to appoint and dismiss the Members of the Company's Supervisory Board in the number equal to half of the maximum number of the members of the Company's Supervisory Board defined in the Company's Articles of Association (in the case such number is not integral it shall be rounded down to an integral number, for example 4.5 shall be rounded down to 4) and increased by 1, provided that the State Treasury:
   1) shall be obliged to vote at the General Meeting of the Company on establishing the number of Members of the Company's Supervisory Board that would correspond to the maximum number of Members of the Company's Supervisory Board defined in the Company's Articles of Association in case such a motion is submitted to the Company's Management Board by a shareholder or shareholders who hold a number of votes that entitle them to exercise at least 5% of the total number of the votes in the Company,
   2) shall be excluded from the voting at the General Meeting of the Company on appointing and dismissing of the other members of the Company's Supervisory Board, including independent members of the Company's Supervisory Board; this shall not, however, apply to the case when the Company's Supervisory Board cannot act due to its membership being smaller than required by the Company's Articles of Association, and the shareholders present at the General Meeting of the Company, other than the State Treasury, do not supplement the composition of the Company's Supervisory Board in accordance with the distribution of the seats in the Company's Supervisory Board, as defined in this section,
2. during the time when the State Treasury, together with the State Treasury controlled entities within the meaning of § 10, clause 5 of the Company's Articles of Association, hold a number of the Company's shares that entitle them to exercise less than 25% of the total number of votes in the Company, the State Treasury, represented by the minister competent to exercise the rights related to the State Treasury's shares, shall be entitled to appoint and dismiss one member of the Company's Supervisory Board,
3. appointing and dismissing of the members of the Company's Supervisory Board by the State Treasury pursuant to the above mentioned clauses 1 or 2 shall take place by means of a statement to be submitted to the Company.

The Minister competent to exercise the rights in respect of the shares held by the State Treasury, as part of the statutory powers vested onto the State Treasury, shall appoint as a Member of the Supervisory Board a person who, pursuant to the *Act of December 16, 2016, on the principles of the management of the state assets*, has obtained a positive opinion of the Council for the companies with a State Treasury shareholding and the state owned

legal entities and meets the requirements set forth in the above mentioned Act related to, among other things, education background and qualifications.

In accordance with the Regulations of the General Meeting, the above mentioned criteria shall not be required for the Members of the Supervisory Board appointed by the General Meeting of the Company.

In accordance with the Articles of Association of the Company, at least two Members of the Supervisory Board of the Company should meet the independence criteria specified in the *Act of May 11, 2017, on the certified auditors, audit firms and the public oversight*, as well as should not have the actual and the material ties to a shareholder holding at least 5% of the total number of the votes in the Company.

Pursuant to the *Act of May 11, 2017, on the certified auditors, audit companies and the public oversight*, the majority the members of the audit committee, including the head thereof, should be independent and at least one member of the audit committee should have the knowledge and the skills with respect to the accounting or auditing of the financial statements and at least one member of the audit committee should have the knowledge and the skills with respect to the industry that the company is operating in.

The Members of the Company's Supervisory Board shall submit to the Company, prior to their appointment as the Members of the Supervisory Board, a written statement on the compliance with the independence criteria listed in the above mentioned act, as well as on the existence or the non-existence of the actual and the material ties to a shareholder holding at least 5% of the total number of the votes in the Company. In the case that a situation occurs where the independence criteria are not fulfilled, a Member of the Supervisory Board shall be obliged to inform the Company promptly thereof.

The detailed information on the independence of the Members of the Supervisory Board of the Company is presented in section 9.11. of this report.

In connection with the end of the 6th term of office (tenure) of the Supervisory Board of the Company as of December 31, 2023, an Extraordinary General Meeting of the Company had been held on April 3, 2024, which had adopted the resolutions on determining the number of the Members of the Supervisory Board and appointing the Members of the Supervisory Board for the 7th term of office of the Supervisory Board of the Company.

The detailed information on the changes to the composition of the Supervisory Board of the Company in 2024 and by the date of drawing up of this report is presented in section 9.11. of this report.

9.9. Procedure of amending TAURON Polska Energia S.A.'s Articles of Association

The amendments to the Company's Articles of Association shall be made in accordance with the provisions of the Code of Commercial Companies, in particular: an amendment to the Company's Articles of Association shall take place by way of a resolution of the General Meeting of the Company, passed by the majority of three fourths of the votes, and shall, subsequently, require issuing of a decision by a competent court on the entering of the amendment into the register of entrepreneurs (business register). The consolidated text of the Company's Articles of Association, including the amendments passed by the General Meeting, shall be adopted by the Supervisory Board of the Company by way of a resolution.

In accordance with the Company's Articles of Association, a material amendment to the subject of the Company's business operations shall require the majority of two thirds of the votes in the presence of the persons representing at least half of the share capital.

The current text of the Company's Articles of Association can be found on the Company's website at the following address: https://www.tauron.pl/tauron/relacje-inwestorskie/informacje-o-spolce/dokumenty-spolki.

The Company's Articles of Association had not been subject to any amendments in 2024.

9.10. General Meeting of TAURON Polska Energia S.A. and the shareholders' rights

General Meeting of TAURON Polska Energia S.A.

The Company's General Meeting of Shareholders' procedures and its empowerments are defined in the Company's Articles of Association and in the Regulations of the General Meeting of the Shareholders of TAURON Polska Energia S.A. (GM Regulations) which are available on the Company's website at the following address: http://www.tauron.pl/tauron/relacje-inwestorskie/informacje-o-spolce/dokumenty-spolki.

Procedures of the General Meeting of the Company

A General Meeting (GM) shall be convened by way of a notice published on the Company's website at the following address: https://www.tauron.pl/tauron/relacje-inwestorskie/walne-zgromadzenie, and in a manner defined for disclosing the current information by the public companies, i.e. by way of the current report (regulatory filing). In the case a General Meeting (GM) is convened by an entity or a body other than the Management Board of the Company pursuant to the regulations of the Code of Commercial Companies, as convening of a General Meeting requires the

Management Board's cooperation, the Management Board of the Company shall be obliged to perform any activities required by law in order to convene, organize and conduct the General Meeting (GM).

A General Meeting of TAURON Polska Energia S.A. shall, in the Company's Articles of Association, take place either at the Company's registered office or in Warsaw.

A General Meeting shall be opened by the Chair of the Company's Supervisory Board, and in the case he or she is absent, the following persons shall be entitled to open the General Meeting in the following order: the Vice Chair of the Company's Supervisory Board, the President of the Company's Management Board, a person designated by the Company's Management Board or a shareholder who has registered at the General Meeting such a number of shares that grant the right to exercise the largest number of votes. Subsequently, the Chair of the General Meeting shall be elected from among the persons entitled to participate in the General Meeting.

A General Meeting shall pass the resolutions irrespective of the number of the shares represented at the General Meeting, unless the regulations of the Code of Commercial Companies, as well as the provisions of the Company's Articles of Association state otherwise.

A General Meeting may order a pause in the meeting by the majority of two thirds of the votes. The breaks shall not last longer than 30 days in total. A pause in the GM session may take place only in the exceptional situations, every time indicated, on a case by case basis, in the justification to the resolution, drawn up based on the reasons presented by a shareholder requesting the pause to be ordered. A GM resolution related to the ordering of a pause shall clearly indicate the date (time) of the resumption of the session, however, such a date (time) must not create a barrier for the participation of the majority of the shareholders in the resumed meeting, including the minority shareholders.

Competence of the General Meeting of the Company

Table no. 57 Competence of the General Meeting of the Company as of December 31, 2024, and as of the date of drawing up of this report

Matters that require a resolution of the General Meeting of the Company
1. Reviewing and approving of the financial statements of the Company and the consolidated financial statements of the Capital Group for the previous financial year as well as of the Report of the Management Board on the Company's operations (Directors' Report) and the Report of the Management Board on the operations of the Capital Group,
2. Granting of the acknowledgement (discharge) of the fulfillment of the duties to the members of the Company's corporate bodies (authorities),
3. Distribution of the profit and covering of the loss,
4. Appointing and dismissing of the Members of the Company's Supervisory Board,
5. Suspending of the Members of the Company's Management Board in the performance of their duties,
6. Establishing of the amount of the compensation for the Members of the Company's Supervisory Board, subject to § 29, clause 4 of the Company's Articles of Association,
7. Establishing of the principles of determining the compensation and the amount of the compensation of the Members of the Company's Management Board taking into account the provisions of the Act of June 9, 2016, on the principles of determining compensation of the management personnel of certain companies,
8. Adopting, not less often than every four years, of the compensation policy for the Members of the Management Board and of the Supervisory Board of the Company, taking into account the requirements of the Act of July 29, 2005, on the public offering and the conditions for introducing financial instruments to an organized trading system and on public companies,
9. Selling and leasing out of the Company's enterprise or its organized part as well as establishing of a limited pledge (property right) thereupon,
10. Concluding of a credit, loan, surety agreement or of any other similar agreement by the Company with a member of the Management Board, Supervisory Board, proxy, liquidator (receiver) or for the benefit of any of such persons. Concluding of a credit, loan, surety or of any other similar agreement by a subsidiary with a member of the Management Board, Supervisory Board, proxy, liquidator (receiver) or for the benefit of any of such persons,
11. Increasing and decreasing of the Company's share capital,
12. Issuing of the convertible bonds or the senior bonds as well as the registered securities or bearer securities entitling the holder thereof to subscribe or take up the shares,
13. Purchasing (buyback) of own shares in the cases required by the regulations of the Code of Commercial Companies,
14. Mandatory buyback of the shares (squeeze-out) in accordance with the provisions of art. 418 of the Code of Commercial Companies,
15. Setting up, using and liquidating the reserve capitals,
16. Use of the supplementary capital,
17. Provisions related to the claims to repair damage (redress claims) caused while establishing the Company or performing of the management or supervision functions,
18. Merger, transformation and the division of the Company,
19. Redemption (retirement) of the shares,
20. Amendment to the Company's Articles of Association and a change of the subject of the Company's business operations,
21. Dissolving and liquidating of the Company,
22. Providing an opinion on the report on the compensation of the Members of the Management Board and of the Supervisory Board, referred to in § 20, clause 1, item 17 of the Company's Articles of Association,
23. Approving of the report on the activities of the Supervisory Board, referred to in § 20, clause 1, item 3 of the Company's Articles of Association.

In accordance with the provisions of the Code of Commercial Companies the decision on the issue and repurchase of the shares shall be included within the competence of the General Meeting.

General Meetings of TAURON Polska Energia S.A. in 2024

Extraordinary General Meeting of the Company on April 3, 2024

The Extraordinary General Meeting of the Company was held on April 3, 2024, and it adopted the resolutions with respect to, among other things, the determining of the number of the Members of the Supervisory Board of the Company, the dismissal of a Member of the Supervisory Board of the Company Grzegorz Peczkis and the

appointment of the Members of the Supervisory Board of the Company: Michał Hulbój, Leszel Koziorowski, Beata Kisielewska and Krzysztof Tkaczuk.

Prior to the holding of the above mentioned Extraordinary General Meeting (EGM) of the Company, a Member of the Supervisory Board Leszek Koziorowski had resigned from his membership in the Supervisory Board with effect as of the end of April 2, 2024. The justification for the above resignation was to enable the appointment of the full composition of the Supervisory Board of the new 7th term of office at the above mentioned Extraordinary General Meeting (EGM) of the Company, in connection with the end of the 6th term of office of the Supervisory Board on December 31, 2023.

The detailed information on the changes to the composition of the Supervisory Board of the Company is presented in section 9.11. of this report.

TAURON disclosed the information on the convening of the Extraordinary General Meeting (EGM) of the Company and on the content of the draft resolutions in current reports no. 13/2024 and no. 14/2024 of March 6, 2024, as well as no. 20/2024 of March 28, 2024.

TAURON disclosed the information on the content of the resolutions subjected to the vote at the Extraordinary General Meeting (EGM) of the Company in current report: no. 22/2024 of April 3, 2024.

TAURON disclosed the list of the shareholders holding at least 5% of the votes at the Extraordinary General Meeting (GM) of the Company in current report: no. 24/2024 of April 4, 2024.

Ordinary General Meeting of the Company

The Ordinary General Meeting of the Company was held on June 3, 2024, and following the resumption of the meeting on July 2, 2024, after the pause thereof had been ordered, it adopted the resolutions with respect to, among other things: the approval of the *Report of the Supervisory Board of TAURON Polska Energia S.A. for the financial year 2023,* the *Financial Statements of TAURON Polska Energia S.A. for the year ended on December 31, 2023, drawn up in accordance with the International Financial Reporting Standards (IFRS) approved by the European Union,* the approval of the *Consolidated Financial Statements of TAURON Polska Energia S.A. Capital Group for the year ended on December 31, 2023, drawn up in accordance with the International Financial Reporting Standards (IFRS) approved by the European Union,* the *Report of the Management Board on the operations of TAURON Polska Energia S.A. and TAURON Capital Group for the financial year 2023, the covering of the net loss for the financial year 2023, the providing of the opinion on the Report on the compensation of the Members of the Management Board and of the Supervisory Board of TAURON Polska Energia S.A. for the year 2023,* the granting of the acknowledgement (discharge) of the fulfillment of their duties by the Members of the Company's Supervisory Board who had held their positions in the financial year 2023 and the granting of the acknowledgement (discharge) of the fulfillment of their duties by the selected Members of the Company's Management Board and the Members of the Company's Supervisory Board who had held their positions in the financial year 2015.

The Ordinary General Meeting (OGM) of the Company did not pass any resolutions with respect to the granting of the acknowledgement (discharge) of the fulfillment of their duties by the Members of the Company's Management Board who had held their positions in the financial year 2023 due to a lack of the majority of the votes cast in favor of the adoption of the resolutions.

TAURON disclosed the information on the convening of the Ordinary General Meeting (GM) of the Company, the content of the draft resolutions and on ordering of a pause in the Ordinary General Meeting (GM) of the Company in current reports no. 28/2024 and no. 29/2024 of May 7, 2024, as well as no. 32/2024 of June 3, 2024.

TAURON disclosed the information on the content of the resolutions subjected to the vote at the Ordinary General Meeting (GM) of the Company in current reports no. 33/2024 of June 3, 2024 and no. 37/2024 of July 2, 2024.

TAURON disclosed the list of the shareholders holding at least 5% of the votes at the Ordinary General Meeting (GM) of the Company in current reports no. 34/2024 of June 4, 2024, and no. 38/2024 of July 4, 2024.

Extraordinary General Meeting of the Company on September 3, 2024

The Extraordinary General Meeting of the Company was held on September 3, 2024, and it adopted the resolutions with respect to, among other things, the adoption of the updated *Compensation Policy for the Members of the Management Board and the Supervisory Board of TAURON Polska Energia S.A.,* the determining of the number of the members of the Supervisory Board of the Company, the dismissal of a Member of the Supervisory Board of the Company Krzysztof Tkaczuk, and appointing Mariusz Bąbol to be a Member of the Supervisory Board of the Company.

The detailed information on the amendments to the *Compensation Policy* is presented in section 10.1. of this report, and the detailed information on the changes to the composition of the Supervisory Board of the Company is presented in section 9.11. of this report.

TAURON disclosed the information on the convening of the Extraordinary General Meeting (EGM) of the Company and on the content of the draft resolutions in current reports no. 40/2024 and no. 41/2024 of August 6, 2024, as well as no. 45/2024 of August 28, 2024.

TAURON disclosed the information on the content of the resolutions subjected to the vote at the Extraordinary General Meeting (EGM) of the Company in current report: no. 47/2024 of September 3, 2024.

TAURON disclosed the list of the shareholders holding at least 5% of the votes at the Extraordinary General Meeting (GM) of the Company held on September 3, 2024 in current report: no. 49/2024 of September 5, 2024.

Shareholders' rights and the manner of exercising thereof

The rights of TAURON's shareholders and the manner of exercising thereof stem mainly from the provisions of the Code of Commercial Companies, the provisions of the Company's Articles of Association and the Regulations of the General Meeting. They include, among other things, the right to convene a General Meeting, take part in and vote at the General Meeting as well as submit the draft resolutions. The detailed description of the main rights of TAURON's shareholders is provided in the table below. The restrictions on the exercising of the voting rights are presented in detail in item 9.6 of this report.

Table no. 58 Description of the shareholders' rights related to the General Meeting of the Company in accordance with the Company's Articles of Association, Code of Commercial Companies and the Regulations of the General Meeting

Shareholders' rights	Description of the shareholders' rights
1. Convene a General Meeting (GM)	The shareholders representing at least 1/20 of the share capital of the Company, may request convening of an Extraordinary General Meeting. Such a request should include a concise justification. It may be submitted to the Company's Management Board in writing or in an electronic form, to the e-mail address walnezgromadzenie@tauron.pl,, provided by the Company on its website under the *Relacje inwestorskie*. (*Investor Relations)* tab. The shareholders representing at least a half of the share capital or at least half of all of the votes in the Company may convene an Extraordinary General Meeting (GM) and appoint a chairperson of such General Meeting.
2. Include matters (items) in the agenda of the General Meeting	The shareholders representing at least 1/20 of the share capital of the Company, may request that certain matters (items) be included in the agenda of the forthcoming General Meeting. Such a request, including a justification or a draft resolution related to the proposed item of the agenda, should be submitted to the Company's Management Board not later than 21 days prior to the set date of the General Meeting in an electronic form to the e-mail address walnezgromadzenie@tauron.pl or in writing to the Company's address.
3. Become acquainted with the list of the shareholders	The shareholders may become acquainted with the shareholders' list at the Company's Management Board's seat for 3 weekdays preceding directly the date of the General Meeting. The shareholders may also request that the list of the shareholders be sent to them free of charge to the address provided for the electronic deliveries or by electronic mail, providing the address to which the list should be sent.
4. Participate in the General Meeting	Only the persons who are the Shareholders 16 days prior to the date of the General Meeting (date of registering to take part in the General Meeting) shall have the right to take part in the General Meeting. In order to participate in the General Meeting the shareholders should submit a request to issue a name bearing affidavit conforming the right to take part in the General Meeting to an investment (brokerage) company that is handling their securities account. Such a request should be submitted not earlier than following the announcement (notice) on the convening of the General Meeting and not later than on the first weekday following the day of registering to take part in the General Meeting.
5. Represent a shareholder by a proxy (power of attorney)	The shareholders may take part in the General Meeting as well as exercise the voting right in person or through a proxy (power of attorney). The shares' co-owners may take part in the General Meeting and exercise the voting right only through a joint representative (proxy). A proxy (power of attorney) may represent more than one shareholder and vote differently based on the shares of each shareholder.
6. Elect the Chairperson of the General Meeting	The shareholders shall elect the Chairperson of the General Meeting from among the persons entitled to take part in the General Meeting. Each of the participants of the General Meeting shall have the right to propose one candidate. The Chairperson shall be elected by a secret ballot, by an absolute majority of the votes. In the case there is just one candidate proposed to be the Chairperson, the election can take place by acclamation.
7. Elect the Returning Committee	Each shareholder may propose no more than 3 candidates to be the members of the Returning Committee to be elected by the General Meeting, and vote for the maximum of 3 candidates.
8. Submit a draft resolution	During the General Meeting the shareholders shall have the right, until the discussion on the given item of the agenda is closed, to submit a proposal of the changes to the content of a draft resolution proposed for adoption by the General Meeting, as part of the given item of the agenda.
9. Raise an objection	The shareholders who have voted against a resolution and, after the General Meeting has adopted it, want to raise their objection thereto, should, immediately after the results of the voting have been announced, raise their objection and request it be included in the minutes of the meeting before proceeding to the next item of the agenda. In the case such an objection is raised later, which however shall not take place later than by the time the General Meeting is closed, the shareholders shall indicate against which resolution passed by the General Meeting they are raising their objection. The shareholders raising their objection against a resolution of the General Meeting may request their concise justification of the objection be recorded in the minutes of the meeting.

9.11. Management Board and Supervisory Board of TAURON Polska Energia S.A. and the committees thereof

Management Board of TAURON Polska Energia S.A.

The 7th term of office of the Management Board of the Company had begun its run on March 7, 2024. In accordance with the Company's Articles of Association, a common term of office shall last 3 full financial years.

ESRS 2 GOV-1 §21 (a) – (b), (d)

The composition of the Company's Management Board as of December 31, 2023, and as of the date of drawing up of this report

1. Grzegorz Lot – President of the Management Board (CEO),
2. Piotr Gołębiowski – Vice President of the Management Board for Trading,
3. Michał Orłowski – Vice President of the Management Board for Asset Management and Development,
4. Krzysztof Surma – Vice President of the Management Board for Finance (CFO).

The persons representing the employees and other persons performing work for the Company are not members of the Management Board of the Company.

The composition of the Management Board of the Company as of December 31, 2024, and as of the date of drawing up of the report, does not provide for the gender diversity, while it does provide for the diversity in terms of age, education background, specialist knowledge and work experience in the sectors in line with the Company's business operations.

The changes to the composition of the Company's Management Board in 2024 and by the date of drawing up this report

As of January 1, 2024, the Management Board of the Company had been composed of the following persons: Paweł Szczeszek (President of the Management Board), Patryk Demski (Vice President of the Management Board for Strategy and Development), Bogusław Rybacki (Vice President of the Management Board for Asset Management), Krzysztof Surma (Vice President of the Management Board for Finance), Tomasz Szczegielniak (Vice President of the Management Board for Trading), Artur Warzocha (Vice President of the Management Board for Corporate Affairs).

Table no. 59 Changes to the composition of the Company's Management Board in 2024 and by the date of drawing up of this report[1]

data	
February 13, 2024	The Supervisory Board of the Company had dismissed Paweł Szczeszek, Patryk Demski, Bogusław Rybacki, Tomasz Szczegielniak and Artur Warzocha from the Company's Management Board, effective as of February 13, 2024.
February 14, 2024	On February 13, 2024, the Supervisory Board of the Company had taken the decision to delegate, effective as of February 14, 2024, a Member of the Company's Supervisory Board, Karolina Mucha-Kuś, to temporarily perform the duties of the President of the Management Board of the Company during the period until the date of the appointment of the new President of the Management Board, however not longer than three months running from the date of the delegation.
March 6, 2024	On February 29, 2024, the Supervisory Board of the Company had adopted the resolution on ending, effective as of March 6, 2024, the temporary performance of the duties of the President of the Management Board of the Company by the delegated Member of the Supervisory Board – Karolina Mucha-Kuś.
March 7, 2024	On February 29, 2024, the Supervisory Board of the Company had appointed, effective as of March 7, 2024, the following Members of the Company's Management Board of the 7th term of office, Grzegorz Lot to hold the position of the President of the Management Board, Piotr Gołębiowski to hold the position of the Vice President for Trading, Michał Orłowski to hold the position of the Vice President for Asset Management and Development and Krzysztof Surma to hold the position of the Vice President for Finance. In connection with the expiration of the 6th common term of the Company's Management Board effective as of December 31, 2023, on February 29, 2024, the Supervisory Board of the Company, had adopted a resolution to dismiss Krzysztof Surma from the Management Board of the Company, effective as of March 6, 2024.

[1] *The Company had disclosed the information on the changes to the composition of the Management Board of the Company in current reports no. 11/2024 of February 13, 2024, and no. 12/2024 of February 29, 2024.*

There had been no other changes to the composition of the Management Board of the Company in 2024 and by the date of drawing up of this report.

ESRS 2 GOV-1 §21 (c)

Experience and competences of the Members of the Company's Management Board who continue to hold their positions in the Company's Management Board as of the date of drawing up of this report

Grzegorz Lot – the President of the Management Board (CEO)



A graduate of the Silesian University of Technology in Gliwice (Politechnika Śląska w Gliwicach), with a major in Mechanics and Machine Building with a specialization in the innovative processes and management in the energy industry. He completed the Post-graduate Management Studies in Enterprise Management at the Silesian University of Technology in Gliwice, the International Management and Marketing Studies at Brno University of Technology, the International Management and Finance Studies at the Katowice University of Economics (Uniwersytet Ekonomiczny w Katowicach) and the Master of Business Administration studies at The Brennan School of Business of Dominican University, River Forest Illinois, USA.

Grzegorz Lot has been associated with the energy sector for more than 28 years. He has a number of years of experience in developing effective sales and marketing strategies and change management, and he is an expert with respect to, among other things, the design and implementation of the new products and services, marketing campaigns, contact channels as well as the IT tools and systems. He has led and implemented a number of projects related to improving the efficiency of processes.

From January 2023 to March 2024, Grzegorz Lot had held the position of the Vice President of the Management Board of Polenergia Sprzedaż sp. z o.o. (Ltd.). From 2020 to 2022, he had held the position of the Vice President of the Management Board of Polenergia Dystrybucja sp. z o.o. (Ltd.), and had, at the same time, served as a Member of the Management Board of Polenergia Sprzedaż sp. z o.o. (Ltd.).

In the years 2012 - 2019, he had been associated with TAURON Group, holding the position of the Vice President of the Management Board of TAURON Sprzedaż sp. z o.o. (Ltd.) and TAURON Sprzedaż GZE sp. z o.o. (Ltd.), as well as the Executive Director for Customer Affairs at TAURON Polska Energia S.A.

From 1997 to 2012, he had worked at Vattenfall Group's subsidiaries as, among other things, the Head of the Development Department, the Head of the Human Resources Planning and Strategy Department, Project Manager, Customer Service Director, the Sales and Marketing Director, the Vice President of the Management Board.

Grzegorz Lot has served on the supervisory boards of a number of companies operating in the energy sector, in particular those of the subsidiaries of Vattenfall Group and TAURON Group.

He is currently serving on the supervisory boards of TAURON Group's subsidiaries: TAURON Dystrybucja S.A. and TAURON Obsługa Klienta sp. z o.o. (Ltd.), as well as on the supervisory boards of such companies as: Elektrociepłownia Stalowa Wola S.A. (Joint Stock Company), Knauf Jaworzno III sp. z o.o. (Ltd.) and PEC – Gliwice Sp. z o.o. (Ltd.).

Piotr Gołębiowski – the Vice President of the Management Board for Trading



A graduate of the Electrical Faculty of the Silesian University of Technology in Gliwice (Politechnika Śląska w Gliwicach). He also completed the Post-graduate International Management and Finance Studies at the Katowice University of Economics (Uniwersytet Ekonomiczny w Katowicach), the International Management and Marketing Post-graduate Studies at Brno University of Technology, the Strategic Leadership Academy program organized by ICAN Institute and the Master of Business Administration studies at The Brennan School of Business of Dominican University, River Forest Illinois, USA.

Piotr Gołębiowski has been associated with the energy sector for 29 years, specializing mainly in the issues related to the wholesale and retail trading on the energy markets, the asset hedging transactions and the risk management in the energy industry.

Since 2012, he has been associated with TAURON Group, where he had held the position of the Vice President of the Management Board of TAURON Sprzedaż sp. z o.o. (Ltd.) and TAURON Sprzedaż GZE sp. z o.o. (Ltd.) (2012 - 2016), the Executive Director for Trading at TAURON Polska Energia S.A. (2016 - 2019), a Member of the Management Board of TAURON Czech Energy s.r.o. (2018 - 2019), and from 2019 to March 2024 he had held the position of the Executive Director for Portfolio Management at TAURON Polska Energia S.A.

From 2006 to 2011, he had been working at Vattenfall Sales Poland holding the position of the Director of Energy Portfolio and Pricing, and subsequently the Vice President, the Director of Energy Portfolio and Pricing.

From 1995 to 2005, he had worked at the subsidiaries of Górnośląski Zakład Elektroenergetyczny S.A., where he had held, among other things, such positions as the Head of the Demand Management Department, the Head of the Pricing Department, the Deputy Director for Product Development, the Head of the Pricing and Tariffs.

In 2022, Piotr Gołębiowski served as a Member of the Supervisory Board of Nowe Jaworzno Grupa TAURON sp. z o.o. (Ltd.).

He is currently serving as the Chair of the Supervisory Boards of TAURON Sprzedaż sp. z o.o. (Ltd.) and TAURON Czech Energy s.r.o., as well as the Vice Chair of the Supervisory Boards of TAMEH Holding sp. z o.o. (Ltd.) and Elektrociepłownia Stalowa Wola S.A. (Joint Stock Company).

Michał Orłowski – the Vice President of the Management Board for Asset Management and Development



A graduate of the Wroclaw University of Technology (Politechnika Wrocławska) with a major in management and a graduate of the Wroclaw University of Economics (Uniwersytet Ekonomiczny we Wrocławiu) with a major in corporate finance and accounting. He holds the title of CFA (Chartered Financial Analyst (Chartered Financial Analyst).

He has been associated with the energy sector for more than 11 years. He has extensive experience with respect to, among other things, preparing the business strategies, evaluating the investment and development projects, the merger and acquisition processes, due diligence, and creating the business plans for a number of companies operating in Central Europe and in the Middle East.

From November 2021 to March 2024, Michał Orłowski had worked at The Boston Consulting Group, most recently holding the position of the Principal.

From 2016 to 2021, he had worked at TAURON Polska Energia S.A., holding, among other things, such positions as the Executive Director for Mergers, Acquisitions and Disinvestment, the Deputy Executive Director for Investments, and the Head of the Project Analysis and Evaluation Team. From 2014 to 2016 he had worked at The Boston Consulting Group, and from 2013 to 2014 he had been a market analyst at Fortum Power and Heat Polska sp. z o.o. (Ltd.) in the area of production optimization, fuel management and energy trading.

Michał Orłowski has served on the supervisory boards of a number of TAURON Group's subsidiaries.

He is currently serving on the supervisory boards of TAURON Group's subsidiaries: TAURON Ekoenergia sp. z o.o. (Ltd.), TAURON Inwestycje sp. z o.o. (Ltd.), TAURON Wytwarzanie S.A. and TAURON Ciepło sp. z o.o. (Ltd.), as well as on the supervisory boards of such companies as: Elektrociepłownia Stalowa Wola S.A. (Joint Stock Company) and Przedsiębiorstwo Energetyki Cieplnej sp. z o.o. (Ltd.) in Tychy.

Krzysztof Surma – the Vice President of the Management Board for Finance (CFO)



A graduate of the Cracow University of Economics (Akademia Ekonomiczna w Krakowie), with a major in finance and banking, specialization: corporate finance. He also completed the Master of Business Administration studies for Financiers at Kozminski University (Akademia Leona Koźmińskiego), the post-graduate studies in the Practical Application of the International Financial Reporting Standards at the Warsaw School of Economics (Szkoła Główna Handlowa w Warszawie) and the Manager Development Program organized by the ICAN Institute. He is a member of the Association of Chartered Certified Accountants (ACCA).

Krzysztof Surma has been associated with the energy sector for 24 years. He has extensive experience with respect to, among other things, the processes related to the centralizing of the financial and insurance areas, obtaining of the external financing, implementation of the strategic projects involving a reorganization and a consolidation of the capital groups of companies.

In the years 2001 - 2009 he had worked at Południowy Koncern Energetyczny S.A., including, among others, holding the position of the Head of the Risk and Insurance Department (2005-2009).

From May 2009 to August, 2021, he had been the competent Director for Finance at TAURON Polska Energia S.A. Since August 2021, Krzysztof Surma has been holding the position of the Vice President of the Management Board for Finance of TAURON Polska Energia S.A.

He has served on the management boards and the supervisory boards of a number of TAURON Group's subsidiaries.

He is currently serving on the supervisory boards of TAURON Group's subsidiaries: TAURON Ciepło sp. z o.o. (Ltd.) and TAURON Wytwarzanie S.A., as well as on the Supervisory Board of TAMEH HOLDING sp. z o.o. (Ltd.).

Description of the procedures of the Company's Management Board

The Management Board of the Company shall act on the basis of the Code of Commercial Companies and other legal regulations, the provisions of the Company's Articles of Association as well as the provisions of the *Regulations of the Management Board of TAURON Polska Energia Spółka Akcyjna with its registered office in Katowice* which are available on the Company's website at the following address: https://www.tauron.pl/tauron/relacje-inwestorskie/informacje-o-spolce/dokumenty-spolki. When performing their duties the Members of the Company's Management Board shall be acting in accordance with the principles provided in the Best Practice 2021.

Two Members of the Management Board or one Member of the Management Board together with a proxy shall be entitled to make the valid statements on behalf of the Company. In case the Management Board includes one person, one Member of the Management Board or a proxy shall be entitled to make the valid statements on behalf of the Company.

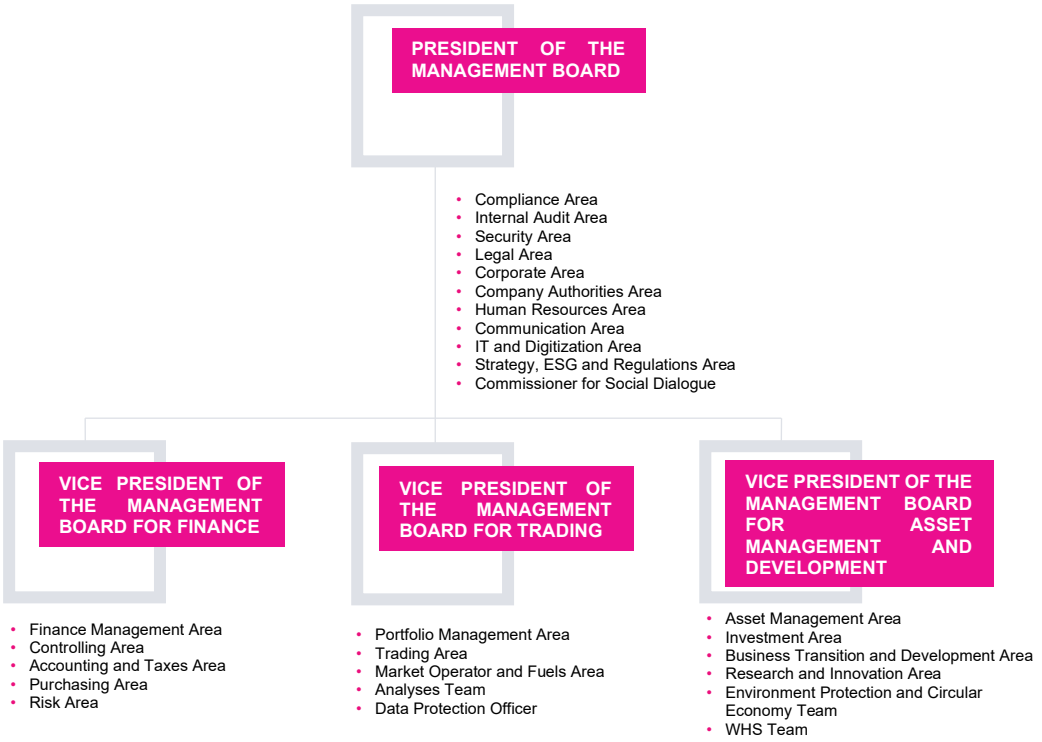
The meetings of the Management Board of the Company shall be convened by the President of the Management Board or a Vice President of the Management Board designated thereby. The meetings of the Management Board shall also be convened on the motion of the majority of the Vice Presidents of the Management Board as well as on the motion of the Chair of the Supervisory Board. The meetings shall be held at the Company's registered office on the date set by the person that has convened the meeting. In justified cases the meetings of the Management Board may be held outside the Company's registered office. The President of the Management Board or a Vice President of the Management Board designated thereby shall chair the meetings of the Management Board.

The Management Board shall vote in an open ballot, unless otherwise provided for in the legal regulations. The result of the ballot shall be recorded in the minutes of the meeting.

The resolutions of the Management Board shall be passed by an absolute majority of the votes in the presence of at least the majority of the Members of the Management Board. In case of an equal number of the votes the President of the Management Board shall have a casting vote. A Member of the Management Board shall inform the Management Board of any conflict of interest that has arisen or the possibility of the arising thereof and shall not participate in the reviewing of the matter or the voting on a resolution in a matter in which a conflict of interest may arise in relation thereto. The Management Board may pass resolutions by voting in writing or using the means of the direct remote communications. The resolution shall be valid when all of the Members of the Management Board have been notified of the content of the draft resolution and at least the majority of the Members of the Management Board participated in adopting the resolution. The voting in accordance with the above procedures shall be ordered by the President of the Management Board or a Member of the Management Board designated thereby, including setting the final deadline for casting of the votes by the Members of the Management Board. The Members of the Management Board voting against the resolution may submit a dissenting opinion to the minutes, which shall be recorded in the minutes along with the justification thereof. The decisions of the Management Board which are the decisions on the ongoing matters (daily business) that do not require a resolution shall be recorded only in the minutes.

The internal division, among the Members of the Management Board, of the tasks and responsibilities for the individual business areas of the Company's operations, as defined in the Organizational Regulations and including the independent (autonomous) work positions, as well as the organizational units reporting directly to the Executive Directors, whose work is managed (supervised) by the Members of the Company's Management Board, is defined by the *Company's Management Board Resolution No. 59/VII/2024 of March 7, 2024 regarding the assignment of individual organizational units of the Company and independent work positions directly reporting to the Members of the Management Board of TAURON Polska Energia S.A.* The structure of the Company's business areas reporting to the individual Members of the Company's Management Board is posted on the Company's web site at the following address: https://www.tauron.pl/tauron/o-tauronie/wladze-spolki.

Figure no. 46 Diagram (flowchart) showing the division of the responsibilities of the Members of the Company's Management Board, as of December 31, 2024



After the balance sheet date, in connection with the amendment to the Organizational Bylaws consisting in transfer of the function related to purchase, delivery and transport of fuels to TAURON Ciepło, the name Market Operator and Fuels Area was changed into Market Operator and Trade Support Area.

Competence of the Company's Management Board

The Management Board shall conduct the Company's affairs and represent the Company in all of the court and out of court proceedings. Any matters related to conducting the Company's affairs, not assigned, based on the legal regulations or the provisions of the Company's Articles of Association, to the scope of competence of the General Meeting (GM) or the Supervisory Board, shall be within the scope of competence of the Company's Management Board.

As of December 31, 2024, and as of the date of drawing up of this report, in accordance with the Company's Articles of Association and the Regulations of the Management Board, all of the issues that go beyond the regular scope of the Company's ordinary activities shall require a resolution of the Company's Management Board, in particular, the issues listed in the below table.

Table no. 60 Competence of the Company's Management Board as of December 31, 2024, and as of the date of drawing up of this report

Matters that require a resolution of the Company's Management Board
1. Adopting and amending of the Regulations of the Company's Management Board.
2. Adopting and amending of the Company's enterprise organizational regulations.
3. Establishment and liquidation of the branches.
4. Appointment of a proxy.
5. Taking on the credits and loans.
6. Approving of the annual material and financial plans of the Company and of the Capital Group as well as of the Capital Group's Corporate Strategy.
7. Assuming of the contingent liabilities within the meaning of the Act of September 29, 1994 on accounting, including granting of the guaranties and sureties by the Company as well as issuing of the bills of exchange, subject to the provisions of § 20, clause 2, items 3 and 4 of the Company's Articles of Association.
8. Making of the donations, cancelling of the interest or releasing from a debt (debt forgiving), subject to the provisions of § 20, clause 2, items 11 and 12 of the Company's Articles of Association.
9. Purchase of the real estate, perpetual usufruct or of the shares in real estate or in perpetual usufruct, subject to the provisions of § 20, clause 2, item 1 of the Company's Articles of Association.
10. Purchase of the fixed assets excluding the real estate, perpetual usufruct or a share in the real estate or perpetual usufruct with the value equal to or exceeding PLN 40 000, subject to the provisions of § 20, clause 2, item 2 of the Company's Articles of Association.
11. Disposal (control) of the fixed assets including the real estate, perpetual usufruct or a share in the real estate or perpetual usufruct with the value equal to or exceeding PLN 40 000, subject to the provisions of § 20, clause 2, item 2 of the Company's Articles of Association.
12. Defining of the way the voting right will be exercised at the General Meeting of the Shareholders or the Meeting of the Shareholders of the companies in which the Company holds shares, on the matters within the scope of competence of the General Meeting of the Shareholders or the Meeting of the Shareholders of such companies, subject to the provisions of § 20, clause 3, items 9 and 10 of the Company's Articles of Association.
13. Defining of the principles of conducting of the sponsoring activities.
14. Adoption of the annual plan of the sponsoring activities.
15. Matters which the Company's Management Board refers to the Company's Supervisory Board or the General Meeting of the Company for a review.

Matters that require a resolution of the Company's Management Board
16. Adopting of the basic internal regulations related to the activities of the Company's enterprise, not reserved for the Supervisory Board's competence.
17. Determining of the direction of the Company's financial and credit policies and the payroll policies.
18. Approval of the results of the double materiality assessment, including the material sub-topics arising from the assessment of the impacts, risks and opportunities (IRO).
19. Approval of the transition plan for the purposes of climate change mitigation.
20. Adopting of TAURON Group's model of functioning, including: Business Model, Operating Model, TAURON Group's Management Model.
21. Adopting of the annual report on TAURON and TAURON Group's activities including the sustainability reporting, TAURON's annual, semi annual and quarterly financial statements, and TAURON Group's annual, semi annual and quarterly financial statements.
22. Granting of the approval for the signing of a letter of intent or other document of a similar nature with an estimated value of more than PLN 1 million.
23. Granting of the general and generic powers of attorney, with the exception of the powers of attorney authorizing the taking of the specific legal actions and the powers of attorney for a court litigation.
24. Appointing and dismissing of the executive directors pursuant to the Organizational Regulations.
25. Appointing and dismissing of the members of the bodies of the companies in which TAURON holds interests or shares and other legal entities and organizational units on the basis of TAURON's special powers provided for in the agreements or article of association of such entities.
26. Appointing of TAURON's candidates to be the members of the supervisory bodies of the companies in which TAURON holds interests or shares and other legal entities and organizational units.
27. Recommending of the changes in the composition of the management board of a subsidiary (or another company with TAURON's shareholding) if the body making the change is the subsidiary's supervisory board.
28. Recommending of the changes in the composition of the bodies of the companies in which the subsidiaries hold interests / shares and have an impact on the changes in the composition of the bodies.
29. Conversion of TAURON's registered shares into the bearer shares.
30. Convening of the General Meeting and putting forward of a petition in writing to convene a meeting of the Supervisory Board.
31. Joining by TAURON of the industry organizations or other entities with a similar subject of operations as well as withdrawing by TAURON from such organizations.
32. Establishment of the committees functioning within TAURON Group's structures, including the committee in charge of the ESG matters, investment committee, risk committee, liquidity committee.
33. Appointing and dismissing of the members of the established committees referred to in item 32 above and adopting of the regulations for their activities.
34. Adoption of the policies related to the operations and functioning of TAURON Group, including those related to the sustainable development.
35. Matters the consideration of which in the form of a resolution is required by the company's internal regulations.
36. Appointment of the person performing the labor law related activities.
37. Other matters, provided that the Management Board deems it justified to consider them in this manner.

Activities of the Management Board in 2024

The Management Board held a total of 66 meetings and adopted 445 resolutions in the 2024 financial year.

Table no. 61 Main areas of the activities of the Management Board of the Company in 2024

Main areas of the activities of the Management Board of the Company in 2024
Management Board
with respect to the investment strategy and implementation, including, among other things:
1. adopted the *TAURON Group's Strategy for the years 2025-2035* and requested the Supervisory Board to provide its opinion, 2. adopted the Strategy for Profitable Electricity Supply and Customer Service Model, 3. adopted the ESG Action Plan, 4. adopted the Company's Material and Financial Plan and TAURON Group's Material and Financial Plan for 2024 and submitted them to the Supervisory Board for an approval, 5. launched TAURON Wytwarzanie Capital Group Transition Program, 6. adopted a comprehensive investment program for the profitable development of the renewable sources and the energy storage facilities, both the utility (large) scale ones as well as the distributed ones, 7. filed a petition to the Supervisory Board in order to determine the manner of exercising of the right to vote at the Extraordinary Meeting of the Shareholders (Partners) of the TAURON Zielona Energia subsidiary regarding the approval of the purchase of 100% of the shares in the special purpose vehicle Finadvice Polska 1 sp. z o.o. (Ltd.), which holds the right to carry out a wind farm construction project, 8. filed a petition to the Supervisory Board in order to determine the manner of exercising of the voting rights at the Extraordinary General Meeting of TAURON Wytwarzanie on granting of an approval of the acquisition of the fixed assets as part of the ongoing project under the name: The major overhaul of unit no. 10 at TAURON Wytwarzanie Joint Stock Company - Łagisza Power Plant Branch in Będzin, 9. filed a petition to the Supervisory Board in order to determine the manner of exercising of the right to vote at the Extraordinary General Meeting of the Shareholders (Partners) of TAURON Obsługa Klient on granting of an approval of the change in the value of the fixed assets to be acquired as part of the implementation of the project under the name: The fiber optic line from TAURON on the territories of the areas awarded, 10. filed a petition to the Supervisory Board in order to determine the manner of exercising of the right to vote at the Extraordinary General Meeting of the Shareholders (Partners) of TAURON Ciepło on adopting of a resolution on granting of an approval of the change in the value of the fixed assets acquired as part of the implementation of the project under the name: The construction of the gas engines at ZWB EC2, 11. approved the decision of the Investment Committee with respect to the commencement of the planning stage of the project under the name: The development of the assets of TAURON Wytwarzanie following the decommissioning of the hard coal fired units.
with respect to the financing of the business operations of TAURON Capital Group, including, among other things:
1. concluded a loan agreement with BGK related to the funds from the National Recovery and Resilience Plan for the amount of PLN 11 billion to finance the expenses incurred by the subsidiary, i.e. TAURON Dystrybucja, for the development and adaptation of the power grid to the needs of the energy transition and climate change, 2. concluded a program agreement with Bank Polska Kasa Opieki S.A. (Joint Stock Company), Powszechna Kasa Oszczędności Bank Polski S.A. (Joint Stock Company) and Santander Bank Polska S.A. (Joint Stock Company), under which a bond issue program was established for the amount of PLN 3 billion in order to provide the support for the implementation of the Group's energy transition,

3. concluded a loan agreement with BGK for the amount of PLN 2 billion with the proceeds to be used for the financing or refinancing of the Group's expenditures related to the investment projects in the renewable energy sources line of business, the expansion of the distribution grids, the construction of the energy storage facilities and the investment projects in the heat line of business (with respect to the replacing of the heat production sources based on the hard coal fuel with the zero carbo (emission) and low carbon (emission) sources),
4. concluded a syndicated loan agreement with Powszechna Kasa Oszczędności Bank Polski S.A. (Joint Stock Company), and Industrial and Commercial Bank of China (Europe) S.A. (Joint Stock Company) for the amount of PLN 900 million with the proceeds to be used for the financing or refinancing of the Group's expenditures related to the investment projects in the renewable energy sources line of business, including the expenditures related to the purchase of the companies implementing the projects in the area of the renewable energy sources,
5. concluded a loan agreement with BGK for the amount of PLN 750 million with the proceeds to be used for the covering of the Group's expenses related to the investment projects in the renewable energy sources line of business and the expansion (development) of the distribution grids.

with respect to the management of TAURON Capital Group, including, among other things:

1. determined the composition of the management boards and the supervisory boards of the companies in which TAURON holds an equity stake,
2. defined the principles of the compensation of the members of the management boards and the supervisory boards of TAURON Capital Group's subsidiaries,
3. set the management objectives for the members of the management boards of TAURON Capital Group's subsidiaries,
4. determined the manner of exercising of the right to vote at the General Meetings of the Shareholders and the General Meetings of the Partners of the companies with TAURON's equity stake on the matters falling within the competence of the General Meetings of the Shareholders and the General Meetings of the Partners of those companies, subject to the competence of the Supervisory Board in this respect,
5. filed a petition to the Supervisory Board in order to determine the manner of exercising of the right to vote at the General Meetings of the Shareholders and the General Meetings of the Partners of TAURON Capital Group's subsidiaries on the matters related to the amendments to the articles of association / contracts / founding deeds, mergers, acquisition of the fixed assets, compensation of the members of the corporate authorities, an increase of the share capital,
6. commissioned an external entity to conduct an analysis of the potential of the management staff at the level of the Management Board of TAURON as well as the Directors and other employees directly reporting to the Members of the Management Board, as well as the management boards of TAURON Group's other subsidiaries.

with respect to the development of the corporate governance at TAURON Capital Group, including, among other things:

1. adopted *TAURON Group's Business Model* and filed a petition to the Supervisory Board for it to provide its opinion thereupon,
2. adopted *TAURON Group's Operating Model* and filed a petition to the Supervisory Board for it to provide its opinion thereupon,
3. adopted *TAURON Group's Management Model* and filed a petition to the Supervisory Board for it to provide its opinion thereupon,
4. adopted the new text of TAURON's Organizational Regulations and TAURON's organizational structure and filed a petition to the Supervisory Board to approve the Organizational Regulations,
5. adopted the new text of the Regulations of the Management Board Regulations and filed a petition to the Supervisory Board to approve the document,
6. adopted the amended *Information on the status of the application by TAURON Polska Energia S.A. of the principles included in the Set of Best Practices of the WSE Listed Companies 2021*,
7. approved *TAURON Group's Compliance Plan for 2024*,
8. adopted the internal and the intra-corporate regulations related to the individual areas of TAURON and TAURON Capital Group business operations.

with respect to the periodic reporting and the obligations related to the end of the financial year, including, including, among other things:

1. adopted the annual report on the operations of TAURON and TAURON Capital Group as well as the annual, semi annual and quarterly financial statements of TAURON and TAURON Capital Group,
2. adopted the Report of the Management Board on the oversight of the implementation of the investment projects at TAURON Group in 2023 and filed a petition to the Supervisory Board to have it approved,
3. adopted and submitted to the Supervisory Board the Report on the representation (entertainment) related expenses, expenses for the legal services, marketing services, public relations and social communication services as well as for the management consulting services incurred in 2023,
4. filed a petition to the General Meeting to cover the net loss incurred by the company for the financial year 2023 and filed a petition to the Supervisory Board for it to provide its opinion thereupon,
5. approved the results of the double materiality assessment conducted at TAURON Capital Group for the purpose of the sustainable development reporting for 2024 and filed a petition to the Supervisory Board for it to provide an opinion thereupon.

with respect to the sponsoring and promotional activities, including, among other things:

1. adopted *TAURON Group's Sponsorship and CSR Strategy for the years 2025 - 2035* and filed a petition to the Supervisory Board to have it approved,
2. adopted the Annual Report on the implementation of TAURON Group's 2024 Sponsorship Activity Plan and filed a petition to the Supervisory Board to provide its opinion thereupon,
3. updated TAURON Group's 2024 Sponsorship Activity Plan and filed a petition to the Supervisory Board for it to provide its opinion thereupon,
4. filed a petition to the Supervisory Board for it to grant its approval for the conclusion of the sponsorship agreements exceeding the net amount of PLN 500 000.

Supervisory Board of TAURON Polska Energia S.A.

The 7th term of office of the Supervisory Board of the Company had begun it run on April 3, 2024. In accordance with the Company's Articles of Association, a term of office of the Supervisory Board shall be common and it shall last 3 full financial years.

The Supervisory Board of the Company had held a total of 19 meetings and had adopted 151 resolutions in the financial year 2024.

During 15 meetings, all of the Members of the Supervisory Board of the Company had been present. During 4 meetings, 1 Member of the Supervisory Board of the Company had been absent. The absences of the Members of the Supervisory Board of the Company had been excused by way of the relevant resolutions of the Supervisory Board of the Company.

ESRS 2 GOV-1 §21 (a) – (b), (d)

The composition of the Company's Supervisory Board as of December 31, 2024

1. Sławomir Smyczek – Chair of the Supervisory Board,
2. Natalia Klima-Piotrowska – Vice Chair of the Supervisory Board,
3. Piotr Kołodziej – Secretary of the Supervisory Board,
4. Mariusz Bąbol – Member of the Supervisory Board,
5. Michał Hulbój – Member of the Supervisory Board,
6. Beata Kisielewska – Member of the Supervisory Board,
7. Leszek Koziorowski – Member of the Supervisory Board.

The composition of the Company's Supervisory Board as of the date of drawing up of this report

1. Sławomir Smyczek – Chair of the Supervisory Board,
2. Natalia Klima-Piotrowska – Vice Chair of the Supervisory Board,
3. Piotr Kołodziej – Secretary of the Supervisory Board,
4. Mariusz Bąbol – Member of the Supervisory Board,
5. Michał Hulbój – Member of the Supervisory Board,
6. Arkadiusz Jówko – Member of the Supervisory Board,
7. Beata Kisielewska – Member of the Supervisory Board,
8. Leszek Koziorowski – Member of the Supervisory Board.

The persons representing the employees and other persons performing work for the Company are not the members of the Supervisory Board of the Company.

As of December 31, 2024, the composition of the Supervisory Board of the Company provided for the gender diversity at the level of 28.57%, in terms of age, education background, specialist knowledge and work experience.

As of the date of drawing up of this report, the composition of the Supervisory Board of the Company provides for the gender diversity at the level of 25%.

The changes to the composition of the Company's Supervisory Board in 2024, as well as by the date of drawing up of this report

As of January 1, 2024, the Company's Supervisory Board had been composed of the following members: Piotr Tutak (Chair of the Supervisory Board), Teresa Famulska (Vice Chair of the Supervisory Board), Marcin Wawrzyniak (Secretary of the Supervisory Board), Dariusz Hryniów (Member of the Supervisory Board)), Leszek Koziorowski (Member of the Supervisory Board), Ryszard Madziar (Member of the Supervisory Board) and Grzegorz Peczkis (Member of the Supervisory Board).

Table no. 62 Changes to the composition of the Company's Supervisory Board in 2024 and by the date of drawing up of this report[1]

date	
January 25, 2024	The Minister of the State Assets, acting pursuant to § 23, section 1, clause 3) of the Company's Articles of Association, had dismissed Dariusz Hryniów, Ryszard Madziar, Piotr Tutak and Marcina Wawrzyniak from the Company's Supervisory Board, and appointed Natalia Klima-Piotrowska, Katarzyna Masłowska, Karolina Mucha-Kuś and Sławomir Smyczek to be the Members of the Company's Supervisory Board.
February 1, 2024	The Supervisory Board of the Company had elected Sławomir Smyczek to be the Chair of the Supervisory Board of the Company and had elected Natalia Klima-Piotrowska to be the Secretary of the Supervisory Board of the Company.
February 5, 2024	The Minister of the State Assets, acting pursuant to § 23, section 1, clause 3) of the Company's Articles of Association, had dismissed, effective as of February 5, 2024, Teresa Famulska from the Company's Supervisory Board, and had appointed Piotr Kołodziej to be a Member of the Company's Supervisory Board.
February 13, 2024	The Supervisory Board of the Company had elected Natalia Klima-Piotrowska to be the Vice Chair of the Supervisory Board of the Company and in connection therewith it had elected Piotr Kołodziej to be the Secretary of the Supervisory Board of the Company.
February 14, 2024	On February 13, 2024, the Supervisory Board of the Company had taken the decision to delegate, as of February 14, 2024, a Member of the Company's Supervisory Board, Karolina Mucha-Kuś, to temporarily perform the duties of the President of the Management Board of the Company.
March 6, 2024	On February 29, 2024, the Supervisory Board of the Company had taken the decision to end, effective as of March 6, 2024, the delegation of Karolina Mucha-Kuś in connection with the appointment of the new President of the Management Board of the Company, effective as of March 7, 2024.
April 2, 2024	The resignation of the Member of the Supervisory Board of the Company, Leszek Koziorowski, from the membership, effective as of April 2, 2024, in order to enable the appointment of the full composition of the Supervisory Board of the new

date	
	7th term of office at the Extraordinary General Meeting of the Company convened for April 3, 2024 in connection with the end of the 6th term of office of the current Supervisory Board on December 31, 2023.
April 3, 2024	The Extraordinary General Meeting of the Company had adopted the resolutions on the dismissal of Grzegorz Peczkis from the Company's Supervisory Board, and the appointment of Michał Hulbój, Beata Kisielewska, Leszek Koziorowski and Krzysztof Tkaczuk to be the Members of the Company's Supervisory Board.
April 30, 2024	On April 30, 2024, a Member of the Company's Supervisory Board, Karolina Mucha-Kuś, had submitted a statement on her resignation, effective as of the same date, from the position of a Member of the Company's Supervisory Board.
June 7, 2024	On June 5, 2024, a Member of the Company's Supervisory Board, Katarzyna Masłowska, had submitted a statement on her resignation, effective as of June 7, 2024, from the position of a Member of the Company's Supervisory Board.
September 3, 2024	The Extraordinary General Meeting of the Company had adopted the resolutions on the dismissal of Krzysztof Tkaczuk from the Company's Supervisory Board, and the appointment of Mariusz Bąbol to be a Member of the Company's Supervisory Board.
February 17, 2025 (an event that took place after the balance sheet date)	The Minister of the State Assets, acting pursuant to § 23, section 1, clause 3) of the Company's Articles of Association, had appointed Arkadiusz Jówko to be a Member of the Company's Supervisory Board

[1]*The Company had disclosed the information on the changes to the composition of the Supervisory Board in current reports: no. 7/2024 of January 25, 2024. no. 8/2024 of January 26, 2024, no. 10/2024 of February 5, 2024, no. 11/2024 of February 13, 2024, no. 12/2024 of February 29, 2024, no. 18/2024 of March 25, 2024, no. 23/2024 of April 3, 2024, no. 27/2024 of April 30, 2024, no. 35/2024 of June 5, 2024, no. 48/2024 of September 3, 2024, and no. 6/2025 of February, 2024.*

There had been no other changes to the composition of the Supervisory Board of the Company in 2024 and by the date of drawing up of this report.

ESRS 2 GOV-1 §21 (e)

Information on the independence of the Members of the Company's Supervisory Board

In accordance with the Company's Articles of Association and in line with the rule 2.3 of the Best Practice at least two Members of the Company's Supervisory Board should meet the requirements of independence listed in the *Act of May 11, 2017 on certified auditors, audit firms and public oversight*, and also should not have the actual and material ties to a shareholder holding at least 5% of the total number of the votes in the Company.

The Members of the Company's Supervisory Board shall, in line with the rule 4.9.2 of the Best Practice 2021, submit a written statement with respect to the compliance with the requirements for the members of the audit committee listed in the above mentioned act as well as with respect to the existence of the actual and material ties to a shareholder holding at least 5% of the total number of the votes in the Company.

In the case a situation occurs where there is a change with respect to the compliance with the above mentioned requirements and the ties with a shareholder, the given Member of the Supervisory Board shall be obliged to inform the Company promptly thereof.

The information on the compliance by the Members of the Supervisory Board of the Company with the independence requirements is posted on the Company's website at the following address: https://www.tauron.pl/tauron/o-tauronie/wladze-spolki.

After the balance sheet date, in order to update the information on the compliance by the Members of the Supervisory Board with the independence requirements, as well as on the existence or the non-existence of the actual and material ties to a shareholder holding at least 5% of the total number of the votes in the Company, the Members of the Supervisory Board have submitted the up to date statements on the independence and the ties thereof.

As of 31 December 2024, the criteria of independence and a lack of the ties to a shareholder, referred to in rule 2.3 of the Best Practice, had been complied with by 100% of the Members of the Supervisory. However, as of the date of drawing up of this report, they had been complied with by approximately 87% of the Members of the Supervisory Board.

Table no. 63 Compliance by the Members of the Company's Supervisory Board with the independence requirements and a lack of the existence of the actual and material ties to a shareholder holding at least 5% of the total number of the votes in the Company referred to in the Best Practice, in 2024 and by the date of drawing up of this report

First and last name	Period of holding a seat on the Company's Supervisory Board in 2024 and by the date of drawing up of this report	Compliance with the independence requirements and a lack of the actual and material ties to a shareholder
1. Sławomir Smyczek	since 25.01.2024 until now	Complies
2. Natalia Klima-Piotrowska	since 25.01.2024 until now	Complies
3. Piotr Kołodziej	since 05.02.2024 until now	Complies

First and last name	Period of holding a seat on the Company's Supervisory Board in 2024 and by the date of drawing up of this report	Compliance with the independence requirements and a lack of the actual and material ties to a shareholder
4. Mariusz Bąbol	since 03.09.2024 until now	Complies
5. Michał Hulbój	since 03.04.2024 until now	Complies
6. Arkadiusz Jówko	since 17.02.2025 until now	Does not comply
7. Beata Kisielewska	since 03.04.2024 until now	Complies
8. Leszek Koziorowski	from 01.01.2024 to 02.04.2024 since 03.04.2024 until now	Complies
9. *Piotr Tutak*	*from 01.01.2024 to 25.01.2024*	*Complied*
10. *Teresa Famulska*	*from 01.01.2024 to 05.02.2024*	*Complied*
11. *Marcin Wawrzyniak*	*from 01.01.2024 to 25.01.2024*	*Complied*
12. *Dariusz Hryniów*	*from 01.01.2024 to 25.01.2024*	*Complied*
13. *Ryszard Madziar*	*from 01.01.2024 to 25.01.2024*	*Complied*
14. *Katarzyna Masłowska*	*from 25.01.2024 to 07.06.2024*	*Complied*
15. *Karolina Mucha-Kuś*	*from 25.01.2024 to 13.02.2024*	*Complied*
	from 14.02.2024 to 30.04.2024	*Did not comply*
16. *Grzegorz Peczkis*	*from 01.01.2024 to 03.04.2024*	*Complied*
17. *Krzysztof Tkaczuk*	*from 03.04.2024 to 03.09.2024*	*Complied*

ESRS 2 GOV-1 §21 (c)

Experience and competences of the Members of the Supervisory Board who continue to hold their seats on the Company's Supervisory Board as of the date of drawing up of this report

Sławomir Smyczek – the Chair of the Supervisory Board

Professor, Ph.D. The Head of the Department of Consumption Research at the Katowice University of Economics (Uniwersytet Ekonomiczny w Katowicach). He is a national representative in the Asian Marketing Association MAGScholar and in the European Universities Network DUKENET, of which he had been the President in the years 2017 - 2019. Since 2022, he has served as the Chair of the Silesian Universities Network (SUN) and since 2016 he has been a member of the Scientific Committee of the Polish Scientific Marketing Society.

Sławomir Smyczek lectures at the foreign universities, including, among other, Wirtschaftsuniversität Wien, Université de Haute-Alsace, Budapest Business School, Howest Hogeschool West-Vlaanderen or Universidad CEU Cardenal Herrera in Valencia.

He is an author of more than 200 publications in the field of the consumer behavior, sustainable consumption, consumer market exclusion, consumer market rights and marketing. He is cooperating with the companies involved in the international business operations as a consultant in the field of the affiliate marketing, loyalty programs and the consumer market education.

Sławomir Smyczek is an expert with respect to the consumer rights protection. He conducts trainings, workshops, lectures and competitions aimed at building of the awareness of the market rights among the consumers. An author of the European student education program in the field of the consumer protection standards. In 2023, he was appointed to be a member of the Scientific Advisory Committee for the Financial Ombudsman.

Sławomir Smyczek was the chair of the supervisory board of Azoty-Adipol S.A. (Joint Stock Company) and served as the secretary of the supervisory board at Aster ZAK Sp. z o.o. (Ltd.) and Futuria Sp. z o.o. (Ltd.).

He has been a Member of the Supervisory Board of the Company since January 25, 2024.

On the Company's Supervisory Board, he is serving as the Chair of the Supervisory Board, he is the Head of the Nominations and Compensation Committee and a Member of the Strategy Committee of the Company's Supervisory Board.

Natalia Klima-Piotrowska – the Vice Chair of the Supervisory Board

A graduate of the Faculty of Law and Administration of the University of Silesia in Katowice (Uniwersytet Śląski w Katowicach). An attorney at law registered on the list of the attorneys at law of the Bar Association in Katowice since 2006, a mediator registered on the list of the Mediation Center at the Supreme Bar Council and the Mediation Center of the Bar Association in Katowice. A Member of the Regional Bar Council in Katowice, the Chair of the

Human Rights Commission at the Supreme Bar Council, a member of the Women's Team at the Supreme Bar Council, a member of the Prof. Zbigniew Hołda Association (Stowarzyszenie im. Prof. Zbigniewa Hołdy), a member of the Expert Council of the Faculty of Law and Administration of the University of Silesia, a member of the delegation of the Supreme Bar Council to the Council of Bars and Law Societies of Europe. She gained professional experience in the tax departments of Arthur Andersen sp. z o.o. (Ltd.) and Ernst & Young sp. z o.o. (Ltd.), and subsequently at the law firms Adwokaci i Doradcy sp. j. and Popiołek, Adwokaci i Doradcy Kancelaria Adwokatów i Radców Prawnych sp. j. in Katowice. Having passed the bar exam, she managed her own law firm (private practice), and since 2012 she has been a partner at Piotrowscy Spółka Partnerska Adwokatów, which provides the legal assistance to the entrepreneurs, municipal companies and the private individuals. She specializes in the real estate law, the real estate management, the civil and family law, as well as the human rights protection cases.

Natalia Klima-Piotrowska was listed in the Forbes Women magazine's ranking of the top 25 lawyers in business in 2022, and in 2023 she was awarded the title of the Equality Leader of the Silesian province in a competition organized by the Women's Congress Association together with the British Embassy and the Forbes Women magazine. In 2020, she had been awarded the Attorney at Law Social Activist prize in the poll of the Defensor Iuris Association (Stowarzyszenie Defensor Iuris), and in 2017 she had won the First Honorable Mention in the 2017 Woman Attorney at Law competition.

She has been a Member of the Supervisory Board of the Company since January 25, 2024.

On the Company's Supervisory Board, she is serving as the Vice Chair of the Supervisory Board, she is the Head of the Strategy Committee, a Member of the Audit Committee and a Member of Nominations and Compensation Committee of the Company's Supervisory Board.

Piotr Kołodziej – the Secretary of the Supervisory Board

A graduate of the Electrical Department of the Silesian University of Technology in Gliwice (Politechnika Śląska w Gliwicach). He also completed the postgraduate studies in the electrical power engineering (Silesian University of Technology), the microcomputer systems (Silesian University of Technology) and business management. A participant of the Vattenfall Executive Management Program (a training program for Vattenfall's senior management) in Stockholm.

Piotr Kołodziej had successively worked: from 1970 to 1996 at Zakład Energetyczny Gliwice (Gliwice Power Unit), from 1996 to 2001 at Górnośląski Zakład Elektroenergetyczny S.A. as a Member of the Management Board responsible for the technical affairs and electricity trading, from 2001 to 2007 at Vattenfall Distribution S.A. as the President of the Management Board (CEO), from 2002 to 2009 at Vattenfall Poland as a Member of the Board of Directors, from 2009 to 2011 at Vattenfall Europe AB as a Member of the Management Board, from 2008 to 2012 at TAURON Dystrybucja GZE S.A. as the President of the Management Board (CEO), where he had created a highly efficient, customer oriented organization, achieving high Vattenfall Customer Satisfaction Index benchmark scores and the high employee engagement ratings.

From 2012 to 2015, he had held the position of the CEO of TAURON Dystrybucja S.A., where, among other things, he had implemented several dozens of the reorganization, restructuring, process optimization and IT system implementation projects.

From October to December 2015, he had held the position of the Vice President of the Management Board of TAURON Polska Energia S.A. for Strategy and Development. From January to April 2016, he had been an advisor to the Management Board of TAURON Polska Energia S.A., and from May 2016 to February 2017, he had held the position of the Executive Director for Asset Management.

From 2017 to 2021, he had held the position of the President of the Management Board (CEO) of Spółka Ciepłowniczo-Energetyczna Jaworzno III Sp. z o.o. (Ltd.), and from 2022 to February 2024 he had been an advisor to the Management Board of Smart EPC Sp. z o.o.

Since June 2024 Piotr Kołodziej has been the Chair of the Supervisory Board of Przedsiębiorstwo Energetyki Cieplnej – Gliwice sp. z o.o. (Ltd.).

He has been a Member of the Supervisory Board of the Company since February 5, 2024.

On the Company's Supervisory Board, he is serving as the Secretary of the Supervisory Board, he is the Head of the Audit Committee, a Member of the Strategy Committee and a Member of the Nominations and Compensation Committee of the Company's Supervisory Board.

Mariusz Bąbol – a Member of the Supervisory Board

A graduate of the Faculty of Law, Administration and Economics at the University of Wrocław. A legal counsel, a member of the District Chamber of the Legal Counsels in Łódź. He has completed the judicial training and has passed a judicial exam. In 1997, he had begun serving as a judge of the District Court in Radomsko, and subsequently assumed the position of the Chair of the Civil Division of the District Court in Radomsko. In 2000 - 2001, he had been delegated to the adjudicating panel of the District Court in Piotrków Trybunalski. Attended the postgraduate studies at the University of Łódź in the field of the European Law. A graduate of Executive MBA Legal studies. A participant of the numerous training courses and the courses on the legal, economic and business topics.

A co-founder of the Bąbol, Bzowski, Klimek Kancelaria Radców Prawnych i Adwokatów law firm, which specializes in the civil law and commercial companies law. Mariusz Bąbol is also conducting business activities in the field of the legal advice, real estate trading, construction, business consulting as part of a private legal practice (individual business activity), and also as part of the civil partnerships as well as the limited liability companies and the joint stock companies, including: NYELETI CREATIVES sp. z o.o. sp. k. as a partner, proxy, BELZACKA PT DEVELOPMENT sp. z o.o. sp. k. as a managing partner, MACHALEWSKI sp. j. as a managing partner.

Mariusz Bąbol holds a seat on the Supervisory Boards of the following companies: NITROERG S.A. (the Vice Chairman of the Supervisory Board), BIPROMET S.A. (a Member of the Supervisory Board), and in the past at CONSORTIO LEX sp. z o.o. (a Member of the Supervisory Board).

He has been a Member of the Supervisory Board of the Company since September 3, 2024.

On the Company's Supervisory Board, he is serving as a Member of the Nominations and Compensation Committee of the Company's Supervisory Board.

Michał Hulbój – a Member of the Supervisory Board

A graduate of the SGH Warsaw School of Economics (Szkoła Główna Handlowa w Warszawie) with a major in finance and banking. He holds a stockbroker's license and has also passed two exams as part of the CFA program.

He had gained professional experience as a participant of the management training at Bank Millennium, and subsequently as an equity analyst at Millennium Dom Maklerski (Millenium Brokerage House), PTE PZU and AIG PTE. From 2008 to 2010, he had worked as an equity portfolio manager at PTE PZU. At the end of 2010, he had become the Director of the Equity Product Management Team at Skarbiec TFI. In 2012, he had worked as the Director of the Analyses Department at Erste Securities Poland. Since February 2013, he had taken the position of a Member of the Management Board, the Director of the Asset Management Office at Forum TFI. From 2014 to 2018, he had held the position of the CEO at Cresco Sp. z o.o. (Ltd.).

Michał Hulbój had served on the Supervisory Boards of the following companies: Herkules S.A., AB Kauno Tiltai, Libet S.A., Nowa Gala S.A., Trakcja S.A.. He had served as the Head of the Audit Committee at Herkules S.A. and as a Member of the Audit Committee at: Libet S.A., Nowa Gala S.A., Trakcja S.A.

He is currently an independent member of the Supervisory Boards of the following companies: Onde S.A., Develia S.A., AC S.A., EMC Instytut Medyczny S.A., Orzeł Biały S.A. and Remak – Energomontaż S.A. He also serves as the Head of the Audit Committee at AC S.A., Orzeł Biały S.A. and as a Member of the Audit Committee at Develia S.A. and EMC Instytut Medyczny S.A.

He has been a Member of the Supervisory Board of the Company since April 3, 2024.

On the Company's Supervisory Board, he is serving as a Member of the Audit Committee and a Member of the Strategy Committee of the Company's Supervisory Board.

Arkadiusz Jówko – a Member of the Supervisory Board

A graduate of the Faculty of Law and Administration of the University of Warsaw in Warsaw. He completed the auditor's apprenticeship at the Supreme Chamber of Audit. In addition, he completed the numerous post graduate studies, including, among others, at the Warsaw School of Economics in the field of the Internal Audit and Financial Control at the Public Finance Sector Units and at the Leon Koźmiński Academy in the field of Management in the Public Administration. Mr. Arkadiusz Jówko also completed the post graduate studies Executive Master of Business Administration at the University of Economics and Humanities in Warsaw. He has passed the exam for the candidates for the members of the supervisory bodies at the companies in which the State Treasury holds an equity stake.

Since January 2024, he has been holding the position of the Director of the Department of Oversight I at the Ministry of the State Assets in Warsaw. From 2021 to 2024, he was managing his own business venture, providing the services, among other things, in the field of conducting and organizing of the internal and external audits. From 2008 to 2021, he had been employed at the Warsaw Capital City Hall Office as the Deputy Director of the Audit Office, as well as the Deputy Director of the Waste Management Office. From 1999 to 2008, he had worked at the Supreme Chamber of Audit as a legal advisor. From 1998 to 2006, he had been a researcher at the University of Natural Sciences and Humanities in Siedlce.

Arkadiusz Jówko has been a Member of the Supervisory Board of the Company since February 17, 2025.

On the Company's Supervisory Board, he is serving as a Member of the Nomination and Compensation Committee of the Supervisory Board of the Company.

Beata Kisielewska – a Member of the Supervisory Board

A certified auditor, she is a graduate of the Silesian University of Technology in Gliwice (Politechnika Śląska w Gliwicach), with a major in management and marketing, specializing in business management, and a graduate of the Katowice Business University (Górnośląska Wyższa Szkoła Handlowa), with a major in management and marketing, specializing in accounting and finance, where she was additionally awarded an IES International Education Society certificate. She is a graduate of the post graduate studies in the tax strategy at the Katowice

University of Economics (Akademia Ekonomiczna w Katowicach) and of the MBA studies at Wyższa Szkoła Biznesu in Nowy Sącz.

From 1998 to 2005 Beata Kisielewska had worked at the Cooperative Bank in Jastrzębie-Zdrój, including holding the position of the Chief Accountant. From 2005 to 2019 she had been employed at Getin Noble Bank S.A. as the Director of the Accounting Department. She has experience related to the bookkeeping and drawing up of the financial statements. Among other things, she had participated in the projects related to the implementation of the IFRS and the mergers of companies. In addition, since 2005 she has been involved in the audits of the financial statements and she has worked with a number of the audit firms, including PKF, BDO, KPFK dr Piotr Rojek. Currently she is working at ATAC Auditors and Partners Sp. z o.o. (Ltd.) as a certified auditor and the Vice President of the Management Board. She specializes in the audits of the financial statements of the public interest entities and the services for the joint stock companies and the limited liability companies as well as for the financial institutions. Since 2022, she has been a Member of the Supervisory Board and a Member of the Audit Committee at the Cooperative Bank in Jastrzębie-Zdrój.

Beata Kisielewska has been a Member of the Supervisory Board of the Company since April 3, 2024.

On the Company's Supervisory Board, she is serving as a Member of the Audit Committee of the Company's Supervisory Board.

Leszek Koziorowski – a Member of the Supervisory Board

A graduate of the Faculty of Law and Administration of the University of Warsaw (Uniwersytet Warszawski), He is registered on the list of the attorneys at law of the Warsaw Bar Association (Okręgowa Izba Radców Prawnych w Warszawie).

From the beginning of his professional career, he has been associated with the capital market. From 1994 to 1999 at the Securities Commission (Komisja Papierów Wartościowych - KPW), initially at the Office of the Brokerage Houses and Trust Funds (Biuro Domów Maklerskich i Funduszy Powierniczych), subsequently as an advisor to the Chair of the Securities Commission (KPW).

During his work at the Securities Commission (KPW), he had also been holding the position of the Deputy Chairman of the Examination Commission for the Investment Advisors.

Currently at GESSEL, KOZIOROWSKI Kancelaria Radców Prawnych i Adwokatów sp. p., where he has created and manages the capital market law department - employed since 1999, a partner since 2002.

He had been an arbitrator at the Stock Exchange Court at the Warsaw Stock Exchange (Sąd Giełdowy przy Giełdzie Papierów Wartościowych w Warszawie).

From 2013 to 2024, he had been a member of the Corporate Governance Committee at the Warsaw Stock Exchange (Komitet Ładu Korporacyjnego przy Giełdzie Papierów Wartościowych w Warszawie), where he was a co-author of the Best Practice of the WSE Listed Companies 2016 and of the latest: the Best Practice of the WSE Listed Companies 2021.

He had been holding the position of the Chair and a Member of the Supervisory Boards at a number of private and public joint stock companies, for example, IGLOTEX S.A. (the Chair of the Supervisory Board), ESALIENS TFI S.A. (the Chair of the Supervisory Board), Zakłady Odzieżowe BYTOM S.A., TETA S.A. (the Chair of the Supervisory Board), TAURON Polska Energia S.A. (from 2010 to 2017 and since 2021).

He has been awarded a number of honorable mentions and indicated as a leader and recommended lawyer in the field of the capital market law in the rankings of the Rzeczpospolita daily, Chambers and others.

An author of numerous publications in the field of the capital market law and the history of the joint stock companies and the stock exchange.

Leszek Koziorowski has been a Member of the Supervisory Board of the Company since May 24, 2021.

On the Company's Supervisory Board, he is serving as a Member of the Nominations and Compensation Committee of the Company's Supervisory Board.

Description of the procedures of the Company's Supervisory Board

The Supervisory Board of the Company shall act on the basis of the Code of Commercial Companies and other legal regulations, the provisions of the Company's Articles of Association, as well as the provisions of the *Regulations of the Supervisory Board of TAURON Polska Energia S.A. with its registered office in Katowice* which are available on the Company's website at the following address: http://www.tauron.pl/tauron/relacje-inwestorskie/informacje-o-spolce/dokumenty-spolki. When performing their duties the Members of the Company's Supervisory Board shall be acting in accordance with the principles provided in the Best Practice.

The Members of the Supervisory Board of the Company, when performing the functions and duties assigned thereto, shall be guided in their conduct, including in the making of their decisions, by the independence of their own opinions and judgments, while acting in the interest of the Company.

The Supervisory Board of the Company shall work by way of a debate, analyzing the situation of the Company and the Group against the background of the industry and the market on the basis of the materials provided thereto by the Management Board of the Company as well as the internal systems and functions of the Company, and also the materials obtained from outside of the Company, taking advantage of the results of the works of its Committees.

The main form of the Supervisory Board performing an oversight of the Company's business operations shall be the meetings of the Supervisory Board. The Supervisory Board shall perform its obligations collectively. The meetings of the Company's Supervisory Board shall be convened by the Chair of the Supervisory Board or the Vice Chair of the Supervisory Board by presenting a detailed agenda of the meeting:

1. in accordance with the decisions taken by the Supervisory Board,
2. of his or her own initiative,
3. at a request of each Member of the Supervisory Board,
4. at a request of the Management Board.

The Chair or the Vice Chair of the Supervisory Board shall convene a meeting with an agenda in accordance with the request, which shall be held no later than two weeks from the date of the receipt of the request. In the event that the Chair or the Vice Chair of the Supervisory Board fails to convene a meeting of the Supervisory Board in the manner specified above, the person making the request may convene the meeting independently.

The meetings of the Supervisory Board shall be held at the Company's registered office. In the justified cases a meeting may be convened at a different venue.

In order to convene a meeting all of the Members of the Company's Supervisory Board shall be invited in writing at least 7 days before the date of the Supervisory Board's meeting. Due to important reasons the Chair of the Supervisory Board may shorten this period to 2 days, defining the way the invitations should be distributed. The notifications of the Supervisory Board's meeting shall be sent by electronic mail. In the notification of the Supervisory Board's meeting the Chair shall define the date of the meeting, the venue of the meeting and the detailed draft agenda, and also the manner of using of the means of the direct remote communication during the meeting. The Supervisory Board of the Company shall meet on as needed basis, however not less frequently than once every 2 months. The Supervisory Board may hold its meetings without convening a formal meeting if all of the Members of the Supervisory Board are present and nobody objects against the fact of holding the meeting or against the agenda of the meeting.

A change of the proposed agenda of the meeting may occur when all of the Members of the Company's Supervisory Board are present at the meeting and no one raises an objection against the changed agenda of the meeting. An issue not included in the agenda of the meeting should be included in the agenda of the next meeting.

The participation in a meeting of the Supervisory Board shall be mandatory for a Member of the Supervisory Board. A Member of the Supervisory Board shall provide information on the reason for his/her absence in writing. Excusing an absence of a Member of the Supervisory Board shall require a resolution of the Company's Supervisory Board. The participation of the Members of the Company's Management Board in the Supervisory Board meetings shall be mandatory if they have been invited by the person convening the meeting of the Supervisory Board. Other persons may also take part in the meetings if they have been invited in the above mentioned way.

The Supervisory Board may seek the opinions of experts using the knowledge of the Company's employees, including in particular, the legal counsels who provide the regular legal assistance for the benefit of the Company.

The Supervisory Board may also appoint the independent experts in order to obtain an opinion and make the appropriate decision, as well as invite them to the meetings of the Supervisory Board. In the case a transaction of the Company with a related entity requires an approval of the Supervisory Board of the Company, prior to adopting a resolution on the granting of such a consent, the Supervisory Board shall assess whether it is necessary to first seek an opinion of an external entity that will carry out the valuation of the transaction and the analysis of its economic effects. If the conclusion of the transaction with a related entity requires the approval of the General Meeting, the Supervisory Board of the Company shall draw up an opinion on the legitimacy of concluding such a transaction and in such a case it shall assess the need for a prior seeking of an opinion of an external entity. In the cases referred to above, the Supervisory Board of the Company shall adopt a resolution to commission the selected expert to carry out the work, obliging the Management Board of the Company to conclude the applicable agreement.

The meetings of the Supervisory Board shall be chaired by the Chair of the Supervisory Board, and in the case of his or her absence, by the Vice Chair of the Supervisory Board. For important reasons, with the consent of the majority of the Members of the Supervisory Board present at the meeting, the person chairing the meeting shall be obliged to subject to a vote a motion to interrupt the meeting and set the date of resuming the meeting of the Company's Supervisory Board. The Supervisory Board shall make its decisions in the form of resolutions. The Supervisory Board's resolutions shall be passed mainly during the meetings thereof. The Supervisory Board shall pass resolutions if at least half of its members are present at the meeting and all of its members have been invited in the appropriate manner defined in the Regulations of the Supervisory Board. Subject to the mandatory legal regulations in force, including the Code of Commercial Companies and the provisions of the Company's Articles of Association, the Supervisory Board shall pass resolutions by an absolute majority of votes of the persons present at the meeting where the absolute majority of votes shall be understood as more votes cast "for" than "against" and "abstain". Resolutions shall not be passed on the matters not included in the agenda unless all of the Members of

the Supervisory Board are present and nobody raises an objection. This shall not apply to the resolutions on excusing a Supervisory Board's Member's absence at the meeting. The resolutions shall be voted on in an open ballot. A secret ballot shall be ordered only in the cases stemming from the provisions of the law.

In accordance with the Company's Articles of Association, the Supervisory Board may pass its resolutions in writing or using the means of the direct remote communications. Passing a resolution in such a way shall require a prior notification of all of the Members of the Supervisory Board of the content of the draft resolution and the participation of at least half of the Members of the Supervisory Board in passing the resolution. The Company's Supervisory Board may pass resolutions this way as long as no Member of the Company's Supervisory Board raises an objection. When voting on a resolution in the above mentioned way a Member of the Company's Supervisory Board shall indicate his/her vote, i.e. "for", "against" or "abstain". A resolution with a note that it has been passed in writing or by voting using the means of the direct remote communications shall be signed by the Chair of the Supervisory Board. The resolutions passed this way shall be presented at the forthcoming meeting of the Supervisory Board along with the result of the voting.

A participation in a meeting of the Company's Supervisory Board using the means of the direct remote communications, i.e. a conference call or a video conference, shall be allowed. In the case the Members of the Company's Supervisory Board take part in a meeting of the Company's Supervisory Board using the means of the direct remote communications, the resolutions shall be passed if at least half of the Members of the Company's Supervisory Board take part in the voting.

The Members of the Supervisory Board shall take part in the meetings and exercise their rights and responsibilities (duties) in person, and while performing their duties they shall be obliged to act with due diligence. The Members of the Supervisory Board shall be obliged to keep confidential the information related to the Company's activities that they have acquired in connection with holding their seat or on another occasion.

The Supervisory Board may delegate its individual members to perform certain supervision (oversight) activities on their own as well as establish the ad hoc (temporary or standing (permanent) committees of the Supervisory Board to perform certain supervision (oversight) activities. A delegated Member of the Supervisory Board and the committee of the Supervisory Board should, at least once in each quarter of the financial year, provide the Supervisory Board with the information on the supervision (oversight) activities undertaken and the results thereof.

The Supervisory Board may delegate its members, for a period not longer than three months, to temporarily perform the duties of the Members of the Management Board who have been dismissed, submitted their resignation or if for other reasons they cannot perform their functions. The above mentioned delegation shall require obtaining of a consent of the Member of the Supervisory Board who is to be delegated.

The Company's Supervisory Board may appoint from among its members the standing or temporary (ad hoc) working groups (teams), committees to perform the specific actions. The standing committees of the Company's Supervisory Board shall be:

1. Audit Committee of the Supervisory Board of TAURON Polska Energia S.A. (Audit Committee),
2. Nominations and Compensation Committee of the Supervisory Board of TAURON Polska Energia S.A. (Nominations and Compensation Committee),
3. Strategy Committee of the Supervisory Board of TAURON Polska Energia S.A. (Strategy Committee).

The composition, tasks and procedures of the operation of the above mentioned committees shall be defined in the regulations thereof passed by the Supervisory Board.

Competence of the Company's Supervisory Board

The Supervisory Board of the Company shall continuously oversee the Company's activities in all of the areas of its business operations.

Table no. 64 Competence of the Company's Supervisory Board in accordance with the Company's Articles of Association and the Regulations of the Supervisory Board of TAURON Polska Energia S.A., as of December 31, 2024, and as of the date of drawing up of this report

Matters that require a resolution of the Company's Supervisory Board
Competences related to providing of the opinions
1. Evaluating of the Company's Management Board's report on the Company's operations (Directors' Report) as well as the financial statements for the last financial year with respect to the compliance thereof with the books, documents as well as with the factual status. This shall also apply to the Capital Group's consolidated financial statements, 2. Evaluating of the Company's Management Board's recommendations on the distribution of the profit or the covering of the loss, 3. Drawing up once a year and submitting to the General Meeting of a report on the activities of the Supervisory Board containing at least: 1) results of the evaluations mentioned in items 1 and 2 above, 2) information on: the composition of the Company's Supervisory Board and its Committees, including an indication which Members of the Supervisory Board comply with the criteria of independence listed in the Act of May 11, 2017 on certified auditors, audit firms and public oversight, as well as those that not to have the actual and material ties to a shareholder holding at least 5% of the total number of votes in the Company, and also the information on the composition (membership) of the Supervisory Board in the context of the diversity thereof, 3) summary of the activities of the Supervisory Board and its Committees, 4) evaluation of the Company's situation on the consolidated basis, including an assessment of the adequacy and effectiveness of the internal controls, risk management, standards or applied practices compliance systems and the internal audit functions applied by the Company,

including the information on the steps that the Company's Supervisory Board took in order to perform such an evaluation, including all of the significant control mechanisms, in particular the ones related to the reporting and the business operations,
5) assessment of the application of the principles of the corporate governance by the Company and the method of the fulfilment of the information disclosure obligations in relation to the application thereof, defined in the Regulations of the Exchange and in the provisions related to the current and periodic (interim) information (disclosures, regulatory filings) filed by the issuers of the securities. including the information on the steps that the Company's Supervisory Board took in order to perform such an assessment,
6) assessment of the rationality (legitimacy) of the expenditures incurred by the Company and its group in order to support (promote) culture, sports, charity institutions, media, social organizations, trade unions, etc.,
7) information on the degree of the implementation of the diversity policy in relation to the Management Board of the Company and the Supervisory Board of the Company, including the implementation of the objectives and the criteria of diversity, including, among other things, in such areas as gender, education background, specialist knowledge, age and the professional experience,
8) evaluation of the manner in which the Management Board draws up or submits to the Supervisory Board the information, documents, reports or explanations requested in accordance with the procedure set forth in Article 382, § 4 of the Code of Commercial Companies,
9) information on the total compensation payable by the Company for all of the studies (analyses) commissioned by the Supervisory Board to its advisors during the financial year.

4. Drawing up, once a year, of a report on the compensation of the Members of the Management Board of the Company and the Supervisory Board of the Company in accordance with the requirements defined in the *Act of July 29, 2005, on a public offering and conditions of introducing financial instruments to an organized trading system and on public companies,*
5. Providing of the opinion on the Capital Group's Corporate Strategy,
6. Supervision of the implementation of the goals set out in the Corporate Strategy of the Capital Group, with a particular emphasis on the sustainable development goals,
7. Providing of the opinion on the rules of conducting the sponsoring activities,
8. Providing of the opinion on the annual plan of conducting of the sponsoring activities as well as on the annual report on the implementation thereof,
9. Providing of the opinions on the reports drawn up, by the Company's Management Board, on the entertainment expenses, the expenditures on the legal services, marketing services, public relations and the social communication services as well as the advisory services related to the management,
10. Providing of the opinions on the Company's Management Board's petitions regarding the matters referred to in § 35 of the Company's Articles of Association, excluding the motions regarding the Members of the Company's Supervisory Board,
11. Providing of the opinions on the draft resolutions introduced by the Management Board of the Company to the agenda of the General Meeting,
12. Providing of the opinions on the changes of the rules of divesting of the fixed assets, defined in § 38^1 of the Company's Articles of Association,
13. Providing of the opinions on the results of the double materiality assessment, including the material subtopics stemming from the assessment of the impacts, risks and opportunities (IRO),
14. Providing of the opinions on the transition plan for the purpose of climate change mitigation,
15. Evaluating of the Management Board's Report on the operations of TAURON Polska Energia S.A. and TAURON Capital Group, including the sustainability reporting.

Competences that include

1. Selecting of a certified auditor to carry out an audit of the Company's financial statements and the Capital Group's consolidated financial statements,
2. Defining of the scope and the deadlines for submitting of the Company's and the Capital Group's annual material and financial plan by the Company's Management Board,
3. Approving of the Company's and the Capital Group's material and financial plan by the Company's Management Board,
4. Adopting of the consolidated text of the Company's Articles of Association, drawn up by the Company's Management Board,
5. Approving of the Regulations of the Company's Management Board,
6. Approving of the organizational regulations of the Company's enterprise,
7. Approving of the capital group's compensation policy,
8. Purchasing of the real estate asset components within the meaning of the *Act of September 29, 1994, on accounting,* with the value exceeding:
   1) PLN 20 000 000 or,
   2) 5% of the total assets within the meaning of the *Act of September 29, 1994, on accounting,* determined on the basis of the last approved financial statements,
   3) subject to the provisions of § 20, clause 5 of the Company's Articles of Association,
9. Granting of an approval for the disposing of the fixed asset components, within the meaning of the A*ct of September 29, 1994, on accounting,* classified as the intangible and legal assets, tangible fixed assets or the long term investments, including making a contribution to a company or cooperative if the market value of such components exceeds PLN 20 000 000 or 5% of the total assets within the meaning of the *Act of September 29, 1994, on accounting*, determined on the basis of the last approved financial statements, subject to the provisions of § 20, clause 5 of the Company's Articles of Association, as well as handing over these components for use to another entity for a period longer than 180 days in a calendar year, based on a legal transaction, if the market value of the subject of the legal transaction exceeds PLN 500 000 or 5% of the total assets, where the handing over of such components for use in the case of:
   1) lease, tenancy and other contracts for the transfer of an asset for use by other entities for a fee – the market value of the subject of the legal action shall be understood as the value of the services for: one year - if the asset was transferred on the basis of an agreement concluded for an indefinite period of time, the entire duration of the agreement - in the case of the contracts concluded for a defined period of time,
   2) loan contracts and other free of charge contracts for the handing over of an asset for use by other entities - the market value of the subject of legal transaction shall be understood as the equivalent of the benefits that would be due if the lease or tenancy agreement were concluded, for: one year - if the asset is handed over under the contract concluded for an indefinite period of time, the entire duration of the contract - in the case of the contracts concluded for a defined period of time,
10. Granting of an approval for the assuming of the contingent liabilities, including the granting of the guaranties and sureties by the Company with the value exceeding the equivalent of PLN 20 000 000,
11. Granting of an approval for the issuing of the bills of exchange with the value exceeding the equivalent of PLN 20 000 000,
12. Granting of an approval for the making of an advance payment on account of the expected dividend,
13. Granting of an approval for the taking up or purchasing of the shares or interests in another company with the value exceeding:
    1) PLN 20 000 000 or
    2) 5% of the total assets within the meaning of the *Act of 29 September 29, 1994 on accounting,* determined on the basis of the last approved financial statements,
14. Granting of an approval for the selling of the shares or interest in another company with the market value exceeding:
    1) PLN 20 000 000 or
    2) 10% of the total assets within the meaning of the *Act of 29 September 1994, on accounting*, determined on the basis of the last approved financial statements,

Matters that require a resolution of the Company's Supervisory Board

15. Granting of an approval for the concluding of an agreement for the legal services, marketing services, public relations and the social communications services as well as the advisory services related to the management, if the amount of the total net compensation envisaged for the services provided in total under such an agreement or under other agreements concluded with the same entity exceeds PLN 500 000, on a yearly basis,
16. Granting of an approval for the amending of an agreement for the legal services, marketing services, public relations and the social communications services as well as the advisory services related to the management, increasing the compensation above the amount mentioned in item 15 above,
17. Granting of an approval for the concluding of the agreements for the legal services, marketing services, public relations and the social communications services as well as the advisory services related to the management, under which the maximum compensation amount (cap) is not envisaged,
18. Granting of an approval for the concluding of a donation agreement or of another agreement with the similar consequences of the value exceeding PLN 20 000 or 0.1% of the total assets within the meaning of the A*ct of September 29, 1994, on accounting*, determined on the basis of the last approved financial statements,
19. Granting of an approval for the relieving from the debt (debt forgiving) or from another agreement with the similar consequences of the value exceeding PLN 50 000 or 0.1% of the total assets within the meaning of the *Act of September 29, 1994, on accounting*, determined on the basis of the last approved financial statements,
20. Granting of an approval for the concluding of a material transaction with a related entity within the meaning of the *Act of July 29, 2005 on a public offering and conditions of introducing financial instruments to an organized trading system and on public companies*,
21. Granting of an approval for the establishment of the Company's branches abroad,
22. Defining of the manner of the exercising of the right to vote at the General Meetings of the Shareholders or the General Meetings of the Partners of the companies in which the Company holds more than 50% of the shares or interests, with respect to the following matters:
    1) selling and leasing out of the company's enterprise or its organized part as well as establishing of a limited pledge (property right) thereupon if the value thereof exceeds the PLN equivalent of EUR 5 000 000,
    2) dissolving and liquidating of the company
23. Defining of the manner of exercising of the right to vote by a representative of TAURON during the GMs of the companies (subsidiaries) with respect to which the Company is a dominating entrepreneur (parent company) within the meaning of art. 4 section 3 of the A*ct of February 16, 2007, on competition and consumer protection*, with respect to the following issues:
    1) a company setting up another company,
    2) a change to the Articles of Association or the shareholders agreement and the subject of the company's operations,
    3) merging, transforming, splitting, dissolving and liquidating of a company,
    4) increasing or decreasing of the company's share capital,
    5) selling and leasing out of the company's enterprise or its organized part and establishing of a limited pledge (property right) thereupon,
    6) redeeming (retiring) of the interests or the shares,
    7) determining of the compensation of the members of the Management Boards and the members of the Supervisory Boards,
    8) a provision related to the claims for remedying the damage inflicted when setting up a company or performing the management or supervision thereof,
    9) matters mentioned in art. 17 of the A*ct of December 16, 2016, on the principles of state assets management*, subject to § 15, clause 5 of the Company's Articles of Association, with the exception of the matters relating to the legal transactions referred to in § 20, clause 5 of the Company's Articles of Association, and with the exception of the matters regarding an acquisition or a disposal of the fixed assets constituting or intended to constitute the assets necessary to conduct the business operations with respect to the distribution of the electricity by a company that is an operator of the power distribution system.

Competences related to the Management Board

1. Appointing and dismissing of the Members of the Management Board of the Company.
2. Establishing of the principles of the compensation and the amounts of the compensation for the Members of the Company's Management Board, subject to § 18 of the Company's Articles of Association, according to which the General Meeting shall adopt the compensation policy as well as it shall establish the principles for the determining of the compensation and the amount of the compensation for the members of the Management Board.
3. Suspending of the Members of the Company's Management Board from office due to important reasons.
4. Delegating of the Members of the Company's Supervisory Board to temporarily perform the duties of the Members of the Company's Management Board who cannot perform their duties and establishing of their compensation subject to the provision that the total compensation of the delegated person as a Member of the Company's Supervisory Board's as well as on account of being delegated to temporarily perform the duties of a Member of the Company's Management Board shall not exceed the compensation established for the Member of the Company's Management Board to replace whom the Member of the Company's Supervisory Board has been delegated.
5. Conducting of a recruitment process for a position of a Member of the Company's Management Board.
6. Conducting of a competition in order to select a person with whom an agreement to perform the management board functions (services) in the Company shall be concluded and the concluding of such an agreement to perform the management board functions (services) in the Company.
7. Granting of an approval for the Members of the Company's Management Board to take up the positions in the governing bodies (authorities)
1. of other companies.

Other competences of the Supervisory Board of the Company

1. Approving of the Company's Management Board's annual report on the supervision (oversight) over the implementation of the investment projects.
2. Drawing up of the reports on the overseeing of the implementation of the investment projects by the Company's Management Board, including the purchases of the fixed assets, and in particular the providing of the opinions on the correctness and effectiveness of the expenditures related thereto.
3. Approving of the reports drawn up by the Company's Management Board on :
    1) entertainment expenses, expenditures on the legal services, marketing services, public relations and the social communications services, as well as the advisory services related to the management,
    2) applying of the best practice defined by the Chairman of the Council of Ministers (Prime Minister) on the basis of art. 7, clause 3 of the *Act on the principles of state assets management* with respect to the corporate governance, corporate social responsibility and the sponsoring activities,
4. Adopting of the regulations describing in detail the Company's Supervisory Board's procedures.

Audit Committee of the Supervisory Board of TAURON Polska Energia S.A.

The members of the Audit Committee had been appointed by the Supervisory Board of the Company from among the members thereof.

The Audit Committee had held a total of 9 meetings and had adopted 18 resolutions in the financial year 2024.

All of the Members of the Audit Committee had been present at 9 meetings.

The composition of the Audit Committee as of December 31, 2024 and as of the date of drawing up of this report

1. Piotr Kołodziej – Head of the Audit Committee,
2. Michał Hulbój – Member of the Audit Committee,
3. Beata Kisielewska – Member of the Audit Committee,
4. Natalia Klima-Piotrowska – Member of the Audit Committee.

The changes to the composition of the Audit Committee in 2024 and by the date of drawing up of this report

As of January 1, 2024, the Audit Committee had been composed of the following Members of the Supervisory Board of the Company: Teresa Famulska (Head of the Audit Committee), Dariusz Hryniów, Leszek Koziorowski and Grzegorz Peczkis.

On January 25, 2024, the Minister of the State Assets, acting pursuant to § 23, section 1, clause 3) of the Company's Articles of Association, had dismissed Dariusz Hryniów from the Company's Supervisory Board. Subsequently, on February 5, 2024, the Minister of the State Assets had dismissed Teresa Famulska from the Company's Supervisory Board. As a consequence, their membership in the Audit Committee had expired.

On February 13, 2024, the Company's Supervisory Board had supplemented the composition of the Audit Committee, by appointing Piotr Kolodziej to be a member of the Audit Committee.

On February 13, 2024, the Audit Committee had elected Piotr Kołodziej to be the Head of the Audit Committee.

On April 2, 2024, Leszek Koziorowski's membership in the Audit Committee had expired as a consequence of the submission, on March 25, 2024, of a statement on his resignation from the membership the Company's Supervisory Board.

On April 3, 2024, the Extraordinary General Meeting of the Company had adopted the resolution on the dismissal of Grzegorz Peczkis from the membership in the Company's Supervisory Board. As a consequence, his membership in the Audit Committee had expired.

On April 5, 2024, the Company's Supervisory Board had supplemented the composition of the Audit Committee, by appointing Michał Hulbój, Beata Kisielewska, Natalia Klima-Piotrkowska and Karolina Mucha-Kuś to be the members of the Audit Committee.

On April 30, 2024, Karolina Mucha-Kuś had submitted a statement on her resignation, effective as of the same day, from the membership in the Company's Supervisory Board. As a consequence, her membership in the Audit Committee had expired.

There had been no other changes to the composition of the Audit Committee in 2024 and by the date of drawing up of this report.

Information on the independence and the professional qualifications of the Members of the Audit Committee

In accordance with the *Act of May 11, 2017, on certified auditors, audit companies and public oversight*, the majority of the members of the audit committee, including the head thereof, should be independent of the Company and at least one member of the audit committee should have the knowledge and the skills with respect to accounting or auditing of the financial statements and at least one member of the audit committee should have the knowledge and the skills with respect to the industry that the company is operating in.

As of January 1, 2024, the composition of the Audit Committee had been in compliance with the requirements defined in the above mentioned act.

During the period from February 3, 2024, to April 4, 2024, none of the Members of the Audit Committee had been in compliance with the requirement with respect to having the knowledge and the skills related to accounting or auditing of the financial statements.

Starting from April 5, 2024, the composition of the Audit Committee had been in compliance with the requirements defined in the above mentioned act. The evaluations of the independence and the statutory requirements with respect to having the knowledge and the skills of the individual Members of the Audit Committee had been carried out by the Company's Supervisory Board based on the relevant statements submitted by the Members of the Audit Committee. The qualifications of the Members of the Audit Committee with respect to the accounting or auditing of the financial statements, as well as the industry that the Company is operating in, are based on the education background and the skills held by the Members of the Audit Committee.

Table no. 65 Compliance, in 2024, of the Members of the Audit Committee with the independence requirements and the requirements with respect to the knowledge and the skills held in 2024 and by the date of drawing up of this report

First and last name	Period of performing the function (tenure) in the Audit Committee in 2024 and by the date of drawing up of the report	Compliance with the independence requirements and the requirements with respect to the knowledge and the skills held
1. Piotr Kołodziej	since 13.03.2024 until now	Independent. Piotr Kołodziej has the knowledge and the skills with respect to the industry that the Company is operating in based on the education background (he is, among other things, a graduate of the Electrical Faculty of the Silesian University of Technology (Politechnika Śląska), he also completed the post-graduate studies in the electrical power engineering) and experience (having served on the management boards and having held the management positions in the companies operating in the power industry).
2. Michał Hulbój	since 05.04.2024 until now	Independent. Michał Hulbój has the knowledge and the skills with respect to accounting and auditing of the financial statements based on his education background (he is a graduate of the SGH Warsaw School of Economics with a major in the finance and banking. He holds a stockbroker's license and has successfully passed two exams as part of the CFA program) and experience (a number of years of employment in the entities operating in the financial sector).
3. Beata Kisielewska	since 05.04.2024 until now	Independent. Beata Kisielewska has the knowledge and the skills with respect to accounting and auditing of the financial statements. She is a certified auditor and a graduate of the Katowice Business University (Górnośląska Wyższa Szkoła Handlowa), with a major in the management and marketing, specializing in accounting and finance, where she was awarded the IES International Education Society certificate. She is currently employed at ATAC Audytorzy i Partnerzy Sp. z o.o. (Ltd.) as a certified auditor and the Vice President of the Management Board. She specializes in the audits of the financial statements of the public interest entities and the services for the joint stock companies and the limited liability companies as well as for the financial institutions.
4. Natalia Klima-Piotrowska	since 05.04.2024 until now	Independent.
5. *Karolina Mucha-Kuś*	*from 05.04.2024 to 30.04.2024*	*Dependent.*
6. *Teresa Famulska*	*from 01.01.2024 to 05.02.2024*	*Independent.* *Teresa Famulska had the knowledge and the skills with respect to accounting and auditing of the financial statements based on her education background (she is a graduate of the Academy of Economics in Katowice, she holds a title of a Professor of economics and she is a professional tax advisor) and experience (among other things, she is an author of more than 150 domestic and foreign publications in the field of finance; in 2007 – 2018 she had taken part in the works of the State Examination Commission on the Tax Advisory Services; in 2007 - 2019 she had been a member of the Financial Education Committee of the Polish Academy of Science; she is a member of the Polish Finance and Banking Association, the International Fiscal Association, the Center for Information and Organization of Public Finance and Tax Law Research of Central and Eastern European Countries and the Polish Economic Society).*
7. *Dariusz Hryniów*	*from 01.01.2024 to 25.01.2024*	*Independent.*
8. *Leszek Koziorowski*	*from 01.01.2024 to 02.04.2024*	*Independent.*
9. *Grzegorz Peczkis*	*from 01.01.2024 to 03.04.2024*	*Independent.* *Grzegorz Peczkis had the knowledge and the skills with respect to the industry that the Company was operating in based on the education background (he is, among other things, a graduate of the Faculty of Environment and Energy Engineering of the Silesian University of Technology, specializing in Machine Mechanics and Design and he holds a PhD degree in technical science in the field of machine design and operation) and experience (he is an Assistant Professor at the Silesian University of Technology and he is an author of several dozen scientific and popular publications, he holds the rights under ten patents granted by the Patent Office of the Republic of Poland).*

Tasks and competences of the Audit Committee

In 2024, the Audit Committee had been carrying out the tasks and competences defined in the currently applicable legal regulations and in the Regulations of the Audit Committee of the Supervisory Board of TAURON Polska Energia S.A. adopted by the Supervisory Board.

Table no. 66 Competences of the Audit Committee as of December 31, 2024, and as of the date of drawing up of this report

Competences of the Audit Committee
1. Monitoring of the Company's financial reporting process, the capital group's sustainable development reporting, including the compliance with the electronic reporting requirements referred to in art. 63zc of the act of 29 September 1994 on accounting and the process of identifying by the Company of the information presented in accordance with the sustainable development reporting standards referred to in the above mentioned act, the effectiveness of the internal control, risk management, compliance and the internal audit systems, in particular with respect to the financial reporting and the sustainable development reporting of the capital group, performing of the financial review (audit) activities, in particular conducting of an audit of the financial statements or an attestation of the sustainable development reporting by an audit firm, taking into account any conclusions (motions) and findings of the Audit Supervision Committee stemming from an audit performed at an audit firm,
2. Controlling (verifying) and monitoring of the independence of the certified auditor and the audit firm, in particular in the case other services than the auditing of the financial statements and attesting of the sustainability reporting are provided for the benefit of the Company by the audit firm,
3. Performing of the evaluation of the independence of the certified auditor and granting of an approval for the performance thereby of the permitted services that do not constitute an audit of the Company,
4. Developing of the policy for the selecting of an audit firm to carry out an audit of the financial statements,
5. Developing of the policy for the provision by the audit firm conducting the audit, the entities related to such an audit firm and by a member of the audit firm's corporate network, of the permitted services that do not constitute an audit (non-audit services),
6. Defining of the procedure for the selecting of an audit firm by the Company,
7. Developing of the policy for the selecting of an audit firm to carry out an attestation of the sustainable development reporting,
8. Developing of the policy for the provision by the audit firm conducting an attestation of the sustainable development reporting, the entities related to such an audit firm and by a member of the audit firm's corporate network, of the permitted services that do not constitute an attestation of the sustainable development reporting,
9. Presenting to the Supervisory Board, for the purpose of selecting the audit firm responsible for performing the statutory audit or the review of the financial statements, of the recommendation, referred to in Art. 130, clauses 2 and 3 of the *Act of May 11, 2017 on certified auditors, auditing companies and public oversight* and in *Art. 16,* clause 2 of the *Regulation (EU) No 537/2014 of the European Parliament and of the Council of April 16, 2014 on specific requirements regarding statutory audit of public interest entities (…),* in line with the policies referred to above in items 4 and 5,
10. Informing the Supervisory Board of the results of an audit or of an attestation of the sustainable development reporting and explaining how the audit has contributed to the accuracy (fairness, reliability) of the Company's financial reporting, the Company's sustainable development reporting for the capital group, and also what the role of the Audit Committee in the audit or attestation, respectively, process was,
11. Presenting of the recommendations aimed at ensuring of the accuracy (fairness, reliability) of the process of the Company's financial reporting and the sustainable development reporting for the capital group,
12. Performing of other activities vested with the audit committees pursuant to the Act and the Regulation mentioned in item 9 above and *the act of September 29, 1994, on accounting*.

The main assumptions of the policy for selecting an audit firm to conduct the audit and of the policy for the provision, by the audit firm conducting the audit, by the entities related to such an audit firm and by a member of the audit firm's corporate network, of the permitted services that do not constitute an audit (non-audit services)

The following regulations, drawn up in connection with the requirements of the *Act of May 11, 2017, on certified auditors, auditing companies and public oversight,* adopted by the Audit Committee, shall be in force at TAURON Capital Group:

1. *Policy for the selection of the audit firm to conduct the audit and review of the financial statements and the consolidated financial statements of TAURON Polska Energia S.A.,*
2. *Procedure for the selection of the audit firm to conduct the audit and review of the financial statements and the consolidated financial statements of TAURON Polska Energia S.A.,*
3. *Policy for the provision for TAURON Group of the permitted services that do not constitute an audit (non-audit services), by the audit firm conducting the audit of the annual financial statements and the consolidated financial statements of TAURON Polska Energia S.A., the entities related to such an audit firm and by a member of the audit firm's corporate network.*

The Policy for the selection of the audit firm to conduct the audit and review of the financial statements and the consolidated financial statements of TAURON Polska Energia S.A. is aimed at ensuring the compliance of the selection of the audit firm to conduct the audit and review of the Company's financial statements with the legal regulations. The policy defines, in a clear manner, the principles and rules of the process for the selection of the audit firm to audit the reports of TAURON as a public interest entity, the principles of the procedure for the selection of the audit firm, the principles of the drawing of the recommendations of the Audit Committee related to the selection of the audit firm, as well as the principles of a rotation of the audit firm conducting the audit and review of the financial statements and the consolidated financial statements of TAURON. The most important assumptions adopted in the policy include the fact that the process for the selection of the auditor shall be based on the applicable legal regulations, ensuring of the transparency and objectivity of the process for the selection of the auditor and including in the process of the requirements necessary for the timely and correct performance of the audit services for the benefit of the Company. The policy also includes a description of the emergency mechanisms in the event that the audit firm loses its authorization to conduct the financial audits (reviews).

The Procedure for the selection of the audit firm to conduct the audit and review of the financial statements and the consolidated financial statements of TAURON Polska Energia S.A. is aimed at ensuring the compliance of the process for the selection of the audit firm with the applicable legal regulations, as well as ensuring that the audit and review of the financial statements are conducted at a high quality level, within a specified time frame, while ensuring independence, objectivity, transparency and the credibility of the audit firm and of the certified auditors. The procedure defines in detail and accurately the individual stages of the process to select the audit firm, including indicating of the corporate authorities (bodies) and the organizational units responsible for such stages. In addition,

the procedure defines the general conditions for the participation in the proceedings and the criteria for the selection of the audit firm as well as the time frame of the auditor selection process. The most important assumptions made in the procedure include adopting of a clear and transparent, based on the legal regulations, split of the responsibilities in the process for the selection of the auditor, as well as defining of the transparent and non-discriminatory conditions for the participation in the tender procedure and the criteria for the selection of the audit firm that the Company may apply.

The Policy for the provision for TAURON Group of the permitted services that do not constitute an audit (non-audit services), by the audit firm conducting the audit of the annual financial statements and the consolidated financial statements of TAURON Polska Energia S.A., the entities related to such an audit firm and by a member of the audit firm's corporate network is aimed at defining of the clear rules aimed at complying with the requirement of the independence of the audit firm conducting the audit of the Company, in the case such a firm or the entities that are the members of its corporate network are providing the non-audit services. This policy defines the principles related to the provision for the benefit of TAURON Capital Group's entities, by the audit firm conducting the audit at TAURON, the entities related to the audit firm and a member of the audit firm's corporate network, of the additional non-audit services or non-review services, in particular the conditions for the admissibility of the provision of the permitted services, the principles of the Audit Committee conducting of an assessment of the threats (risks) to and the safeguards of the independence of the audit firm, as well as the control mechanisms with respect to observing the principles of the independence of the certified auditor at TAURON Capital Group. The most important assumptions adopted in the policy include the defining of the clear rules for the Audit Committee to conduct an assessment of the threats (risks) to and the safeguards of the independence of the audit firm and expressing of the approval for the provision of the non-audit services, based on the compliance with the legal regulations and the purposefulness of the provision of such services.

On May 20, 2024, the Audit Committee had adopted the new text of the *Policy for the provision for TURON Group of the permitted services that do not constitute an audit (non-audit services), by the audit firm conducting the audit of the annual financial statements and the consolidated financial statements of TAURON Polska Energia S.A., the entities related to such an audit firm and by a member of the audit firm's corporate network.* The above mentioned regulation has been updated in order to clarify the rules for the participation of the employees of the Group's subsidiaries in the training courses and other events with the participation of the audit firm.

The main assumptions of the policy for selecting an audit firm to conduct the attestation of the sustainable development reporting and of the policy for the provision, by the audit firm conducting the attestation of the sustainable development reporting, by the entities related to such an audit firm and by a member of the audit firm's corporate network, of the permitted services that do not constitute an attestation of the sustainable development reporting audit (non-attestation services)

At the meeting on March 14, 2025 (an event that took place after the balance sheet date), the Audit Committee, in connection with the new obligations imposed by the *Act of May 11, 2017, on certified auditors, auditing companies and public oversight,* adopted:

1. *Policy for the selection of the audit firm to conduct the attestation of the sustainable development reporting audit of TAURON Group,*
2. *Policy for the provision for TAURON Group of the permitted services that do not constitute an attestation of the sustainable development reporting audit, by the audit firm conducting the attestation of the sustainable development reporting audit by the entities related to such an audit firm and by a member of the audit firm's corporate network.*

The Policy for the selection of the audit firm to conduct the attestation of the sustainable development reporting audit of TAURON Group is aimed at ensuring the compliance of the selection of the audit firm to conduct the attestation of the sustainable development reporting audit of the Company with the legal regulations. The policy defines the principles and rules of the process for the selection of the audit firm to conduct the attestation of the sustainable development reporting of the Company as a public interest entity, the principles of the procedure for the selection of the audit firm to conduct the attestation of the sustainable development reporting of the Company, the principles of the procedure for the selection of the audit firm and the principles of the drawing of the recommendations of the Audit Committee related to the selection of the audit firm.

The Policy for the provision for TAURON Group of the permitted services that do not constitute an attestation of the sustainable development reporting audit, by the audit firm conducting the attestation of the sustainable development reporting audit by the entities related to such an audit firm and by a member of the audit firm's corporate network is aimed at defining of the clear rules aimed at complying with the requirement of the independence of the audit firm conducting the attestation of the sustainable development reporting audit of the Company, in the case such a firm or the entities that are the members of its corporate network are providing the non-attestation services. The most important assumptions adopted in the policy include the defining of the clear rules for the Audit Committee to conduct an assessment of the threats (risks) to and the safeguards of the independence of the audit firm and expressing of the approval for the provision of the non-attestation services, based on the compliance with the legal regulations and the purposefulness of the provision of such services.

In accordance with the provisions of the *Policy for the selection of the audit firm to conduct the attestation of the sustainable development reporting audit of TAURON Group,* the provisions of the *Procedure for the selection of the*

audit firm to conduct the audit and review of the financial statements and the consolidated financial statements of TAURON Polska Energia S.A. shall be applied accordingly to conduct the procedure to select the audit firm to conduct the attestation of the sustainable development reporting.

Controlling and monitoring of the independence of the auditor

Controlling and monitoring of the independence of the audit firm by the Audit Committee shall take place on the basis of the legal provisions and regulations adopted by the Audit Committee, in particular:

1. Policy for the provision for TAURON Group of the permitted services that do not constitute an audit (non-audit services), by the audit firm conducting the audit of the annual financial statements and the consolidated financial statements of TAURON Polska Energia S.A., the entities related to such an audit firm and by a member of the audit firm's corporate network,
2. Policy for the provision for TAURON Group of the permitted services that do not constitute an attestation of the sustainable development reporting, by the audit firm conducting the attestation of the sustainable development reporting by the entities related to such an audit firm and by a member of the audit firm's corporate network.

In addition, the Company has implemented the Procedure with respect to ensuring, within TAURON Group, the compliance with the requirement of independence of the audit firm conducting the audit and review of the financial statements and the consolidated financial statements of TAURON Polska Energia S.A. (Procedure), which is aimed at ensuring the correct and timely performance by the Company of the activities required for the processes of controlling and monitoring of the independence of the audit firm and the entities that are the members of its corporate network by the Audit Committee.

The auditor's independence shall be assessed by the Audit Committee each time as part of the reviewing of the interim (semi annual) and the annual financial statements and the consolidated financial statements of the Company. For the purpose of the above assessment, in accordance with the Procedure, in the case of the interim (semi-annual) and the annual financial statements, the Company shall obtain, from the audit firm, a statement on the compliance with the independence criteria referred to in the *Act of May 11, 2017, on certified auditors, audit firms and public oversight*. This statement shall be subject to an assessment by the Audit Committee.

The auditor's independence shall be assessed by the Audit Committee each time the Company or its subsidiary is intending to commission the permitted services to be performed by the audit firm or a member of the corporate network that such an audit firm is a part of. In such a situation, the Audit Committee shall, each time, assess the threats (risks) to and safeguards protecting the independence of the certified auditor and the audit firm. The assessment of the threats (risk) to and the safeguards protecting the independence of the certified auditor and the audit firm carried out by the Audit Committee in accordance with the above mentioned Policies shall include:

1. a verification whether the given service is included in the list of the permitted services,
2. a verification whether the requirements regarding the maximum limit (cap) of the compensation allowed by the legal regulations for the provision of the services other than an audit (non-audit services) are met,
3. checking whether the subject of the permitted service to be commissioned to the certified auditor or the audit firm, an entity related to that audit firm or a member of the corporate network that the certified auditor or the audit firm is a part of, is not related to the Company's tax policy,
4. an assessment of the statement on the compliance with the independence criteria obtained by the Company, in accordance with the Procedure, from the certified auditor or the audit firm that is to perform the permitted services, valid as of the date of the assessment,
5. an analysis of the substantive justification for the performance of the service by the certified auditor or the audit firm conducting the audit, an entity related to that audit firm or an entity that is a part of its corporate network, indicating the key factors impacting the rationale (legitimacy) behind such a selection.

The Procedure implemented at the Company defines the activities, the organizational units responsible for the performance thereof and the deadlines for the completion of the activities aimed at ensuring, within TAURON Group, of the compliance with the requirement of the independence of the audit firm conducting the audit and the review of the Company's financial statements and the consolidated financial statements, as well as the attestation of the sustainable development reporting. In particular, the Procedure defines the principles of the intra-group communication with respect to the selection of the audit firm to conduct the audit of the Company's financial statements or the attestation of the sustainable development reporting, as well as the principles and the deadlines for obtaining, from the audit firm, of the statements on the compliance with the independence principles. The Procedure also sets forth the principles and the deadlines for the Company to collect and verify the information on the agreements entered into by TAURON Capital Group's subsidiaries with the audit firm conducting the audit and review of the Company's financial statements and the consolidated financial statements or the attestation of the sustainable development reporting, as well as with the members of the corporate network that such an audit firm is a part of. In addition, the Procedure regulates the principles and the deadlines for the collection of the information with respect to the transactions entered into with the audit firm conducting the audit and review of the Company's financial statements and the consolidated financial statements of the Company, as well as with the members of the corporate network that such an audit firm is a part of, registered (logged) by TAURON Capital Group's subsidiaries. At least once a year, the Company shall prepare the information on the performance of the activities stemming from this procedure and submit it to the Audit Committee for an evaluation.

Permitted non-audit services provided by an audit company

The following permitted non-audit services had been provided for TAURON and TAURON Capital Group's subsidiaries in 2024 by the audit firm auditing the financial statements:

1. confirmed in writing verification of the annual and interim (semi annual) standalone consolidation packages of TAURON Capital Group's selected subsidiaries required to draw up the annual and interim consolidated financial statements,
2. completing of the agreed upon procedures for the verification of the report of the TAURON Dystrybucja subsidiary in connection with the requirement to estimate the Regulatory Asset Base (RAB) and the Regulatory Asset Base (RAB) for the AMI System for the purpose of determining of the justified return on the capital employed by the President of ERO,
3. an assessment of the annual report of the Supervisory Board on the compensation of the Management Board and the Supervisory Board of TAURON Polska Energia S.A., drawn up in accordance with art. 90g of the Act on a public offering and conditions of introducing financial instruments to an organized trading system and on public companies.

The audit firm Ernst & Young Audyt Polska had begun the provision of the service involving the attestation of TAURON Group's 2024 sustainability reporting.

In connection with the provision of the above mentioned services, the Audit Committee has performed an evaluation of the threats (risks) to and the safeguards of the independence of the audit firm Ernst & Young Audyt Polska and expressed its approval for the provision of the above mentioned services.

Recommendations of the Audit Committee related to the selection of the audit firm

In 2024, the Supervisory Board audit firm had made a selection of the audit firm to audit and review the financial statements and the consolidated financial statements of TAURON for the years 2025 - 2027. The selection decision had been made based on the recommendation of the Audit Committee that had met the applicable conditions and had been drawn up as a result of the Company's public procurement proceedings, in accordance with the applicable criteria, including an indication, at the same time, of the other alternative entity to perform such activities and providing of the justification for the preferences behind the selection of the recommended audit firm.

Nominations and Compensation Committee of the Supervisory Board of TAURON Polska Energia S.A.

The members of the Nominations and Compensation Committee had been appointed by the Supervisory Board of the Company from among the members thereof.

The Nominations and Compensation Committee had held a total of 7 meetings and had adopted 11 resolutions in the financial year 2024.

All of the Members of the Nominations and Compensation Committee had been present at 7 meetings.

The composition of the Nominations and Compensation Committee as of December 31, 2024

1. Sławomir Smyczek – Head of the Nominations and Compensation Committee,
2. Mariusz Bąbol – Member of the Nominations and Compensation Committee,
3. Natalia Klima-Piotrowska – Member of the Nominations and Compensation Committee,
4. Piotr Kołodziej – Member of the Nominations and Compensation Committee,
5. Leszek Koziorowski – Member of the Nominations and Compensation Committee.

The composition of the Nominations and Compensation Committee as of the date of drawing up of this report

1. Sławomir Smyczek – Head of the Nominations and Compensation Committee,
2. Mariusz Bąbol – Member of the Nominations and Compensation Committee,
3. Arkadiusz Jówko – Member of the Nominations and Compensation Committee,
4. Natalia Klima-Piotrowska – Member of the Nominations and Compensation Committee,
5. Piotr Kołodziej – Member of the Nominations and Compensation Committee,
6. Leszek Koziorowski – Member of the Nominations and Compensation Committee.

The changes to the composition of the Nominations and Compensation Committee in 2024 and by the date of drawing up this report

As of January 1, 2024, the Nominations and Compensation Committee had been composed of the following Members of the Supervisory Board of the Company: Piotr Tutak (Head of the Nominations and Compensation Committee), Leszek Koziorowski, Ryszard Madziar and Marcin Wawrzyniak.

On January 25, 2024, the Minister of the State Assets, acting pursuant to § 23, section 1, clause 3) of the Company's Articles of Association, had dismissed Piotr Tutak, Ryszard Madziar and Marcin Wawrzyniak from the Company's Supervisory Board. As a consequence, their membership of the Nominations and Compensation Committee had expired.

On February 1, 2024, the Company's Supervisory Board had supplemented the composition of the Nominations and Compensation Committee, by appointing Natalia Klima-Piotrowska, Katarzyna Masłowska and Sławomir Smyczek to be the members of the Nominations and Compensation Committee.

On February 1, 2024, the Nominations and Compensation Committee had elected Sławomir Smyczek to be the Head of the Nominations and Compensation Committee.

On February 13, 2024, the Company's Supervisory Board had supplemented the composition of the Nominations and Compensation Committee, by appointing Piotr Kołodziej to be a member of the Nominations and Compensation Committee.

On April 2, 2024, Leszek Koziorowski's membership in the Nominations and Compensation Committee had expired as a consequence of the submission, on March 25, 2024, of a statement on his resignation from the membership the Company's Supervisory Board.

On April 5, 2024, the Company's Supervisory Board had supplemented the composition of the Nominations and Compensation Committee, by appointing Leszek Koziorowski and Karolina Mucha-Kuś to be the members of the Nominations and Compensation Committee.

On April 30, 2024, Karolina Mucha-Kuś had submitted a statement on her resignation, effective as of the same day, from the membership in the Company's Supervisory Board. As a consequence, her membership in the Nominations and Compensation Committee had expired.

There had been no other changes to the composition of the Nominations and Compensation Committee in 2024 and by the date of drawing up of this report.

Tasks and competences of the Nominations and Compensation Committee

The tasks and competences of the Nominations and Compensation Committee, as of December 31, 2024, and as of the date of drawing up of this report, are presented in the below table.

Table no. 67 Competences of the Nominations and Compensation Committee, as of December 31, 2024, and as of the date of drawing up of this report

Competences of the Nominations and Compensation Committee
1. Recommending to the Supervisory Board of a recruitment (qualification) procedure for the positions of the Members of the Management Board of the Company,
2. Evaluating of the candidates for the Members of the Management Board and providing the Supervisory Board with the opinions in this respect,
3. Recommending to the Supervisory Board of a form (template) and content of the agreements to be concluded with the Members of the Management Board,
4. Recommending to the Supervisory Board of a compensation and bonus system for the Members of the Management Board,
5. Recommending to the Supervisory Board of the need to suspend a Member of the Management Board due to important reasons,
6. Recommending to the Supervisory Board of the need to delegate a Member of the Supervisory Board to temporarily perform the duties of the Members of the Management Board who cannot perform their duties, along with a compensation proposal.

Strategy Committee of the Supervisory Board of TAURON Polska Energia S.A.

The members of the Strategy Committee had been appointed by the Supervisory Board of the Company from among the members thereof.

The Strategy Committee had held a total of 5 meetings and had adopted 4 resolutions in the financial year 2024.

All of the Members of the Strategy Committee had been present at 5 meetings.

The composition of the Strategy Committee as of December 31, 2024 and as of the date of drawing up of this report

1. Natalia Klima-Piotrowska – Head of the Strategy Committee,
2. Michał Hulbój – Member of the Strategy Committee,
3. Piotr Kołodziej – Member of the Strategy Committee,
4. Sławomir Smyczek – Member of the Strategy Committee.

The changes to the composition of the Strategy Committee in 2024 and by the date of drawing up of this report

As of January 1, 2024, the Strategy Committee had been composed of the following Members of the Supervisory Board of the Company: Grzegorz Peczkis (Head of the Strategy Committee), Dariusz Hryniów, Piotr Tutak and Marcin Wawrzyniak.

On January 25, 2024, the Minister of the State Assets, acting pursuant to § 23, section 1, clause 3) of the Company's Articles of Association, had dismissed Dariusz Hryniów, Ryszard Madziar, Piotr Tutak and Marcin Wawrzyniak from the Company's Supervisory Board. As a consequence, their membership of the Strategy Committee expired.

On February 13, 2024, the Company's Supervisory Board had supplemented the composition of the Strategy Committee, by appointing Natalia Klima-Piotrowska, Piotr Kołodziej, Katarzyna Masłowska and Sławomir Smyczek to be the members of the Strategy Committee.

On April 3, 2024, the Extraordinary General Meeting of the Company had adopted the resolution on the dismissal of Grzegorz Peczkis from the Company's Supervisory Board. As a consequence, his membership in the Strategy Committee had expired.

On April 5, 2024, the Company's Supervisory Board had supplemented the composition of the Strategy Committee, by appointing Michał Hulbój, Karolina Mucha-Kuś and Krzysztof Tkaczuk to be the members of the Strategy Committee.

On April 5, 2024, the Strategy Committee had elected Natalia Klima-Piotrowska to be the Head of the Strategy Committee.

On April 30, 2024, Karolina Mucha-Kuś had submitted a statement on her resignation, effective as of the same day, from the membership in the Company's Supervisory Board. As a consequence, her membership in the Strategy Committee had expired.

On June 7, 2024, the membership of Katarzyna Masłowska in the Strategy Committee had expired as a consequence a statement on her resignation from the membership in the Company's Supervisory Board submitted on June 5, 2024.

On September 3, 2024, the Extraordinary General Meeting of the Company had adopted the resolution on the dismissal of Krzysztof Tkaczuk from the Company's Supervisory Board. As a consequence, his membership in the Strategy Committee had expired.

There had been no other changes to the composition of the Strategy Committee in 2024 and by the date of drawing up of this report.

Tasks and competences of the Strategy Committee

Table no. 68 Competences of the Strategy Committee as of December 31, 2024, and as of the date of drawing up of this report

Competences of the Strategy Committee
1. Evaluating of the Company's and TAURON Capital Group's Strategy and presenting of the results of such an evaluation to the Supervisory Board, 2. Recommending to the Supervisory Board of the scope and the deadlines for the submission of the long term (multi year) strategic plans by the Management Board, 3. Evaluating of the impact of the planned and the currently undertaken strategic investment projects on the Company's assets' position, 4. Monitoring of the implementation of the strategic investment tasks, 5. Evaluating of the activities related to the use (control, disposing) of the Company's material assets, 6. Providing of the opinions on the strategic documents submitted to the Supervisory Board by the Management Board

The main areas of the activities of the Supervisory Board of TAURON Polska Energia S.A. and its Committees in 2024

Table no. 69 Main issues that the Company's Supervisory Board had been dealing with during its meetings in 2024

Main issues that the Company's Supervisory Board and its committees had been dealing with during the meetings in 2024
Supervisory Board
with respect to its competences related to the providing of the opinions / assessments:
1. completed an assessment of the Financial Statements of TAURON and the consolidated financial statements of TAURON Capital Group for the year 2023, in terms of their consistency with the books and documents, as well as with the factual situation and completed an assessment of the Management Board's proposal (petition) submitted to the Company's General Meeting of the Shareholders regarding the covering of the net loss for the financial year 2023, 2. completed an assessment of the *Report of the Management Board on the operations of TAURON Polska Energia S.A. and TAURON Capital Group for the financial year 2023* and the *Non-financial Report of TAURON Capital Group for the year 2023,* 3. issued a positive opinion on the *Report of TAURON Polska Energia S.A. on the entertainment expenses, the expenditures on the legal services, marketing services, public relations and the social communications services as well as the advisory services related to the management incurred in 2023,* 4. took note of the *Annual Report on the implementation of the Plan of conducting the sponsoring activities by TAURON Group in 2023*, provided *a positive opinion of the amended Plan of conducting the sponsoring activities by TAURON Capital Group in 2024*, *discussed the draft Sponsoring and CSR Strategy of TAUORN Group for the years 2025 - 2035,* 5. provided a positive opinion on the results of TAURON Group's double materiality assessment for the purpose of the 2024 sustainability reporting, 6. provided a positive opinion on *TAURON Group's Strategy for the years 2025 - 2035*, along with TAURON Group's Business, Operating and Management Model, and also approved the *Strategy for the Profitable Electricity Supply and Customer Service Model*.
with respect to its competences:
1. adopted the *Report of the Supervisory Board of TAURON Polska Energia S.A. for the year 2023,* 2. adopted the *Report on the compensation of the Members of the Management Board and of the Supervisory Board of TAURON Polska Energia S.A. for the year 2023* and submitted it to the General Meeting in order for it to provide an opinion thereupon, 3. approved the amendments to the *Regulations* of *the Supervisory Board of TAURON Polska Energia S.A. and the new text of the Regulations of the Audit Committee of the Supervisory Board of TAURON Polska Energia S.A.*, 4. approved the amended Regulations of the Management Board of TAURON Polska Energia S.A. and the Organizational Regulations of TAURON Polska Energia S.A., 5. approved the *Material and financial plan of TAURON Group for the year 2024* and the *Material and financial plan of TAURON Polska Energia S.A. for the year 2024*, 6. adopted the amendments to the *Procedure for a Periodic Evaluation of the Transactions Entered into with the Related Parties,*

Main issues that the Company's Supervisory Board and its committees had been dealing with during the meetings in 2024

7. made a decision on the selection of an audit firm to conduct an audit and review of TAURON's financial statements and the consolidated financial statements for the years 2025 - 2027,
8. made a decision on the selection of a consulting company to carry out an analysis of the potential of the management personnel at the level of TAURON's Management Board and the Directors as well as other employees directly reporting to the Members of the Management Board (N-1 level staff), as well as the Management Boards of TAURON Group's subsidiaries,
9. granted an approval for the concluding of the agreements for the legal services, marketing services, services with respect to the interpersonal relations (public relations) and the social communications services as well as for the advisory services related to the management, if the amount of the total net compensation envisaged for the services provided under the given agreement or under other agreements concluded with the same entity exceeded PLN 500 000, on a yearly basis,
10. defined the manner of the exercising of the right to vote during the General Meetings of the Shareholders / General Meetings of the Partners of the companies (subsidiaries) with respect to which TAURON Polska Energia S.A. is a dominating entrepreneur (parent company) within the meaning of art. 4, clause 3 of the *act of February 16, 2007, on competition and consumer protection*, with respect to the following issues: the amendments to the Articles of Association / agreements / founding deeds aimed at adapting of the content thereof to the emended Code of Commercial Companies, merging, acquiring of the fixed assets, the compensation of the members of the corporate authorities (bodies), increasing of the share capital,
11. monitored the ongoing / annual activities of the Committees of the Supervisory Board and supplemented the compositions thereof.

with respect to the oversight of the ongoing operations of the Company and TAURON Capital Group:

1. analyzed the current economic and financial situation of the Company and of TAURON Capital Group, including the implementation of the material and financial plan, leverage (debt) ratio, utilization of the electricity generation potential, projected revenues and profits in the individual lines of business, processes of acquiring of the financing for TAURON Group,
2. discussed TAURON Group's key corporate and specific (idiosyncratic) risks, including with respect to the tariff setting proceedings,
3. granted the approval for the assumption by TAURON of the contingent liabilities in the form of granting of the sureties: for securing of the accounts receivable of Bank Gospodarstwa Krajowego stemming from the loan granted to Elektrociepłownia Stalowa Wola S.A. and stemming from the loan granted by the National Fund for Environmental Protection and Water Management (Narodowy Fundusz Ochrony Środowiska i Gospodarki Wodnej) to TAURON Zielona Energia, as well as for the liabilities of the TAURON Sprzedaż subsidiary towards Polska Spółka Gazownictwa sp. z o.o, (Ltd.),
4. granted the approval for the assumption by TAURON of the contingent liability in the form of a corporate guarantee for the benefit of Nordex Polska sp. z o.o (Ltd.)
5. became familiar with the ESG action plan to ensure the compliance with the sustainability reporting criteria and the status of implementation of the above mentioned plan,
6. discussed the concept of a decarbonization of the Heat Line of Business and the development plan, including the technical and business plan for ensuring the supply of the heat for the city of Jaworzno and the Silesian-Zagłębie metropolitan area,
7. undertook actions aimed at performing audits in individual areas of TAURON Group and discussed final reports of those audits,

with respect to the competences related to the Management Board:

1. dismissed six Members of the Management Board of TAURON of the 6th common term of office,
2. delegated a Member of the Supervisory Board to temporarily perform the duties of the President of the Management Board of TAURON,
3. based on the conducted qualification (recruitment procedures, appointed four Members of the Management Board of TAURON of the 7th common term of office and concluded the agreements for the provision of the management services with them,
4. in connection with the adopted compensation system, set the detailed common Management Objectives for the Members of the Management Board of the Company of the 7th term of office to be implemented in 2024 and specified the weights of these objectives and the objective criteria for their implementation and settlement (reconciliation),
5. made an assessment of the results of the completed analysis of the potential of the management staff at TAURON Group at the level of TAURON's Management Board, the N-1 level staff and the Management Boards of TAURON Group's subsidiaries,

With respect to the oversight of the correctness and efficiency of the spending of the funds related to the implementation of investment projects by the Management Board of the Company, including the purchasing of the fixed assets:

1. approved the *Report of the Management Board of TAURON Polska Energia S.A. on the oversight of the implementation of the investment projects at TAURON Group in 2023* and accepted the *Report of the Supervisory Board of TAURON Polska Energia S.A. on the oversight of the implementation by the Management Board of the investment projects including the purchasing of the fixed assets in 2023*, and raised no objections to the spending of the funds related to the implementation of the investment projects in 2023,
2. became familiar with the up to date information on the status of the implementation of the strategic investment projects, including the RES projects at TAURON Group, including, among other things, an increase in the RES capacity in 2023 (start of the construction of the photovoltaic farms and the wind farms), a potential acquisition of the special purpose vehicles with the operating RES assets and the construction of the RES assets, an acquisition of a portfolio of the wind farms by TAURON Zielona Energia sp. z o.o. (Ltd.).

Audit Committee

1. monitored the Company's financial reporting process, including having completed an analysis of the reliability (fairness, accuracy) of the financial information presented by the Company in terms of its compliance with the books and documents, as well as with the factual situation, and made the relevant recommendations to the Supervisory Board based on the assessment of the information contained in the following documents: the *Financial statements of TAURON for the financial year ended on December 31, 2022, the Consolidated financial statements of TAURON Capital Group for the financial year ended on December 31, 2023, the Report of the Management Board on the operations of TAURON Polska Energia S.A. and TAURON Capital Group for the year 2023 and the Non-financial Report of TAURON Capital Group for the year 2023, the Petition of the Management Board to the General Meeting with respect to the covering of the net loss for the financial year 2023, as well as the Extended consolidated reports: the quarterly reports of TAURON Capital Group for the first quarter of 2024 and for the third quarter of 2024, the report of TAURON Group for the first half of 2024,*
2. cooperated with the certified auditor with respect to: auditing of the financial statements of TAURON and of the consolidated financial statements of TAURON Capital Group for the financial year 2023, the review of the interim, abbreviated financial statements of the Company and of the consolidated financial statements of TAURON Capital Group for the first half of 2024, the process of auditing the financial statements of TAURON and the consolidated financial statements of TAURON Capital Group for the financial year 2024, an assessment of the risk of a loss of the audit firm's authorization to perform the financial auditing activities, the process of agreeing on a new model for accounting for the balancing difference, eliminating the overestimates (upward adjustments),
3. discussed and adopted the updated *Policy for the provision for TAURON Group of the permitted services that do not constitute an audit (non-audit services), by the audit firm conducting the audit of the annual financial statements and the consolidated financial statements of TAURON Polska Energia S.A., the entities related to such an audit firm and by a member of the audit firm's corporate network,*

Main issues that the Company's Supervisory Board and its committees had been dealing with during the meetings in 2024

4. made an assessment of the threats (risks) to and the safeguards of the auditor's independence and became familiar with the information with respect to the performance of the activities stemming from the *Procedure for ensuring compliance, within TAURON Group, with the requirement of the independence of the audit firm conducting the audit and review of the financial statements and the consolidated financial statements of TAURON Polska Energia S.A.*,
5. adopted and presented to the Supervisory Board the *Report of the Audit Committee for the Supervisory Board on the assessment of the financial statements, the Report of the Management Board on the Operations of the Company and TAURON Capital Group and the proposal of the Management Board with respect to the covering of the net loss for the financial year 2023 and the assessment of the Company's current situation, taking into account the adequacy and effectiveness of the Company's internal control, risk management, compliance and internal audit systems in place*,
6. analyzed the financial results of the Company and TAURON Capital Group for the year 2023, for the first quarter of 2024, for the first half of 2024 and for the third quarter of 2024,
7. became familiar with and made an assessment of the new text of the *Accounting Policy of TAURON Polska Energia S.A. Capital Group*,
8. monitored the issues related to the Internal Audit Area, including the discussing of the implementation of the *Plan of the Audit Tasks at TAURON Group in 2023*, including the audit tasks and the ad hoc audits completed in 2023, the self assessment of the activities of the Internal Audit Area over a period of three years, as to the effectiveness of the audit and control undertakings undertaken at TAURON Group and the covering with its activities of all of the material areas of the business operations of TAURON Group's subsidiaries, the *Plan of the Audit and Control Tasks at TAURON Group for 2024*, the periodic current information related to the scope of the Internal Audit Area's activities, the Report on the Assessment of the Internal Control System for 2023, the Concept of the reorganization of the above mentioned Area at the Company and at the Group's subsidiaries, the anonymous letter received regarding the irregularities in the Energy for Southern Poland Foundation (Fundacja Energetyka na Rzecz Polski Południowej) at the TAURON Wytwarzanie S.A. subsidiary,
9. monitored the issues in the area of the key corporate and specific risks at TAURON Group (the periodic information with respect to the risk management)
10. monitored the ensuring of the compliance of TAURON Group's business operations with the standards or the applicable practices (the quarterly reports on the scope of the tasks carried out by the Compliance Area). Became familiar with *TAURON Polska Energia S.A.'s Compliance Report for 2023* and *TAURON Group's Compliance Plan for 2024*,
11. discussed and presented to the Supervisory Board the *Report on the Periodic Assessment of the Transactions entered into with the Related Parties for the period from July 1, 2023 to December 31, 2023, the Report on the Periodic Assessment of the Transactions entered into with the Related Parties for the period from January 1, 2024 to June 30, 2024*,
12. became familiar with the quarterly information with respect to the purchasing area, including in particular: an analysis of the procurement (purchase order award) proceedings as part of the monitoring of the effectiveness of the internal control system.
13. adopted and submitted to the Supervisory Board the *Report on the Activities of the Audit Committee of the Supervisory Board of TAURON Polska Energia S.A. in the financial year 2023, and adopted the Plan of the Work of the Audit Committee of the Supervisory Board of TAURON Polska Energia S.A. for 2024 and the Plan of the Work of the Audit Committee of the Supervisory Board of TAURON Polska Energia S.A. for 2025.*

Nominations and Compensation Committee

1. adopted and submitted to the Supervisory Board *the Report on the activities of the Nomination and Compensation Committee of the Supervisory Board of TAURON Polska Energia S.A. in the financial year 2023*,
2. recommended to the Supervisory Board the dismissal of the Members of the Company's Management Board: the President of the Management Board, the Vice President of the Management Board for Trade, the Vice President of the Management Board for Asset Management, the Vice President of the Management Board for Strategy and Development, and the Vice President of the Management Board for Corporate Affairs,
3. recommended that the Supervisory Board should announce and conduct a qualification (recruitment) procedure for the positions in the Management Board for the seventh common term: the President of the Management Board, the Vice President of the Management Board for Finance, the Vice President of the Management Board for Asset Management and Development, and the Vice President of the Management Board for Trade, as well as supported the Supervisory Board in the conducting of the proceedings with respect to the reviewing of the applications and evaluating of the candidates,
4. recommended that the Supervisory Board should establish the detailed Management Objectives for the Members of the Management Board of the Company to be accomplished in 2024, along with the determination of the weights of these objectives as well as the objective and measurable criteria for the implementation and the accountability thereof,
5. recommended that the Supervisory Board should provide an opinion on the proposal (petition) submitted to the General Meeting of TAURON Polska Energia S.A. to adopt the updated Policy of the Compensation for the Members of the Management Board and the Supervisory Board at TAURON Polska Energia S.A.

Strategy Committee

1. adopted and submitted to the Supervisory Board the *Report on the activities of the Strategy Committee of the Supervisory Board of TAURON Polska Energia S.A. in the financial year 2023*,
2. discussed the drafts of the following documents of the Group's high level Strategy, business and organizational model (including defining TAURON's role and the organization of the RES line of business), the Group's management model aimed at improving the efficiency and quality of the business operations,
3. discussed the information on the operation of the 910 MW unit in Jaworzno, with a particular emphasis placed on the issues related to the implementation of the settlement agreement reached with Rafako and the issues related to the operation of the 460 MW unit at the Lagisza Power Plant,
4. discussed the issues relating to TAURON Group's Distribution line of business, in particular the topics related to: power grids, investment needs with respect to the replacement of the grid assets, implementation of the connections to the distribution grid, the economic and organizational characteristics of the above mentioned area, and also became familiar with the investment plan for 2024 and the subsequent years, including the key investment projects,
5. discussed the information related to the characteristics of TAURON Group's renewable energy line of business, in particular, the characteristics of TAURON Group's renewable power plants, the key production data, the availability of the assets and the challenges related to the maintaining of the hydroelectric power plants, the cooperation with the Wody Polskie company and the local government units, the key economic data,
6. discussed the information on the status of the implementation of investments in the renewable energy sources in terms of achieving the assumed milestones at FW Mierzyn, FW Warblewo, FW Nowa Brzeźnica, FW Sieradz, PV Proszówek, EW Pilichowice I, and became familiar with the Rożnów pumped storage power plant project and the planned modernization of the hydroelectric power plants,
7. discussed the information regarding the operation and maintenance of TAURON Group's RES assets, in particular, the maintenance policy with respect to the wind farms, photovoltaic farms and the hydroelectric plants,
8. discussed the information with regard to the characteristics of TAURON Group's Heat Line of Business, in particular the generation sources, the heat transmission segment, the key asset metrics, the key production data in comparison with the other companies operating on the market, the key economic data, as well as became familiar with the concept of a decarbonization of the Line of Business in question,

9. became familiar with the information on the fixing of the flood effects, including the restoration of the energy supply to the consumers and facilities, the asset losses related to the distribution grid infrastructure, lighting and hydropower plants suffered.

Description of the activities of the Committees of the Supervisory Board of TAURON Polska Energia S.A.

The detailed description of the activities of the Committees of the Supervisory Board is provided in the Regulations of the individual Committees of the Supervisory Board.

The Committees of the Supervisory Board are advisory and opinion providing bodies acting collectively as a part of the Company's Supervisory Board structure and perform the support and the advisory functions for the Supervisory Board. The tasks of the Committees of the Supervisory Board are carried out by submitting of the motions, recommendations, opinions and the statements related to the scope of their tasks to the Supervisory Board, by way of the resolutions passed. The Committees of the Supervisory Board are independent of the Management Board of the Company.

The Audit Committee of the Supervisory Board shall be composed of 3 to 5 members, the Nominations and Compensation Committee of the Supervisory Board shall, in accordance with the new text of the Regulations of the Nominations and Compensation Committee, be composed of 3 to 6 members, while the Strategy Committee shall be composed of 3 to 7 members. The activities of the individual Committees shall be managed by the Heads (Chairpersons) thereof.

The meetings of the Committees of the Supervisory Board shall be convened by the Chairperson (Head) of the specific Committee on his or her own initiative or upon the motion of a member of the Committee or the Chair of the Supervisory Board and they shall be held on as needed basis. In the case of the Audit Committee the meetings shall be convened at least on a quarterly basis. The Head of the given Committee may invite the Members of the Company's Supervisory Board, who are not members of the specific Committee, the members of the Management Board and the employees of the Company as well as other persons working or cooperating with the Company to take part in the meetings of the Committees. The Head of the specific Committee or a person appointed by him or her shall submit the motions (conclusions), recommendations and the reports to the Supervisory Board .

The Committees of the Supervisory Board shall pass resolutions if at least half of their members are present at the meeting and all of the members have been duly invited. The resolutions of the Committees of the Supervisory Board shall be adopted by an absolute majority of the votes of the persons present at the meeting, where the absolute majority of the votes shall be understood as more votes cast "for" than the "against" and the "abstain" votes. The Committees of the Supervisory Board may pass resolutions in writing or by using the means of the direct remote communication.

The Members of the Committees of the Supervisory Board may also participate in the meetings of the Committees and vote on the resolutions being passed by using the means of the direct remote communication, i.e. the tele- or video conferences.

The Company's Management Board shall be informed of the recommendations and the assessments submitted to the Supervisory Board by the given Committee of the Supervisory Board. Every year, the Committees of the Supervisory Board shall provide to the public, via the Company, the information on their memberships, the number of the meetings held and the participation in the meetings during the year, as well as on their main activities.

The Management Board of the Company shall provide the individual Committees with the possibility of using the services of the external advisers to the extent required to perform the responsibilities of the Committees.

9.12. Diversity policy with respect to the composition (membership) of the Company's authorities

The Company does not have a separate diversity policy with respect to the Members of the Management Board and the Members of the Supervisory Board in place. The measures are being taken in order to introduce the diversity in the composition (membership) of the Management Board and the Supervisory Board. On May 24, 2021, the General Meeting, having in mind the goal of striving to ensure the diversity with respect to the men and women on the Supervisory Board, had passed the amendments to the Rules of Procedure of the Company's General Meeting recommending that those making decisions on the election of the members of the Supervisory Board should ensure the comprehensive membership of the body by electing such people to be the members thereof who ensure the diversity, enabling, among other things, the achieving of the target with respect to the minimum minority participation rate set at no less than 30%.

With respect to the Members of the Management Board and the Members of the Supervisory Board, the appointment of the persons holding the positions of the Members of the Management Board of the Company shall be made by the Supervisory Board of the Company, while the members of the Supervisory Board of the Company shall be elected by the General Meeting of the Company and the Minister competent to exercise the rights related to the shares of the State Treasury as part of the statutory powers of the State Treasury.

The Members of the Management Board of the Company shall be appointed by the Supervisory Board of the Company on the basis of a recruitment proceedings conducted in accordance with the rules and the requirements set out in the Articles of Association and the Act of December 16, 2016, on the principles of the state assets management whose goal is to verify (vet) and assess the qualifications of the candidates and to select the best candidate.

The announcement (notice) of the recruitment (qualification) proceedings shall be published on the Company's web site at the following address: https://www.tauron.pl and in the Public Information Bulletin of the Minister competent to exercise the rights related to the shares of the State Treasury. Anyone who meets the requirements set out in § 16, clauses 3 and 4 of the Company's Articles of Association may enter the recruitment process. Due to the lack of the specific requirements regarding, among other things, gender, education background, age and the professional experience, the Supervisory Board of the Company, when assessing and selecting the candidates for the Members of the Management Board of the Company, shall have an option to ensure the versatility and the diversity in the selection of the Members of the Management Board of the Company.

10. POLICY OF COMPENSATION OF THE MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

ESRS 2 GOV-3 §29 (a) – (e)

10.1. Compensation system for the Members of the Management Board and the key managers

General information on the adopted compensation system for the Members of the Management Board of TAURON Polska Energia S.A.

The principles of the compensation of the Members of the Management Board in 2024 had been in line with the *Policy of Compensation of the Members of the Management Board and the Supervisory Board* adopted by the Ordinary General Meeting of the Company by way of the resolution no. 26 of July 15, 2020, as amended by the Ordinary General Meeting of the Company by way of the resolution no. 31 of May 24, 2022, and subsequently in accordance with the updated *Policy of Compensation of the Members of the Management Board and the Supervisory Board* (the Compensation Policy), adopted by the Extraordinary General Meeting of the Company by way of the resolution no. 5 of September 3, 2024.

The above mentioned principles had also been in line with the resolution no. 30 of the Extraordinary General Meeting of the Company of May 24, 2022, the resolution of the Supervisory Board no. 78/VI/2022 of July 29, 2022, amended by the resolution of the Supervisory Board no. 123/VII/2024 of September 13, 2024, *on determining the compensation of the Members of the Management Board of TAURON Polska Energia S.A.*, and the *Act of June 9, 2016, on the principles of determining the compensation of persons managing certain companies* (Journal of Laws of 2020, item 1907), as well as the Best Practice.

The Company shall draw up a report on the compensation of the Members of the Management Board and the Supervisory Board of the Company for the individual financial years in accordance with the requirements defined in art. 90g of the *Act of July 29, 2005, on a public offering and conditions of introducing financial instruments to an organized trading system and on public companies* and shall publish such reports on the Company's website at the address: https://www.tauron.pl/tauron/relacje-inwestorskie/walne-zgromadzenie.

The subject of the Report on the Compensation are the principles of determining and the structure of the compensation of the Members of the Management Board and the Supervisory Board of the Company in the individual financial years, with a particular emphasis on the total compensation of the individual Members of the Management Board, broken down into the fixed and the variable compensation components dependent on the accomplishment of the specific management objectives, along with the amount of the additional cash benefits and non-cash benefits granted to the Members of the Management Board and the amount of the benefits received by the Members of the Management Board in connection with the termination of the contract for the provision of the management services and the compliance with the non-compete clause.

The Compensation Policy, along with the resolution of the General Meeting of the Company on the adoption thereof is published on the Company's website at the address: https://www.tauron.pl/tauron/relacje-inwestorskie/informacje-o-spolce/dokumenty-spolki.

The overarching objectives of the Compensation Policy include:

1. ensuring a consistent and motivational compensation system for the Members of the Company's Management Board,
2. linking the compensation principles with the monitoring of the implementation of the adopted strategic plans and the business objectives, in particular the ones related to the accomplishment of the goals of the sustainable development (ESG), the long term interests of the Company and the implementation of the financial plans,
3. setting the level of the compensation of the Members of the Company's Management Board in a way that it is linked with the accomplishment of the management objectives set,
4. increasing the Company's value through the development of the most senior management staff
5. improving the compensation system that would result in the implementation of the Company's business strategy and the directions of its expansion,
6. contributing to the goals of the sustainable development, in particular curtailing of the negative environmental impacts and ensuring the stable growth of the Company.

The model of the compensation covered by the Compensation Policy assumes a two component system for determining the compensation of the Members of the Company's Management Board, where the total compensation of a Member of the Company's Management Board is composed of a fixed part constituting the monthly base compensation and a variable part constituting the supplementary compensation for the Company's financial year, dependent on the achieving of the specific management KPI objectives.

The monthly Fixed Compensation for the President of the Management Board (CEO) and the other Members of the Management Board has been determined by the Supervisory Board in the amounts ranging from 7 to 15 times the base of the assessment referred to in article 1, section 3, item 11) of the Act of June 9, 2016, on the principles of determining the compensation of persons managing certain companies, taking into account the applicable detailed legal regulations impacting the amount thereof, i.e. the Act of January 16, 2024 on the special solutions for the implementation of the 2024 Budget Act.

The average monthly compensation in the enterprise sector with the exclusion of the profit sharing awards in the fourth quarter of 2016 is used to determine the Fixed Compensation for the Members of the Management Board.

The Variable Compensation is paid out subject to the achievement by a Member of the Management Board of the Management Objectives in accordance with a resolution of the Supervisory Board, following the approval of the Management Board's report on the Company's operations and the Company's financial statements for the previous financial year and the granting by Company's General Meeting of the discharge (acknowledgement) for the fulfillment of the duties performed by the Member of the Management Board. The amount of the Variable Compensation depends on the degree of the accomplishment of the Management Objectives. The maximum amount of the Variable Compensation shall not exceed 100% of the Management Board Member's annual Fixed Compensation in the financial year for which the calculation of the Variable Compensation due is made.

The detailed Management Objectives to be accomplished in the given fiscal year shall be set by the Supervisory Board, along with the determination of the weights thereof as well as the objective and measurable criteria for their accomplishment and settlement (KPIs), based on the general Management Objectives indicated by the Extraordinary General Meeting of the Company in the resolution No. 5 of September 3, 2024, on the adoption of the updated *Policy of Compensation of the Members of the Management Board and the Supervisory Board at TAURON Polska Energia S.A.* and by the Company's Ordinary General Meeting in the resolution No. 30 of May 24, 2022, on the principles of determining the compensation of the Members of the Management Board of TAURON Polska Energia S.A.

The results related to the sustainable development of TAURON Group are taken into account in the compensation system for the Members of the Management Biard of the Company in the variable part.

The Variable Compensation of the Members of the Management Board of the Company depends on the accomplishment of the targets that are a pre-condition for the payout, the achievement of the financial indicators (metrics): EBITDA and the Net Debt / EBITA ratio, as defined in the Material and Financial Plan for the given financial year, as well as the accomplishment of the non-financial goals including, in particular: the implementation of the adopted Strategy, the directions of its development and the financial plans, taking into account the long term interests of the Company, as well as the attainment of the sustainable development goals and the shaping of the Company's new organizational culture.

Table no. 70 Common, detailed Management Objectives that are a pre-condition for the payout and the financial Management Objectives, set to be accomplished in 2024 for all of the Members of the Management Board that had held their positions in 2024

Name of the Management Objective	Detailed Management Objectives that are a pre-condition for the payout and the financial Management Objectives	Weight
Targets that are a pre-condition for the payout		
Developing and applying of the principles of the compensation of the members of the management and supervisory bodies of the subsidiaries that would be in line with the principles set forth in the Act of June 9, 2016, on the principles of determining the compensation of persons managing certain companies.	By December 31, 2024, in the case of the acquisitions of the shares / interest that would represent more than 50% in the share capital of the newly acquired entities, the implementation of the “principles” should take place immediately, however no later than within 3 months from the date of the registration in the National Court Register of the amendments to the Articles of Association / Contract / Act of Incorporation of the company implementing the relevant provisions of the Act of June 9, 2016, on the principles of determining the compensation of persons managing certain companies.	
Implementation of the obligations referred to in Articles 17 - 20, Article 22 and Article 23, taking into account Article 18a and Article 23a of the Act of December 16, 2016, on the principles of the management of the state assets.	By December 31, 2024, in the case of the acquisitions of the shares / interest that would represent more than 50% in the share capital of the newly acquired entities, the implementation of the “principles” should take place immediately, however no later than within 3 months from the date of the registration in the National Court Register of the amendments to the Articles of Association / Contract / Act of Incorporation of the company implementing the relevant provisions of the Act of December 16, 2016, on the principles of the management of the state assets.	
Financial targets		
Achieving of EBITDA at the level approved in the Material and Financial Plan for the given financial year.	Achieving of EBITDA at the level approved in TAURON Group’s Material and Financial Plan (PRF) for 2024. In the event that any regulatory changes, unforeseen in the Material and Financial Plan (PRF), that have a direct impact on the revenues, costs or reserves, including the acts regulating the prices of electricity, distribution services, heat and fuels, occur, the Management Board shall have the right to request the Supervisory Board to adjust the set target, and the Supervisory Board shall have the right to consider it.	35%

Name of the Management Objective	Detailed Management Objectives that are a pre-condition for the payout and the financial Management Objectives	Weight
Targets that are a pre-condition for the payout		
Achieving of the Net Debt / EBITDA ratio at the level approved in the Material and Financial Plan for the given financial year.	Achieving of the Net Debt / EBITDA ratio at the level approved in TAURON Group's Material and Financial Plan (PRF) for 2024. In the event that any regulatory changes, unforeseen in the Material and Financial Plan (PRF), that have a direct impact on the revenues, costs or reserves, including the acts regulating the prices of electricity, distribution services, heat and fuels, occur, the Management Board shall have the right to request the Supervisory Board to adjust the set target, and the Supervisory Board shall have the right to consider it.	10%

Table no. 71 Common, detailed non-financial Management Objectives set to be accomplished in 2024 for all of the Members of the Management Board that had held their positions in 2024

Detailed non-financial Management Objective	Tasks to be completed	Support for the directions of the development and ESG objectives	Weight
	Non-financial targets		
Development of TAURON Group's Strategy and its business and organizational model	Drafting of TAURON Group's high level Strategy, business and organizational model, including defining of the role of TAURON and the organization of the RES line of business, as well as the Group's management model aimed at improving the efficiency and quality of the business operations.	The Group's new Strategy, business model and operational model are closely linked to the implementation of the directions of the development (expansion), the ESG principles and the key economic and financial indicators. The business priorities identified in the Strategy focus on a profitable growth of the RES capacity, achieving of the climate neutrality, decarbonization of the heat line of business, customer orientation, equitable energy transition and building of an organizational culture based on the ESG values. These activities are directly in line with the ESG pillars.	10%
Meeting of the ESG sustainable development criteria as well as building of a new organizational culture and a development of the work force	Preparing and implementing of an ESG action plan in order to ensure that sustainability reporting criteria are met in terms of the climate, environmental, employee development, occupational safety, corporate social responsibility and the transparency with respect to the corporate governance, as well as a new model for the development and management of the human resources and diversity at TAURON Group.	The implementation of the ESG action plan allows for a comprehensive implementation of the sustainable development values within the organization that is consistent with TAURON Group's Strategy.	5%
Profitable development of the renewable energy sources and the implementation of the initiated investment projects in RES	Drafting of a comprehensive investment program for the profitable development of the renewable sources and energy storage facilities, both the large utility scale ones as well as the distributed ones, taking into account the need to raise the security and flexibility of the operation of the distribution grid. The implementation of the investment projects in the renewable energy sources that had been launched in 2022 and 2023 and the achievement in 2024 of the milestones for the RES investment projects related to the commissioning of the wind farms and the photovoltaic farm, the construction of the GPO stations, the readiness of the foundations for the installation of the wind turbines.	The accomplishment of the target contributes to a change of TAURON Group's generation mix by increasing the RES installed capacity and ensuring the security of the energy supply. These measures allow for an increase in the supply to TAURON Group's customers of electricity generated by the low- and zero carbon sources, and in the long term for achieving climate neutrality, which apart from securing adequate profitability of the Group, signifies the responsibility for the natural environment and for the future generations.	10%
Transition of the Heat Line of Business towards the low carbon sources.	Developing of a concept for the decarbonization of the Heat Line of Business and its development (expansion) plan. Developing of a technical and business concept with respect to ensuring the supply of heat for the Silesian and Zagłębie metropolitan area and the city of Jaworzno.	The long term planning of the process of Heat Line of Business transition towards the decarbonization of its operations and the curtailing of its emissions level, followed by the implementation of the designated actions, is directly in line with TAURON Group's ESG principles.	5%
Reorganization of the conventional generation line of business	Drafting of a plan for a permanent decommissioning of the hard coal fired generating units (with the capacity of up to 200 MW) taking into account the technical, financial, commercial as well as the organizational and human perspectives. Developing of a new operational model for TAURON Group's Wytwarzanie subsidiary that would take into account the above mentioned plan. In the event that a government program dedicated to the hard coal fired generating units in Poland is announced – implementing it in accordance with the plan and schedule.	Just transition is one of the priorities of the new ESG oriented Strategy. The plan supports a transparent and responsible transition of TAURON Group's business operations towards the decarbonization with the due consideration given to the work force and the local communities as well as profitable use of sites after shut down of coal fired units.	10%

Detailed non-financial Management Objective	Tasks to be completed	Support for the directions of the development and ESG objectives	Weight
Non-financial targets			
Ensuring of a high level of reliability of electricity supply	Achieving of the quality indicators (metrics): CTP (Interruption Duration Time), CP (Interruption Frequency), CRP (Grid Connection Implementation Time), in accordance with the parameters set by the President of the Energy Regulatory Office (ERO).	Meeting of the quality indicators (metrics) supports the security of the electricity supply, which contributes to improving of the quality of life of TAURON Group's customers and strengthens their trust, and also supports the economy by ensuring the continuity of the business operations conducted by the enterprises. Thus it not only eliminates the risk of penalties by the ERO that could have impact on decreasing the tariff, but also encourages to locate business in the territory of TAURON Dystrybucja which has a positive impact on the volume of distributed electricity.	5%
Creating of TAURON Group's value based on the customer base	Developing of a strategy for achieving profitable electricity supply, taking into account the customer segmentation, target groups, sales channels, products and services, and a marketing plan, as well as a customer service model with respect to the supply and distribution of electricity and heat.	The implementation of the electricity supply strategy will help achieve TAURON Group's long term commitment to provide the customers with 100% of clean energy by 2040 ensuring at the same time stable profitability of the operations conducted in the supply area.	5%
Maintaining of TAURON's investment grade rating, at the level of at least BBB minus.	The rating published by a rating agency (the information is publicly available on the rating agency's website. The Company is currently rated by the Fitch Ratings agency). A verification based on the current reports of the rating agency assessing the Company during the given period.	Receiving of an investment grade rating supports the Group's financial stability enabling, among other things obtaining financing for the executed investment projects at a relatively lower cost.	5%

Linking the 2024 Variable Compensation with the achievement of the above described Management Objectives contributes to the implementation of the directions of the development (expansion) set forth in TAURON Group's Strategy for the years 2025 - 2035 and to the sustainable development of the Company and TAURON Group, understood as the management based on the values, concern for the environment, social commitment and compliance with the highest standards of the corporate governance. The Members of the Company's Management Board are not covered by the Company equity based bonus program, nor do they receive any compensation or rewards for their positions held in the authorities of TAURON Group's subsidiaries.

General information on the adopted System of the Compensation of the Members of the Management Board of TAURON Capital Group's Subsidiaries

At all of TAURON Capital Group's subsidiaries with respect to which TAURON is a parent company within the meaning of art. 4, clause 3 of the *Act of February 16, 2007, on the protection of competition and consumers*, (Journal of Laws of 2024, item 1616), the principles of the compensation of the members of the management bodies are applied in accordance with the *Act of June 9, 2016, on the principles of determining compensation of the management personnel of certain companies* (Journal of Laws of 2020, item 1907). The above is defined in the *Policy for determining the compensation of the members of the authorities of the Subsidiaries* adopted by the Management Board of TAURON, and in the *Principles of the compensation of the members of the corporate authorities of the Subsidiaries*.

The principles of the compensation of the members of the management bodies of the subsidiaries are, similar as at TAURON, based on a two component system for determining the compensation, where the total compensation is composed of a fixed part and a variable part dependent on fulfilling of the specific, results based criteria, i.e. the achieving of the management objectives. The management objectives address, among other things, the individual strategic directions and assumptions related to the implementation of TAURON's Strategy, which are operationalized and cascaded to the subsidiaries. This also includes the accomplishment of the sustainable development related goals. Linking of the compensation's variable part to the achieving of the management objectives set to be accomplished is of material importance in TAURON Capital Group's sustainable management process and is aimed at prioritizing the directions of the expansion of the individual subsidiaries.

General information on the adopted System of Compensation of the Key Managers

The principles related to the compensation and the bonus system for the key managers and the other employees of the Company are defined in the Regulations of the Compensation of the Employees of TAURON Polska Energia S.A., adopted for application by the Management Board of the Company.

TAURON Group's Principles of Compensation had been in force at 12 of TAURON Capital Group's subsidiaries in 2024, constituting the guidelines for the most material subsidiaries of TURON Capital Group with respect to the personnel compensation systems, in particular taking into account the bonus system for the key managers based on the management by objectives system, consistent throughout the entire TAURON Capital Group, representing a combination of the planning process, the efficiency (performance) measurement process and the assessment process. The following subsidiaries have been excluded from the application of the above mentioned rules: TAURON Wytwarzanie, TAURON Serwis and Bioeko Grupa TAURON sp. z o.o.

The compensation and bonus system for the key managers in force envisages that the level of the compensation should be tied to the financial condition of TAURON Capital Group and the Company over one year's time frame, in connection with the accomplishment of the strategic goals.

The overarching assumption of the compensation system in force is to ensure the optimal and motivating compensation level, based on the value and type of work in the given position, as well as the quality of work and effects achieved by the employees.

The structure of the compensation is composed of the following elements:

1. a fixed part – that constitutes the base compensation (salary) determined in accordance with the table of the level (tier) categories applicable at the Company and the monthly rates of the personal level (tier). The allocated level of the basic compensation (salary) reflects the value and the type of the work as well as the quality of the employee's work, defined based on the assessment of the employee's competence level,
2. a variable part - which is dependent on the work performance results, defined based on the level of accomplishing the targets and the tasks within the Management By Objectives (MBO) bonus system,
3. benefits (entitlements) - which are defined in the internal regulations of the Company.

The MBO bonus system based on the market principles of awarding of the bonuses ensures focusing of the activities of the key managers on attaining the objectives aimed at implementing the Strategy, with the sustainable development goals constituting an integral part thereof, as well as the strategic objectives and expansion (growth) directions of TAURON Capital Group's individual subsidiaries. Such a system allows for cascading of the objectives defined by the Company's Management Board at TAURON Capital Group level and at the Company level, down to the concrete, parameterized tasks vested with the employees positioned at the lower levels of the organization. In addition, the MBO bonus system has been linked with the process based management system implemented at TAURON Capital Group, among other things, by linking the objectives with the Mega-processes defined within TAURON Capital Group. Therefore, the Management by Objectives culture introduced reflects the specific features of the individual functions implemented by the Company and allows for the use of the mechanisms enabling a dialogue between the superior and the subordinate during the process of setting of the objectives and assessing of the accomplishment of the objectives, which translate into attaining the overall efficiency throughout the entire organization. At the same time, this tool enables the precise correlating of the KPIs defined for the Members of the Company's Management Board with the objectives set for the given year for the key managers of the Company. An initial assessment of the accomplishment of the objectives takes place after the elapse of the first 6 months of the year, while the Members of the Company's Management Board make the final assessment of the accomplishment of the objectives by the key managers after the year has ended.

In addition, there is a bonus system for the trading area (and the units directly cooperating therewith) in place, the purpose of which is to motivate the personnel to achieving the higher revenues for TAURON Capital Group. The trading bonus covers the key managers from the trading and controlling area, where the bonus mechanism awards them an additional bonus only after exceeding their designated annual trading (commercial, financial) plans.

Non-financial components of the compensation due to the Members of the Management Board of TAURON Polska Energia S.A. and the key managers

Non-financial components of the compensation of the Members of the Management Board of the Company

In accordance with the contracts for the provision of the management services and the adopted Compensation Policy, the Members of the Management Board are eligible for the additional cash and non-cash benefits including:

1. participation in the individual training sessions and in other forms of education, limited to a net amount of PLN 15 000.00 per annum,
2. participation in the Employee Pension Program in accordance with the rules in place at the Company,
3. a housing allowance up to a gross amount of PLN 3 000.00 per month in the case of a permanent residence at a considerable distance from the Company's registered office,
4. provision of a company car for use, including for the private use, under the terms defined in a resolution of the Supervisory Board,
5. coverage of the medical services in the form of the medical packages in accordance with the rules in place at the Company,
6. coverage by the group insurance policy, in accordance with the rules in place at the Company,
7. coverage of the costs related to the purchase of a D&O liability insurance policy.

Non-financial components of the compensation of the key managers

The personnel employed at the key positions by the Company shall be entitled to take advantage of the following benefits and the non-financial components of the compensation offered by the Company:

1. Employee Pension Program managed by the employer (under the condition of being employed by the Company or by one of TAURON Capital Group's subsidiaries over a period of at least 1 year),
2. a medical package financed with the Company's funds,
3. a company car allocated for their exclusive use,

4. a housing allowance in a gross amount of PLN 2 500.00 per month in the case the availability of the employee is required due to the nature of his / her work and the scope of their responsibilities.

10.2. Amount of compensation of the Members of the Management Board of TAURON Polska Energia S.A. and the entities that are a part of TAURON Capital Group

The compensation of the Members of the Management Board of TAURON Polska Energia S.A.

The total compensation of the Members of the Management Board of the Company paid out in 2024, broken down into the fixed and the variable components, as well as the other non-financial benefits, is presented in the below table.

Table no. 72 Compensation of the Members of the Management Board of the Company paid out in 2024, broken down into the individual components (excluding the markups, in PLN '000)

	First and last name and the period of holding a position on the Management Board of the Company in 2024	Total compensation[1] (TC) (PLN '000)	Fixed compensation (FC) (PLN '000)	Other benefits (PLN '000)	Severance payment (PLN '000)	Non-compete clause related compensation (PLN '000)	TOTAL (PLN '000)
1.	Grzegorz Lot President of the Management Board 07.03.2024 – 31.12.2024	650	650	2[4]	-	-	652
2.	Piotr Gołębiowski Vice President of the Management Board 07.03.2024 – 31.12.2024	606	606	30[2]	-	-	637
3.	Michał Orłowski Vice President of the Management Board 07.03.2024 – 31.12.2024	606	606	17[4]	-	-	623
4.	Krzysztof Surma Vice President of the Management Board 01.01.2024 – 31.12.2024	742	742	40[2,4]	-	-	782
5.	Karolina Mucha-Kuś acting as the President of the Management Board 14.02.2024 – 06.03.2024	48	48	0	-	-	48
6.	Paweł Szczeszek President of the Management Board 01.01.2024 – 13.02.2024	95	95	25[2]	198	396	714
7.	Patryk Demski Vice President of the Management Board 01.01.2024 – 13.02.2024	88	88	27[2,3]	185	370	670
8.	Bogusław Rybacki Vice President of the Management Board 01.01.2024 – 13.02.2024	88	88	4[3]	185	370	647
9.	Tomasz Szczegielniak Vice President of the Management Board 01.01.2024 – 13.02.2024	88	88	23[2]	185	370	666
10.	Artur Warzocha Vice President of the Management Board 01.01.2024 – 13.02.2024	88	88	23[2]	185	370	666
		3 101	3 101	190	938	1 876	6 104

[1] *Total fixed compensation and the variable compensation (the variable compensation for 2023 had not been paid out).*
[2] *Employee Pension Program (Pracowniczy Program Emerytalny – PPE).*
[3] *Housing allowance for the company accommodation.*
[4] *Individual training sessions and other forms of education.*

In 2024, the Variable Compensation for 2023 were not paid out to the Members of the Management Board who had held the positions of the Members of the Management Board in 2023. The Company's Ordinary General Meeting of Shareholders convened on June 3, 2024, and continued after a break on July 2, 2024, did not pass any resolutions on the granting of the discharge (acknowledgement) of the duties for the Members of the Management

Board who had held the positions of the Members of the Management Board during the period from January 1, 2023 to December 31, 2023, due to a lack of a majority of votes cast in favor of the resolutions.

In connection with the cancellation and termination of the contracts for the provision of the management services in 2024, the following Members of the Management Board: Paweł Szczeszek, Patryk Demski, Bogusław Rybacki, Tomasz Szczegielniak and Artur Warzocha had been paid severance payments in the amount of 3 times the Fixed Compensation, due to having held the positions of the Members of the Management Board for at least 12 months prior to the termination of their contracts.

In addition, the above mentioned Members of the Management Board had received a compensation for a period of 6 months pursuant to the non-compete clauses included in their contracts. The amount of the compensation due for each month of the non-compete clause being in force did not exceed their monthly Fixed Compensation.

The Members of Company's Management Board did not receive any compensation or bonuses for performing the functions in the corporate bodies of TAURON Capital Group's subsidiaries in 2024.

All of the Members of the Management Board of the Company had received in 2024 their compensation in accordance with the applicable contract for the provision of the management services in compliance with the *Act of June 9, 2016, on the principles of determining the compensation of the management personnel of certain companies* (Journal of Laws of 2020, item 1907) and the Compensation Policy.

Information on the obligations towards the former Members of the Management Board of the Company due to the pensions or the benefits of similar nature

The Company does not have any obligations towards the former Members of the Company's Management Board due to the pensions or the benefits of similar nature.

Compensation of the Members of the Management Boards of TAURON Capital Group's subsidiaries

The compensation of the Members of the Management Boards of TAURON Capital Group's subsidiaries is determined taking into account the scale of the given subsidiary's business operations, in particular:

1. average annual headcount,
2. annual net revenue (turnover) from the sales of the goods, products and the services as well as from the financial operations,
3. total assets on the balance sheet as of the end of the year.

Based on the above mentioned criteria, the categories of the subsidiaries are defined, which determine the amount of the fixed compensation of the members of the subsidiaries' management bodies.

The principles of the compensation of the Members of the Management Boards of TAURON Capital Group's subsidiaries are published on the Company's website at the address: https://www.tauron.pl.

10.3. Agreements concluded with the Members of the Management Board that envisage a compensation in case of their dismissal from the position held

The contracts for the provision of the management services concluded both with the Members of TAURON's Management Board, as well as with the Members of the Management Boards of TAURON Capital Group's individual subsidiaries, envisage, in the case of the termination of or the withdrawal from the contract by the Company for the reasons other than defined therein, a payout of the severance payment in the amount of three times the fixed part of the compensation, on the condition they have held their position over a period of at least 12 months prior to the termination of the contract.

In addition, due to the Members of TAURON's Management Board, as well as the Members of the Management Boards of TAURON Capital Group's individual subsidiaries having access to the confidential information the disclosure of which could expose the Company and TAURON Capital Group's subsidiaries to the losses, the contracts for the provision of the management services include the non-compete clauses applicable after the expiry of the term of office. Pursuant to the above mentioned contracts the Members of the Management Board are obligated to refrain from conducting of the competitive activities for a specified period of time in return for the compensation due thereto.

10.4. Information on the changes to the compensation policy during the last financial year

As of September 3, 2024, the updated Compensation Policy adopted by the Extraordinary General Meeting of the Company by way of the resolution no. 5 of September 3, 2024, has been effective.

The previous Compensation Policy, adopted by way of the resolution no. 26 of the Ordinary General Meeting of the Company of July 15, 2020, as amended by the resolution no. 31 of the Ordinary General Meeting of the Company of May 24, 2022, is no longer in effect.

As part of the 2024 update of the Compensation Policy, the sustainability issues had been included in the bonus system of the Management Board of the Company.

The updated Compensation Policy was adjusted to take into account the aspects related to the new regulations on the sustainability (ESG) reporting requirements, the selected principles of the WSE Best Practices having an impact on the level of the compensation of the Management Board and the Supervisory Board, the provisions of the act on the principles of determining the compensation, and the regulating of the decision making process related to the amendments to the Compensation Policy and the determination of the scope of the information to be disclosed in the compensation reports. In addition, the catalog of the cash and non-cash benefits as well as the costs incurred by the Company related to the provision of the management services, the detailed principles and method of accounting for which are determined by the Supervisory Board, has been supplemented.

10.5. System of the Compensation of the Members of the Supervisory Board of TAURON Polska Energia S.A.

The principles of the compensation of the Members of the Supervisory Board of the Management Board in 2023 had not been changed and had been in line with the Compensation Policy in force in 2024 and the resolution no. 6 of the Extraordinary GM of the Company of December 15, 2016, amended by the resolution no. 6 of the Extraordinary GM of the Company of November 21, 2019, on the principles of determining the compensation of the Members of the Supervisory Board.

In 2024, the Members of the Supervisory Board of the Company had been receiving the monthly compensation in the amount determined as a product of multiplying the assessment base mentioned in art. 1, clause 3, item 11 of the *Act of 9 June 2016 on the principles for determining the compensation of the management personnel of certain companies*, and the multiplier:

1. for the Chair of the Supervisory Board – 1.7
2. for the other members of the Supervisory Board – 1.5

In connection with the provision set forth in article 1 of the act of January 16, 2024, on the special solutions for the implementation of the 2024 Budget Act, the basis for determining the compensation of the Members of the Supervisory Board in 2024, as referred to in article 1, clause 3, item 11 of the act of June 9, 2016 on the principles of determining the compensation of persons managing certain companies, continued to be the average monthly compensation in the enterprise sector without the payouts due to the profit sharing in the fourth quarter of 2016.

The Members of the Supervisory Board shall be entitled to receive the compensation irrespective of the frequency of the meetings convened. The compensation shall not be due for a month during which a Member of the Supervisory Board of the Company was not present at any of the formally correctly convened meetings, and the absence thereof had not been excused. The decision on excusing or a failure to excuse the absence of a Member of the Company's Supervisory Board at the meeting thereof shall be taken by the Supervisory Board of the Company by way of a resolution.

Pursuant to the Company's Articles of Association, TAURON shall cover the costs incurred in connection with the performance by the Members of the Supervisory Board of the functions entrusted therewith, in particular: the costs of the round trip between the place of the residence and the venue of the Supervisory Board's meeting or a meeting of the Supervisory Board's Committee, the costs of the individual supervision and the costs of the accommodation and board.

The compensation of the Supervisory Board shall consist solely of the fixed compensation components that are not linked to the sustainable development.

10.6. Compensation of the Members of the Supervisory Board of TAURON Polska Energia S.A.

The total amount of the compensation understood as the value of the compensations due or paid out by the Company to the Members of the Supervisory Board of the Company had come in at the gross amount of PLN 652 000 in 2024.

Table no. 73 Compensation of the Members of the Supervisory Board of the Company in 2024

First and last name	Period of holding a position on the Company's Management Board in 2024	Compensation (PLN '000)
1. Sławomir Smyczek	25.01.2024 – 31.12.2024	91
2. Natalia Klima-Piotrowska	25.01.2024 – 31.12.2024	80
3. Piotr Kołodziej	05.02.2024 – 31.12.2024	76

First and last name	Period of holding a position on the Company's Management Board in 2024	Compensation (PLN '000)
4. Mariusz Bąbol	03.09.2024 – 31.12.2024	26
5. Michał Hulbój	03.04.2024 – 31.12.2024	59
6. Beata Kisielewska	03.04.2024 – 31.12.2024	59
7. Leszek Koziorowski	01.01.2024 – 31.12.2024	89
8. Piotr Tutak	01.01.2024 – 25.01.2024	11
9. Teresa Famulska	01.01.2024 – 05.02.2024	14
10. Marcin Wawrzyniak	01.01.2024 – 25.01.2024	9
11. Dariusz Hryniów	01.01.2024 – 25.01.2024	9
12. Ryszard Madziar	01.01.2024 – 25.01.2024	9
13. Katarzyna Masłowska	25.01.2024 – 07.06.2024	36
14. Karolina Mucha-Kuś	25.01.2024 – 30.04.2024	20
15. Grzegorz Peczkis	01.01.2024 – 03.04.2024	31
16. Krzysztof Tkaczuk	03.04.2024 – 03.09.2024	33
Total[1]		**652**

[1]*The total provided in thousands of PLN is a rounding off of the actual compensation amount (compensation of PLN 652 247.01).*

The Members of the Supervisory Board of the Company do not hold positions in the authorities of the subordinated units.

Information on the obligations towards the former Members of the Supervisory Board of the Company due to the pensions or the benefits of similar nature

The Company does not have any obligations towards the former Members of the Supervisory Board of the Company due to the pensions or the benefits of similar nature.

11.OTHER MATERIAL INFORMATION AND EVENTS

11.1. Material proceedings pending in front of the court, competent arbitration authority or public administration authority

The below table presents the material proceedings pending in front of the court, competent arbitration authority or the public administration authority in 2024.

Table no. 74 Summary of the material proceedings pending in front of the court, competent arbitration authority or public administration authority in 2024

Parties to the proceedings	Description of the proceedings including the value of the object of litigation and the Company's position
Proceedings involving TAURON	
1. **Plaintiff:** Huta Łaziska (Łaziska Steel Works) **Defendants:** TAURON (as a legal successor to GZE) and the State Treasury represented by the President of the Energy Regulatory Office (ERO)	**Object of litigation**: a lawsuit for the payment of the compensation for the alleged damage caused by a non-performance by Górnośląski Zakład Elektroenergetyczny S.A. (GZE) of the decision of the President of the Energy Regulatory Office (ERO) of October 12, 2001, related to the resumption of the electricity supply to the plaintiff. **Value of the object of litigation**: PLN 182 060 000.00 **Initiation of the proceeding**: the lawsuit of March 12, 2007 **Company's position**: the Company considers the claims covered by the lawsuit as being without merit. On May 28, 2019, the Regional Court in Warsaw issued a ruling on the dismissal of Huta Łaziska's lawsuit in whole. Huta Łaziska had filed an appeal complaint on July 25, 2019, appealing against the above mentioned ruling in whole. Based on the ruling of the Court of Appeal in Warsaw of February 9, 2022, the appeal of Huta Łaziska had been dismissed. The ruling is final (legally binding). On October 13, 2022, Huta Łaziska brought a cassation appeal against the judgment to the Supreme Court. Both the Company and the State Treasury have filed responses to this complaint. The cassation complaint of Huta Łaziska was accepted for hearing.
2. **Authority conducting the audit:** Head of the Mazovian Customs and Tax Office, and after an appeal has been filed – the Director of the Tax Administration Chamber in Katowice and the Director of the Tax Administration Chamber in Warsaw **Party:** TAURON	**Object of litigation**: examining of the accuracy of the tax base amounts declared by TAURON and the correctness of the calculations and payments of the VAT tax for the period from October 2013 until September 2014. The main subject of the two investigations (audits) are TAURON's deductions of the VAT assessed due to the purchase of electricity by TAURON on the German and Austrian electricity market from Castor Energy sp. z o.o. (Ltd.) **Value of the object of litigation (the deducted VAT amount):** with respect to the transaction with Castor Energy sp. z o.o.(Ltd.) – PLN 255 400 046.39. **Date of initiating the proceeding**: October 2014, August 2016 **Company's position:** in the Company's opinion during the verification of the counterparty (business partner, contractor), the due diligence was actually adhered to, and the Company acted in good faith, so there are no grounds for refusing the Company the right to deduct the tax assessed on the invoices documenting the electricity purchase from Castor Energy sp. z o.o. (Ltd.). On October 7, 2020, the Company had received the decision of the Head of the Mazovian Customs and Tax Office, ending one of the audit proceedings, specifying the amount of its VAT tax liability for the following months: October, November, December 2013 and the first quarter of 2014, which had resulted in the obligation for the Company to pay additional VAT due to the transaction with Castor Energy sp. z o.o, in the total amount of PLN 51 818 857, along with the interest on the tax arrears. The Company has filed an appeal against the decision. On January 15, 2021, as part of the second audit proceedings, a decision had been issued by the Head of the Mazovian Customs and Tax Office in which the Authority stated that the Company had not been eligible to deduct the VAT assessed from the invoice issued by Castor Energia Sp. z o.o. (Ltd.) in April 2014, and thus the Company had overstated the amount of the VAT assessed recognized in the tax statement filing for the second quarter of 2014 by the amount of PLN 677 815.39. The Company had filed an appeal against the decision on February 12, 2021. On February 23, 2023, the Provincial Administrative Court (Wojewódzki Sąd Administracyjny - WSA) in Gliwice overturned the decision of the second instance authority that the Company had filed an appeal against, with respect to the VAT tax liability for the periods from October to December 2013 and for the first quarter of 2014. The Director of the Tax Administration Chamber in Katowice filed a cassation appeal with the Supreme Administrative Court (NSA) on April 22, 2022, representing a complaint against the February 23, 2023, ruling of the Provincial Administrative Court (WSA) in Gliwice, which had been in TAURON's favor.
3. **Plaintiff:** Enea **Defendant:** TAURON	**Object of litigation**: a lawsuit for the payment due to the Company's alleged unjust enrichment (benefit) in connection with the settlements related to the imbalance of the Balancing Market with PSE between January and December 2012 **Value of the object of litigation**: PLN 17 085 846.49 **Initiation of the proceeding:** the lawsuit of December 10, 2015 **Company's position:** the Company considers the claims covered by the lawsuit as being without merit. On March 22, 2021, the Regional Court in Katowice had dismissed Enea's lawsuit in its entirety. Enea had filed an appeal in June 2021. The Company has filed a response to the appeal. At a hearing on March 12, 2025 (an event that took place after the balance sheet date), the Court of Appeals in Katowice dismissed Enea's appeal in its entirety. The ruling is final (legally binding).
Lawsuits pertaining to the termination, by the PEPKH subsidiary, of the agreements related to the sales of electricity and property rights arising from the guarantees of origin (energy certificates)	
1. **Plaintiff:** Dobiesław Wind Invest sp. z o.o.	**Object of litigation**: a lawsuit for the payment of the damages and the determination of the liability for the future.

Parties to the proceedings	Description of the proceedings including the value of the object of litigation and the Company's position
(Ltd.) (Dobiesław Wind Invest) **Defendant:** TAURON	**Current value of the object of litigation**: PLN 94 769 522.68 **Initiation of the proceeding**: the lawsuit of June 30, 2017 During the course of the court proceedings under way, the plaintiff had expanded its claim two times to include the new claims. In the course of the court proceedings under way, the parties had exchanged the pleadings (submissions) and the hearings had been held at which witnesses had been heard. The evidentiary proceedings are still in progress. The further hearings were held in March 2025. The case is pending in the first instance. **Company's position:** the Company considers the claims covered by the lawsuit as being without merit.
2. **Plaintiff:** Gorzyca Wind Invest sp. z o.o. (Ltd.) **Defendant**: TAURON	**Object of litigation**: a lawsuit for the payment of the damages and the determination of TAURON's liability for the losses that may arise in the future due to tort, including due to the acts of an unfair competition. **Current value of the object of litigation**: PLN 150 069 533.00 **Initiation of the proceeding**: the lawsuit of June 29, 2017 **Company's position:** the Company considers the claims covered by the lawsuit as being without merit. During the course of the court proceedings under way, the plaintiff had expanded its claim two times to include the new claims. On December 5, 2024, the Regional Court in Katowice issued a ruling dismissing the claims of the lawsuit in their entirety, along with all of the extensions of this lawsuit filed by the plaintiff. The ruling is not final. The deadline for the drafting of the statement of reasons has been extended until March 24, 2025.
3. **Plaintiff:** Pękanino Wind Invest sp. z o.o. (Ltd.) **Defendant:** TAURON	**Object of litigation**: a lawsuit for the payment of the damages and the determination of TAURON's liability for the losses that may arise in the future due to tort, including due to the acts of an unfair competition. **Current value of the object of litigation**: PLN 44 817 060.00 **Initiation of the proceeding**: the lawsuit of June 29, 2017 **Company's position:** the Company considers the claims covered by the lawsuit as being without merit. During the course of the court proceedings under way, the plaintiff had expanded its claim two times to include the new claims. In the course of the court proceedings under way, the parties had exchanged the pleadings (submissions) and the hearings had been held at which the witnesses had been heard. The evidentiary proceedings are still in progress. The case is pending in the first instance.
4. **Plaintiff:** Nowy Jarosław Wind Invest sp. z o.o. (Ltd.) **Defendant:** TAURON	**Object of litigation**: a lawsuit for the payment of the damages and the determination of TAURON's liability for the losses that may arise in the future due to tort, including due to the acts of an unfair competition. **Current value of the object of litigation**: PLN 83 600 774.00 **Initiation of the proceeding**: the lawsuit of June 29, 2017 **Company's position:** the Company considers the claims covered by the lawsuit as being without merit. During the course of the court proceedings under way, the plaintiff had expanded its claim two times to include the new claims. The evidentiary proceedings had been in progress in 2024. The case is pending in the first instance.
5. **Co-participation on the plaintiff's side:** Amon and Talia **Defendant:** TAURON	**Object of litigation**: a lawsuit for the payment of the damages and the determination of TAURON's liability for the losses that may arise in the future due to tort, including due to the acts of an unfair competition. **Current value of the object of litigation**: Amon – PLN 107 873 696.42; Talia – PLN 72 405 047.22 **Initiation of the proceeding**: the lawsuit of April 30, 2018 **Company's position**: the Company considers the claims covered by the lawsuit as being without merit. In the course of the court proceedings under way, the parties had exchanged the pleadings (submissions). The evidentiary proceedings are still in progress, a number of hearings had been held at which the witnesses had been heard. The case is pending in the first instance. During the course of the court proceedings in 2024, the plaintiff had expanded its claim to include the new claims in both proceedings.
Proceedings involving TAURON Capital Group's subsidiaries related to the termination, by a subsidiary, of the agreements related to the sale of electricity and property rights arising from the guarantees of origin of electricity (energy certificates)	
1. **Plaintiff:** Gorzyca Wind Invest sp. z o.o. (Ltd.), Pękanino Wind Invest sp. z o.o. (Ltd.), Dobiesław Wind Invest sp. z o.o. (Ltd.) **Defendant:** PEPKH	**Object of litigation**: a plea to declare the termination, by PEPKH, of the agreements related to the purchase of electricity and the property rights arising from the guarantees of origin of electricity (energy certificates) null and void, and to award the damages. **Value of the object of litigation**: Gorzyca Wind Invest sp. z o.o.(Ltd.) – PLN 259 385 823.64; Pękanino Wind Invest sp. z o.o. (Ltd.) - PLN 75 187 289.06 **Initiation of the proceeding:** Gorzyca Wind Invest sp. z o.o. (Ltd.) – May 18, 2015, Pękanino Wind Invest sp. z o.o. (Ltd.) – May 20, 2018, Dobiesław Wind Invest sp. z o.o. (Ltd.) – May 18, 2015 **Company's position:** the Company considers the claims covered by the lawsuit as being without merit. The cases had been combined for a joint hearing in 2018. In the course of the court proceedings under way, the plaintiffs had expanded their claims, as well as had filed the new claims (the current value of the object of the litigation is indicated above). The case is pending in the first instance.

Parties to the proceedings	Description of the proceedings including the value of the object of litigation and the Company's position
2. **Plaintiff:** Dobiesław Wind Invest sp. z o.o. (Ltd.) **Defendant:** PEPKH	**Object of litigation**: a plea to award damages and the liquidated damages. **Value of the object of litigation**: PLN 159 427 872 **Initiation of the proceeding**: the lawsuit of June 14, 2017 **Company's position:** the Company considers the claims covered by the lawsuit as being without merit. In the course of the court proceedings under way, the plaintiff had expanded its claims. The case is pending in the first instance.
3. **Plaintiff:** Nowy Jarosław Wind Invest sp. z o.o. (Ltd.) **Defendant:** PEPKH	**Object of litigation**: a plea to declare the termination, by PEPKH, of the agreements related to the sale of electricity and the property rights arising from the guarantees of origin of electricity (energy certificates) null and void, and to award the damages. **Value of the object of litigation:** PLN 145 833 223,66 **Initiation of the proceeding**: the lawsuit of June 3, 2015 **Company's position:** the Company considers the claims covered by the lawsuit as being without merit. In the course of the court proceedings under way, the plaintiff had expanded its claims five times. The case is pending in the first instance. In 2024, there had been no events in the pending proceedings.
4. **Plaintiff**: Amon **Defendant:** PEPKH	**Object of litigation**: a plea to declare the termination, by PEPKH, of the agreements related to the purchase of electricity and the property rights arising from the guarantees of origin of electricity null and void, and to award the damages. **Value of the object of litigation**: PLN 40 478 983.22 **Initiation of the proceeding**: the lawsuit of May 22, 2015 **Company's position:** the Company considers the claims covered by the lawsuit as being without merit. On July 25, 2019, the Regional Court in Gdańsk had issued a partial and preliminary ruling in the case in which the Court: had determined that PEPKH's statements on the termination of the long term agreements, concluded between PKH and Amon, for the purchase of electricity and the property rights arising from the guarantees of origin of electricity had been ineffective and had not produced any legal effects, such as the termination of both agreements, as a result of which these agreements, following the notice period, i.e. past April 30, 2015, shall continue to be in force with respect to all of their provisions and shall be binding for the parties, had determined that Amon's claim for the payment of the damages for a failure to perform the agreement had been justified in principle, however the Court did not determine the amount of the potential damages. PEPKH does not agree with the ruling and had filed an appeal complaint on October 25, 2019. On November 17, 2022, the Court of Appeals had dismissed PEPKH's appeal. The ruling of the Court of Appeals and, as a consequence, the above mentioned preliminary and partial rulings shall be legally binding, however, there is a possibility that a cassation appeal will be filed. These rulings do not award any damages to be paid by PEPKH to the plaintiff, i.e. Amon. PEPKH disagrees with the ruling of the Court of Appeals in its entirety, as well as it does not agree with the ruling of the Court of the First Instance. Having been served a written statement of reasons, PEPKH had filed a cassation appeal to the Supreme Court, which was received by the Supreme Court to be heard on September 26, 2023. The proceedings in front of the Supreme Court were suspended as a result of the joint request filed by the parties by way of the decision as of May 15, 2024. The preliminary and partial ruling is final (legally binding). On January 20, 2023, PEPKH had sent a letter to Amon in which it stated that it intended to comply with the above mentioned ruling and remained ready to perform its obligations and indicated that it expected the same readiness from Amon. Up to now, Amon has not, in spite of the summons, complied with the Court of Appeals' ruling, and as a consequence PEPKH has filed a lawsuit against Amon, as described in section 15 below.
5. **Plaintiff**: Amon **Defendant:** PEPKH	**Object of litigation:** a plea to determine awarding of the damages due to a failure to perform, by PEPKH, of the agreements related to the purchase of electricity and the property rights arising from the guarantees of origin of electricity (energy certificates). **Value of the object of litigation**: PLN 49 096 782.48 **Initiation of the proceeding**: August 20, 2019 **Company's position:** the Company considers the claims covered by the lawsuit as being without merit. On March 1, 2023, PEPKH had been served with an amendment to the lawsuit, in which Amon had claimed the payment of the amount of PLN 20 087 593.10, in addition to the amount of PLN 29 009 190 claimed in the lawsuit. In January 2021, the Court had suspended the proceedings pending the final determination with respect to Amon's claim referred to in section 12 above, and, in view of the Court of Appeals' ruling, the Court had resumed the suspended proceedings on January 30, 2023. The case is pending in the first instance.
6. **Plaintiff:** Talia **Defendant:** PEPKH	**Object of litigation**: a plea to declare the termination, by PEPKH, of the agreements related to the purchase of electricity and property rights arising from the guarantees of origin of electricity (energy certificates) null and void, and to award the damages. **Value of the object of litigation**: PLN 46 078 047.43 **Initiation of the proceeding**: the lawsuit of May 21, 2015 **Company's position:** the Company considers the claims covered by the lawsuit as being without merit. On March 6, 2020. the Regional Court in Gdańsk had issued a partial and preliminary ruling, supplemented by the court on September 8, 2020, in which the Court:

Parties to the proceedings	Description of the proceedings including the value of the object of litigation and the Company's position
	had determined that PEPKH's statements on the termination of the long term agreements, concluded between PEPKH and Talia, for the purchase of electricity and the property rights arising from the guarantees of origin of electricity (energy certificates) had been ineffective and had not produced any legal effects, such as the termination of both agreements, as a result of which these agreements, following the notice period, i.e. past April 30, 2015, shall continue to be in force with respect to all of their provisions and shall be binding for the parties, had determined that Talia's demand for the payment of the damages for a failure to perform the agreement had been justified in principle, however the Court did not determine the amount of the potential damages. On August 3, 2020, and on March 8, 2021, PEPKH had filed an appeal against the ruling (the preliminary one and the supplementary one) with the court. On December 20, 2021, the Court of Appeal in Gdańsk, had announced the ruling in which it had dismissed the appeal of PEPKH. The ruling of the Court of Appeals, and as a consequence the above mentioned preliminary and partial ruling as well as the supplementary ruling shall be final (legally binding). The rulings do not order that PEPKH should pay any damages to the plaintiff, i.e. Talia. PEPKH does not agree with the ruling of the Court of Appeals in its entirety, as well as with the rulings of the Court of the first instance. PEPKH had been served the statement of reason for the court judgment and had filed a cassation appeal. On February 28, 2023, the Supreme Court had accepted the cassation appeal to be heard. On September 29, 2023, a three member Supreme Court had held a closed session, no ruling had been issued and the proceedings had been adjourned without indicating a date for the resumption thereof. The proceedings in front of the Supreme Court were suspended as a result of the joint request filed by the parties by way of the decision as of December 18, 2024
7. **Plaintiff:** PEPKH **Defendant:** Amon	**Object of litigation:** a plea to determine awarding of the damages due to a failure to perform, by Amon, of the agreements related to the purchase of electricity and the payment of the liquidated damages under the agreement for the sale of the property rights arising from the guarantees of origin of electricity (energy certificates). **Value of the object of litigation**: PLN 61 576 284.89 **Initiation of the proceeding**: the lawsuit had been filed on March 31, 2023 The filing of the lawsuit by PEPKH was due to the fact that following the date of the issuance of the ruling by the Court of Appeals, i.e., after November 17, 2022, dismissing the appeal of PEPKH, as discussed in detail in section 12 above, Amon, in spite of PEPKH having issued the summons, has not fulfilled its obligation stemming from the final (legally binding) ruling by proceeding to perform the above mentioned agreements with PEPKH. The procedural issues are currently under way. The court has suspended the proceedings pending the hearing of the cassation appeal against the ruling of the second instance court, as mentioned in item 12.
8. **Plaintiff:** PEPKH **Defendant:** Talia	**Object of litigation:** a plea to determine awarding of the damages due to a failure to perform, by Talia, of the agreements related to the purchase of electricity and the payment of the liquidated damages under the agreement for the sale of the property rights arising from the guarantees of origin of electricity (energy certificates). **Value of the object of litigation**: PLN 75 334 631.53 **Initiation of the proceeding**: the lawsuit had been filed on December 28, 2023 The filing of the lawsuit by PEPKH had been due to the fact that following the date of the issuance of the ruling by the Court of Appeals, i.e., after December 20, 2021, dismissing the appeal of PEPKH, Talia, in spite of PEPKH having issued the summons, has not fulfilled its obligation stemming from the final (legally binding) ruling by proceeding to perform the above mentioned agreements with PEPKH. The procedural issues had been under way in 2024.

Other proceedings

Petitions of TAURON Sprzedaż for a change of the approved tariff

As of January 1, 2020, pursuant to the decision of the President of the Energy Regulatory Office (ERO) of December 17, 2019, the electricity tariff for the G tariff groups consumers had entered into force, resulting in an increase in the payments for the household consumers by 19.9% as compared to the payments incurred in the 2018 / 2019 time frame.

Due to the fact that the said decision had prevented TAURON Sprzedaż from passing on the justified costs of the activities related to the electricity trading, on January 8, 2020, TAURON Sprzedaż had submitted to the President of the Energy Regulatory Office (ERO) a petition for a change of the tariff approved for 2020, which had led to the initiating the administrative proceedings.

Due to the particularly complex nature of the case and the COVID-19 pandemic, the deadline for resolving the case had been set as July 29, 2020. By way of the decision of July 8, 2020, the President of the Energy Regulatory Office (ERO) did not approve the above mentioned change of the tariff.

In the opinion of TAURON Sprzedaż, the change of the decision to approve the tariff had been justified by the legitimate interest of the party and the provisions of the applicable law, stipulating that the tariff should ensure that the justified costs of the activities conducted by the Company are covered, while the decision approving the tariff, in the opinion of the Company, did not ensure this.

On July 30, 2020, TAURON Sprzedaż had filed an appeal to the Court of Competition and Consumer Protection in Warsaw, against the decision of the President of the Energy Regulatory Office (ERO) of July 8, 2020, motioning for an amendment of the challenged decision in its entirety by approving the electricity tariff in accordance with the petition of TAURON Sprzedaż or revoking the decision in its entirety and ruling that the decision had been issued in the violation of the law. The case is pending under the reference file number XVII AmE 242/20.

The Court of Competition and Consumer Protection Company, by way of its decision of July 28, 2022, had admitted the evidence in the form of the opinion of a court expert in the field of the energy market and accounting. The expert had prepared an opinion, which had been served on the Company's power of attorney representative on December

4, 2023. At a hearing on March 26, 2024, the court had dismissed the Company's claim against the President of the ERO. The Company had filed an appeal against the ruling.

Arbitration proceedings with ArcelorMittal group companies

On October 1, 2024, due to the lack of an agreement on the effectiveness of the serving of the statements regarding the acceptance of the offers to purchase the shares in TAMEH HOLDING, as described in more detail in section 2.6. of this report, TAURON had summoned AM Global Holding (the Lead Partner), AMP and AMLP, to an arbitration to resolve the dispute regarding the Lead Partner's failure to pay the sale price for the shares held by TAURON in the company TAMEH HOLDING.

The value of the subject of the dispute stands at PLN 598 098 090.30, with AMP and AMLP being jointly and severally liable along with the Lead Partner (Shareholder) for the payment of this amount.

The arbitration will be conducted in accordance with the rules set forth in the United Nations Commission on International Trade Law (UNCITRAL) Arbitration Rules 2021 by an ad hoc arbitral tribunal.

On October 30, 2024, TAURON received a response to the summons to the arbitration from the Lead Partner, AMP and AMLP regarding the resolution of the dispute mentioned above. In response to the summons, the Lead Partner filed a counterclaim, in which it demanded the payment by TAURON of PLN 598 098 090.30 plus the statutory interest for a late payment calculated (accrued) as of February 14, 2024 until the date of the payment of the price for the shares held by the Lead Partner (Shareholder) and AMP in TAMEH. In TAURON's opinion, the claims of the Lead Partner (Shareholder) are without merit. The proceedings are in their early stages

Lawsuit for the payment of compensation for mobbing alleged by a former employee

On August 8, 2024, a former TAURON employee had filed a lawsuit with the District Court in Katowice, in which she had demanded an award of PLN 1 500 000 000 plus the statutory interest calculated (accrued) as of August 8, 2024, until the date of the payment as a compensation for the mobbing during the employment relationship.

The Company had filed a response to the lawsuit, requesting that the claim be dismissed in its entirety as being without merit. In the Company's opinion, in particular on the basis of the legal opinion obtained, as well as taking into account the previous rulings (case law of the courts) issued in the similar cases, the probability of the amount of the compensation requested by the plaintiff if the claim is upheld being awarded is negligible. The Company will not set up a provision for this event.

Filing of the petitions to the Registry Court to revoke the legal effects of the decision to register the merger of TAURON Group's subsidiaries

As a result of the process of merging the subsidiaries completed in 2024, the merger of TAURON Zielona Energia (the acquiring company) with 10 limited partnerships (the acquired companies), for which, until the merger, TAURON Zielona Energia had been the sole limited partner holding almost 100% of all of their rights and obligations, was registered in the National Court Register (KRS) on July 1, 2024. As part of the legal actions involving the merger and a share capital increase of the TAURON Zielona Energia subsidiary, the Company identified an occurrence of a situation fulfilling the prerequisites of a material error, as referred to in article 84 of the Covil Code act of April 23, 1964, with regard to the share exchange parity.

As a result, the Company and the acquiring company, as well as the shareholders of the acquired companies, filed the relevant statements of will to waive themselves of the legal effects of the statements of will made earlier due to an error. The necessary further legal steps were also taken to bring about the annulment of the legal effects of the decision of the Registry Court related to the registration of the merger and the increase of the share capital of the TAURON Zielona Energia subsidiary, carried out on the basis of the legal actions burdened, in the opinion of the Company and the entities taking part in the merger, with an error, including, in particular, an appropriate petition to was filed to the Registry Court, and the Management Board of the acquiring company, acting pursuant to article 252 of the Code of Commercial Companies, brought a legal action to declare the resolution of the Extraordinary Meeting of the Shareholders (Partners) of the acquiring company related to the merger null and void. On February 4, 2025 (an event that took place after the balance sheet date), the Regional Court in Katowice issued a ruling declaring the resolution of the Extraordinary Meeting of the Shareholders of the TAURON Zielona Energia subsidiary related to the merger null and void, which became final (legally binding) as of February 22, 2025. Subsequently, a petition was filed with the National Court Register (KRS) to delete the merger retroactively as of July 1, 2024. In a decision dated March 21, 2025 (an event that took place after the balance sheet date), the National Court Register (KRS) deleted the merger entry in its entirety, as well as all of the entries of the changes made in connection with the merger.

The detailed information is provided in section 2.6. of this report.

11.2. Agreements that are material for TAURON Capital Group's operations

The agreements that had been material for the operations of TAURON Capital Group in 2024 and by the date of drawing up of this report are listed below.

Signing of the loan agreements with Bank Gospodarstwa Krajowego

On January 10, 2024, TAURON had entered into a loan agreement with Bank Gospodarstwa Krajowego (BGK) for the amount of PLN 750 million, with the funds from the loan to be used to cover the Group's expenses related to the financing or the refinancing of the expenditures in the renewable energy sources line of business and the outlays related to the development of the distribution grids. Under the loan agreement, TAURON will be able to make the drawdowns over a 2 year financing availability period. The loan agreement will be repaid in the years 2027 - 2032.

The interest rate on the funds made available under the loan agreement will be calculated based on a floating interest rate adequate for the given interest period, increased by a margin dependent on the performance related to the sustainable development rate, i.e. the rate of increasing the share of the renewable energy sources in TAURON Group's generation mix. The correctness of the sustainable development rate calculation will be confirmed by an independent auditor.

TAURON had disclosed the information on the above event in current report no. 5/2024 of January 10, 2024.

The loan has been drawn down in the amount of PLN 750 million.

On October 29 2024, TAURON had entered into a loan agreement with Bank Gospodarstwa Krajowego (BGK) for the amount of PLN 2 billion.

The funds drawn down under the loan agreement may be used to finance or refinance TAURON Group's expenditures related to the investment projects in the RES line of business, the development of the distribution grids, the construction of the energy storage facilities and the investment projects related to the heat line of business (with respect to replacing of the hard coal based heat sources with the zero emission (carbon) and the low emission (carbon) sources). In accordance with the loan agreement, as of the date of the conclusion thereof, TAURON will be able to draw down the funds in the amount of PLN 1 billion (Tranche A) after the standard precedent conditions for this type of financing have been met. The remaining funds, in the amount of PLN 1 billion (Tranche B), will be available at TAURON's request within 12 months from the date of concluding the loan agreement.

The interest rate on the funds made available under the loan agreement will be calculated on the basis of a variable interest rate appropriate for the interest period in question, plus a margin that will depend on the fulfillment of the sustainable development indicator, i.e. the indicator reflecting an increase of the share of the RES in TAURON Group's power generation structure. The correctness of the calculation of the sustainability indicator will be confirmed by an independent auditor. As part of Tranche A and Tranche B, TAURON will be able to draw down the funds within the two year funds availability period. The loan will be repaid in installments, over a period of 8 years from the date of the availability of a given tranche of the loan.

TAURON had disclosed the information on the above event in current reports no. 56/2024 of October 29, 2024, and no. 9/2025 of March 17, 2025.

As of the date of the publishing of this report, the loan has not been drawn down.

Setting up of a bond issuance program

On September 19, 2024, TAURON had entered into a Program Agreement (Program Agreement) with Bank Polska Kasa Opieki S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Santander Bank Polska S.A., pursuant to which a bond issuance program (Program) had been set up.

As part of the Program, TAURON has an option to issue bonds linked to the sustainable development indicators, or the so-called green bonds, up to a maximum amount of PLN 3 billion, with the value of the issue and the type of the bonds issued to be determined each time the decision to go ahead with the issue is made.

Any bonds issued as part of the Program will be issued pursuant to the Act on Bonds of January 15, 2015. The procedures applied when offering the bonds as part of the Program will not involve an obligation to draft a prospectus. The bonds will be offered in the form of the dematerialized, unsecured bearer securities, denominated in PLN, with a maturity date of not less than 5 years. TAURON's intention is to introduce the bonds to the trading and listing in the Catalyst alternative trading system operated by the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.).

The funds raised through the bond issue will support the implementation of TAURON Capital Group's energy transition and will be used to finance and refinance its expenditures in line with the European taxonomy.

The funds raised through the bond issue will support the implementation of TAURON Capital Group's energy transition and will be used to finance and refinance its expenditures in line with the European taxonomy.

The detailed terms and conditions of the bond issue, including the type of the bonds to be issued, the maturity date, as well as the interest rate and the interest payment method, will be determined for each series of the bonds to be issued.

Due to the market circumstances and as a result of the analyses completed, TAURON had not decided to carry out the transaction in 2024. A failure to carry out the issuance in 2024, does not close the possibility of carrying it out

on the basis of the Program Agreement at another time, in the format of the bonds linked to the sustainable development indicators (metrics) or the so-called green bonds. The final decisions on the individual bond issues as part of the Program will be approved based on the relevant corporate approvals of TAURON and will depend on market conditions.

TAURON had disclosed the information on the above event in current report no. 53/2024 of September 19, 2024

As of the date of the drawing up of this report, the bond issue has not been carried out.

Signing of the syndicated loan agreement

On October 29, 2024, a syndicated loan agreement for the amount of PLN 900 million had been signed between TAURON as the borrower and Powszechna Kasa Oszczędności Bank Polski S.A. and Industrial and Commercial Bank of China (Europe) S.A. Oddział w Polsce (Branch in Poland) as the lenders.

The funds drawn down under the loan agreement will be used to finance or refinance TAURON Group's expenditures related to the investment projects in the RES line of business (also including the expenditures related to the acquisition of the companies implementing projects in the area of RES), in compliance with the Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020, on the establishment of a framework to facilitate sustainable investments (EU Taxonomy). In accordance with the loan agreement, TAURON will be able to draw down the funds after the standard conditions precedent for this type of financing have been met. The loan will be repaid within 5 years from the date of the conclusion of the loan agreement, although the repayment term may be extended to a maximum of 7 years. The interest rate on the funds made available under the loan agreement will be calculated on the basis of a variable interest rate appropriate for the interest period in question, plus a margin that will depend on the meeting of the sustainable development indicators, i.e. the emission reduction rate and the rate of increasing the share of RES in TAURON Group's power generation mix structure. An independent auditor will confirm the accuracy of the sustainable development indicators' calculations. The correctness of the calculation of the sustainability indicators will be confirmed by an independent auditor.

TAURON had disclosed the information on the above event in current report no. 57/2024 of October 29, 2024.

The loan had been drawn down in 2024 in the amount of PLN 900 million.

Signing of the loan agreement with Bank Gospodarstwa Krajowego

On December 17, 2024, a loan agreement worth PLN 11 billion had been signed between TAURON and BGK from the funds of the National Recovery and Resilience Plan (under Investment G3.1.4 Energy Support Fund) (Loan Agreement). A resolution to approve the Loan Agreement had been adopted by the Company's Management Board on December 16, 2024.

The funds drawn under the Loan Agreement will be used solely to finance the eligible expenditures incurred by TAURON's subsidiary, i.e. TAURON Dystrybucja, for the development and adaptation of the power grid to the needs of the energy transition and climate change (Project).

The funds made available under the Loan Agreement will bear interest at a fixed rate of 0.5% per annum. The loan is scheduled to be repaid in 2034 - 2049, in the semi annual installments (the final repayment deadline is 25 years from the date of concluding of the Loan Agreement).

The funds from the Loan Agreement will be disbursed to TAURON successively, based on the disbursement requests submitted by TAURON (no more often than once a month), as the Project is implemented, but no later than December 20, 2036, and up to the amount of the funds transferred to BGK for this purpose by the minister in charge of the climate and environment, acting, in the case of Investment G3.1.4, as the Institution Responsible for the Implementation of the Investment Project, within the meaning of Article 14la, clause 1 of the Act of December 6, 2006, on the Principles of Conducting the Development Policy.

The Loan is granted from the funds of Investment G3.1.4 from the National Recovery Plan the *Support of the National Energy System (Energy Support Fund)* in accordance with the *Rules of Application for Power Grid Loans granted by BGK*. In accordance with the Loan Agreement, the amount of financing may be subject to an increase.

TAURON had disclosed the information on the above event in current reports no. 64/2024 and no. 65/2024 of December 17, 2024.

As of the date of the drawing up of this report, the loan has been drawn down in the total amount of PLN 370 million.

Change in the availability date of the syndicated loan agreement

In accordance with the information obtained from the loan agent, the deadline for the availability of the financing under the PLN 4 billion syndicated loan agreement concluded between the Company as the borrower and Powszechna Kasa Oszczędności Bank Polski S.A., Bank Polska Kasa Opieki S.A., CaixaBank S.A. (Joint Stock Company) Branch in Poland (Oddział w Polsce), Bank Handlowy w Warszawie S.A., Erste Group Bank AG, Industrial and Commercial Bank of China (Europe) S.A. Branch in Poland (Oddział w Polsce), Santander Bank Polska S.A. and China Construction Bank (Europe) S.A. Branch in Poland as the lenders. Thus, TAURON took advantage of the possibility of extending the financing period provided for in this agreement, and the final deadline for the availability of the financing was extended by 1 year, i.e. until November 22, 2028.

The funds from the syndicated loan are intended to finance TAURON Group's capital expenditures (with the exclusion of the financing of any projects related to the hard coal assets) and to finance TAURON Group's general corporate expenditures (with the exclusion of the expenditures related to the hard coal assets). Under the syndicated loan agreement, the Company may make multiple drawdowns of the loan tranches during the funding availability period. The interest rate on the funds made available under the syndicated loan agreement is calculated based on a variable interest rate appropriate for the interest period in question, plus a margin that depends on the meeting of the sustainable development indicators, i.e. the emission reduction rate and the rate of increasing the share of the renewable energy sources in TAURON Group's generation mix structure, the correctness of the calculations of which is to be confirmed by an independent auditor.

TAURON had disclosed the information on the above event in current reports no. 64/2024 and no. 65/2024 of December 17, 2024.

11.3. Transactions with related entities on terms other than at arm's length

All of the transactions with the related entities are concluded at arm's length.

The detailed information on the transactions with the related entities is provided in note 57 to the Consolidated Financial Statements of TAURON Capital Group.

11.4. Concluded and terminated credit and loan agreements

TAURON had entered into the following credit and loan agreements in 2024:

1. on January 10, 2024, for the amount of PLN 750 million, with a repayment date of January 10, 2032,
2. on October 29, 2024, for the amount of PLN 2 billion, with a repayment term of 8 years from the date the given tranche is made available,
3. on October 29, 2024, for the amount of PLN 900 million, with a repayment date of October 29, 2029,
4. on December 17, 2024, for the amount of PLN 11 billion, with a repayment date of December 17, 2029.

The detailed information related to the above mentioned agreements is provided in section 11.2. of this report.

In addition, in 2024, as part of the financing of its ongoing operations, the Company entered into an annex to the overdraft agreement up to the amount of PLN 500 million, extending the term of the agreement until October 1, 2027, and an agreement for the operation of a cash pool management system with an overdraft facility of up to PLN 350 million and an intraday loan of up to PLN 350 million, with an effective agreement term from December 7, 2024 to December 6, 2027.

In 2024, the loan agreements had been concluded with the National Fund for Environmental Protection and Water Management by:

1. TAURON Zielona Energia up to PLN 141 million, with a repayment deadline of September 30, 2038, to co-finance the construction of the Bałków photovoltaic farm - 54 MW,
2. TAURON Inwestycje up to the amount of PLN 10 million, with a repayment deadline of March 31, 2040, to co-finance the project "Recycling, Electromobility, Energy Storage - the second life of the RES2LIFE electric vehicle batteries".

The interest rate on the above mentioned credits and loans obtained in 2024, with the exception of the PLN 11 billion loan dated December 17, 2024, is calculated based on a floating interest rate (i.e., the relevant WIBOR index) and a fixed margin. The PLN 11 billion loan carries a fixed interest rate of 0.5% per annum.

The intra-group loan agreements had been entered at TAURON Group in 2024.

The information is presented in section 11.5. of this report.

TAURON Capital Group's other subsidiaries had not entered into any credit or loan agreements in 2024.

TAURON Capital Group's subsidiaries had not terminated any credit and loan agreements in 2024, as well as no credit and loan agreements of such subsidiaries had been terminated in 2024.

11.5. Loans and sureties granted as well as sureties and guarantees received

Loans granted

TAURON provided the financing to the following subsidiaries in the form of the intra-group loans with a fixed interest rate in 2024:

1. AE Energy 7 up to the amount of PLN 191 million to be used to finance the capital expenditures with a repayment deadline in 2027 - 2032, and up to the amount of PLN 34 million to be used to finance the VAT tax with a repayment deadline of April 30, 2026,
2. TAURON Dystrybucja up to the amount of PLN 300 million and PLN 200 million with the repayment deadlines by June 27, 2029, and August 27, 2029, respectively,
3. Finadvice Poland 1 up to the amount of PLN 1 290 million to be used to finance the capital expenditures with a repayment deadline in 2028 – 2038, and up to the amount of PLN 371 million to be used to finance the VAT tax with a repayment deadline of February 29, 2028.

As of December 31, 2024, the total nominal amount of the intra-group loans granted to the subsidiaries had clocked in at PLN 13 812 million.

Apart from the above mentioned loans, the Company had not extended any other intra-group loans in 2024.

TAURON had continued the financing, in the form of the loans, of the co-subsidiary EC Stalowa Wola in 2024, and the total nominal amount of such loans had come in at PLN 532 million as of December 31, 2024.

TAURON Zielona Energia had granted the loans in the total amount of PLN 263 million to the special purpose vehicles carrying out the investment projects in the renewable energy sources line of business in 2024.

TAURON Capital Group's other subsidiaries had not extended any loans in 2024.

Sureties and guarantees granted

In 2024 TAURON had granted:

1. a surety to the amount of PLN 54 million for the liabilities of EC Stalowa Wola to BGK resulting from the loan agreement granted in 2018. As of the date of this report, the value of TAURON's surety was PLN 20 million,
2. a surety up to the amount of PLN 212 million for the liabilities of TAURON Zielona Energia to the National Fund for Environmental Protection and Water Management resulting from the granted subsidy in the form of a loan. The surety is valid until 6 months after the loan repayment date and is reduced in accordance with the repayment of the loan exposure,
3. corporate guarantee for contractual obligations of Finadvice Poland 1 up to the amount of EUR 270 million. The guarantee is valid until May 19, 2027 and is reduced in accordance with the payments made by Finadvice Poland 1. As of December 31, 2024, the amount of the corporate guarantee was PLN 1,153 million,
4. sureties for the obligations of special purpose companies dedicated to the construction of battery energy storage projects up to a total amount of PLN 7 million, as required under the Power Market Act. The sureties are valid until December 31, 2035..

In 2024, TAURON Zielona Energia had granted the guarantees (sureties) for the trade liabilities of the special purpose vehicles carrying out the investment projects in the renewable energy sources line of business, to the third parties, i.e.:

1. a surety for AE Energy 7 in the amount of PLN 256 million with an effective term until December 31, 2025,
2. a corporate guarantee for Finadvice Polska 1 up to the amount of PLN 601 million with an effective term until October 15, 2027.

In addition, in 2024, TAURON had entered into an annex to the surety granted to TAURON Sprzedaż for the trade liabilities. The surety for the amount of up to PLN 28 million is in effect until April 30, 2025.

As of December 31, 2024, the total nominal amount of the sureties and the corporate guaranties granted by TAURON had come in at PLN 2 167 million.

The amount of the guaranties (bonds) and the sureties granted by TAURON Zielona Energia for the liabilities of the special purpose vehicles carrying out the investment projects in the renewable energy sources line of business, as of December 31, 2024, had stood at PLN 875 million.

In addition, in 2024, TAURON entered into the framework (master) agreements for the bank guarantees (bonds) with a promised limit of up to the total amount of PLN 575 million and a non promised limit of up to the amount of PLN 400 million.

In 2024, as part of the framework (master) agreements in force, the bank guarantees (bonds) had been issued at the instruction of TAURON for the liabilities of TAURON Capital Group's subsidiaries and the related companies. As of December 31, 2024, the amount of the bank guarantees (bonds) in effect, issued at the instruction of TAURON, had clocked in at PLN 490 million.

In addition, the bank guarantees granted at the instruction of TAURON Czech Energy had been in effect in 2024 and, as of December 31, 2024, they amounted to a total of PLN 19 million (CZK 65 million and EUR 1.9 million).

TAURON Group's subsidiaries had not granted other sureties or guarantees apart from the above mentioned ones in 2024.

After the balance sheet date TAURON:

1. lifted, to the amount of PLN 64 million, a surety for EC Stalowa Wola's liabilities towards BGK stemming from the agreement for the loan extended in 2018. The amendment to the surety is effective for the period from March 12, 2025, to March 11, 2026,
2. entered into an annex to the corporate guarantee issued to ČEZ a.s. as a collateral for the obligations of its subsidiary TAURON Czech Energy, pursuant to which the effective term of the guarantee was extended until January 31, 2027, and the amount of the guarantee was reduced to EUR 2 million,

3. entered into an annex extending the effective term of the guarantee for the trade liabilities of TAURON Sprzedaż until April 30, 2026.

The material information related to the sureties and guarantees (bonds) granted is provided in note 56 to the Consolidated Financial Statements of TAURON Capital Group and in notes 40 and 41 to the Financial Statements of TAURON.

Sureties and guarantees received

As of December 31, 2024, the Company and its subsidiaries had held the transaction collaterals (securities, sureties) received from the counterparties (contractors) in the form of the guarantees (bonds) granted to TAURON Capital Group's subsidiaries, the bills of exchange (promissory notes) issued by the counterparties (contractors), as well as the corporate guarantees. The most material collaterals granted to TAURON Capital Group's subsidiaries had been related to the promissory notes (bills of exchange) issued in favor of TAURON, in connection with the loans granted to the EC Stalowa Wola subsidiary, and the corporate guarantee granted by an external entity for the benefit of the subsidiary Finadvice Polska 1 Sp. z o.o. (Ltd.).

11.6. Other information that could be material for the evaluation of TAURON Capital Group's personnel, assets, financial position, financial result and the changes thereof, as well as the information that could be material for the evaluation of the ability of TAURON Capital Group to meet its obligations

In September 2024, as a result of the heavy rainfall, the floods had occurred in the southwestern area of Poland, and they had caused damage to the power infrastructure owned by TAURON Group's subsidiaries, with the assets of TAURON Dystrybucja and TAURON Ekoenergia having been most materially affected. The damage suffered by TAURON Dystrybucja had included, first and foremost, the destruction and damage to the low-, medium- and high voltage power lines and substations, as well as the flooded administrative buildings where the company's own support services personnel and administrative staff had been located. As far as TAURON Ekoenergia is concerned, the effects of the flood include, first of all, the flooding and the inundated buildings and the technical equipment at the subsidiary's hydroelectric power plants, as well as damage to the access roads to some of the facilities.

TAURON Dystrybucja has engaged considerable human, equipment and material resources and ensured the support of the contractors in order to rebuild the damaged grid,. For the most part, the flood damaged power grid has been rebuilt, however, a temporary power supply has been provided in the areas where the communications infrastructure was destroyed. The operating expenses related to the flood recovery came in at PLN 13 million. Following the reconstruction of the road infrastructure and other public places, it is planned that the capital expenditures for the reconstruction of the power lines at the target locations will be incurred. Further outlays will also be made in the coming years on the construction and reconstruction of the grid assets, including the alterations in order to improve the safety of the grid in the future, which the company estimated at a minimum of PLN 60 million.

With respect to the damaged assets, TAURON Ekoenergia carried out work aimed at assessing the damage caused by the flood and began its efforts aimed at fixing the effects of the flood. The company estimated that in order to rectify the effects of the flood, the costs at the level of PLN 45 million will be incurred (including mainly the costs of the construction and repair services) and the capital expenditures at the level of PLN 4 million will be made.

12. TAURON Group's sustainable reporting

General information

12.1. Basis for preparing sustainability reporting (BP-1, BP-2)

ESRS 2 BP-1

The presented sustainable reporting contains data and indicators (metrics) regarding TAURON Capital Group, as well as TAURON Polska Energia, which is the parent company in TAURON Group. The report includes the information and data for the period from January 1, 2024, to December 31, 2024.

The reporting has been prepared taking into account the following guidelines and regulations:

1. Act of September 29, 1994, on accounting, Journal of Laws of 1994 no. 121, item 591 – the Act transposes the provisions of Directive (EU) 2022 / 2464 of the European Parliament and of the Council of December 14, 2022, amending Regulation (EU) No. 537 / 2014, Directive 2004 / 109 / EC, Directive 2006 / 43 / EC and Directive 2013 / 34 / EU with regard to corporate sustainability reporting (hereinafter referred to as: the CSRD Directive),
2. Commission Delegated Regulation (EU) 2023 / 2772 of July 31, 2023, supplementing Directive 2013 / 34 / EU of the European Parliament and of the Council with regard to sustainability reporting standards – (hereinafter referred to as the ESRS Standards),
3. Regulation (EU) 2020 / 852 of the European Parliament and of the Council of June 18, 2020, on establishing a framework to facilitate sustainable investment, amending Regulation (EU) 2019 / 2088,

The scope of the consolidation in this report is the same as in the case of the consolidated financial statements for 2024. The document does not include the entities over which TAURON Group does not have control, including the companies: Elektrociepłownia Stalowa Wola S.A. (Joint Stock Company) and Tameh Holding Sp. z o.o. (Ltd.). These are entities consolidated using the equity method, in which no risks other than those related to TAURON Group have been identified. The analysis of the risks conducted as part of the double materiality assessment is complete and adequate for the entities indicated.

The information presented in this report applies to TAURON Group's upstream and downstream value chain - it is related both to the generation and purchase of the products and the intermediate products (upstream) as well as to the supply and distribution of electricity and heat and the Group's products (downstream).

In the sustainability report, TAURON Group does not provide any information related to the intellectual property, know-how or the results of the innovations, or regarding any expected events or the matters that are the subject of the negotiations that are under way.

ESRS 2 BP-2

TAURON Group's 2024 Sustainability Report has been subjected to an attestation service conducted by Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp.k.

For the purpose of describing the processes used to identify and assess material impacts, risks and opportunities (IRO), this report adopts the time horizons set out in ESRS 1 Section 6.4. In contrast, in the case of the other disclosures, the medium and long term horizons have been changed due to the different time horizons set out in TAURON Group's Strategy:

1. Short term horizon – in line with ESRS 1 Section 6.4.,
2. Medium term horizon – until 2030,
3. Long term horizon – 2035 – 2040 (depending on the type of strategic objectives).

Upstream or downstream value chain metrics estimated using indirect sources include a disclosure requirement for ESRS Standard E1-6 - Gross Scope 1, 2 and 3 GHG emissions. They apply to the calculation in Scope 1 GHG emissions (for the portion related to transportation in own operations) in Scope 2 (location-based method) and in Scope 3 under the categories: 1 - purchased goods and services, 2 - capital goods, 4 - upstream, transportation and distribution (of materials), 5 - waste generated by operations, 6 - business travel, 7 - employee commuting, 8 - upstream leased assets, 9 - downstream, transportation and distribution (of materials), 11 - use of sold products. The calculations of the above GHG emissions are based on indirect sources such as capital expenditures (PLN), GHG emission factors (from databases) and survey data. The detailed information on the GHG emission calculation methodology and estimation methods using indirect sources are presented in the individual thematic subsections.

Metrics involving upstream or downstream value chain data estimated using indirect sources, such as sector average data or other proxies, are described under ESRS requirement E1-6.

Planned measures for improving accuracy in future disclosures include striving for an effective direct data acquisition from suppliers of materials and services, and continuing to use recognized databases referenced to the geographic region of business operations in TAURON Group's value chain. TAURON Group is also planning to continue dialogues with suppliers, customers and other stakeholders in order to obtain comprehensive actual data and reduce the use of estimates.

The majority of the metrics used in this report are based on actual data, which was obtained from direct sources. Where access to the complete actual data was limited, estimates were used in order to ensure the completeness of the reported information. To this end, the best available methods and sectoral practices were used. The metric estimated based on indirect sources is Scope 2 and 3 GHG emissions. The methodology for calculating this metric is explained in section E1-6 of this report.

The main change in the preparation and presentation of sustainability information as compared to the previous reporting period is the new formula and scope of disclosures, in particular the qualitative disclosures resulting from the application of the new reporting standard based on the ESRS requirements. Hence, the data disclosed in the current reporting period will be the baseline for disclosures in the subsequent years based on the ESRS standard.

With respect to selected aspects, especially in terms of qualitative aggregate data for TAURON Group, no major differences in the presentation of useful information were identified. The business model of operations and the scope of TAURON Group's consolidated subsidiaries did not undergo any fundamental changes that could affect the evaluation and comparability of results. As a result of the presentation of TAURON Group's new Strategy, the values of the goals for the future changed, including a major acceleration of the goal of achieving climate neutrality in 2040 (previously this goal had been for 2050).

The adjusted comparative figures for the current and previous reporting period relate to disclosures for the EU Environmental Taxonomy. *The details of the adjustments are presented in section 12.10 Compliance with the Environmental Taxonomy (results of the EU Taxonomy compliance assessment) of this report.*

The differences between the value disclosed in the previous period and the adjusted comparative value for the previous reporting period (for 2023) are presented collectively in the disclosure tables presented *in section 12.10 (subsection: results of the EU Taxonomy compliance assessment) of this report.*

This is TAURON Group's first report prepared based on the ESRS standards, and as a result, other than the above mentioned differences with respect to the Environmental Taxonomy, the Group does not report any material changes in the preparation or presentation of the Sustainability Report. The Group also does not identify any errors from previous periods.

The following table lists the information that is incorporated into the sustainability report by reference.

Table no. 75 List of the information that is incorporated into the sustainability report by reference

ESRS	Disclosure requirement	Full name of the disclosure requirement	Source that contains the information
ESRS 2	SBM-1 §40 (a) i., iv.	Description of significant groups of products or services offered, products and services that are banned in certain markets	2.1. Core products, goods and services
	SBM-1 §40 (a) ii.	Description of significant markets or customer groups served	2.2. Market and supply sources
	SBM-1 §40 (b) – (c)	Breakdown of total revenues, according to the financial statements, by significant ESRS sectors and a list of additional significant ESRS sectors	5.3. TAURON Capital Group's financial results by Segments of operations
	SBM-1 §40 (d)	A statement indicating, with related revenues, that the entity is engaged in activities related to the fossil fuel sector, chemical production, controversial weapons, and tobacco cultivation and production	1.1. General information
	GOV-1 §21 (a) – (e)	Information on the composition of the Management Board and the Supervisory Board of the entity and the diversity of the members of these bodies	9.11. Management Board and Supervisory Board of TAURON Polska Energia S.A. and their committees
	GOV-3 §29 (a) – (e)	Include sustainability related outcomes in the incentive system	10. Policy of the compensation for the Members of the Management Board and the Supervisory Board

12.2. Governance structure (GOV-1)

ESRS 2 GOV-1 §21 (a) – (e)

Disclosure on the composition of the Management Board and the Supervisory Board and the diversity of these bodies is incorporated by reference into section 9.11. of this report.

12.3. Sustainability management

(GOV-1, GOV-2) Management structure of the ESG topics at Tauron Group

Responsibility for the sustainability area

ESRS 2 GOV-1, ESRS 2 GOV-2

Amendments to the *Regulations of the Management Board of TAURON Polska Energia S.A., Regulations of the Supervisory Board of TAURON Polska Energia S.A.* and the *Regulations of the Audit Committee of the Supervisory Board of TAURON Polska Energia S.A.* were adopted in 2024, including the assignment of specific roles, responsibilities and competencies to the Company's bodies with respect to the sustainability issues. Since 2021, there has also been an ESG Committee established by the Management Board of the Company, which engages the Group's top management in managing of the activities focused on environmental and climate protection, society and the highest standards of corporate governance.

The Company is implementing a process for managing risks occurring in TAURON Group's operations. *The detailed information on the risk management system is presented in section 3.1. of this report.* TAURON's Director in Charge of Risk periodically submits a risk report to the Risk Committee and the members of the Management Board of the Company. The identified and reported risks covered by the ERM system largely overlap with the material risks and opportunities identified at TAURON Group through the dual materiality assessment process. The material risks and opportunities not covered by the ERM system are being analyzed for inclusion in the Group's risk management process. TAURON Group’s risk management is supported by a system of control and internal audit. TAURON Group is planning to expand the scope of reporting to the top management to include full information on the material IROs. At the end of 2024, the *Regulations of the Audit Committee of the Supervisory Board of TAURON Polska Energia S.A.* were updated and it was specified that one of its tasks is to monitor the effectiveness of the internal control, risk management, compliance and internal audit systems, in particular with regard to the Capital Group’s financial reporting and sustainability reporting.

Supervisory Board of the Company

Overseeing and validating strategic objectives taking into account the sustainability goals.

One of the roles of the Supervisory Board of the Company is to oversee the implementation of the goals set out in TAURON Group’s Strategy, with a particular focus on the sustainability goals. Within the scope of its competencies, the Supervisory Board reviews the Management Report on TAURON Group's operations taking into account the sustainability reporting and the results of the double materiality assessment, including the material sub-topics arising from the assessment of the impacts, risks and opportunities (IRO). On an annual basis, the Supervisory Board will review the opinion of employee representatives represented by TAURON Group’s Social Council on the sustainability issues of importance to employees, including the environmental, social and governance aspects. In addition, the Supervisory Board has the authority to give its opinion on the transition plan for climate change mitigation.

Audit Committee

Monitoring and evaluation of the sustainability reporting process.

The role of the Audit Committee with respect to sustainability is, first and foremost, to monitor TAURON Group's sustainability reporting process, including the compliance with the electronic reporting requirements, monitoring of the effectiveness of the internal control, risk management, compliance and internal audit systems for sustainability reporting, as well as the audit firm's attestation of the sustainability reporting. In carrying out its tasks, the Audit Committee is guided by, among other things, the regulations on the sustainability reporting standards. The Audit Committee's responsibilities also include the development of a *Policy for the Selection of the Audit Firm to Perform Sustainability Reporting Attestation and a Policy for the Provision of Permitted Non-Sustainability Reporting Attestation Services by the Audit Firm Performing Sustainability Reporting Attestation, by the Audit Firm’s Related Entities and by a Member of the Audit Firm's Corporate Network*, informing the Supervisory Board of the results of the attestation and the Audit Committee's role in the process, as well as submitting recommendations to ensure the integrity of the sustainability reporting process. In addition, as part of the meetings of the Audit Committee, the meetings are held with the auditors performing attestation of sustainability reporting.

Strategy Committee

Monitoring and evaluation of TAURON Group’s Strategy.

The Strategy Committee evaluates TAURON Group’s Strategy, including the sustainability goals contained therein and the impact of the planned and ongoing strategic investments on the Company's assets. In addition, the Strategy Committee's tasks also include monitoring the implementation of the strategic investment projects and providing opinions on the documents of a strategic nature.

Management Board

Strategic management of sustainability.

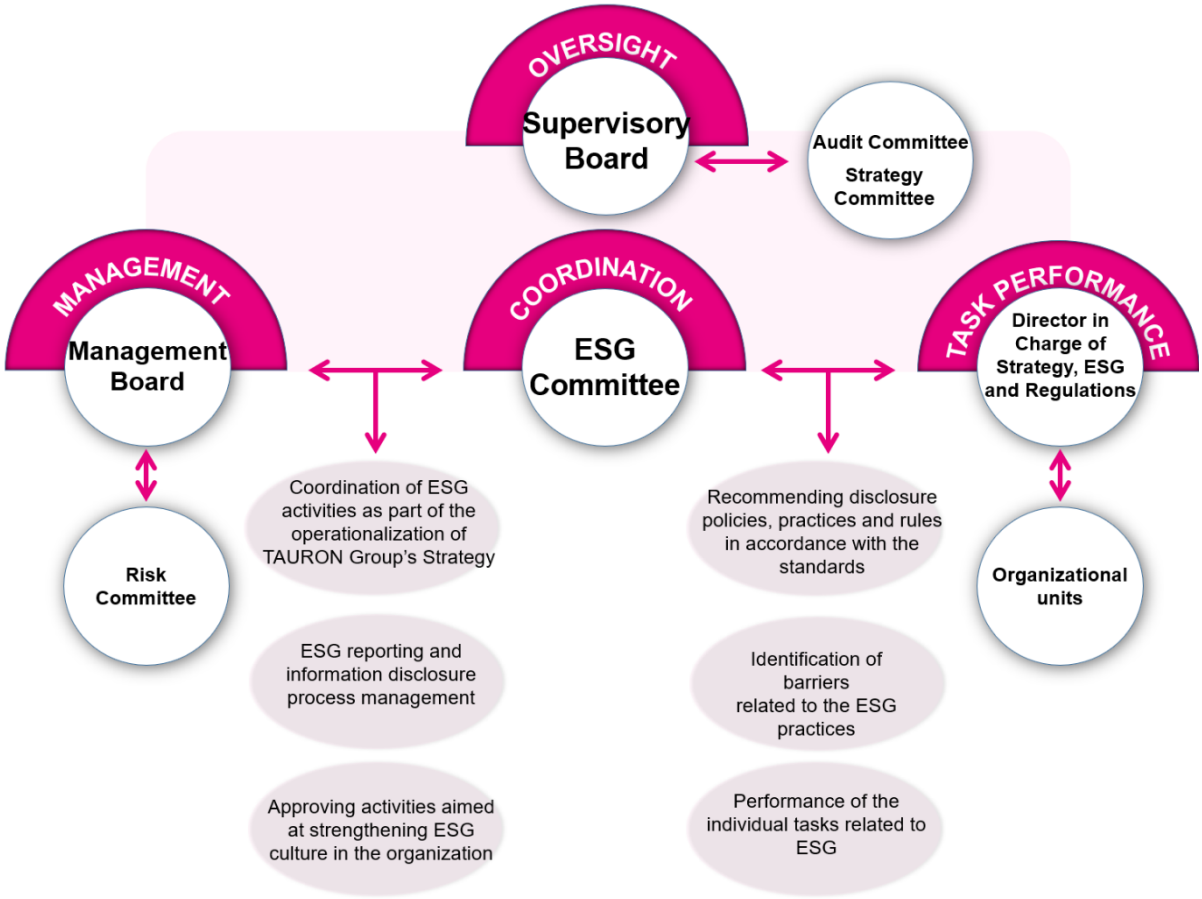
In performing their duties, the Members of the Management Board of the Company are guided by the sustainability standards and principles. The main responsibilities of the Management Board include adopting TAURON Group's corporate strategy, adopting sustainability reporting, approving the results of the double materiality assessment, including the material sub-topics arising from the assessment of the impacts, risks and opportunities (IRO), approving the transition plan for climate change mitigation, and consulting with employee representatives represented by TAURON Group's Social Council on the sustainability issues of importance to employees. The Management Board also establishes the committees operating within TAURON Group's structures, including the ESG Committee, and adopts policies focused on sustainability.

ESG Committee

Coordination of the implementation of the ESG activities.

The role of the ESG Committee is, first and foremost, to create, disseminate and oversee TAURON Group's approach to the sustainability topics and to ensure consistency of TAURON Group's Strategy with these topics. Environmental, social responsibility and corporate governance topics are very important for TAURON Group, and the Group's top management is empowered to manage them. The President of the Management Board of the Company is the Chair of the ESG Committee, while the Vice President of the Management Board of the Company for Asset Management and Development is the Vice Chair of the ESG Committee. The composition of the ESG Committee indicates how broad a range of topics the Committee is dealing with. The diagram showing the structure of the management of the ESG topics at TAURON Group is presented in the figure below.

Figure no. 47 Structure of the management of the ESG topics at Tauron Group



The Management Board is responsible for managing the company and setting the direction of TAURON Group's activities, including the achievement of the long term goals set, in accordance with the adopted strategy assuming the sustainable development of the Group. The ESG decisions taken are in line with best practice, stakeholder expectations and the best knowledge

The detailed tasks of the ESG Committee include:

1. coordinating the operationalization of TAURON Group's Strategy with regard to the ESG topics by recommending the information disclosure policies, practices and rules in line with the sustainability reporting standards, implementing of the ESG principles at TAURON Group's subsidiaries during the preparation and the implementation of the investment, reorganization, research and development, social and other projects,

2. identifying and analyzing the organizational barriers related to the implementation of the ESG best practice taking into account the conditions of TAURON Group's business operations,
3. overseeing TAURON Group's reporting and information disclosures with respect to the ESG topics in accordance with the legal regulations and the best practice,
4. monitoring the trends and analyzing the ESG issues that may have an impact on the Group's business operations and making recommendations on the ESG targets, metrics and procedures.

The following figure shows the composition of the ESG Committee including the organizational units with a key role for the efficient management of the sustainability topics.

Figure no. 48 Organizational units that are a part of TAURON Group's ESG Committee



Risk Committee

Management of material risks and opportunities.

The Risk Committee, is an expert team that sets guidelines for risk management at TAURON Group and oversees the effectiveness of the ERM system and the global risk exposure. *The detailed description of the main features of the risk management system is provided in section 3 of this report.*

The risks that are covered by the ERM system largely address the material risks and opportunities identified in the double materiality assessment process. The information on the key risks and opportunities is reported periodically to the Management Board of the Company, the Audit Committee of the Supervisory Board and the Supervisory Board.

Director in charge of Strategy, ESG and Regulations

Ongoing sustainability management.

The main tasks of the Director in charge of Strategy, ESG and Regulatory Affairs include, first and foremost, managing and overseeing all of the issues related to the development, monitoring and implementation of TAURON Group's expansion strategy, including with respect to sustainability. In addition, developing standards and guidelines for the ESG reporting and overseeing the ESG reporting process, including the work related to the preparation of the sustainability report for the completed financial year, is also an important task. The scope of tasks also includes proposing directions of and overseeing TAURON Group's approach to the sustainability topics, implementing and monitoring sustainability aspects.

Flow of information on sustainability topics

The Members of the Supervisory Board oversee all of the topics related to sustainability and they are kept up to date on the progress and results of work on the individual strategic projects that are also related to the ESG topics.

The meetings of the Supervisory Board are held as required based on the current needs and the number of matters that require a discussion and decisions to be made. The frequency of the meetings is aligned with the dynamics of the company's operations and the urgency of the issues to be discussed, including those related to sustainability.

During the weekly meetings, the Management Board of the Company discusses, among other things, the topics related to sustainability. In 2024, during the meetings, the Members of the Management Board of the Company had been informed by the relevant substantive areas, among other things, on such issues as:

1. statuses and proposals for the implementation of the RES investment projects (including the expansion of a portfolio of photovoltaic and wind farms),
2. decarbonization and the heat line of business expansion plan,
3. plan for the projects in the area of corporate social responsibility (CSR),
4. accident rate at TAURON Group,
5. customer service model,
6. activities aimed at providing support for the flood victims in connection with the introduction of the state of natural disaster in the area covering parts of the Lower Silesian, Opole and Silesian Voivodeships,
7. sponsoring activities and marketing services,
8. compliance plan and procedures for reporting irregularities (whistleblowing procedures),
9. principles contained in the Best Practice of the WSE Listed Companies 2021.

The Management Board of the Company, when discussing at its meetings items related to the sustainability topics, sustainable investment projects, environmental, human, work safety and corporate governance issues, oversight of the implementation of TAURON Group's business Strategy and decision making regarding major transactions, also analyzed these topics in terms of the material impacts, risks and opportunities, if required.

The Members of the Management Board of the Company delegate responsibilities related to sustainability to the management staff, and in particular to the ESG Committee. The Management Board periodically presents the effects of implementing activities related to ESG to the Supervisory Board and the Strategy Committee and Audit Committee appointed within the Supervisory Board.

In 2024, the Supervisory Board of the Company, had carried out the following activities within the scope of its competence related to sustainability:

1. issued a positive opinion on the results of the double materiality assessment at TAURON Group for the purpose of sustainability reporting for 2024,
2. reviewed the ESG action plan ensuring compliance with the sustainability reporting criteria and the implementation status of the above mentioned plan,
3. discussed the status of work related to the development of TAURON Group’s new Strategy and issued a positive opinion on TAURON Group’s Strategy for 2025 - 2035, which included the ESG objectives,
4. issued a positive assessment of the adequacy and effectiveness of the internal control, risk management, compliance and internal audit systems used by the Company,
5. adopted amendments to the *Regulations of the Supervisory Board of TAURON Polska Energia S.A.*, the *Regulations of the Audit Committee of the Supervisory Board of TAURON Polska Energia S.A.* and approved the amended *Regulations of the Management Board of TAURON Polska Energia S.A.*

Sustainability skills and expertise of the Supervisory Board and the Management Board

The Members of the Management Board and the Supervisory Board participate in training courses related to the sustainability topics in order to continuously expand their knowledge and competence in this area. As part of these activities, TAURON Group is cooperating with external advisors, ensuring compliance of the organization's operations with the applicable legal regulations and educating its top managers during various meetings (for example, as part of the meetings of the ESG Committee). In addition, the Members of the Management Board and the Supervisory Board are gaining knowledge directly from the information provided during their meetings by substantive areas, including the Strategy, ESG and Regulations Area, which is responsible, among other things, for the double materiality assessment process, along with the material impacts, risks and opportunities.

Polish Association of Listed Companies (Stowarzyszenie Emitentów Giełdowych) had organized training courses on the new regulations on sustainability reporting for the Members of the Management Board and other managers in October 2024, and for the Members of the Supervisory Board in November 2024, during which the following issues were discussed, among other things:

1. most important provisions of the CSRD Directive,
2. structure of the ESRS standards,
3. most material actions and requirements from the perspective of the company's authorities and their liability,
4. other ESG regulations that are material from the perspective of the company's authorities: *Women on Boards, Equal Pay, Due Diligence*.

The Management Board of the Company took part in numerous conferences and discussion panels during which the topics related to the sustainability, green economy and energy transition were discussed, for example, *DISE ENERGY Energy Congress*, *PRECOP 29 Climate Conference*, *Energy Days 2024, EuroPOWER & RES POWER*, *Enlit Europe* fairs, the *Polska Moc Biznesu (Polish Power of Business)* Social and Economic Congress. In total, the Members of the Management Board had spent more than 300 hours participating in these events in 2024.

In addition, the Members of the Supervisory Board of the Company hold and expand their knowledge and competence in the field of sustainability, in particular:

1. The Chair of the Supervisory Board of the Company, Sławomir Smyczek, is an expert in the field of consumer rights protection. He conducts training courses, workshops, lectures and competitions aimed at building awareness of the market rights among consumers. He is an author of more than 200 publications in the field of consumer behavior, sustainable consumption, consumer market exclusion, consumer market rights and marketing, as well as an author of the European student education program in the field of consumer protection standards,
2. The Vice Chair of the Supervisory Board of the Company, Natalia Klima-Piotrowska, conducts training courses, takes part in conferences, lectures and talks as their organizer, moderator and panelist. In 2024, she had been an instructor in the training project: *LighT: Litigating change - Training lawyers on the EU rule of law acquis,* organized by the Koźmński Academy as part of the European Union Justice Program. She is a mentor in the mentoring program for the young lawyers of the *Women in Law* Foundation. In 2024, she had completed the training for attorneys at the European Court of Human Rights,
3. A Member of the Supervisory Board of the Company, Mariusz Bąbol, took part in the training on developing and implementing an effective ESG Strategy in 2025,
4. A Member of the Supervisory Board of the Company, Michał Hulbój, took part in numerous ESG training courses, including those organized by the Polish Association of Listed Companies (Stowarzyszenie Emitentów Giełdowych), and he takes an active part in the implementation of the ESG standards as a member of Supervisory Boards,
5. A Member of the Supervisory Board of the Company, Beata Kisielewska, took part, among other things, in the training courses on *Non-financial ESG reporting - what is it and how to start analyzing it* and in the training course on *the responsibilities of the Members of Supervisory Boards and Management Boards with respect to the ESG requirements*.

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

ESRS 2 GOV-3 §29 (a) – (e)

Disclosure of the information on integrating its sustainability performance in incentive schemes is incorporated by reference in section 10 of this report.

(GOV-4) Statement on due diligence

ESRS 2 GOV-4

At TAURON Group, the due diligence principle is understood as a process in which actual and potential negative impacts on the environment and people, related to the conducted activities, are identified and methods of their mitigation are determined. It includes the negative impacts related to TAURON Group's own operations and its upstream and downstream value chain, including through the products or services offered, as well as business relations.

Table no. 76 Due Diligence Statement

Basic elements of the due diligence process	Sustainability Statement Points
1. Integrating due diligence into corporate governance, strategy and business model	GOV-1, GOV-2, GOV-3
	E1-2, E2-1, E3-1, E4-2,E5-1
	S1-1, S2-1, S3-1, S4-1
	G1-1, G1-2
2. Engage with affected stakeholders at all key stages of the due diligence process	GOV-2, SBM-2
	S1-2, S2-2, S3-2, S4-2
	G1-2
3. Identification and assessment of adverse impacts	IRO-1, SBM-3
4. Taking action to reduce identified adverse impacts	S1-3, S2-3, S3-3, S4-3
	G1-3, G1-6
5. Monitoring the effectiveness of these efforts and providing relevant information in this regard	GOV-2
	E1-3, E2-2, E3-2, E4-3, E5-2
	S1-4, S1-17, S2-4, S3-4, S4-4
	G1-4, G1-6

12.4. Risk management and internal controls over sustainability reporting (GOV-5)

ESRS 2 GOV-5

At TAURON Group the risk is understood as an uncertain event or a group of events that, if they do occur, will affect the achievement of the defined strategic objectives for TAURON Group, either in a negative manner (a threat) or in a positive manner (an opportunity). Having an effective implementation of the current Strategy in mind, the Company is conducting a process of managing the risk occurring in TAURON Group's business operations. TAURON Group's comprehensive approach to the risk management is aimed at increasing the predictability of achieving the strategic objectives, creating the financial result in a stable manner, protecting TAURON Group's current economic value, as well as supporting the decision making processes.

The primary objectives of the sustainability reporting risk management include curtailing of:

1. the need to correct the already published report and the loss of the credibility of TAURON Group among its stakeholders,
2. erroneous business decisions based on the incorrect data presented in the report,
3. a negative opinion on the attestation of the report coming from an external auditor,
4. criminal sanctions,
5. negative business relations with the partners.

The sustainability reporting risk management is to ensure the completeness and reliability of the data presented and the accuracy of the estimates.

The document "*Principles of Risk Quantification at TAURON Group*" sets out the uniform principles for measuring the risk (including the sustainability reporting risk) that guarantee transparency of the valuations in all of the lines of business while allowing for the determination of the global risk exposure and, in the long run, for the planning of the relevant risk responses in advance, allowing for a stable and secure conduct of the business operations.

Each identified risk is assigned the so-called risk class allowing to determine the materiality of the identified risk in relation to TAURON Group's business operations. Assigning a relevant risk class makes it possible to prioritize the risks by stripping out (identifying), among other things, the key risks from the list. The risk class indicated in the sustainability reporting risk charter specifies the requirements for the risk owner with respect to the approach to managing the given risk (early warning indicators, limits for the indicators, detailed risk response plans).

The main identified risk factors related to the sustainability reporting include, among other things:

1. errors in the collection and consolidation of data and information,
2. errors in the operation of the system for aggregating data,
3. volatility of the legal regulations,
4. personnel resources,
5. lack of due diligence of employees,
6. different stakeholder expectations regarding reporting.

Risk response activities (strategy for mitigating risks related to the sustainability reporting), including the related controls include, among other things:

1. training for those responsible for preparing the report,
2. use of mandatory reporting standards in accordance with the applicable regulations,
3. use of the IT system's functionality,
4. designation of roles and responsibilities for the content of the report in substantive areas,
5. internal control of the reporting process.

Risks related to the sustainability reporting process are a part of a comprehensive corporate risk reporting system that the Director In Charge of Risk is responsible for. His/her appropriate positioning in the company's organizational structure ensures that he/she reports directly to the Management Board of the Company and to the Supervisory Board.

TAURON Group's risk report is provided monthly by the Director in Charge of Risk to the Risk Committee and to the Members of the Management Board of the Company. The information on the key risks is also reported periodically to the Audit Committee and to the Supervisory Board of the Company.

A complementary tool for risk monitoring and control is the Early Warning System based on a catalog of the KRI Indicators (Key Risk Indicators) and the EWI Indicators (Early Warning Indicators), which is a part of the reporting.

Business areas responsible for managing the risks with a potential impact on the sustainability reporting process, depending on the level of risk assessment and the recommendations made by the Internal Audit Area within the framework of the audit tasks, as well as those resulting from the annual assessment of the Internal Control Systems at TAURON Group, are taking measures aimed at mitigating the material causes of the risk in order to minimize the probability of their occurrence, as well as at minimizing the potential impact of their occurrence.

12.5. Sustainability in TAURON Group's Business Strategy (SBM-1)

Information disclosure for the standard ESRS 2 SBM-1 §40 (a) i., iv. incorporated by reference to section 2.1., ESRS 2 SBM-1 §40 (a) ii. to section 2.2., ESRS 2 SBM-1 §40 (b) – (c) to section 5.3., ESRS 2 SBM-1 §40 (d) to section 1.1. of this report.

ESRS 2 SBM-1

TAURON Group is one of the largest energy companies in Poland and it is of key importance for the country's energy security. Sustainability goals are an integral part of the Group's Strategy, and the ESG related values are its foundation. A significant product of TAURON Group is the production and distribution of electricity and heat.

In 2024, the applicable document in force had been *TAURON Group's Strategy for 2022 - 2030* with an outlook until 2050, adopted for implementation in 2022. Following the above mentioned Strategy, in September 2023, TAURON Group had adopted a document under the title *ESG in TAURON Group's Strategy*, which had contained the designated ESG directions and goals, as well as indicated activities, initiatives and projects.

In mid-2024, intensive work had begun on the development of a new Strategy for TAURON Group, which was adopted in December 2024. *The Business Strategy, its main assumptions and objectives are described in section 1.5 of this report.*

An integral part of the new *TAURON Group's Strategy for 2025 - 2035 – TAURON New Energy* are the goals related to sustainability. TAURON Group has been steadfastly implementing its sustainability strategy, whose main long term goal is to achieve climate neutrality.

Sustainability in TAURON Group's Strategy for 2022 - 2030 with an outlook to 2050, in effect until December 17, 2024.

TAURON Group is aware of the challenges related to sustainability and reporting of the ESG data regarding environmental, social and corporate governance issues. In terms of the individual ESG areas, the following directions have been set as part of TAURON Group's Strategy for 2022 - 2030 with an outlook until 2050:

Environment:

1. combating climate change and environmental degradation,
2. strengthening the implementation of the circular economy,
3. sustainable infrastructure.

Social:

1. employees as a key value of TAURON Group,
2. customer orientation,
3. social and business partnerships.

Governance:

1. ensuring security based on the best practice and standards,
2. applying corporate governance in accordance with the best practice,
3. risk and internal control system management,
4. developing an ethics culture of the organization.

Sustainability in TAURON Group's Strategy for 2025 - 2035 – TAURON New Energy

The new Strategy, adopted in December 2024, continues TAURON Group's directions in the sustainability area. Building an organizational culture based on TAURON Group's and ESG values is one of the seven priorities of the Strategy. The directions set are a response to the most important challenges both for the organization, as well as for the industry in the ESG area, which are described below.

Table no. 77 TAURON Capital Group's sustainability directions

Environmental and climate challenges (E)	1. adapting operations to the adopted policies and regulations (including the *European Green Deal, REPowerEU*, the national regulations), 2. complying with the legal requirements, including the license related requirements, and ensuring compliance with the environmental protection regulations, 3. taking actions aimed at curbing climate change (including global warming) and reducing an adverse impact on the environment, 4. developing new technologies, including the renewable energy sources, distribution and energy storage facilities, and the transition of the district heating towards the low carbon sources, 5. implementing the principles of the circular economy – minimizing waste generation and finding new uses for it, 6. giving post industrial areas new functionalities.
Social challenges (S)	1. social impacts, requiring companies to be particularly sensitive and able to respond to the needs of various stakeholder groups: customers, employees, local communities, 2. labor issues, respect for human rights, business ethics, access to education, 3. ensuring adequate working conditions and investing in employee safety, health and development, 4. supporting local communities through social investments, dialogue and social involvement,

	5. ensuring uninterrupted supplies of electricity and heat and adapting the sales offering to the changing needs of the customers, 6. taking caring of the disadvantaged (disfavored), excluded customers, with disabilities.
Governance Challenges (G)	1. strengthening management, reporting and oversight systems to ensure transparency of operations and effective decision making in line with the ESG principles, 2. active engagement of the management board in the ESG related issues in order to integrate social and environmental goals with the business objectives, 3. identification, assessment and management of the ESG related risks, as well as ensuring compliance with the regulations and industry standards, 4. security of the critical infrastructure and the broadly understood data, including the customers' personal data, 5. conducting clear and transparent communication with the shareholders and investors.

As part of its concern for the climate and responsible use of the resources, TAURON Group has adopted the so-called *"greening level"* in its new Strategy as one of the three most important efficiency indicators. The Group's long term goal is climate neutrality in 2040. In order to achieve this goal, TAURON Group is investing in the renewable energy sources, planning to gradually phase out conventional hard coal fired units and, by 2030, abandon the use of hard coal for the production of district heating. The above mentioned actions will allow for increasing the share in the supply of electricity and heat to the Group's customers coming from the low- and zero carbon sources. In 2024, the supply volume of the green energy had accounted for approximately 1.7% of the total volume. In accordance with the adopted Strategy, this share will be going up significantly and it is planned that a share of the green and low carbon electricity volume of >30% will be achieved in 2030 and close to 50% in 2035. In June 2024, TAURON Group had announced a new offering, *New Energy*, which includes electricity coming from the renewable sources, which is confirmed by a TÜV SÜD certificate and a fixed electricity price is guaranteed for 9 years for households and 5 years for businesses. Along with the new tariff, an e-invoice is offered, which allows for reducing paper consumption.

TAURON Group is aware of its huge impact on the environment and society and has been implementing activities closely related to the sustainability topics for years. They are in line with the implementation of all of the UN Sustainable Development Goals (SDGs) with a particular focus on the 7 goals indicated in the figure below.

Figure no. 49 UN Sustainable Development Goals 2030 at TAURON Group



Ensure affordable access to stable, sustainable and modern energy for all



Build stable infrastructure, promote sustainable industrialization and foster innovation



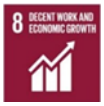
Make cities and human settlements safe, stable, sustainable and inclusive



Ensure sustainable consumption and production patterns



Take urgent action to address climate change and its impacts



Promote stable, sustainable and inclusive economic growth, full and productive employment and decent work for all people



Achieve gender equality and empower women and girls

The new Strategy focuses on the sustainability and social responsibility for the current and future generations. In its operations, TAURON Group also supports the implementation of the other UN goals through activities for the benefit of the local community, including, among other things, combating low emission sources, conducting educational and informational campaigns, engaging in the protection of the natural environment by planting trees or caring for animal life. It take par in the national and European discussions and projects on energy transition related to climate. It ensures the highest standards in relations with the customers and stakeholders, based on dialogue, and in its activities it satisfies the needs of the disadvantaged (disfavored) customers and vulnerable groups of consumers. The Group is guided by the principles of equal treatment of employees, respect for human rights and counteracting discrimination.

All of the strategic priorities of TAURON Group are focused on the sustainable development. Investments aimed at achieving climate neutrality will be carried out with reference to technical eligibility criteria determining the conditions under which an economic activity qualifies as contributing materially to climate change mitigation or adaptation, as well as whether that economic activity does not cause significant harm to any of the other environmental objectives defined as:

1. mitigation of the effects of climate change,
2. adaptation to climate change,

3. sustainable use and protection of water and marine resources,
4. transition to a circular economy,
5. prevention and control of pollution,
6. protection and restoration of biodiversity and ecosystems.

Strategic performance indicators included in TAURON Group's Strategy focused on the sustainability include in particular the *"greening level":*

1. increase in installed capacity in the renewable energy sources and energy storage facilities to 3.4 GW in 2030 and 6.1 GW in 2035,
2. share of electricity supply coming from the low- and zero carbon sources at the level of close to 50% in 2035,
3. abandonment of the use of hard coal for heat production by 2030,
4. decommissioning of hard coal fired units by 2030 (except for the 910 MW unit in Jaworzno),
5. readiness to spin off hard coal fired generation assets (or the 910 MW unit in Jaworzno on its own) by 2030, and in the event of there is no spin-off, financial autonomy (ringfencing),
6. achievement of climate neutrality in 2040,
7. elimination of paper consumption by 80% by 2035.

TAURON Group's Strategy for 2025 - 2035 assumes a rapid growth in installed capacity in the renewable energy sources and electricity production from RES. In 2030, TAURON is planning to have more than 2.7 GW in RES and 4.7 GW five years later. This means an increase in the green capacity by as much as 570% as compared to 2023.

Important pillars of the Strategy also include the goals related to:

1. society: partnership in regional development and new functionalities of the post industrial areas, diversity, inclusiveness and equality at work, the customer as the center of attention and customer experience provided at the highest level, development of products and services and sales channels, sponsoring and CSR activities focused on the environment, local communities and employees, education on safe, ecological and economical use of electricity,
2. corporate governance: modern and transparent Business Model, organization and process based management, TAURON Group's Code and an orderly management structure of TAURON Group in terms of the business and code related aspects, clearly defined principles of decision making and responsibility, and application of the further principles of the *Best Practice of the WSE Listed Companies*.

12.6. TAURON Group's Business Model

ESRS 2 SBM-1

TAURON Group is conducting its business operations in the Utilities and Power Engineering Sector (UPE) and in the Mining, Quarry & Coal (MQC) sector, understood as limestone extraction for the energy sector purposes.

In 2024, the management of TAURON Group had been based, among other things, on the internal document *TAURON Group's Business and Operating Model*. The Business Model had defined the division of roles and responsibilities, based on the assignment of process based competences between the Corporate Center, Lines of Business and Shared Services Centers (CUW).

1. Corporate Center had been the superior organizational unit responsible for managing TAURON Group's operations and making the most important decisions affecting TAURON Group, Lines of Business, CUW (Shared Services Centers) and TAURON Group's subsidiaries,
2. Lines of Business were six areas (segments) of TAURON Group's core operations defined in accordance with the links in the value chain of electricity and heat production: Generation, RES, Heat, Distribution, Trading and Supply,
3. Shared Services and Customer Service Centers had been the units responsible for providing specific support services (for example, accounting, IT, HR and payroll, insurance, customer service, security) for TAURON Group's other entities.

On December 18, 2024, new Group management principles were implemented at TAURON Group based on the following internal documents: *Business Model, Operating Model* and *TAURON Group's Management Model*.

The changes to the Business Model included the updates and clarifications related to:

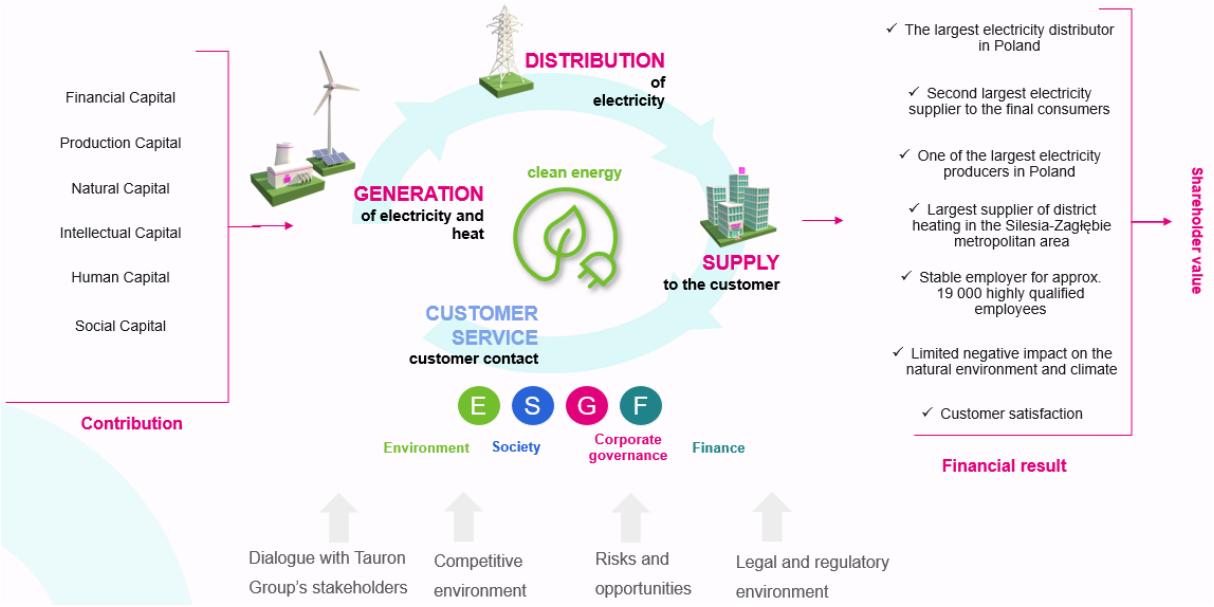
1. TAURON Group's value chain (value creation model) and margin creation model,
2. description of key businesses and capitals used to create value,
3. approach to grouping functions (subsidiaries) within Business Units (BU),
4. evolution of the current business model towards the target (ultimate) business model – stemming from TAURON Group's expansion directions,
5. division of competences and responsibilities of the BUs through the prism of the currently conducted business activity, indication of opportunities as well as risks and key success factors.

The Business Model has been designed so that the capitals of TAURON Group, including its key intangible resources (i.e. human, social and intellectual capital) is used in a responsible and optimal manner, while minimizing the negative impact on the environment and climate and taking into account the interests and opinions of the

Group's stakeholders. A key element of value growth is building, maintaining and strengthening lasting relationships with the customers and offering products and services in line with the market needs and taking into account sustainability. The Business Model is also focused on building the value of the Group as a whole, integrating processes implemented at the Group's subsidiaries and around the value chain, which allows for an increase in the efficiency of the organization by achieving synergy and gaining economies of scale.

TAURON Group's value creation model is presented in the figure below.

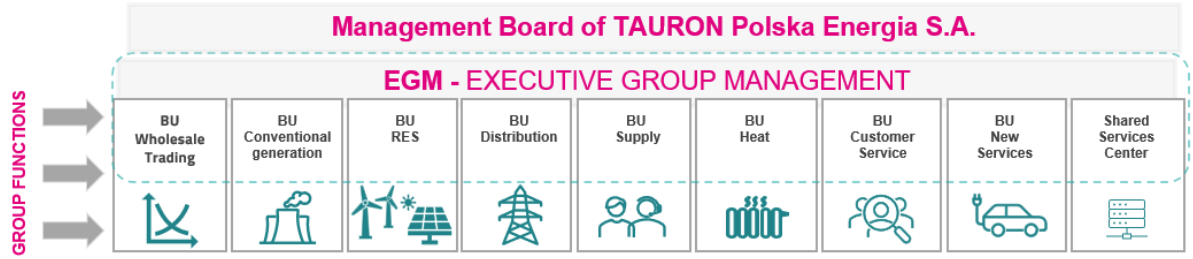
Figure no. 50 TAURON Group's value creation model



In addition, the resilience of the Business Model against climate change and transition risks has been defined, and the resilience scales for the individual BUs in the short, medium and long term have been specified.

TAURON Group's updated Business Model distinguishes group functions assigned to TAURON and the business units, i.e. BUs. The business model is presented in the figure below.

Figure no. 51 TAURON Group's Business Model



TAURON Polska Energia

The Group's parent company is TAURON Polska Energia, which is responsible for managing the Group's operations and making the most important decisions affecting TAURON Group, BUs and TAURON Group's individual subsidiaries separately, as well as the entities belonging to TAURON Group. TAURON oversees corporate functions such as: management, strategic investments, finance, controlling, internal audit, PR, investor relations and purchasing.

Business Units (BU)

TAURON Group's operations are based on nine BUs defined in accordance with the links in the value chain of electricity and heat production: Wholesale Trading, Conventional Generation, Renewable Energy Sources (RES), Heat, Distribution, Supply, New Services and Customer Service, as well as Shared Services Centers (CUW).

BU Wholesale Trading

The subsidiaries included in the BU Wholesale Trading: TAURON Polska Energia and Polska Energia – Pierwsza Kompania Handlowa. BU Wholesale Trading is responsible for conducting trading operations and optimizing trade margins throughout the entire value creation chain from electricity and heat production up to the supply to the final consumers.

BU Conventional Generation

The subsidiaries included in the BU Conventional Generation: TAURON Wytwarzanie, TAURON Serwis, Bioeko Grupa TAURON, Łagisza Grupa TAURON, Elektrociepłownia Stalowa Wola (the company is not subject to consolidation). Within the BU Conventional Generation, electricity and heat production takes place at the hard coal fired power plants and with the use of biomass, planning of trading with respect to electricity production and sales, as well as performance of the capacity obligations and system services. The Conventional Generation also includes maintaining of the assets, including maintaining TAURON Group's production units in adequate technical condition and performing infrastructure repair tasks carried out by TAURON Serwis. The BU also ensures the supply of biomass as well as the collection and management (utilization) of the combustion products, carried out by Bioeko Grupa TAURON, the services entailing provision of the capacity by the units providing the reserve capacity for the capacity market are carried out by the Łagisza Grupa TAURON subsidiary. In addition, the model of operation of the BU Conventional Generation includes, in relation to TAURON Group's model, independence (autonomy) with respect to handling the HR as well as financial and accounting processes, and also running a chemical laboratory, which provides services externally as well.

BU RES

The subsidiaries included in the BU RES: TAURON Zielona Energia, TAURON Ekoenergia, TAURON Ekoserwis (the company is not subject to consolidation), TEC 1, TAURON Inwestycje (with respect to the activities related to RES) and the special purpose vehicles (SPVs). BU RES produces electricity from the renewable sources (hydro, wind and photovoltaic power plants) excluding biomass combustion. BU RES is responsible for the development of the new renewable energy sources, implementation of investment projects with respect to the construction of the RES sources, purchase of the RES installation projects. TAURON Ekoserwis is responsible for providing the support services and maintaining the proper technical condition of the assets held. BU RES is also responsible for the construction and operation of the energy storage facilities as well as the operational and technical management of the battery energy storage facilities and the related business optimization of the operation of the RES sources, as well as the provision of additional services, including, among other things, flexibility services.

BU Heat

The subsidiaries included in the BU Heat: TAURON Ciepło, TAURON Inwestycje (with respect to the activities related to the district heating) and the companies not subject to consolidation (Spółka Ciepłowniczo-Energetyczna Jaworzno III, TAMEH Holding, Przedsiębiorstwo Energetyki Cieplnej in Tychy). BU Heat carries out the production, distribution and supply of heat, as well as the production of electricity in cogeneration with the production of heat based on hard coal, biomass, gas and heating oil. BU Heat is responsible for maintaining production capabilities in an adequate technical condition, implementing repair plans and the maintenance of the installations.

BU Distribution

The subsidiaries included in the BU Distribution: TAURON Dystrybucja, TAURON Dystrybucja Pomiary and Usługi Grupa TAURON. BU Distribution is responsible for the distribution of electricity to the entities connected to the distribution grid of the Distribution System Operator (DSO) which is a part of TAURON Group, conducting of the network traffic in the power distribution system. BU Distribution ensures the current and long term security of the operation of this system through the operation, repairs and expansion of the distribution grid, including the connections with other power systems as well as ensuring high quality of the services provided to the customers, including the application of the established principles, standards and requirements. The tasks of the BU also include technical support services for the electricity metering systems, development of the smart metering systems (AMI). In addition to the core activities, the BU Distribution also carries out the tasks related to the technical support services for vehicles, comprehensive real estate services and maintenance of the green areas that are carried out by the Usługi Grupa TAURON subsidiary.

BU Supply

The subsidiaries included in the BU Supply: TAURON Sprzedaż, TAURON Sprzedaż GZE and TAURON Czech Energy. The main function of the BU Supply is the supply of electricity, including the electricity coming from the renewable energy sources and the electricity coming from the reduced carbon sources to the customers: private individuals, small and medium sized companies, large enterprises and the public sector. In addition, the BU is selling other products and services offered by TAURON Group, and it is also developing an offering that is in line with the market trends and the customer expectations. The BU Supply is responsible for the development of the customer base through a competitive offering and the management of the sales plans that are carried out via its own sales channels or by TAURON Customer Service.

BU Customer Service

The subsidiary included in the BU Customer Service is TAURON Obsługa Klienta. BU Customer Service is responsible for the direct servicing of the external customers of the TAURON Dystrybucja, TAURON Sprzedaż and TAURON Sprzedaż GZE subsidiaries in terms of their settlements, invoicing, handling of complaints handling, handling of the process of switching the electricity supplier, office services in contacts with the external customers. BU Customer Service, along with the BU Supply, is responsible for developing TAURON Group's operating model in terms of the customer service and marketing (process standards, efficiency, organizational culture), including:

the development and management of the customer service channels and tools, development and implementation of the marketing activities, as well as the market and customer research and analytics.

BU New Services

The subsidiaries included in the BU New Services are: TAURON Nowe Technologie, Kopalnia Wapienia Czatkowice, TAURON Inwestycje (with respect to the activities related to the development of the hydrogen technologies), TAURON Obsługa Klienta (with respect to the activities related to fiber optics). TAURON Nowe Technologie is responsible for the services with respect to the lighting systems, power engineering, electromobility, and electricity generation from the alternative sources.

Kopalnia Wapienia Czatkowice mines and manufactures limestone products from its own deposit. The subsidiary sells sorbent for flue gas desulphurization to TAURON Wytwarzanie's and TAURON Ciepło's generating units, as well as to the generating units belonging to other energy groups, and the limestone products to the non-energy markets (aggregates, fertilizers).

Shared Services Center (CUW)

The subsidiaries included in the Shared Services Center are: TAURON Obsługa Klienta, TAURON Ubezpieczenia and Finanse Grupa TAURON. The tasks of the Shared Services Center include: financial and accounting services (including bookkeeping, banking and tax related activities, customer payment service and debt collection), provision of the ICT and IT services, administration, development and maintenance of the IT assets. The Shared Services Center is also providing office services for TAURON Group's subsidiaries and HR services (settlement of employee wages and benefits). TAURON Ubezpieczenia subsidiary provides insurance and reinsurance consulting, risk analysis and claims settlement for TAURON Group's subsidiaries and companies from outside the Group.

TAURON Group's Business Model is a tool for implementing the Group's Strategy and defines where economic value is generated. The Strategy covering the time frame until 2035 assumes capital expenditures of PLN 100 billion that will be financed with the use of own funds, credits, subsidies and the loans offered on the preferential terms, off-balance sheet instruments, capital (equity) partnerships and the project finance mechanisms. TAURON Group is using a *cash pooling* model, according to which the parent entity, i.e. TAURON Polska Energia, is responsible for providing the financing.

As a result of TAURON Group's business operations and the capital expenditures incurred, the following current benefits can be identified (for 2024):

1. the largest distributor of electricity in the country in terms of volume: 51.67 TWh and the number of]customers: 6 million,
2. the second largest retail supplier of electricity: 26.71 TWh with the largest number of customers: 5.8 million,
3. the third largest producer of electricity in Poland, with the volume of electricity production: 11.51 TWh,
4. the largest supplier of district heating in the Silesian - Zagłębie region, with the number of the heat consumers: 800 000,
5. a stable employer for approx. 19 000 employees,
6. steadfastly curbed negative impact on the natural environment and climate (investments in the renewable energy sources and the decarbonization of the heat production),
7. growing customer satisfaction with the quality of service and the products and services offered,
8. positive financial results of the Group, including EBITDA of PLN 6.5 billion.

The expected future benefits for the customers, investors and other stakeholders of TAURON Group resulting from the expenditures incurred include, first and foremost:

1. 100% RES share in electricity production in 2040,
2. long term value for the shareholders and investors – dividend payment after 2028 at the level of PLN 0.50 / share,
3. doubling of EBITDA by 2035,
4. maintaining the Net Debt to EBITDA ratio at a safe level,
5. maintaining investment grade rating,
6. successive improvement of the customer satisfaction indicators,
7. development of the products related to the electrification of the society, services and industry,
8. 24/7 customer service and reduction of paper consumption,
9. reduction of the CO_2 emissions and achievement of climate neutrality in 2040.

12.7. TAURON Group's value chain (SBM-1)

ESRS 2 SBM-1

TAURON Group's value chain model has been developed based on an analysis of the internal information with respect to the largest suppliers, customers and products, as well as TAURON Group's operating procedures. As a consequence of this work, the value chain developed encompasses the Capital Group's in-house operations, as well as the relationships and the flows of materials with the producers and suppliers, as well as with the customers. The central position in the value chain is occupied by TAURON Group and its operational, management and support

processes taking place within the organization's structures, and its own work force resources constitute the foundation of this part of the value chain. These elements form the basis of the company's operating model.

The in-house operating processes are, first and foremost, related to the generation of electricity and the production of heat, as well as the distribution and trading thereof. These processes are complemented by the new products and support (maintenance) services offered by TAURON Group, as well as the mining operations and the production of the aggregates and other limestone products. The in-house operations also include the management processes that take into account the organizational units that coordinate various areas and support processes.

In the so-called *upstream* part of the value chain, there are two tiers of the hierarchy of suppliers and producers:

1. Tier 1 - suppliers of raw materials and finished products, as well as service providers,
2. Tier 2 - producers of primary raw materials.

Included in this part of the value chain is everything that takes place through other entities prior to the company's in-house operations, i.e. the sourcing of the primary raw materials for the production or of other materials, the supply of the finished products and the semi-finished products, as well as all of the services necessary for the operations that TAURON Group is using.

At the lower level of the value chain *(downstream)*, the focus is on the activities related to the delivery of the products and services to the final consumers. It singles out the most material customer groups, as well as the recipients (consumers) of the by-products and the generated waste related to, among other things, the energy infrastructure and the production processes, or the construction and demolition related waste coming from the investment projects and overhauls conducted.

An equally important element for TAURON Group, intertwined at each level of its value chain, is the supply logistics process, both in terms of the cooperation with the producers and suppliers of the primary materials and the delivery of its own products and services to the customers. An efficient and extensive network for the distribution of electricity and heat to the residential and institutional customers constitutes a key factor contributing to the company’s growth and an improvement of the customer satisfaction.

The employees identified in both the *upstream* as well as the *downstream* supply chains are also playing an important role, as reflected in the simplified value chain model below.

TAURON Capital Group's value chain

UPSTREAM		IN-HOUSE OPERATIONS		DOWNSTREAM		
PRODUCERS AND SUPPLIERS		INTRA COMPANY PROCESSES		CUSTOMERS AND WASTE CONSUMERS (RECIPIENTS)		
Raw materials producers (TIER 2)	Suppliers of raw materials and finished products, and service providers (TIER 1)	All entities and subsidiaries where operational and support processes are conducted	Sales and customer service	Customers (recipients, consumers)	Waste as well as materials and equipment taken out of service	
Producers of the primary raw materials that are used in the production process and which are the subject of trading. **Commodities and primary raw materials:** 1. Hard coal, 2. Natural gas, 3. Biomass, 4. Methane from mineral (fossil) extraction, 5. Other primary fuels	Suppliers of the raw materials for the production process, the finished products that are sold under a private label, energy commodities and the service providers. 1. Electricity and heat 2. Energy commodities: 1) Hard coal 2) Natural gas and methane 3) Heating oil 4) Biomass 3. Steel, prefabricated products, chemicals and other materials, equipment, machinery and contracting (workmanship) services 4. Services necessary for the operations of the company: 1) IT systems and telecommunications 2) Financial, banking and insurance services	**Operational processes:** 1. Production / generation of: 1) Electricity and heat from the fossil fuels and RES 2) By-products of the combustion process, gypsum from the flue gas desulfurization process 2. Trading of electricity and heat, and fuels 3. Distribution / transmission of electricity and heat 1) Distribution / transmission of electricity and heat to the consumers 2) Connecting of the customers to the grid 3) Activities related to the metering 4) Grid development, use and maintenance 4. New products and support (maintenance) services 1) Overhauls (repairs), operations and implementation of investment projects 2) Maintenance and management services for the city lighting 3) EV charging services 4) Fleet management, janitorial services and office services 5. Limestone mining and the production of the aggregates, sorbents and other limestone products	**Management processes:** 1. Strategy 2. Controlling 3. Corporate communication 4. Risk management 5. Audit 6. Asset management 7. Research and innovations **Support processes:** 1. Purchasing 2. Ensuring security 3. Corporate management 4. Implementation of the projects 5. Financial management, raising financing 6. Investor relations 7. Tax management 8. Insurance 9. Human capital management 10. IT and OT support 11. Accounting	**Supply of** 1. Electricity and heat (contracts, price lists, offering of products and additional services) 2. New products and services 3. Customer Service 1) POK – Customer Service Desk, 2) Internet, 3) Telephone	**Final consumers** 1. Individual consumers of electricity, heat and gas 2. Institutional consumers of electricity and heat 1) Small and medium enterprises 2) Large enterprises 3) Energy intensive industry at the risk of a flight outside EU 4) Public institutions 5) Other **Transmission System Operator (TSO)** **Electricity and heat suppliers** 1. Heat suppliers and cooperatives 2. Electricity suppliers **Recipients (consumers) of combustion by-products, mining by-products and gypsum from the flue gas desulfurization process** **Recipients (consumers) of aggregates, sorbents and other limestone products**	**Waste recipients (consumers)** 1. Recipients (consumers) of the waste associated with the energy infrastructure and the production processes (e.g., used cables, transformers, meters, waste from the water preparation and process wastewater treatment processes) 2. Recipients (consumers) of the waste from the investment projects and overhauls, including the construction and demolition related waste 3. Recipients (consumers) of the waste generated (for example, municipal, office waste)

WORKERS IN THE SUPPLY CHAIN	IN-HOUSE PERSONNEL RESOURCES	WORKERS IN THE SUPPLY CHAIN
SUPPLY LOGISTICS 1. Electricity and heat transmission 2. Logistics of the supply of the energy commodities to TAURON Group's power plants and production facilities 3. Logistics of the supply of the steel, prefabricated products, chemicals and equipment	**SUPPLY LOGISTICS** 1. Electricity distribution grid and heat distribution network to the residential and the institutional customers 2. Transportation of the non-energy products and waste	

12.8. Materiality assessment

(SBM-2) TAURON Group's material stakeholders

ESRS 2 SBM-2

Stakeholder identification and engagement are of key importance in the double materiality assessment and in the due diligence process. Conducting of an analysis of the stakeholder needs and expectations is a requirement of the ESRS and an integral part of building a sustainability strategy and reporting.

In preparation for the reporting process in line with the new standards, TAURON Group has identified the new stakeholders based on the definition thereof provided in the ESRS standards. They include:

1. stakeholders that TAURON Group impacts or can impact - positively or negatively - through its activities, as well as the direct and indirect business relationships across the value chain,
2. users of the sustainability report.

In accordance with the above mentioned definition, and based on the additional sources (last year's stakeholder analyses, surveys completed by the Management Board of TAURON and the selected key managers and employees of TAURON Group, project sessions and workshop style discussions), a mapping and prioritization of the stakeholders had been carried out, with whom a dialogue was conducted as a further step.

Figure no. 52 TAURON Capital Group's stakeholder map



The matrix shown above is divided into the quadrants that reflect the characteristics of TAURON Group stakeholder relationships:

1. business critical stakeholders that TAURON Group has a material impact on,
2. stakeholders with a high impact on TAURON Group's financial results that TAURON Group has no impact on,
3. stakeholders of the least importance to TAURON Group - their activities have a low impact on TAURON Group's financial results, and TAURON Group has a negligible impact on them,
4. stakeholders that are vulnerable to TAURON Group's impact and who are of no business importance to TAURON Group.

The stakeholders from the first quadrant of the chart were included in the detailed stakeholder dialogue as part of the double materiality assessment, with the exclusion of the stakeholders who are hard to reach or unwilling to engage in a dialogue and those who can be consulted indirectly, on the basis of the existing data and the expert studies (regulators, lawmakers). The following exercises were conducted:

1. online workshops in a series of 4 sessions, separately for each group: trade unions, employee representatives, TAURON's Supervisory Board, representatives of the organizations representing the natural environment,
2. a survey for the individual customers, business customers, suppliers and other stakeholders, among others the universities, schools, offices and banks, assessing the materiality of the topics in the eyes of the stakeholders and providing an opportunity to answer the open ended questions.

The information on the needs and the expectations of the other stakeholder groups was obtained from the reports and studies available to the public or held by TAURON Group. As a result of the above mentioned dialogues with the stakeholders, as well as the surveys and the analyses conducted, the impacts, risks and the opportunities were identified. This information was used in a double materiality assessment to identify the key impacts, risks and opportunities (IROs).

The cooperation between TAURON's management and supervisory bodies during the stakeholder mapping work and the identification of the key stakeholder issues was taking place on an ongoing basis. As mentioned earlier, the

Company's Management Board was involved in the stakeholder mapping process, and the Supervisory Board participated in the dialogue session. The ongoing work related to the analysis of the stakeholders and the issues that were material for them was discussed during the ESG Committee meetings. Upon the completion of the double materiality assessment, TAURON's Management Board approved, and the Supervisory Board issued a positive opinion on the results of the double materiality assessment, taking into account the impacts, risks and the opportunities identified by the key stakeholders. In addition, the Company's Management Board was consulting with the work force representatives, represented by TAURON Group's Social Council, on the sustainability information material to the employees, and provided their opinion to the Supervisory Board, which reviewed such information. Based on the results of the dialogue with the stakeholders and the results of the double materiality assessment, the topics material for the sustainability reporting were identified, which was thus tailored to the needs and the expectations of the stakeholders.

The results of the dialogue with the stakeholders, and the key impacts, risks and the opportunities subsequently identified on this, among other things, basis have been taken into account in the new Strategy of TAURON Group by incorporating the ESG priorities and goals into the document. The actions for the public good and the transparent dialogue with the stakeholders are among the main ESG goals. Also, the document defining TAURON Group's Business Model identifies the stakeholders material for the Group and emphasizes the importance of a continuous dialogue and of taking into account of the interests thereof in the ongoing and planned business processes.

In addition to the dialogue sessions described above for the purpose of identifying the impacts, risks and the opportunities, TAURON is conducting a regular exchange of the information with the stakeholders, first and foremost the key stakeholders, whose list is reviewed and supplemented annually. This cooperation allows the company to gain knowledge of the stakeholders' expectations and needs in order to better understand their needs and inform them of TAURON Group's activities.

Table no. 78 TAURON Group's relationships with material stakeholders

Material stakeholders	Subject of interest to the stakeholders	Communication channels	Goals of cooperation with the stakeholders	How TAURON takes into account the results of collaboration with stakeholders
1. Employees	Working conditions and work safety, professional development, equal treatment, job satisfaction, communication	Internal communication (newsletters and emails, face to face (in-person) and online meetings), the activities of the Social Dialogue Ombudsman and the Social Council, employee surveys, trainings, violation reporting (whistle blowing) system	Efficient flow and exchange of information, partnership based dialogue with the work force, efficiency and commitment, a friendly organizational culture	Implementing the objectives of TAURON Group's Human Capital Management Policy, taking into account the results of audits, internal controls and employee surveys; acting in line with the principles of the Ethics Compliance and Anti-Bullying (Anti-Mobbing) and Anti-Discrimination Policy, the Respect for Human Rights Policy, the Diversity Policy, including the sustainability information relevant to the employees in the sustainability reporting, and others.
2. Business customers	Access to information, business relations, pricing as well as transparent and competitive offering, quality of electricity supply	Online, landline, telephone, via the traditional mail. Regular (periodic) surveys of customer opinions (feedback), experiences and expectations, complaints analysis. The activities of the Customer Ombudsman. Educational and informational materials	Maintaining good business relationships, competitiveness and quality of the offering, building the brand, developing of the loyalty programs, market share, reducing the number of complaints	Implementation of TAURON Group's PRO Customer Social Policy, customer experience management, development of the offering
3. Individual customers	Access to information, communication, customer service, pricing and transparent offering, quality of electricity supply	Online, landline, telephone, via the traditional mail. Regular (periodic) surveys of customer opinions (feedback), experiences and expectations, complaints analysis. The activities of the Customer Ombudsman. Educational and informational materials	Seeking to achieve the highest standards of customer service, comprehensiveness and quality of the offering, building the brand, developing of the loyalty programs, increasing the market share, reducing the number of complaints	Implementation of TAURON Group's PRO Customer Social Policy, the Offering for the Disfavored (Disadvantaged) and Vulnerable Customer Groups, the implementation of the TAURON Without Barriers (TAURON Bez Barier) initiative, Customer Experience Management
4. Shareholders	Financial results (earnings), share price, dividend, ratings, meeting the ESG criteria, implementation of the strategy interim reports and current reports (regulatory filings)	Conferences and chats for investors and analysts, General Meeting of Shareholders, publication of the current reports (regulatory filings) and the interim reports. Online channels and social media	Building the brand, loyalty and trust among the shareholders	Transparent, accurate and regular communication with the shareholders, publication of the information on TAURON Group that meets the requirements of the law and the expectations of the stakeholders complemented by the numerous additional activities

Material stakeholders	Subject of interest to the stakeholders	Communication channels	Goals of cooperation with the stakeholders	How TAURON takes into account the results of collaboration with stakeholders
5. Natural environment	Climate and environmental impacts, including the direct and supply chain related greenhouse gas emissions; capacity of the new RES assets, share of the environmentally sustainable activities	Ongoing cooperation with the financial institutions, scientific (research) institutions and the technology providers, environmental (ecological) organizations, local communities	Fulfillment of the Group's commitments in the context of the requirements for the climate and environment protection, meeting the stakeholder expectations	TAURON Group's strategy aimed at enabling the transition towards the RES sources, an inclusion of the environmental impact assessment in all planned investments, sustainable development (sustainability) reporting
6. Suppliers	Payment terms and liquidity, margin, sales volume, reliability (credibility)	Ongoing cooperation (direct contacts, electronic and traditional mail correspondence), information materials, trainings, surveys	Long term cooperation, reliability (credibility), stability, cost optimization, meeting the ESG criteria	Managing the supply chain in accordance with the ESG criteria, including a cooperation based on the internal regulations, i.e. TAURON Group's Corporate Procurement Policy, Code of Conduct for the Counterparties, Procedure for Assessing (Vetting) the Credibility of the Counterparties
7. Supervisory Board	Financial results (earnings), ratings, implementation of the strategy, meeting the ESG criteria, achieving TAURON Management Board's management objectives	Meetings of the Supervisory Board and of the committees appointed by the Supervisory Board	Credibility, a positive assessment of the implementation of the tasks, goals and the responsibilities set by the Supervisory Board	Implementation of the tasks, goals and the responsibilities set by the Supervisory Board, transparent, accurate and regular communication
8. Investors	Financial results (earnings), ratings, meeting the ESG criteria, implementation of the strategy, the interim and current reporting (regulatory filings)	Conferences and chats for investors and analysts, publication of the current reports (regulatory filings) and the interim reports. Development of the communication via the online channels and the social media	Building the brand, loyalty and trust among the existing and the potential investors	Transparent, reliable and regular communication with the existing and the potential investors, publication of the information on TAURON Group that complies with the legal requirements and meets the investors' expectations
9. Competition	Comprehensiveness and quality of the offering, customer service standards, compliance with the legal requirements	Dialogue conducted within the industry organizations, the ongoing cooperation with the industry partners in the implementation of TAURON Group's expansion projects	Application of the principles of respect for the rules of fair competition indicated in the Code of Corporate Social Responsibility	Efficient and effective cooperation within the industry organizations
10. Trade unions	Working conditions, gender equality, equal pay, promotion opportunities	Internal communication (newsletters and emails, face to face (in-person) and online meetings), the activities of the Social Dialogue Ombudsman	Efficient flow of information, a partnership based dialogue with the work force (social partners)	Developed rules of contacts and contact channels, ongoing consultations on the key issues for the work force
11. Relationship banks	Banking services offering, credit (loan) terms and conditions, solvency, liquidity meeting the ESG criteria	Ongoing cooperation (direct contacts, electronic correspondence, including surveys), publication of the current reports (regulatory filings) and the interim reports	Obtaining of the financing on attractive terms, meeting the conditions in the loan agreements concluded	Transparent communication, providing reliable feedback, compliance with the legal regulations and the ESG criteria, regular payments
12. Regulators	Compliance with the law, competition and consumer protection, compliance with the labor rights, the GDPR regulations, the work health and safety (WHS), correct performance of the mandatory reporting obligations	Publication of the reports, the current reports (regulatory filings) and the interim reports, official letters	Acting in accordance with the law, providing the data, answering questions	No fines, admonishments (warnings), recommendations, or ex officio prosecutions; intra corporate and pro-client regulations in line with the regulator requirements
13. Lawmakers	Legal regulations, sectoral and industry regulations	Analysis of the existing laws and statutes, cooperation with the ministries, official letters, public consultations	Acting in accordance with the law, cooperation with the ministries providing the data, answering questions	Acting in accordance with the legal regulations, transparent, reliable and regular communication

The cooperation with the key stakeholders will be continued on an as needed basis or as required by the law - on a periodic as well as on an ongoing basis - depending on the expectations or the obligations of the parties. The list of the key stakeholders will be updated annually for the needs of the sustainability (sustainable development) reporting. In 2025, it is planned that a dialogue process and a strategy of communication with TAURON Group's stakeholders will be developed and implemented. Building of the sustainable and partnership based relationships with the stakeholders is one of TAURON's priorities and it allows for the business to grow in a sustainable manner.

(IRO-1) Description of processes for identifying and assessing material impacts, material risks and material opportunities

ESRS 2 IRO-1

As part of the preparation of this sustainability report, TAURON Group conducted a comprehensive double materiality assessment for the first time. The results of the materiality assessment were used to identify topics that were covered by sustainability reporting.

The materiality assessment was adapted to the requirements of the CSRD directive and ESRS standards. The assessment applied the principle of double materiality, which means that the assessment took into account:

1. perspective of an impact's materiality, i.e. what impact TAURON Group has on the society and environment in terms of these issues,
2. perspective of the financial materiality, i.e. an impact of a given sustainability topic on the financial results of TAURON Group in the future.

The assessment considered the impacts, risks and opportunities (IRO) related to all sustainability topics, divided into three levels of detail, in accordance with the table included in AR 16 ESRS 1.

The assessment had been conducted in the period from April to October 2024. The results of the process of identifying and assessing the materiality of impacts, risks and opportunities based on the principle of double materiality were the subject of a meeting of the ESG Committee held in September 2024, which was attended by, among others, the members of the Management Board of the Company. In November 2024, the results of the materiality assessment were approved by the Management Board of the Company and then reviewed by the Supervisory Board of the Company.

The assessment was carried out in the short, medium and long term, in accordance with the following intervals:

1. short term horizon – up to 1 year,
2. medium term horizon – from 1 year to 5 years,
3. long term horizon – more than 5 years.

The scales and the materiality level were approved by the Risk Area and the Strategy, ESG and Regulations Area of TAURON Polska Energia.

The following sources of information were used in the assessment:

1. analysis of source data (including information on TAURON Group's business model and Strategy),
2. analysis of the sectoral segmentation of the operations carried out by TAURON Group's subsidiaries,
3. mapping the value chain (including TAURON Group's in-house operations and suppliers of products and services (*upstream*) as well customers (*downstream*)),
4. survey addressed to the Members of the Management Board of TAURON Polska Energia,
5. structured interviews with the representatives of: Members of the Supervisory Board, employees of TAURON Polska Energia and of TAURON Group's subsidiaries, trade unions and non-governmental organizations,
6. survey addressed to the customers of TAURON Group. A total of 300 000 customers were invited to take part in the survey,
7. survey of other external stakeholders (for example, local communities, schools, offices, shareholders or banks). A total of 300 representatives of the external stakeholders were invited to take part in the survey,
8. assessment of the detailed parameters of impact materiality and financial materiality carried out by the experts from an external consulting company.

For the purpose of the double materiality assessment, TAURON Group identified impacts, risks and opportunities based on the above mentioned sources of information and made an assessment thereof with respect to the materiality perspectives described below.

Financial materiality perspective

The financial materiality assessment was made from the perspective of:

1. risk contributing to a negative deviation from the expected annual EBITDA result,
2. opportunity (chance) contributing to a positive deviation from the expected annual EBITDA result.

The materiality of risks and opportunities (chances) was assessed by combining the probability of an occurrence and the potential scale of the financial consequences determined on the basis of adequate thresholds in relation to the identified impacts of the entity.

According to the EFRAG (European Financial Reporting Advisory Group) guidelines, thresholds should be based on quantitative and / or qualitative information and the financial results stemming from it, which are considered in the perspective of the financial situation, cash flows, access to capital and the cost of capital in the above mentioned time horizons. In accordance with the guidelines of the ESRS standards, risks and opportunities (chances) were assessed in their original form, i.e. prior to the introduction of the control and mitigation measures, and therefore risks and opportunities were not assessed in a residual form.

Probability assessment

A 5-point scale was used to rate the probability of an impact on the financial result of TAURON Group, and percentage ranges of a risk occurrence were assigned for each of the 1 to 5 ratings of the scale. Individual ratings on the 1 to 5 scale were assigned coefficients corresponding to probability ranges expressed as percentages. The probability ranges expressed as percentages were specified in detail. For the rating of 5, a scale from 90 to 99% was used due to the fact that 100% probability is impossible (in this case, the actual impact would occur). In turn, for the rating of 1, a scale from 1 to 9% was used.

Financial materiality assessment

Similar as in the case of the probability assessment, a 5-point scale was used to rate the potential magnitude of the financial impact in accordance with the EFRAG guidelines. The descriptions and the amounts of the financial impacts and three additional scales of amounts for the subsidiaries based on their share in the total revenue of TAURON Group were selected based on the applicable risk management system. Taking all of this into consideration, an assessment of the financial materiality made by the representatives of the individual subsidiaries was based on the risk or opportunity assessment thresholds relevant for these subsidiaries.

Materiality threshold and financial materiality assessment – algorithm

The calculation of the final financial materiality rating of a given risk or opportunity was performed as the product of multiplying the probability coefficient (scale of 1 to 5) and the scale of financial impact (scale of 1 to 5) in accordance with the following formula:

Scale of financial impact ∗ probability

The actual financial impact was each time multiplied by 100%:

Financial materiality ∗ 100%

In the case of the risk assessment methodology, integers from 1 to 5 were used in the double materiality assessment process. The cut-off point within the meaning of the double materiality assessment terminology was set at a minimum level of 3 points out of 5 points possible. Risks and opportunities and their sub-topics that were rated at a minimum level of 2.5 points were treated as material topics to be included in the report.

Table no. 79 Financial material rating scale in the double materiality assessment of TAURON Capital Group

		Scale of financial impact				
		5	4	3	2	1
Probability	5 (1)	5	4	3	2	1
	4 (0.75)	3.75	3	2.25	1.5	0.75
	3 (0.5)	2.5	2	1.5	1	0.5
	2 (0.25)	1.25	1	0.75	0.5	0.25
	1 (0.05)	0.25	0.2	0.15	0.1	0.05

The individual impacts and dependencies were determined individually based on the above mentioned sources of information, and then reviewed for consistency, adequacy and completeness in relation to identified risks and opportunities. Based on such analysis, additional IROs were formulated if any links between impacts and their dependencies with risks and opportunities had been found.

When assessing risks within the ERM (irrespective of DMA), the Company makes such assessments by determining the impact (on EBIDTA or net debt) with a specified constant probability of their occurrence. The following variants are applied: baseline scenario defined for P50%, probable scenario for P25% and pessimistic scenario (stress test) for P1%. The baseline variant of risk assessment, monitoring and reporting is the P25% scenario, for which, depending on the value of the impact expressed in PLN, one of 6 risk class (from 0 to 5) is assigned, thus hierarchizing the identified risks. Depending on the assigned risk class, adequate actions related to the risk response are required and applied.

Impact Materiality Perspective

The methodology for analyzing the impact of TAURON Group on its environment was based on the guidelines of the ESRS standards, according to which an assessment of the impact materiality is determined with the use of the following parameters:

1. vector – determining whether the company's impact on the environment is positive or negative,
2. scale – a dimension illustrating how serious the impacts are on the environment (natural environment, society and economic environment) of the company,
3. scope – a dimension illustrating how wide is the range (scope) of the positive and negative impact on the society and the environment (for example, in terms of the geographical area of the affected ecosystems or the size of the affected population),
4. irreversibility of effects (repairability of damage) – a dimension illustrating whether and to what extent (measured by time and/or financial outlays) the negative impact can be reversed (no assessment is made based on this dimension if the identified IRO has a positive vector).

The above mentioned parameters were quantified with the use of the ordinal scales (5-point scale). The descriptive scales were also added to the ordinal scales, and they were used by the respondents to make an intuitive, qualitative assessment of a given business practice based on measurable values.

In accordance with the EFRAG guidelines, the thresholds were based on qualitative information related to the characteristics. The materiality of impact should also be considered with respect to an actual and a potential impact.

Materiality of potential impact

In the case of a potential impact, the probability was considered along with the severity of the effects and their repairability.

Materiality of actual impact

In the case of an actual impact, the actual effects for the environment were identified. In this case, the probability was not considered.

The probability scale used in the impact materiality assessment is similar to the one used in the financial materiality assessment.

Materiality threshold and impact materiality assessment – algorithm

The algorithm for assessing impact materiality is as follows:

Final impact materiality assessment (potential impact)

= (scale + scope + irreversibility) ∗ probability

Final impact materiality assessment (actual impact)

= (scale + scope + irreversibility) ∗ 100%

The cut-off point within the meaning of the double materiality assessment terminology was set at a minimum of 8 points out of possible 15. Impacts and sub-topics assigned to them that were assessed at a level of at least 8 points were treated as material topics to be included in the report.

In the case where impacts that affect human rights were identified, the severity of the impact gains a mathematical advantage over probability (unlike the other algorithms that are not weighted in this way).

As part of the process of identifying, assessing and prioritizing potential and actual impacts of TAURON Group on people and the environment, the focus was placed on all material activities, business relations and geographical areas that were indicated within the framework of in-house operations, value chain mapping and analysis of risks and opportunities specific to the Group's sector of operations. In addition, as part of this process, consultations with stakeholders had been taken into account, as described in *section (SBM-2) Material stakeholders of TAURON Group*, and on this basis some of the IROs had been formulated, which were subsequently assessed.

A significant portion of the IROs were identified based on the list of own risks managed within the enterprise risk management system. In addition, key employees responsible for risk management at TAURON Group were involved in determining the IROs, and the assessment of the IROs was conducted by the risk owners.

In 2025, an analysis will be conducted aimed at identifying whether and how the impacts, risks and opportunities related to sustainability, identified in the double materiality assessment, can be incorporated into the enterprise risk management system or covered by another management method.

As part of the IRO identification and assessment process, the leading role of an organizational oversight of the process was performed by the Strategy, ESG and Regulation Area. The substantive control over the determination of the IROs was assigned to a group of experts composed of representatives of the environmental protection and circular economy, human resources, compliance, purchasing, work health and safety (WHS), customer and risk management areas. The result of the IRO assessment and its adequacy for the operations of TAURON Group was approved by the Management Board of the Company and the Supervisory Board.

The process of identifying and assessing sustainability impacts, risks and opportunities as well as the management thereof was implemented by TAURON Group for the first time in 2024, therefore no changes were identified as compared to the previous reporting period. Every year, TAURON Group reserves the right to verify and update the results of the double materiality assessment, if required.

(SBM-3) Material impacts, risks and opportunities

The materiality assessment assumed the consistency of the assessed topics, included on the input list for the materiality assessment, with the topics and sub-topics indicated in ESRS 1, Appendix A AR.16. The conducted materiality assessment indicated 24 topics that TAURON Group has a material impact on (impact materiality) or that have material impact on the Group's operations (financial materiality).

ESRS 2 SBM-3

The identified material impacts are directly related to TAURON Group's Strategy and Business Model which are implemented and which focus on sustainability, energy transition and adapting products and services to the needs of the customers.

In order to identify the degree of resilience of TAURON Group's Strategy and Business Model against climate change, a scenario analysis was conducted, covering three climate and transition scenarios: RCP-2.6, RCP-4.5 and RCP-8.5.

Resilience was assessed for each Business Unit based on a five-point scale:

1. completely resilient,
2. not completely resilient,
3. sufficiently resilient,
4. not sufficiently resilient,
5. not resilient.

The assessment took into account three time perspectives, two of which were applied jointly: short and medium term, and long term. The analysis took into account key climate risk factors, transition risks and material opportunities resulting from the development of the renewable sources and the regulatory changes.

The results of the analysis allowed for determining the extent to which TAURON Group's Strategy and its Business Model are capable of counteracting material impacts and risks, as well as taking advantage of opportunities related to the transition of the sector. The BU assessments resulting from the completed analysis are presented in the table below.

Table no. 80 Resilience of the Strategy and Business Model of TAURON Group's individual BUs

Business Unit (BU)		Description of resilience	Short and medium term perspective	Long term perspective
1.	BU Wholesale Trading	Resilience can be improved by increasing the renewable energy sources portfolio, adopting a flexible approach to optimizing the volumes and prices of the property rights, and taking into account climate risks and opportunities in the planning of the trading activities. In the long term, the solution will be to gradually adapt the renewable energy offering to the market needs, with a plan to achieve 100% renewable energy by 2040.	Not completely resilient	Not completely resilient
2.	BU Conventional Generation	Conventional generation is currently sufficiently resilient thanks to the closed cooling circuits, good water availability and cost optimization possibilities. In the long term, resilience will be insufficient – investments in high efficiency and low carbon sources, optimization of media consumption and adaptation to the regulatory changes will be necessary.	Sufficiently resilient	Not sufficiently resilient
3.	BU RES	BU RES in the short and medium term, it is not fully resilient against climate change, due to the regulations, shortfalls of land, contractors and a lack of social acceptance. In order to increase its resilience, it is necessary to develop the infrastructure of transmission and distribution grids, as well as to correlate an increase in RES capacity with the demand for electricity and develop energy storage facilities. In the long term, resilience will depend on the type of the technology used.	Not completely resilient	Wind power: Completely resilient Photovoltaics: Not completely resilient Reservoir type hydro power: Sufficiently resilient Run of river (ROR) hydro power: Not sufficiently resilient
4.	BU Distribution	BU Distribution is sufficiently resilient, however actions are required for a greater adaptation. They include investments in the protection of the overhead lines against extreme weather events and adapting	Sufficiently resilient	Not sufficiently resilient

Business Unit (BU)		Description of resilience	Short and medium term perspective	Long term perspective
		the gird to the growing number of the distributed, unregulated energy sources. In the long term, resilience will be achieved through the growth in demand for electricity, the development of digitalization and the new services resulting from the change in the generation mix and the evolution of the consumer behavior.		
5.	BU Supply	The BU Supply's business model is not completely resilient against climate change in the short and medium term, however its resilience can be increased by expanding the renewable energy sources portfolio, flexible offerings and developing the "Multi-package" products (combining electricity with products and services). In the long term, the business model will be resilient against climate change thanks to the tailored renewable energy offering and an increase in the demand for electricity stemming from the electrification of the manufacturing industry and digitalization.	Not completely resilient	Sufficiently resilient
6.	BU Heat	Developing of the complete resilience requires investments in the zero- and low carbon energy sources, renewable energy sources, waste heat solutions and heat storage facilities. Climate change may reduce temperature extremes, which will allow for lowering the parameters of the heating network as well as extending the heating season. In the long term the adaptation will require taking into account the rising energy efficiency of buildings, the development of the distributed energy, and complying with the requirements related to the zero carbon fuels.	Not completely resilient	Not sufficiently resilient
7.	BU Customer Service	Adapting customer service processes through their simplification, standardization and digitalization, as well as automation and implementation of the AI solutions are the key actions in striving for the resilience of this BU. In the long term, the resilience of the services offered as part of the Customer Service will be closely linked to the resilience of other units, such as BU Supply and BU Distribution.	Not completely resilient	Sufficiently resilient
8.	BU New Services	The BU is resilient against climate change, and climate change is an opportunity, in particular thanks to its energy transition related products. In the long term, the BU will continue to be resilient against climate change, fully adapting to the new challenges.	Completely resilient	Not completely resilient
9.	Shared Services Center (CUW)	The actions taken in this BU are based on the optimization and standardization of the processes and procedures, as well as the implementation of innovation, digitalization, automation, robotization and the AI solutions. In the long term, the resilience of services performed within the Shared Services Center will be closely linked to the resilience of other units that this BU supports..	Not completely resilient	Sufficiently resilient

Impact Materiality

The table below presents a description of the material impacts resulting from the conducted materiality assessment, along with a disclosure of the impact's place of origin and the time perspective of the impact.

Table no. 81 Description of the material impacts along with their place of origin and time perspective

Sub-topic	Description of impact	Impact's place of origin	Time perspective
ESRS E1 Climate change			
Climate change adaptation	TAURON Group is able to impact climate change through its operational activities (greenhouse gas emissions resulting from the use of fossil fuels for the production of electricity and heat). The Group supports climate change mitigation and climate change adaptation by changing its energy mix, investing in the clean energy sources and adapting the distribution assets to improve their resilience against extreme weather phenomena stemming from climate change.	– in-house operations	– long term
Climate change mitigation		– downstream – in-house operations – upstream	– short term – medium term – long term
Energy		– in-house operations	– short term – medium term
ESRS E2 Pollution			
Air pollution	Generating electricity from the conventional sources may result in the emissions of dust and other pollutants into the air. The reduction of the pollutants will follow the planned successive change of the Group's fuel mix. TAURON Group's operations are compliant with all of the environmental requirements and are based on the use of the best available technologies that minimize the negative impact on the environment.	– in-house operations	– short term – medium term – long term
ESRS E3 Water and marine resources			

Sub-topic	Description of impact	Impact's place of origin	Time perspective
Water	TAURON Group monitors and optimizes the consumption of water used for the technological purposes, optimizes sewage treatment processes and educates employees in this area. The Group does not operate in the areas affected by the so-called water stress.	– in-house operations	– short term – long term
ESRS E4 Biodiversity and ecosystems			
Impacts on the range and condition of ecosystems	TAURON Group implements investment projects and conducts its business operations in the areas with the diverse biodiversity resources. The selection of the locations for the Group's business operations is subject to analyses and environmental monitoring. The supervision (monitoring) of nature is also carried out (even in the cases where it was not obligatory). New projects are implemented taking into account the DNSH principle regarding the protection and restoration of the biodiversity and ecosystems.	– in-house operations	– medium term – long term
Impacts on and dependencies on ecosystem services		– in-house operations	– short term – medium term – long term
ESRS E5 Circular economy			
Waste	Due to their quantity, the determining impact in this area is related to the substances generated as a result of electricity and heat production processes based on the solid fuels. Thanks to the actions taken, the Group no longer generates the majority of its waste from the combustion processes, and the by-products are used in other industrial sectors. In the case of the other waste of smaller tonnage, the Group is guided by the waste management hierarchy.	– in-house operations	– short term – medium term
ESRS S1 Own work force			
Working conditions	TAURON Group exerts a strong and direct influence on its employees. As an employer, it strictly applies the labor law provisions in the employee relations and influences the issues related to diversity, equal treatment, ensuring adequate working conditions through its policies, procedures and processes.	– in-house operations	– short term – medium term – long term
Equal treatment and equal opportunities for all		– in-house operations	– short term – medium term – long term
Other rights related to work		– in-house operations	– short term – medium term – long term
ESRS S2 Workers in the value chain			
Working conditions	Through a cooperation with a number of partners throughout the value chain, TAURON Group is aware of its impact on the society, including the workers in the value chain. TAURON Group applies adequate standards and practices when selecting suppliers and subcontractors who exercise due diligence in terms of compliance with the working conditions, ethics and social standards. The impact of TAURON Group on the people performing work throughout the value chain has not been studied in detail to date.	– in-house operations	– short term – medium term – long term
Equal treatment and equal opportunities for all		– in-house operations	– medium term
ESRS S3 Affected communities			
Economic, social and cultural rights of the community	TAURON Group, aware of its impact on the local communities, is actively cooperating with the local authorities and residents, striving to improve their well being by creating new jobs and increasing revenues for the local budgets. The Group is also involved in the cooperation with the universities and schools, offering opportunities for development and gaining professional experience for the members of the local communities. In addition, TAURON Dystrybucja has representatives in charge or contacts with the local governments who coordinate the cooperation with the local authorities in the field of infrastructure development and the social projects.	– in-house operations	– short term – medium term – long term
Community civil and political rights		– in-house operations	– short term – medium term

Sub-topic	Description of impact	Impact's place of origin	Time perspective
ESRS S4 Consumers and end users			
Personal safety of consumers or end users	By providing reliable and affordable electricity and offering modern services and pro-ecological initiatives, TAURON Group has a positive impact on the consumers and end users. An important element of TAURON Group's impact on the customers is also taking care of the proper protection of the personal data and ensuring the full protection of the users' privacy.	– in-house operations	– short term – medium term – long term
Social inclusion of consumers or end users		– in-house operations	– medium term
ESRS G1 Business conduct			
Corporate culture	TAURON Group impacts corporate governance and business conduct by implementing transparent management principles, adhering to high ethics standards, promoting social responsibility and ensuring compliance with the legal regulations. These activities build stakeholder trust and support the sustainability of the organization.	– in-house operations	– short term – medium term – long term
Whistleblower protection		– in-house operations	– medium term – long term
Supplier Relationship Management, including payment practices		– in-house operations	– short term – medium term – long term
Corruption and bribery		– upstream	– medium term

The impacts identified as part of the double materiality assessment were determined not only for the place of origin and time perspective, but also their positive / negative and actual / potential nature was identified. The identified impacts are linked to TAURON Group's Strategy that defines the Group's goals and activities in the social, environmental and corporate governance areas.

The table below presents the material impacts resulting from the conducted materiality assessment along with their positive or negative impact on people or the environment and their actual or potential impact.

Table no. 82 Assessment of the material impacts and their impact on the people or the environment

Sub-topic	Positive / negative impact on the people or the environment	Actual / potential impact
ESRS E1 Climate change		
Climate change adaptation	– positive	– actual
Climate change mitigation	– positive – negative	– actual – potential
Energy	– positive	– actual
ESRS E2 Pollution		
Air pollution	– positive – negative	– actual – potential
ESRS E3 Water and marine resources		
Water	– positive – negative	– actual – potential
ESRS E4 Biodiversity and ecosystems		
Impacts on the range and condition of ecosystems	– positive – negative	– actual – potential
Impacts on and dependencies on ecosystem services	– positive	– actual – potential
ESRS E5 Circular economy		
Waste	– positive – negative	– actual – potential
ESRS S1 Own work force		
Working conditions	– positive – negative	– actual – potential

Sub-topic	Positive / negative impact on the people or the environment	Actual / potential impact
Equal treatment and equal opportunities for all	– positive – negative	– actual – potential
Other rights related to work	– positive – negative	– actual – potential
ESRS S2 Workers in the value chain		
Working conditions	– positive	– actual – potential
Equal treatment and equal opportunities for all	– negative	– potential
ESRS S3 Affected communities		
Economic, social and cultural rights of the community	– positive – negative	– actual – potential
Community civil and political rights	– positive	– actual
ESRS S4 Consumers and end users		
Personal safety of consumers or end users	– positive – negative	– actual – potential
Social inclusion of consumers or end users	– positive	– actual
ESRS G1 Business conduct		
Corporate culture	– positive – negative	– actual – potential
Whistleblower protection	– positive	– actual – potential
Supplier Relationship Management, including payment practices	– negative	– potential
Corruption and bribery	– negative	– potential

Financial materiality

The table below presents a description of the material risks and opportunities resulting from the conducted materiality assessment.

Table no. 83 Description of the material risks and opportunities resulting from the conducted materiality assessment

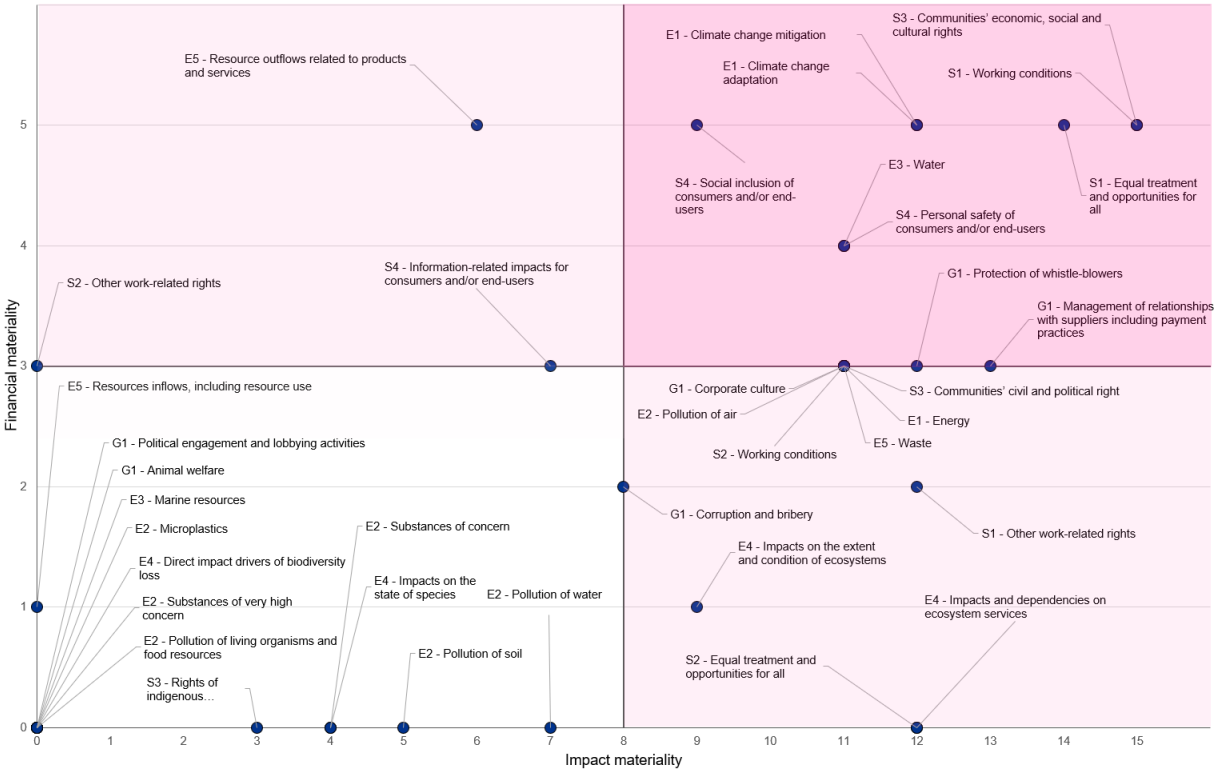
Sub-topics	Description of the material risks	Description of the material opportunities
Climate change adaptation Climate change mitigation Energy	TAURON Group is monitoring an occurrence and intensity of extreme weather events (for example, droughts, heat waves, heavy rains and floods, hurricanes) that may result in elevated costs of maintaining the energy infrastructure, a decrease in the volume of production and supply of electricity and heat or rapid fluctuations of the market prices. Climate change also has an impact on the need to reduce the installed capacity of the conventional sources and increase the share of the zero- and low carbon sources.	Diversification of the business operations, strategic planning of investments in new technological solutions, promotion of renewable energy and better management of the demand for electricity can contribute to increasing financial stability, improving TAURON Group's competitiveness on the market and reducing the negative impact on the climate and the environment.
Air pollution	In response to increasingly stringent environmental standards, rising ecological awareness and growing social expectations, TAURON Group has carried out an infrastructure adaptation program and is using technologies that reduce air pollution, which is associated with additional operating expenses.	The drive to reduce the impact on air pollution creates opportunities for energy companies to develop and implement ecological technologies.
Water	The climate changes observed, including the intensifying phenomenon of hydrological drought, have a direct impact on the availability of the renewable resources, for example, water. A water shortage (for example, due to droughts) could have an impact on TAURON Group by curtailing electricity production by the hydroelectric power plants.	TAURON Group, guided by the principle of resource efficiency, continuously monitors and optimizes the consumption of water used for the technological purposes.

Sub-topics	Description of the material risks	Description of the material opportunities
Resources drained related to products and services Waste	A failure to have or use adequate waste utilization technologies and the ability to spend money on such technologies may lead to elevated costs related to waste management, increased risk of a failure to comply with the environmental requirements and a deterioration of TAURON Group's image as a responsible enterprise.	TAURON Group is aiming to implement a circular economy model, maximizing the use of the by-products of the post-processing, such as ash, slag, ash and slag mixtures, gypsum or the mining by-products.
Working conditions Equal treatment and equal opportunities for all	Negative opinions on the working conditions and a lack of concern for a fair treatment of the employees could have an impact on the negative perception of TAURON Group by the customers, investors and business partners. Employee dissatisfaction may lead to a lower commitment and efficiency at work.	Changes to the labor issues, such as the adequate working conditions and equal treatment, have a positive impact on the employee engagement, efficiency and innovation. Compliance with the regulations and promoting of the positive employee resource management practices strengthens the Group's reputation, attracts talent and reduces the risk of a turnover or the social conflicts. TAURON Group is also undertaking initiatives in order to support its employees in the energy transition process.
Working conditions Other rights related to work	Incidents involving violations of the human rights, safety rules or working conditions at the business partners may lead to the disruptions in TAURON Group's operations, resulting in the delays in the project implementation, elevated costs, a loss of reputation and the potential financial losses.	
Economic, social and cultural rights of the community Community civil and political rights	A failure to take into account the opinions of the local communities may lead to protests, dissatisfaction and resistance against the projects implemented by TAURON Group. A lack of a constructive dialogue may also make it difficult to establish and maintain positive relations with the local governments, organizations and other key stakeholders.	
Impacts on consumers or end users related to information Personal safety of consumers or end users Social inclusion of consumers or end users	Incorrect information provided to the customers may result in the complaints and claims filed with the Office of Competition and Consumer Protection (UOKiK), the Energy Regulatory Office or the Consumer Ombudsmen. As a result, this may lead to the loss of the customers, the imposition of the penalties and fines for violating the consumer protection regulations, and may also seriously damage the reputation of TAURON Group, weakening its position on the market and undermining trust among the customers.	Consumers and end users play a key role in shaping TAURON Group's business strategy, impacting its product offering and services provided. Transparent and effective communication with the customers has a material impact on the Group, as it builds trust, strengthens relationships and minimizes the risk of complaints, a loss of the customers, as well as the sanctions from institutions such as the Energy Regulatory Office ERO, the Office of Competition and Consumer Protection (UOKiK) or the Consumer Ombudsman. Climate education of the customers also has an impact on a change in their habits in the consumption of electricity, which supports TAURON Group's actions to mitigate climate change.
Corporate culture Whistleblower protection Supplier Relationship Management, including payment practices	Transparency and compliance with the applicable corporate governance regulations are of key importance for TAURON Group. A lack of or improper application of the relevant legal provisions (related to, for example, the whistleblower protection, channels for reporting of the potential abuses, counteracting the conflicts of interest) may lead to the serious legal and financial consequences.	

Material Topics Matrix

The figure below shows the material topics matrix resulting from the double materiality assessment. This matrix was the starting point for developing the list of disclosures and selecting data points for sustainability reporting.

Figure no. 53 Matrix of the topics material for TAURON Group



When developing the new Strategy and setting its objectives, the Management Board of the Company took into account both the current as well as the forecast challenges related to the sustainability.

The Strategy focuses on the transition of the Group towards a decarbonization of its assets, which will directly minimize the material risks and negative impacts of its business operations on the climate and environment. In addition, the material risks and impacts related to social issues and corporate governance are managed at the operational level through the implementation of the assumptions of the individual intra-corporate policies.

TAURON Group does not currently identify IROs for which there is a significant risk of adjustment to the carrying amounts of assets and liabilities in the next annual reporting period.

In 2024, TAURON Group conducted a double materiality assessment for the first time, as a result of which no changes to the material impacts, risks and opportunities were identified as compared to the previous reporting period.

In addition to the IROs that are covered by the disclosure requirements contained in the ESRS, TAURON Group has taken into account and presented an additional disclosure regarding the security management system (including the topics related to cybersecurity). The risk related to cybersecurity, has been identified as the risk of breaching the ICT security, which has been classified as a key risk, and it is managed at TAURON Group's level. This risk concerns unauthorized access to the IT systems, leaky access control, use of an unauthorized external infrastructure to process the company data, hacking into the company's IT system, internet attacks and malware causing the above mentioned effects.

12.9. ESRS compliance table (IRO-2)

ESRS 2 IRO-2

The table below presents a list of the disclosure requirements fulfilled in the preparation of the sustainability report after the materiality assessment, along with the names of the sections in which the relevant disclosures are provided.

An explanation of how TAURON Group has determined the material information requiring disclosure in connection with the impacts, risks and opportunities that TAURON Group has deemed as material is presented in *section 12.8. of this report*.

Table no. 84 ESRS compliance table

Number of the disclosure	Name of the disclosure	Section in the Report
ESRS 2 General disclosures		
BP-1	General basis for preparation of sustainability statements	12.1. Basics of preparing sustainability reporting (BP-1, BP-2)
BP-2	Disclosures in relation to specific circumstances	

Number of the disclosure	Name of the disclosure	Section in the Report
GOV-1	The role of the administrative, management and supervisory bodies	9.11. Management Board and Supervisory Board of TAURON Polska Energia S.A. and the committees thereof 12.2. Governance structure (GOV-1) 12.3. Sustainability management (subsection: (GOV-1, GOV-2)
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	12.3. Sustainability management (subsection: (GOV-1, GOV-2)
GOV-3	Integration of sustainability-related performance in incentive schemes	10. The Compensation Policy for Members of the Management and the Supervisory Board
GOV-4	Statement on due diligence	12.3. Sustainability management (subsection: (GOV-4)
GOV-5	Risk management and internal controls over sustainability reporting	12.4. Risk management and internal controls over sustainability reporting (GOV-5)
SBM-1	Strategy, business model and value chain	1.1 General information 2.1 Core products, goods and services 5.3 Financial results of TAURON Capital Group by the segments of operations 12.5 Sustainability in TAURON Group's business strategy (SBM-1) 12.6 TAURON Group's business model (SBM-1) 12.7 TAURON Group's value chain (SBM-1)
SBM-2	Interests and views of stakeholders	12.8. Materiality assessment (subsection: SBM-2)
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	12.8. Materiality assessment (subsection: SBM-3)
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	12.8. Materiality assessment (subsection: IRO-1)
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	12.9. ESRS compliance table (IRO-2)
ESRS E1 Climate change		
E1-1	Transition plan for climate change mitigation	12.11. Climate change (subsection: E1-1)
E1-2	Policies related to climate change mitigation and adaptation	12.11. Climate change (subsection: E1-2)
E1-3	Actions and resources in relation to climate change policies	12.11. Climate change (subsection: E1-3)
E1-4	Targets related to climate change mitigation and adaptation	12.11. Climate change (subsection: E1-4)
E1-5	Energy consumption and mix	12.11. Climate change (subsection: E1-5)
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	12.11. Climate change (subsection: E1-6)
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	12.11. Climate change (subsection: E1-7)
E1-8	Internal carbon pricing	12.11. Climate change (subsection: E1-8)
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	12.11. Climate change (subsection: E1-9)
ESRS E2 Pollution		
E2-1	Policies related to pollution	12.12. Pollution (subsection: E2-1)
E2-2	Actions and resources related to pollution	12.12. Pollution (subsection: E2-2)
E2-3	Targets related to pollution	12.12. Pollution (subsection: E2-3)
E2-4	Pollution of air, water and soil	12.12. Pollution (subsection: E2-4)
E2-5	Substances of concern and substances of very high concern	Immaterial
E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	12.12. Pollution (subsection: E2-6)

Number of the disclosure	Name of the disclosure	Section in the Report
ESRS E3 Water and marine resources		
E3-1	Policies related to water and marine resources	12.13. Water (subsection: E3-1)
E3-2	Actions and resources related to water and marine resources	12.13. Water (subsection: E3-2)
E3-3	Targets related to water and marine resources	12.13. Water (subsection: E3-3)
E3-4	Water consumption	12.13. Water (subsection: E3-4)
E3-5	Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	12.13. Water (subsection: E3-5)
ESRS E4 Biodiversity and ecosystems		
E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	12.14. Biodiversity and ecosystems (subsection: E4-1)
E4-2	Policies related to biodiversity and ecosystems	12.14. Biodiversity and ecosystems (subsection: E4-2)
E4-3	Actions and resources related to biodiversity and ecosystems	12.14. Biodiversity and ecosystems (subsection: E4-3)
E4-4	Targets related to biodiversity and ecosystems	12.14. Biodiversity and ecosystems (subsection: E4-4)
E4-5	Impact metrics related to biodiversity and ecosystems change	12.14. Biodiversity and ecosystems (subsection: E4-5)
E4-6	Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	12.14. Biodiversity and ecosystems (subsection: E4-6)
ESRS E5 Resource use and circular economy		
E5-1	Policies related to resource use and circular economy	12.15. Resource use and circular economy (subsection: E5-1)
E5-2	Actions and resources related to resource use and circular economy	12.15. Resource use and circular economy (subsection: E5-2)
E5-3	Targets related to resource use and circular economy	12.15. Resource use and circular economy (subsection: E5-3)
E5-4	Resource inflows	Immaterial
E5-5	Resource outflows	12.15. Resource use and circular economy (subsection: E5-5)
E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	12.15. Resource use and circular economy (subsection: E5-6)
ESRS S1 Own workforce		
S1-1	Policies related to own workforce	12.16. Own workforce (subsection: S1-1)
S1-2	Processes for engaging with own workers and workers' representatives about impacts	12.16. Own workforce (subsection: S1-2)
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	12.16. Own workforce (subsection: S1-3)
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	12.16. Own workforce (subsection: S1-4)
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	12.16. Own workforce (subsection: S1-5)
S1-6	Characteristics of the undertaking's employees	12.16. Own workforce (subsection: S1-6)
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	12.16. Own workforce (subsection: S1-7)
S1-8	Collective bargaining coverage and social dialogue	12.16. Own workforce (subsection: S1-8)
S1-9	Diversity metrics	12.16. Own workforce (subsection: S1-9)
S1-10	Adequate wages	12.16. Own workforce (subsection: S1-10)
S1-11	Social protection	12.16. Own workforce (subsection: S1-11)

Number of the disclosure	Name of the disclosure	Section in the Report
S1-12	Persons with disabilities	12.16. Own workforce (subsection: S1-12)
S1-13	Training and skills development metrics	12.16. Own workforce (subsection: S1-13)
S1-14	Health and safety metrics	12.16. Own workforce (subsection: S1-14)
S1-15	Work-life balance metrics	12.16. Own workforce (subsection: S1-15)
S1-16	Compensation metrics (pay gap and total compensation)	12.16. Own workforce (subsection: S1-16)
S1-17	Incidents, complaints and severe human rights impacts	12.16. Own workforce (subsection: S1-17)
ESRS S2 Workers in the value chain		
S2-1	Policies related to value chain workers	12.17. Workers in the value chain (subsection: S2-1)
S2-2	Processes for engaging with value chain workers about impacts	12.17. Workers in the value chain (subsection: S2-2)
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	12.17. Workers in the value chain (subsection: S2-3)
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	12.17. Workers in the value chain (subsection: S2-4)
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	12.17. Workers in the value chain (subsection: S2-5)
ESRS S3 Affected communities		
S3-1	Policies related to affected communities	12.18. Affected communities (subsection: S3-1)
S3-2	Processes for engaging with affected communities about impacts	12.18. Affected communities (subsection: S3-2)
S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	12.18. Affected communities (subsection: S3-3)
S3-4	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	12.18. Affected communities (subsection: S3-4)
S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	12.18. Affected communities (subsection: S3-5)
ESRS S4 Consumers and end users		
S4-1	Policies related to consumers and end users	12.19. Consumers and end users (subsection: S4-1)
S4-2	Processes for engaging with consumers and end users about impacts	12.19. Consumers and end users (subsection: S4-2)
S4-3	Processes to remediate negative impacts and channels for consumers and end users to raise concerns	12.19. Consumers and end users (subsection: S4-3)
S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end users, and effectiveness of those actions	12.19. Consumers and end users (subsection: S4-4)
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	12.19. Consumers and end users (subsection: S4-5)
ESRS G1 Business conduct		
G1-1	Business conduct policies and corporate culture	12.20. Business conduct (subsection: G1-1)
G1-2	Management of relationships with suppliers	12.20. Business conduct (subsection: G1-2)
G1-3	Prevention and detection of corruption and bribery	12.20. Business conduct (subsection: G1-3)
G1-4	Confirmed incidents of corruption or bribery	12.20. Business conduct (subsection: G1-4)

Number of the disclosure	Name of the disclosure	Section in the Report
G1-5	Political influence and lobbying activities	Immaterial
G1-6	Payment practices	12.20. Business conduct (subsection: G1-6)

The table below presents all of the data points that stem from the provisions of the Regulation on disclosure of information related to sustainability in the financial services sector (2019/2088 of November 27, 2019) based on Appendix B of ESRS 2.

Table no. 85 List of data points included in the cross-cutting and topical standards that stem from other EU legislation

Disclosure Requirement and related datapoint	Sustainability related disclosure in the financial services sector reference (SFDR) (section in the report)
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	9.11 The Management Board and the Supervisory Board of TAURON Polska Energia S.A. and their committees
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)	
ESRS 2 GOV-4 Statement on due diligence paragraph 30	12.3 Sustainability management (subsection: GOV-4)
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	1.1 General information
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv	
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14	12.11. Climate change (subsection: E1-1)
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	
ESRS E1-4 GHG emission reduction targets paragraph 34	12.11. Climate change (subsection: E1-4)
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	12.11. Climate change (subsection: E1-5)
ESRS E1-5 Energy consumption and mix paragraph 37	
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	12.11. Climate change (subsection: E1-6)
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	
ESRS E1-7 GHG removals and carbon credits paragraph 56	12.11 Climate change (subsection: E1-7)
ESRS E1-9 Exposure of the benchmark portfolio to climate related physical risks paragraph 66	12.11 Climate change (subsection: E1-9)
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)	
ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c)	
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)	
ESRS E1-9 Degree of exposure of the portfolio to climate related opportunities paragraph 69	
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	12.12. Pollution (subsection: E2-4)
ESRS E3-1 Water and marine resources paragraph 9	12.13. Water (subsection: E3-1)
ESRS E3-1 Dedicated policy paragraph 13	
ESRS E3-1 Sustainable oceans and seas paragraph 14	

Disclosure Requirement and related datapoint	Sustainability related disclosure in the financial services sector reference (SFDR) (section in the report)
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	12.13. Water (subsection: E3-4)
ESRS E3-4 Total water consumption in m^3 per net revenue on own operations paragraph 29	
ESRS 2 SBM-3 - E4 paragraph 16 (a) i	12.14. Biodiversity and ecosystems (subsection: SBM-3)
ESRS 2 SBM-3 - E4 paragraph 16 (b)	
ESRS 2 SBM-3 - E4 paragraph 16 (c)	
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	12.14. Biodiversity and ecosystems (subsection: E4-2)
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	
ESRS E5-5 Non-recycled waste paragraph 37 (d)	12.15. Resource use and circular economy (subsection: E5-5)
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	
ESRS 2 SBM-3 - S1 Risk of incidents of forced labor paragraph 14 (f)	12.16. Own workforce (subsection: SBM-3)
ESRS 2 SBM-3 - S1 Risk of incidents of child labor paragraph 14 (g)	
ESRS S1-1 Human rights policy commitments paragraph 20	12.16. Own workforce (subsection: S1-1)
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8, paragraph 21	
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	
ESRS S1-3 Grievance / complaints handling mechanisms paragraph 32 (c)	12.16. Own workforce (subsection: S1-3)
ESRS S1-14 Number of fatalities and number and rate of work related accidents paragraph 88 (b) and (c)	12.16. Own workforce (subsection: S1-14)
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	12.16. Own workforce (subsection: S1-16)
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	12.16. Own workforce (subsection: S1-17)
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	
ESRS 2 SBM-3 - S2 Significant risk of child labor or forced labor in the value chain paragraph 11 (b)	12.17. Workers in the value chain (subsection: SBM-3)
ESRS S2-1 Human rights policy commitments paragraph 17	12.17. Workers in the value chain (subsection: S2-1)
ESRS S2-1 Policies related to value chain workers paragraph 18	
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8, paragraph 19	
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	12.17. Workers in the value chain (subsection: S2-4)
ESRS S3-1 Human rights policy commitments paragraph 16	12.18. Affected communities (subsection: S3-1)
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	

Disclosure Requirement and related datapoint	Sustainability related disclosure in the financial services sector reference (SFDR) (section in the report)
ESRS S3-4 Human rights issues and incidents paragraph 36	12.18. Affected communities (subsection: S3-4)
ESRS S4-1 Policies related to consumers and end users paragraph 16	12.19. Consumers and end users (subsection: S4-1)
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	
ESRS S4-4 Human rights issues and incidents paragraph 35	12.19. Consumers and end users (subsection: S4-4)
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	12.20. Business conduct (subsection: G1-1)
ESRS G1-1 Protection of whistleblowers paragraph 10 (d)	
ESRS G1-4 Fines for violation of anticorruption and anti-bribery laws paragraph 24 (a)	12.20. Business conduct (subsection: G1-4)
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	

Environment and Climate

12.10. Environmental Taxonomy Compliance

Due diligence at TAURON Group and the Minimum Safeguards (MS) related to the EU Taxonomy

An economic activity may be considered environmentally sustainable when it meets the criteria for environmentally sustainable economic activities, including, but not limited to, when the organization's activities are carried out in accordance with the Minimum Safeguards (MS) set out in *Article 18 of Regulation (EU) 2020/852 of the Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment (hereinafter referred to as the EU Taxonomy)*.

In accordance with the above provision of the EU Taxonomy, the Minimum Safeguards (MS) are the procedures implemented and applied by an enterprise conducting business activities to ensure compliance with the *OECD Guidelines for Multinational Enterprises* (hereinafter: OECD Guidelines) and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions indicated in the *International Labor Organization Declaration* on Fundamental Principles and Rights at Work and the principles and rights set out in the *International Bill of Human Rights*. In addition, enterprises should comply with the principle of do no significant harm, referred to in Article 2, section 17 of Regulation (EU) 2019/2088. The EU Taxonomy does not indicate any other detailed requirements for the Minimum Safeguards (MS).

The OECD Guidelines refer to eight key areas in which an organization should make appropriate disclosures, i.e.:

1. Human Rights,
2. Employment and Labor Relations,
3. Environment,
4. Combating Bribery and Other Forms of Corruption,
5. Consumer Interests,
6. Science, Technology and Innovation,
7. Competition,
8. Taxation.

TAURON Group operates in a transparent manner and makes public disclosures of the information on its activities. The information on the material issues that may have an impact on the assessment of the company's value is regularly published on TAURON's website in the Investor Relations tab.

TAURON Group exercises due diligence in conducting its business activities, which is reflected in *TAURON Group's Due Diligence Policy* developed in 2024, the purpose of which is to formalize the principles of responsible business conduct by TAURON Group. The development of the Policy is also a response to the requirements included in the *directive on corporate due diligence in the field of sustainability* (CSDDD Directive). The Policy indicates the areas of activity in accordance with the content of the OECD Guidelines, which describe the most important obligations in the field of due diligence and the process of the implementation thereof. The Policy has been adopted in 2025.

In addition to the newly adopted *TAURON Group's Due Diligence Policy*, the main document indicating TAURON Group's commitment to conduct its business activities in a responsible manner in the spirit of sustainability is TAURON Group's Corporate Social Responsibility Code of Conduct, which defines the most important values and principles of conduct in relations with the co-workers, the natural environment and the stakeholders. *TAURON Group's Corporate Social Responsibility Code of Conduct is described in more detail in section G1-1 of this report.*

Human rights

TAURON Group respects human rights and supports their protection as part of its business activities, while preventing situations in which these rights would be violated. A compliance clause has been introduced into agreements with TAURON Group's contractors, under which the contractors undertake to conduct their business in a responsible manner, including with respect for the national, European and international regulations in the field of human rights, and undertake to require their employees, suppliers and subcontractors to refrain from violating human rights. The detailed disclosures regarding *TAURON Group's Respect for Human Rights Policy are provided in section S1-1 of this report*.

The due diligence procedures related to the individual aspects of the human rights protection are included in TAURON Group's internal regulations, including, among others, in: *TAURON Group's Respect for Human Rights Policy, TAURON Group's Corporate Social Responsibility Code of Conduct, TAURON Group's Policy of Ethics Compliance and Counteracting Mobbing and Discrimination, TAURON Group's Work Health and Safety Policy and TAURON Group's Diversity, Equal Opportunities and Inclusion Policy*.

TAURON Group conducts a periodic assessment of the actual and potential negative effects and impacts of its activities on the human rights. The Report on the Respect for Human Rights at TAURON Group is drafted based on the conducted assessment process, taking into account the information on the mitigation measures taken, as well as a plan of action aimed at ensuring respecting for human rights at TAURON Group is developed. The current Report is available on TAURON's website in the Compliance tab.

Employment and relations with employees

TAURON Group exercises due diligence in relations with employees by conducting its business activities in accordance with the applicable labor law regulations and human rights standards. TAURON Group respects the right of employees to establish and participate in trade unions. *The detailed information on the exercising of the right to associate is provided in section S1-2 of this report.*

TAURON Group opposes any forms of forced labor and child labor in its own operations and obliges its contractors (counterparties) to do the same. In its activities, it is guided by the principle of equal opportunities and equal treatment in employment. TAURON Group strives to eliminate accidents at work and minimize the occurrence of occupational diseases and the number of near-miss incidents, while complying with the provisions of *TAURON Group's Work Health and Safety Policy*. As part of ensuring due diligence, adequate internal regulations are issued, adapted to the profile and work performed, audits and internal inspections are conducted - also with respect to the activities of any external entities cooperating with TAURON Group.

Employees are provided with training in order to improve their skills and competences. *The relevant regulations, taking into account the due diligence processes in the area of human rights and employee rights (including employee training), are described in the sections included in part S1 - Own employee resources and in part G1 - Business conduct.*

Environment

TAURON Group conducts its business operations in accordance with the environment and climate protection regulations. Due to the diverse production and service profiles of TAURON Group's subsidiaries, their impact on the environment is materially diversified. Some of TAURON Group's subsidiaries have implemented a certified environmental management system. In order to prevent serious damage to the environment and health in the areas of operations exposed to the risk of such damage, adequate emergency plans have been introduced. TAURON Group is striving to improve its efficiency in the area of environmental protection at the enterprise level and, in the relevant cases, with respect to the entities with which it maintains business relations. *The detailed information on the disclosure of environmental due diligence procedures is included in sections E2 - E5 in the parts related the Environmental Policy.*

Combating bribery and other forms of corruption

TAURON Group applies a zero tolerance policy towards any manifestations of corrupt activities with respect to all aspects of TAURON Group's operations. In accordance with the content of *TAURON Group's Anti-Corruption Policy*, the employees are required to take preventive measures and report any potential cases of corrupt activities.

In connection with the entry into force of the Whistleblower Protection Act, in 2024, actions were taken to ensure adequate mechanisms for reporting and reviewing of the reports of any suspected irregularities, including providing the whistleblower with protection and prohibiting any retaliatory actions. *The details regarding the procedure for reviewing of the reports, channels for reporting irregularities and remedial measures taken in the event of the irregularities have been confirmed are provided in section G1-1 of this report.*

The detailed obligations related to counteracting corruption are specified in *TAURON Group's Anti-Corruption Program*, based on which, among other things, monitoring of the corruption risk is conducted, and every two years an assessment of the risk of corruption activities at TAURON Group's subsidiaries is conducted. The Anti-Corruption Program also specifies the frequency of training in the field of counteracting corruption addressed to all of the employees, the personnel working the areas that are most exposed to the risk of corruption and the members of

the Management Boards of TAURON Group's subsidiaries. *The detailed disclosures with respect to counteracting corruption are provided in section G1-3 of this report.*

Competition

As part of the organization's disclosures regarding fair competition, TAURON Group confirms that it conducts its business operations in a manner that is in compliance with the provisions of the law, including the competition protection law, and cooperates with the national competition protection (antitrust) authorities by providing answers to any inquiries coming from the President of the Office of Competition and Consumer Protection and submitting reports on the implementation of any decisions. TAURON Group combats unfair practices by applying the provisions of *TAURON Group's Purchase Order (Contract) Award (Procurement) Regulations* and *TAURON Group's Tender Collusion Prevention Procedure*. In order to reduce the risk of any irregularities, the staff of the Purchasing Area take part in the training on counteracting irregularities in the purchasing process at least once a year.

Consumer interests

TAURON Sprzedaż and TAURON Sprzedaż GZE subsidiaries hold a certificate confirming their compliance with the requirements of the *Best Practice of Electricity and Gas Fuel Suppliers* issued by the Energy Trading Association (Towarzystwo Obrotu Energią). In contacts with its consumers, TAURON Group is acting in accordance with fair business, marketing and advertising practices. In accordance with *TAURON Group's Strategy for 2025 – 2035*, the relations with the customers and customer experience are placed at the center of attention of TAURON Group's business activities.

TAURON Group is implementing a comprehensive *TAURON Without Barriers (TAURON Bez Barier)* program, whose goal is to create an inclusive brand, accessible to everyone. The program is addressed to the persons with disabilities, seniors, the sick and the socially or digitally excluded people. The key solutions implemented in 2024 as part of the TAURON Without Barriers program include: launching of a customer service option with a sign language interpreter at every customer service center and improving architectural accessibility. As part of the program, a study was launched in order to assess the needs of the persons with disabilities and seniors, and a guide under the title *First Contract with TAURON* was drafted, adapted for use by the blind persons, in accordance with the WCAG (Web Content Accessibility Guidelines) standards.

Educational activities addressed at TAURON Group's employees were carried out, such as: the *ABC of Accessibility* series, the *How to create accessible documents* series, e-learning training *Serving customers with disabilities and people with special needs*. The training provides a supplement of the knowledge included in the *Practical guide on savoir-vivre towards persons with disabilities.* An initiative is also being conducted: *TAURON speaks the way humans do (TAURON mówi po ludzku)*, whose goal is to promote communication using simple language and, as a consequence, a simplification of the formal and legal documents, announcements and letters addressed to the customers.

Respect for consumer privacy is a priority at TAURON Group. Personal data is processed in compliance with the applicable legal regulations on personal data protection. The information on the legal basis for data processing, data subjects' rights and privacy violations reporting channels can be found on TAURON's website under the GDPR tab. The activities of TAURON Group are aimed at increasing the security of the personal data and protection against cyber threats. In order to raise consumer awareness of security, including data security, information campaigns are being conducted on, among other things, warnings against fraudulent market practices. On TAURON's website, under the *Online Security* tab, there are materials containing practical tips on how to protect your data and avoid fraud, as well as how to recognize criminals and respond to cyber threats.

TAURON Group is conducting a dialogue with the consumer ombudsmen (advocates), the representatives of the Energy Regulatory Office, the Office of Competition and Consumer Protection, and the consumer organizations.

The detailed disclosures covering due diligence procedures in relations with the consumers are provided in the sections of part S4 – Consumers and end users.

Science, technology and innovation

TAURON Group, as a conscious owner of innovative solutions and the IPR related intangible assets, develops its corporate policy while ensuring respect for intellectual property rights.

TAURON Group protects and manages intellectual property by applying and complying with the internal regulations, including, among other things, *TAURON Group's Intellectual Property Policy*, which specifies uniform principles and standards of conduct in accordance with the provisions of law regulating the intellectual property issues that we expect TAURON Group's employees and contractors (counterparties) to comply with.

TAURON'S substantive units responsible for the scientific research and technological innovations are consciously and responsibly managing TAURON Group's intellectual property by properly acquiring any intellectual property rights, as well as licensing them, protecting business trade secrets and combating unfair competition. TAURON Group has adequate processes in place: the process for reporting inventions, utility design models (patents) or industrial design patents and the employee rationalization process regulating the acquisition and remuneration for

the innovations coming from TAURON Group's employees. The rationalization concepts include all of the ideas for technical and technological improvements that come from the employees.

TAURON Research and Innovation Area has taken actions aimed at enabling TAURON Group's subsidiaries to conduct a secure exchange of the information obtained with respect to the research and development work carried out within the shared know-how database. Access to the database affects the efficiency of TAURON Group's subsidiaries' operations and allows for making adequate directional decisions. *The detailed information on the research, development and innovation related activities at TAURON Group and the cooperation with the start-up community is provided in section 1.7 of this report*.

TAURON Group is undertaking a number of initiatives in order to support employee career development. The initiatives undertaken also include the cooperation with the schools and universities, for example, by TAURON Group's employees completing an implementation doctorate or conducting a student internship and apprenticeship program. *All of the training initiatives implemented in 2024 are indicated in section S1-1 of this report.*

Tax practices

Compliance with the tax law, including the accurate settlement of the tax liabilities, is the core principle followed by TAURON Group. Business decisions are made taking into account their tax implications and the resulting tax obligations.

The rules of conduct adopted by TAURON Group are based on the existing interpretation of the tax law regulations, including those resulting from the guidelines or explanations provided by the Ministry of Finance, as well as the general and individual interpretations of the tax law. TAURON Group is cooperating with the tax authorities and providing the adequate authorities with information that is relevant or required by law in a timely manner in order to correctly determine its tax liabilities due in connection with the conducted business activity.

TAURON Group is implementing a tax strategy that is an effective and adequate set of identified and described processes and procedures for managing the performance of the obligations stemming from the tax law regulations and ensuring their correct performance.

With respect to the tax risk management, the key role is performed by the implemented and applied procedures, processes and control points provided for therein, thanks to which TAURON Group's subsidiaries are able to limit the tax risk and the negative effects of the materialization thereof. The tax strategy and the rules of conduct in this area have an impact on the relations with the tax authorities and the key contractors (counterparties), and, as a consequence, globally on TAURON Group's operations. The principles, procedures, processes and internal control system adopted and applied by the subsidiaries, as well as the human and technical resources in the area of tax management, have been organized in such a way as to enable compliance with the tax laws and regulations. TAURON Group does not specify a materiality threshold for the materialization of a risk and approaches all of the events with an equal diligence.

TAURON Group's subsidiaries enter into transactions with both related as well as unrelated entities, in both cases based on the market prices (transactions at arm's length). Before concluding a transaction, an assessment is carried out as to whether the transaction is subject to the transfer pricing regulations, and, as a consequence, whether the transaction is concluded on the market terms (at arm's length) and whether the transfer pricing documentation is required.

Summary

Therefore, taking into account the above disclosures regarding the individual areas of TAURON Group's operations, it is justified to state that TAURON Group's operations are in line with the *OECD Guidelines for Multinational Enterprises* and the *UN Guiding Principles on Business and Human Rights*.

TAURON Group's business operations do not violate the environmental and social objectives. The disclosures regarding TAURON Group's fulfillment of these objectives are indicated in the sections on the environment and climate, in particular in the section disclosing compliance with the EU Environmental Taxonomy and in the part related to the social responsibility. The study of TAURON Group's compliance with the principle of *do no significant harm* also took into account the PAI (principal adverse impacts - main adverse effects of investment decisions) indicators, to which reference is made in the ESRS 2 disclosure - General Disclosure of Information. The analysis conducted allows for concluding that TAURON Group's business operations do not violate the principle of *do no significant harm*.

The verification of the OECD NCP notification database allows for concluding that during the verification period no proceedings were conducted with respect to TAURON Group's subsidiaries.

As a consequence, it is justified to state that TAURON Group's business operations are conducted in accordance with the Minimum Safeguards (MS) related to the EU Taxonomy.

EU Taxonomy Compliance Testing Process

By preparing its sustainability reporting for 2024 TAURON Group is fulfilling its obligation to make the disclosures demonstrating to what extent the Group's business operations can be considered as being environmentally sustainable. Such a requirement stems from the *Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020, on the establishment of a framework to facilitate sustainable investments and amending Regulation (EU) 2019/2088, as well as the regulations issued under the Delegated Acts on the establishment of a framework to facilitate sustainable investments* (referred to as the Taxonomy).

Pursuant to the *Commission Delegated Regulation (EU) 2021/2178 of July 6, 2021, supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council* by clarifying the content and presentation of the information on *environmentally sustainable business activities to be disclosed by companies subject to Article 19a or 29a of Directive 2013/34/EU, and specifying the method for fulfilling this disclosure obligation,* pursuant to Art. 10 of the above mentioned Delegated Act (EU), for the period from January 1, 2024 to December 31, 2024, the non-financial companies shall disclose the percentage share of the taxonomy eligible business activities, including a breakdown into the taxonomy aligned and taxonomy non-aligned activities, and that of the taxonomy ineligible business activities in the total Turnover (Revenue), Capital Expenditures (CapEx) and Operating Expenses (OpEx), as well as the necessary qualitative information. The mandatory disclosures related to the Taxonomy are applicable to the key performance indicators and the accompanying information, as defined within the framework of Annexes no. I, II and XII of the *Commission Delegated Regulation (EU) 2021/2178*. In addition, in order to assess whether the Group's activities, and in what proportion, are environmentally sustainable in accordance with the Taxonomy, a classification of the activities against the criteria for making a material contribution to an accomplishment of at least one of the environmental goals and against the criteria related to the *do no significant harm* (DNSH) principle is carried out.

For the preparation of the Taxonomy related disclosures for 2024, in all of the operating segments (lines of business) of TAURON Group's business operations, as well as within TAURON Group's subsidiaries, an analysis of the activities conducted by TAURON Group had been carried out, as a result of which the Taxonomy eligible activities had been identified, in line with the description of the activities according to the *Commission Delegated Regulation (EU) 2021/2139 and 2023/2485* and shown in Annex no. I (Climate Change Mitigation) or Annex no, II (Climate Change Adaptation). TAURON Group has qualified its activities based on the description of the activities included in Annex I and II for the Technical Qualification Criteria and, in a subsidiary manner, using the NACE codes included therein.

TAURON Group has also interpreted the ambiguous provisions with respect to the Taxonomy, and the assumptions and the interpretations made are presented in the explanatory notes and the footnotes to the methodology for the information provided in Tables no. 86, 87 and 88.

In addition, fulfilling the information disclosure obligation under the *Commission Delegated Regulation (EU) 2023/2486 of June 27, 2023. supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical qualification criteria for determining the conditions* under which a given economic activity qualifies as making a material contribution to the sustainable use and conservation of the water and marine resources, to the transition to a circular economy, to the pollution prevention and control, or to the protection and the restoration of the biodiversity and the ecosystems, as well as determining whether these business activities do not cause significant harm to any of the other environmental objectives, and amending the *Commission Delegated Regulation (EU) 2021/2178 with regard to public disclosure of specific information with respect to these business activities,* TAURON Group does not carry out activities that qualify for the application of the *Commission Delegated Regulation (EU) 2023/2486* and thus does not determine the levels of the sustainable Revenue, CapEx and OpEx for the other four environmental goals of the EU Environmental Taxonomy, i.e. in terms of a material contribution: to the sustainable use and conservation of water and marine resources (Goal 3), in the transition to a circular economy (Goal 4), in the prevention and control of the pollution (Goal 5) and in the restoration of the biodiversity and the ecosystems (Goal 6).

Step 1 – Division of the activities carried out by TAURON Group's subsidiaries.

The business activities of TAURON Group's subsidiaries are organized within its operating segments.

Step 2 – Identification of the economic activities included in the Taxonomy.

The selection of activities carried out within TAURON Group's operating segments that were eligible for the Taxonomy in 2024 was made pursuant to:

1. Annexes no. I and II, supplementary to the *Commission Delegated Regulation (EU) 2021/2139 of June 4, 2021:*
   1) 4.1. Electricity production using photovoltaic technology,
   2) 4.3. Electricity production from wind,
   3) 4.5. Electricity production from hydro,
   4) 4.9. Transmission and distribution of electricity,
   5) 4.15 Distribution in district heating systems,
   6) 4.20. Cogeneration of thermal energy and electricity from biomass,

7) 7.3. Installation, maintenance and repair of energy efficiency equipment,
8) 7.4. Installation, maintenance and repair of electric vehicle charging stations in buildings (and in parking lots at buildings),
9) 7.6. Installation, maintenance and repair of renewable energy technology systems.

2. Annex no. I to the *Commission Delegated Regulation (EU) 2022/1214 of March 9, 2022, amending the Delegated Regulation (EU) 2021/2139*:
   1) 4.29. Electricity production from gaseous fossil fuels,
   2) 4.31. Production of thermal energy / cooling energy from gaseous fossil fuels in an efficient heating and cooling system.

The above mentioned classification also takes into account the *Commission Delegated Regulation (EU) 2021/2178 with regard to public disclosure of specific information with respect to these economic activities*. This is a delegated act that takes into account, among other things, gas and nuclear energy in the Taxonomy.

TAURON Group does not carry out the activities eligible to be applied under *Commission Delegated Regulation (EU) 2023/2486*.

Step 3 – Determination of the indicators related to the activities that are Taxonomy eligible.

In the next step, TAURON Group's individual operating segments are assigned to two categories:

1. category I (A.1 + A.2) – grouping TAURON Group's activities that are Taxonomy eligible, (A.1 – Taxonomy aligned and A.2 – Taxonomy non-aligned),
2. category II (B.) – grouping TAURON Group's activities that are Taxonomy non-eligible.

In the cases where the activities carried out as part of the business operations of the given operating segment of TAURON Group included both, the Taxonomy eligible activities (the environmental Taxonomy aligned and non-aligned activities – category I), as well the Taxonomy non-eligible activities (the Environmental Taxonomy non-eligible activities – category II), an additional division within the given operating segment has been introduced, allowing for classifying the segment type as being partially Taxonomy eligible.

Accounting principles

In order to calculate the proportions (percentage shares) of the Environmental Taxonomy eligible Turnover (*Revenue*), Capital Expenditures (CapEx) and Operating Expenses (OpEx), the same accounting principles that apply to the drawing up of TAURON Group's consolidated annual financial statements have been adopted. The flows taking place between the operating segments, used in the preparation of the financial statements, have been taken into account.

The relevant definitions in the *Commission Delegated Regulation (EU) 2021/2178* have been applied in order to identify the amounts (expressed in the monetary units) associated with the recognized activities meeting first the definitions related to the key performance indicators: turnover *(Revenue)*, capital expenditures (CapEx) and operating expenditures (OpEx), which constitute the denominator of each of these three indicators, and then the allocation of the amounts (expressed in the monetary units) from all of these three values to the categories found to be Taxonomy eligible and Taxonomy aligned (category I, A.1.), Taxonomy eligible and Taxonomy non-aligned (Category I, A.2.), which subsequently constitutes the numerator of each of the three indicators, and Taxonomy non-eligible (Category II, B.).

Turnover *(Revenue)*

The net sales revenue recognized in accordance with IAS 1, clause 82, letter a), as defined in Article 2, clause 5 of the *Directive 2013/34/EU of the European Parliament and of the Council of June 26, 2013*. The Directive states that *"net sales revenue" denotes the amounts derived from the sales of the products and the provision of the services after the deduction of the rebates and the value added tax and other taxes directly related to the turnover*." The consolidated net sales revenues have been taken into account in this way, and the corresponding amounts are included in TAURON Capital Group's Consolidated Financial Statements.

Capital expenditures (CapEx)

The investment outlays defined as increases in the property, plant and equipment and the intangible assets, the right-of-use related assets and the investment properties, including those resulting from the combining of the business units, as defined in the relevant IAS / IFRS:

1. IAS 16 Property, plant and equipment,
2. IAS 38 Intangible assets,
3. IAS 40 Investment property,
4. IFRS 16 Leases.

The consolidated increases in the tangible fixed assets property, plant and equipment, the intangible assets and the right of use related assets have been taken into account in this way, and the corresponding amounts are included in TAURON Capital Group's Consolidated Financial Statements.

Operating Expenses (OpEx) – as defined by the Environmental Taxonomy

Operating Expenditures (OpEx) defined as the direct, non-capitalized costs:

1. related to research and development work,
2. related to building renovation activities,
3. related to short term leases,
4. related to maintenance and repairs,
5. any other direct expenses related to the day to day operation of property, plant and equipment by a company or a third party outsourced to carry out the activities necessary to ensure the continuous and efficient operation of such assets.

In the case of the Operating Expenses (OpEx) indicator, due to its specific definition in the Environmental Taxonomy, it has not been possible to refer directly to TAURON Capital Group's Consolidated Financial Statements. The Group's highest Operating Expenses (OpEx) are the costs classified as "Maintenance and repair services" of the Distribution operating segment.

The analysis of the technical classification criteria and the *do no significant harm* principles and an assessment with respect to the physical climate risks

The analysis of the technical classification criteria and the *do no significant harm* principles has been conducted using an expert method based on a review of the business model of the operations of the Group's subsidiaries, and as a result of this analysis, the review of the Environmental Taxonomy eligibility of the operations of the Group's subsidiaries was carried out. The analysis also included checking of the conditions under which an activity qualifies as making a significant contribution to the climate change mitigation or adaptation, and whether the activity complies with the conditions set for it under the *do no significant harm* principles against any of the other environmental goals. Given the assignment of the Environmental Taxonomy aligned activities to the climate change mitigation goal, a precondition for complying with the *do no significant harm* principle was also to complete an assessment of the climate risk and of the exposure to this risk based on the classification included in Appendix A to Commission Delegated Regulation (EU) 2021/2139. The risk and the exposure assessment performed using the expert method demonstrated that the majority of the risks were rated as "low".

Analysis of the Minimum Safeguards (MS)

The analysis of the compliance of the business activities conducted in 2024 with the Minimum Safeguards (MS), as defined in Article 18 of the Regulation (EU) 2020/852 of the European Parliament and of the Council, is presented *in section 12.10 of this report (subsection: TAURON Group's due diligence and the Minimum Safeguards (MS) related to the EU Taxonomy)*. The compliance with the minimum Taxonomy guarantees has been confirmed.

Description of the Taxonomy eligible and the Taxonomy aligned activities and the contextual information

The proportion of the Taxonomy eligible and the Taxonomy non-eligible business activities in the total Turnover (Revenue), Capital Expenditures (CapEx) and Operating Expenses (OpEx – as defined by the Environmental Taxonomy) for TAURON Group for 2024 (and for the previous year) is presented in the following tables (Table no. 86, 87 and 88) and in Figure no. 54**:**

Turnover (Revenue), Capital Expenditures (CapEx) and Operating Expenses (OpEx – as defined by the Environmental Taxonomy) that are Taxonomy aligned come from the following activities:

1. CCM 4.1. Electricity production using photovoltaic technology,
2. CCM 4.3. Electricity production from wind,
3. CCM 4.5. Electricity production from hydro,
4. CCM 4.9. Transmission and distribution of electricity,
5. CCM 4.15. Distribution in district heating systems,
6. CCM 4.20. Cogeneration of thermal energy and electricity from biomass,
7. CCM 7.3. Installation, maintenance and repair of energy efficiency equipment,
8. CCM 7.4. Installation, maintenance and repair of electric vehicle charging stations in buildings (and in parking lots at buildings),
9. CCM 7.6. Installation, maintenance and repair of renewable energy technology systems.

Turnover (Revenue), capital expenditures (CapEx) and operating expenses (OpEx – as defined by the Environmental Taxonomy) that are Taxonomy eligible, but are not taxonomy aligned, come from the following activities:

1. CCM 4.5. Electricity production from hydro,
2. CCM 4.9. Transmission and distribution of electricity,
3. CCM 4.29. Electricity production from gaseous fossil fuels,
4. CCM 4.31. Production of thermal energy / cooling energy from gaseous fossil fuels in an efficient heating and cooling system.

Turnover (Revenue)

After analyzing all types of the activities described in the Environmental Taxonomy, it has been determined that:

1. Taxonomy eligible and Taxonomy aligned turnover (net revenue) accounts for 35.6% (PLN 11 582 million),
2. Taxonomy eligible and Taxonomy non-aligned turnover (net revenue) accounts for 0.5% (PLN 179 million),
3. Taxonomy non-eligible turnover (net revenue) accounts for 63.9% (PLN 20 775 million) of the Group's total net revenue from the Group's business operations in the financial year 2024.

The predominant Taxonomy aligned activity is activity 4.9 Transmission and distribution of electricity. Ac Electricity transmission and distribution, which accounts for approximately 88% of the value of the numerator of the key performance indicator related to the turnover. The second most Taxonomy - aligned activity is activity 4.3 Electricity production from wind, which accounts for approximately 6% of the value of the numerator of the key performance indicator related to the turnover.

The denominator of the net revenue (turnover) indicator stands at PLN 32 535 million.

Capital Expenditures (CapEx)

After analyzing all types of the activities described in the Environmental Taxonomy, it has been determined that:

1. Taxonomy eligible and Taxonomy aligned capital expenditures (CapEx) account for 91.0% (PLN 4 666 million),
2. Taxonomy eligible and Taxonomy non-aligned capital expenditures (CapEx) account for 0.7% (PLN 37 million),
3. Taxonomy non-eligible capital expenditures (CapEx) account for 8.3% (PLN 424 million) of all of the capital expenditures (CapEx) from the Group's business operations in the financial year 2024.

The predominant Taxonomy aligned activity is activity 4.9 Transmission and distribution of electricity, which accounts for approximately 66% of the value of the meter of the key performance indicator related to the capital expenditures (CapEx). The next most Taxonomy - aligned activities are activities 4.3 Electricity production from wind from the "Renewable Energy Sources" operating segment and 4.1 Electricity production using photovoltaic technology, which account for approximately 25% and approximately 6%, respectively, of the value of the numerator of the key performance indicator related to capital expenditures (CapEx).

The denominator of the capital expenditures indicator (CapEx) stands at PLN 5 127 million.

Operating Expenses (OpEx – as defined by the Environmental Taxonomy)

After analyzing all types of the activities described in the Environmental Taxonomy, it has been determined that:

1. Taxonomy eligible and Taxonomy aligned operating expenses (OpEx - as defined by the Environmental Taxonomy) account for 70.1% (PLN 1 509 million),
2. Taxonomy eligible and Taxonomy non-aligned operating expenditures (OpEx - as defined by the Environmental Taxonomy) account for 0.9% (PLN 19 million),
3. Taxonomy non-eligible operating expenses (OpEx - as defined by the Environmental Taxonomy) account for 29% (PLN 626 million) of all of the operating expenses (OpEx - as defined by the Environmental Taxonomy) from the Group's business operations in the financial year 2024.

The predominant Taxonomy aligned activity is activity 4.9 Transmission and distribution of electricity, which accounts for approximately 93% of the value of the numerator of the key performance indicator related to the operating expenses (OpEx - as defined by the Environmental Taxonomy).

The denominator of the operating expenditures indicator (OpEx - as defined by the Environmental Taxonomy) stands at PLN 2 154 million.

Results of the EU Taxonomy compliance test

The proportion of the Taxonomy eligible and the Taxonomy non-eligible business activities in the total Turnover (Revenue), Capital Expenditures (CapEx) and Operating Expenses (OpEx – as defined by the Environmental Taxonomy) for TAURON Group for 2024 (and for the previous year) is presented in the following tables (Table no. 86, 87 and 88) and in Figure no. 54.

Table no. 86 EU environmental taxonomy. The disclosure regarding the percentage share of the turnover (Revenue) from the products or services related to the Taxonomy aligned business activities – the disclosure is for 2024

Financial year / 2024				Criteria for material contribution						Criteria for *do no significant harm* [DNSH] (4)									
Business operations (Business activity)	TAXONOMY – Code or codes	Turnover "Revenue" (absolute value) 2024 (1)	Proportion of turnover "Revenue" 2024 (2)	Climate change mitigation (3)	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity	Minimum Safeguards (MS) (5)	Percentage share of Taxonomy - aligned (environmental Taxonomy) 2023	Category ("enabling activity") (6)	Category ("transition activities") (6)
		PLN PLN m	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	Y
A. ENVIRONMENTAL TAXONOMY ELIGIBLE ACTIVITY																			
A.1. Types of environmentally sustainable activities (taxonomy aligned)																			
Electricity production using photovoltaic technology	CCM 4.1.	51	0.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y			Y	Y	Y	0.0%		
Electricity production from wind energy	CCM 4.3.	694	2.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y			Y	Y	Y	2.0%		
Electricity production from hydro power	CCM 4.5.	152	0.5%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y			Y	Y	0.6%		
Transmission and distribution of electricity	CCM 4.9.	10 180	31.3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y		Y	Y	Y	Y	22.3%	E	
Distribution in district heating / cooling systems	CCM 4.15.	369	1.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y		Y	Y	0.8%		
Cogeneration of thermal / cooling energy and electricity from bioenergy (biomass)	CCM 4.20.	121	0.4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y		Y	Y	0.5%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3. (d)	12	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y		Y			Y	0.0%	E	
Installation, maintenance and repair of electric vehicle charging stations in buildings (and in parking lots at buildings)	CCM 7.4.	1	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y		Y			Y	0.0%	E	
Installation, maintenance and repair of renewable energy technology systems	CCM 7.6. (a, f)	2	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y		Y			Y	0.0%	E	
Turnover ("Revenue") from the environmentally sustainable activities (Taxonomy aligned) (A.1.).		11 582	35.6%	100%	0.0%	0.0%	0.0%	0.0%	0.0%	Y							26.2%		
including enabling activity		10 195	31.3%	31.3%	0.0%	0.0%	0.0%	0.0%	0.0%								22.4%	E	
including transitional activities		0	0.0%	0.0%													0.0%		Y

A.2. Activities that are Taxonomy eligible, but are not environmentally sustainable (Taxonomy non aligned activities)											
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL		
Electricity production from hydro power	CCM 4.5.	61	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.2%
Transmission and distribution of electricity	CCM 4.9.	61	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.1%
Electricity production from gaseous fossil fuels	CCM 4.29.	22	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.1%
Production of thermal energy / cooling energy from gaseous fossil fuels in an efficient heating and cooling system	CCM 4.31.	35	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.0%
Turnover ("Revenue") from the activities that are Taxonomy eligible, but are not environmentally sustainable (Taxonomy non aligned activities) (A.2.)		**179**	**0.5%**	0.5%							0.5%
Total (A.1. + A.2.)		**11 761**	**36.1%**								26.7%
B. TAXONOMY NON - ELIGIBLE ACTIVITIES											
Turnover ("Revenue") from the Taxonomy non - eligible activities (B.)		20 774	63.9%								
Total (A. + B.)		**32 535**	**100.0%**								

Y – Yes, activity that is eligible for Taxonomy and aligned with Taxonomy for the relevant environmental objective,
N – No, activity that is eligible for Taxonomy but not aligned with Taxonomy for the relevant environmental objective,
N/EL – Non - eligible, activity that is not eligible for taxonomy for the relevant environmental objective.

Proportion (percentage share) of the turnover / total turnover		
	Alignment with taxonomy per objective	Eligibility for taxonomy per objective
CCM	35.6%	36.1%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

In accordance with Commission Delegated Regulation (EU) 2023/2486, the code is an abbreviation of the relevant objective for which the economic activity qualifies to make a significant contribution to its achievement, as well as the section number dedicated to the activity in the relevant Annex related to the objective, i.e.:
— Climate Change Mitigation: CCM
— Climate Change Adaptation: CCA
— Water and Marine Resources: WTR
— Circular economy: CE
— Pollution Prevention and Control: PPC
— Biodiversity and Ecosystems: BIO

Table no. 87 EU environmental taxonomy. Disclosure regarding the percentage share of capital expenditures (CapEx) due to products or services related to the Taxonomy aligned business activities – the disclosure is for 2024

Financial year / 2024				Criteria for material contribution						Criteria for *do no significant harm* [DNSH] (4)									
Business operations (Business activity)	TAXONOMY – Code or codes	Capital Expenditures "CapEx" (absolute value) 2024 (1)	Proportion of Capital Expenditures "CapEx" 2024 (2)	Climate change mitigation (3)	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity	Minimum Safeguards (MS) (5)	Percentage share of Taxonomy - aligned (environmental Taxonomy) 2023	Category ("enabling activity") (6)	Category ("transition activities") (6)
		PLN PLN m	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	Y
A. ENVIRONMENTAL TAXONOMY ELIGIBLE ACTIVITY																			
A.1. Types of environmentally sustainable activities (taxonomy aligned)																			
Electricity production using photovoltaic technology	CCM 4.1.	296	5.8%	T	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y			Y	Y	Y	6.3%		
Electricity production from wind energy	CCM 4.3.	1 172	22.9%	T	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y			Y	Y	Y	6.8%		
Electricity production from hydro power	CCM 4.5.	23	0.5%	T	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y			Y	Y	0.2%		
Transmission and distribution of electricity	CCM 4.9.	3 100	60.5%	T	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y		Y	Y	Y	Y	63.1%	E	
Distribution in district heating / cooling systems	CCM 4.15.	55	1.1%	T	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y		Y	Y	2.7%		
Cogeneration of thermal / cooling energy and electricity from bioenergy (biomass)	CCM 4.20.	4	0.1%	T	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y		Y	Y	0.1%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3. (d)	15	0.3%	T	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y		Y			Y	0.7%	E	
Installation, maintenance and repair of electric vehicle charging stations in buildings (and in parking lots at buildings)	CCM 7.4.	1	0.0%	T	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y		Y			Y	0.2%	E	
Installation, maintenance and repair of renewable energy technology systems	CCM 7.6. (a, f)	0	0.0%	T	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y		Y			Y	0.0%	E	
Turnover ("Revenue") from the environmentally sustainable activities (Taxonomy aligned) (A.1.).		4 666	91.0%	91.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Y							80.1%		
including enabling activity		3 116	60.8%	60.8%	0.0%	0.0%	0.0%	0.0%	0.0%								64.0%	E	
including transitional activities		0	0.0%	0.0%													0.0%		Y

A.2. Activities that are Taxonomy eligible, but are not environmentally sustainable (Taxonomy non aligned activities)											
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL		
Electricity production from hydro power	CCM 4.5.	19	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.2%
Transmission and distribution of electricity	CCM 4.9.	0,0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.0%
Electricity production from gaseous fossil fuels	CCM 4.29.	4	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.0%
Production of thermal energy / cooling energy from gaseous fossil fuels in an efficient heating and cooling system	CCM 4.31.	14	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		1.4%
Capital Expenditures ("CapEx") from the activities that are Taxonomy - eligible, but are not environmentally sustainable (Taxonomy non aligned activities) (A.2.)		37	0.7%	0.7%							-
Total (A.1. + A.2.)		**4 703**	**91.7%**								81.6%
B. TAXONOMY NON - ELIGIBLE ACTIVITIES											
Capital Expenditures ("CapEx") from the Taxonomy non - eligible activities (B.)		424	8.3%								
Total (A. + B.)		**5 127**	**100.0%**								

Y – Yes, activity that is eligible for Taxonomy and aligned with Taxonomy for the relevant environmental objective,
N – No, activity that is eligible for Taxonomy but not aligned with Taxonomy for the relevant environmental objective,
N/EL – Not eligible, activity that is not eligible for taxonomy for the relevant environmental objective.

Proportion (percentage share) of the capital expenditures / total capital expenditures		
	Alignment with taxonomy per objective	Eligibility for taxonomy per objective
CCM	91.0%	91.8%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

In accordance with Commission Delegated Regulation (EU) 2023/2486, the code is an abbreviation of the relevant objective for which the economic activity qualifies to make a significant contribution to its achievement, as well as the section number dedicated to the activity in the relevant Annex related to the objective, i.e.:
— Climate Change Mitigation: CCM
— Climate Change Adaptation: CCA
— Water and Marine Resources: WTR
— Circular economy: CE
— Pollution Prevention and Control: PPC
— Biodiversity and Ecosystems: BIO

Table no. 88 EU environmental taxonomy. Disclosure regarding the percentage share of operating expenses (OpEx) due to products or services related to the Taxonomy aligned business activities – the disclosure is for 2024

Financial year / 2024				Criteria for material contribution						Criteria for *do no significant harm* [DNSH] (4)							
	TAXONOMY – Code or codes	Operating Expenses "OpEx" (absolute value) 2024 (1)	Proportion of Operating Expenses "OpEx" 2024 (2)	Climate change mitigation (3)	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity	Minimum Safeguards (MS) (5)	Percentage share of Taxonomy - aligned (environmental Taxonomy) 2023	Category ("enabling activity") (6)	Category ("transition activities") (6)
Business operations (Business activity)		PLN PLN m	%	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T; N; N/EL	T/N	T/N	T/N	T/N	T/N	T/N	T/N	%	E	Y
A. ENVIRONMENTAL TAXONOMY ELIGIBLE ACTIVITY																			
A.1. Types of environmentally sustainable activities (taxonomy aligned)																			
Electricity production using photovoltaic technology	CCM 4.1.	2	0.1%	T	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y			Y	Y	Y	0.0%		
Electricity production from wind energy	CCM 4.3.	42	1.9%	T	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y			Y	Y	Y	1.7%		
Electricity production from hydro power	CCM 4.5.	29	1.3%	T	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y			Y	Y	1.0%		
Transmission and distribution of electricity	CCM 4.9.	1 397	64.9%	T	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y		Y	Y	Y	Y	64.9%	E	
Distribution in district heating / cooling systems	CCM 4.15.	20	0.9%	T	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y		Y	Y	0.9%		
Cogeneration of thermal / cooling energy and electricity from bioenergy (biomass)	CCM 4.20.	15	0.7%	T	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y		Y	Y	0.6%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3. (d)	4	0.2%	T	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y		Y			Y	0.2%	E	
Installation, maintenance and repair of electric vehicle charging stations in buildings (and in parking lots at buildings)	CCM 7.4.	0	0.0%	T	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y		Y			Y	0.2%	E	
Installation, maintenance and repair of renewable energy technology systems	CCM 7.6. (a, f)	0	0.0%	T	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y		Y			Y	1.4%	E	
Turnover ("Revenue") from the environmentally sustainable activities (Taxonomy aligned) (A.1.).		1 509	70.1%	100%	0.0%	0.0%	0.0%	0.0%	0.0%	Y							66.8%		
including enabling activity		1 402	65.1%	65.1%	0.0%	0.0%	0.0%	0.0%	0.0%								66.8%	E	
including transitional activities		0	0.0%	0.0%													0.0%		Y

A.2. Activities that are Taxonomy eligible, but are not environmentally sustainable (Taxonomy non aligned activities)											
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL		
Electricity production from hydro power	CCM 4.5.	11	0.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.5%
Transmission and distribution of electricity	CCM 4.9.	4	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.2%
Electricity production from gaseous fossil fuels	CCM 4.29.	4	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.2%
Production of thermal energy / cooling energy from gaseous fossil fuels in an efficient heating and cooling system	CCM 4.31.	0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.0%
Operating Expenses ("OpEx") from the activities that are Taxonomy eligible, but are not environmentally sustainable (Taxonomy non aligned activities) (A.2.)		19	0.9%	1.7%							0.8%
Total (A.1. + A.2.)		1 528	71.0%								72.6%
B. TAXONOMY NON - ELIGIBLE ACTIVITIES											
Operating Expenses ("OpEx") from the Taxonomy non - eligible activities (B.)		626	29.0%								
Total (A. + B.)		**2 154**	**100.0%**								

Y – Yes, activity that is eligible for Taxonomy and aligned with Taxonomy for the relevant environmental objective,
N – No, activity that is eligible for Taxonomy but not aligned with Taxonomy for the relevant environmental objective,
N/EL – Not eligible, activity that is not eligible for taxonomy for the relevant environmental objective.

Proportion (percentage share) of the operating expenses / total operating expenses		
	Alignment with taxonomy per objective	Eligibility for taxonomy per objective
CCM	70,1%	71,0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

In accordance with Commission Delegated Regulation (EU) 2023/2486, the code is an abbreviation of the relevant objective for which the economic activity qualifies to make a significant contribution to its achievement, as well as the section number dedicated to the activity in the relevant Annex related to the objective, i.e.:
— Climate Change Mitigation: CCM
— Climate Change Adaptation: CCA
— Water and Marine Resources: WTR
— Circular economy: CE
— Pollution Prevention and Control: PPC
— Biodiversity and Ecosystems: BIO

Footnotes to the methodology provided in the above Tables:

Table no. 86. EU environmental taxonomy. The disclosure related to the percentage share (proportion) of the turnover (Revenue) due to the products or services related to the taxonomy aligned business activities – the disclosure is related to 2024	Table no. 87 EU environmental taxonomy. The disclosure related to the percentage share (proportion) of the capital expenditures (CapEx) due to the products or services related to the taxonomy aligned business activities – the disclosure is related to 2024	Table no. 88. EU environmental taxonomy. The disclosure related to the percentage share (proportion) of the operating expenses (OpEx) due to the products or services related to the taxonomy aligned business activities – the disclosure is related to 2024
(1) Turnover "Revenue" (absolute value): revenue from each individual activity. If an activity is present in both A.1 as well as A.2 or B, the figure refers to the proportion of the activity that corresponds to A.1, A.2 or B. For the activities carried out within the same operating segment of TAURON Group, the division of the revenues among the individual activities in accordance with the Group's consolidated revenue reporting rules. A.2. this item represents i. “4.9.” new connections to the distribution grid of the Group’s subsidiary (during the period of the last five years) for which the GHG emissions intensity exceeds the threshold of 100 gCO_2eq/kWh and which have been excluded from A.1., ii. “4.5.” hydroelectric power generation for which no confirmation of the compliance with the DNSH principle with respect to an “upstream and a downstream” migration of fish has been carried out, iii. „4.29 i 4.31.” facilities based on the fossil gaseous fuels commissioned and operated before the date of the publication of the Environmental Taxonomy, hence it is not possible to retroactively analyze some of the criteria. The most significant assumptions made for the disclosure related to 2024: Close to 100% of the share of the Taxonomy - aligned business activities (A.1.) have been attributed to the business operations of the TAURON Distribution subsidiary. With regard to the cogeneration of the thermal (heat) / cooling energy and electricity from the bioenergy (biomass), a corresponding separation (split off) of the Turnover ("Revenue") was made within the Generation operating segment. Similarly, a partial separation (split off) of the Turnover "Revenue" was made for the TAURON Nowe Technologie subsidiary with respect to the installation, maintenance and repair of: the energy efficiency improving equipment; the electric vehicle charging stations in buildings (and in parking lots at buildings); renewable energy technology systems and for TAURON Ciepło with respect to the heat distribution (revenue for the contracted capacity). The revenues from the activities involving thermal (heat) energy storage are not shown. The sales between TAURON Group's individual operating segments were not taken into account in determining the total revenue for the Taxonomy alignment analysis. (**2) Proportions of Turnover "Revenue":** the percentage share of the Revenue of each individual business activity in the Group’s total revenue (A. + B.). **(3) Substantial contribution to climate change mitigation**: refers to the share of revenue from each individual economic activity (indicated in the column “Revenue”) that contributes to climate change mitigation. This is the only objective of the EU taxonomy regulations alignment analysis shown in the table, as it is considered more relevant as compared to the climate change adaptation objective. The criteria related to the other 4 environmental objectives have been checked and they are not applicable to the business activities of TAURON Group.	**(1) Capital expenditures CapEx:** CapEx for each individual activity. If an activity is present in both A.1 as well as A.2 or B, the figure refers to the proportion of the activity that corresponds to A.1, A.2 or B, The most significant assumptions used for the disclosure related to 2024: 100% of the CapEx financial outlays as part of the business operations in the Distribution and RES operating segments has been designated as the Taxonomy aligned activities. A.2. this item represents: i. “4.9.” new connections to the distribution grid of the Group's subsidiary (during the period of the last five years) for which the GHG emissions intensity exceeds the threshold of 100 gCO_2eq/kWh and which have been excluded from A.1., and ii. “4.5.” hydroelectric power generation for which no confirmation of the compliance with the DNSH principle with respect to an “upstream and a downstream” migration of fish has been carried out, The CapEx financial outlays for the fossil gaseous fuels: iii. the currently built generating units based on the fossil gaseous fuels with the majority having been assigned to the activity “4.31. Production of thermal energy / cooling energy from gaseous fossil fuels in an efficient heating and cooling system, and assigned to the activity “4.29. Electricity production from gaseous fossil fuels”, have also been included as part of item A.2. **(2) Proportion of capital expenditures CapEx:** the percentage share of the capital expenditures of the individual types of activity (business activities) in the Group’s total capital expenditures. **(3) Substantial contribution to climate change mitigation:** refers to the share (proportion) of the ”capital expenditures” (CapEx) for each individual economic activity (indicated in the column “capital expenditures”) that contributes to the climate change mitigation. This is the only objective of the EU taxonomy regulations alignment analysis shown in the table, as it has been considered to be the most relevant as compared to the climate change adaptation objective. Although a part of the expenditures is also related to the contribution to an adaptation of the assets to the climate change, it has not been identified as substantial. The criteria related to the other 4 environmental objectives have been checked and they are not applicable to the business activities of TAURON Group.	**1) Total OpEx:** OpEx for each individual activity. If an activity is present in both A.1 as well as A.2 or B, the figure refers to the proportion of the activity that corresponds to A.1, A.2 or B. A.2. this item represents: i. “4.9.” new connections to the distribution grid of the Group’s subsidiary (during the period of the last five years) for which the GHG emission intensity exceeds the threshold of 100 gCO_2eq/kWh and which have been excluded from A.1, ii. “4.5.” hydroelectric power generation for which no confirmation of the compliance with the DNSH principle with respect to an “upstream and a downstream” migration of fish has been carried out, “4.29. and 4.31.”facilities based on the fossil gaseous fuels commissioned and operated prior to the date of the publishing of the Environmental Taxonomy, and hence there is no possibility to carry out a retroactive analysis of some criteria. **(2) Proportion of OpEx:** the percentage share of the OpEx for each individual business activity in the total ordinary operating expenses required by the environmental Taxonomy at the Group level. **(3) Substantial contribution to climate change mitigation:** refers to the share (proportion) of the ordinary operating expenses for each individual economic activity (indicated in the operating expenses column) that contributes to the climate change mitigation. This is the only objective of the EU taxonomy regulation alignment analysis shown in the table, as it has been considered to be the most relevant as compared to the climate change adaptation objective. Although a part of the expenses is also related to the contribution to an adaptation of the assets to the climate change, it has not been identified as substantial. The criteria related to the other 4 environmental objectives have been checked and they are not applicable to the business activities of TAURON Group. OpEx include, in accordance with the definition of Commission Delegated Regulation (EU) 2021/2178, the direct, non-capitalized expenses related to the research and development efforts, the activities related to the renovation of buildings, short term leases, maintenance and repairs, as well as any other direct expenses related to the day-to-day operation (maintenance) of the property, plant and equipment assets by a company or a third party that has been commissioned, pursuant to an outsourcing contract, to perform the activities necessary to ensure a continuous and efficient operation of those assets.

(4) DNSH: the environmental objectives meeting the DNSH *do no significant harm* criteria are specified for each activity.

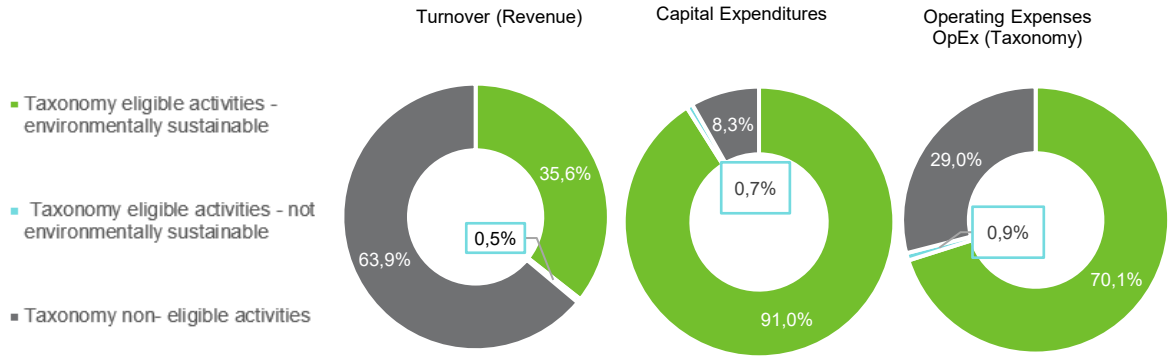
(5) Minimum Safeguards (MS): indicates whether the Minimum Safeguards (MS), as defined by the environmental Taxonomy, are complied with for each individual activity listed In the table.

(6) Category: specifies whether an activity makes a direct contribution to the climate change mitigation or is an enabling or transitional activity.

The activity ”CCM 4.5. " Electricity production from hydro" in terms of the Technical Eligibility Criteria – a material contribution to the climate change mitigation meets one of the required criteria, with the criterion "the level of the life cycle greenhouse gas emissions from the production of electricity from hydro is below 100 g CO_2 eq /kWh" having been verified and met in the applicable cases, however, without a confirmation by a third party.

The environmental Taxonomy aligned revenue, CapEx and OpEx have not been the subject of an audit.

Figure no. 54 Share (proportion) of the environmentally sustainable and non-sustainable, Taxonomy eligible and Taxonomy non - eligible activities in the turnover (revenue), operating expenses (OpEx) and capital expenditures (CapEx) for TAURON Group in 2024



Last year, the methodology for calculating the revenues reported under ESG had been based on a simplified model, which presented the total values of revenues generated by the Group's subsidiaries, reported at the interface with the market contractors (counterparties) in accordance with the assignment thereof to the reportable segments. For 2024, a solution had been adopted in which the revenues obtained according to the titles specified in the methodology, i.e. those eligible for the Taxonomy and those not eligible for the Taxonomy, were linked to the chain of margins achieved on the end customer, i.e. at the interface with an external contractor (counterparty). Thanks to this solution, the consolidated value of the Group's revenues was reflected precisely.

In terms of calculating the operating expenses (OPEX) and the capital expenditures (CAPEX) for the previous period, a simplified methodology had been used, resulting from the operating conditions and information limitations at that time. For 2024, however, a detailed analysis of the individual cost items had been carried out, including an in-depth study of the cost structure, identification of key factors impacting financial results and implementation of the modern analytical tools. Thanks to this, the transparency of processes was increased and the financial risk management was optimized.

Turnover (revenue) - nuclear and fossil gas related activities

Table no. 89 Nuclear and fossil gas related activities (according to template 1)

#	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	**NO**
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	**NO**
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	**NO**
	Fossil gas related activities	
1.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	**YES**
2.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	**NO**
3.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	**YES**

Table no. 90 Taxonomy aligned economic activities (denominator)[1] (according to template 2)

#	Economic activities [2]	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (PLN m)	%	Amount (PLN m)	%	Amount (PLN m)	%
1.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.26.	0	0%	0	0%	0	N/A
2.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.27.	0	0%	0	0%	0	N/A

3.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.28.	0	0%	0	0%	0	N/A
4.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.29.	0	0%	0	0%	0	N/A
5.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.30.	0	0%	0	0%	0	N/A
6.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.31.	0	0%	0	0%	0	N/A
7.	Amount and proportion of other taxonomy aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable Key Performance Indicator (KPI)	11 582	35.6%	11 582	35.6%	0	N/A
8.	**Total applicable Key Performance Indicator (KPI)**	**32 535**	**100.0%**	**32 535**	**100.0%**	**0**	**N/A**

[1]Any potential differences between the sum of the individual monetary amounts and the percentages from the rows in a given subgroup of the table (for example, in the subgroup "A.1 Types of environmentally sustainable activities (taxonomy aligned)") and a single monetary amount or the percentage representing their total in a given subgroup result only from rounding to thousands of PLN (monetary amounts) and to two decimal places (percentages).
[2]As referred to in Annexes no. I and II to the Delegated Regulation 2021/2139 in the denominator of the applicable Key Performance Indicator (KPI).

Table no. 91 Taxonomy aligned economic activities (numerator)[1] (according to template 3)

#	Economic activities[2]	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (PLN m)	%	Amount (PLN m)	%	Amount (PLN m)	%
1.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.26.	0	0%	0	0%	0	N/A
2.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.27.	0	0%	0	0%	0	N/A
3.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.28.	0	0%	0	0%	0	N/A
4.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.29.	0	0%	0	0%	0	N/A
5.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.30.	0	0%	0	0%	0	N/A
6.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.31.	0	0%	0	0%	0	N/A
7.	Amount and proportion of other taxonomy aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable Key Performance Indicator (KPI)	11 582	100%	11 582	100%	0	N/A
8.	**Total amount and proportion of taxonomy aligned economic activities in the numerator of the applicable Key Performance Indicator (KPI)**	**11 582**	**100%**	**11 582**	**100%**	**0**	**N/A**

[1]Any potential differences between the sum of the individual monetary amounts and the percentages from the rows in a given subgroup of the table (for example, in the subgroup "A.1 Types of environmentally sustainable activities (taxonomy aligned)") and a single monetary amount or the percentage representing their total in a given subgroup result only from rounding to thousands of PLN (monetary amounts) and to two decimal places (percentages).
[2]As referred to in Annexes no. I and II to the Delegated Regulation 2021/2139 in the denominator of the applicable Key Performance Indicator (KPI).

Table no. 92 Taxonomy eligible but not taxonomy aligned economic activities (denominator)[1] (according to template 4)

#	Economic activities[2]	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (PLN m)	%	Amount (PLN m)	%	Amount (PLN m)	%
1.	Amount and proportion of taxonomy eligible but not taxonomy aligned economic activity referred to in Section 4.26.	0	0%	0	0%	0	N/A
2.	Amount and proportion of taxonomy eligible but not taxonomy aligned economic activity referred to in Section 4.27.	0	0%	0	0%	0	N/A
3.	Amount and proportion of taxonomy eligible but not taxonomy aligned economic activity referred to in Section 4.28.	0	0%	0	0%	0	N/A
4.	Amount and proportion of taxonomy eligible but not taxonomy aligned economic activity referred to in Section 4.29.	22	0,1%	22	0,1%	0	N/A

5.	Amount and proportion of taxonomy eligible but not taxonomy aligned economic activity referred to in Section 4.30.	0	0%	0	0%	0	N/A
6.	Amount and proportion of taxonomy eligible but not taxonomy aligned economic activity referred to in Section 4.31.	35	0.1%	35	0.1%	0	N/A
7.	Amount and proportion of other taxonomy eligible but not taxonomy aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable Key Performance Indicator (KPI)	122	0.40%	122	0.40%	0	N/A
8.	**Total amount and proportion of taxonomy eligible but not taxonomy aligned economic activities in the denominator of the applicable Key Performance Indicator (KPI)**	**179**	**0.5%**	**179**	**0.5%**	**0**	**N/A**

[1]Any potential differences between the sum of the individual monetary amounts and the percentages from the rows in a given subgroup of the table (for example, in the subgroup "A.1 Types of environmentally sustainable activities (taxonomy aligned)") and a single monetary amount or the percentage representing their total in a given subgroup result only from rounding to thousands of PLN (monetary amounts) and to two decimal places (percentages).
[2]As referred to in Annexes no. I and II to the Delegated Regulation 2021/2139 in the denominator of the applicable Key Performance Indicator (KPI).

Table no. 93 Taxonomy non eligible economic activities[1] (according to template 5)

#	Economic activities[2]	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (PLN m)	%	Amount (PLN m)	%	Amount (PLN m)	%
1.	Amount and proportion of economic activity referred to in row 1 of template 1 that is taxonomy-non-eligible in accordance with Section 4.26.	0	0%	0	0%	0	N/A
2.	Amount and proportion of economic activity referred to in row 1 of template 1 that is taxonomy-non-eligible in accordance with Section 4.27.	0	0%	0	0%	0	N/A
3.	Amount and proportion of economic activity referred to in row 1 of template 1 that is taxonomy-non-eligible in accordance with Section 4.28.	0	0%	0	0%	0	N/A
4.	Amount and proportion of economic activity referred to in row 1 of template 1 that is taxonomy-non-eligible in accordance with Section 4.29.	0	0%	0	0%	0	N/A
5.	Amount and proportion of economic activity referred to in row 1 of template 1 that is taxonomy-non-eligible in accordance with Section 4.30.	0	0%	0	0%	0	N/A
6.	Amount and proportion of economic activity referred to in row 1 of template 1 that is taxonomy-non-eligible in accordance with Section 4.31.	0	0%	0	0%	0	N/A
7.	Amount and proportion of other taxonomy - non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable Key Performance Indicator (KPI)	20 775	63.9%	20 775	63.9%	0	N/A
8.	**Total amount and proportion of taxonomy non-eligible economic activities in the denominator of the applicable Key Performance Indicator (KPI)**	**20 775**	**63.9%**	**20 775**	**63.9%**	**0**	**N/A**

[1]Any potential differences between the sum of the individual monetary amounts and the percentages from the rows in a given subgroup of the table (for example, in the subgroup "A.1 Types of environmentally sustainable activities (taxonomy aligned)") and a single monetary amount or the percentage representing their total in a given subgroup result only from rounding to thousands of PLN (monetary amounts) and to two decimal places (percentages).
[2]As referred to in Annexes no. I and II to the Delegated Regulation 2021/2139 in the denominator of the applicable Key Performance Indicator (KPI).

Capital Expenditures (CapEx) - nuclear and fossil gas related activities

Table no. 94 Nuclear and fossil gas related activities (according to template 1)

#	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	**NO**
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	**NO**
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	**NO**

	Fossil gas related activities	
1.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	**YES**
2.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	**YES**
3.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	**YES**

Table no. 95 Taxonomy - aligned economic activities (denominator)[1] (according to template 2)

#	Economic activities[2]	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (PLN m)	%	Amount (PLN m)	%	Amount (PLN m)	%
1.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.26.	0	0%	0	0%	0	N/A
2.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.27.	0	0%	0	0%	0	N/A
3.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.28.	0	0%	0	0%	0	N/A
4.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.29.	0	0%	0	0%	0	N/A
5.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.30.	0	0%	0	0%	0	N/A
6.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.31.	0	0%	0	0%	0	N/A
7.	Amount and proportion of other taxonomy aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable Key Performance Indicator (KPI)	4 666	91.0%	4 666	91.0%	0	N/A
8.	**Total applicable Key Performance Indicator (KPI)**	**5 127**	**100.0%**	**5 127**	**100.0%**	0	N/A

[1]Any potential differences between the sum of the individual monetary amounts and the percentages from the rows in a given subgroup of the table (for example, in the subgroup "A.1 Types of environmentally sustainable activities (taxonomy aligned)") and a single monetary amount or the percentage representing their total in a given subgroup result only from rounding to thousands of PLN (monetary amounts) and to two decimal places (percentages).
[2]As referred to in Annexes no. I and II to the Delegated Regulation 2021/2139 in the denominator of the applicable Key Performance Indicator (KPI).

Table no. 96 Taxonomy - aligned economic activities (numerator)[1] (according to template 3)

#	Economic activities[2]	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (PLN m)	%	Amount (PLN m)	%	Amount (PLN m)	%
1.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.26.	0	0%	0	0%	0	N/A
2.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.27.	0	0%	0	0%	0	N/A
3.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.28.	0	0%	0	0%	0	N/A
4.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.29.	0	0%	0	0%	0	N/A
5.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.30.	0	0%	0	0%	0	N/A
6.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.31.	0	0%	0	0%	0	N/A
7.	Amount and proportion of other taxonomy aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable Key Performance Indicator (KPI)	4 666	91.0%	4 666	91.0%	0	N/A
8.	**Total amount and proportion of taxonomy aligned economic activities in the numerator of the applicable Key Performance Indicator (KPI)**	**4 666**	**100.0%**	**4 666**	**100.0%**	**0**	**N/A**

[1]Any potential differences between the sum of the individual monetary amounts and the percentages from the rows in a given subgroup of the table (for example, in the subgroup "A.1 Types of environmentally sustainable activities (taxonomy aligned)") and a single monetary amount or the percentage representing their total in a given subgroup result only from rounding to thousands of PLN (monetary amounts) and to two decimal places (percentages).
[2]As referred to in Annexes no. I and II to the Delegated Regulation 2021/2139 in the denominator of the applicable Key Performance Indicator (KPI).

Table no. 97 Taxonomy eligible but not taxonomy aligned economic activities (denominator)[1] (according to template 4)

#	Economic activities[2]	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (PLN m)	%	Amount (PLN m)	%	Amount (PLN m)	%
1.	Amount and proportion of taxonomy eligible but not taxonomy aligned economic activity referred to in Section 4.26.	0	0%	0	0%	0	N/A
2.	Amount and proportion of taxonomy eligible but not taxonomy aligned economic activity referred to in Section 4.27.	0	0%	0	0%	0	N/A
3.	Amount and proportion of taxonomy eligible but not taxonomy aligned economic activity referred to in Section 4.28.	0	0%	0	0%	0	N/A
4.	Amount and proportion of taxonomy eligible but not taxonomy aligned economic activity referred to in Section 4.29.	4	0.1%	4	0.1%	0	N/A
5.	Amount and proportion of taxonomy eligible but not taxonomy aligned economic activity referred to in Section 4.30.	0	0%	0	0%	0	N/A
6.	Amount and proportion of taxonomy eligible but not taxonomy aligned economic activity referred to in Section 4.31.	14	0.3%	14	0.3%	0	N/A
7.	Amount and proportion of other taxonomy eligible but not taxonomy aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable Key Performance Indicator (KPI)	19	0.4%	19	0.4%	0	N/A
8.	**Total amount and proportion of taxonomy eligible but not taxonomy aligned economic activities in the denominator of the applicable Key Performance Indicator (KPI)**	**37**	**0.7%**	**37**	**0.7%**	**0**	**N/A**

[1]Any potential differences between the sum of the individual monetary amounts and the percentages from the rows in a given subgroup of the table (for example, in the subgroup "A.1 Types of environmentally sustainable activities (taxonomy aligned)") and a single monetary amount or the percentage representing their total in a given subgroup result only from rounding to thousands of PLN (monetary amounts) and to two decimal places (percentages).
[2]As referred to in Annexes no. I and II to the Delegated Regulation 2021/2139 in the denominator of the applicable Key Performance Indicator (KPI).

Table no. 98 Taxonomy non - eligible economic activities[1] (according to template 5)

#	Economic activities[2]	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (PLN m)	%	Amount (PLN m)	%	Amount (PLN m)	%
1.	Amount and proportion of economic activity referred to in row 1 of template 1 that is taxonomy non-eligible in accordance with Section 4.26.	0	0%	0	0%	0	N/A
2.	Amount and proportion of economic activity referred to in row 1 of template 1 that is taxonomy non-eligible in accordance with Section 4.27.	0	0%	0	0%	0	N/A
3.	Amount and proportion of economic activity referred to in row 1 of template 1 that is taxonomy non-eligible in accordance with Section 4.28.	0	0%	0	0%	0	N/A
4.	Amount and proportion of economic activity referred to in row 1 of template 1 that is taxonomy non-eligible in accordance with Section 4.29.	0	0%	0	0%	0	N/A
5.	Amount and proportion of economic activity referred to in row 1 of template 1 that is taxonomy non-eligible in accordance with Section 4.30.	0	0%	0	0%	0	N/A
6.	Amount and proportion of economic activity referred to in row 1 of template 1 that is taxonomy non-eligible in accordance with Section 4.31.	0	0%	0	0%	0	N/A

7.	Amount and proportion of other taxonomy non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable Key Performance Indicator (KPI)	424	8.3%	424	8.3%	0	N/A
8.	**Total amount and proportion of taxonomy non-eligible economic activities in the denominator of the applicable Key Performance Indicator (KPI)**	**424**	**8.3%**	**424**	**8.3%**	**0**	**N/A**

[1]Any potential differences between the sum of the individual monetary amounts and the percentages from the rows in a given subgroup of the table (for example, in the subgroup "A.1 Types of environmentally sustainable activities (taxonomy aligned)") and a single monetary amount or the percentage representing their total in a given subgroup result only from rounding to thousands of PLN (monetary amounts) and to two decimal places (percentages).
[2]As referred to in Annexes no. I and II to the Delegated Regulation 2021/2139 in the denominator of the applicable Key Performance Indicator (KPI).

Operating Expenses (OpEx) - nuclear and fossil gas related activities

Table no. 99 Nuclear and fossil gas related activities (according to template 1)

#	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	**NO**
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	**NO**
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	**NO**
	Fossil gas related activities	
1.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	**YES**
2.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	**NO**
3.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	**YES**

Table no. 100 Taxonomy aligned economic activities (denominator)[1] (according to template 2)

#	Economic activities[2]	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (PLN m)	%	Amount (PLN m)	%	Amount (PLN m)	%
1.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.26.	0	0%	0	0%	0	N/A
2.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.27.	0	0%	0	0%	0	N/A
3.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.28.	0	0%	0	0%	0	N/A
4.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.29.	0	0%	0	0%	0	N/A
5.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.30.	0	0%	0	0%	0	N/A
6.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.31.	0	0%	0	0%	0	N/A
7.	Amount and proportion of other taxonomy aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable Key Performance Indicator (KPI)	1 509	70.1%	1 509	70.1%	0	N/A
8.	**Total applicable Key Performance Indicator (KPI)**	**2 154**	**100.0%**	**2 154**	**100.0%**	**0**	**N/A**

[1]Any potential differences between the sum of the individual monetary amounts and the percentages from the rows in a given subgroup of the table (for example, in the subgroup "A.1 Types of environmentally sustainable activities (taxonomy aligned)") and a single monetary amount or the percentage representing their total in a given subgroup result only from rounding to thousands of PLN (monetary amounts) and to two decimal places (percentages).
[2]As referred to in Annexes no. I and II to the Delegated Regulation 2021/2139 in the denominator of the applicable Key Performance Indicator (KPI).

Table no. 101 Taxonomy aligned economic activities (numerator)[1] (according to template 3)

#	Economic activities[2]	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (PLN m)	%	Amount (PLN m)	%	Amount (PLN m)	%
1.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.26.	0	0%	0	0%	0	N/A
2.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.27.	0	0%	0	0%	0	N/A
3.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.28.	0	0%	0	0%	0	N/A
4.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.29.	0	0%	0	0%	0	N/A
5.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.30.	0	0%	0	0%	0	N/A
6.	Amount and proportion of taxonomy aligned economic activity referred to in Section 4.31.	0	0%	0	0%	0	N/A
7.	Amount and proportion of other taxonomy aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable Key Performance Indicator (KPI)	1 509	70.1%	1 509	70.1%	0	N/A
8.	**Total amount and proportion of taxonomy aligned economic activities in the numerator of the applicable Key Performance Indicator (KPI)**	1 509	70.1%	1 509	70.1%	**0**	**N/A**

[1]Any potential differences between the sum of the individual monetary amounts and the percentages from the rows in a given subgroup of the table (for example, in the subgroup "A.1 Types of environmentally sustainable activities (taxonomy aligned)") and a single monetary amount or the percentage representing their total in a given subgroup result only from rounding to thousands of PLN (monetary amounts) and to two decimal places (percentages).
[2]As referred to in Annexes no. I and II to the Delegated Regulation 2021/2139 in the denominator of the applicable Key Performance Indicator (KPI).

Table no. 102 Taxonomy eligible but not taxonomy aligned economic activities (denominator)[1] (according to template 4)

#	Economic activities[2]	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (PLN m)	%	Amount (PLN m)	%	Amount (PLN m)	%
1.	Amount and proportion of taxonomy eligible but not taxonomy - aligned economic activity referred to in Section 4.26.	0	0%	0	0%	0	N/A
2.	Amount and proportion of taxonomy eligible but not taxonomy - aligned economic activity referred to in Section 4.27.	0	0%	0	0%	0	N/A
3.	Amount and proportion of taxonomy eligible but not taxonomy - aligned economic activity referred to in Section 4.28.	0	0%	0	0%	0	N/A
4.	Amount and proportion of taxonomy eligible but not taxonomy - aligned economic activity referred to in Section 4.29.	4	0.2%	4	0.2%	0	N/A
5.	Amount and proportion of taxonomy eligible but not taxonomy - aligned economic activity referred to in Section 4.30.	0	0%	0	0%	0	N/A
6.	Amount and proportion of taxonomy eligible but not taxonomy - aligned economic activity referred to in Section 4.31.	0	0.0%	0	0.0%	0	N/A
7.	Amount and proportion of other taxonomy eligible but not taxonomy - aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable Key Performance Indicator (KPI)	15	0.7%	15	0.7%	0	N/A
8.	**Total amount and proportion of taxonomy eligible but not taxonomy aligned economic activities in the denominator of the applicable Key Performance Indicator (KPI)**	19	0.9%	19	0.9%	**0**	**N/A**

[1]*Any potential differences between the sum of the individual monetary amounts and the percentages from the rows in a given subgroup of the table (for example, in the subgroup "A.1 Types of environmentally sustainable activities (taxonomy aligned)") and a single monetary amount or the percentage representing their total in a given subgroup result only from rounding to thousands of PLN (monetary amounts) and to two decimal places (percentages).*
[2]*As referred to in Annexes no. I and II to the Delegated Regulation 2021/2139 in the denominator of the applicable Key Performance Indicator (KPI).*

Table no. 103 Taxonomy non - eligible economic activities[1] (according to template 5)

#	Economic activities[2]	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (PLN m)	%	Amount (PLN m)	%	Amount (PLN m)	%
1.	Amount and proportion of economic activity referred to in row 1 of template 1 that is taxonomy non-eligible in accordance with Section 4.26.	0	0%	0	0%	0	N/A
2.	Amount and proportion of economic activity referred to in row 1 of template 1 that is taxonomy non-eligible in accordance with Section 4.27.	0	0%	0	0%	0	N/A
3.	Amount and proportion of economic activity referred to in row 1 of template 1 that is taxonomy non-eligible in accordance with Section 4.28.	0	0%	0	0%	0	N/A
4.	Amount and proportion of economic activity referred to in row 1 of template 1 that is taxonomy non-eligible in accordance with Section 4.29.	0	0%	0	0%	0	N/A
5.	Amount and proportion of economic activity referred to in row 1 of template 1 that is taxonomy non-eligible in accordance with Section 4.30.	0	0%	0	0%	0	N/A
6.	Amount and proportion of economic activity referred to in row 1 of template 1 that is taxonomy non-eligible in accordance with Section 4.31.	0	0%	0	0%	0	N/A
7.	Amount and proportion of other taxonomy non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable Key Performance Indicator (KPI)	626	29.0%	626	29.0%	**0**	**N/A**
8.	**Total amount and proportion of taxonomy non-eligible economic activities in the denominator of the applicable Key Performance Indicator (KPI)**	626	29.0%	626	29.0%	**0**	**N/A**

[1]*Any potential differences between the sum of the individual monetary amounts and the percentages from the rows in a given subgroup of the table (for example, in the subgroup "A.1 Types of environmentally sustainable activities (taxonomy aligned)") and a single monetary amount or the percentage representing their total in a given subgroup result only from rounding to thousands of PLN (monetary amounts) and to two decimal places (percentages).*
[2]*As referred to in Annexes no. I and II to the Delegated Regulation 2021/2139 in the denominator of the applicable Key Performance Indicator (KPI).*

12.11. Climate change (E1)

(E1.GOV-3) Integration of sustainability related performance in incentive schemes

ESRS E1.GOV-3

The sustainability issues (topics) are included in the incentive system for the Members of the Management Board of the Company, which is described in more detail *in section 10 of this report*. The compensation of the Supervisory Board of the Company is made up exclusively of the fixed compensation components that are not related to the sustainability.

(E1-1) Transition plan for climate change mitigation

ESRS E1-1

TAURON Group has not yet adopted a transition plan for climate change mitigation. The Group is planning to adopt such a plan within the next three years.

(E1.SBM-3) Material impacts, risks and opportunities and their interaction with strategy and business model

ESRS E1.SBM-3

The description of the processes for identifying and assessing the material impacts, risks and opportunities (including those related to climate) is provided *in section 12.8 of this report*.

The table below identifies and classifies the determining areas related to climate in the business operations of TAURON Group, which are both positive and negative in nature.

Table no. 104 Identification and classification of determining climate related areas in TAURON Group's business operations

#	BU	Risk, impact, opportunity	Type of risk	Impact on the business operations (economic activity)
1.	Generation	Greenhouse gas emissions	Transition	Negative, fossil fuel related activities
		RES expansion	Transition	Negative, displacement and destabilization of the operation of the conventional sources
2.	Heat	Greenhouse gas emissions	Transition	Negative, fossil fuel related activities
		RES expansion	Transition	Negative, displacement and destabilization of the operation of the conventional sources
3.	RES	RES expansion	Transition	Positive, expansion (growth) activity
		Extreme weather phenomena (conditions)	Physical	Negative, curtailing of the production
4.	Trading	Greenhouse gas emissions	Transition	Negative, the need to place energy from fossil fuels on the market
		RES expansion	Transition	Positive, new products, increasing the share of the "green" energy
5.	Distribution	RES expansion	Transition	Positive, new products, increasing the share of the "green" energy
		Extreme weather phenomena (conditions)	Physical	Negative, risks of asset damage
		Customer directed efficiency programs	Transition	Positive, new services
6.	Supply	Greenhouse gas emissions	Transition	Negative, the need to place energy from fossil fuels on the market
		RES expansion	Transition	Positive, new products, increasing the share of the "green" energy
		Customer directed efficiency programs	Transition	Positive, new services
7.	Customer Service	RES expansion	Transition	Positive, new products, increasing the share of the "green" energy
		Customer directed efficiency programs	Transition	Positive, new services
8.	CUW (Shared Services Center)	RES expansion	Transition	Neutral – the need to adapt to the group's new model
9.	New Services	Greenhouse gas emissions	Transition	Negative, curtailing of the fossil fuel related activities
		RES expansion	Transition	Negative, displacement and destabilization of the operation of the conventional sources

For the purpose of conducting a resilience analysis, a concept based on the conceptual framework system described in the *Reports of the Intergovernmental Panel on Climate Change (IPCC)* was used. In order to develop and then apply the multiple criteria based analysis method, it was assumed that the level of risk stems from the dynamic interactions taking place among:

1. threats related to the changing climate,
2. exposure of elements to climate threats,
3. susceptibility of elements to these threats.

The resilience analysis was conducted in the fourth quarter of 2024. The method of conducting the resilience analysis, including the climate scenarios used and the results of this analysis are described *in section 12.8 (sub-section SBM=3 Material impacts, risks and opportunities) of this report.*

The time perspectives used for the resilience analysis are the same as those described *in section 12.1. of this report*.

The Group adapted its Strategy and Business Model to climate change in December 2024.

(E1.IRO-1) Description of the processes to identify and assess material climate related impacts, risks and opportunities

ESRS E1.IRO-1

The description of the processes for identifying and assessing material impacts, risks and opportunities (including those related to climate) is provided *in section 12.8 of this report*. As part of the overall process of examining and assessing the materiality related to IRO-1, TAURON Group also conducted consultations with the representatives of the affected communities.

The appendix to the public document *TAURON Group's Climate Policy* includes a non-exhaustive list of factors:

1. Physical risks related to climate change:
   1) more frequent temperature extremes,
   2) more frequent occurrence of temperatures oscillating around zero degrees Celsius in winter,
   3) occurrence of milder winters,
   4) greater intensity of precipitation that can cause floods at any time of the year,
   5) uneven precipitation, resulting in longer periods without precipitation, interrupted by heavy precipitation (torrential rains),
   6) intensification of evaporation processes,
   7) increase in the frequency and intensity of hurricanes,
   8) strong winds with accompanying occasional tornadoes and lightning discharges,
   9) more frequent occurrence of droughts and related restrictions in access to water, as well as an elevated risk of fires,
   10) very high risk of the weakening of tree stands, which will make trees more susceptible to wind caused damage.
2. Transition risks related to climate change:
   1) changes in legal regulations (tightening requirements) regulating climate issues,
   2) changes in the demand for the products supplied by TAURON Group's subsidiaries stemming from the regulatory changes (moving away from hard coal as a fuel, expansion of the prosumer group, support for thermal insulation and construction of own heat sources),
   3) difficulties or increase of the costs of acquiring capital to finance the operations based on the fossil fuels,
   4) restructuring of employment due to changes in the business profile,
   5) limitations or exclusions of the assets operating based on the fossil fuels,
   6) other regulatory, financial, social, technological and other risks.

All of the above mentioned risks apply to the short, medium and long term horizons in which individual threats may occur. The frequency or intensity of these risks will change over the specific time horizons, but their catalogue will remain the same.

The Group has analyzed whether its assets and business activities are exposed to the climate related risks (threats).

The definitions of the short, medium and long term time horizons are set out in *section 12.1 of this report.*

The Group's operations take place on the territory of Poland and the Czech Republic, i.e. in one geographical region, and the Group's assets are located only in Poland.

The most exposed and therefore sensitive assets of the Group are the hydroelectric power plants, whose operations are exposed to droughts or floods, as well as the overhead distribution grids, exposed to the torrential weather phenomena.

The magnitude of the impact with respect to the hydroelectric power plants is usually related to the catchment area in which the facility is located, while the magnitude of the impact with respect to the distribution grid is local, limited to the occurrence of a given weather phenomenon.

The duration of an occurrence of the above listed risks resulting from the flooding is related not only to its course alone but also to the effects of fixing the damage caused thereby. With respect to the drought phenomenon, on the other hand, it can be said that it is a long term and permanent phenomenon.

The duration of an occurrence of the above listed risks to the grid in the case of the extraordinary weather phenomena is limited to the duration of the given phenomenon and the time it takes to fix the potential effects thereof.

The Group identifies the climate related risks (threats) taking into account the relevant climate scenarios (RCP scenarios – *Representative Concentrations Pathways: RCP 2.6, RCP 4.5, RCP 6.0, RCP 8.5*). There are no areas, within the area of TAURON Group's operations, that are highly diversified in terms of the potential climate change scenarios.

Table no. 105 Identification of the climate related transition events that may impact assets and economic activity

Type of event	Perspective (time frame) of exposure	Scope of exposure	Analysis of scenarios
Political and legal			
Setting the higher prices for the greenhouse gas emissions	– Short term – Medium term	Activities covered by ETS	Both scenarios: 1. a scenario consistent with the Paris Agreement that assumes restricting climate change to 1.5°C
Increased reporting obligations with respect to emissions	– Short term – Medium term	All lines of business (areas of activity)	
Exposure to legal action	– Medium term	Activities for which natural gas has been adopted as the transition fuel	
Technological			
Replacing existing products and services with lower carbon options	– Short term	BU Supply	Both scenarios: 1. RCP 2.6. in line with the Paris Accord that assumes restricting climate change to 1.5°C 2. RCP 4.5.
Unsuccessful investments in new technologies	– Medium term	Research and development	
Costs of switching to lower emission technology	– Short term – Medium term	– BU Heat – BU RES – BU Distribution	
Market			
Changing customer behavior	– Short term – Medium term	All lines of business (areas of activity)	Both scenarios: 1. RCP 2.6. in line with the Paris Accord that assumes restricting climate change to 1.5°C 2. RCP 4.5.
Uncertainty about signals coming from the market	– Short term – Medium term	All lines of business (areas of activity)	
Increase in the raw material costs	– Short term – Medium term	All lines of business (areas of activity)	
Related to the reputation			
Changes in consumer preferences	– Short term – Medium term	All lines of business (areas of activity)	Both scenarios: 1. RCP 2.6. in line with the Paris Agreement that assumes restricting climate change to 1.5°C 2. RCP 4.5.
Stigmatizing of the sector	– Short term – Medium term	– BU Generation – Kopalnia Wapienia Czatkowice (Limestone Mine Czatkowice)	
Elevated concerns among the stakeholders	– Short term	All lines of business (areas of activity)	
Negative feedback from the stakeholders	– Short term	All lines of business (areas of activity)	

The climate scenarios used for the purpose of identifying and assessing impacts, risks and opportunities are also in line with the critical assumptions related to climate adopted in the Consolidated Financial Statements of TAURON Capital Group and the Financial Statements of TAURON, in the notes on:

1. climate change and its impact on the applied accounting principles (detailed information is presented in note 10 of the Consolidated Financial Statements of TAURON Capital Group),
2. impairment of non-financial assets (detailed information is presented in note 13 of the Consolidated Financial Statements of TAURON Capital Group),
3. impairment of financial assets (detailed information is presented in note 11 of the Financial Statements of TAURON).

(E1-2) Policies related to climate change mitigation and adaptation

ESRS E1-2

TAURON Group's pro-climate activities had been commenced prior to the announcement of the 2019/C 209/01 Communication and related annexes (the first documents announcing legislation in this aspect for the companies operating in the European Union). In November 2019, the Management Board of TAURON Polska Energia had adopted a document entitled *TAURON Group's Climate Policy*, which has been updated on an ongoing basis. The

two central tenets of the Policy include effectively counteracting climate change and adapting thereto, and the pro-climate activities are an integral part of TAURON Group's Strategy.

The objective of the Policy is to set directions for counteracting climate change and sustainable development of the Group's lines of business through a fair transition towards achieving climate neutrality in the future. The Policy is the basis for TAURON Group to manage its operations in such a way as to curb the climate related risks, reduce the Group's negative impact on the climate and maximize the positive effects of climate change throughout its value chain.

TAURON Group's Climate Policy applies to all of the types of activities and operations carried out within TAURON Group's value chain, the effects of which have an impact on climate change or constitute its implication, in particular covering the following activities:

1. enable the curtailing of global warming,
2. with respect to the adaptation of TAURON Group to the ongoing climate change.

TAURON Group's due diligence with respect to counteracting climate change is related to the declaration of support for actions aimed at curtailing global warming by maintaining the temperature growth rate below 2°C and striving to curb the temperature growth by no more than 1.5°C as compared to the pre-industrial levels.

The policy applies to all of the Group's subsidiaries, and for each of the Group's subsidiaries it lays out their detailed goals and tasks.

TAURON Group's Climate Policy is in line with the provisions of the EC Communication 2019/C209/01 and the *Task Force on Climate-Related Financial Disclosures (TCFD)* report for the energy sector and implements the provisions thereof.

TAURON Group's Climate Policy is a public document and it refers directly to:

1. climate change mitigation,
2. climate change adaptation,
3. energy efficiency,
4. renewable energy use.

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

ESRS E1-3

In December 2024, TAURON Group had adopted a new Strategy, which had outlined the key actions taken and planned in the perspective of 2040 related to climate change mitigation and climate change adaptation.

The Group's Strategy is a response to the identified actual and potential impacts on climate change and the methods of mitigating and repairing their effects. The Strategy aims to counteract the risks and take advantage of the opportunities related to climate change.

TAURON Group's business Strategy is described in detail in *section 1.5. of this report*.

The key actions in 2024 had been focused on the investment activities related to the renewable energy sources and the distribution in order to adapt the grid to the changing market model and mode of operation.

Table no. 106 Key investments of TAURON Group in the large scale renewable energy sources (RES) carried out in 2024

	Completed in 2024.	Construction under way	At the development stage
Wind farms	Mierzyn (license) – 58.5 MW	Nowa Brzeźnica – 19.6 MW	
	Warblewo (license) – 30 MW	Sieradz – 23.8 MW	
	Gamów (license) – 33 MW	Miejska Górka – 190.8 MW	
PV farms	Proszówek (license) – 55 MW	Bałków – 54 MW	Mysłowice Dziećkowice Stage II – 55 MW
		Postomino – 90 MW [1]: 1. Stage I – 80 MW 2. Stage II – 10 MW	Ogrodzieniec – 65 MW
			Stalowa Wola – 50 MW
Total MW	176.5 MW	187.4 MW	170.0 MW

[1] *Cable pooling formula.*

The planned future actions in relation to climate policy are defined by the Group's Strategy, according to which the following results will be achieved:

1. increase in the installed capacity of the renewable energy sources and energy storage facilities to 3.4 GW in 2030 and to 6.1 GW in 2035,
2. share of electricity supply coming from the zero carbon sources close to 50% in 2035,

3. phasing out of the use of the hard coal use for heat production by 2030,
4. decommissioning of the hard coal fired units by 2030, except for the 910 MW unit in Jaworzno,
5. climate neutrality in 2040.

The stakeholders affected by the above mentioned key activities include, first and foremost, the employees of TAURON Group and the related local communities, customers, contractors, suppliers, administration bodies and non-governmental organizations (NGOs) monitoring the energy transition processes.

Operating expenses (Opex) and capital expenditures (Capex) are subject to the disclosure in *section 12.10 of this report.*

TAURON is an entity that obtains external financing for TAURON Group, excluding specific cases, such as project financing or financing coming from the environmental funds, which, due to their nature, are obtained directly by TAURON Group's subsidiaries. Financing is obtained by TAURON based on the consolidated financial statements, in the form of issuing bonds or taking out credits or loans, or by concluding guaranteed financing agreements. Funds are secured appropriately in advance of the planned demand. The external financing is obtained by TAURON for general corporate purposes and to finance TAURON Group's capital expenditures, in particular for the purposes in line with the European Taxonomy, the development of the renewable energy sources, targeted financing as part the *National Recovery Plan* and the activities supporting the minimization of the impact of the Group's operations on the climate. Financing from the environmental funds is obtained, first and foremost, by the subsidiaries in accordance with the requirements and conditions of fund acquisition. The possibility of obtaining targeted and preferential terms funds enabling co-financing of the pro-environmental projects is analyzed on an ongoing basis.

The current commitment under the financing agreements and the funds available under the concluded financing agreements, along with an indication of the purpose of the funds, are described in notes 39 and 53.2 in the Consolidated Financial Statements of TAURON Capital Group.

TAURON assumes that the future investment plans will be financed through own funds and the external financing, using the instruments available at the time on the financial market, through a guaranteed corporate financing in the form of loans, issuance of bonds with the sustainability indicators and the green bonds, dedicated financing in the form of loans and grants from the environmental funds and the funds obtained from the *National Recovery Plan*, as well as in the form of a targeted financing obtained through the special purpose vehicles under the *project finance* formula.

Table no. 107 Decarbonization levers that underpin the Group's climate change mitigation efforts

Decarbonization lever	Area of activity
Electrification of the manufacturing industry	Customer orientation and a rapid expansion (growth) of the distribution line of business
Expansion (growth) of the prosumer energy	
Distribution (dispersion) of the power generation sources	
Development of technology	Profitable increase of the capacity of the renewable energy sources and the energy storage facilities
Regulatory environment	
Increased awareness and the level of acceptance of the EU's climate neutrality policy	
Fighting smog	Decarbonization and increasing the heat efficiency
Increased awareness of the energy efficiency	
Regulatory environment	
Improving the quality of life (e.g. comfort, thermal comfort, health)	
Increased awareness and the level of acceptance of the EU's climate neutrality policy	Customer focus and profitable sales growth
Increased awareness of the energy efficiency	
Expansion (growth) of the prosumer energy	
Improving the quality of life (e.g. comfort, thermal comfort, health)	
Electrification of the processes	
Regulatory environment	Just transition of the conventional energy
Just Transition Programs	
Partnerships for the transition	

Climate change adaptation efforts cover two key areas:

1. change in the generation mix consisting in increasing the share of energy based on solar and wind power,
2. modernization of the distribution lines and the model of interoperation with the storage facilities, distributed generation sources and a greater share of the weather dependent (intermittent) generation sources.

Table no. 108 Achieved and expected greenhouse gas emission reductions in line with the Group's Strategy for the emissions per electricity production [kg CO_2/MWh]

Year	Emissions per electricity production kg CO_2/MWh
2019	800
2023	720
2024	704
2030	225
2035[1]	30
2040[1]	0

[1] *910 MW unit in Jaworzno has not been taken into account beyond 2030*

The significant capital expenditures and operating expenses required to implement the actions taken or planned are indicated in notes 12.1 and 46 of the Consolidated Financial Statements of TAURON Capital Group.

The material capital expenditures and operating expenses required to implement the actions taken or planned with respect to the key performance indicators required under the Commission Delegated Regulation (EU) 2021/2178 are presented *in section 12.10. in the sub-section Results of the EU Taxonomy compliance test* in the CapEx and OpEx tables.

In the reporting year 2024 (and in the previous reporting periods), TAURON Group did not implement any actions and therefore did not implement or adopt any "capital expenditure plans" in accordance with the provisions and definition of the Commission Delegated Regulation (EU) 2021/2178 of July 6, 2021.

(E1-4) Targets related to climate change mitigation and adaptation

ESRS E1-4

TAURON Group, being aware of the ongoing climate change and its effects on a global and local scale, as well as the exceptionally important role of the power sector in the transition to a zero and low carbon economy, which would be climate neutral and climate change resilient in the long term, has *TAURON Group's Climate Policy* in place.

This policy is the basis for TAURON Group to manage its operations in order to curb the risks associated with climate change, reduce the Group's negative impact on the climate and maximize the positive effects of climate change throughout its value chain. The goal of *TAURON Group's Climate Policy* is to counteract climate change and to ensure the sustainability of TAURON Group's lines of business. In the interests of the current and future generations, the long term goal of the Climate Policy is a fair transition towards achieving climate neutrality in the future, and this goal has been adopted in accordance with the current Strategy for 2040.

TAURON Group, implementing the guidelines of *TAURON Group's Climate Policy*, Poland's ecological policy and following the guidelines of the EU's climate and energy policy, through the transition towards clean energy, provides a long term contribution, implemented in accordance with the goals of the sustainable development, to achieving the targets of the Paris Accord (striving to curtail global warming to 1.5°C).

The Group's Climate Policy refers to all of the types of the activities and operations carried out within TAURON Group's value chain, the effects of which have an impact on climate change or are its implications, and in particular it includes:

1. actions to curtail the global warming,
2. actions to adapt TAURON Group to the ongoing climate changes.

In terms of actions aimed at curtailing the global warming and taking into account the impacts, risks (physical risks and transition risks) and opportunities related to climate change mitigation, TAURON Group is guided by the following priorities:

1. striving to improve energy efficiency in order to limit or not increase fuel and energy consumption,
2. reducing the greenhouse gas emissions through the use of the best technologies and practices,
3. gradual phasing out of the anthropogenic sources of the greenhouse gas emissions from the fossil fuels, through the development of the renewable energy as well as the zero and low carbon technologies for generating electricity,

4. taking into account the impact on the global warming as an additional criterion for assessing (vetting) the new activities or investment projects,
5. creating the energy infrastructure required to reduce the emissions of the power systems,
6. actively searching for the technical and organizational solutions that minimize the impact of TAURON Group's business operations on climate change,
7. supporting TAURON Group's customers in reducing energy intensity and managing energy,
8. continuous monitoring of the direct greenhouse gas emissions from the sources used by TAURON Group,
9. involvement of TAURON Group throughout its value chain, through a cooperation with the business and social partners, in order to support the activities related to climate change mitigation,
10. identifying and documenting the material areas of impact of all of the types of TAURON Group's operations on the climate at all stages of the asset life cycle,
11. striving for a continuous development of knowledge and a culture of climate responsibility of the employees, customers, service providers and suppliers within TAURON Group's supply chain, and in particular supporting access to knowledge on the climate related issues (topics),
12. supporting innovative technologies with a potential for significant energy savings and storage of energy coming from the renewable sources or the climate neutral energy,
13. dissemination of the ecological or climate neutral mobility, including by supporting the development of the low carbon transportation and the shared transportation solutions,
14. promoting and participating in the activities aimed at the sharing economy that reduces the impact on the climate.

In terms of the adaptation to the climate change, TAURON Group's key priorities include, among other things:

1. gradual adaptation of the production assets to the consequences of the extreme weather events and the variability of the weather conditions, in particular in the case of the lines of business that are sensitive to the variability of temperature, precipitation and wind force,
2. involvement of TAURON Group in the activities within its value chain, through a cooperation with the business and social partners in the initiatives aimed at adapting to climate change,
3. taking into account the risks related to climate change as an additional criterion for assessing (vetting) the new activities or investment projects, in particular taking into account the physical risks when siting the new investment projects,
4. introducing products or services to the offering that contribute to mitigating the effects of climate change or to adapting to these changes,
5. taking actions aimed at transitioning to a low carbon economy and one that is resilient against climate change,
6. striving to increase the revenue from the sales of the low carbon products.

The priorities of *TAURON Group's Climate Policy* are reflected in the strategic documents of TAURON Group, including the Business Model and the Group's Strategy.

In terms of monitoring the effectiveness of the policies and actions with the use of the goals related to the sustainable development and climate change, TAURON Group has introduced the relevant metrics, the most important of which include:

1. increase of the RES installed capacity,
2. reduction of the direct emissions from TAURON Group's production activities expressed by the reduction of the CO_2 emissions per gross electricity production (an indicator in kg CO_2/MWh).

The greenhouse gas emission reduction targets (scope 1), including the target expressed as a reduction of the CO_2 emissions per gross electricity production (an indicator in kg CO_2/MWh), have been established, among other things, for the purpose of managing the material climate related impacts, risks and opportunities.

By establishing the greenhouse gas emission reduction target and other targets for the purpose of managing the material climate related impacts, risks and opportunities, including the use of the renewable energy, energy efficiency, adaptation to climate change and as a material reduction of the transition risk, TAURON Group Is seeking to achieve climate neutrality by 2040.

TAURON Group's greenhouse gas emission reduction targets have been established in relation to the Scope 1 direct CO_2 emissions and according to the intensity value (an indicator expressed as a reduction in the CO_2 emissions per gross electricity production in kg CO_2/MWh). TAURON Group has a set greenhouse gas emission intensity reduction target and this reduction target has been transferred directly as a related target in relation to the absolute value, both for the ultimate (target) year and for the intermediate years.

The greenhouse gas emission reduction targets as the intermediate targets in 2030 and 2035 have been expressed in absolute values and presented as a percentage of the emissions in the base year. The Scope 1 greenhouse gas emission reduction target refers to the reduction of the direct CO_2 emissions. The greenhouse gas emission reduction targets have been disclosed in relation to the Scope 1, 2 and 3 greenhouse gas emissions separately and they are the gross targets.

TAURON Group does not have in place any established and formally approved Scope 2 and 3 greenhouse gas emission reduction targets for 2030. Currently, TAURON Group assumes:

1. reduction of the Scope 2 greenhouse gas emissions by 2030 in line with the forecast of the energy mix in Poland for 2030 according to the assumptions of the *National Energy and Climate Plan*,
2. reduction of the Scope 3 greenhouse gas emissions by 2030 based on the change in the mix and structure of the generation assets and the change in the electricity supply mix for 2030 within the assumptions of TAURON Group's Strategy, which is also in line with the Cross-sectoral (ACA) scenario of the GHG emission reduction by at least 42% in the value chain (total for all three Scopes 1, 2 and 3).

The Report assumes the current base year of 2019 (Scope 1, for which the GHG emission reduction target is established), and the base value of the greenhouse gas emissions has been adopted based on the *Report on non-financial information of TAURON Capital Group for 2019*, as the total Scope 1 direct CO_2 emissions standing at 12 215 945 tons of CO_2e (Mg CO_2e).

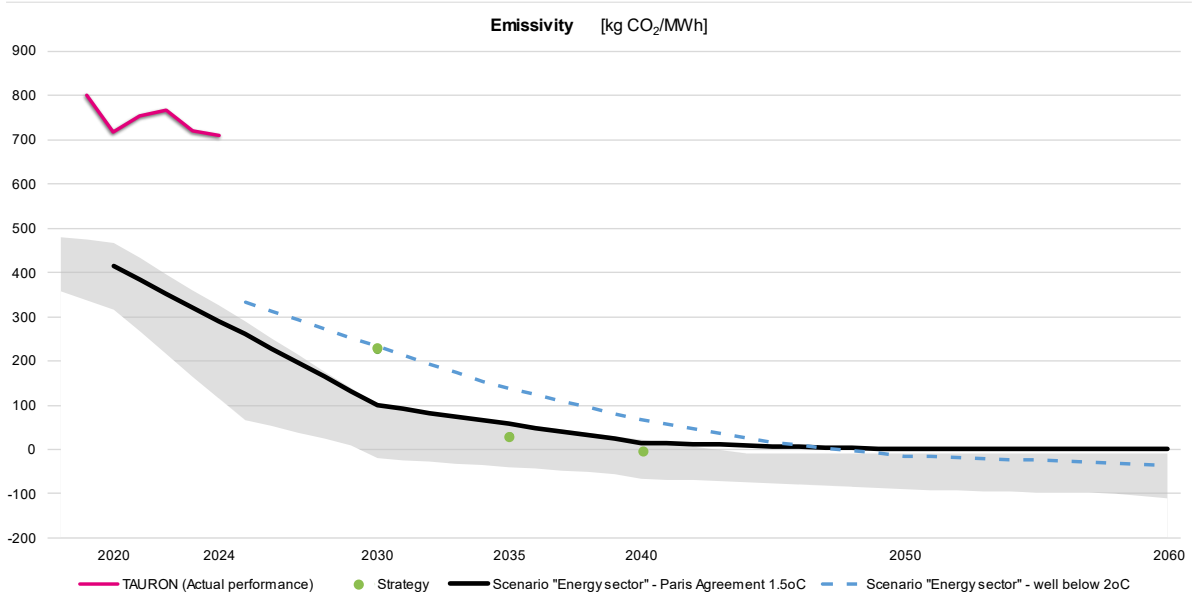
The baseline values of the Scope 2 and 3 indirect GHG emissions have been adopted from the *Report on non-financial information of TAURON Capital Group for 2023* (in the absence of their specification in the 2019 report and as the most up to date baseline value) and are as follows: Scope 2 *location-based* – 1 322 129 tons of CO_2e (Mg CO_2e), Scope 2 *market-based* – 960 233 tons of CO_2e (Mg CO_2e) and the sum of the Scope 3 indirect GHG emissions – 15 314 792 tons of CO_2e (Mg CO_2e).

The 2019 base year meets the requirements for the representativeness of the baseline emissions and the requirement for establishing the base year no more than 5 years prior to the current reporting year (2024). The baseline against which the progress in achieving the target is measured is representative in terms of the activities covered and the impact of the external factors on TAURON Group due to:

1. TAURON Group's structure and Business Model as of 2019, which had reflected the status of its generation assets prior to (or during) the taking of the decision to follow the path of the *Green Turn of TAURON*,
2. TAURON Group's electricity and heat generation mix as of 2019, which had reflected the generation structure of the energy segment in Poland, with a clear predominance of the conventional sources,
3. 2019 being a fairly stable year in terms of conducting business operations within TAURON Group's value chain.

TAURON Group is taking measures aimed at reducing its negative impact on the climate and the environment, as well as aiming to take advantage of most of the opportunities associated with such actions. TAURON Group's Strategy defines a series of steps aimed at implementing a socially acceptable energy transition of the Group in order to ultimately achieve its climate neutrality in 2040. For the energy industry, the climate impact includes both the weather related events, as well as the regulatory changes and the shifts in the customer attitudes (behaviors). The regulatory changes and the social expectations are elevating the importance of the climate and the environmental issues, as well as the need for the RES expansion. This will allow for the reduction of its emissions from approximately 750 kg CO_2/MWh in 2019, to approximately 225 kg CO_2/MWh in 2030, and to approximately 30 kg CO_2/MWh in 2035, as well as for achieving climate neutrality in 2040, as shown in the below Figure.

Figure no. 55 Reduction targets for the Scope 1 direct CO_2 emissions for TAURON Group planned to be achieved in 2030 and 2035, presented with the use of the emission rate per gross energy production and the direct CO_2 emission level against the background of the climate scenarios[1]



[1]Sectoral Decarbonization Approach (SDA) for the energy industry – on the chart: the adjustment for the 1.5°C scenario (the black line and the shaded area) and the well below 2°C scenario (the dashed blue line) based on the IEA ETP B2DS with the greenhouse gas intensity on the Y-axis.

TAURON Group's Scope 1 emission reduction targets have not been subject to an external verification.

TAURON Group's Strategy announced in December 2024 and the Group's updated Business Model are fully in line with respect to the implementation of the provisions of the Paris Accord, which assumes curbing the average global temperature rise to a value below 2ºC as compared to the pre-industrial level and striving not to exceed the temperature by more than 1.5ºC.

An opportunity for TAURON Group is the growing energy awareness of the society coupled with the increasing cost of energy, which will result in the growing interest in energy efficiency, energy savings and electricity production from the renewable energy sources. The social pressure and the regulations are causing the introduction of the increasingly restrictive environmental standards and the restrictions on the fossil fuels in the country, including a noticeable continuous rise of the costs of the CO_2 emissions (the price of the CO_2 emission allowances).

The Group's transition towards the low- and zero carbon energy, as well as the prospect of an electrification and the *green distribution* has an impact on the new Business Model, shifting the place in the value chain where the revenue is generated.

In terms of the procedures and the process of collecting the data on the GHG emissions TAURON Group is ready to define is climate targets in line with the Science Based Targets (SBTi) initiative (https://sciencebasedtargets.org/). It defines a methodology that supports the company in setting ambitious reduction targets and in the transition of the business operations in order to facilitate its transition to a low carbon economy. The main assumptions in terms of the criteria and recommendations in line with SBTi, which are currently used by TAURON Group, include:

1. defining the boundaries and inventory taking with respect to the three greenhouse gas emission scopes (Scope 1, 2, 3) in an approach that is in line with the *GHG Protocol Corporate Standard* and for scope 3 based on the *GHG Protocol Corporate Value Chain (Scope 3) Standard*,
2. approach in line with the Sectoral Decarbonization Approach for the energy sector adapted to the 1.5°C scenario and the SBTi scientific approach,
3. in determining the value of the Scope 1 CO_2 greenhouse gas emission reduction targets in 2030 and 2035 as part of TAURON Group's adopted Strategy, an approach was used with the targets defined at more ambitious levels than in the reference path according to the Cross-Sectoral (ACA) reduction scenario: -42% in 2030 and -90% in 2050 (ACA scenario with a 2020 base).

The decarbonization levers stemming from the Group's adopted Strategy and their overall quantitative contribution to achieving the greenhouse gas emission reduction targets for TAURON Group (use of the renewable energy, switching to other types of fuel, electrification, energy efficiency) are as follows:

1. Decarbonization lever – use of the renewable energy:
   1) increase in RES installed capacity to 2.7 GW in 2030 and to 4.3 GW in 2035, mainly in wind energy,
   2) increase in the green energy production volume to approximately 6 TWh in 2030 and to approximately 9 TWh in 2035,
2. Decarbonization lever – switching to other types of fuel:
   1) departure from the use of the hard coal for the heat production by 2030,
   2) decommissioning of the hard coal fired units by 2030, except for the 910 MW unit in Jaworzno and a simultaneous readiness of TAURON Group to spin off the hard coal fired generation assets (or the 910 MW unit in Jaworzno on its own), and in the event no spin-off has materialized, financial autonomy *(ringfencing)*.
3. Decarbonization lever – decarbonization and increasing heat efficiency:
   1) 100% low- and zero carbon heat in 2030,
   2) >1.1 GWh of the new or modernized low carbon heat production capacity. The heat generating units adapted to a gradual introduction of the decarbonized fuel technologies, taking into account a detailed analysis of the availability, costs and development of the infrastructure,
   3) maintaining the status of an efficient district heating system for the key areas of the operations,
   4) all of the significant locations of the heat generation sources with a heat storage option,
   5) use of the *power to heat* technology, in particular for the domestic hot water.
4. Decarbonization lever – customer focus and an electrification:
   1) increase in electricity supply volume to 40 TWh in 2035 for the current and new customers all over Poland,
   2) development of the products related to an electrification of the society, services and the manufacturing industry, as well as the energy consumption profile management (dynamic tariffs, DSM (Demand Side Management) programs, energy storage, EV),
   3) development of electromobility,
   4) contracting of clean energy on the market, including the PPAs and the purchase of the green energy on the spot market. The share of the green and low carbon electricity volume >30% in 2030 and close to 50% in 2035,
   5) growing demand for electricity from TAURON's customers.
5. Decarbonization lever – energy efficiency:

1) actions aimed at mitigating climate change in terms of improving energy efficiency through the implementation of the Energy Management System (EMS) at TAURON Group's subsidiaries based on the ISO 50001 standard (full implementation of the EMS is planned for the turn of 2025 / 2026).

The implementation of TAURON Group's Strategy, along with the use of the *decarbonization levers*, will enable the achievement of the greenhouse gas emission reduction targets for TAURON Group in 2030 by 72% for the Scope 1 (direct GHG emissions) and by no less than 42% in total in the value chain (the total for the Scopes 1, 2 and 3). TAURON Group has set the climate neutrality target in 2040.

In order to assess the physical risks for TAURON Group, the following climate scenarios have been analyzed: RCP8.5 (high scenario, BAU) and RCP4.5 (medium scenario). The climate scenario in line with the curtailing of the global warming to 1.5°C (RCP2.6) has been analyzed as the so-called *transition scenario* for the purpose of developing TAURON Group's Strategy and for the purpose of identifying the material changes related to the environment, society, technology, market and policy, and for the purpose of determining the decarbonization levers. As part of the RCP2.6 scenario the assumptions in line with the Cross-Sectoral (ACA) GHG emission reduction scenario of at least 42% in the value chain (combined for all three Scopes 1, 2 and 3) and an overall approach in line with the Sectoral Decarbonization Approach for the power sector aligned with the 1.5°C scenario and based on the SBTi science approach, have been adopted.

The table below presents the information required under ESRS E1-4 §34 (a), (b) and some of the information expected under ESRS E1-4 AR 31.

Table no. 109 Greenhouse gas emission reduction targets broken down into the GHG emission reduction targets and the intensity of the Scope 1 GHG emission reduction in 2030 and in 2035 (intermediate targets) and in 2040, and the Scope 2 and 3 GHG emission reduction targets (targets for 2040) for TAURON Group in the reporting for 2024

		unit	Base year[1]	2030 target[2]	2035 target	2040 target Climate neutrality	2050 target
1.	Scope 1 greenhouse gas emissions (GHG) absolute value	Mg CO_2e	12 215 945	3 435 735	458 098	0	0
2.	Percentage of the Scope 1 greenhouse gas emissions (GHG) reduction (relative to the base year emissions)	%	-	72%	96%	100%	100%
3.	Scope 1 greenhouse gas emission (GHG) reduction intensity value	kg CO_2/ MWh	800	225	30	0	0
4.	*Location-based* Scope 2 greenhouse gas emissions (GHG) absolute value	Mg CO_2e	1 322 129	-	-	0	0
5.	Percentage of the *Location-based* Scope 2 greenhouse gas emissions (GHG) reduction (relative to the base year emissions)	%	-	-	-	100%	100%
6.	*Market-based* Scope 2 greenhouse gas emissions (GHG) absolute value	Mg CO_2e	960 233	-	-	0	0
7.	Percentage of the Market-*based* Scope 2 greenhouse gas emissions (GHG) reduction (relative to the base year emissions)	%	-	-	-	100%	100%
8.	Scope 3 greenhouse gas emissions (GHG) absolute value	Mg CO_2e	15 314 792	-	-	0	0
9.	Percentage of the Scope 3 greenhouse gas emissions (GHG) reduction (relative to the base year emissions)	%	-	-	-	100%	100%

[1]*The base year for the Scope 1 GHG emissions is 2019 and the base year for the Scope 2 and 3 GHG emissions is 2023.*
[2]*The only adopted target for 2030 is the Scope 1 GHG emission reduction target. TAURON Group does not have in place any established and formally approved Scope 2 and 3 GHG emission reduction targets for 2030.*

(E1-5) Energy consumption and mix

ESRS E1-5

TAURON Group is operating in the sectors with a significant impact on climate. Due to the applicable Business Model of conducting business operations in place at TAURON Group and taking into account the activities carried out by the Group's subsidiaries - all of TAURON Group's revenues have been classified as generated in the sectors with a significant impact on climate.

Energy consumption related to the in-house operations and the energy mix for TAURON Group in 2024 was based mainly on the fossil fuels, which were used to produce electricity and heat by the Group's generation sources. A change in TAURON Group's energy mix towards renewable energy will be progressing along with a gradual increase of the renewable energy production sources put into operation in the subsequent years in accordance with the Group's adopted Strategy.

Table no. 110 Information on energy consumption and energy mix, including in relation to the *sectors with* a *significa*nt *impact on climate for TAURON Group in 2024*

Energy consumption and energy mix	Unit	2024
1. Fuel consumption from coal and coal products	MWh	25 885 927
2. Fuel consumption from crude oil and petroleum products	MWh	519 603
3. Fuel consumption from natural gas	MWh	158 791
4. Fuel consumption from other fossil sources	MWh	94 062
5. Consumption of purchased or obtained electricity, heat, steam and cooling from the fossil sources	MWh	1 137 481
6. Total fossil energy consumption (calculated as the sum of rows 1–5)	MWh	27 795 864
Share of the fossil fuels in the total energy consumption	%	98
7. Energy consumption from the nuclear source	MWh	0
Share of the nuclear energy in the total energy consumption	%	0
8. Fuel consumption from the renewable sources, including biomass (also including the industrial and municipal waste of a biological origin, biogas, renewable hydrogen, etc.)	MWh	466 498
9. Consumption of purchased or obtained electricity, heat, steam and cooling from renewable sources	MWh	0
10. Consumption of the renewable energy produced independently without the use of fuel	MWh	38 550
11. Total renewable and low carbon energy consumption (calculated as the sum of rows 8–10)	MWh	505 048
Share of the renewable sources in the total energy consumption	%	0
Total energy consumption (calculated as the sum of rows 6, 7 and 11)	MWh	28 300 912

Table no. 111 Production of energy from the non-renewable sources and the renewable energy for TAURON Group in 2024

Production of energy from the non-renewable sources and the renewable energy	Unit	2024
Production of energy from the non-renewable sources	MWh	12 451 839
Production of the renewable energy	MWh	1 914 035

Table no. 112 Productions of energy from the non-renewable sources and the renewable energy for TAURON Group in 2024

Productions of energy from the non-renewable sources and the renewable energy	Unit	2024
Total energy consumption in the sectors with a significant impact on climate	MWh	28 300 912
Net revenue from the operations in the sectors with a significant impact on climate	PLN m	32 535
Energy intensity related to the operations in the sectors with a significant impact on climate	MWh/PLN	0.000870

Table no. 113 Productions of energy from the non-renewable sources and the renewable energy for TAURON Group in 2024

Energy intensity per net revenue	Unit	2024
Total energy consumption as part of the operations in the sectors with a significant impact on climate to the net revenue from the operations in the sectors with a significant climate impact	MWh/PLN	0.000870

The sectors with a significant impact on climate, which are used to determine the energy intensity of TAURON Group, have been determined in accordance with the assignment to the sectors listed in sections A-H and L of *Annex I to Regulation (EC) No. 1893/2006 of the European Parliament and of the Council (as defined in Commission*

Delegated Regulation (EU) 2022/1288) and based on the qualification of the Group's subsidiaries activities in accordance with the PKD classification (core activity) and using the NACE codes.

The business operations of TAURON Group's subsidiaries, which were used to determine the Group's energy intensity, have been assigned to the economic sectors specified in the following sections:

1. D (generation and supply of electricity, gas, steam and air for the air conditioning systems),
2. B (mining and quarrying), C (industrial processing), E (water supply; sewage and waste management and activities related to reclamation), F (construction), G (wholesale and retail trade; repair of motor vehicles and motorcycles), H (transport and storage).

The net revenue from the business operations in the sectors with a significant impact on climate in the agreed amount of PLN 32 535 million were allocated in full to the item of the Consolidated Financial Statements of TAURON Capital Group under the title: "Sales revenue" (*detailed information is presented in notes 12.1, 12.2 and 14 of the Consolidated Financial Statements of TAURON Capital Group*).

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

ESRS E1-6

The total greenhouse gas emissions including the scope 1 and 2 emissions and all of the significant scope 3 emissions (in categories: 1, 2, 3, 4, 5, 6, 7, 8, 9, 11 and 15) for TAURON Group are presented in the table below.

The gross scope 1 and 2 emissions presented in the table below constitute the disclosure according to ESRS E1-6 §44 a, i.e. this is disaggregated information for the consolidated Group for accounting purposes (parent entity and subsidiaries).

There were no significant changes in the definition of what constitutes a reporting unit and its upstream and downstream value chain that could impact a year on year comparability of the GHG emissions (i.e. impact on the comparability of the GHG emissions in the current and previous reporting periods).

TAURON Group's Business Model based on the Business Units does not substantially impact the upstream and downstream boundaries and value chain.

For TAURON Group, there were no effects of significant events and changes in the circumstances (that could be of importance for the disclosure of the greenhouse gas emissions) in the value chain in the period between the date of publication of this report and the date of closing the data for the Consolidated Financial Statements of TAURON Capital Group.

The biogenic CO_2 emissions from biomass combustion are presented in the last item of the table below.

TAURON Group uses location-based and market-based methods to calculate the Scope 2 greenhouse gas emissions. In both of these methods, electricity for the end customer comes from TAURON Group's supply subsidiaries, which have a statutory obligation to redeem the guarantees of origin of electricity from RES. In 2024, the guarantees of origin of electricity from RES (RES certificates) must constitute 5 percent of the mix of each electricity trading company. It is possible to fulfill the above mentioned obligation by paying a substitution fee.

At the same time, TAURON Group's electricity supply subsidiaries calculate the actual mix of energy supplied to the end customer, and based on such a mix of the supply subsidiary TAURON Polska Energia (the leading company in electricity trading in the Group), the greenhouse gas emission indicator was adopted for calculating the *market-based* scope 2 emissions for TAURON Group.

The biogenic CO_2 emissions from biomass combustion in the electricity mix of the supply company TAURON Polska Energia accounted for 3.08%.

The emissions of the greenhouse gases other than CO_2 (in particular CH_4 and N_2O) in the electricity mix of TAURON Group's supply subsidiaries are not available, both in relation to the average factors (coefficients) of emissions from the power grid according to the *location-based* method, as well as for the *market-based* method.

In order to determine the material scope 3 emissions in the individual categories: 1, 2, 3, 4, 5, 6, 7, 8, 9, 11 and 15 for TAURON Group, TAURON's Group Business Model was taken into account in order to select the individual Scope 3 categories for disclosure. For all of the Scope 3 categories subject to disclosure, the methodologies for calculating the Scope 3 greenhouse gas emissions were adopted in accordance with the *GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard* guidelines and in accordance with the adequate levels of accuracy in relation to the quality and scope of the source data obtained in the upstream and downstream value chain.

The exclusion of a given Scope 3 greenhouse gas emission category from the calculations and disclosures resulted solely from the premise that it was not possible to assign a given Scope 3 category as material from the point of view of the activities conducted within TAURON Group in connection with the Business Model.

All 15 categories were included in the overall balance sheet for estimating the volume of the Scope 3 greenhouse gas emissions. For some categories, the zero value of the GHG emissions was estimated due to the lack of a given type of business (activity) being conducted in accordance with the Business Model at TAURON Group, for example, franchising activity. The marginal activities carried out within TAURON Group's Business Model include: upstream and downstream leasing (categories 8 and 13) and business travel (category 6).

TAURON Group's Business Model defines the scope and boundaries within which the Scope 3 greenhouse gas emissions are measured using the input data from the specific upstream and downstream value chain activities.

The percentage of the Scope 3 emissions calculated using the primary data obtained from the suppliers (including the internal suppliers, i.e. from TAURON Group's subsidiaries) or other partners in the value chain came in at 87.9%. The results of the calculation of the total Scope 3 emissions were taken into account as the sum of the disclosed categories (categories: 1, 2, 3, 4, 5, 6, 7, 8, 9, 11 and 15), and the percentage was calculated as a percentage of the primary data used to calculate the greenhouse gas emissions within these disclosed categories. Such a high percentage of the Scope 3 emissions calculated based on the primary data in TAURON Group's value chain was achieved due to the fact that category 3 *Fuel and energy related activities (not included in Scope 1 or 2)* and category 15 *Capital investments* were calculated using only the primary data. Category 3 Scope 3 greenhouse gas emissions were calculated based on the data from an internal supplier (from TAURON Group's supply subsidiary), i.e. based on the primary data on the volume of electricity supplied (MWh) and the primary data on the greenhouse gas emission factor for electricity supplied (tons CO_2e/MWh). Category 15 Scope 3 GHG emissions were calculated based on the data obtained directly.

As a result of identifying significant Scope 3 categories and taking into account the magnitude of estimated GHG emissions belonging to these categories and other criteria provided for in the *GHG Protocol Corporate Value Chain (Scope 3)* – for TAURON Group, the Scope 3 emissions were selected as significant in categories: 1, 3, 11 and 15. Aspects taken into account included: financial outlays, impact, related transition risks and transition related opportunities.

The biogenic CO_2 emissions from biomass, which occurred in 2024 in the upstream and downstream value chain, accounted for approx. 3% of the total Scope 3 emissions (share of the biogenic CO_2 emissions from biomass in the electricity supply mix). In the calculations of the Scope 3 emissions, where possible, emission factors were used that took into account emissions of other types of greenhouse gases (such as CH_4 and N_2O) and the CO_2 emissions occurring in the biomass life cycle other than those from combustion or biodegradation, including in particular the greenhouse gas emissions from transportation of biomass.

Table no. 114 Total greenhouse gas emissions including the Scope 1 and 2 emissions and the significant Scope 3 emissions for TAURON Group in the 2024 reporting

			Intermediate targets and the years they are applicable to			
	Base year 2019	2024	2025	2030	(2050)	Target for the year in % (2024) / base year [2024 / 2019]
Scope 1 greenhouse gas emissions						
Gross Scope 1 greenhouse gas emissions (tons of carbon dioxide equivalent) (tCO_2eq)	12 215 945	9 244 487	-	28%	0%	76%
Percentage of the Scope 1 greenhouse gas emissions from the regulated emissions trading systems (%)	-	98%	-	-	-	-
Scope 2 greenhouse gas emissions						
Location-based gross Scope 2 greenhouse gas emissions (tons of carbon dioxide equivalent) (tCO_2eq)	-	713 093	-	-	-	-
Market-based gross Scope 2 greenhouse gas emissions (tons of carbon dioxide equivalent) (tCO_2eq)	-	555 585	-	-	-	-
Scope 3 greenhouse gas emissions						
Total indirect gross (Scope 3) greenhouse gas emissions (tons of carbon dioxide equivalent) (tCO_2eq), including:	-	17 131 722	-	-	-	-
Category 1 Purchased goods and services	-	719 539	-	-	-	-
Category 2 Capital goods	-	356 612	-	-	-	-
Category 3 Fuel and energy related activities (not included in Scope 1 or 2)	-	12 827 685	-	-	-	-
Category 4 Upstream transportation and distribution	-	19 366	-	-	-	-
Category 5 Waste generated as a result of the business activities	-	52 191	-	-	-	-
Category 6 Business travel	-	2 676	-	-	-	-
Category 7 Employee commute	-	21 614	-	-	-	-
Category 8 Leased assets, including leases and rents (*Upstream*)	-	1 042	-	-	-	-
Category 9 Downstream transportation and distribution	-	18 439	-	-	-	-
Category 11 Use of sold products	-	879 562	-	-	-	-
Category 15 Investments	-	2 232 996	-	-	-	-
Total greenhouse gas emissions (Scope 1 + Scope 2 + Scope 3)						

			Intermediate targets and the years they are applicable to			
	Base year 2019	2024	2025	2030	(2050)	Target for the year in % (2024) / base year [2024 / 2019]
Total greenhouse gas emissions (Scope 1 + Scope 2 "*Location-based*" method + *S*cope 3) (tons of carbon dioxide equivalent) (tCO_2eq)	-	27 089 302	-	-	-	-
Total greenhouse gas emissions (Scope 1 + Scope 2 "*Market-based*" method + Scope 3) (tons of carbon dioxide equivalent) (tCO_2eq)	-	26 931 794	-	-	-	-
Biogenic emissions from the biomass combustion (tCO_2eq)	471 242	182 929	-	-	-	-

The following methodologies, significant assumptions and emission factors used to calculate or measure the greenhouse gas emissions, along with the rationale for their selection, were used to calculate the total greenhouse gas emissions:

1. Scope 1 greenhouse gas emissions:
   1) The first group for calculating the volume of the Scope 1 greenhouse gas emissions consisted of the GHG emissions coming from the power and heat generation sources for which the CO_2 emissions values were subject to verification by independent verifiers for the purpose of settlements under the EU ETS system. The basis for calculating the volumes of the Scope 1 GHG emissions in this group based on the method of accounting for the greenhouse gas emissions provided for in the *ISO 14064-1:2018* standard were the approved CO_2 emissions monitoring plans and CO_2 emissions verification protocols in accordance with the requirements of the EU ETS system. The first group includes approx. 98% of all Scope 1 GHG emissions for TAURON Group.
      The biogenic emissions from the use of biomass fuel were also calculated as part of this group.
      The result is the volume of the CO_2 greenhouse gas emissions following the verification for the purpose of the EU ETS expressed in tCO_2e.
   2) The second group for calculating the volume of the Scope 1 greenhouse gas emissions consisted of the other Scope 1 GHG emissions coming from the power generation sources of the Group's subsidiaries not covered by the EU ETS. The volumes of the Scope 1 GHG emissions in this group were calculated using the rules, requirements and guidelines presented in the *GHG Protocol Corporate Standard* based on the annual data from the PRTR (Pollutant Release and Transfer Register) periodic emissions measurements and the fuel energy consumption data (data from the operational control reporting systems) and using the adequate GHG emission factors published by KOBiZE in the study under the title: *Calorific Values (CV) and CO_2 Emission Factors (EF) in 2021 for reporting under the Emissions Trading Scheme for 2024*.
      The result of calculating the volume of the greenhouse gas emissions in tCO_2e is the product of multiplying: energy introduced in the fuel expressed in MWh (or GJ) and the relevant greenhouse gas emission factor expressed in tCO_2e/MWh (or tCO_2e/GJ).
   3) The third group for calculating the volume of the Scope 1 greenhouse gas emissions consisted of the other Scope 1 GHG emissions for the following greenhouse gases: CH_4, N_2O, HFC, PFC, SF_6 and NF_3 from the primary and auxiliary processes accompanying the business operations of TAURON Group's subsidiaries (emissions from gas leaks, including those related to failures). The volumes of the Scope 1 GHG emissions in this group were calculated using the rules, requirements and guidelines presented in the *GHG Protocol Corporate Standard* based on the annual data from the PRTR (Pollutant Release and Transfer Register) pollutant emissions measurements, data on the amount of the GHG emissions from auxiliary processes, the HFC, PFC, SF6 emissions (data from the operational control reporting systems) and using the latest values of the Global Warming Potentials (GWPs) published by the IPCC based on a 100 year time horizon (Assessment Report 5 or Assessment Report 6) to calculate the carbon dioxide equivalent emissions of gases other than CO_2.The result of calculating the volume of the greenhouse gas emissions in tCO_2e is the product of multiplying: the amount of the greenhouse gas in tons (Mg) and the adequate value of the carbon dioxide equivalent indicator for a given greenhouse gas (tCO_2e).
   4) The fourth group for calculating the volume of the Scope 1 greenhouse gas emissions consisted of the other GHG emissions from the auxiliary processes related to the use of fuels in transportation as part of the in-house operations of TAURON Group's subsidiaries. The volumes of the GHG emissions in this group were calculated using the rules, requirements and guidelines presented in the *GHG Protocol Corporate Standard* based on the annual data on the amounts of fuels (gasoline, diesel oil) paid as part of the fees for the economic use of the environment and the relevant GHG emission indicators for the transportation operations from the database:
      https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024.
      The result of calculating the volume of the greenhouse gas emissions in tCO_2e is the product of multiplying: the amount of fuel in tons (Mg), the calorific value of the fuel in MWh/ton (or GJ/ton) and the relevant greenhouse gas emission indicator expressed in tCO_2e/MWh (or tCO_2e/GJ).
2. Scope 2 greenhouse gas emissions:
   1) The basis for calculating the volume of the *location-based* scope 2 GHG emissions were the greenhouse gas emissions as the product of a multiplication: energy obtained and purchased for the in-house operations (MWh) multiplied by the average electricity emission factor for the final consumer in Poland according to the National Centre for Emissions Management (KOBiZE) publication: *The CO_2, SO_2, NO_X, CO and total dust emission factors for electricity based on the information contained in the National database on the greenhouse gas emissions and other substances for 2023.*
      The result of calculating the volume of the greenhouse gas emissions is the product of a multiplication:
      - volume of electricity acquired and purchased for the needs of the in-house operations (MWh) multiplied by the relevant greenhouse gas emission factor per MWh of electricity for the final consumer in Poland expressed in tCO_2e/MWh,
      - volume of energy acquired and purchased for the needs of the in-house operations (MWh) excluding scope 1, mainly the gaseous fuel for the purpose of heating buildings multiplied by the relevant greenhouse gas emission factor per MWh of the gaseous fuel energy expressed in tCO_2e/MWh,

- volume of energy acquired and purchased for the needs of the in-house operations (MWh) was obtained from TAURON Group's databases based on the actual utility payments as invoiced.

2) The basis for calculating the volume of the *market-based* scope 2 GHG emissions were the greenhouse gas emissions as the product of a multiplication: energy acquired and purchased for the needs of the in-house operations (MWh) multiplied by the electricity emission factor for the final consumer for TAURON Group's supply subsidiaries (TAURON Polska Energia supply company's factor was adopted).
The result of calculating the greenhouse gas emissions is the product of a multiplication:
   - volume of electricity acquired and purchased for the needs of the in-house operations (MWh) multiplied by the relevant greenhouse gas emission factor per MWh of electricity for the final consumer expressed in tCO_2e/MWh,
   - volume of energy acquired and purchased for the needs of the in-house operations (MWh) excluding scope 1, mainly the gaseous fuel for the purpose of heating buildings multiplied by the relevant greenhouse gas emission factor per MWh of the gaseous fuel energy expressed in tCO_2e/MWh,
   - volume of energy acquired and purchased for the needs of the in-house operations (MWh) was obtained from TAURON Group's databases based on the actual utility payments as invoiced.

   The result of calculating the volume of the greenhouse gas emissions in tCO_2e is the product of multiplying: the volume of energy acquired and purchased for the needs of the in-house operations (MWh) and the relevant greenhouse gas emission factor expressed in tCO_2e/MWh.

3. Scope 3 greenhouse gas emissions:
   1) Scope 3 Category 1: The basis for calculating the volume of the Scope 3 GHG emissions in Category 1 *Purchased Goods and Services* based on expenditures (PLN) was the product of multiplying:
      - expenditures (in PLN) incurred in connection with the purchase of goods and services in the relevant categories: Consumption of materials, Maintenance and repair services, Consulting services and Other external services. The expenditures (PLN) were determined using the consolidated data for the financial reporting of TAURON Group for 2024,
      - greenhouse gas emission factors related to expenditures and adequately assigned to the type of activity - database:
        https://assets.publishing.service.gov.uk/media/66422097f34f9b5a56adc5fe/Conversion_factors_KgCO2_per___spent__by_SIC_code.ods (tCO_2e per £ converted to tCO_2e/PLN using the average exchange rate of the National Bank of Poland for 2024 and the UK inflation rate for the period of 2021 - 2024).

      The result of calculating the volume of the Scope 3 greenhouse gas emissions in Category 1 *Purchased goods and services* based on expenditures is expressed in tCO_2e.
      The so-called hybrid method of calculating the Scope 3 greenhouse gas emissions in Category 1 according to the *GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard* was used.
   2) Scope 3 Category 2: The basis for calculating the volume of the Scope 3 GHG emissions in Category 2 *Capital Goods* based on expenditures (PLN) was the product of multiplying:
      - expenditures (in PLN) incurred in connection with the purchase of capital goods. The expenditures (PLN) were determined using the CapEx spent in the individual operating segments based on the consolidated data for the financial reporting of TAURON Group for 2024,
      - greenhouse gas emission factors related to expenditures and adequately assigned to the type of activity - database:
        https://assets.publishing.service.gov.uk/media/66422097f34f9b5a56adc5fe/Conversion_factors_KgCO2_per___spent__by_SIC_code.ods (tCO_2e per £ converted to tCO_2e/PLN using the average exchange rate of the National Bank of Poland for 2024 and the UK inflation rate for the period of 2021 - 2024).

      The result of calculating the volume of the Scope 3 greenhouse gas emissions in Category 2 *Capital Goods* based on expenditures is expressed in tCO_2e.
      The so-called hybrid method of calculating the Scope 3 greenhouse gas emissions in Category 2 according to the *GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard* was used.
   3) Scope 3 Category 3: The basis for calculating the volume of the Scope 3 GHG emissions in Category 3 *Fuel and energy related activities (not covered by Scope 1 or 2)* based on the volume of energy supplied (MWh), was the product of multiplying the volumes and the greenhouse gas emission factors, respectively.:
      - volume of energy sold (MWh) as part of the business operations of TAURON Group's supply subsidiaries (excluding the volumes included as part of Scope 1 and 2),
      - greenhouse gas emission factor for electricity supplied in tCO_2e/MWh (emission factor for electricity of TAURON Polska Energia supply company), according to the data source: https://www.tauron.pl/tauron/o-tauronie/struktura-paliw,
      - volume of energy sold (MWh) as part of the activities of TAURON Group's supply subsidiaries,
      - greenhouse gas emission factor for heat production in tCO_2e/GJ (emission factor for heat production by the TAURON Wytwarzanie and TAURON Ciepło subsidiaries), according to the proprietary data on heat production (GJ) and the CO_2 equivalent emissions assigned to heat production (tCO_2e).

      The result of calculating the volume of the Scope 3 greenhouse gas emissions in Category 3 *Fuel and energy related activities (not covered by Scope 1 or 2)* is expressed in tCO_2e.
   4) Scope 3 Category 4: The basis for calculating the volume of the Scope 3 GHG emissions in Category 4 *Upstream Transportation and Distribution* based on the volume of fuels (including biomass), raw materials, materials and products that were transported as part of the business operations of TAURON Group's subsidiaries (tons, Mg), was the product of multiplying:

- volume of fuels (including biomass), raw materials, materials and products that were transported (upstream) as part of the business operations of TAURON Group's subsidiaries (tons, Mg),
- greenhouse gas emission factors related to the mode of transportation used for transporting fuels (including biomass), raw materials, materials and products expressed in tCO_2e/Mg. Such indicators for the road, rail transportation expressed in tCO_2e/Mg were obtained from the databases: *DEFRA, BEIS, EPA.*

The result of calculating the volume of the Scope 3 greenhouse gas emissions in Category 4 *Upstream Transport and Distribution* is expressed in tCO_2e.

5) Scope 3 Category 5: The basis for calculating the volume of the Scope 3 GHG emissions in Category 5 *Waste generated from operations* based on the total weight of the hazardous and non-hazardous waste associated with the business operations of TAURON Group's subsidiaries (tons, Mg) as well as the manner and methods of handling the waste, was the product of multiplying:
   - total weight of the hazardous and non-hazardous waste generated as part of the business operations of TAURON Group's subsidiaries (tons, Mg),
   - greenhouse gas emission factors related to the manner and methods of waste handling expressed in tCO_2e/Mg. The factors were obtained from the database: *https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024*.

   The result of calculating the volume of the Scope 3 greenhouse gas emissions in Category 5 Waste from operations is expressed in tCO_2e.
6) Scope 3 Category 6: The basis for calculating the volume of the Scope 3 GHG emissions in Category 6 *Business Travel* based on the business travel fuel consumption (Mg), fuel calorific values (GJ), GHG emission factors for the business travel fuel consumption (tCO_2e/GJ) was the product of multiplying:
   - business travel fuel consumption (Mg),
   - calorific value of fuels (GJ/Mg),
   - greenhouse gas emission factors related to the business travel fuel consumption expressed in tCO_2e/Mg. This factor according to the source of data published by the National Centre for Emissions Management (KOBiZE) in the study under the title: *Calorific values (CV) and CO_2 emission factors (EF) in 2021 for the purpose of reporting under the Emission Trading Scheme for 2024*.

   This category excludes business travel by the public modes of transportation (data not available).
   The result of calculating the volume of the Scope 3 greenhouse gas emissions in Category 6 *Business Travel* is expressed in tCO_2e.
7) Scope 3 Category 7: The calculation of the volume of the Scope 3 GHG emissions in category 7 *Employee commuting* was carried out based on the number of TAURON Group's employees (number), the averaged distance from the place of residence to the place of work (km), mode of transportation, manner of travel (independent, shared, public transportation), the number of working days per year including remote work - data averaged for TAURON Group based on the data from the employee survey - *How do you commute*.
   The estimated volume of the GHG emissions in this category was the product of multiplying:
   - number of TAURON Group's employees in 2024 (number),
   - averaged distance to and from the place of residence to the place of work (km/commute),
   - manner in which the distance to work was mostly traveled, including on foot (adjusting factor range: 0 to 1),
   - in the case of transportation by car, information on the mode of transportation (internal combustion, electric, hybrid) and the number of passengers in the vehicle traveling to work (adjustment factor range: 0.2 to 1),
   - number of commuting days per year (number),
   - greenhouse gas emission factors related to the mode of commuting used, expressed in tCO_2e/km/commute. Such indicators for different modes of transportation-car, mass transit, rail-expressed in tCO_2e/km/commute were obtained from the database: *DEFRA*.

   The result of calculating the volume of the Scope 3 greenhouse gas emissions in Category 7 *Employee commuting* is expressed in tCO_2e.
8) Scope 3 Category 8: The basis for calculating the volume of the Scope 3 GHG emissions in Category 8 *Upstream leased assets* based on expenditures (PLN) was the product of multiplying:
   - expenditures (PLN) incurred in connection with the costs of the lease agreements, including the costs of the leases of buildings, premises and engineering facilities expressed as the difference of the opening and closing balances of 2024. The expenditures (PLN) for the leased assets were determined using the consolidated data for the financial reporting of TAURON Group for 2024,
   - GHG emission factors related to expenditures and adequately assigned to the type of activity - database: *https://assets.publishing.service.gov.uk/media/66422097f34f9b5a56adc5fe/Conversion_factors_KgCO2_per___spent__by_SIC_code.ods* (tCO_2e per £ converted to tCO_2e/PLN using the average exchange rate of the National Bank of Poland for 2024 and the UK inflation rate for the period of 2021 - 2024).

   The result of calculating the volume of the Scope 3 greenhouse gas emissions in Category 8 *Upstream leased assets* based on expenditures is expressed in tCO_2e.
   The so-called hybrid method of calculating the volume of the Scope 3 GHG emissions in Category 8 according to the *GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard* was used.
9) Scope 3 Category 9: The basis for calculating the volume of the Scope 3 GHG emissions in Category 9 *Downstream Transportation and Distribution* based on the volume of materials and products that were

transported as part of the business operations of TAURON Group's subsidiaries (tons, Mg) was the product of multiplying:

- volume of materials and products that were transported (downstream) as part of the business operations of TAURON Group's subsidiaries within the operations of TAURON Group companies (tons, Mg),
- greenhouse gas emission factors related to the mode of transportation used for transporting materials and products, expressed in tCO_2e/Mg. Such indicators for the road, rail transportation expressed in tCO_2e/Mg were obtained from the databases: *DEFRA, BEIS, EPA*.

The result of calculating the volume of the Scope 3 greenhouse gas emissions in Category 9 *Downstream Transportation and Distribution* is expressed in tCO_2e.

10) Scope 3 category 11: The basis for calculating the volume of the Scope 3 GHG emissions in category 11 *Use of sold products* based on the volume of energy sold in gaseous fuel (MWh) was the product of multiplying:
    - volume of gaseous fuel sold (MWh or GJ) as part of the business operations of TAURON Group's supply subsidiaries,
    - greenhouse gas emission factor for energy sold in tCO_2e/MWh (or tCO_2e/GJ) This factor according to the source of data published by the National Centre for Emissions Management (KOBiZE) in the study under the title: *Calorific values (CV) and CO_2 emission factors (EF) in 2021 for the purpose of reporting under the Emission Trading Scheme for 2024*.

    The result of calculating the volume of the Scope 3 greenhouse gas emissions in category 11 *Use of sold products* is expressed in tCO_2e.
11) Scope 3 Category 15: The calculation of the volume of the Scope 3 GHG emissions in category 15 *Investments* was carried out based on the acquired data on the direct greenhouse gas emissions from assets treated as capital investments in the companies in which TAURON Group holds an equity stake but does not have operational control over these companies. The estimated volume of the GHG emissions in this category was the product of multiplying:
    - direct emissions of the greenhouse gases obtained from the companies in which TAURON Group holds an equity stake but does not have operational control over these companies (in tCO_2e),
    - value of the equity stake in the above mentioned companies.

    The result of calculating the volume of the Scope 3 GHG emissions in Category 15 *Investments* is expressed in tCO_2e.

    The so-called hybrid method of calculating the Scope 3 greenhouse gas emissions in Category 15 according to the *GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard* was used.

Table no. 115 Greenhouse gas emission intensity (total greenhouse gas emissions per net revenue) for TAURON Group in 2024

	tCO_2eq/PLN
Greenhouse gas emission intensity (total greenhouse gas emissions per net revenue) *Location-based* method	0.000833
Greenhouse gas emission intensity (total greenhouse gas emissions per net revenue) *Market-based* method	0.000828

The agreed amount of net revenue for TAURON Group (the denominator in the calculation of the greenhouse gas emission intensity) in the net amount of PLN 32 535 million has been allocated in full to item "Sales revenue" in the Consolidated Financial Statements of TAURON Capital Group (the detailed information is presented in notes 12.1, 12.2 and 14 of the Consolidated Financial Statements of TAURON Capital Group).

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

ESRS E1-7

The Group is implementing its plans to reduce the greenhouse gas emissions, but not through the greenhouse gas removal and storage projects or the greenhouse gas emission mitigation projects financed with carbon credits.

(E1-8) Internal carbon pricing

ESRS E1-8

TAURON Group has a system in place for setting internal carbon dioxide emissions pricing. Such a system essentially includes calculation prices used when making investment decisions related to capital expenditures for new electricity and heat generation projects, and the internal carbon dioxide emissions fees. The internal carbon dioxide emissions pricing system is used in the settlements of the CO_2 emission allowances for the needs of the emission trading scheme (EU ETS) for 2024. The price used is the price of the CO_2 emission allowances as of the date of the buy or sell transaction.

The internal carbon dioxide emissions pricing system is applied between the related parties within TAURON Group. The internal carbon dioxide emissions prices are determined at the time the transaction is concluded and are based on the market prices used in the settlements for the given year. In addition, TAURON Group uses the internal carbon dioxide emissions pricing system to derive the transaction prices in the deals with external parties. This

pricing method stems from the provisions of the Polish tax law and is an important element of the tax rules in place at TAURON Group.

The internal carbon dioxide emissions pricing system is used at TAURON Group within the business area.

The current CO_2 emission allowance prices from the year of the tests are adopted for asset impairment testing and trading projections, and they are also used in the future projections that follow a price path that takes into account the projected change in the price of the CO_2 emission allowances taking into account the inflation rate forecast. This market based approach to the method used to determine the internal price of the carbon dioxide emissions is widely used by the entities operating in the energy sector in Poland and in the EU.

In addition, the internal carbon dioxide emissions pricing system is also used in the technical and economic analyses of investment projects. The projected path of the high carbon dioxide emissions prices in 2025 - 2040 helps in the decision making process and encourages the implementation of the climate related policies and goals, in particular, the implementation, in accordance with the Strategy, of the RES expansion projects and the decarbonization of the existing heat generation assets, as well as investments in the expansion of the electricity distribution grid in line with the projected trend of an electrification of the manufacturing industry and the transition to green energy by the end customers.

The CO_2 emission allowance prices in the forward looking projections (price paths) are adopted based on the critical criterion of the projected price changes for the power sector and are derived from the demand and supply analyses of the EU ETS system as well as the available external forecasts and surveys related to the trajectory of the CO_2 emission allowance prices in the future. The forecasting of the CO_2 emission allowance prices is a part of TAURON Group's long term planning assumptions and is subject to an agreement with and an approval by the Auditor in the process of verifying the long term assumptions in the financial reporting stream. The updating of the CO_2 emission allowance price forward paths is handled by a dedicated team within the Company, and the updating of the paths is carried out at least once a year.

The internal carbon dioxide emissions pricing system in the current reporting year covers, in a basic scenario, the Scope 1 direct CO_2 emissions from the Group's in-house electricity and heat generation sources under the EU ETS. In the current reporting year, verified direct CO_2 emissions from TAURON Group's in-house electricity and heat generation sources covered by the EU ETS system clocked in at 9 064 199 tons of CO_2, which at the same time accounted for 98% of the total Scope 1 GHG emissions for TAURON Group. The Scope 2 and 3 greenhouse gas emissions were not subject to the internal carbon dioxide emissions pricing system in the reporting year 2024.

The carbon dioxide emissions prices used in the internal carbon dioxide emissions pricing systems are in line with the prices used in the Consolidated Financial Statements of TAURON Capital Group, in particular with respect to the internal carbon dioxide emissions prices used for:

1. assessing the life cycle and residual value of assets (intangible and legal assets, tangible fixed assets (property, plant and equipment)),
2. impairment of assets (impairment tests),
3. where applicable, for measuring the fair value of assets acquired through a take-over.

(E1-9) Anticipated financial effects from material physical and transition risks and potential climate related opportunities

ESRS E1-9

TAURON Group is planning to disclose anticipated financial effects stemming from material physical and transition risks and potential climate related opportunities in the future once the organization is ready for such disclosures and has developed good practices for capturing such effects transparently and not in the violation of the company's trade secrets.

12.12. Pollution (E2)

(E2.IRO-1) Description of the processes to identify and assess material pollution related impacts, risks and opportunities

ESRS E2.IRO-1

The process of identifying actual and potential pollution impacts, risks and opportunities is an integral part of the materiality study and assessment described in *section 12.8 Materiality assessment of this report*.

In particular, the overall materiality study and assessment process based on ESRS 2 IRO-1 for the identification and assessment of the material pollution impacts, risks and opportunities for TAURON Group was carried out based on the analysis of TAURON Group's business model and for the materiality assessment of upstream and downstream pollution generated by its in-house operations and its own value chain in the so-called LEAP (Lead, Evaluate, Assess, Prepare) approach (two stages), i.e.:

1. identifying the locations of the generation assets related to pollution emissions and the locations of emissions to air and water (no material emissions to soil have been identified in the Group's operations),

2. assessing pollution related impacts and dependencies of TAURON Group's assets for each material location.

TAURON Group also carried out consultations with the representatives of affected communities as part of the overall process of studying and assessing materiality related to IRO-1.

As a result of the completed materiality study and assessment process with respect to pollution, the thematic standard E2 for *Air Pollution* was identified as a relevant topic for the ESRS 2 IRO-1 compliant disclosures for TAURON Group.

The other IRO-1 scopes related to ESRS E2, i.e., contamination of water, soil, living organisms and food resources, substances of potential concern, substances of particularly high concern and microplastics, were not identified as topics relevant to disclosure - both in terms of assessing material impacts, risks and opportunities, and in terms of assessing financial materiality.

Table no. 116 Locations where pollution is a material topic within TAURON Group's business operations and its upstream and downstream value chain in 2024

BU / Company	Emission of pollution to air	Emission of pollution to water
Generation – TAURON Wytwarzanie:		
Location Jaworzno (3 facilities)	Material impact in in-house operations	Material impact in in-house operations
Location Łaziska (1 facility)		
Location Będzin Łagisza (1 facility)		
Location Trzebinia Siersza (1 facility)		
Location Stalowa Wola (1 facility)		
Heat – TAURON Ciepło:		
Location Katowice (Elektrociepłownia Katowice – Katowice Combined Heat and Plant)	Material impact in in-house operations	Material impact in in-house operations
Location Tychy (Elektrociepłownia Tychy – Tychy Combined Heat and Power Plant)		
Location Bielsko-Biała (Elektrociepłownia Bielsko-Biała EC1 – Bielsko-Biała EC1 Combined Heat and Power Plant)		
Location Czechowice-Dziedzice (Elektrociepłownia Bielsko-Biała EC2 - Bielsko-Biała EC2 Combined Heat and Power Plant)		
Location Cieszyn (Elektrociepłownia Cieszyn – Cieszyn Combined Heat and Power Plant)		
Location Olkusz (Ciepłownia Olkusz – Olkusz Heat Plant)		
Location Zawiercie (Ciepłownia Zawiercie – Zawiercie Heat Plant)		
Location Kamienna Góra (Ciepłownia Kamienna Góra – Kamienna Góra Heat Plant)		

TAURON Group's business operations, material from the point of view of material impacts, risks and opportunities with respect to pollution (except for the greenhouse gas emissions and waste) released to air and water, is related to the process of generating electricity and heat.

As part of the business operations related to the process of generating electricity and heat, no material topics related to pollution are identified in TAURON Group's value chain. The general principle of maintaining proximity and reducing distances (shortening) in the supply chain is applicable in order to reduce pollution emissions.

(E2-1) Policies related to pollution

ESRS E2-1

Environmental protection in the energy and mining industry is an area that is strictly controlled and regulated both at the level of the national law as well as that of the EU regulations. Regardless of the applicable regulations, TAURON Group, assuming responsibility for the consequences of using natural resources, takes actions that go beyond the legal obligations. These actions are specified in the document under the title *TAURON Group's Environmental Policy*.

The Environmental Policy defines the Group's integrated approach to managing the issues related to the impact of its business operations on the natural environment, including the direction of its environmental activities and the principles that should be followed in the matters related to the environment. The Environmental Policy is a point of reference against which all of the activities of TAURON Group's subsidiaries in the area of environmental protection and environmental management are assessed.

The Environmental Policy includes the general principles, values and vision that TAURON Group follows in order to curtail its impact on the natural environment, both in terms of the direct, as well as the indirect impacts throughout

its value chain. The document also presents the principles of responsible communication regarding environmental issues, ensuring clarity and understanding of TAURON Group's activities that may have an impact on the environment, as well as the activities undertaken for the benefit of the environment.

The Environmental Policy defines the general direction of TAURON Group's environmental activities, which includes minimizing negative impacts on the environment, taking into account the specifics of the sector, the development of the technology and access to environmentally friendly technologies.

Due to the diverse profiles of activities, including production and service activities of the Group's subsidiaries, their impact on the environment is materially diversified. The principles of the Environmental Policy are therefore transferred to the individual internal documents of the Group's individual subsidiaries, adequately to their role in TAURON Group's value system and the magnitude of their impact.

The Environmental Policy also defines TAURON Group's approach to setting the general directions and oversight processes with respect to environmental management in the value chain aimed at, among other things, managing its material impacts, risks and opportunities related to pollution.

The principles that TAURON Group is following with respect to pollution include:

1. identifying and documenting material areas of impact of all of the types of TAURON Group's activities on the natural environment at all of the stages of an asset's life cycle,
2. ensuring compliance of TAURON Group's business operations with the environmental protection regulations, taking into account the local conditions, specific nature of the conducted business operations and simultaneously striving to increase efficiency,
3. conducting information policy, ensuring understanding of TAURON Group's activities that may have an impact on the environment,
4. monitoring draft legal regulations in order to undertake any pre-emptive environmental actions in TAURON Group's business operations, and in particular in its investment and asset management processes,
5. actively searching for technical and organizational solutions that minimize the potentially adverse impact of TAURON Group's business operations on the environment,
6. monitoring and sharing of *industry's best environmental practices*,
7. continuously improving TAURON Group's actions in the area of environmental protection,
8. cooperating with all parties and participants of processes in order to identify and minimize the impact on the environment, including, among other things, the negative impacts related to pollution.

In terms of preventing actual and potential impacts and mitigating and repairing their effects, counteracting risks or taking advantage of opportunities, the Environmental Policy introduces a mechanism for monitoring and reporting the impact of the business operations on the environment. Based on this monitoring and taking into account the changing external regulations, TAURON Group is planning and undertaking actions aimed at reducing the identified magnitude of its environmental impact. By undertaking such actions, each subsidiary defines measurable goals and determines the method and frequency of their monitoring. TAURON Group establishes indicators and reporting systems that will allow for an objective identification and comparison of the impact of TAURON Group's various activities on the environment, enabling their use in the process of making management decisions at TAURON Group's BUs.

TAURON Group is continuously monitoring the main aspects of the direct and indirect impact on the environment of its operational activities, as well as in its upstream and downstream value chain, which is implemented, among other things, with respect to achieving the goals specified in the Environmental Policy.

The geographical area of TAURON Group's operational activities covers the territory of Poland.

The implementation and oversight of the implementation of the provisions of TAURON Group's Environmental Policy is carried out by the Vice President of the Management Board for Asset Management and Development at TAURON.

Taking into account the interests of the key interested parties (stakeholders) when determining the scope of TAURON Group's Environmental Policy is possible in accordance with the general principles under the formula of submitting petitions via the communication channel for the stakeholders of TAURON Group.

TAURON Group's Environmental Policy is a generally available public document.

(E2-2) Actions and resources related to pollution

ESRS E2-2

TAURON Group's commitments to reduce emissions of pollution to air are the result of the program implemented and completed in 2021 in order to adapt the conventional electricity and heat generating units classified as Large Combustion Plants (LCPs) to the requirements of the BAT (Best Available Techniques) conclusions, as a result of which, among other things, flue gas purification installations were installed or significantly modernized, and the technological process wastewater treatment installations were also subjected to certain modernizations. Thanks to these actions, the key generation assets of TAURON Wytwarzanie and TAURON Ciepło currently achieve pollutant concentration levels that are in line with the best available techniques and the BAT conclusions. The other medium

size and smaller sources of fuel combustion at TAURON Group's subsidiaries also comply with the legal requirements in terms of the permissible pollutant concentration values specified in the emission permits.

TAURON Group's subsidiaries conduct their operations in compliance with the permits, and in the normal operating conditions there is an impact on the environment in terms of pollution released to air and water. There is no impact in terms of pollution released to soil (only possible incidentally in specific conditions, for example, in the event of a failure) due to the business operations of the Group's subsidiaries.

The volumes of pollutant emissions from TAURON Group's fuel combustion facilities in 2024 had been significantly below the levels specified as the maximum permissible annual amounts of pollutants according to the permits (emission limits). The Group is not currently conducting a dedicated program aimed at reducing emissions to air from the units burning solid fuels. Such a program had been carried out in the previous years and ended with the introduction of even more stringent emission standards and operating regimes for the fuel combustion installations as of August 2021, which at the same time contributed to a further reduction of the impact in terms of the emissions of dust, nitrogen oxides, sulfur dioxide, chlorine and hydrogen fluoride and other pollutant substances into the air.

Ongoing and planned maintenance and modernization works are currently under way on the air protection equipment and installations of the fossil fuel combustion generation sources.

As part of its operational activities related to the environmental management, TAURON Group is conducting an ongoing monitoring of:

1. volume of emissions to air with respect to the substances specified in the permits, including nitrogen oxides (NO_X), sulfur oxides (SO_2) and dust (continuous and periodic measurements), as well as other pollutants into the air, such as emissions of metals, HCl, HF (periodic measurements for the needs of the PRTR reporting – the National Pollutant Release and Transfer Register). For the medium size and small sources of energy fuel combustion, the monitoring is carried out in the form of the periodic emission measurements, in accordance with the provisions of the permits for operation with respect to the environmental parameters,
2. volume of emissions to water as specified in the permits.

The above mentioned activities are carried out at all of the material locations indicated in the table in section E2.IRO-1 of this report.

At the same time, TAURON Group's subsidiaries with a material impact in terms of pollutant emissions to air and water were carrying out activities aimed at reducing pollutant emissions in order to ensure pollutant emission levels in line with the requirements related to the *best available techniques*.

The resources and activities applied at TAURON Group in order to prevent and control pollution include, among other things:

1. maintaining in a proper condition the flue gas purification devices and installations (reduction of the pollutant emissions to air) and the installations for reducing pollutant emissions to water (wastewater treatment),
2. equipping electricity and heat generating units with systems and installations compliant with the best available techniques (BAT) enabling the achievement of a high degree of pollution reduction, adequate to the magnitude of impact in terms of emissions from the production processes,
3. using adequate fuel quality and efficient use of the energy derived from fuel,
4. using modern technical solutions taking into account technological progress,
5. using systems for automatic regulation of the operation of technological devices.

The additional activities contributing to reducing the impact of TAURON Group in terms of emissions of pollutants to air and water include, among other things:

1. implementation of the adopted Strategy that assumes a gradual withdrawal from the use of the conventional energy assets based on the hard coal fuels in the medium term and thus a policy of limiting investments in conventional energy to the necessary minimum,
2. carrying out and completing the adaptation of the conventional electricity and heat generating units to the current most stringent requirements of the BAT conclusions with respect to pollutant emissions to air and water,
3. taking other beneficial actions related to changing the energy mix towards an expansion of the RES generating units (wind energy, photovoltaics), where such activities do not involve direct emission of pollutants to air and water.

The national and EU legal requirements that impose standards and requirements related to the environmental protection are superior to the voluntary policies and commitments. TAURON Group's subsidiaries are required by the management objectives to conduct their operations in accordance with the applicable standards, regulations and legal provisions. In this respect, each of the Group's subsidiaries is monitoring the effectiveness of the implementation of the Environmental Policy and the actions taken thereby regarding the material impacts, risks and opportunities related to pollution, in order to avoid incidents in the form of the cases of exceeding the permissible emission levels of the pollutants, which could result in the imposition of the administrative penalties.

The key actions reflecting the involvement in the upstream value chain include the adherence to the proximity principle (supply of fuels, materials and raw materials) and to the resource efficiency principle (minimizing pollution at source related to resource acquisition).

Actions and resources related to pollution can, in the mitigation hierarchy be assigned to the reduction of pollution by complying with the implementation requirements, such as the BAT requirements.

(E2-3) Targets related to pollution

ESRS E2-3

TAURON Group did not define any specific targets in 2024 for the purpose of assessing the progress in reducing pollution and adopted only a general goal related to preventing and controlling pollution stemming from the Environmental Policy.

The specific level of the targets related to preventing and controlling air pollution and the relevant specified pollution burdens to be achieved was assumed as a lack of the material violations of the requirements and standards related to the permissible levels of pollutant emissions.

Table no. 117 Operational limits (annual targets not to be exceeded) of air pollutant emissions for TAURON Group, taking into account the locations with a material impact (sum of the limits of the operated energy fuel combustion installations), applicable in 2024

#	Emission Sources (total from the installations operated by the Group's Subsidiaries)	Maximum value Mg / year		
		Nitrogen oxides (NO_X)	Sulfur oxides (SO_2)	Dust
1.	TAURON Wytwarzanie	18 007	15 025	1 156
2.	TAURON Ciepło	3 122	4 164	311

TAURON Group, operating in the electricity and heat generation sector in accordance with its business model, does not use substances of concern (potentially hazardous substances) and substances of a very high concern and therefore does not set any prevention and control targets in this regard.

The pollution target (defined above) is mandatory and required by law.

(E2-4) Pollution of air

ESRS E2-4

Table no. 118 Amount and types of pollutants emitted to air as part of TAURON Group's business operations (in-house operations) in 2024[1]

#	Name of substance (pollutant) as reported to E-PRTR	Amount of pollutants – air emissions in Mg		
		BU / Subsidiary		
		Generation TAURON Wytwarzanie	Heat TAURON Ciepło	New businesses (TAURON Nowe Technologie, Kopalnia Wapienia Czatkowice)
1.	NO_X	5 029	777	35
2.	SO_2	3 564	1 087	2
3.	Dust	162	62	8
4.	Other [2]	6 628	2 102	-

[1]The data presented in the table has been aggregated in accordance with the assignment of the Group's subsidiaries to the individual BUs,
[2]Other – this item presents the sum of other pollutant substances (with the exclusion of the greenhouse gas emissions) emitted to air in accordance with the scope of reporting to E-PRTR (including, among other things: HCl, HF, NH3, Hg, metals).

TAURON Group does not produce or use microplastics as part of its business operations.

TAURON Group, implementing a gradual increase in the share of the renewable energy sources as part of the change in the fuel mix used to generate electricity and heat in accordance with the adopted Strategy, is simultaneously achieving positive effects in terms of reducing the emissions of pollutants to air and water.

Pollutant emission measurements for TAURON Group's energy fuel combustion installations are carried out in accordance with the methodology specified in the integrated permits or the permits for the releasing of gases and dust into the air, which complies with the requirements of the regulation on conducting of the measurements of the emission volumes.

In the case of the large energy fuel combustion sources, the measurements of the pollutant emissions into the air are carried out using the continuous monitoring of the flue gas emissions. In case of the medium size and small energy fuel combustion sources, the periodic measurements are performed (a methodology that is inferior to the direct measurement of the pollutant emissions). The scope and methodologies of the emission measurements for settlement purpose are in line with the conditions of the integrated permits and permits for the emission of pollutants into the air.

The process of collecting data for accounting and reporting purposes with respect to the pollution is organized at the level of TAURON Group's subsidiaries. The process of collecting data on the pollutant emissions, which is a

later stage used to calculate the fees for the economic use of the environment by the Group's subsidiaries, takes place in several stages:

1. obtaining of the relevant data from the emission computers of the continuous pollutant emissions monitoring systems (automatic measurement systems),
2. obtaining of the relevant data from the reports prepared for the purpose of the periodic measurements and for the needs of the *National Pollutant Release and Transfer Register* with respect to the pollutant emissions,
3. obtaining of the data recorded from the measuring instruments and meters, as well as from the systems for recording fuel and raw material consumption,
4. processing of the adequate data ranges for calculating the volume of the pollutant emissions and for calculating the amount of fees for the economic use of the environment

The data on pollutant emissions is collected, processed for the reporting purpose and archived as part of the procedures of the environmental supervision system or operation control at the Group's subsidiaries.

The data for the calculation of the fees for the economic use of the environment for the Group's subsidiaries operating as part of the so-called non-production processes, in particular for the calculation of the fees for pollutant emissions from the use of motor vehicles and the consumption of raw materials, is a separate accounting process.

The list of TAURON Group's installations that fall within the scope of the *Industrial Emissions Directive* and the EU's BAT conclusions:

1. TAURON Wytwarzanie – Jaworzno II Power Plant (fluidized bed unit no. 1 fired with biomass and fluidized bed units no. 2 and 3 fired with hard coal), Jaworzno III Power Plant (units no. 1-6 fired with hard coal), Łagisza Power Plant (CFB460 MW fluidized bed unit fired with hard coal), Siersza Power Plant (fluidized bed units no. 1 and 2 fired with hard coal), Nowe Jaworzno (910 MW unit fired with hard coal).
2. TAURON Ciepło – Katowice Combined Heat and Power Plant (CHP) (BCF-100 fluidized bed unit fired with hard coal, back up and peaking boiler house, 3 oil and gas boilers), Tychy Combined Heat and Power Plant (CHP) (BC-35 fluidized bed unit fired with biomass, BC-50 fluidized bed unit fired with hard coal, WR40 water boiler fired with hard coal), EC1 Combined Heat and Power Plant (CHP) in Bielsko-Biała (BC-50 fluidized bed unit fired with hard coal, back up and peaking boiler house, 3 oil and gas boilers), EC2 Combined Heat and Power Plant (CHP) in Czechowice-Dziedzice (OFz-230 fluidized bed unit fired with hard coal, back up and peaking boiler house, 2 boilers fired with heavy fuel oil, a cogeneration system under construction).

The list of all of the compliance schedules or derogations granted by the competent authorities in accordance with Article 15, section 4 of the *Directive 2010/75/EU* that are related to the implementation of the BAT - AELs (Associated Emission Limits):

1. TAURON Wytwarzanie – Jaworzno II Power Plant (BAT – AELs' derogation for HCl = 400 mg/m^3 for fluidized bed units 2 and 3 until December 31, 2030), Jaworzno III Power Plant (BAT – AELs derogation for NO_X = 200 mg/m^3 for units 2, 4, 6 until December 31, 2031), Łagisza Power Plant (BAT – AELs derogation for the CFB460 fluidized bed unit for HCl = 400 mg/m^3 until December 31, 2030), Siersza Power Plant (BAT – AELs derogation for HCl = 400 mg/m^3 for fluidized bed units 1 and 2 until August 17, 2031).
2. TAURON Ciepło – Katowice Combined Heat and Power Plant (CHP) (BAT - AELs derogation for: HCl = 540 mg/m3, NOX = 200 mg/m^3, Hg = 5.18 µg/m^3 for the BCF-100 fluidized bed unit until August 17, 2029), Tychy Combined Heat and Power Plant (CHP) (BAT - AELs derogation for HCl = 540 mg/m^3 for the BC-50 fluidized bed unit until August 17, 2029), EC1 Combined Heat and Power Plant (CHP) in Bielsko-Biała (BAT - AELs derogation for: HCl = 600 mg/m^3 for the BC-50 fluidized bed unit until December 31, 2032), EC2 Combined Heat and Power Plant (CHP) in Czechowice-Dziedzice (BAT - AELs derogation for: HCl = 415 mg/m^3, NO_X = 200 mg/m^3, Hg = 5.18 µg/m^3 for the BCF-100 fluidized bed unit until August 17, 2029), mg/m^3 for the BC-50 fluidized bed unit by December 31, 2025 and HCl = 600 mg/m^3 for the BC-50 fluidized bed unit no later than December 31, 2026 and a derogation from the BAT-AELs for: SO_2 = 850 mg/m^3 for the oil boiler No. 2 by May 31, 2025).

The scope of the direct measurements of emissions into the air covers primarily nitrogen oxides NO_X, sulfur oxides SO_2 and dust with respect to the large combustion plants (LCP) regarding the emissions from the industrial installations covered by the regulations of the Industrial Emissions Directive (IED) on the industrial emissions (integrated pollution prevention and control) and for the selected medium size combustion plants – the Medium Combustion Plants Directive (MCP). When presenting information on the volumes of pollutant emissions into the air and water, the quantification methods were taken into account in the following order:

1. direct measurements of pollutant emissions into the air and in wastewater by using recognized continuous monitoring systems (automatic measurement systems),
2. periodic measurements of pollutant emissions and measurements for the purpose of determining the pollutant indicators for PRTR.

The continuous monitoring systems for air pollutant emissions are subject to a periodic calibration and parallel measurements according to the *PN-14 181:2010* standard in the testing procedure carried out by the accredited emission measurement laboratories. The periodic measurements of pollutant emissions and measurements for the needs of PRTR are also carried out by the accredited emission measurement laboratories.

(E2-6) Anticipated financial effects from pollution related impacts, risks and opportunities

ESRS E2-6

There were no incidents with respect to pollution that would be registered by the relevant authorities (for example, the Provincial Environmental Protection Inspectorate) through a formal procedure and no administrative penalties were imposed in this respect regarding the business operations conducted by TAURON Group in the reporting period. There were also no cases of non-compliance with respect to pollution identified within the Group's subsidiaries through the established environmental procedures, in particular with regard to reporting of the volume of emissions into the air and water to the relevant offices and institutions.

The Łagisza Power Plant in Będzin is classified as a plant with an increased risk of a serious industrial accident due to the amount of hazardous substances stored on its premises.

The Group did not identify and did not incur any material operating expenses (OpEx) and capital expenditures (CapEx) that would be incurred in the reporting period in connection with any serious incidents.

12.13. Water (E3)

(E3.IRO-1) Description of the processes to identify and assess material water related impacts, risks and opportunities

ESRS E1.IRO-1

The description of the processes for identifying and assessing material impacts, risks and opportunities related to water is presented in *section 12.8. of this report*. As part of the overall process of examining and assessing the materiality related to IRO-1, TAURON Group also conducted consultations with the representatives of the affected communities. TAURON Group is carrying out activities that require direct use of water only in Poland, and therefore it is done only on the basis of the strictly identified national regulations. The direct collection of surface water, underground water or water for the needs of hydro power is burdened with numerous administrative obligations and may only take place on the basis of water law permits that define and specify the obligations imposed on the water user.

None of TAURON Group's conventional power plants have an open cooling system, so this sector of activity is not particularly exposed to any potential water deficits.

However, water shortages, as well as emergency situations such as floods, have a direct impact on the production shortages at the hydro power plants, whose business model is directly dependent on the hydrological condition of the rivers on which they are located. In this respect, the run-of-river hydro power plants are more vulnerable than reservoir type hydro power plants. For these reasons, both the regulatory environment and the physical risks related to water shortages or flood threats are monitored on an ongoing basis as part of our in-house operational activities.

(E3-1) Policies related to water

ESRS E3-1

TAURON Group has in place *TAURON Group's Environmental Policy*, in which effective water management has been indicated as one of the aspects of the material environmental activities for the Group's subsidiaries. The Environmental Policy defines the general direction of TAURON Group's environmental activities, which includes minimizing negative impacts on the environment, including preventing and reducing water pollution, taking into account the specifics of the sector, the development of the technology and access to environmentally friendly technologies.

TAURON Group is continuously monitoring the main aspects of the direct and indirect impact of its operational activities on the environment.

Based on the above monitoring and taking into account the changing external regulations, TAURON Group is planning and taking actions aimed at limiting the identified magnitude of an environmental impact, including on the water resources.

The relevant units operating within the organizational structures of TAURON Group's subsidiaries ensure the collection and transfer of the complete and reliable information on the environment in a timely manner, in order to comply with the reporting requirements, support compliance with the legal requirements and provide support for the management level decision making processes.

All of TAURON Group's in-house operations are conducted in one geographical area, in Poland. The Group is not conducting its operations in the areas affected by the so-called water stress. The overall water risk in the south of Poland is low or medium to low according to *WRI Aqueduct* and very low and low according to *WWF Water Risk Filter*.

The scope of the Environmental Policy does not assume any exclusions, in particular it does not assume the exclusion of any areas with a high water deficit.

Oversight of the implementation of the provisions of the Environmental Policy is carried out by the Vice President of the Management Board for Asset Management and Development at TAURON.

The Environmental Policy and the Climate Policy are public documents.

Although some of the Group's plants provide the drinking water supply services to the local residents (for example, Siersza Power Plant in Trzebinia, Łaziska Power Plant in Łaziska Górne), the Environmental Policy does not refer directly to water treatment, as this is an accompanying activity and not the main business activity. In addition, the drinking water treatment standards are strictly regulated by the detailed sanitary regulations, superior in relation to the Group's internal normative acts.

TAURON Group does not conduct activities related to designing products and services in order to solve the water related problems and protect marine resources, therefore this topic is not the subject of its Environmental Policy. The Environmental Policy assumes minimizing of the negative impacts of its own operations, and the requirements of the Water Law regulations governing the conditions of water use for all of the water users are superior thereto,

thus the impacts on the affected communities are protected. The Water Law regulates water management according to the sustainability principle, in particular the development and protection of the water resources, the use of water and the management of the water resources.

(E3-2) Actions and resources related to water

ESRS E3-2

Guided by the principle of resource efficiency, TAURON Group is monitoring and optimizing the consumption of water used for the technological purposes on an ongoing basis. This has been achieved by closing water circuits and routing water with relatively good parameters to other production processes with lower requirements, in order to reuse it.

The 910 MW unit, Łagisza Power Plant in Będzin belonging to TAURON Wytwarzanie and the Bielsko-Biała Generation Plant belonging to TAURON Ciepło meet the highest quality requirements for the steam and water circuits and are equipped with the water conditioning (preparation) installations based on the modern membrane technologies.

At TAURON Group's largest combined heat and power plant – Katowice Generation Plant (Zakład Wytwarzania Katowice) – the water management system is based, to a large extent, on the reuse of water in the form of the purified municipal sewage from the Dąbrówka Mała – Centrum Sewage Treatment Plant, which, following its treatment, serves as the cooling water. Thanks to this reuse, it is possible to avoid an intake of approximately 600 000 m^3 of water from the environment annually.

These activities can be classified as the reduction of water use, for example through measures aimed at improving efficiency as well as water recovery and reuse.

The Group is not conducting its operations in the areas affected by the so-called water stress. The overall water risk in the south of Poland is low or medium to low according to *WRI Aqueduct* and very low and low according to *WWF Water Risk Filter*.

(E3-3) Targets related to water

ESRS 2 MDR-T §81

The Group is currently not consciously declaring any goals related to reducing water consumption for energy purposes, as it is conducting activities related to changing the energy mix towards wind power and photovoltaics, which do not involve water collection as part of its in-house operations.

The climate change observed, including the intensifying phenomenon of a hydrological drought in recent years, directly affect the availability of the resources considered as renewable, such as water. The sustainable use of these resources is implemented in the energy sector through the operational limits on the amount of water taken directly from the environment (surface and underground water intakes) specified in the administrative decisions.

The amounts of water taken for energy production purposes are strictly defined in the water law permits, which are superior to the internal normative acts. The amounts of water taken for the production purposes are monitored using the direct measurement method on a continuous basis and reported to the relevant administrative bodies. TAURON Group uses the direct water collection from the environment only in Poland, hence all of the conditions for water use are defined on the basis of uniform, strict legal rules that specify the conditions for water collection, its monitoring and the method of settlement with the relevant Catchment Boards, which are the organizational units of the *State Water Management Authority Polish Waters* (*Państwowe Gospodarstwo Wodne Wody Polskie)*.

(E3-4) Water consumption

ESRS E3-4

The water consumption by the Group's subsidiaries is assumed to be the total water consumption from the individual sources.

Table no. 119 Water consumption in 2024 by source of water intake

Source	Unit	2024
Surface waters (rivers, lakes) including water from wetlands:		
Rivers	m^3 / year	14 299 623
Wetlands	m^3 / year	0
Other sources:		
Ground water	m^3 / year	1 902 307
Rain water collected directly and stored	m^3 / year	0

Source	Unit	2024
Water from the municipal network	m^3 / year	2 483 229
Water reuse (post mining water and treated municipal sewage (waste water))	m^3 / year	16 998 480
Total volume of water consumed from all of the sources taken into account	m^3 / year	35 683 639
Water consumption in water risk areas, including areas with significant water deficit (stress)	-	-
Total amount of water stored	-	-
The proportion (share) of the results obtained from a direct measurement, sampling and an extrapolation, or the best estimate	%	100
Water absorption index[1]	m^3 / EUR m	4 723
Total water discharge (discharged waste water)	m^3 / year	15 115 975

[1] *Total water consumption within the in-house operations in m^3 per 1 million EUR of revenue.*

(E3-5) Anticipated financial effects from water related impacts, risks and opportunities

ESRS E3-5

TAURON Group is planning to disclose the financial effects stemming from water related material risks and opportunities in the future once the organization is ready to make disclosures in this regard.

12.14. Biodiversity and ecosystems (E4)

(E4-1) Transition plan and consideration of biodiversity and ecosystems in strategy and business model

ESRS E4-1

TAURON Group's current Strategy and Business Model are resilient against the risks related to biodiversity and ecosystems. TAURON Group carries out its own operations only in one geographical region (Central Europe, EU), which makes the approach to biodiversity sanctioned and stable in terms of the legal requirements. The Business Model is based on a synergistic approach to counteracting climate change while taking into account compliance with the environmental protection regulations, which are superior to TAURON Group's internal normative acts.

The Group has not adopted a dedicated strategy for the physical risks, transition risks and systemic risks related to biodiversity and ecosystems. The environmental protection specialists employed by the Company were involved in assessing the resilience of TAURON Group's Strategy and Business Model.

The analysis of resilience in relation to biodiversity and ecosystems refers to a different time perspective, in line with the one used for the analysis of the investment projects, and includes the following scope, which take into account the identified key raw materials and activities with material actual or potential impacts on biodiversity and ecosystems along the value chain.

Table no. 120 Analysis of resilience in relation to biodiversity and ecosystems

#	Place in the value chain	Scope of impact	Resilience
1.	higher level of the value chain - upstream	Raw materials / fossil fuels	The key raw materials currently supplied to the generation sources are the fossil fuels, the extraction of which is carried out under licenses and permits already issued.
			The Group is not planning to develop sources based on hard coal, so there is no risk that in the long term it will be dependent on the direct, further potential exploitation of its deposits and their development, which may be limited or even prevented due to the direct factors of the impact of extraction on the loss of biodiversity.
			The other transition fuels such as natural gas and light heating oil are diversified and limited to the necessary minimum.
			Biomass will be an important raw material / fuel for the Group currently and in the future. The KZR INiG system, implemented at the Group by Bioeko Grupa TAURON, ensures compliance with the RED II Directive (Renewable Energy Directive), which is key to the compliance with the sustainability requirements, i.e.:
			Entire life cycle assessment: The KZR INiG system assesses the entire life cycle of the biomass fuels, from the raw material acquisition to the final consumption, which ensures a full transparency and control over the impact on the environment at each stage.
			Compliance with the RED II Directive: The RED II Directive requires biomass to comply with the specific sustainability criteria, which includes, among other things, reducing greenhouse gas emissions and protecting biodiversity.
			Requirements for suppliers: Bioeko Grupa TAURON requires all of the participants in the biomass supply chain to TAURON Group to document the compliance with the sustainability criteria, which ensures that the entire supply chain complies with the highest ecological standards.
			Transparency and reporting: The KZR INiG system requires regular reporting and documentation of the sustainability activities, which increases transparency and responsibility of all of the participants in the supply chain.
			In the EU, biomass is defined in the RED directive and for the forestry area, only residues from timber production are listed, not the full value wood, which eliminates the problem of deforestation.
2.	in-house operations	Existing facilities / installations	TAURON Group's existing facilities and installations are located only in Poland, i.e. in a uniform and well known regulatory environment, compliant with the European standards. They are operating based on the administrative decisions already issued.
			The impact of the power plants, combined heat and power plants and the conventional heating plants is gradually being limited by reducing the pollution released into the environment as a result of changing the fuel mix. There are no plans to develop or build new generation sources based on the fossil fuels in areas other than the industrial areas with a low value of its nature.
			Modernizations or renovations of the existing hydro power plants or facilities related thereto may be carried out only after conducting the relevant procedures with the participation of the bodies responsible for the tasks related to the management of nature conservation and investment process control. This means that the protection of biodiversity and valuable ecosystems in the case of water facilities may determine the approvals or a lack thereof for the planned technical works, impose additional requirements that must be taken into account or affect the schedules of work to be carried out by TAURON Group. In the extreme cases, the imposed solutions for biodiversity may even affect the productivity of such power plants.
			The existing wind farms in some cases have been imposed temporary restrictions on their operation related to the bird migration period. However, they are known and included in the annual production plans. Such restrictions apply to 2 out of 14 wind farms operated as part of TAURON Group.
			The existing photovoltaic farms do not have any material operational restrictions, imposed thereupon, related to the biodiversity protection. In their case, such aspects are taken into account at the investment project design stage.
			The existing distribution grids are operated based on the overriding principle of security and continuity of electricity supply, which may require pruning tall trees even during the bird nesting season. However, this is limited to the necessary minimum and emergency or failure prevention related situations.

#	Place in the value chain	Scope of impact	Resilience
			As a preventive measure for biodiversity, TAURON Dystrybucja is implementing the *Our Stork (Bocian nasz)* campaign, whose goal is to relocate and build nests for these large birds to ensure safe breeding in the immediate vicinity of the distribution infrastructure. Good knowledge of the bird habits and a cooperation with ornithology specialists means that problems with nest failures and collisions with the power lines are becoming increasingly rare.
3.	in-house operations	Planned investment projects	The wind farms and the photovoltaic farms, as well as the distribution lines must obtain the relevant approvals under the administrative procedures before the start of the investment project, a significant part of which is an assessment of the potential impact of the investment project on nature, in particular biodiversity and ecosystems. In the case of locating farms in the non-industrial areas (the so-called *green field*), the issues related to biodiversity and ecosystems are the key and most important determinant of obtaining approvals (permits) for the implementation. In some cases, they may result in the additional criteria to be included in the project, and in others, they may cause a significant extension of the investment process due to the necessary field research and environmental monitoring to be carried out, and in some extreme cases they can even block the possibility of implementing the investment project. Pre-investment nature inventory takings in the *green field* areas allow for the identification of the occurrence of invasive alien species. Often, combating invasive species becomes an element of the project preparation phase, which brings a positive effect on biodiversity and native ecosystems.
4.	in-house operations	Raw materials used	The Czatkowice Limestone Mine (Kopalnia Wapienia Czatkowice) is exploiting a limestone deposit in an open pit manner, from which it obtains natural material for its products (ground products for the energy sector, crushed aggregates or agricultural lime). Open pit exploitation is associated with a change in the manner of using forest or agricultural land. The extraction is carried out on the basis of the held licenses and environmental decisions, taking into account environmental (nature) compensation with respect to the replacement plantings. The business perspective of the Czatkowice Limestone Mine is strictly defined by a license for extraction until 2060.
5.	lower level of the value chain – downstream	Environmental organizations	Non-governmental environmental organizations are a material stakeholder, representing the issues related to biodiversity and ecosystems, among other things. These organizations can have a material impact on the investment processes within the framework of the procedures ensuring a public participation.
6.	lower level of the value chain – downstream	Scientific and research institutions	Scientific and research institutions, along with the development of the technologies emerging outside the industrial areas in a cooperation with the industry associations, are involved in developing the new research methodologies for the aspects related to biodiversity and ecosystems, for example, in the field of environmental (nature) monitoring or combining the ecosystem functions with the energy functions.

Table no. 121 Business Model resilience results in relation to biodiversity and ecosystems

#	BU	Perspective (time frame)	Resilience
1.	Generation	up to 5 years more than 5 years	Completely resilient Moderately resilient – it applies to 1 location only
2.	Heat	up to 5 years more than 5 years	Completely resilient Moderately resilient – a potential limitation with respect to the development of the new biomass fired generation sources
3.	RES	up to 5 years more than 5 years	Moderately resilient – a potential limitation with respect to the development of the new generation sources on the *green field* type sites Completely resilient
4.	Trading	indefinitely	Completely resilient
5.	Distribution	indefinitely	Completely resilient
6.	Supply	indefinitely	Completely resilient

#	BU	Perspective (time frame)	Resilience
7.	Customer Service	indefinitely	Completely resilient
8.	CUW (Shared Services Center)	indefinitely	Completely resilient
9.	New Services	up to 2060	Moderately resilient – a potential limitation with respect to the rate of access to the deposit at Kopalnia Wapienia Czatkowice due to the additional obligations stemming from the species protection

The involvement of the stakeholders in the biodiversity and ecosystems aspects is of two types, i.e. mandatory or voluntary, and in this respect it includes the following modes of cooperation.

Table no. 122 The involvement of the stakeholders in the biodiversity and ecosystems aspects

#	Nature	Involved stakeholder	Type and scope of involvement
1.	Mandatory	Public administration, including 1. Regional Directorates for Environmental Protection, 2. Polish Waters (Wody Polskie), 3. Provincial Inspectorates for Environmental Protection, 4. Marshal's Offices, 5. City Offices, 6. Municipality (Commune) Offices, 7. District (County) Offices.	Within the scope of their competence, they coordinate the below actions taken as part of the administrative proceedings: 1. material conditions of use of the environment during the implementation and operation or utilization phase of the project, with a particular consideration of the need to protect valuable natural values, natural resources, 2. state the need to perform environmental (nature) compensation, 3. state the need to monitor the impact of the project on the natural elements, 4. adequately with regard to the location of the project, taking into account the possible threat (risk) to the environment, in particular with the existing and planned use of the area, the ability of the environment to self clean itself and the renewal of the natural resources, the natural and landscape values.
2.	Mandatory	Non-governmental organizations (NGOs), ecological and social associations (or representatives of the directly neighboring communities) participating as parties in the administrative proceedings	Within the scope of their competence, knowledge or representing a separate perspective, they contribute their opinion on the conditions of use of the environment during the implementation and operation or utilization phase of the project
3.	Voluntary	TAURON Group as an employer as part of the career development campaigns	Promoting of the ecological awareness of biodiversity and ecosystems among the employees, for example, by organizing webinars and the educational forest walks
4.	Mandatory	Professional naturalists providing services for the subsidiaries, including, for example: 1. botanist, phytosociologist, 2. chiropterologist, 3. chiropterologist, 4. ornithologist.	Carrying out environmental monitoring for the in-house operations or investment projects within the scope indicated by the administrative decisions, for example: 1. monitoring with respect to assessing the health condition of the tree stands, 2. monitoring the number of bat populations and the condition of their habitats, i.e. the wintering grounds and the summer shelters, 3. monitoring the composition of the feeding chiropterofauna, 4. monitoring of the breeding birds in the area of the forested protective strip of land.
5.	Voluntary	Ostaniec Ecotourism Association (Stowarzyszenie Ekoturystyki Ostaniec) Małopolska Province Landscape Parks Complex Children and youth attending school	A periodic event organized by the Czatkowice Limestone Mine (Kopalnia Wapienia Czatkowice) – the *Bat Festival (Festiwal Nietoperzy)* whose goals include: promoting the activities aimed at protecting chiropterofauna, providing education with respect to the impact of the open cast mining activities on the habitats and protected species, as well as taking actions to continuously improve the condition of the habitats and the species' numbers
6.	Voluntary	TAURON Dystrybucja – electricians securing the nests Ornithological organizations, ringers	*TAURON Storks (Bociany TAURONA)* campaign – the restoration of a protected species by securing the stork nests and thus energy infrastructure by installing platforms for the white stork nests that build nests on TAURON Dystrybucja's power poles in large numbers

#	Nature	Involved stakeholder	Type and scope of involvement
		Regional Directorates for Environmental Protection in Kraków, Katowice, Opole and Wrocław Local authorities – the city and municipal (commune) offices (especially the environmental protection departments) Local communities involved in actions for the environment Wild animal treatment centers Environmental protection organizations *TAURON Storks (Bociany TAURONA)*	

(E4.SBM-3) Material impacts, risks and opportunities and their interaction with strategy and business model

ESRS E4.SBM-3

TAURON Group is conducting its in-house operations only in a single biogeographic region of the world, i.e. in Poland, where the forms of nature protection are defined by the detailed statutory provisions. Some of the subsidiaries' activities are conducted in the areas (or close thereto) that are sensitive in terms of biodiversity. Such areas, based on the EU legislation, are primarily considered to be the areas that a part of the *NATURA 2000* network, i.e. areas of special bird protection, special areas of habitat protection or areas established to protect populations of wild birds or natural habitats or species that, in the biogeographic region to which they belong, significantly contribute to maintaining or restoring the state of proper protection of the natural habitat or species, and can also significantly contribute to maintaining biodiversity.

The information on the ecological condition of these areas is public, because each time the relevant regional director for environmental protection (an administrative body) establishes, by way of an act of the local law, a plan of the protective tasks for a given *NATURA 2000* area. The task plan includes, among other things: identification of the existing and potential threats to maintaining the proper conservation status of the natural habitats as well as plant and animal species, and their habitats that are the subject of the protection.

The list of the sensitive areas in terms of biodiversity and their identification are presented in the tables below.

Table no. 123 List of material biodiversity locations related to the in-house operations conducted in the Natura 2000 areas

Location of the generation assets	Natura 2000 habitats	Natura 2000 birds
	Symbol and name	Symbol and name
TAURON Ekoenergia Hydroelectric Power Plants (Elektrownie Wodne - EW)		
EW Wrzeszczyn	PLH020054, Ostoja nad Bobrem (A refuge on the Bóbr River)	
EW Olszna		PLB020005, Bory Dolnośląskie (Lower Silesian Forests)
EW Pilchowice I	PLH020054, Ostoja nad Bobrem (A refuge on the Bóbr River)	
EW Pilchowice II	PLH020054, Ostoja nad Bobrem (A refuge on the Bóbr River)	
EW Czchów	PLH120085, Dolny Dunajec (Lower Dunajec River)	
EW Kuźnice	PLC120001, Tatry (Tatra Mountains)	PLC120001, Tatry (Tatra Mountains)
EW Janowice		PLB020002, Grądy Odrzańskie (The Odra Ridges)
EW Głębinów		PLB160002, Zbiornik Nyski (Nysa Reservoir)
EW Otmuchów		PLB160003, Zbiornik Otmuchowski (Otmuchow Reservoir)
EW Turawa		PLB160004, Zbiornik Turawa (Turawa reservoir)
TAURON Ekoenergia Wind Farms		
Zagórze		PLB320009, Zalew Szczeciński (Szczecin Lagoon)
TAURON Zielona Energia Photovoltaic Farms		
PV Bałków – (the construction in progress)	PLH260013, Dolina Białej Nidy (The Biała Nida Valley)	
TAURON Dystrybucja – Distribution Lines		
Puszcza Niepołomicka (Niepołomice Forest)		PLB120002
Dolina Górnej Wisły (The Upper Vistula Valley)		PLB240001

Location of the generation assets	Natura 2000 habitats	Natura 2000 birds
	Symbol and name	Symbol and name
Tatry (Tatra Mountains)		PLC120001
Pieniny (Pieniniy Mountains)		PLC120002
Stawy Wielikąt i Las Tworkowski (Wielikąt Ponds and Tworkowski Forest)		PLB240003
Dolina Sanki (Sanka Valley)	PLH120059	
Ostoja w Paśmie Brzanki (A refuge in the Brzanka Range)	PLH120047	
Przełom Warty koło Mstowa (The Warta River Gorge near Mstów)	PLH240026	
Dobromierz	PLH020034	
Góry Kamienne (Stone Mountains)	PLH020038	
Masyw Chełmca (Chełmiec Massif)	PLH020057	
Ostoja Babiogórska (Babia Góra Refuge)	PLH120001	
Dolina Prądnika (Prądnik Valley)	PLH120004	
Michałowiec	PLH120011	
Torfowiska Orawsko-Nowotarskie (The Orava-Nowy Targ peat bogs)		PLC120003
Cieszyńskie Źródła Tufowe (Cieszyn Tuff Springs)	PLH240001	
Łąki w Sławkowie (Meadows in Sławków)	PLH240043	

Table no. 124 Identification of the priority areas in terms of biodiversity – the distance of the facilities that are a part of the in-house operations from the nearest Natura 2000 area

Location of the generation assets	Natura 2000 habitats		Natura 2000 birds	
	Distance (km)	Symbol and name	Distance (km)	Symbol and name
TAURON Wytwarzanie				
Elektrownia Jaworzno III (Jaworzno III Power Plant)	6.70	PLH240042, Łąki w Jaworznie (Meadows in Jaworzno)		
Elektrownia Jaworzno II (Jaworzno II Power Plant)	5.62	PLH240042, Łąki w Jaworznie (Meadows in Jaworzno)		
Elektrownia Nowe Jaworzno (Nowe Jaworzno Power Plant)	5.62	PLH240042, Łąki w Jaworznie (Meadows in Jaworzno)		
Elektrownia Łaziska (Łaziska Power Plant)			19.76	PLB240001, Dolina Górnej Wisły (The Upper Vistula Valley)
Elektrownia Siersza (Siersza Power Plant)	7.27	PLH240042 Łąki w Jaworznie (Meadows in Jaworzno)		
TAURON Ciepło				
Zakład Wytwarzania Katowice (Katowice Generation Plant)	14.37	PLH240037, Lipienniki w Dąbrowie Górniczej (Lipienniki in Dąbrowa Górnicza)		
Zakład Wytwarzania Tychy (Tychy Generation Plant)			9.96	PLB120009, Stawy w Brzeszczach (Ponds in Brzeszcze)
Zakład Wytwarzania Bielsko EC1 (Bielsko EC1 Generation Plant)	2.59	PLH240005, Beskid Śląski (Silesian Beskids)		
Zakład Wytwarzania Bielsko EC2 (Bielsko EC2 Generation Plant)			4.30	PLB240001, Dolina Górnej Wisły (The Upper Vistula Valley)

Location of the generation assets	Natura 2000 habitats		Natura 2000 birds	
	Distance (km)	Symbol and name	Distance (km)	Symbol and name
Heating plant site of Ciepłownia (Heat Plant) Zawiercie	6.03	PLH240009, Ostoja Środkowojurajska (Middle Jurassic Refuge)		
Heating plant site of Ciepłownia (Heat Plant) Olkusz	3.58	PLH120006, Jaroszowiec		
Heating plant site of Ciepłownia (Heat Plant) Kamienna Góra	1.48	PLH020011, Rudawy Janowickie		
TAURON Ekoenergia Hydroelectric Power Plants (Elektrownie Wodne - EW)				
EW Kraszowice	5.55	PLH020077, Żerkowice-Skała		
EW Bobrowice I	2.30	PLH020095, Góra Wapienna (Limestone Mountain)		
EW Bobrowice II	2.00	PLH020054, Ostoja nad Bobrem (A refuge on the Bóbr River)		
EW Bobrowice IV	2.80	PLH020095, Góra Wapienna (Limestone Mountain)		
EW Bystrzyca	3.57	PLH020019, Pasmo Krowiarki (Krowiarki Range)		
EW Leśna	0.08	PLH020013, Sztolnie w Leśnej (Adits in Leśna)		
EW Lubachów	0.02	PLH020071, Ostoja Nietoperzy Gór Sowich (The Owl Mountains Bat Refuge)		
EW Ławica	1.34	PLH020043, Przełom Nysy Kłodzkiej koło Morzyszowa (The Nysa Kłodzka River Gorge near Morzyszów)		
EW Opolnica	0.58	PLH020062, Góry Bardzkie (Bardzkie Mountains)		
EW Szklarska Poręba I			0.24	PLB020009, Góry Izerskie (Jizera Mountains)
EW Szklarska Poręba II	0.44	PLC020001, Karkonosze	0.44	PLC020001, Karkonosze (The Giant Mountains)
EW Włodzice	1.90	PLH020077, Żerkowice-Skała		
EW Rożnów	0.17	PLH120020, Ostoje Nietoperzy okolic Bukowca (Bat sanctuaries in the Bukowiec area)		
EW Dąbie	3.96	PLH120069, Łąki Nowohuckie (Nowa Huta Meadows)		
EW Przewóz	4.31	PLH120069, Łąki Nowohuckie (Nowa Huta Meadows)		
EW Olcza	1.60	PLC120001, Tatry (Tatra Mountains)	1.60	PLC120001, Tatry (Tatra Mountains)
EW Marszowice	2.49	PLH020036, Dolina Widawy (Widawa Valley)		
EW Wały Śląskie	0.34	PLH020036, Dolina Widawy (Widawa Valley)		
EW Wrocław I	4.56	PLH020017, Grądy w Dolinie Odry (Oak-hornbeam forests in the Odra Valley)		
EW Wrocław II	4.62	PLH020017, Grądy w Dolinie Odry (Oak-hornbeam forests in the Odra Valley)		
EW Brzeg			0.31	PLB020002, Grądy Odrzańskie (The Odra ridges)
EW Kopin			0.05	PLB020002, Grądy Odrzańskie (The Odra ridges)
EW Nysa	0.62	PLH160001, Forty Nyskie (Nysa Forts)		

Location of the generation assets	Natura 2000 habitats		Natura 2000 birds	
	Distance (km)	Symbol and name	Distance (km)	Symbol and name
TAURON Ekoenergia Wind Farms				
Lipniki			5.43	PLB160003, Zbiornik Otmuchowski
Wicko	3.59	PLH220045, Górkowski Las (Górkowski Forest)		
Marszewo	1.63	PLH320068, Jezioro Wicko i Modelskie Wydmy (Lake Wicko and Modelskie Dunes)		
Dobrzyń			5.68	PLB040005, Żwirownia Skoki (Gravel Pit Skoki)
Inowrocław	12.54	PLH040007, Jezioro Gopło (Lake Gopło)	12.54	PLB040004, Ostoja Nadgoplańska (The Nadgoplá Refuge)
Mogilno	15.31	PLH040028, Ostoja Barcińsko-Gąsawska (Barcińsko-Gąsawska Refuge)		
Śniatowo			3.66	PLB320001, Bagna Rozwarowskie (Rozwarowskie Marshes)
Gołdap	6.40	PLH280005, Puszcza Romincka (Romincka Forest)		
Piotrków	12	PLH100026, Lubiaszów w Puszczy Pilickiej (Lubiaszów in the Pilicka Forest)	46	PLB140003, Dolina Pilicy (Pilica Valley)
Majewo	5	PLH280029, Doliny Erozyjne Wysoczyzny Elbląskiej (Erosion Valleys of the Elbląg Upland)	12	PLB280010, Zalew Wiślany (Vistula Lagoon)
TAURON Ekoenergia Photovoltaic Farms				
Choszczno I	2.10	PLH320004, Dolina Iny koło Recza (The Ina Valley near Recz)	7.50	PLB320016, Lasy Puszczy nad Drawą (Forests of the Drawa River Wilderness)
Choszczno II	2.30	PLH320004, Dolina Iny koło Recza (The Ina Valley near Recz)	7.30	PLB320016, Lasy Puszczy nad Drawą (Forests of the Drawa River Wilderness)
TAURON Inwestycje Photovoltaic Farms				
PV Mysłowice-Dziećkowice	7.50	PLH240042, Łąki w Jaworznie (Meadows in Jaworzno)	13.60	PLB120009, Stawy w Brzeszczach (Ponds in Brzeszcze)
PV Jaworzno	2.70	PLH240042, Łąki w Jaworznie (Meadows in Jaworzno)	16.30	PLB120009, Stawy w Brzeszczach (Ponds in Brzeszcze)
TAURON Zielona Energia Wind Farms				
Warblewo	1.5	PLH220052, Dolina Słupi (Słupia Valley)	5.70	PLB22002, Dolina Słupi (Słupia Valley)
Mierzyn	1.4	PLH320047, Warnie Bagno (Varnie Swamp)	13	PLB 990003, Zatoka Pomorska (Pomeranian Bay)
Gamów	5	PLH240010, Stawy Łężczok (Łężczok Ponds)	15	PLB240003, Stawy Wielikąt i Las Tworkowski (Wielikąt Ponds and Tworkowski Forest)

No material negative impacts of TAURON Group's in-house operations have been identified with respect to the land degradation, desertification, soil sealing or an impact on the endangered species.

(E4.IRO-1) Description of processes to identify and assess material biodiversity and ecosystem related impacts, risks and opportunities

ESRS E4.IRO-1

The description of processes to identify and assess material biodiversity and ecosystem related impacts, risks and opportunities is outlined in more detail in section 12.8 of this report. As part of the overall process of examination and assessment of materiality related to IRO-1, TAURON Group also conducted consultations with the representatives of the affected communities.

The identification and assessment of the material impacts related to biodiversity and ecosystems is a mandatory element of any investment process that requires obtaining a decision on the environmental conditions. As part of

the processes of obtaining the necessary administrative decisions, the consultations are held with the affected communities, which are informed in the manner provided for in the *Act on the provision of the information on the environment and its protection, public participation in environmental protection and on environmental impact assessments.*

In the case of the operations located in or near the sensitive areas in terms of biodiversity, the use of the water resources or carrying out maintenance or renovation works is also to be agreed by way of the administrative proceedings, which requires conducting of the relevant analysis of the impact on the purposes of protecting such areas. The locations of TAURON Group's facilities may potentially be viewed as a source of the negative impacts on the affected communities. In reality, a negative impact is highly unlikely, as the regulatory authorities would implement mandatory remedial measures in the event of any violations of the environmental standards or, in the extreme cases, they would suspend the operation of the installation.

As part of the administrative decisions, the subsidiaries may be required to implement mitigating measures for biodiversity loss, depending on the type of impact and the type of project. These may include, for example, technical solutions to be included in the design, time limits for conducting business operations or environmental compensation in the form of the replacement plantings.

The Group's subsidiaries are operate on the basis of the national regulations related to nature conservation. Within the framework of these regulations, when creating forms of nature conservation or covering certain species with a species protection, the systemic risks are taken into account, including the risk of an ecosystem collapse or the risk that a critical natural system will cease to function due to reaching of the critical points and collapsing of the ecosystems.

The risk analysis, however, did not take into account the aggregate risks related to the basic impacts of biodiversity loss on the levels of the transition risk and the physical risk in one or more sectors, nor the risk of a domino effect, whereby the financial difficulties of some companies or financial institutions related to a failure to take into account exposure to biodiversity risks will be transferred to the entire economic system.

The Group does not have the tools to identify the exact factors (i.e. location, production of the raw materials or supply) that negatively affect biodiversity within the value chain. Given that TAURON Group relies on the domestic sources of the fossil fuels (the largest share in the fuel mix), the locations of which are known, it can be assumed that none of them are located in the areas with the valuable natural resources.

The greatest risks in this area may be related to the exploitation of the fuel and raw material sources, outside the standards set in the national or the European regulations. Unfortunately, due to the complexity and dispersion of the chain, it is impossible to responsibly disclose the full list of the factors negatively affecting biodiversity outside of the in-house operations.

(E4-2) Policies related to biodiversity and ecosystems

ESRS E4-2

The Group has an Environmental Policy in place, and this document also refers to the issues related to biodiversity and ecosystems. The Environmental Policy defines the general direction of TAURON Group's environmental activities, which includes minimizing the negative impacts on the environment, taking into account the specifics of the sector, the development of the technology and access to the environmentally friendly technologies. The principles that the Group is following with respect to biodiversity and ecosystems include:

1. identifying and documenting material areas of impact of all of the types of TAURON Group's activities on the natural environment at all stages of the asset's life cycle,
2. ensuring compliance of TAURON Group's operations with the regulations on nature protection, taking into account the local conditions and the specific nature of the business operations conducted,
3. taking into account the impact of the key assets on biodiversity,
4. promoting nature protection, and in particular preserving of the habitats, plant and animal species located within the key locations, in order to protect biodiversity and the functioning of ecosystems.

Table no. 125 Direct factors related to biodiversity loss to which the Group's activities are contributing

Impact factor	Presence in the in-house operations
Climate change	Burning of the fossil fuels in order to produce electricity and heat
	Use of carbonates in the production of electricity and heat
Land use change	Open pit mining of the limestone deposits
Changing of the way fresh water is used	Production of electricity in the run-of-river and reservoir type hydroelectric power plants located at the dams or water levels located on the rivers

Impact factor	Presence in the in-house operations
Pollution	Burning of the fossil fuels in order to produce electricity and heat
	Use of the machinery and equipment as well as transportation

As part of the in-house operations, the Group does not conduct any activities that bring about:

1. change in the way the seas are used,
2. direct exploitation of the areas with valuable nature conservation resources (logging or expansion of agriculture into such areas),
3. spread of invasive alien species,
4. growing share of the artificial land.

The Group's current transition towards the renewable energy sources involves reducing of is dependence on the fossil fuels, which helps improve the quality of the ecosystem services and may affect the condition of the species and ecosystems. The photovoltaic or wind farms do not require sealing of any significant areas of land, leaving biologically active surfaces and not contributing to land degradation.

Biomass will be an important raw material / fuel for the Group now and in the future. In this respect, the Group is covered by the mandatory KZR INiG certification system, whose goal is to confirm the compliance with the sustainability criteria in the area of biofuels and biomass. The KZR INiG system is managed by the Oil and Gas Institute - National Research Institute (Instytut Nafty i Gazu – Państwowy Instytut Badawczy). The certification has a global reach and it has been approved by the European Commission, which makes it equivalent to other systems such as *Red Cert* or ISCC. KZR INiG covers all of the entities in the biomass supply chain, from the raw material producers to the energy suppliers. In connection with the above, no separate anti-deforestation policy has been adopted.

Due to its specific nature and the materiality of the direct impact of its existing conventional energy operations on climate change, the Group's Environmental Policy did not focus on supporting the traceability of the products, components and raw materials with the material actual or potential impacts on biodiversity and ecosystems along the value chain, nor on the sustainable practices with respect to oceans and seas.

In the other detailed scopes (specific areas), the Group is guided by the compliance with the national and the EU regulations established for the purpose of maintaining or improving the conditions for areas sensitive in terms of biodiversity and ecosystems. The EU is a leader in the global efforts to protect nature. TAURON Group does not conduct its in-house operations in other regions of the world where the biodiversity protection is a lower priority or is unregulated.

(E4-3) Actions and resources related to biodiversity and ecosystems

ESRS E4-3

The key activity due to the direct transformation and change of land use at TAURON Group is conducted by the Czatkowice Limestone Mine (Kopalnia Wapienia Czatkowice), which therefore is carrying out a number of the compensatory activities related to biodiversity and ecosystems, both the voluntary ones as well as those stemming from the administrative decisions. In connection with the implementation of the *Expansion of the exploitation of the carboniferous limestone deposit towards the village of Paczółtowice* project, in 2024 it conducted a mandatory monitoring:

1. chiropterofaunal monitoring

Chiropterological monitoring covering the number of bats and the condition of their habitats in the nearby wintering grounds and summer shelters, the composition of the foraging chiropterofauna (detector listening) and catching bats in nets (an important supplement to listening, providing very valuable information on the status of the species). The monitoring results are intended to detect any deterioration, as a result of the Mine's operations, of the state of protection at the facilities and to take active measures to improve it. As part of the monitoring, the recommendations are also developed for the activities the implementation of which would improve the condition (which the Mine's operations had no impact on) of the habitats of the protected species. Such activities include, among other things, an inclusion in the monitoring, in 2021, of the breeding colonies at a religious building, i.e. the church in Tenczynek, where a breeding colony of the Geoffrey Bat appeared. Based on the monitoring from 2024, it has been indicated that the monitoring of chiropterofauna should include the breeding colonies, this time in the caves (typical wintering sites for these mammals), and an additional wintering site in an ice tunnel in nearby Tenczynek.

Having analyzed the results of the monitoring from 2024 and taking into account the optional protective measures carried out in 2022 and 2023, the following conclusions have been drawn:

1) as a result of installing additional artificial shelters in the basement of the monastery in Czerna (*Natura 2000* area) and improving the thermal conditions in the shelters (installation of the heating panels), the number of the breeding colonies of the lesser horseshoe bat has doubled (from approx. 200 to 400 individuals),
2) the removal of guano and securing the surfaces of the attics and basements with a vapor permeable foil in the nearby religious buildings has improved the condition of the summer shelters.

The activities in question were included in the *Protective Tasks Plan* for the Czerna area, for which the Regional Directorate for Environmental Protection (RDOŚ) in Kraków was responsible. The company was involved in the active protection of the important bat roosts due to the direct vicinity of the Monastery in Czerna and the low assessment of the condition of the bat habitats in the church in Tenczynek.

In 2024, the company was actively involved in the ecological education and promotion of the protection of bats, once again co-organizing the annual *Bat Festival in Jerzmanowice*. This event includes scientific, artistic and recreational panels. The festival aims to increase public awareness of the importance of protecting these mammals and their habitats, as well as of the participation of the mine in the activities aimed at improving of the condition of their habitats.

2. ornithological monitoring

Ornithological monitoring of the breeding birds in the protective strip of land is aimed at determining the impact of the mining exploitation on avifauna.

As a results of comparing the results of the monitoring conducted in the years 2016 - 2024, it was determined that the species composition had changed to a relatively little degree, remaining at the level of 30 - 40 species, mainly typical for the open areas, covered with the lower bushy vegetation. However, from year to year, due to the maturation of the tree stand, an increase in the share of the species attached to the higher shrubs and trees is noticeable. It is predicted that this trend will continue along with a decline in the number of the species associated with the open areas.

In addition, when taking over the further forest areas for exploitation in 2024, a natural resources inventory taking was carried out in order to detect any possible specimens of the protected plant species that would be destroyed as a result of the earthworks (removal of the overburden). The inventory taking was therefore aimed at excluding damage to the environment or the risk (threat) of such damage. In the area of the planned deforestation, no plant species from the annexes of the Habitats Directive had been found, and no plants belonging to the protected species, including orchids, had been found, therefore there was no need to apply for an approval for the destruction of the habitats of the protected plant species and a creation of the meta plantations (as was the case in the previous years) or, by the same token, to take any additional actions in order to compensate for the loss of biodiversity. The time frames within which the Czatkowice Limestone Mine (Kopalnia Wapienia Czatkowice), intends to implement each key action include:

1) annual chiropterological monitoring will be conducted throughout the entire period of its operations, i.e. until 2060, in accordance with the license held (mandatory),
2) annual ornithological monitoring in the forested protective strip of land until 2026 – after this date, the frequency may change in agreement with the Regional Directorate for Environmental Protection (mandatory),
3) once every 3 years, the monitoring of the health condition of the tree stands in the *Eliaszówka Valley Reserve* (*Rezerwat Dolina Eliaszówki)* and in the *Natura 2000 Jurassic Valleys* (*Natura 2000 Dolinki Jurajskie)* area along with the measurements of the dust pollution emissions (mandatory), the subsequent monitoring in 2026, 2029, 2032, etc.,
4) botanical inventory taking each time before taking over the areas for exploitation,
5) installation of 100 bat boxes in the area of the forested protective strip of land in the years 2030 - 2035 (a mandatory action stemming from the environmental decision),
6) installation of the bat boxes in forest areas bordering the mining excavation in 2025 (an optional action, a recommendation from the monitoring from 2024).

The second group of the Group's activities, as part which actions are directly taken in order to compensate for the potential loss of biodiversity, is the development of the RES projects in the non-industrial areas, which is implemented by TAURON Zielona Energia. As part of the projects, the environmental supervision is also carried out and the solutions are applied in order to minimize the impact of the facilities on animals by using the adequate technical solutions: raising of the fence above the ground surface, adapting the time of conducting the work to the terrain conditions (for example, the breeding season), and in the case of the photovoltaic farm project implemented in Bałków, a voluntary resignation from a part of the area designated for the development in favor of leaving an undeveloped, wetland area in the center of the farm, for the needs of the amphibians.

Another aspect is related to the activities of the TAURON Dystrybucja subsidiary as part of the *TAURON Storks (Bociany TAURONA)* campaign. As part of this initiative, more than 2 200 stork nests and thus the energy infrastructure are secured thanks to installing of the platforms for the nests of the white storks, which are erecting

their nests on the power grid poles on a mass scale. In 2024, thanks to the initiatives, the following actions had been completed:

1. ringing, thanks to the support of TAURON Dystrybucja in the subsidiary's area of operations, of 1 666 storks (more than 7 000 chicks have been ringed since the campaign was launched),
2. installation of 6 GPS/GMS transmitters (in total since 2021 - 10 pcs.),
3. almost 300 interventions on the stork nests - including the installation and replacement of the platforms for the stork nests with the new ones, nest maintenance and relocation of the nest from the 110kV high voltage grid in Łęki near Nowy Sącz,
4. securing of the energy infrastructure against electric shocks to the storks,
5. online report from the stork nest on a power grid pole in Niepołomice,
6. development of the shorts - short video clips popularizing the knowledge about the storks and the involvement of the power engineers in their protection posted in the social media,
7. support in the *International White Stork Census (Międzynarodowy Spis Bociana Białego)* by creating an application for the record keeping of the stork nests.

(E4-4) Targets related to biodiversity and ecosystems

ESRS 2 MDR-T §81

TAURON Group has not set measurable, results oriented targets for the purpose of assessing progress made with respect to the material topics related to biodiversity and ecosystems. The time frame within which TAURON Group's subsidiaries will be bound by such goals is not yet known, as the first planned action in this area will be the adoption of the *Biodiversity and Ecosystems Transition Plan*. Once this Plan has been developed and adopted, the directions for any further actions and the potential commitments will be known.

The national and the EU legal requirements that impose standards and requirements related to nature conservation are superior to the voluntary policies and commitments. TAURON Group's subsidiaries are bound by the management objectives to comply with the applicable regulations in force, and thus may not bring about significant violations of the nature conservation requirements. To this end, each subsidiary is monitoring the effectiveness of the Environmental Policy and the actions it takes regarding the material impacts, risks and opportunities related to biodiversity and ecosystems, in order to avoid the administrative penalties or barriers making the subsidiary's expansion difficult.

The specific level of ambition is the absence of the material violations of the nature conservation related requirements, including with respect to biodiversity and ecosystems. TAURON Group is conducting its business operations in accordance with the national and the EU regulations established for the purpose of nature conservation. The EU is a leader in the global efforts to protect nature. TAURON Group does not conduct its in-house operations in other regions of the world where the biodiversity protection is a lower priority or is unregulated.

(E4-5) Impact metrics related to biodiversity and ecosystems change

ESRS E4-5

Some of the Group's assets are located in or near the protected areas or areas of critical importance for biodiversity, but none of them have been identified as having a significant negative impact beyond the conditions of use of the environment specified in the administrative decisions.

In the case of 7 hydro power plants, the administrative decisions have imposed the obligation to construct fish ladders in order to improve the condition of the ecosystem.

(E4-6) Anticipated financial effects from biodiversity and ecosystem related risks and opportunities

ESRS E4-6

The Group is planning to disclose anticipated financial effects stemming from the material physical and biodiversity as well as ecosystem related risks in the future once the organization is ready for such disclosures.

12.15. Resource use and circular economy (E5)

(E5.IRO-1) Description of the processes to identify and assess material resource use and circular economy related impacts, risks and opportunities

ESRS E5.IRO-1

The description of processes to identify and assess material biodiversity and ecosystem related impacts, risks and opportunities is outlined in more detail in section 12.8 of this report. As part of the overall process of examination and assessment of materiality related to IRO-1, TAURON Group also conducted consultations with the representatives of the affected communities.

In accordance with adopted *TAURON Group's Environmental Policy*, the Group's subsidiaries are required to identify and document the materials areas of impact of all of the types of the business operations conducted on the natural environment at all of the stages of the assets' life cycle and to implement the sustainability principles throughout the supply chain.

Pursuant to the provisions of this Policy, TAURON Group is continuously reviewing its resources and operations in order to determine actual and potential impacts, assessing risks and opportunities related to the circular economy within its in-house operations and in the value chain, and is managing its technological processes in such a way as to minimize the adverse impact on the natural environment.

The Environmental Policy was approved by the top management and forwarded for implementation to all of TAURON Group's subsidiaries.

TAURON Group has reviewed its resources and operations in order to determine the actual and potential impacts, risks and opportunities related to the circular economy within its in-house operations, as well as in the upstream and downstream value chain. As a result of the conducted resource utilization and circular economy materiality study and assessment process, waste disposal was identified as a material impact topic for the TAURON Ciepło, TAURON Sprzedaż and TAURON Zielona Energia subsidiaries. Resources discharged related to the products and services and waste were identified as the material financial impacts for the Bioeko Grupa TAURON subsidiary.

As part of the overall process of examining and assessing the materialities related to IRO-1, TAURON Group also conducted the consultations on the use of the resources and the circular economy, although the potentially affected communities (local communities) did not participate directly in the examination and assessment of the materialities related to IRO-1 with respect to the circular economy, while an indirect participation in the consultations in this regard was provided by the representatives of the local government units, non-governmental organizations statutorily dealing with the environmental protection and TAURON Group's employees, who are the representatives of the local communities living in the immediate vicinity or near the location of TAURON Group's assets related to the conduct of the electricity and heat generation operations, which are the primary sources of pollution.

In addition, besides the dialogue within the IRO, the results of the public consultations on the use of resources and the circular economy were adopted as a supplement to the results of the consultations with the potentially affected communities (local communities). These consultations were held pursuant to the *Act of October 3, 2008, on the provision of information on the environment and its protection, public participation in environmental protection and on environmental impact assessments* within the framework of the investment processes or a liquidation (winding up) of the operations.

(E5-1) Policies related to resource use and circular economy

ESRS E5-1

Waste management in the energy and mining industry is an area that is strictly controlled and regulated both at the level of the national law as well as that of the EU regulations. Regardless of the applicable regulations, TAURON Group, taking responsibility for the consequences of using the natural resources, is taking actions that go beyond the legal obligations. These actions are specified in *TAURON Group's Environmental Policy*.

The Environmental Policy defines the Group's integrated approach, principles and direction of actions on the issues related to the environment. The Environmental Policy is a point of reference (benchmark) against which all of the actions of TAURON Group's subsidiaries in the area of environmental protection and environmental management are assessed.

The Environmental Policy contains the general principles, values and vision that TAURON Group follows in order to reduce its impact on the natural environment, both the direct as well as the indirect impacts throughout the value chain. The document also presents the principles of responsible communication regarding the environmental issues, ensuring the clarity and understanding of TAURON Group's activities that may have an impact on the environment.

The Environmental Policy defines the general direction of TAURON Group's environmental activities, which includes minimizing the negative impacts on the environment, taking into account the specifics of the sector, the development of the technology and access to the environmentally friendly technologies.

Due to the diverse profiles of activity, including the production and service activities of the Group's subsidiaries, their impact on the environment is materially diversified. The principles of the Environmental Policy are transferred to the individual internal documents of the Group's individual subsidiaries, adequately to their role in TAURON Group's value system and the magnitude of their impact.

The Environmental Policy also defines TAURON Group's approach to setting the general directions and processes of the environmental management oversight in the value chain aimed at, among other things, managing its material impacts, risks and opportunities related to the circular economy.

The principles that TAURON Group follows with respect to waste management and in order to seek solutions aimed at implementing the principles of the circular economy include:

1. supporting activities aimed at curtailing or not increasing the consumption of the raw materials and materials and searching for opportunities to implement them as the best practice within TAURON Group,
2. minimizing the stream of the generated waste through product innovation, supply chain management and a conscious process of decommissioning assets,
3. segregating waste, promoting the use of waste generated during the product life cycle and thus striving to curb the consumption of the raw materials, reducing the amount of the landfilled waste and increasing the stream of waste reused as a result of the recovery and recycling processes,
4. monitoring process waste and by-products in terms of their quality and impact on the environment throughout TAURON Group's supply chain,
5. identifying and documenting material areas of impact of all of the types of TAURON Group's activities on the natural environment at all of the stages of the asset's life cycle,
6. ensuring compliance of TAURON Group's operations with the environmental protection regulations, taking into account the local conditions, the specific nature of the business operations conducted and, at the same time, striving to increase efficiency,
7. conducting an information policy ensuring an understanding of TAURON Group's activities that may have an impact on the environment,
8. monitoring draft legal regulations in order to take pre-emptive environmental actions in TAURON Group's business operations, in particular in the investment and asset management processes,
9. actively searching for the technical and organizational solutions that minimize the potentially adverse impact of TAURON Group's business operations on the environment,
10. monitoring and sharing of industry-wide best environmental practice,
11. continuous improvement of TAURON Group in the area of environmental protection.

(E5-2) Actions and resources related to resource use and circular economy

ESRS E5-2

TAURON Group is actively looking for the solutions that introduce the concept of a circular economy. They are the key actions taken on a continuous basis and are aimed at introducing organizational solutions that increase:

1. care for the natural environment,
2. reducing the burden of the waste generated,
3. maximizing the use of the by-products of mining and combustion of hard coal for energy purposes,
4. minimizing the costs associated with the disposal of the environmentally burdensome waste and providing new functionalities to the areas transformed as a result of the industrial activities, partnerships in the field of the circular economy.

As part of TAURON Group's operations, the circulation loops of the substances produced by the Group are being closed (closed circulation loops) and the reuse of the combustion and mining by-products in the economy and in the manufacturing industry is being promoted, as it is more broadly described *in section E 5-5 of this report*. The reuse of the substances contributes to the protection of the natural resources and to reducing of the amount of waste deposited in the landfills.

TAURON Group is aiming to implement a circular economy model. It is planned that as much of the generated post-process by-products (ash, slag, ash and slag mixtures, gypsum and mining by-products) as possible should be utilized within TAURON Group, thereby reducing the consumption of the natural resources and curbing the environmental footprint.

TAURON Group is gradually taking measures as a result of which products are developed in place of the previously generated waste. The stream of the post-process waste has been decreasing since 2016 in favor of the by-products.

In 2024, TAURON Group produced 1.2 million Mg of the process by-products from the energy related combustion, of which as much as 99% were placed to the market as the full value products to be used in the construction, road building, mining and agriculture, among other things. The remaining waste was transferred to other eligible recipients, with whom TAURON Group's subsidiaries have signed agreements guaranteeing their further economic use, among other things, in the land reclamation, macro leveling and filling of the post mining voids in mining.

In 2024, 97 000 Mg of ash coming from TAURON Group's power plants was sent to mines as a valuable raw material for use in fire prevention, which is a model example of a circular economy. The ash from TAURON Group's power plants and CHP plants covers 100% of the demand for ash to be used for fire prevention at the mines owned by Południowy Koncern Węglowy.

At TAURON Ciepło, 100% of the generated combustion by-products, i.e. 138 000 Mg, were transferred for reuse in various industries, of which 94% were placed on the market as products.

In 2024, TAURON Group deposited 12 000 Mg of energy related waste in landfills. The overall balance of the amount of waste deposited so far in landfills is negative, which means that the waste has been successively selected for utilization over the years. Therefore, the amount of waste stored in landfills owned by the Group is being reduced continuously.

TAURON Group is focusing on the local cooperation and the use of the raw materials coming from waste, using the waste stored in landfills, settling tanks and waste storage sites (facilities).

As part of closing the circulation loops and searching for the directions for the use of the waste generated in the processes of liquidating (winding up) business operations, a cooperation was set up with the external companies operating in the concrete and cement industry. The goal of such cooperation is to jointly look for opportunities to use debris in the production of cement, concrete and aggregates.

The processes of divestments and demolitions of the redundant infrastructure is conducted at TAURON Group in such a way that the rubble resulting from the demolition processes, after an adequate preparation, can be used to level the sites created following the demolition processes. Thanks to this approach, these sites can be reused for other industrial purposes (repurposed). In 2024, 1 400 Mg of rubble was reused in the leveling process.

All of the above mentioned activities contribute to the curtailment of the use of the natural resources, for example, natural aggregates, sand or gravel.

TAURON Group's approach to dealing with the assets and sites (areas) following the discontinuing of the business operations thereupon depends on the nature of the individual activities. The priority is to maximize the use of the sites after the business operations conducted there thus far have been liquidated (wound up) for the new industrial functions. This is presented in the table below.

Table no. 126 Types of activities and sites (areas) for reuse

Type of activity, site (area)		Priorities / directions	Tools
Mining activities	Limestone mine (open pit mining)	Activities aimed at restoring forest ecosystems through forest planting based land reclamation project in an area covering more than 73 ha	Technical engineering design of the reclamation of the post mining excavation of the "Czatkowice" Mining Plant
Power plants, combined heat and power plants (CHP), heating plants	Discontinuing of the business operations	1. designation of the industrial areas (sites) to be used for the new economic functions (no loss of their industrial use is assumed for social reasons), 2. adaptation of the existing buildings and industrial areas (sites) in order to stimulate further development or the dismantling and demolition carried out in accordance with the approved engineering designs taking into account the selective waste management	1. procedures to be applied in the case of a termination of the operation of the installation specified in the administrative decisions held, 2. procedures for assessing (screening) the environmental impact of the new activities, 3. analyses whether the operation of the installation involves or involved the use, production or release of a substance causing a risk and whether there is or was a possibility of a contamination of the soil, earth or ground water at the plant's site.
	Transition / change of fuel	1. use and adaptation of existing infrastructure to new technologies for generating energy and heat, 2. with respect to the redundant assets: demolitions and dismantling carried out in accordance with approved projects taking into account selective waste management.	
Landfills, waste dumps, waste storage facilities, large scale sites historically associated with waste management	Reclaimed land	Allocating them for the new industrial functions related to the renewable energy sources.	1. reclamation reserves, 2. reclamation plans, 3. post exploitation monitoring, 4. assessment (screening) of the environmental impact of the new activities.
	Areas (sites) in the exploitation phase	Designing (planning) the remediation (reclamation) efforts towards the ultimate new industrial applications.	

After the final termination of the business operations, any necessary actions are taken in order to control and limit the spread or reduce the amount of the substances identified as posing a threat (risk). This allows the site (area) to be used without any significant risk to the human health and the environment, for example, due to a contamination of the soil and ground water. The plans with respect to closing and liquidating (winding up) facilities are updated on a regular basis.

A material change in the trend related to the transition of the sector is the departure from treating the areas (sites) historically associated with a waste storage as waste land, in favor of giving them the new functions, for example, for the photovoltaic farms. Due to the specifics of the structure used for mounting solar panels that does not require

a high load bearing capacity of the native soils, the areas (sites) previously excluded from economic use are restored to perform the function of generating electricity without the need to give up the biologically active surfaces.

During the liquidation of the facilities, measures are taken to remedy or avoid a significant impact on the environment or landscape.

TAURON Group, guided by the principle of resource efficiency, is continuously monitoring and optimizing the consumption of water used for the technological purposes. This is achieved by closing water circulation loops (circuits) and recirculating water with relatively good parameters to other production processes that have lower requirements, in order to reuse it.

At the Group's largest combined heat and power (CHP) plant – Katowice Generation Plant (Zakład Wytwarzania Katowice) – its water management function is based mainly on the reuse of water in the form of the purified municipal sewage coming from the Dąbrówka Mała - Centrum Sewage (Waste Water) Treatment Plant, which after treatment serves as the cooling water. Thanks to this reuse, it is possible to avoid an intake of approximately 600 thousand m^3 of water from the environment annually.

By optimizing its sewage treatment processes, modernizing and applying the new sewage treatment methods and liquidating the facility with an open cooling system in Stalowa Wola, TAURON Group has significantly reduced the total amount of sewage produced, starting from 2021. For this reason, in the subsequent years, no additional initiatives were carried out in this area, because, similarly as in the case of the water intake, it was assumed that the amount of sewage produced and required to be treated would come down by at least 70% after the spin-off of TAURON Wytwarzanie has been completed and the capacity of the Group's renewable energy sources has gone up.

As part of the recycling of the substances and raw materials, 4 000 Mg of the waste generated from TAURON Wytwarzanie's water management system is recycled and used as a sorbent in the processes of energy generation related combustion of fuels, contributing to a reduction of the emissions of the pollutants from these processes.

In the case of the new investment projects related to the photovoltaic farms, wind farms, distribution grids or electric vehicle charging installations, they are implemented in compliance with the *do not cause significant harm* (DNSH) principle, the transition towards a circular economy, i.e. the available high durability and recyclability devices and components that can be easily dismantled and repaired are used.

TAURON Group's offering for the households and the SMEs includes the support services provided by the specialists performing repairs, at the source, of any faults of the internal electrical installations, radio and television equipment, household appliances, PCs, air conditioning devices, internal water and sewage installations, entrance door locks and broken windows. The offering of the support (trouble shooting) services provided by an electrician, locksmith, glazier, plumber or other specialists allows for extending the life cycle of used products by repairing them, which is carried out as part of the implementation of the measures aimed at popularizing the activities related to fostering the circular economy. The number of the customers from the mass segment taking advantage of the Repairman (Serwisant) type services (including, among other things, repairs of equipment) had come in at 1 556 603 in 2024, including the number of the customers from the household segment clocking in at 1 457 332.

As part of the implementation of the activities related to the circular economy, there was no need, in 2024, to take any steps in order to provide the remedial measures for the persons aggrieved as a result of the actual material impacts, as well as to undertake a cooperation in this area or to provide support for such measures.

(E5-3) Targets related to resource use and circular economy

ESRS E5-3

TAURON Group is undertaking numerous activities aimed at reducing the negative impact on the environment by minimizing the waste generated from the processes and activities throughout its value chain.

TAURON Group did not define any specific targets in 2024 for the purpose of assessing the progress made with respect to reducing of the amount of the waste generated and adopted a general goal of preventing waste and striving for the reuse of waste, stemming from the Environmental Policy.

In accordance with the principles of the Environmental Policy, the Group has a waste management hierarchy in place. The waste management program is composed of the following activities as adequate for the profiles of the individual subsidiaries:

1. prevention / avoidance,
2. reuse / replacement of the natural materials,
3. services offered to the customers, related to the repairs that eliminate or curb the generation of the electronic waste by the households.

The specific level of the targets related to the use of resources and the generation of waste to be achieved was assumed as the absence of the material violations of the requirements and standards related to the specific

operational limits on the amounts of waste generation or resource consumption, minimizing of the use of the primary raw materials. These goals refer to the sustainable acquisition and use of the renewable resources.

The targets related to waste generation are capped in the permits and licenses with respect to waste generation and waste or by-product management.

In accordance with the adopted Environmental Policy, TAURON Group is seeking to fully utilize its waste.

The overarching objective stemming from TAURON Group's Strategy is to change the energy mix, which is directly related to reducing the amount of the hard coal burned, and which means a proportional reduction in the amount of the post-process products produced and a reduction in the resources used (consumed).

As part of its management by objectives (KPI) system, TAURON Group is implementing measures aimed at setting the long- and short term objectives with respect to the circular economy and improving the efficiency of waste management. As part of this system, goals and tasks are set relating to increasing the scale of the design efforts aimed at developing the circular economy, raising the material reuse rate and the targets related to improving waste management efficiency. The scope of a specific target indicates which level of the waste management hierarchy a given target refers to.

Bioeko Grupa TAURON, a subsidiary dedicated to the management of the post-process products, is given the detailed (specific) and technical targets as part of the KPI system, that technically introduce steps that optimize the use of the resources and promote the circular economy.

The established values of the operational limits with respect to waste management within the framework of the administrative permits held and the resources discharged are monitored on an ongoing basis in a monthly and annual intervals, and reported to the top management and the external oversight bodies (to the extent specified in the operational limits in the relevant permits and decisions).

(E5-5) Resource outflows

ESRS E5-5

The main stream of waste generated is created as a result of the electricity production processes using the conventional energy generation related combustion processes. The production processes are planned and implemented in such a way that the quality of the waste generated enables its further market use in a number of industries. TAURON Group has introduced a number of measures aimed at maintaining the best possible quality of the waste and by-products, so that they could constitute the full value materials.

The residue of the main production processes carried out by TAURON Group are the by-products of the energy generation related combustion, these are the mineral substances consisting mainly of silicon as SiO_2, aluminum Al_2O_3, iron Fe_2O_3, MnO, TiO_2, CaO, MgO, SO_3, P_2O_5, Na_2O, K_2O, Cl. They are not the substances classified as hazardous, and during the detailed tests carried out during the registration of these substances in the *European Chemicals Agency* in the *REACH* system, it was confirmed that they did not have any hazardous properties, and their reuse did not have to be restricted in any way.

As part of its business operations TAURON Group does not produce any particularly harmful or radioactive substances.

The analyses of the properties, parameters and chemical composition of the substances generated as part of the production processes conducted by TAURON Group are carried out in accordance with the methodology specified in the integrated permits or the sectoral permits that include the conditions for the generation or processing of such waste, in accordance with the guidelines of the legal requirements with respect to waste management or the requirements specified in the reference documents authorizing the re-introduction thereof to trading.

By participating in the mandatory system for collecting data on the waste management in Poland, in the register of the waste database (which is an element of the database on products and packaging, as well as waste management), all of the information regarding both the waste generated and its further processing, transportation or disposal throughout the waste turnover cycle is continuously monitored and collected. The information regarding the further management process with respect to the waste generated by TAURON Group is subject to a continuous monitoring and analysis in order to assess the way in which the materials move to, through and from the organization to the further recipients. This ensures a comprehensive overview of the waste generated, as well as the ability to control the processes within the organization in order to prevent waste generation. Such an approach creates an opportunity to implement the circular economy solutions. In addition to mitigating and repairing the negative effects of waste generation, TAURON Group's activities are also focused on managing waste as a resource.

This approach is highly advanced as TAURON Group has been systematically converting waste into by-products for years. These substances (ash, slag, gypsum) no longer have the formal status of a waste. The Group is focused on maintaining a significant share in the by-products market. Bioeko Grupa TAURON subsidiary is dealing solely with the circular economy, generating revenues and curtailing the impact on the environment.

TAURON Group has been successfully implementing solutions based on the circular economy, carrying out the tasks related to the solid waste management as part of its operations. Since 2016, multiple initiatives have been successively undertaken in order to reduce the amount of the solid waste.

As part of the tasks carried out in order to reuse the solid waste, the following issues have been identified:

1. technological processes are conducted in such a way that the waste generated during their performance is of the best possible quality, so that it can be used as a full value product ready for reuse on the market,
2. new directions for their use in various sectors of industry are continuously sought,
3. combustion by-products produced by the Group obtain certificates authorizing the placement thereof on the market as the full value products,
4. processes are continuously conducted in order to maintain the high quality of the combustion by-products produced by the Group, as part of which the following processes are carried out:
    1) adequate selection of the production raw materials,
    2) adequate selection of the production fuels,
    3) ensuring appropriate grain size of the by-products,
    4) ensuring stability of the by-product parameters.

By conducting the technological processes whose goal is to improve the quality of the combustion by-products produced, the Group does not have a problem with the waste generated at source. As part of this process, the procedure for recognizing waste as the by-products is also used, as specified in Article 5 of the *Directive 2008/98/EC of the European Parliament and of the Council of November 19, 2008, on waste and repealing certain Directives*.

All of these initiatives that reduce waste generation and increase the amount of the reused solid waste, resulted in 95% of the by-products produced having been brought to the market as the full value products in 2024.

Table no. 127 Total weight of waste and the amount of non-recycled waste [Mg] generated in 2024

	unit	Hazardous waste	Non-hazardous waste
Total amount of waste generated	Mg	1 061	100 249
Total amount of waste whose disposal was avoided, by weight, broken down into hazardous and non-hazardous waste	Mg	950	88 373
Total amount of waste sent for disposal, by weight, broken down into hazardous and non-hazardous waste	Mg	111	11 871
Total amount of non-recycled waste	Mg	235	94 622
Share of non-recycled waste	%	22	94

TAURON Group does not generate hazardous waste as part of the main streams of waste generated in the production processes. Within the framework of the adopted TAURON Group's Environmental and Climate Policy TAURON Group undertakes to conduct its processes efficiently in order to minimize the amount of the hazardous waste generated.

The amount of the hazardous waste generated had come in at 1 061 Mg in 2024, which had constituted 1% of all of the waste generated as part of the business operations. This is a marginal amount in the entire area of the production activities.

All of the places where the hazardous waste is generated and also stored are subject to monitoring and measurements in order to minimize the potential threats posed by the hazardous waste and optimize the processes with respect to the hazardous waste management.

Due to the profile of TAURON Group's operations, the following hazardous waste is not generated as part of its activities:

1. radioactive waste,
2. material amounts of packaging waste.

The methodology used to calculate the data related to the management of the discharged resources is based on the actual measurements performed by the weighing systems that the individual generation units are equipped with or on the spatial measurements and inventory takings performed at the warehouses and storage facilities.

Table no. 128 Total weight [Mg] of hazardous waste by waste management method in 2024

	Total weight of hazardous waste by waste management method in 2024 [Mg]
Reuse	0
Recycling	825.7

Recovery (including energy recovery)	82.9
Disposal (neutralization)	111.0
Storage	1.6
Other[1]	39.6
Total weight of waste	1 060.8

[1]*TAURON Group does not generate radioactive waste.*

Table no. 129 Total weight of non-hazardous waste [Mg] by waste management method in 2024

	Total weight of non-hazardous waste generated in 2024 by waste management method [Mg]
Reuse	0
Recycling	5 627.7
Recovery (including energy recovery)	76 902.8
Disposal (neutralization)	83.8
Dump (landfill)	11 786.5
Storage	4 813.2
Composting	0.0
Other	1 035.6
Total weight of waste	100 249.6

Kopalnia Wapienia Czatkowice introduces products to trading (market) in packaging. In 2024, the quantity of the products introduced to trading in packaging had come in at 16 621.68 Mg. The content index of the recyclable materials in packaging had clocked in at 73% for the paper and cardboard packaging and had stood at 45% for the plastic packaging.

(E5-6) Anticipated financial effects from resource use and circular economy related impacts, risks and opportunities

ESRS E5-6

The anticipated financial effects stemming from the material risks and opportunities related to the use of resources and the circular economy have not yet been determined, however TAURON Group says it is prepared to make the disclosures in this regard in the future.

Social responsibility

12.16. Own workforce (S1)

(S1.SBM-2) Interests and views of stakeholders

ESRS S1.SBM-2

TAURON Group's employees are among the key stakeholders. Their opinions and views are systematically taken into account when developing the organizational culture, and they also constitute an important element of building the Strategy and Business Model. The periodic employee opinion surveys, consultations with the trade unions and constant, open dialogue allow for identifying the needs and expectations of the employees that have an impact on the decisions made.

During the work on the development of *TAURON Group's Strategy for the years 2025 - 2035*, the voice of the Group's employees had been of great importance. This had been reflected in the meetings, workshops and debates held with the interested parties. The conclusions from these meetings had a real impact on the assumptions included in the Strategy.

TAURON Group is conducting a number of initiatives, such as *#Twój Głos ma MOC (#Your Voice Has POWER)*, which encourages the employees to express their opinions on the functioning of the organization or *#Twój Pomysł Ma Moc* (*#Your Idea Has Power)*, which gives them an opportunity to submit their ideas for improvements at the subsidiaries.

TAURON Group also attaches particular importance to the respect for the human rights, counteracting discrimination and creating a safe and friendly work environment.

The investments in the training, health programs and employee professional development are an integral part of the company's operations. Thanks to such initiatives, TAURON Group is building an organizational culture based

on the trust and cooperation, which provides support for the implementation of its business goals in accordance with the principles of the sustainable development.

(S1.SBM-3) Material impacts, risks and opportunities and their interaction with strategy and business model

ESRS S1.SBM-3

When analyzing the opportunities, risks and impacts, TAURON Group takes into account all of the employees and the non-employees who are a part of its own work force resources. Their characteristics are provided in *sections S1-6 and S1-7 of this report*.

The issues related to the available forms of reporting any abuse (fraud) and responding to them are described in *sections S1-3*, while the social dialogue is described in *sections S1-2*, and the regulations dealing with the employees are described in *sections S1-1, S1-4 and S1-5 of this report*.

As a result of the materiality assessment conducted in 2024, the stakeholders had indicated as important the issues related to, first and foremost, ensuring taking care of the basic employee rights, conducting an open dialogue with the work force and their representatives, and ensuring work safety, in particular at the subsidiaries where there is an elevated risk of accidents occurring.

A particular emphasis had been placed on the issue of equality, which is reflected in the processes that commence already at the recruitment stage and last throughout an employee's employment duration. Taking into account the voice of the stakeholders, the internal regulations have been updated on an ongoing basis, as described in *sections S1-1 and S1-5 in this report*.

Another important issue for the work force is communication, which takes the form of a dialogue as part of which the employees are expressing their opinions and sharing any ideas for improvements, while TAURON Group is responding to these needs by implementing some of the ideas submitted. The examples of the initiatives fostering communication include the employee opinion surveys and *#Twój Głos ma MOC (#Your Voice Has POWER)*, described in more detail in *section S1-1 of this report*.

In the face of the challenges faced by the energy industry, TAURON Group is taking actions aimed at minimizing the negative effects of the ongoing transition and taking advantage of the opportunities in this area. The introduction of the dedicated protection programs provides support for the employees during the difficult time. A comprehensive analysis of the work force is carried out in order to identify any employees eligible for the protection programs and the necessary actions are taken to enable such employees to take an energy sector personnel dedicated leave. All of the activities are supported by a dedicated hotline for the employees regarding the energy transition and the individual meetings held at each branch, during which the opportunities available as part of the energy transition are presented.

The organizational changes, including the shutdowns of the selected business units or the transition towards the renewable energy sources, lead to the headcount reductions and may raise concerns among the work force with respect to the stability of their employment. In connection with this, the following activities are being carried out:

1. conducting of the pilot training programs in order to support the employees in the process of retraining, adjusting their authorizations and qualifications and preparing them for work at TAURON Group's subsidiaries,
2. implementing of the additional training programs to equip the employees with the versatile competencies that they can use in their work at TAURON Group (for example, the IT Program – focused on the Microsoft Power tools and the Program focused on the development of the soft skills),
3. offering of the opportunities for the professional development, training and improving qualifications, which may lead to the better career prospects,
4. offering to the employees of a free psychological support in the form of individual consultations,
5. conducting of the analyses in order to prepare the individual relocation proposals within TAURON Group (ensuring the stability of employment),
6. meetings of the Management Board with the employees on the subject of the future changes related to the energy transition and steps taken to ensure the stability of employment.

At TAURON Group, in accordance with the provisions of the Respect for the Human Rights Policy (described in *section S1-1 of this report*), there are no cases of child labor, forced labor or compulsory labor, which also stems from the provisions of the Labor Code.

(S1-1) Policies related to own workforce

ESRS S1-1

TAURON Group's Human Capital Management Policy

TAURON Group's Human Capital Management Policy is a document defining the key directions with respect to the human capital management and supporting the implementation of the strategic goals of TAURON Group. The Policy

covers the management staff, the work force and all of the areas of the human resources management at TAURON Group's subsidiaries, setting the common directions and the key areas of the activities.

The objective of the Policy is to provide support for the management staff and the work force in creating an environment conducive to a dialogue, change and development of the organization, taking into account the business needs and the environment. TAURON Group provides flexible conditions for the development of knowledge and skills, and supports a cooperation, independence and an initiative of the employees.

TAURON Group acts in compliance with the labor law and implements any changes in accordance with the applicable regulations. *TAURON Group's Human Capital Management Policy* outlines the strategic areas such as the organization's development, performance management as well as the competence and organization management, indicating the goals and supporting activities in these areas (*the details are provided in sections S1-5 of this report*). The foundation on which the Policy is based is *TAURON Group's Code* and TAURON Group's Strategy in force. In connection with the publication of the Group's new Strategy in December 2024, the provisions of the Policy will also be updated in 2025. The Director in Charge of the Human Resources at TAURON is responsible for updating the Policy, and the President of the Management Board of the Company supervises the implementation of the provisions included therein.

Employee development and training

The development of the work force is included in the Group's Strategy and *TAURON Group's Human Capital Management Policy*. The employees are able to take part in the various forms of improving their qualifications, which will ensure the acquiring of the specialist knowledge, skills, obtaining of the appropriate authorizations and developing of the competences. The participation in the development initiatives is based, among other things, on the assumptions described in the *Principles of Improving the Employee Qualifications* - a document in force at the individual subsidiaries, taking into account the specifics of each subsidiary.

In December 2024, the Principles of *Improving the Employee Qualifications at TAURON Polska Energia S.A.* had been updated. The goal of the update was to adapt the Principles to the current business needs of the Company, facilitate the employees' participation in the initiatives and encourage them to develop their knowledge and competences. Following this change, TAURON Group's other subsidiaries are updating the Principles applicable to them.

The Principles document supports the implementation of the objectives of *TAURON Group's Human Capital Management Policy* by defining the employee development standards.

TAURON Group's employees have an opportunity to take part in a number of development initiatives, such as the internal and external training (including specialist and e-learning training), industry conferences, seminars, workshops and language courses.

The number of the training hours, *broken down by gender and position, is presented in section S1-13 of this report*.

Initiatives supporting employee development

Development conversation

A development conversation is a tool aimed at supporting an employee development and engagement through a dialogue with the superior. Its essence is development based on the employee's strengths, needs and the mutual adjustment of the implemented and future goals and tasks. The key assumption of a development conversation is a partnership.

In 2023, TAURON Group's further subsidiaries, including TAURON Dystrybucja, had implemented a development conversation. The development conversations conducted at TAURON Dystrybucja are based on *K. Blanchard's Situational Leadership* model, *M. Rosenberg's Nonviolent Communication (NVC)* and the *Gallup Organization's* research. In 2024, the webinars had been held - for managers and work force - on the development conversations, their function and the ways to prepare for such a meeting.

Survey of the digital competence

In 2023, the activities aimed at assessing the digital competence of TAURON Group's work force had been launched. First, the key digital competences had been identified and a tool had been built, which was tested at TAURON as part of a pilot project in December 2023. The ultimate survey of the digital competence survey was conducted in January 2024, covering 1 674 employees of TAURON Group's subsidiaries. The results, along with the recommendations, were communicated to the employees via the internal communication channels. In addition, as part of the dedicated workshops were with these results and the potential directions of action that could contribute to the strengthening of the digital competence of TAURON Group's employees were presented to the HR Areas.

TAURON Group's Internal Trainer (Coach) Academy and Programs

TAURON Group has an *Internal Trainer Academy* in place, which brings together trainers from across the Group. The individual subsidiaries also have their own *Internal Trainer Programs* in place, which provide the training for the employees of a given subsidiary.

The Academy and Program Regulations define the principles of knowledge sharing and the use of the potential of TAURON Group's employees as the trainers.

The objectives of the *Internal Trainer Academy and Programs* include:

1. maintaining and developing of the key competence at the Company and at TAURON Group,
2. promoting of the sharing of knowledge and experience at TAURON Group,
3. unifying of the work standards and the quality of the internal training courses conducted at TAURON Group,
4. shaping of the desired image of the employer by enabling the employees to improve their qualifications and increasing access to the training.

The effectiveness of the activities is monitored through the evaluation surveys completed by the employees following the training.

The *Internal Trainer Academy and Programs* are supervised by the Directors In Charge of the Human Resources at TAURON Group's subsidiaries.

Internal Trainer Programs are currently in place at 4 of TAURON Group's subsidiaries and they provide the support for the implementation of the assumptions of *TAURON Group's Human Capital Management Policy*.

TAURON Group has 64 internal trainers in place. In 2024, they had conducted 144 training courses with respect to, among other things, the renewable energy sources, the IT tools and the soft skills. A total of 2 264 employees had taken part in the training courses.

Development Squared

A series of webinars under the name *Development Squared,* conducted at TAURON, covers 4 areas: development, knowledge sharing, cooperation and health. The project is addressed to all of TAURON Group's employees with an access to the intranet, i.e. approximately 18 000 people.

20 webinars had been organized in 2024, conducted by 6 trainers, including, among other things: emotional intelligence, how to build relationships in diversity, optimal motivation, mental well-being, generations, what is changing, develop your potential, cyber addictions, let go - the art of letting go. More than 9 000 employees had taken part in the initiative.

E-learning



TAURON Group is offering its employees an access to the online training on the e-learning platform. The advantages of this form include flexibility, which allows for adjusting the pace of the learning to one's individual needs. The employees are able to benefit from the unlimited access to the various training courses available on the platform. They are related to the regulations in force at the Group, specialist knowledge in the field of the IT systems, as well as the leadership and interpersonal skills.

In 2024, TAURON Group's employees, thanks to e-learning training, had updated their knowledge in the field of counteracting conflicts of interest and reporting of the irregularities and taking remedial measures. In addition, TAURON Group's individual subsidiaries had offered their employees an opportunity to develop the analytical skills through a training on MS Excel.

In addition, the employees were developing their skills in dealing with the difficult situations while providing customer service and professional services for the customers with the various types of disabilities.

In 2024, more than 16 000 people had an access to the platform and more than 59 000 training courses were completed. 1 312 new users joined the platform.

Manager Zone

The *Manager Zone* is a space on the intranet dedicated to TAURON's managers. In the period from February to June 2024, the managers had been receiving a weekly newsletter discussing all of the categories covered during the employee opinion survey conducted in 2023. The newsletters had contained the detailed results for a given category and a link to the articles that deepened the knowledge about a given indicator – for example, engagement (commitment), identification with the company, communication, cooperation, agile processes, implementation of the goals, inclusiveness, business responsibility.

Strategic and Specialized HR Academy

The *Strategic and Specialized HR Academy* is a comprehensive program for developing of the HR competence at TAURON Group implemented in 2023 and 2024, aimed at developing the strategic and specialized competence that increases the effectiveness of the human resources management in a changing, unpredictable business environment. In 2024, the *Specialist HR Academy* had been completed by 25 specialists from TAURON Group's subsidiaries, while the *Strategic HR Academy* was completed in January 2025.

Manager Compliance Academy

As part of the *Manager Compliance Academy* organized in 2024, 6 training courses dedicated to the management staff had been conducted, including, among other things, with respect to counteracting corruption, protecting whistleblowers and the ESG issues. *The detailed information on this event is presented in section G1-1 of this report.*

Analysis of the potential of the management staff of TAURON Group

In 2024, the project *Analysis of the potential of the management staff of TAURON Group* had been carried out, which had covered: the Management Board of TAURON as well as the directors and other employees directly reporting to the Members of the Management Board (N-1 level personnel), as well as the management boards of TAURON Group's subsidiaries. In total, the study covered a group of 59 people. The project resulted in the development of *TAURON Group's Management Staff Potential Map*, i.e. a comprehensive summary of the results of the management staff diagnostics, taking into account their fit to their current role and the potential in terms of the leadership competence.

The activities completed as part of the project allowed for taking note of the high level of integrity of the management staff in terms of their identification with the strategic directions of TAURON Group's development (expansion) and the readiness to engage in the changes related to the transition of the Group. In 2025, in response to the identified needs, the activities will be carried out in order to provide the dedicated development support to the persons performing the management roles.

Principles of the cooperation with the schools and universities

The principles of the cooperation with the schools and universities at TAURON Group are based on the assumptions of the cooperation between TAURON Group's subsidiaries and the educational institutions, including the general recommendations for the conduct with respect to organizing of the internships, apprenticeships and other forms of initiatives in the field of the cooperation with the education sector.

These activities are aimed at:

1. acquiring of the best pupils, students and graduates from the perspective of the business needs of a given subsidiary,
2. preparing of the future staff in terms of their substantive and strategic competence,
3. strengthening of the cooperation between science and business,
4. building of a positive image of the employer, which allows the pupils, students and graduates to gain their first professional experience,
5. building of a culture of dialogue that will enable the transfer of knowledge between the generations.

When planning the long term image building activities on the labor market or selecting the target groups among the pupils, students and graduates, TAURON Group's subsidiaries should take several aspects into account:

1. strategic and long term HR plans of TAURON Group's subsidiaries,
2. current and future HR needs reported by the individual organizational units / cells,
3. level of TAURON Group's brand awareness at the universities and schools,
4. openness of the employees to actively engage in the cooperation with the schools and universities.

The principles are of a general nature and do not exclude the possibility of applying the special provisions with respect to the cooperation with the education sector, provided that such provisions are consistent with the principles. The Director in Charge of the Human Resources is responsible for updating of the principles. The President of the Management Board of the Company supervises the implementation of the provisions.

Cooperation with the school and academic community

TAURON Group's cooperation with the education sector is focused, first and foremost, on the process of the practical (hands-on) education of the future specialists. TAURON Group is cooperating with 12 universities and 40 schools. The projects implemented as part of this cooperation are aimed at promoting TAURON Group and the energy industry among the pupils, students and graduates. In 2024, 8 328 pupils and students had taken part in the study visits, lectures, vocational lessons, lectures and seminars organized by TAURON Group's employees, and 45 students had been granted the scholarships.

Internships and apprenticeships

TAURON Group is continuously offering internships for the students and graduates. In 2024, 261 students and pupils had completed unpaid internships based on the agreements or the three party arrangements with the schools and universities, 8 interns had completed the internships for the graduates, and 11 interns had acquired competence under the *Join Us* (*Przyłącz się*) program. Having completes their internships or apprenticeships, 4 persons were employed by TAURON Group.

Industry Skills Center in the field of electrical engineering at the Vocational Education Center in Wrocław

In August 2023, an agreement was signed for the implementation of the project by the city of Wrocław, as the body running the Vocational Education Center, the Polish Society for the Transmission and Distribution of Electricity (industry organization), TAURON Dystrybucja (primary partner) and the Institute of Power System Automation (additional partner). The main objective of the project is to improve the qualifications in the field of the measurement and diagnostics of the electrical devices and installations, as well as the protection against an electric shock. By the end of June 2026, 300 participants will have been trained, including 90 students, 180 adults (including the employees of TAURON Dystrybucja) and 30 teachers.

Katowice, a City of Professionals

The project, carried out in cooperation with the Katowice City Hall, is aiming to provide the support for the young people in developing their interests and preparing them for their future professional careers in the technical and energy sector related fields. The program is composed of four key stages:

1. participation of the 7th grade primary school students in a homeroom lesson at school during which they learn about the benefits of choosing the technical and energy sector related majors,
2. a study visit to a company, where the students have an opportunity to see what the work looks like in the real life conditions and learn about the specifics of the different professions,
3. a visit to a technical or energy sector related vocational school of the first degree, where the students are able to learn more about the available education courses and opportunities for their further development,
4. summarizing homeroom lesson which allows the students to reflect on their experience gained and helps them make an informed decision regarding their future educational and professional path.

The benefits of this project include:

1. increasing of the number of the students interested in studying at the energy sector related vocational and technical schools,
2. increasing of the attractiveness of the city's educational offering in terms of the educational opportunities in the technical and craft professions,
3. a promotion of the local businesses taking part in the program,
4. an opportunity for the companies to carry out the CSR and ESG activities,
5. an opportunity to attract the new employees – strengthening of the labor market.

In 2024, the students had an opportunity to learn about the specifics and working conditions in such professions as an electrician, electrical fitter, electrical mechanic, power engineer, electrical power engineer, welder. In 2024, 122 students from 8 primary schools in Katowice made a total of 7 visits to the Katowice Combined Heat and Power (CHP) Plant.

Job Fairs

A permanent element of the activities promoting TAURON Group in the educational and academic community is a participation in the job fairs organized by the universities, secondary schools, local government units and other entities. Such *employer branding* activities enable conducting of the preliminary talks with the potential candidates and promoting of the organizational culture, attitudes and values that TAURON Group is guided by in its business operations. In 2024, the employees of TAURON Group had taken part in 18 such events.

Implementation PhD studies

TAURON Group, as part of its cooperation with the universities (Silesian University of Technology, AGH University of Science and Technology, University of Silesia, Wrocław University of Science and Technology, Jagiellonian University and Warsaw School of Economics), enabled 19 employees from TAURON Group to continue their studies as part of the implementation PhD studies in 2024. The main assumptions of the program are to create a platform for a trilateral cooperation between the universities, the company and a PhD student, as well as to conduct research, the results of which will be used to solve the challenges faced by the company. The project assumes the use and expansion of the knowledge of an employee reaching the next level of their academic career, so that they can pass on the experience and knowledge gained to the students, while taking care of the identified needs of the company. The PhD studies are related to the topics in the field of humanities (liberal arts), social sciences, exact sciences and technical (STEM) sciences. The project involves 6 of TAURON Group's subsidiaries – TAURON Polska Energia, TAURON Dystrybucja, TAURON Wytwarzanie, Kopalnia Wapienia Czatkowice, TAURON

Ekoenergia and TAURON Sprzedaż. In 2024, one PhD dissertation ended with a defense of the thesis and obtaining of a PhD degree.

Mentoring programs at TAURON Group

Magenta Meetings (Magentowe Spotkania) at TAURON Dystrybucja

Magenta Meetings (Magentowe Spotkania) is a mentoring program aimed at provided the support for the female students with the electrical engineering and energy related majors in choosing and developing their career paths, through the relationships with the mentors who are the employees of TAURON Dystrybucja. As part of the program, a 2 day Mentoring Essentials training had been held in November 2024 in order to prepare the participants for the role of a mentor. In December 2024, an interactive webinar was held for the mentoring group as part of further development of the competence, as well as the training dedicated to the program's mentees, and a kick off of the program, including the lectures and a workshop for the mentors and mentees taking part of this edition. In 2024, 11 pairs had taken part in the program.

Mentoring program for management staff at TAURON Obsługa Klienta

The mentoring program is dedicated to the female and male representatives of the management staff. It involves organizing a series of meetings of the participants selected into the mentoring pairs. The aim of the process is to enable sharing of the experience and knowledge among the people taking part in the program. In 2024, the 4th edition of the mentoring program had been carried out, with 13 pairs participating.

2nd edition of Expert Mentoring at TAURON Obsługa Klienta

In 2024, the 2nd edition of Expert Mentoring had been carried out. The initiative is dedicated to the newly hired and newly promoted female managers and male managers in the organization. The goal is to provide the support for the staff in taking on a new role in the organization. In 2024, 19 pairs had taken advantage of Expert Mentoring.

Recruitment Policy at TAURON Group

In 2024, TAURON Group had hired 1 050 new employees. The document that sets the standards for the recruitment, selection and adaptation process at TAURON Group is *TAURON Group's Recruitment Policy*. They define the consistent and uniform assumptions regarding the selection of the candidates. The priority and standard at TAURON Group is the high quality of its activities, transparency of the recruitment processes, application of the equal opportunities policy and building of a positive image of the employer. The Director in Charge of the Human Resources at TAURON is responsible for updating of the Policy, while the President of the Management Board of the Company supervises the implementation of the provisions included therein.

The recruitment process is composed of three stages: recruitment, selection and adaptation of a new employee. All of these stages are preceded by an analysis of the needs related to the specificity of a given position in consultation with the manager of a given area, budget analysis and a selection of the adequate method.

In order to achieve the best recruitment results with the most optimal cost approach possible, the selection of the employees at TAURON Group is based on the following assumptions and principles:

1. taking into account of the long term plans for the hiring and development of the personnel (promotions, transfers, layoffs, etc.),
2. integration with *TAURON Group's Human Capital Management Policy*,
3. standardization of the criteria used in the selection of the employees for the specific positions and an objective comparison of the individual candidates as part of a given recruitment process,
4. integrity, impartiality, professionalism applicable without an exception to all of the participants in the process,
5. maintaining of the high standards in terms of contacting and communicating with the candidates (specific rules for, among other things, inviting of the candidates to the interviews, the form and scope of the feedback),
6. ethical conduct toward the candidates, including, for example, meeting of the deadlines, providing of the accurate feedback,
7. ensuring the confidentiality of the recruitment process with respect to the candidates at all of the stages of the process.

System supporting the recruitment processes

TAURON Group uses an Applicant Tracking System (ATS) to support its recruitment processes. This tool allows for designing of the entire employee acquisition process - dividing it into the stages and, conducting of the full communication with the candidate through the platform.

Employee Referral Program

The Principles of the Employee Referral Program at TAURON Group describe the assumptions and procedure for making employee referrals at TAURON Group. Their goal is:

1. finding of the candidates for the job at TAURON Group's subsidiaries, thanks to the involvement of the employees of these companies in the process of finding and recommending of the candidates for the job,
2. acquiring of the candidates who hold the expected qualifications and competence as well as demonstrate an attitude in accordance with TAURON Group's values, and whose behavior is in line with TAURON Group's organizational culture.

The Principles are applicable only to those recruitment processes in which a permission has been granted to use the employee referral program and they cover both the candidates as well as the employees recommending them.

The Director in Charge of the Human Resources at TAURON Polska Energia is responsible for updating of the Principles. The President of the Company's Management Board supervises the implementation of the provisions of these Principles.

In 2024, the total number of the recruitment processes involving the employee referrals had come in at 97, with 32 candidates applying as part of those processes. 8 persons had been hired as part of this program.

Employee induction (onboarding) process

TAURON Group's subsidiaries are also building a culture of knowledge sharing through the employee induction (onboarding) process. In 2024, a total of 966 induction (onboarding) meetings had been held for the new employees. The functioning of the employee induction (onboarding) process is associated with the benefits, such as lowering of the perceived stress of the newly hired personnel, reducing of the time needed to achieve their independence at work, and strengthening of the identification with the company. In addition, as part of the meetings, the employees become familiar with the key aspects of the Group's business operations, including TAURON Group's Strategy, information protection rules, compliance and the opportunities for their development within the organization.

At the same time, from the first days of his / her employment, an employee is granted access to the new employee zone on the intranet, where he or she can find the information necessary for a proper induction (onboarding).

Diversity Policy

The new text of *TAURON Group's Diversity, Equal Opportunity and Inclusiveness Policy (Diversity Policy)* had been implemented in December 2024. Based on this document, TAURON Group is applying the principles of equal treatment and striving to ensure the diversity, understood as recognizing of the differences and consciously using them for the development of the organization and a work environment free of any discrimination, particularly on the basis of: gender, age, race, national and ethnic affiliation, religion, creed and irreligion, worldview, political beliefs, disability, health condition, sexual orientation, family status, trade union membership, form, scope and basis of employment, lifestyle and other grounds that expose a discriminatory behavior. The Diversity Policy sets out the objectives and standards for managing of the diversity at TAURON Group. It is a commitment to respecting the human rights of all of the persons providing work for TAURON Group and all of the other stakeholders. It is a declaration of an openness to all of the dimensions of the diversity and an opposition to any manifestation of the discrimination regardless of any rationale. The Policy, as implemented, takes into account the EU and national legislation in force in this area.

Measures are taken to prevent any manifestations of the discrimination by building the right atmosphere at work, creating and strengthening of the positive relationships among the work force and building of an organizational culture based on the corporate values.

The Director in Charge of the Human Resources at TAURON is responsible for updating of the Diversity Policy. The President of the Company's Management Board supervises its compliance.

The following regulations are in place as part of employee issues that support the implementation of the directions set by the Diversity Policy:

1. *TAURON Group's Policy of Compliance with the Principles of Ethics and Countering Mobbing and Discrimination*,
2. *Policy of Respect for Human Rights* which defines the principles of respect for the human rights and the measures taken to prevent any violation thereof and promote an atmosphere of dignity and mutual respect,
3. adequate regulations with respect to the training and development programs that promote an atmosphere for the development of each employee,
4. regulations to ensure fairness and objectivity with respect to the organization of work and compensation, including, among other things:
   1) *TAURON Group's Compensation Principles,*
   2) *TAURON Group's Human Capital Management Policy*,
   3) Regulations with respect to the benefits (entitlements),
   4) Flexible working hours and the possibility of a remote work
5. *TAURON Group's Principles of Recruitment,*
6. *TAURON Group's Competence Model.*

In the first half of 2025, as a follow-up to the update of the Diversity Policy, it is planned that a course for the employees on the topics of the diversity, equal opportunity and inclusiveness will be made available on the e-learning platform. The training will include the topics covered by the Policy.

In 2025, TAURON Group will also take part in the *Diversity in Check* survey organized by the Responsible Business Forum (Forum Odpowiedzialnego Biznesu), based on which the level of the diversity management at TAURON Group's individual subsidiaries will be determined in comparison to other employers taking part in the survey. The survey covers such areas as: management fundamentals, diversity programs and activities, building commitment, results indicators, and the availability of the products and services.

TAURON Group's Policy of Compliance with the Principles of Ethics and Countering Mobbing and Discrimination

TAURON Group's Policy of Compliance with the Principles of Ethics and Countering Mobbing and Discrimination sets forth the rules for the reporting of any violations of the principles of ethics and any cases of mobbing and discrimination, as well as the tasks, powers and duties of the Ethics Committee.

The detailed objectives of the Policy are described in *sections S1-5 of this report*.

There are two subcommittees in place as part of the Ethics Committee:

1. an internal committee, whose members are appointed and dismissed by the Management Board of the given subsidiary, at the same time appointing the chairperson of the subcommittee,
2. a Group wide committee composed of 12 members appointed from among the representatives of the trade unions operating at TAURON Group and 12 representatives of the employers appointed by the Management Board of TAURON.

An employee may choose which subcommittee he or she wishes to address in order to process his / her request.

All of TAURON Group's employees are required to become familiar with the principles described in the Policy as well as complete the mandatory e-learning training and submit the relevant statement. The information campaigns and the content made available on the intranet are used as the reminders of the principles of the Policy. In addition, the trainings for the employees on the countering of mobbing (bullying) and discrimination in the workplace had been held at TAURON, TAURON Sprzedaż and TAURON Sprzedaż GZE in 2024.

A regulation supporting the Policy is *TAURON Group's Corporate Social Responsibility Code of Conduct*, which includes the corporate values and the principles of conduct in three areas: employee, natural environment and stakeholders. All of the regulations on the countering of mobbing (bullying) and discrimination are updated on an ongoing basis. The Director in Charge of the Human Resources at TAURON is responsible for the update. On the other hand, the President of the Company's Management Board supervises the implementation of the Policy's provisions.

Work Health and Safety (WHS) Policy

TAURON Group's Work Health and Safety (WHS) Policy is an overarching document that is binding for all of the entities residing at TAURON Group's sites. It is one of the cornerstones of a uniform Work Health and Safety (WHS) system.

The Work Health and Safety (WHS) Policy is applicable to all of the employees of TAURON Group's subsidiaries, contractors (counterparties) and suppliers, as well as other persons on TAURON Group's sites, and is applicable to all of the processes undertaken as part of TAURON Group's operations. The President of the Company's Management Board is authorized to make and approve changes to the referenced document. The President of the Company's Management Board also supervises the implementation of the Work Health and Safety (WHS) Policy. The channel to be used for the communicating of the Work Health and Safety (WHS) Policy is the intranet.

The Work Health and Safety (WHS) Policy has been developed in accordance with the best market practice guidelines derived from the international standards in the area of Work Health and Safety (WHS) (based on, among other things, ISO 45001:2018).

All of the regulations in force at TAURON Group are tailored to the profile and type of the work performed at the individual subsidiaries (for example, internal regulations, procedures, Work Health and Safety (WHS) instructions and the equipment operation manuals). The applicable internal normative acts regarding the emergency and accident situations (for example, explosion protection instructions or documents, fire safety instructions for the facilities, or the procedures for dealing with the accidents at work) contribute to ensuring the due diligence in complying with the Work Health and Safety (WHS) regulations and principles.

TAURON Group's selected subsidiaries have facilities (solutions) in place for people with the disabilities in order to ensure health and safety. These include, among other things, an adaptation of the administrative facilities for the mobility impaired persons, paving of the access to the administrative, office and technology buildings, drive ways, ramps, elevators and wide barrier free doors, marking of the parking spaces for persons with the disabilities, use of

the induction loops at the Customer Service Centers for the hearing impaired persons with the hearing aids, adaptation of the toilets for the disabled, enabling the people with a limited mobility to use the sofas that make it easier to get up and sit down, use of an acoustic and optical alarm system, automatic doors with a width that allows the wheelchair users to move freely, adaptation of the workstations to the needs of a person with a degree of disability. In addition, at TAURON Group's selected subsidiaries, the employees are trained with respect to the evacuation, taking into account the evacuation of people with the disabilities, including those with the mobility impairments.

Policy of respect for human rights

TAURON Group supports and respects the internationally recognized human rights as defined, among other things, in:

1. International Charter on Human Rights, which is composed of the following documents:
   1) *Universal Declaration of Human Rights*,
   2) *International Covenant on Civil and Political Rights*,
   3) *International Covenant on Economic, Social and Cultural Rights*,
2. Principles related to the fundamental rights set forth in the *Declaration of the International Labor Organization*,
3. *European Convention on Human Rights*.

The above mentioned regulations have constituted the basis for the development and implementation of the internal regulations with respect to the human rights, including *TAURON Group's Policy of Respect for Human Rights*, *TAURON Group's Policy of Compliance with the Principles of Ethics and Countering Mobbing and Discrimination*, as well as the regulations dealing with work health and safety, and respect for the diversity.

In addition, TAURON Group undertakes to act in accordance with the principles set forth in:

1. *UN Guiding Principles on Business and Human Rights*,
2. *OECD Guidelines for Multinational Enterprises on Responsible Business Conduct*,
3. *OECD Due Diligence Guidelines for Responsible Business Conduct*,
4. *10 principles of the UN Global Compact.*

TAURON Group's Policy of Respect for Human Rights outlines the principles of the activities and behaviors related to the human rights at TAURON Group, dedicated to all of the stakeholders, especially employees, contractors (counterparties) and business partners. The content of the Policy is available on the intranet and on TAURON's website under the Compliance tab.

In 2024, an updated content of *TAURON Group's Policy of Respect for Human Rights* had been developed, taking into account the due diligence process manifested, among other things, in the functioning of the irregularities reporting (whistleblowing) system and taking of the remedial measures in the case of the identified irregularities, a verification (vetting) of the contractors (counterparties) and the use of the adequate contractual provisions (for example, a compliance clause) in the contracts with the external entities. The content of the Policy has been developed as part of the cooperation of the internal substantive units covering the issues of respect for the human rights in their activities (among other things, Strategy, ESG and Regulatory Area, Human Resources Area). The updated Policy was adopted by the Management Board of TAURON in January 2025.

The Policy explicitly indicates the TAURON Group's detailed principles dedicated to the respecting and protecting of the human rights, i.e.:

1. prohibition of discrimination and mobbing (bullying),
2. prohibition of slavery,
3. prohibition of forced labor (including the one related to human trafficking),
4. prohibition of child labor,
5. freedom of association and employee engagement,
6. observance of the labor rights with respect to the compliance with the terms and conditions of employment and compensation, as well as work health and safety (WHS),
7. right to live in a clean, healthy and environmentally sustainable environment.

As part of its business operations, TAURON Group supports the protection of the human rights while preventing any situations in which these rights are violated. In a situation of a suspected violation of these rights, as part of the irregularities reporting (whistleblowing) system in place at TAURON Group, a fact finding investigation is carried out in order to detect and confirm the irregularities and issue the recommendations including the remedial measures. The actions are aimed at, among other things, eliminating of the incidents of a similar nature in the future. *The irregularities reporting (whistleblowing) system, including the remedial measures taken in the event the irregularities have been confirmed, is described in more detail in section G1-1 of this report.*

In order to identify the negative impact on the human rights, prevent and mitigate the effects thereof, TAURON Group is conducting a due diligence process with respect to the human rights, which includes six essential steps as outlined in the OECD Due Diligence Guidelines for Responsible Business Conduct. The assessment of the

impact of TAURON Group's business operations on the human rights, the risks associated with a non-compliance with the human rights and the mitigating actions taken are indicated in *TAURON Group's Human Rights Compliance Report,* which is subject to an update at least once every two years.

As part of taking into account the process of controls aimed at supervising the compliance with the human rights and raising of the awareness level among TAURON Group's employees, in 2024 the workshops on the protection of the human rights in the practice of the energy industry dedicated to the employees of the areas involved in the work on the sustainability report had been conducted.

In accordance with the adopted standard, all of the implementations of the new regulations and changes introduced in the policies are communicated to the work force through mailing, announcements, intranet. In addition, some of them are consulted with the social partners as well as with the employees. *TAURON Group's Policy of Respect for Human Rights* is additionally published on TAURON's website.

(S1-2) Processes for engaging with own workers and workers' representatives about impacts

ESRS S1-2

Social dialogue

TAURON Group has a well described and mapped *Social Dialogue* process, the goal of which is to ensure a constructive and effective cooperation with the social partners (work force) at TAURON Group.

TAURON Group places a particular emphasis on the conducting of a constructive and open dialogue with the social partners (work force). The cooperation with the trade unions is based on the Trade Union Act, as well as the *Agreement on the cooperation within the framework of the social dialogue* of September 13, 2016. The main assumptions of the agreement concluded with the Social Council of TAURON Group include:

1. willingness to cooperate on a permanent, reliable basis, i.e. in good faith and with the respect for the rights and interests of the parties, as well as acting with a due professional diligence, within the limits set by the legal regulations,
2. protection of the labor and trade union rights arising from the autonomous sources of the labor law and generally applicable legal regulations,
3. ongoing consulting and providing opinions on the basic social and economic issues taking place at TAURON Group,
4. performance of the obligations stemming from the agreements concluded as part of the social dialogue,
5. ensuring a proper representation of the employee interests, including ensuring that the implemented organizational transformations are carried out with respect for the employee interests,
6. establishment of the Social Dialogue Spokesperson in order to coordinate a cooperation in the field of the social dialogue, implement the tasks related to the social dialogue, and monitor the implementation of the agreements and decisions adopted by the Social Council and the Management Board of the Company.

In accordance with the provisions of the agreement, the meetings of the Presidium of the Social Council with the Management Board of the Company shall be held as required, however no less often than once a quarter. In 2024, 19 meetings had been held, during which both the current issues had been discussed as well as the talks had been held on the determination of the compensation in a given year. As a result, 2 wage agreements were signed covering TAURON Group's subsidiaries.

In addition to the meetings with the Social Council, the Management Boards of the individual subsidiaries shall conduct a dialogue with the trade unions operating at the subsidiaries. 246 meetings had been held in 2024.

The representatives of the social partners (work force) are also informed during the regular meetings and consultations of the issues related to:

1. economic and financial situation of TAURON Group,
2. transition of the power sector,
3. implementation of the strategic initiatives,
4. matters related to the labor issues at the Group.

In addition, since 2019, the Company has had an Employee Council in place, whose task is to improve the flow of the information between the employer and the work force and to provide consultations on the issues related to the company's business operations and economic (financial) situation as well as the anticipated changes in this regard, such as the status, structure and the planned changes in headcount and the actions aimed at maintaining the level of employment.

In 2024, 9 consultations had been held, related to, among other things, the organizational changes in the Company, the issues important to the employees, such as providing of the parking spaces or the adequate social zones (kitchens and the equipment thereof).

The social dialogue conducted for years is not only about taking care of the labor rights, but also about ensuring guarantees of a respect for the fundamental human rights, as described in more detail in *the Policy of Respect for Human Rights in sub-section S1-1 of this report.*

Initiatives after the employee feedback survey

The employee feedback survey is conducted every two years by an external company at TAURON Group. In 2023, the survey had been conducted mainly online and in a paper form, which ensured an equal participation in the survey for all of the employees. The survey participants exercise their right to the freedom of speech by expressing their opinions and views, as well as sharing of the observations and ideas regarding the labor issues at TAURON Group. The result of the survey was the identification of the priorities and improvement initiatives, under which in 2024, the following actions, among other things, were carried out:

1. involving of the employees in the dialogue and consultations when determining the content of TAURON Group's new Diversity Policy,
2. organizing of the parking spaces for the Company's employees,
3. digitizing of the individual processes (for example, moving away from the paper versions of the documents, widespread use of the domain and electronic signatures, launching of an electronic recruitment application),
4. starting of the work on implementing of the employee volunteering initiative.

TAURON Group's employees are the representatives of various age groups. They also include people with the varying degrees of disability. In connection with this, TAURON Group is building a culture of openness by combating the stereotypes related to age or disability and supporting an intergenerational dialogue that allows for the sharing of the knowledge.

Communication without barriers

The task of the internal communication is to provide TAURON Group's work force with a content that is reliable, written in a simple language, in an interesting and engaging (compelling) manner. This is achieved through, among other things, news, mailings, webinars, videos, as well as graphics and photos. An internal communication examination is conducted annually through the surveys, the aim of which is to collect the employee feedback and, as a result, optimize the communication activities.

The channels for the employee communication include:

1. Tauronet – a place where the most important information related to the activities of TAURON Group is published daily,
2. mail box – e-mail communication is the basic form of communicating of the important topics related to the activities of TAURON Group to the work force,
3. SMS gateway – it is a fast and effective channel for the delivery of the most important information,
4. notice boards – there are people working at TAURON Group's subsidiaries who do not have access to Tauronet and a mail box. There are notice boards at the subsidiaries head offices on which the persons responsible for the communication at a given subsidiary post the most important information,
5. leaflets and posters – these tools are also aimed mainly at the employees who do not have access to Tauronet and a mail box.

An initiative that supports the communication, both with the employees as well as with the customers, is *TAURON Speaks the Way Humans Do (TAURON mówi po ludzku)*. It involves simplifying of the messages and letters addressed to the customers, as well as promoting of the simple communication among the employees. *The details of this initiative are described in sections S4-2 and S4-4 in this report.*

TAURON Group is also implementing a comprehensive program *TAURON Without Barriers (Tauron Bez Barier)*, whose goal is to create an inclusive brand available to everyone. The program is addressed to the people with the disabilities, seniors, the sick and the socially or digitally excluded persons. *The detailed description of the program is included in section 12.10 of this report.*

Support for the employees finding themselves in a difficult situation

All of the employees who find themselves in an unfavorable situation can apply for support to *TAURON Foundation* or to the social committee. At the majority of TAURON Group's subsidiaries, a Company Social Benefits Fund is established, the main purpose of which is to finance the social activities for the benefit of the employees and their families. These funds can be allocated, among other things, to pay out the benefits to the employees or the former employees who have found themselves in a difficult life situation caused by, for example, an illness, an accident, a deterioration of the financial situation.

TAURON Foundation supports the employees and the former employees (retirees and disability pensioners) of TAURON Group and the members of their families who have found themselves in a difficult life situation by providing of the financial support in the form of the cash donations. The goal of these activities is to provide the necessary funds to cover the urgent needs, such as the costs of the treatment or rehabilitation, the children's education, or

other expenses related to improving of the life conditions, for example, in the event of the natural disasters such as the flood in 2024. The donations are awarded according to the specific criteria, which ensures their transparency and effectiveness in responding to the real needs of the beneficiaries.

(S1-3) Processes to remediate negative impacts and channels for own workers to raise concerns

ESRS S1-3

TAURON Group's Procedure for Reporting Irregularities (Whistleblowing) and Taking Follow-up Actions, implemented in 2024, is a key regulation for the functioning of the irregularities reporting (whistleblowing) system at the Group, aimed at identifying the irregularities and taking the follow-up actions. If any irregularities are confirmed, the remedial measures are taken, for example, a review of the applicable procedures, conducting of the dedicated training, taking actions to hold the perpetrator accountable through a disciplinary procedures or filing a notification with the law enforcement authorities. In accordance with the content of the Procedure, no retaliatory actions or attempts or threats to apply such actions may be taken against the whistleblower, the person assisting in filing of the report or a person associated with the whistleblower.

All of the reports are recorded in the internal register (log) of the irregularities, which allows for the monitoring of the course of the conducted follow-up actions, including the results of the fact finding investigations and the effectiveness of the recommendations issued in connection with the completed investigations. The follow-up actions conducted by the authorized persons focus on a dialogue with all of the participants in the investigation in order to determine the actual factual state of the case and issue the appropriate recommendations. All of the observations regarding the conducted fact finding investigations and the reported cases are taken into account when improving the system for the reporting of the irregularities (whistleblowing system).

The channels for the reporting of the irregularities, the mechanism for the reviewing of the reports and the issues related to the whistleblower protection are described *in section G1-1 of this report*. The employees have access to the channels for reporting of the irregularities (whistleblowing) and the content of *TAURON Group's Procedure for Reporting Irregularities (Whistleblowing) and Taking Follow-up Actions*. The implemented channels for reporting of the irregularities (whistleblowing) enable both reporting directly to the Director in Charge of Compliance at TAURON or the Compliance Coordinator at TAURON Group's other subsidiaries, as well as through the Reporting Irregularities Reporting (Whistleblowing) Form, which enables an anonymous reporting. The issues related to the mechanism for the reviewing of the reports and ensuring the protection measures were the subject of the employee training in 2024 (including an e-learning training). In addition to the implementation of the mandatory e-learning training, in order to demonstrate that the employees are aware of the existing structures for the reporting and reviewing of the reports, the employees are required to submit a statement that they have become familiar with the content of the Procedure.

In addition to the channels for the reporting of the irregularities (whistleblowing) as per the Procedure, the non-anonymous reports regarding any violations of the ethical principles, including the reports regarding any mobbing and discrimination, are reviewed by the Ethics Committee in accordance with *TAURON Group's Policy of Compliance with the Principles of Ethics and Countering Mobbing and Discrimination*. A description of the functioning of the Ethics Committee can be found in *section S1-1 of this report*.

As part of exercising the right to association and conducting of an active social dialogue, the employees may report their concerns and needs to the adequate units operating at TAURON Group, i.e. to the Social Dialogue Spokesperson or the Social Council of TAURON Capital Group composed of the representatives of the trade unions operating at TAURON Group, and at the level of TAURON Group's subsidiaries to the trade unions. The information on the activities of the trade unions can be found in *section S1-2 of this report*.

The reporting channels are defined in *TAURON Group's Procedure for Reporting Irregularities (Whistleblowing) and Taking Follow-up Actions* and in *TAURON Group's Policy of Compliance with the Principles of Ethics and Countering Mobbing and Discrimination*. The risk of an unethical behavior is one of the identified operational risks. As part of the monthly monitoring, the Director in Charge of Compliance at TAURON obtains the information, from the Compliance Coordinators and persons performing other functions, on the number of the reports regarding any potential unethical behaviors submitted to the Compliance Coordinator or to the Ethics Committee, confirmed cases of an unethical behavior, and initiated and ongoing court proceedings regarding mobbing or discrimination. The collective information in this regard is reported to the Director in Charge of Risk at TAURON.

In accordance with the Act on the Protection of the Whistleblowers in force since September 25, 2024, the external reporting mechanisms based on the third parties (i.e. the Ombudsman or a public authority) have been introduced, which are also referred to in *TAURON Group's Procedure for Reporting Irregularities (Whistleblowing) and Taking Follow-up Actions*. TAURON Group does not undertake any activities that would restrict the employees from using the complaint filing mechanisms based on the use of the third parties.

(S1-4) Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

ESRS S1-4

TAURON Group's business operations are based on an unconditional compliance with the labor law regulations and providing of the safe workplaces for all of the employees. The activities focused on the people and families are also implemented at TAURON Group through a number of the special campaigns dedicated to the strengthening of the family and human values. In this way, the social capital is built by strengthening of the social relations and the mutual trust among the employees, which guarantee not only the development of the company, but, first and foremost, of each person employed.

The safety and security of the employees, customers, contractors (counterparties), visitors and other stakeholders remains a priority issue with a very material impact on the decisions and actions taken at TAURON Group's subsidiaries. Due to the above, it is extremely important to meet the highest Work Health and Safety (WHS) standards in each area of the company's business operations.

TAURON Group identifies and eliminates or estimates and controls the risk associated with the known causes of the injuries, accidents at work, occupational diseases and near miss potential incidents resulting from performing of the specific tasks or staying in the work environment, and also implements the adequate preventive measures aimed at minimizing of the risk associated with an occurrence of the injuries, accidents at work, occupational diseases and the near miss potential incidents.

Activities supporting work-life balance and diversity

Two hours for the family and the Children's Day



Rodzinna MegaMoc 2024 czas start

Since 2012, TAURON Group has been a participant in the global social movement *Two Hours for the Family (Dwie godziny dla rodziny)*, organized by the Humanites Institute (Instytut Humanites), as part which companies are encouraged to shorten the working day from 8 to 6 hours. The employees can spend this extra time with their loved ones. The *Two Hours for the Family. For a Human Being* campaign at TAURON strengthens the company's social capital by developing of the social relations and appreciating of the individuality of each employee.



Rodzinna MegaMoc – zapisz się na webinar z Fundacją Czerwone Noski

In 2024, TAURON Group, in addition to a one time reduction of the working hours, had implemented a week-long initiative under the slogan Family Mega Power – *Great dreams unite generations* (Rodzinna MegaMoc – *Wielkie marzenia łączą pokolenia)*. The event organized in 2024 included, among other things: a webinar with the *Czerwone Noski Foundation*, a large book exchange, an art competition for the children – *Show your dream world*, a webinar – *Generations, what is changing – about how beautifully we differ and mutually enrich each other in the work environment*, a webinar *#climateForFashion* (*#klimatNaModę)* – about the ecological fashion, a photo competition for all of the employees – *My favorite place*, an open day for the employees' children.

Activities for diversity at TAURON Group

TAURON Group is working to prevent any discrimination by creating the right atmosphere at work, which makes the employees feel respected and appreciated and feel that they can develop and fully realize their professional potential. The development initiatives (Internal Trainers Program, *Development Squared*, TAURON Group Open University) provide the support for the process of exchange and sharing of knowledge between the diverse groups of the employees.

TAURON Group is implementing a number of the initiatives that strengthen the culture of respect for theh diversity, including, among other things:

1. training and lectures conducted by the experts for the employees, dedicated to the gender differences (for example *UNIKAT - or why each of us is unique, Don't stick a pin in your head* – the Women's Day at TAURON Group and the competition - *A woman who inspires me, What about this testosterone* – the Boyfriend's Day at TAURON Group and the competition - *A man who inspires me*),
2. *Diversity Month* - the initiative is associated with a strategic approach to the diversity management at TAURON Group, the goal of which is to create a work environment in which the employee diversity is promoted and

supported. The strategic approach to the diversity management also involves the strengthening of the social responsibility of TAURON Group and creating such workplaces with which the employees want to associate their long term career plans. The main events as part of the project had been carried out in parallel to the *European Diversity Month* in April and May 2024:

1) Diversity of the relationships: *How to build the relationships in diversity* – a webinar as part of the series *Development Squared,*
2) Biodiversity: *Understanding biodiversity* – a webinar*,*
3) The language of the diversity: *We all fit into the language* – Maciej Makselon – a lecture on an inclusive language,
4) Diversity of passions*: Two Hours for a Person* – reducing of the working time by 2 hours*,*
5) Diversity of age*: Generations, what is changing* webinar,
6) Diversity of the social roles: Mother's Day, Children's Day, Father's Day – a competition – *We were all children once,*

3. TAURON Group Open University – Webinar *Do not break down, break through – about breaking of the stereotypes*,
4. *TAURON without barriers* – a program related to the accessibility, as part of which the initiatives are implemented on an ongoing basis in order to eliminate the accessibility barriers for the people with the special needs, both in the context of the employees as well as the customers.

ESRS S1-4 §40 (a)

Awards for managing the social capital

Highest Quality HR

In 2024, TAURON and TAURON Obsługa Klienta had participated in the *Highest Quality HR (HR Najwyższej Jakości)* survey organized by the Polish Association of the Human Resources Management. The initiative *Diversity energy is uniting us – the diversity month at TAURON Group* - a project aimed at promoting the diversity among the employees as the greatest potential for the organization – had in particular been appreciated. Thanks to the events organized as part of the diversity month, the employees could find out what a great potential stems from the differences. The webinars on the inclusive language or the differences and the intergenerational communication enjoyed a great interest, with 692 employees taking part in them. As a result of taking part in the survey, TAURON and TAURON Obsługa Klienta had been awarded the Highest Quality HR 2024 Certificate.

Friendly Workplace 2024

TAURON has been awarded a special prize by the editorial board of the Markapracodawcy.pl portal – the *Friendly Workplace* emblem and statuette. TAURON Group's efforts aimed at creating of a friendly organizational culture based on the open relations with the employees were appreciated. It was recognized that TAURON goes far beyond the standards, consistently implementing the innovative development programs. The company's vision, rooted in a long term plan of the development and improvement of its staff, has been highly rated.

The development initiatives such as *the TAURON Group Open University* or *Development Squared* have in particular been appreciated, as they demonstrate a deep commitment to the employee education. The initiatives that help maintain a work-life balance have also been appreciated, such as *Two Hours for the Family. For a Human Being*, the balanced working time system or the flexible remote work options, confirming that TAURON takes care of the comfort of the employees. The care for a healthy and safe work environment has, in particular, been highly rated.

Responsible Employer. HR Leader

TAURON has also been awarded the *Responsible Employer. HR Leader* prize. This is a program aimed at promoting of the appropriate actions in the field of the human capital management. When assessing the company, the program jury paid special attention to TAURON's activities in the area of: creating of the attractive jobs, broadly understood training and development activities, the activities of the TAURON Group Open University, an attractive motivational system for the employees, the company's involvement in the charitable and educational activities, as well as the social initiatives and the sports projects.

An honorable mention for implementing of the initiatives as part of the *Two Hours for Family. For a human being* (*Dwie godziny dla Rodziny. Dla człowieka)* campaign

Once again, the initiative, which is organized every year under the slogan *Family Mega Power (Rodzinna MegaMoc)*, has been very highly rated and appreciated by the organizers of the campaign *Two hours for the family*.

For a human being - Humanites Institute. In October 2024, during the conference *Loneliness, labor market, innovation. A human being and business in the world of AI,* which took place in Warsaw, the employers who won the awards in the competition were presented with the diplomas.



Friendly recruitment 2024 – an award for TAURON Obsługa Klienta

In 2024, TAURON Obsługa Klienta joined the *Coalition for the Friendly Recruitment*, which brings together the companies and organizations that apply and promote the good recruitment practices.



This honorable mention is for the companies that show particular care in creating of the best experiences for the male and female candidates in the area of recruitment. TAURON Obsluga Klienta was appreciated for the partnership like approach, transparent communication, security of data of the male and female candidates applying for a job, and the development of the recruitment competences of the entire team.

Transition towards RES

The methods used to mitigate the negative impacts on own employees as a result of the transition to a greener economy are described in *section S1.SBM-3 of this report*.

In November 2024, TAURON Group had signed a letter of intent with the *Instrat think tank*, the goal of which is to support the representatives of TAURON Group and the social partners in the process of the active planning and management of a just transition in the south of Poland. This is one of the activities developing a cooperation with the social partners and the local government units in order to create the new jobs, obtain financing and achieve an economic diversification.

Instrat will be supporting TAURON in the dialogue with the social partners, including the trade unions and the local government units. Its role will be to explain the problems and help find the solutions by preparing the reliable analyses based on the facts and data. As an independent partner, it will present the opinions, concepts and recommendations to the company's representatives in order to improve the process of planning and managing a just transformation.

(S1-5) Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

ESRS S1-5

By implementing the internal regulations, TAURON Group is responding to the identified risks and opportunities related to its own employee resources. Each described policy or regulation is consulted with the social partners, whether at the stage of creating or updating its provisions. In 2024, all of TAURON Group's employees were able to express their opinion and propose the changes to the draft *Diversity Policy* through a survey available on the intranet. All of the suggestions were analyzed and some of them were reflected in the final version of the Policy.

In the *Human Capital Management Policy*, each strategic area includes the specific targets and the supporting activities, which are described in the table below.

Table no. 130 Strategic areas of activity designated by TAURON Group's Human Capital Management Policy

Area: Organization development Target: Implementing and promoting an organizational culture that supports the development of TAURON Group	Process
Strengthening employee engagement and creating a safe and inspiring work environment: 1. openness to communication with the employees, 2. obtaining and providing the feedback, 3. engaging employees in improving the work environment.	Employee Feedback Survey Employee communication Initiatives as part of Employer Branding Management by objectives
Building the image of TAURON Group as an attractive employer - both inside the organization as well as outside the organization by:: 1. surveying the opinion of the employees, 2. creating tools that allow to ensure easy and efficient communication with the employees, 3. cooperating with the universities and schools.	Employee Opinion Survey Employee communication Initiatives as part of Employer Branding Cooperation with the school and academic community
Ensuring an efficient flow of information and creating conditions for a partner dialogue with the work force: 1. strengthening of the cooperation among areas and among generations: 2. creating of an environment that is friendly to the exchange of knowledge and experience, 3. promoting of the knowledge sharing.	Social dialogue Implementation of the development initiatives and projects Cooperation with the school and academic community

Building relationships with the customers and strengthening of the awareness with respect to the environment protection and climate change	Initiatives as part of Employer Branding
Support for TAURON Group in the process of changes through access to the knowledge and market solutions: 1. designing of the development programs and providing knowledge, 2. monitoring of the market trends and solutions.	Employee development Implementation of the development initiatives and projects
Area: Organization efficiency management Goal: Focus on the organization efficiency	Process
Clear and consistent defining of the roles, tasks and required authorizations at work positions.	Position evaluation system Job description book
Creating clear compensation rules, based on the market conditions, that motivate people to work efficiently: 1. support of the implementation of tasks and goals that stem from the Strategy, 2. creating of the performance related employee compensation systems, 3. building of the tools that support management by objectives.	Employment (hiring), wages and benefits management Management by objectives Social dialogue
Minimizing of the risk associated with human capital management.	TAURON Group's risk management system
Ensuring the compliance with the principles of ethics and diversity: 1. conducting of the educational activities, 2. taking care of an environment that is free from mobbing and discrimination.	Regulations related to diversity, ethics and counteracting mobbing and discrimination
Optimizing, standardizing and digitizing of the Human Capital Management Area processes, increasing the flexibility and efficiency of the organization.	Human Capital Management Mega-process
Area: Competences and development management Goal: Supporting the development of competences	Process
Development of the employee competences for the needs of the changing energy sector: 1. developing of the competences that prepare for the change management, 2. focusing on acquiring of the new qualifications and improving of the employees' competences.	Implementation of the development initiatives and projects Recruitment
Creating a culture based on the self development: 1. Support of the employees through various individual development tools.	Employee development
Ensuring the continuity of the competences for the energy sector by educating pupils and students.	Cooperation with the school and academic community
Taking care of the employee retention: 1. creating of the opportunities for the development for the employees and ensuring a motivating atmosphere at work, 2. implementing of the pro-employee solutions.	Employee induction Employee development
Ensuring the transfer of the knowledge between the generations: 1. implementing of the development programs, 2. implementing of the internal training programs, 3. ensuring the exchange of the experiences between the generations.	Implementation of the development initiatives and projects Cooperation with the school and academic community
Ensuring the development of the leadership competences of the management personnel.	Employee development
Creating and improving of the tools for the development, motivation and the evaluation of the employees' potential.	Employee development

The individual processes within the Human Capital Management mega-process are assigned to the described areas and objectives of the Policy. Each of the processes is monitored based on the specific indicators (metrics).

By implementing the *Diversity Policy*, TAURON Group is seeking to:

1. shape the organizational culture and create a work environment in which each employee feels respected and appreciated, and in which they can fully realize their potential, which contributes to the building of the market advantage of TAURON Group,
2. build an employer's brand open to the diversity, by respecting the *International Charter of Human Rights* and the principles related to the fundamental rights specified in the *Declaration of the International Labor Organization* on the fundamental principles and rights at work,
3. raise the knowledge of the managerial staff with respect to the diversity and counteracting the discrimination,
4. engage the managerial staff in supporting the diversity,
5. prevent the discrimination,
6. increase the identification and commitment of the people employed at TAURON Group,
7. ensure high quality of the performance of the tasks by the people employed by first applying of the objective substantive criteria (systems for evaluating work, achieving goals and competence, in which only the skills,

results and commitment are taken into account), and then take into account the benefits stemming from the diversity,
8. comply with the ethical standards with a particular emphasis on the respect for the diversity in the relations with the customers, business partners and all of the other stakeholders,
9. engage socially through a cooperation with the diverse suppliers and a participation of TAURON Group in the community initiatives supporting the diversity,
10. adjust the internal and the intra-corporate regulations by taking into account the aspect of the diversity.

As part of the diversity management, the inclusion and cooperation indicator (metric) was measured for the first time in the last employee feedback survey. The next employee feedback survey is planned for 2025 and this indicator (metric) will be measured once again.

In addition, TAURON Group's participation in the *Diversity IN Check* survey will be a measure of the implementation of the assumptions as part of the diversity management in 2025. This survey enables the diagnostics of the level of the maturity of the employers in the area of the diversity management and building of the inclusive organizations within five thematic area:

1. management basics,
2. programs and activities,
3. building engagement,
4. result indicators,
5. availability of the products and services.

The main assumptions applied as part of *TAURON Group's Policy of Compliance with the Principles of Ethics and Countering Mobbing and Discrimination* include:

1. ensuring the compliance with the Principles of Ethics with respect to preventing of the employee rights violations and the conflicts among the employees,
2. defining of the principles of counteracting the cases of mobbing and discrimination at the workplace and in connection with the performance of the work, ensuring the implementation of the labor law provisions,
3. undertaking of the intervention measures and mitigating of the effects of the identified cases of the violations of the Principles of Ethics, in particular the cases of mobbing and discrimination,
4. taking of the disciplinary measures against the persons committing the violations of the Principles of Ethics, in particular the cases of mobbing or discrimination,
5. strengthening of the positive relations among the employees.

TAURON Group's employees had filed 12 reports of the potential violations with respect to the compliance with the principles of ethics, discrimination and mobbing (bullying) cases with the Ethics Committee in 2024. TAURON Group considers mobbing, discrimination and any violations of the Principles of Ethics as the highly reprehensible behaviors worthy of the condemnation, any form of which is not tolerated. All of the employee reports had been thoroughly and objectively investigated, and as a result of the Ethics Committee's work, 5 of the reports filed were confirmed and the adequate remedial measures were implemented.

The objective of the WHS policy is to define the values, the principles of operation, as well as the rules of conduct that are to serve the implementation of TAURON Group's 4 primary goals with respect to the work health and safety (WHS):

1. eliminating of the accidents at work of all of the persons employed by and working for the benefit of TAURON Group's subsidiaries and any other persons finding themselves at the place where TAURON Group's subsidiaries are conducting their operations,
2. ensuring the optimal working conditions for all of the persons employed by and working for the benefit of TAURON Group,
3. raising of the qualifications of the employees of TAURON Group, aimed at increasing of the competence with respect to improving their safety and the safety of their associates as well as the persons who find themselves at the place of their work,
4. improving of an effective work health and safety (WHS) management system, closely tied to the ongoing activities of TAURON Group.

Having in mind the accomplishment of the objectives of TAURON Group's WHS Policy the annual management goals (KPIs) related to ensuring the work (occupational) safety are set. The overarching goal in this area is to improve the accident frequency rate and to maintain zero fatal accidents. In addition, the WHS services and/or supervisors, at TAURON Group's individual subsidiaries, are conducting the internal audits, the results of which are included in the analysis of the WHS status for a given year and forwarded to the top management. They also constitute the basis for developing of the plans to improve the working conditions and setting of the WHS goals for the specific time frames.

As part of the monitoring of the state of safety the following activities had been carried out in 2024:

1. 1 521 inspections, including 724 inspections carried out by the external companies at TAURON Wytwarzanie,
2. 40 inspections, including 6 inspections carried out by the external companies at TAURON Ekoenergia,
3. 463 inspections, including 127 inspections carried out by the external companies at TAURON Ciepło,
4. 11 799 inspections, including 1 834 inspections carried out by the external companies at TAURON Dystrybucja,
5. 5 213 inspections, including 245 inspections carried out by the external companies at TAURON Dystrybucja Pomiary,
6. 6 inspections, including 3 inspections carried out by the external companies at TAURON Inwestycje,
7. 110 inspections at TAURON Obsługa Klienta.

TAURON Group's selected subsidiaries that deal with the particularly hazardous work have introduced the additional training and the work health and safety standards for the external entities.

In 2024, the *Moment for WHS (Minutka dla BHP)* campaign was continued, the goal of which was to popularize the topic of WHS, newsletters were published on the occasion of the *World Day for Safety and Health at Work*, and the *YOUR safety in YOUR hands (TWOJE bezpieczeństwo w TWOICH rękach)* campaign was conducted. The employees had an opportunity to take part in the webinars and training on WHS, improving of the quality of the professional life and the ergonomics behind the steering wheel.

TAURON Group is also monitoring the safety status of the contractors by conducting of the inspections of the external entities performing the work for the benefit of TAURON Group. It should be noted that the entities performing the work at TAURON Group's subsidiaries are obliged to comply with the applicable WHS procedures and rules under the contractual provisions.

(S1-6) Characteristics of the undertaking's employees

ESRS S1-6

At TAURON Group, the employment data is aggregated in the form of the average monthly headcount for 2024 and the headcount as of December 31, 2024.

Table no. 131 Average headcount (in the full time equivalents) at TAURON Group in 2024, broken down by gender

	Poland	TAURON Group's total[1]
Women	5 038.37	5 044.37
Men	13 691.65	13 697.65
Total	18 730.02	18 742.02

[1]*TAURON Czech Energy employs fewer than 50 employees which does not represent at least 10% of the total number of the persons employed.*

The table below presents the breakdown of the employees by type of a contract who were employed as of 31 December 31, 2024. Due to the fact that Polish law does not contain any provisions regarding the minimum guaranteed working hours, they have not been included in the table below.

Table no. 132 Number of TAURON Group's employees by type of contract (labor contract) and gender as of December 31, 2024

	Poland	TAURON Group's total[1]
Number of employees employed under a labor contract	18 788	18 800
Women	5 088	5 094
Men	13 700	13 706
Number of employees employed for a definite (fixed) period of time (including for a trial period and as a sub)	1 457	1 457
Women	478	478
Men	979	979
Number of employees employed for a indefinite period of time	17 331	17 343
Women	4 610	4 616
Men	12 721	12 727
Number of full time employees	18 683	18 693
Women	5 021	5 025
Men	13 662	13 668

	Poland	TAURON Group's total[1]
Number of part time employees	105	107
Women	67	69
Men	38	38

[1]*TAURON Czech Energy employs fewer than 50 employees which does not represent at least 10% of the total number of the persons employed.*

The turnover rate at TAURON Group had come in at 7% for 2024, and the number of the employees who had left clocked in at 1 402 persons. The following factors were taken into account in order to calculate the number of the departures:

1. external dismissals due to a retirement / early retirement, agreement between the parties, termination by one of the parties, death of an employee, disability pension, long term illness, termination of the contract after the expiry of the period for which the contract had been concluded, disciplinary dismissals, temporary arrests, call-ups for the professional military service,
2. departures under the *Voluntary Redundancy Programs* without persons who were on a suspension scheme (parental leave, unpaid leave or rehabilitation benefit),
3. departures on a suspension scheme (parental leave, unpaid leave or rehabilitation benefit),
4. transfer to a single employer of the employees who had previously worked for more than one employer within TAURON Group,
5. switch over to a management contract.

(S1-7) Characteristics of non-employee workers in the undertaking's own workforce

ESRS S1-7

In addition to the persons employed under a labor contract, TAURON Group employs the associates who are not its employees but they are working under other contracts. The data presented in the table below reflects the number of such persons as of December 31, 2024.

Table no. 133 Number of associates who are not TAURON Group's employees but they are working under other contracts, broken down by type of contract and gender as of December 31, 2024.

	TAURON Group total
Number of associates employed under contracts other than a labor contract	534
Women	284
Men	250
Persons under management contracts	42
Women	9
Men	33
Self employed persons	1
Women	0
Men	1
Agency / temporary workers	168
Women	131
Men	37
Persons on post graduate internships / apprenticeships	4
Women	3
Men	1
Persons providing services under a civil law agreement	271
Women	128
Men	143
Members of the Supervisory Board	48

	TAURON Group total
Women	13
Men	35

At TAURON Group the Members of the Management Boards of the subsidiaries are employed on the basis of the management contracts, and the members of the Supervisory Boards are appointed to perform this function.

The self employed persons, agency workers, persons providing services on the basis of a civil law agreement are responsible for ensuring the continuity of the work within a specified time frame (seasonality of the tasks). In addition, they provide the support in the performance of the non-standard tasks that require an expert knowledge, which are not recurring and therefore do not require a change in the number of the FTEs.

(S1-8) Collective bargaining coverage and social dialogue

ESRS S1-8

Scope of the collective bargaining

At the overwhelming majority of TAURON Group's subsidiaries the terms and conditions of work and employment are defined in the *Company's Collective Bargaining Agreements (CBAs) (Zakładowe Układy Zbiorowe Pracy* - ZUZP). Depending on the specific solutions adopted at some of the Group's Subsidiaries, the top management staff (N-1 level) is excluded from the Collective Bargaining Agreements, and the terms and conditions of their employment are regulated in the labor contract based on the *Principles of Compensation at TAURON Group*. At the subsidiaries where the Collective Bargaining Agreement (CBA) is not applied, the wages and the terms and conditions of an employment are regulated by applying the *Compensation Regulations* and the *Labor Regulations*. The content of these regulations is consulted with the social partners (work force).

Table no. 134 Percentage of TAURON Group's employees covered by the collective bargaining agreements as of December 31, 2024

	Poland	TAURON Group's total[1]
Total number of the employees covered by the collective bargaining agreements	18 180	18 180
Total number of the persons employed	18 788	18 800
Percentage of the employees covered by the collective bargaining agreements	96.8%	96.7%

[1]*TAURON Czech Energy employs fewer than 50 employees which does not represent at least 10% of the toral number of the persons employed.*

In the case of the non-employees who are a part of the company's own workforce, the terms and conditions of work and employment are specified in the individual contracts for the services and in the management contracts. In the case of temporary employees, the terms and conditions that are applied are those in accordance with the relevant Collective Labor Agreement.

Social dialogue

The trade unions are operating at the majority of the subsidiaries of TAURON Group, hence the percentage of the employees at the subsidiaries where there are the representatives of the work force stands at 99.5%. As of the end of 2024, more than 11 000 employees (i.e. 60% of the total number of the employees) had been associated in the trade union organizations.

The detailed description of the social dialogue can be found in section S1-2 of this report.

Table no. 135 Scope of the collective bargaining and social dialogue

	Scope of the collective bargaining		Social dialogue
Degree of coverage	Employees – EEA[1] (in the case of the countries where an entity has >50 employees representing >10% of the total number of the employees)	Employees - non-EEA (estimate for the regions where an entity has >50 employees representing >10% of the total number of the employees)	Representation at workplace (EEA only)
80 - 100%	Poland	not applicable	Poland

[1]*EEA – European Economic Area.*

(S1-9) Diversity metrics

ESRS S1-9

In this disclosure, the top management staff means the members of the management boards of TAURON Group's subsidiaries. In accordance with the information provided in *section S1-7 of this report*, these persons are employed

on the basis of a management contract, with the exception of the members of the management board of TAURON Czech Energy, who are employed on the basis of a labor contract.

The table below presents the data on the gender distribution and age structure of the members of the management boards of the subsidiaries and the employees of TAURON Group as of December 31, 2024.

Table no. 136 Gender and age structure distribution in the numerical and percentage terms for the management boards and the employees of TAURON Group as of December 31, 2024.

	Management Board			Directors			Managers			Other administrative (white collar) positions			Blue collar positions		
	up to 30 years	above 30 up to 50 years	above 50 years	up to 30 years	above 30 up to 50 years	above 50 years	up to 30 years	above 30 up to 50 years	above 50 years	up to 30 years	above 30 up to 50 years	above 50 years	up to 30 years	above 30 up to 50 years	above 50 years
Women	0	8	1	0	29	13	10	289	134	545	2 548	1 276	20	91	140
Men	0	17	17	0	49	80	14	585	734	549	2 265	2 116	1 037	2 410	3 866
Total	0	25	18	0	78	93	24	874	868	1 094	4 813	3 391	1 057	2 501	4 006
Percentage share:															
Women	0.0%	18.6%	2.3%	0.0%	17.0%	7.6%	0.6%	16.4%	7.6%	5.9%	27.4%	13.7%	0.3%	1.2%	1.9%
Men	0.0%	39.5%	39.5%	0.0%	28.7%	46.8%	0.8%	33.1%	41.6%	5.9%	24.4%	22.8%	13.7%	31.9%	51.1%
Total	0.0%	58.1%	41.9%	0.0%	45.6%	54.4%	1.4%	49.5%	49.2%	11.8%	51.8%	36.5%	14.0%	33.1%	53.0%

(S1-10) Adequate wages

ESRS S1-10

TAURON Group has the *Principles of Compensation at TAURON Group* in place, which implement the simple and transparent compensation principles based on the market conditions and motivating for an effective work. The compensation system at each of TAURON Group's subsidiary is defined in the *Company's Collective Bargaining Agreement* or in the *Compensation Regulations*. The compensation reflects the value, type and quality of the work, the employee's level of competence and it is determined on the basis of the tariffs that are based on the valuation of the specific job positions.

The social partners are involved in the process of determining the valuation of the specific job positions and introducing of the changes to the compensation systems as well as determining of the level of the wage increases, both at the Group level through TAURON Group's Social Council, and at the level of the individual subsidiaries.

All of the changes to the minimum wage at the national level are implemented in the compensations throughout TAURON Group. The level of the adequate wages at TAURON Group has been set at the level of the minimum wage applicable in Poland.

(S1-11) Social protection

ESRS S1-11

All of the employees of TAURON Group are covered by the social protection (shield) under the legal regulations currently in force.

(S1-12) Persons with disabilities

ESRS S1-12

TAURON Group's work force includes the persons with the varying degrees of disability. The table below shows the percentage of these employees by gender as of December 31, 2024.

Table no. 137 Percentage of the persons with disability at TAURON Group as of December 31, 2024

	Percentage of the persons with disability at TAURON Group
Women	2.3%
Men	1.1%
Total	1.4%

(S1-13) Training and skills development metrics

ESRS S1-13

TAURON Group's employees have an opportunity to take part in the various development initiatives, such as training, specialist courses or conferences. The numerical data with respect to the average and the total number of the training hours per employee in 2024, broken down by gender and position, is presented in the table below. The average number of the training hours has been calculated using the employment data described *in sections S1-6 (in the case of the employees) and S1-7 (in the case of the members of the Management Board) in this report*.

Table no. 138 Metrics with respect to the training and skills development at TAURON Group as of December 31, 2024

Metrics with respect to the training and skills development at TAURON Group	2024
Average number of hours of training by gender	19.48
Women	17.94
Men	20.05
Total number of hours of training by gender	366 969
Women	91 540
Men	275 429
Average number hours of training by category	20
Management Board	50
Directors	69

Metrics with respect to the training and skills development at TAURON Group	2024
Management position	26
Administrative (white collar) positions	16
Blue collar position	22
Total number hours of training by category	366 969
Management Board	2 146
Directors	11 780
Management position	45 194
Administrative (white collar) position	144 818
Blue collar position	163 031

(S1-14) Health and safety metrics

ESRS S1-14

TAURON Group is taking the necessary preventive measures aimed at ensuring the best possible protection of the health condition of its work force, including, among other things, identifying and regularly monitoring of the risks, estimating of the occupational risks at the workplace, as well as steadfastly striving to reduce the number of the accidents by intensifying of the activities promoting a safe behavior at the workplace. The numerous training courses are provided for both the employees, as well as the external entities performing the work for TAURON Group's subsidiaries.

The systematic monitoring of the number of the accidents at work, the near misses and the occupational diseases takes place not only at the level of TAURON Group's individual subsidiaries, but also at the level of the entire Group.

100% of TAURON Group's work force are covered by a work health and safety (WHS) management system based on the legal requirements with respect to the occupational safety, as well as the internal standards applicable at TAURON Group's subsidiaries. All of the regulations in place at TAURON Group's individual subsidiaries are tailored to the profile and the type of the work performed (for example, the internal regulations, procedures, the work health and safety (WHS) manuals and equipment operation instructions). In addition, the individual subsidiaries have internal normative acts in place in case of the emergency and accident situations (for example, the manuals or documents with respect to the protection against explosion, the manuals with respect to the fire safety of the facilities or the procedures for dealing with the accidents at work).

There was 1 fatal accident among TAURON Group's work force in 2024.

There were no fatal accidents affecting the employees of the external companies in 2024.

At TAURON Group's subsidiaries, 102 accidents affecting own work force had taken place in 2024, in which a total of 107 persons had been injured.

One accident had taken place at the end of 2024. As a result of the post-accident investigation, completed in February 2025, the event was deemed to be an accident at work. In accordance with the Polish regulations, the date of the registration of the accident in the accident register (log) following the approval of the post-accident protocol (report) is of the fundamental importance for the inclusion of an accident at work in the accident statistics for the given year. However, in the context of meeting the ESG reporting requirements, the accident had been included in the statistical data for 2024.

TAURON Group's subsidiaries are keeping the registers (logs) of the accidents at work and send the reports to TAURON Polska Energia on the number and the type of accidents at work. The table below presents the statistics of the accidents at work at TAURON Group by gender and type of accident.

Table no. 139 Statistics of the accidents at work at TAURON Group by gender and type of accident

	2024
Total number of the employees injured in the accidents at work	107
Women	19
Men	88
Number of the employees injured in the fatal accidents at work	1

	2024
Women	0
Men	1
Number of the employees injured in the minor (less severe) accidents at work	106
Women	19
Men	87
Number of employees injured in the severe accidents at work	0
Women	0
Men	0
Number of the mass accidents	4

In 2024, the most frequent activity performed by the injured person at the time of the accident was “walking, running, climbing on, descending from” (Code 61 under item 21 of the Statistical Accident Card). During the reported period, the most common injuries were classified as the sprains and strains (Code 32 under item 8 of the Statistical Accident Card).

The accident frequency rate had stood at 3.40 in 2024 and it is presented in the table below.

Table no. 140 Accident frequency rate in 2024

Accident frequency rate	2024
Employees	3.40[1]
Non-employees constituting the entity's own work force resources	--[2]

[1]Accident frequency rate = The number of cases divided by the number of hours worked by the employees multiplied by 1 000 000,
[2]TAURON Group does not report the accident frequency rate with respect to the non-employees who constitute the entity's own work force resources due to the lack of the data on the number of hours worked in 2024. Currently, TAURON Group is at the stage of developing a mechanism for obtaining the data in order to report the accident frequency rate with respect to the non-employees who constitute the entity's own work force resources in the subsequent years.

In 2024, 1 case of an occupational disease (borreliosis) had been reported among TAURON Group’s work force.

TAURON Group’s individual subsidiaries keep a register listing the cases of the identified occupational diseases and the suspected cases of such diseases, as well as monitor and take measures aimed at preventing such diseases. The information on the number of the occupational diseases is required to be sent by the subsidiaries in their internal work health and safety (WHS) reports to TAURON Polska Energia.

The number of days lost due to the work related injuries and the fatalities due to the work related injuries, the work related ill health and the fatalities due to the ill health, for the entity's employees for 2024 stands at 4 497 days.

Among the most important documents governing the work health and safety (WHS) issues at workplace at TAURON Group is the Integrated Management System implemented at the TAURON Wytwarzanie subsidiary, which includes the Environmental Management System and the ISO 14001:2015, ISO 45001:2018 Work Health and Safety (WHS) Management System.

ISO 45001 is a standard that defines the requirements for a work health and safety (WHS) management system, along with the guidelines for the application thereof.

At TAURON Group’s other subsidiaries, the internal inspections of the working conditions and the analyses of the health and safety status are carried out.

In 2024, no cases of the work related ill health subject to reporting were reported among the persons who had been part of the entity's employee resources in the past.

(S1-15) Work-life balance metrics

ESRS S1-15

At TAURON Group, all of the employees are able to take a family leave, including, among other things, a maternity, parental and care leave. In accordance with the Polish and the European legislation, all of the employees are entitled to a care leave, therefore all of employees are entitled to a family leave.

Table no. 141 Percentage of the eligible employees who took a family leave in 2024

	Number of the eligible employees entitled to a family leave	Number of the eligible employees who took a family leave	Percentage of the eligible employees who took a family leave
Women	5 094	379	7.4%
Men	13 706	594	4.3%
Total	18 800	973	5.2%

(S1-16) Compensation metrics (pay gap and total compensation)

ESRS S1-16

To calculate the compensation metrics, the annual compensation has been taken into account, calculated as the sum of the compensation paid out excluding the jubilee (work anniversary) bonuses, compensation for an unused leave as well as the retirement and disability and military severance pay.

Pay gap

The pay gap between women and men is defined as the percentage of the difference in the average pay level between women and men, in relation to the average pay level of men.

Table no. 142 Pay gap

	TAURON Group's total
Pay gap	10%

At TAURON Group the difference between the women's and men's pay reflects the specificity of the energy industry and the resulting employment structure. 73% of the employees had been men in 2024.

Total Compensation Ratio

The total compensation ratio is calculated as the ratio of the highest earning individual's annual total compensation to the median annual total compensation of the work force excluding the highest earning individual.

The ratio presented in the table below has been calculated in two variants, in order to present transparent and comprehensive contextual information, in the following way:

1. Basic total compensation ratio:
    1) **numerator** – represents the total annual aggregate compensation of the top earner at TAURON Group irrespective of a contract type in 2024,
    2) **denominator** – represents the median annual aggregate compensation of the employees employed under a labor contract at TAURON Group.
2. Alternative total compensation ratio:
    1) **numerator** – represents the total annual aggregate compensation of the top earner at TAURON Group irrespective of a contract type, taking into account the estimated amount of the variable compensation for the accomplishment of the management objectives in 2024. The potential variable compensation can be paid out in 2025, if the accomplishment of the management objectives set for 2024 is deemed to be at the level of 100%, after the following conditions have been met: the approval of Report of the Management Board on the operations of TAURON Polska Energia S.A. and TAURON Capital Group for the financial year 2024 and the Financial Statements of TAURON Polska Energia S.A. for the year ended on December 31, 2024 in accordance with the International Financial Reporting Standards approved by the European Union, as well as after the General Meeting of the Shareholders of the Company has granted a discharge for (acknowledged) the performance of the duties of a Member of the Management Board,
    2) **denominator** – represents the median annual aggregate compensation of the employees employed under a labor contract at TAURON Group.

Table no. 143 Total compensation ratio

	TAURON Group's total
Total compensation ratio	6.5
Alternative total compensation ratio	13.0

(S1-17) Incidents, complaints and severe human rights impacts

ESRS S1-17

The Director in Charge of Compliance at TAURON Polska Energia monitors the risk of an unethical behavior at TAURON Group as part of the monthly monitoring. As part of the monitoring the risks of the unethical behaviors, not only of the incidents related to the suspicions of a discrimination (including harassment) are investigated, but also all of the manifestations of the unethical behavior (for example, with respect to the violations of the principles of social coexistence) and the initiated and heard court cases regarding mobbing or discrimination.

Table no. 144 Incidents, complaints and serious impacts on the compliance with the human rights[1]

Metric	Number / Information
Total number of the incidents of discrimination, including harassment	1
Number of the complaints filed through the whistleblowing channels regarding unethical behavior	17
Total amount of the fines, penalties and compensation for damage resulting from the incidents and complaints disclosed above	None

[1]*The data is related to the cases reported in 2024 to the Ethics Committee or through the channels for the reporting of the irregularities (whistleblowing) to the Compliance Area at TAURON Group.*

According to the information posted on the website regarding the notifications submitted to the *OECD National Point for Responsible Business*, no complaints had been filed in 2024 regarding the activities of TAURON Group's subsidiaries.

In 2024, no serious incidents concerning the respect for the human rights had been identified at TAURON Group.

12.17. Value chain workers (S2)

(S2.SBM-2) Interests and views of stakeholders

ESRS S2.SBM-2

TAURON Group's Strategy and Business Model, as the overarching guidelines for the setting of the organizational and corporate governance goals, have an impact on the operational activities throughout entire TAURON Group. Taking care of the interests, views and rights of the employees in the value chain is reflected in the adopted and publicly available *TAURON Group's Corporate Social Responsibility Code of Conduct*. This document contains the Group's obligations in the area of the human, employee and environmental rights, and also guarantees the possibility of reporting any activities that are inconsistent with the applicable law. TAURON Group does not have any regulations directly relating to the persons performing work in the supply chain. These issues are regulated within the framework of the business relations with the contractors (counterparties) and their legal representatives, specified in the agreements concluded. First of all, they include the obligation to become familiar with and the need to apply and comply with the provisions of *TAURON Group's Corporate Social Responsibility Code of Conduct* and *TAURON Group's Policy of Respect for Human Rights*. The contractual provisions with respect to the natural environment, safety and compliance are standardized throughout entire TAURON Group.

(S2.SBM-3) Material impacts, risks and opportunities and their interaction with strategy and business model

ESRS S2.SBM-3

As part of their business activities, TAURON Group's subsidiaries are cooperating with the various entities providing the supplies, services or the construction works. Not all of the persons who may be affected by TAURON Group's subsidiaries are subject to a disclosure. The persons performing work in the value chain are carrying the services, construction works or deliver the appropriate materials for TAURON Group.

In 2024, the majority of the contracts for which the full procurement process had been conducted were concluded with the entities based in Poland. Due to the scale of TAURON Group's operations, among the persons performing work in the value chain we have freelancers, i.e. legal counsels, attorneys at law or tax advisors, as well as the specialists in the fields of IT, engineering and the persons performing, for example, meter reading services or the cleaning services. The persons performing work in the value chain may have a degree of disability, which, in accordance with Polish law, requires the employers to take the adequate measures in the context of adapting the place and conditions of work. The persons in the supply chain are performing work on the premises of TAURON Group's subsidiaries or at contractor's sites and at other places.

Given the complexity of the products and services provided to TAURON Group's subsidiaries, it is possible that some people in the entire supply chain are involved in the extraction of metals or mineral deposits. TAURON Group does not verify the entire supply chain (including the people performing the work). In connection with the cooperation undertaken with the third parties, TAURON Group's subsidiaries have not identified any cases of child labor or forced labor in the performance of its purchase orders. Due to the use of some components for the construction of

the RES installations originating from the Asian countries, the risks related to the employment of children or forced labor may arise or have a material impact on the environment. In order to reduce the risks related to the work health and safety within the facilities belonging to TAURON Group's subsidiaries, training is conducted for the employees with respect to the work health and safety (WHS), operation of the power equipment, etc.

As part of the double materiality assessment analysis conducted, two material risks related to the people performing work in the value chain have been identified. The first is related to the risk of the incidents associated with the work safety during the execution of the contracts for the benefit of TAURON Group's subsidiaries. A failure to comply with the work health and safety (WHS) regulations by the contractors (counterparties) may bring about the disruptions in the operational work of TAURON Group's subsidiaries, the delays in the project implementation and the financial consequences. The second risk is related to the loss of TAURON Group's reputation in the event of a failure to respect the human rights by its business partners.

(S2-1) Policies related to value chain workers

ESRS S2-1, ESRS 2 §62

In 2017, TAURON Group had adopted the *Code of Conduct for the Contractors (Counterparties) of TAURON Group's Subsidiaries* (hereinafter referred to as the Code), the provisions of which are consistent with the standards of the *International Labor Organization*. The document contains the obligations for the contractors (counterparties) in the field of the human rights, including: work health and safety, transparent personnel policy, prohibition of the use of the forced labor, slavery, human trafficking, employment of the children and minors, environmental protection and waste management, fair competition and information security and protection. The contractors (counterparties) shall also be obliged to comply with the *Universal Declaration of Human Rights* and the *European Convention on Human Rights.*

In the procurement process TAURON Group's subsidiaries require the contractors (counterparties) to submit their declarations on having become familiar with the Code and to undertake to comply with it at the stage of a purchase order execution. In 2024, 2 726 proceedings had been conducted under the full procedure regime at TAURON Group and 11 341 bids had been submitted along with the declarations on having become familiar with the Code and the compliance with the content thereof during the purchase order execution.

TAURON Group declares respect for the human rights, which is also reflected in *TAURON Group's Corporate Social Responsibility Code of Conduct* posted on TAURON's website. The document describes the approach to the issue of the human, employee and environmental rights.

TAURON Group's subsidiaries do not have any regulations in place regulating the cooperation with the persons in the supply chain. Indirectly, the relations with the contractors and their representatives are described, among other things, in *TAURON Group's Purchase Order (Contract) Award Regulations*, which emphasize the requirement of no conflict of interest with the contractor or the persons representing contractors.

TAURON Group's subsidiaries have not recorded any cases of non-compliance with the UN Guiding Principles on Business and Human Rights, the *International Labor Organization's Declaration* on the fundamental principles and rights at work, the *OECD Guidelines for International Enterprises*, which apply to the persons performing work in the value chain. The Code had not been updated in the reporting year. The Code has been published on TAURON's website and is available without any restrictions.

(S2-2) Processes for engaging with value chain workers about impacts

ESRS S2-2

The cooperation with the people performing work in the value chain takes place at each stage of the purchasing process, i.e. collecting of the bids, negotiating of the terms of a contract implementation, contract implementation. In the purchasing process the cooperation with the contractor's representatives (e.g. members of the management board, proxies, powers of attorney) takes place through a direct contact, telephone consultations, exchange of information via a purchasing platform. The frequency of the cooperation depends on the form of the procedure, it can be carried out on an ongoing basis (minor orders), regularly (for the concluded contracts), incidentally (in response to the legal requirements or requests from the interested parties).

TAURON Group has not implemented a general process of a cooperation with the people performing work in the value chain and there are no formal rules for assigning the responsibility for the cooperation with the workers in the supply chain. Due to the large geographical dispersion and the wide range of the purchased goods, services and the construction works, contacting the contractor is the responsibility of the people at the various levels of the organization, depending on the size and complexity of the purchase orders. The business decisions are made based on the history of the cooperation, for example, with respect to increasing of the supervision during the implementation of the contracts in certain purchasing categories, a different method of the contract implementation.

In 2024, the cooperation had been initiated as part of the purchasing processes under way with more than 1 200 entities, out of which more than 99% are the Polish entities. In 2024, a procedure had been conducted for the

cleaning services at TAURON Group. The condition for the implementation of the contract was that the contractors would employ some of the people providing the cleaning services under a labor contract. In order to strengthen the enforcement of this condition, as a pilot solution the provisions were included in the contract regarding the possibility of conducting the audits at the contractors, in order to verify the method they applied to hire their employees, WHS training, providing of the protective clothing and water. The audit had been carried out by the purchasing category's manager and an external entity specializing in the labor law regulations. The reports were prepared from the audit conducted. The results of the reports may be used to take actions to improve the situation of the employees performing the cleaning services in 2025. In another contract concluded in 2024, there was a need for an increased monitoring of the implementation of the contract due to the doubts as to the contractor's due diligence. The actions implemented allowed for the smooth implementation of the service and getting to know the workers' perspective.

TAURON Group's subsidiaries have not concluded any global agreements with the world trade union federations regarding the respect for the human rights of the persons performing work in the value chain, including their rights to the collective bargaining, are binding on the individual and how these agreements enable it to get to know the perspective of these persons.

(S2-3) Processes to remediate negative impacts and channels for value chain workers to raise concerns

ESRS S2-3

Reports of the irregularities submitted by the persons performing the work in the value chain may be filed through the irregularity reporting (whistleblowing) channel selected by the reporting party, referred to in *section G1-1* and *in sections S1-3 of this report*. The reporting channels provided by TAURON Group do not require access to the internal intranet. The reports may be submitted through the *Irregularities Reporting (Whistleblowing) Form* available on TAURON's website, which allows for the anonymous reporting. The fact finding investigation in the cases concerning the persons performing work in the value chain are conducted based on the same mechanisms as the investigations conducted in connection with the company's own employee resources. The basis for receiving and reviewing of the reports is *TAURON Group's Procedure for Reporting Irregularities and Taking Follow-up Actions*, which includes the reviewing of the case in a confidential manner, while respecting the privacy rights and the data protection rights.

In the event the irregularities in connection with the report submitted by the persons performing the work in the value chain have been confirmed, the appropriate remedial measures shall be taken, adequate to the case and the agreement binding TAURON Group with the entities in the value chain.

The information on the possibility of reporting the irregularities and the available reporting channels is included in the *Code of Conduct for the Contractors (Counterparties) of TAURON Group's Subsidiaries* and in *TAURON Group's Corporate Social Responsibility Code of Conduct*, which the contractors (counterparties) undertake to comply with during the procurement process. The information on the irregularity reporting (whistleblowing) system, including the reporting channels, is available on TAURON's website under the Compliance tab.

TAURON Group does not have any separate processes related to ensuring the remedial measures or contributing to their provision in a situation where an entity has had a material negative impact on the people performing the work in the value chain or contributed to the exerting of such impact. Currently, no dedicated activities are being conducted in order to raise the awareness of the people performing the work in the value chain with respect to the reporting channels provided. TAURON Group's subsidiaries do not engage in the direct communication with the workers performing the work in the value chain with respect to providing the information on the possibility of reporting the irregularities. TAURON Group does not undertake any activities that would restrict the workers' use of the third party complaint mechanisms.

TAURON Group is taking the steps aimed at verifying the commitment of TAURON Group's contractors in terms of their implementation of the values related to the sustainable development. In 2025, a pilot project will be launched to provide an ESG survey for TAURON Group's selected contractors (counterparties), which will ultimately also include the potential contractors (counterparties). One of the aspects examined in the survey is the contractors (counterparties) providing of the channels for reporting of the concerns to their own employees. The new contractual clauses have been in force from 2025, including the possibility of conducting of the audits at the contractors.

(S2-4) Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

ESRS S2-4

The material impacts identified in the double materiality assessment related to the workers performing the work in the value chain will be subject to a further analysis and TAURON Group will make every effort to develop and implement the management of the material risks, opportunities and impacts. In the long term, it is planned that the best practices in this area will be gradually introduced and applied. As part of the activities already under way

regarding the impacts on the persons performing the work in the value chain, TAURON Group complies with *TAURON Group's Corporate Social Responsibility Code of Conduct*, which covers the ESG values, including the respect for the human rights, partnership in relations with the stakeholders and a prevention of abuse. The Corporate Social Responsibility Code of Conduct guarantees the possibility of reporting of the activities that are inconsistent with the generally applicable law. In the agreements concluded with the contractors (counterparties) by TAURON Group, the provisions have been included for the contractors on having become familiar with and the need to comply with the above mentioned Code, as well as the *Code of Conduct for the Contractors (Counterparties) of TAURON Group's Subsidiaries* and *TAURON Group's Policy of Respect for Human Rights*. The above mentioned regulations and communication channels are publicly available, this information, along with the instructions on the possibility of reporting the abuse, is posted on TAURON's website. More information on this subject is included in the other sections of this report related to the disclosures for the ESRS S2 standard. TAURON Group is taking the additional actions in order to educate the people involved in the procurement processes in the area of respecting the human rights and acting in accordance with the ESG values, thanks to the training provided and the use of the appropriate provisions in the contracts with the suppliers.

In 2024, TAURON Group did not identify any reports of the serious issues and incidents concerning the human rights violations related to the upstream and downstream value chain.

In 2024, TAURON Group did not collect any data on the resources to be used for the needs of the management of its material impacts.

(S2-5) Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

ESRS 2 MDR-T §81

TAURON Group's subsidiaries have not set any targets related to the workers in the supply chain.

12.18. Affected communities (S3)

(S3.SBM-2) Interests and views of stakeholders

ESRS S3.SBM-2

TAURON Group is committed to running its business operations in a socially responsible manner, taking into account the interests and the needs of the local communities. The Group's most important activity is to provide the basic services, which include access to electricity and heat. From the point of view of the interests and the rights of the communities, the Group's key strategic objective is to ensure energy security and a stable supply of electricity and heat. Both TAURON Group's Strategy as well as its Business Model are aligned with these community expectations.

While conducting its operational activities, TAURON Group takes into account the views, interests and rights of the affected communities through the implementation of its obligations under, among other things, *TAURON Group's Corporate Social Responsibility Code of Conduct* and *TAURON Group's Respect for Human Rights Policy*. In line with the Strategy and based on the *Best Practices of the Companies Listed on the WSE*, TAURON Group is steadfastly implementing numerous CSR projects aimed at taking into account the social interest, the respect for the stakeholders and the ethical principles. The projects implemented provide support for the local communities and institutions, create a friendly workplace and, first and foremost, provide support for education and the development of the children and young people. The initiatives and campaigns are focused on several levels: pro-social, educational, sports, environmental and cultural.

(S3.SBM-3) Material impacts, risks and opportunities and their interaction with strategy and business model

ESRS S3.SBM-3

The actual and the potential impacts, risks and opportunities related to the affected communities were identified as part of the process of double materiality assessment in terms of the sub-themes: economic, social and cultural rights as well as civil and political rights. During the development of TAURON Group's new Strategy and its Business Model, the material impacts, risks and opportunities in this area were taken into account.

Both the Strategy as well as the Business Model are aligned with the expectations of the community and define the Group's key goals and roles in terms of energy security and stable electricity and heat supply. Some of the elements of the Strategy include aspects related to the society, partnerships for the regional development and a cooperation with the local communities. Taking into account of the opinions, interests and rights of the affected communities while conducting TAURON Group's business operations is a response to the identified material risks within the affected communities.

The affected communities on which TAURON Group exerts or may exert significant influence are included in the scope of the disclosure specified in ESRS 2. Conducting an analysis of the stakeholder needs and expectations is a requirement of the ESRS and an integral part of developing the Strategy. The stakeholder mapping was completed with due diligence. The impacts, risks and opportunities related to the affected communities were identified through a process of the double materiality assessment from both the in-house operations perspective, as well as from the value chain angle. This assessment also identified TAURON Group's material impacts on the affected communities. These are the communities that have a direct or an indirect contact with TAURON Group and its current or planned operations:

1. communities (residents and employees), living or working in areas where TAURON Group's assets are located or its investment projects are under way,
2. communities (residents and employees) living or working in areas which are indirectly affected by TAURON Group's business operations.

An example of TAURON Group's material impacts, both negative as well as positive ones, on the affected communities is the energy transition process under way, which means a shift away from the coal fired power to the renewable energy sources. TAURON Group is generating positive impacts on the local communities through the creation of the new jobs, development of the infrastructure, increased tax revenues for the local governments and an improvement of the broader social well-being. At the same time, the above mentioned impacts may be reduced through the job losses and a loss of the fiscal revenues associated with the curbing of TAURON Group's conventional power generation operations. The material impacts, both positive as well as negative ones, have also been identified with respect to the cooperation with the local communities. TAURON Group is aware of its impact on the communities and is seeking to cooperate effectively with the local government units and the residents. This is a particularly material action taking into account the identified material risk of insufficient consideration of the opinions of the local communities. At the same time, TAURON Group is also actively supporting the local social initiatives in order to make the most of the material opportunity in this area.

TAURON Group is aware of the fact that certain communities find themselves at a particular risk of experiencing the negative impacts from its business operations. An identified material negative impact is the potential increase in the electricity prices, which could, as a consequence, lead to a worsening of the financial situation of the households. This may affect, in particular, the vulnerable consumers exposed to the problem of energy poverty.

The material risks and opportunities related to the affected communities are of particular importance in the context of the implementation of the Group's projects and investments, and this is why the opinions of the local communities are taken into account, among other things, in the environmental impact assessment processes related to the new projects, thus ensuring that the activities carried out are in line with the expectations and needs of the environment. By supporting the local social initiatives, TAURON Group is strengthening the sense of belonging among the work force and is having a positive impact on the Group's image in the communities where it is conducting its business operations.

(S3-1) Policies related to affected communities

ESRS S3-1

TAURON Group's Strategy and the strategic priorities stemming from it emphasize the role of the responsibility for the future generations, employees and the local communities. The relations with the local communities are also covered in *TAURON Group's Respect for Human Rights Policy and TAURON Group's Principles of Conducting Corporate Social Responsibility Projects*. The provisions of the Principles indicate that building the long lasting relations with the local communities and developing the initiatives in the area of social and business partnerships provide support for the accomplishment of TAURON Group's business objectives. The corporate social responsibility initiatives and campaigns undertaken are focused on the following areas: pro-social, educational, sports, environmental and cultural.

TAURON Group is striving to respect the human rights and understand the values of the affected communities through an open dialogue with those it affects through its business operations. Thus, when making the business decisions, it is analyzing the degree of the potential impact thereof on the communities living in the given region and is seeking to balance TAURON Group's impact on those communities. TAURON Group does not identify any indigenous people that it may have an impact on through its operational activities.

TAURON Group's Respect for Human Rights Policy outlines TAURON Group's commitments to the affected communities, i.e. the right to live in a clean, healthy and environmentally sustainable environment. TAURON Group places particular emphasis on the development of the low- and zero-carbon sources and the use of the resources in accordance with the respect for human rights and in compliance with the Environmental Policy. These commitments are in line with the international community related standards.

The entities wishing to use the channels for reporting any concerns regarding TAURON Group's relations with the affected communities may report their concerns through the reporting channels indicated *in section G1-1 of this report.*

TAURON Group's subsidiaries responsible for the implementation of the investment projects, as part of their internal structure, entrust the responsibility for the cooperation with the communities to the individuals who are knowledgeable about the environmental, social and communication aspects (for example, the project manager or the members of the project team), to whom the affected communities can turn to if required.

TAURON Group identifies (actual or potential) impacts of its business operations on the local communities - initiates the cooperation with the community representatives (for example, the representatives of the local government units) and takes the corrective measures adequate to the impact assessment, for example, in the form of taking the positive actions in order to offset the negative impacts.

TAURON Group's commitment and declaration to respect the rights and freedoms of the local communities, including the efforts aimed at improving energy efficiency and protect the natural resources, are outlined in *TAURON Group's Respect for Human Rights Policy*.

In 2024, no cases of a non-compliance with the *UN Guiding Principles on Business and Human Rights,* the *International Labor Organization's Declaration on Fundamental Principles and Rights at Work*, or the *OECD Guidelines for Multinational Enterprises* that are applicable to the affected communities were identified, as described in *TAURON Group's Respect for Human Rights Policy*.

(S3-2) Processes for engaging with affected communities about impacts

ESRS S3-2

TAURON Group is striving to ensure a dialogue with the affected communities. The positions and the opinions of such communities, particularly in the context of the planned investment projects and the investments projects that have already been put into operation, are taken into account as part of the decision making processes undertaken by TAURON Group's subsidiaries. The cooperation with the affected communities is undertaken on a voluntary basis.

TAURON Group is conducting its investment processes in a transparent manner, offering remedies, forms of support in the case of the potential negative impacts, in accordance with the applicable regulations.

TAURON Group's cooperation with the affected communities is carried out, depending on the context and the nature of the issue, both directly and through the credible representatives. Both forms of the cooperation can be used in parallel to ensure that the activities undertaken are effective and the rights and the interests of the communities are respected:

1. direct cooperation involves open public consultations organized as part of the process of obtaining the administrative approvals and decisions (for example, during the preparation of the environmental impact reports). As part of the implementation of the RES investment projects, the negotiations with the owners of land on which the wind turbines and the PV farms are to be erected, including coming to an agreement on the terms of a lease, are conducted,
2. indirect cooperation refers to conducting the consultations with the local representatives of the local government units.

TAURON Dystrybucja's organizational structure includes the powers of attorney responsible for the contacts with the local government units, who maintain close relations with the local authorities in their areas of operations. They regularly meet with the representatives of the local government units and represent the company in the organizations grouping the local government units, as well as cooperate with the *District Crisis Management Centers*, the *Regional Energy Council*, and participate in meetings held at the Marshal's and Provincial Offices on the energy issues. The meetings with the representatives of the local government units are related to, among other things, planned investment projects, communication of the matters of importance to TAURON Dystrybucja, as well as the processing of the current issues related to ensuring electricity supply, handling the distribution contracts, modernization of the grid, elimination of the collisions, the tree cutting, etc.

The cooperation with the affected communities takes place at the various stages of the project life cycle. The type and the frequency of the cooperation are tailored to the specifics of the project and the materiality of the identified impact on the communities. The communities are involved in the impact assessment process (for example, during the work on the environmental impact assessment reports) and in the selection of the remedial measures in connection with the negative impacts. An example of this is the work undertaken to repair the access roads, in the event that their surface has been damaged as a result of TAURON Group's activities during the investment project related works.

The consultations conducted at the key stages of the project, such as:

1. planning and design (for example, the environmental impact assessment reports),
2. construction (for example, negotiation of the remedial measures),
3. operation (monitoring and evaluation of the effects of the activities and the effectiveness of the mitigation measures).

The responsibility for the cooperation with the communities during the implementation of the investment projects is most often assigned to the project manager or to the members of the project team implementing the given project. The goal of those responsible for the cooperation with the communities is to ensure an effective dialogue and minimize the risks associated with the investment project related activities. At TAURON Dystrybucja, this responsibility is assigned to the powers of attorney responsible for the contacts with the local government units. In terms of supervising the implementation of the cooperation with the local communities, the responsibility for its proper execution rests with the management boards of the Group's subsidiaries.

The cooperation with the affected communities can be part of an evaluation of the effectiveness of the investment project's implementation if the relationships with the affected communities identified at the earlier stages of the project required a special involvement and attention. To date, no such assessment has been conducted. In 2025, the work is planned to be undertaken, aimed at reviewing and structuring the principles of the cooperation with the local communities.

With respect to the cooperation undertaken with the communities particularly vulnerable to the impacts or the marginalized communities, TAURON Group is conducting a dialogue on the same basis as indicated above. As outlined *in section S3-1 of this report*, TAURON Group does not identify any indigenous people that may be impacted by its operational activities.

(S3-3) Processes to remediate negative impacts and channels for affected communities to raise concerns

ESRS S3-3

TAURON Group is applying a systematic approach to providing the remedial measures. The key processes include identifying the impacts, conducting a dialogue, implementing the remedial measures and evaluating their effectiveness using the indicators (metrics), feedback and the external audits. The transparency and the cooperation with the affected communities are the foundation for an effective management of these processes. As part of the implementation of the investment projects, it is planned to hold open discussions with the affected communities in order to develop the mutually acceptable solutions.

The communities can report their concerns directly to TAURON Group's representatives during the consultations held with the residents, or to their representatives who undertake discussions with TAURON Group's subsidiaries. The communities may also report their concerns through the whistleblowing channels described *in section G1-1 of this report*. An investigation of the complaints reported through the whistleblowing channels is carried out with confidentiality and respect for the privacy rights, including also with respect to data protection. One of the whistleblowing channels is the *Irregularities Reporting (Whistleblowing) Form*, which allows for the reporting (whistleblowing) to be done anonymously. *TAURON Group's Irregularities Reporting (Whistleblowing) and Taking Follow-up Actions Procedure*, adopted by TAURON Group in 2024, provides a protection against a retaliation with respect to the whistleblower, the person helping to file the report and the person associated with the whistleblower in the event that the prerequisites for a protection under the *Act of June 14, 2024, on the Whistleblower Protection* are met. The information on the whistleblowing channels is publicly available on TAURON's website under the Compliance tab and in the dedicated *Irregularities Reporting (Whistleblowing) Form* tab.

In the case the consultations with the local communities are undertaken as part of the investment process, the information on such consultations is publicly announced in the manner customary at the given entity. A direct contact with the project managers is also possible. TAURON Group is striving to inform all of the interested communities of the planned investment projects. The information obtained through the consultations and through the whistleblowing channels is forwarded in accordance with the applicable regulations, and analyzed and reviewed (investigated) by the relevant substantive units. Depending on the importance of the given case, the topics and issues reported by local communities are escalated to the adequate management levels at TAURON Group and the tools for the monitoring and management thereof are selected on a case by case basis.

To date, no evaluation of the effectiveness of the channels indicated has been performed. In 2024, TAURON Group had not identified the need for the additional measures that would be required to support the availability of the already implemented mechanisms. AN assessment of whether the affected communities are aware of these structures or processes and whether they have confidence in them has not been conducted to date.

(S3-4) Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions

ESRS S3-4

With respect to managing the material impacts, risks and opportunities related to the affected communities, TAURON Group is taking measures aimed at identifying the potential and the actual negative impacts on the affected communities and preventing them or applying adequate the remedial measures. At the same time, the Group is striving to have a positive impact on the affected communities.

TAURON Group identifies necessary and adequate actions in response to actual or potential negative impacts on the local communities when conducting investment processes. Some of the elements of investment preparation include the environmental impact assessments that are carried out, which also take into account the social aspects such as the health impacts. The public consultations that stem from obtaining of the administrative approvals and decisions allow the residents to raise concerns and suggestions with respect to the planned investment projects. The communities can take advantage of the mechanisms for reporting complaints and comments, available both on TAURON's website as well as locally, which allows for a rapid response to the problems. As part of the internal risk management processes the potential negative impacts of the projects are analyzed. Based on this, TAURON Group is implementing the mitigation measures, for example, the infrastructure upgrades or the site rehabilitation. The conclusions resulting from these analyses provide support for the long term impact management, minimizing risks and capitalizing on the opportunities. The measures undertaken are subsequently evaluated for effectiveness so that adjustments can be made if required.

TAURON Group is taking measures in order to prevent the negative impacts on the affected communities, taking into account their needs and the environmental impact. By implementing the adequate mechanisms, such as the public consultations, biodiversity protection and an improved waste management, TAURON Group is seeking to reduce its negative impact and strengthen sustainability and the social trust. By working with a wide range of the stakeholders and planning the future actions, the Group can achieve its long term environmental and social goals.

Examples of the activities related to the prevention of the negative impacts include:

1. taking into account the project protection zones in order to reduce the noise and strobe effects in case of the wind farm construction projects,
2. implementing waste management strategies, including the recycling of the hazardous materials,
3. striving to replace the high carbon heat and power generation technologies with other solutions with the lower or zero CO_2 emissions,
4. organizing oversized transportation during the nighttime hours in order to avoid creating traffic disruptions during the day and to minimize inconveniences related to the deliveries, for example, the need to close roads.

The actions aimed at providing or enabling the remedial measures for the actual impacts are worked out on a project by project basis, taking into account the degree of interference and the needs of the affected communities. These measures can take the form of offsetting or minimizing of the identified impact. A regular monitoring and dialogue with the communities make it possible to assess the effectiveness of the measures taken and build the long lasting relationships based on trust. The transparent negotiations are conducted as part of the land acquisition process and the market lease terms are offered. Land rehabilitation is planned to be carried out in consultation with the local communities after operations have been completed. TAURON Group is open to the broader industry activities and a cooperation with the NGOs and the local authorities in the area of the sustainable development and education, including by providing opinions on the draft legislation.

Examples of the activities related to the application of the remedial measures include:

1. planting of trees as a compensation for felling at the construction sites,
2. repair of the local road infrastructure in the case of damage resulting from the activities related to the implementation of the project,
3. rehabilitation works.

The additional activities and initiatives carried out by TAURON Group aimed at developing the positive relations with the communities and capitalizing on the opportunities with respect to the communities are carried out on the basis of *TAURON Group's Principles for Conducting Corporate Social Responsibility (CSR) Projects*. The CSR projects are implemented in two spheres:

1. external - TAURON Group provides support for the local communities and institutions by creating jobs and undertaking initiatives to promote education, sports, ecology and culture and develop the pro-social attitudes,
2. internal - TAURON Group enables its employees to develop, provides job security and strengthens ties by organizing the sports competitions, cultural events or employee volunteerism.

Examples of the activities and initiatives whose main goal is to ensure the positive impacts on the affected communities include, among other things:

1. aid to those affected by the September 2024 flood, as part of which *TAURON Foundation* had made donations to the Volunteer Fire Departments for the purchase of the equipment to combat the effects of the flood. In-kind collections for the flood victims were organized at TAURON Group's subsidiaries,
2. project involving TAURON Group's employees in employee volunteerism in order to help the children from the post-mining areas. TAURON Group, in the cooperation with the *Association for Assistance to Children and Youth Guardian Angels' House (Stowarzyszenie Pomocy Dzieciom i Młodzieży Dom Aniołów Stróżów)*, undertakes collections of the foodstuffs, stationery, chemicals, cosmetics and medicines,
3. educational projects and efforts aimed at promoting the physical activity among children:

1) Reflective School – TAURON Group supports the education of children and the awareness of parents, teachers and the local authorities with respect to the role of the reflectors in road safety,
2) TAURON Junior Cup – an event organized together with the *Siemacha association* targeted at the children aged 8 - 10 in order to promote physical activity. The soccer competition takes place in the Lower Silesia, Opole, Lesser Poland and Silesia Voivodeships,

4. project carried out in the cooperation with the Karkonosze National Park aimed at building the attitudes of responsibility for the existing protected areas *(#NaturalniBohaterowie)* among TAURON Group's employees. The premise of the project was to deepen the knowledge of the stakeholders and combine it with a form of activity,
5. pro-social project Sherpas of Hope under TAURON's patronage, which aims to enable people with the disabilities to climb mountain peaks with the support of a group of volunteers - the so-called Sherpas.

TAURON Group is monitoring the effectiveness of its activities through the regular impact assessments and collecting feedback from the stakeholders. The compliant filing mechanisms are used, which enable the residents to report problems related to the Group's business operations, such as noise, pollution or access to the water. This data is analyzed as part of the internal audits and compared with the results of the external environmental and social assessments. TAURON Group uses the systems measuring the effectiveness of the mitigation measures, such as the systems monitoring air quality or noise levels in the areas adjacent to the investment project sites, if this stems from the decisions on the environmental conditions. In the case the irregularities are identified, the corrections and remedial actions are taken. The conclusions from these activities are used to optimize the future investment projects and minimize risk.

In the areas of activity indicated below, TAURON Group is seeking to curtail and not contribute to exerting material impacts on the affected communities:

1. spatial planning (zoning) – as part of the investment project siting (location selection) process, the detailed environmental impact reports are compiled, taking into account the impact on the local communities, such as noise, landscape change or access to the natural resources,
2. land acquisition and exploitation – land acquisition is carried out in accordance with the legal regulations based on the principles of the transparency and voluntariness, with a full respect for the property rights and in agreement with the owners,
3. financial management – TAURON Group meets its obligations in accordance with the legal regulations,
4. extraction, production of the raw materials and the use of the natural resources – TAURON Group conducts the activities related to the extraction and processing of the limestone in a way that minimizes the negative effects on the environment and the communities,
5. environmental impact management – the systems for monitoring the pollutant emissions, for example, dust, noise and greenhouse gases, are being introduced. The mitigation measures are being implemented, for example, land rehabilitation following the end of the operations, restoration to the original condition following the completion of the investment works or a compensatory tree planting in the event of tree felling.

In 2024, there were no serious human rights issues or incidents reported or identified involving the affected communities.

TAURON Group is committing its financial, human, technological and time resources to managing the material impacts on the local communities. These investments not only minimize the negative impacts of the operations, but also support the long term sustainable development goals and build positive stakeholder relationships:

1. financial resources – investment project budgets include the funds earmarked for the remedial actions, for example, the payments for a lease, modernization, rehabilitation or restoration of the local infrastructure and land (site), if the condition thereof has deteriorated as a result of the investment project,
2. human resources – the project teams include experts in the environment protection, public consultations and mediation. The local representatives of the Group's subsidiaries are available at the construction site offices or provide the contact details so that the residents have easy access to the information and can submit their comments,
3. technological resources – depending on the specifics of the given investment project, it is subject to impact monitoring, for example, the noise, air and water quality measurement systems,
4. time and operational commitment – the investment project planning includes time for the public consultations, risk identification and monitoring and cooperation with the stakeholders. A communication plan related to the investment project is also put in place.

(S3-5) Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

ESRS S3-5

TAURON Group's Strategy emphasizes the role of TAURON Group's responsibility for the future generations, employees and the local communities. TAURON Group's goal in terms of the cooperation with the local communities is to maintain good relations based on the transparent dialogue by conducting the following activities:

1. continuing the best practices with respect to the cooperation with the affected communities at the stages of the investment project planning and operation,
2. conducting of an assessment of the impact of the selected new investment projects of TAURON Group on the human rights,
3. implementation of the projects in the area of the corporate social responsibility, sponsorship and promotion based on the new Strategy,
4. reviewing and structuring of the principles of the cooperation with the local communities.

The target was established as a result of the analysis of TAURON Group's activities to date. TAURON Group had not cooperated with the affected communities or their representatives during this determination process, however, the experience with respect to such cooperation had been taken into account. The specific tasks will be performed by the teams and the areas responsible for the individual substantive areas. The above mentioned activities will allow for an assessment of the existing mechanisms and processes with respect to the cooperation with the local communities and will enable a dialogue to be undertaken in a structured and uniform manner.

12.19. Consumers and end users (S4)

(S4.SBM-2) Interests and views of stakeholders

ESRS S4.SBM-2

The most important stakeholders of TAURON Group are 6 million customers who constitute the core of the Group subsidiaries' operations and are at the center of the Strategy and its Business Model. In the work on updating the strategic documents, the material impacts, risks and opportunities related to TAURON Group's customers, as well as their opinions, were taken into account, which was reflected in the priorities of the Strategy and in the assumptions of the Business Model.

One of the business priorities of TAURON Group is to build a customer oriented organization and to create value. The goal is to become the most pro-customer energy group in Poland, with a strong emphasis on the customer experience and service improvement.

In accordance with the provisions of the Strategy document, TAURON will be striving to support its customers in achieving their personal and business goals, taking care of their satisfaction and maintaining the long term, partnership based relationships. TAURON supports the customers' energy transition, seeking to provide 100% of clean energy by 2040.

(S4.SBM-3) Material impacts, risks and opportunities and their interaction with strategy and business mode

ESRS S4.SBM-3

The actual and the potential consumer related impacts, risks and opportunities were identified in the double materiality assessment process with respect to the following sub-topics: personal safety of the consumers or end users, social inclusion of the consumers or end users, impacts on the consumers or end users. Therefore, during the work on TAURON Group's new Strategy and Business Model, the material impacts, risks and opportunities in this area had been taken into account. By ensuring reliable electricity supplies while maintaining affordability, offering a portfolio of products and services that meet the customer's expectations while ensuring the security of personal data, TAURON Group has a material impact on its consumers and end users. Thus, the customers, their needs and expectations play a key role in setting the strategic directions for the expansion of TAURON Group. One of the main priorities in the new Strategy is customer orientation, and the new Business Model allows for the provision of the customer service at the highest quality level. Being aware of the key role played by the consumers and end users in shaping the business Strategy and the expansion of the enterprise, TAURON Group takes care of the transparent communication, quality of its messages and is striving to continuously boost the trust in the brand and bolster the customer loyalty. The cooperation with the customer also in the field of climate education helps to impact a change in their habits in the use of electricity which provides support for TAURON Group's activities aimed at mitigating climate change.

The customers and end users on whom TAURON Group exerts or may exert material influence are covered by the scope of disclosure specified in ESRS 2. Conducting an analysis of the stakeholder needs and expectations is a

requirement of ESRS and an integral element of building a strategy. The assessment of the materiality of the influence and of the financial materiality in terms of the customer and end users was conducted with due diligence, both from the perspective of own operations as well as that of the value chain. The key consumers on whom TAURON Group exerts material influence include the business customers (small, medium and large enterprises) and the individual customers (households). The other significant consumer groups include the prosumers (producing and consuming the energy from the RES) and the recipients of other products (aggregates, grits, ash, biomass and others). Management of the relations with the consumers and end users and the revenues is mainly based on *TAURON Group's PRO Client Social Policy, which is described in more detail in section S4-1 of this report.*

In terms of an impact on the above mentioned key consumers:

1. TAURON Group is not offering its customers products that are harmful due to the nature thereof. However, electricity generation in Poland is still mostly based on the high emission sources, which has a negative impact on the level of pollution and may contribute to the occurrence of chronic diseases (for example, asthma). It should be noted, however, that TAURON Group is undergoing the process of energy transition and moving away from the coal fired sources of generation, which has a direct impact on the customers, who are being offered electricity increasingly derived from the green generation sources,
2. as part of the cooperation with the customers, TAURON Group is processing their personal data and has a potentially significant impact on their right to privacy. TAURON Group, aware of its impact in this area, takes due care to protect the privacy and complies with the applicable legal provisions in this area and implements adequate security measures,
3. both business as well as individual customers expect precise and understandable information on the products and services offered (including on the tariffs, price lists and the contract terms). TAURON Group is conducting adequate educational initiatives and constantly works on increasing the transparency and comprehensibility of the information provided to the customers,
4. TAURON Group in its activities addresses the needs of the vulnerable groups of consumers exposed to the problem of energy poverty.

Taking into account the identified material impacts, both the positive as well as the negative one, on the customers and end users, TAURON Group takes care of protecting personal data and ensuring the full protection of user privacy. Any potential privacy breaches and errors in personal data protection are a common threat to all of the companies serving mass customers. TAURON Group has a positive impact on the customers by providing a basic service, which is the distribution and supply of electricity and heat, and by offering the modern services. In addition, TAURON Group is stimulating a change in the customer habits by implementing the pro-ecological initiatives, including the educational activities raising climate awareness.

The transparent and effective communication with the customers has a material impact on the Group, as it builds trust, strengthens the relationships and minimizes the risk of complaints, loss of the customers, as well as the sanctions from institutions such as ERO, UOKiK (Office of Competition and Consumer Protection) or the Consumer Ombudsman.

As part of the completed double materiality assessment process with respect to the negative impacts on the customers as well as the material risks and opportunities, TAURON Group did not identify groups of the consumers with the specific characteristics who could be exposed to a higher risk of suffering damage.

(S4-1) Policies related to consumers and end users

ESRS S4

TAURON Group is carrying out the management of the impacts, risks and opportunities related to the consumers and end users mainly based on *TAURON Group's PRO Client Social Policy*.

Policy objectives

The key direction in *TAURON Group's Strategy for the years 2025 - 2035* is to focus on the customers and their needs. In implementing the provisions of the Strategy, the organization is conducting a dialogue with the customers, asking the customers about their needs before introducing a new product or service, as well as about their experience after they have used it. In the long term, this translates into building the lasting relationships with the customers and creating an offering that meets the needs of different customer segments. The purpose of the Policy is to shape the adequate organizational and business conditions needed to achieve TAURON Group's strategic objectives with respect to the relations with the customers and the market environment.

The Policy is a reference document for all of TAURON Group's subsidiaries. It includes the main assumptions for the implementation of the sales and customer service process and is an element supporting the implementation of TAURON Group's Strategy. The Policy sets the general framework for the processes implemented in various business segments. All of TAURON Group's processes are organized and implemented in accordance with the

principles set forth in this policy, while at the same time adapting the activities carried out to the specific needs of the customers and markets on which TAURON Group is operating.

The Policy allows for an effective management of the material impacts, risks and opportunities related to the consumers and end users by:

1. providing equal opportunities of access to the products and services for all of the customer groups,
2. identifying and minimizing the risks related to the supply quality, customer service or product availability,
3. managing the opportunities arising from the development of the new technologies, such as RES, and the growing expectations with respect to sustainability,
4. adapting the operational activities and offerings to the changing customer needs and market regulations.

Scope of activities

TAURON Group is providing products, services and services to a broad spectrum of the consumers and end users, including:

1. individual customers (households),
2. business customers (small, medium and large enterprises),
3. prosumers, producing and consuming energy from RES,
4. recipients of other products, for example, aggregates, grits, mix, ashes, certified products, biomass.

TAURON Group is offering its customers:

1. electricity, distribution services, system services (for example, the participation in the Capacity Market), lighting and electric vehicle charging services,
2. natural gas,
3. system heat (district heating),
4. by-products of the mining and combustion processes, such as aggregates and other certified materials,
5. ancillary services, such as consulting with respect to energy efficiency and the RES installations.

Implementation and compliance mechanisms

TAURON Group is monitoring the implementation of the Policy through:

1. regular process reviews or audits, carried out at the selected organizational units (depending on the subsidiary's specifics) in order to ensure that the business operations are carried out in compliance with the legal regulations and TAURON Group's internal regulations and policies in place, in order to reduce the risk of the sanctions, financial losses and damage to a good image,
2. customer satisfaction surveys and quantitative / qualitative analyses (for example, NPS - Net Promoter Score; complaint analysis), which are conducted at the subsidiaries where the scale of the operations and the operational needs require that such activities be conducted,
3. assessments of the effectiveness of the educational and sustainability promotion activities.

The Policy sets the strategic directions for the activities related to the consumers and end users, ensuring a consistency in the processes implemented across the Group. By tailoring the operational activities to the specific needs of the customers, the Group is effectively managing its impacts, risks and opportunities, ensuring the high quality of customer service, product availability and the compliance with the sustainability principles.

The policies related to the consumers and end users include both the consumers in general as well as the specific user groups that may be particularly vulnerable to the negative impacts.

In addition, as part of our activities, we pay special attention to the specific groups, such as the elderly, people with the disabilities.

TAURON Group declares its full commitment to protecting the rights of the consumers and end users, adopting the principles that are in line with the international standards for the protection of the human rights, the UN and OECD guidelines.

The priority is to:

1. ensure the transparency of the activities by developing the reporting systems and the irregularity reporting form (whistleblowing) channels,
2. minimize the negative impact of the operations on the consumers by actively monitoring the processes and implementing the remedial actions,
3. taking into account the consumer opinions in the processes of planning and implementing the operational and strategic changes.

In addition, the Group has implemented the multi-channel mechanisms in order to allow the consumers and end users to raise the concerns and signal instances of the negative impacts of the business operations.

Irregularity reporting form (whistleblowing form)

The consumers and end users, as well as the employees, are able to report the potential irregularities related to the human rights violations, business ethics or the quality of customer service. The form posted on TAURON Group's website enables anonymous whistleblowing and is easily accessible.

Dedicated functions in the organizational structure

Customer Ombudsman

TAURON Group has a Customer (Consumer) Ombudsman who is responsible for handling the reports of the violations of the human rights, ethical principles and the customer service standards.

The Ombudsman conducts regular analyses of the reports and recommends the remedial measures in the situations where any violations have been detected.

Compliance units

In order to ensure the full compliance with the legal regulations and internal policies, TAURON Group has appointed a Compliance Officer and the Compliance Coordinators at each of the Group's subsidiaries.

The unit is responsible for, among other things, analyzing the human rights risks and developing the recommendations for process improvements.

Process Coordinator for the Compliance Program

TAURON Dystrybucja, as an independent distribution system operator, has a *Compliance Program* in place. The document has been drafted by the Distribution System Operator (DSO) as an implementation of its obligation under *article 9d, section 4 of the Energy Law*. It defines the undertakings that the DSO should carry out to ensure a non-discriminatory treatment of the system users, including the specific rights and obligations of the DSO employees and service providers.

Data Protection Inspectors

Personal Data Protection Inspectors are appointed at the majority of TAURON Group's subsidiaries or the personal data security issues are secured in a customary manner adopted at the given subsidiary (for example, the information clauses, a personal data protection coordinator). The purpose of the inspectors is to ensure the organization's compliance with the personal data protection regulations, including, among other things, compliance monitoring, consulting, training, cooperation with the supervisory authorities, risk assessment, responding to any potential incidents.

Adaptation of the operational activities and communication

The Policy covers the key aspects related to protecting the rights of the consumers and end users, including the adaptation of the operational activities and the communication to the specific needs of the various groups of the consumers most at risk of an exclusion at the individual subsidiaries. The operational and communication activities have been implemented primarily at the subsidiaries serving the mass customers, where there is a need to ensure wide accessibility of the services (for example, a hotline for the seniors, the WCAG standard implemented allowing for an easy access for the people with vision, hearing or mobility impairments; the architecturally adapted Customer Service Centers). TAURON Group is committed to ensuring equal opportunities in access to the services for all of the customer groups, including the vulnerable customers and the prosumers.

Education and awareness building

The educational activities are being carried out at some of TAURON Group's subsidiaries that are aimed at raising the awareness among the consumers and end users with respect to:

1. rights related to the use of the products and services (for example, ebooks, the meetings with the Consumer Advocates),
2. responsible use of the energy and natural resources and the specialized products, promoting the energy transition (for example, publications on the websites),
3. ensuring the transparent communication to the customers on the obligation to provide the information on where the by-product is utilized.

Monitoring and reporting

TAURON Group is monitoring the effectiveness of the Policy's implementation and the activities related to the protection of the rights of the consumers and end users through, for example, the ongoing satisfaction surveys (at TAURON Sprzedaż / TAURON Sprzedaż GZE, TAURON Dystrybucja) and the KPIs assigned to the individual processes. The activities include, first and foremost:

1. analyzing the notifications and reports from the irregularity reporting form (whistleblowing form),

2. controlling the process of reporting on the way the by-product is utilized.

TAURON Group's policy with respect to the human rights protection and relations with the consumers and end users takes into account both the formal structures, as well as the supporting tools. As a result, the Group ensures an effective management of the consumer related impacts, risks and opportunities, while promoting the principles of sustainability and ethical behavior.

TAURON Group's consumer and end user policies are in line with the internationally recognized instruments, including the UN Guiding Principles on Business and Human Rights. The policies take into account the basic principles of the corporate social responsibility in relations with the consumers and end users, ensuring the compliance with the following key pillars.

Respect for the rights of the consumers and end users

The policies ensure that TAURON Group's activities minimize the potential negative impacts on the individual customers, small and medium sized enterprises and the business customers, in particular with respect to an access to the products and services such as electricity, gas, heat or the by-products, for example.

Transparency of the operations

The information on the services offered, tariffs and the terms and conditions of the provision thereof is communicated in a clear manner that complies with the international standards for the protection of the consumer rights. TAURON Group publishes the full data on the services and products, taking into account the specifics of the tariffs, payment options and the available remedies such as the complaint filing procedures.

Compliance with the OECD Guidelines

TAURON Group’s policies take into account the principles of the OECD Guidelines in the following respect:

1. ensuring the transparency in the relations with the consumers – TAURON Group publishes full information on its services and products, taking into account the specifics of the tariffs, payment options and the available remedies such as complaint filing procedures,
2. minimizing the risks – TAURON Group's activities are focused on reducing the risks related to the supply quality and customer dissatisfaction, which is reflected in the regular monitoring of the customer service processes.

The compliance of TAURON Group’s policies with the international guidelines is reflected in the following processes:

1. internal processes – the compliance mechanisms including the regular process reviews carried out at the selected organizational units (depending on the specifics of the subsidiary) and monitoring of the customer service processes allow for an ongoing verification of the compliance of the activities with the UN and OECD Guidelines,
2. remedial measures – the Customer Ombudsman provides the customers with an opportunity to report problems and obtain solutions in accordance with the international standards, promoting an ethical and transparent approach to the consumer relations.

TAURON Group's policies have been designed in line with the international instruments, such as the UN and OECD Guidelines, which address the protection of the consumer rights and the responsible business conduct. By implementing the key principles such as transparency, accessibility and minimization of the risks, TAURON Group is effectively managing its relationships with the consumers and end users in a manner that is in line with the international standards.

No violations of the UN Guiding Principles on Business and Human Rights or the OECD Guidelines for Multinational Enterprises have been found in TAURON Group's ongoing customer service and sales processes and throughout the entire value chain, including both the upstream as well as the downstream operations.

Cooperation within the value chain

TAURON Group is working with its business partners, suppliers and subcontractors in order to ensure the compliance with UN and OECD guidelines.

As part of this cooperation:

1. partners are required to comply with the ethical standards and the human rights protection principles set forth in the Group's contracts and policies,
2. purchasing processes take into account the criteria related to the respect for the human rights and consumer protection (standard clauses included in the contracts concluded on a mandatory basis or with the adjustments depending on the amount and type of the contract).

Occurrence of a potential violation

In the case of any potential violations, TAURON Group is following the established procedures, which include:

1. immediate verification of the reported violation by the dedicated units, such as, for example, the Compliance unit or a cooperation with the Customer Ombudsman,
2. taking the remedial measures in cooperation with the stakeholders.

TAURON Group confirms that within the scope of its own operations and the cooperation with its business partners, suppliers and subcontractors, no violations of the UN and OECD guidelines have been identified. The monitoring mechanisms and the response procedures ensure compliance of the Group's operations with the internationally recognized standards and guarantee the protection of the interests of the consumers and end users.

TAURON Group regularly provides information on the key policies and principles to the stakeholder groups that are relevant for the accomplishment of the policy objectives and the implementation thereof. This communication includes the following activities:

1. information on the policies implemented is available on the internal and external platforms (intranet / Internet) in the form of the dedicated materials (for example, brochures, other documents),
2. webinars, trainings (including e-learning) concluded with a test (quiz) along with a statement on having become familiar with the policies.

TAURON Group's policies are implemented and communicated while adhering to the highest standards of transparency and accessibility to all of the employee and stakeholder groups. Each policy is communicated to the employees through a variety of communication channels with the use of the supporting materials (for example, e-learning, webinars) and the classroom based training.

The intranet also provides the guidelines and instructions related to the practical application of the policies in the operational processes.

Accessibility for the work force

TAURON Group's website provides documents that are important from the point of view of the business cooperation, such as, for example:

1. *TAURON Group's Compliance Management System*,
2. *TAURON Group's Corporate Social Responsibility Code of Conduct*,
3. *TAURON Group's Anti-Corruption Policy*,
4. *TAURON Group Procedure for Assessing (Vetting) the Credibility of Contractors (Counterparties)*,
5. *TAURON Group's Procedure for Reporting Irregularities (Whistleblowing) and Taking Follow-up Actions*,
6. *Policy of Respect for Human Rights.*

Accessibility for the customers and contractors (counterparties)

The implementation of the regulations into the operational processes is based on:

1. Operational instructions – in the sales area (for example, at the Czatkowice Limestone Mine, a *Sales Manual* was developed and implemented) and other process focused manuals that define the sequence of the activities in the sales and customer service process, taking into account the provisions stemming from the Group's policies,
2. *TAURON Group's Code of Conduct for Contractors (Counterparties)* – The contractors (counterparties) receive a Code of Conduct that indicates an obligation to apply the principles that are in line with the internal regulations and the international ethical and legal standards. At the selected subsidiaries, during their first visit, the Contractors (Counterparties) are made familiar with the *WHS Manual* and the applicable rules in place.

Communication tools and channels

TAURON Group is using a variety of the communication tools and channels to ensure that the policies are accessible and their implications are understood by the different audiences. The key methods include:

1. publication of the policy on the website, providing an easy access for all of the interested parties. The content is presented in a simple and easy to understand manner, making it easy to absorb,
2. in some cases, making available, for example, brochures, infographics and presentations that visually present the most important aspects of the policies introduced. This allows the recipients to better understand their meaning and application,
3. organizing training and workshops for both the employees as well as the external partners. This ensures that TAURON Group's policies are correctly interpreted and implemented,
4. holding the regular meetings with the stakeholders, which allows for a direct dialogue and clarification of any concerns related to the policies,
5. policies are communicated to the work force via email, they are available on the intranet, in the Intra-corporate Regulations *and Internal Regulations* section,
6. employees who do not have access to computers are made aware of the policies by their supervisors or through the hard copy materials provided.

(S4-2) Processes for engaging with consumers and end users about impacts

ESRS S4-2

The perspective of the consumers and end users plays a key role for TAURON Group. In terms of both the decision making as well as the activities aimed at managing the actual and potential impacts on the customers.

The consumer feedback is regularly collected based on their complaints submitted via the customer service channels. The customer satisfaction and product development surveys are also conducted at the selected subsidiaries.

The data obtained this way is analyzed in detail and used to identify the areas for improvement and to adapt the products and services to the changing needs of the users. Based on this information, changes are made to the processes, customer support services and the communication strategies to better meet the consumer expectations.

In addition, the following activities are carried out at some of the Group's subsidiaries:

1. creation of ebooks for the customers (educational materials to raise awareness and knowledge of the customers, for example, with respect to the new technologies implemented by the Group),
2. publishing the necessary information on the websites (for example, regarding the legal changes),
3. provision of the FAQ sections on the websites (for example, the answers to the frequently asked questions via the customer service channels),
4. social media campaigns (for example, the warnings against the phishing activities),
5. webinars and energy workshops for the key customers (addressing the most common customer requests).

By regularly taking into account the perspective of the customers, it is possible to make more informed decisions that minimize the negative customer impacts and enhance the positive user experiences.

TAURON Group is actively cooperating with the consumers and end users both directly as well as through the credible representatives, among others such as:

1. Office of Competition and Consumer Protection,
2. Energy Regulatory Office,
3. Consumer Ombudsmen.

As part of the cooperation with the consumer organizations and other institutions representing the interests of the users, periodic meetings are organized (for example, the meetings with the Consumer Ombudsmen held once a year for the benefit of the customers of the TAURON Sprzedaż, TAURON Sprzedaż GZE and TAURON Dystrybucja subsidiaries) and the individual consultations are held, which allows for a better understanding of the customers' needs and expectations. TAURON Group has mechanisms in place to oversee and resolve the problems of the consumers and end users in cooperation with these institutions.

As part of the direct cooperation, the customers are provided with an opportunity to contact the customer service personnel, including, among other things, at the customer service centers, via a hotline, a correspondence channel and an online channel.

In a response to the reported problems and feedback, actions are taken that directly affect the processes carried out at the interface with the customers. This type of cooperation enables more a effective adaptation of the products and services offered and a better response to the potential problems.

The cooperation with the consumers and end users is carried out at the various stages of the business processes. It also includes a regular contact with the credible representatives such as the Energy Regulatory Office, the Office of Competition and Consumer Protection and the Consumer Ombudsmen in order to clarify the reported issues and monitor the compliance with the regulations.

TAURON Group is carrying out the customer service processes, including, among other things, the supply and distribution of electricity, the sales of gas, aggregates, heat, biomass, by-products of the combustion and mining.

The cooperation with the consumers and end users is carried out at the various stages of these processes, which allows for a comprehensive management and a response to their needs. The following stages take place as part of the cooperation:

1. Pre-transaction stage – includes informing the potential customers of the available products and services. It also provides the technical advice and support with respect to the selection of the customized solutions. The activities are carried out on a continuous basis (as part of the marketing and educational activities),
2. Transactional stage – is related to the process of selling the products and services (including the process of preparing an offer, concluding a contract, submitting an order) and also an access to the dedicated sales channels is provided. The activities are carried out on an ongoing basis in response to the customer demand,
3. Post-sales stage – refers to the provision of, among other things, the advisory and technical support, the performance of the customer settlements for the purchased products and services, the execution of the

complaints handling process, the monitoring of the customer satisfaction and responding to the requests (inquiries) related to the services provided. The activities are carried out on a continuous basis, depending on the reported needs,

4. Strategic stage – is related to taking into account the consumer feedback in the process of the strategic decision making and in the planning of the new products and services in response to the market trends. The activities are carried out on a regular basis, as part of the annual strategy reviews and during the implementation of the key projects.

Each stage of the cooperation is managed based on the processes, which ensures efficiency and transparency in dealing with the customers. TAURON Group is striving to build long lasting relationships with the consumers and end users through the cooperation at each stage of their trajectory of contacts with the Group. This process is characterized by the continuity, high frequency of interactions, and taking into account of end user feedback in the operational and strategic activities.

At the stage of the design and development of the products and services, the consumers are regularly engaged in the form of the user awareness surveys to better understand their needs and expectations.

During the product launches, the consultations are organized and feedback is collected through the surveys and online platforms.

Following the implementation, the customer satisfaction is regularly monitored and the customers' suggestions are analyzed as part of the *Quality Improvement Plan*, reviews and satisfaction surveys (mainly with respect to the customers of the TAURON Sprzedaż, TAURON Sprzedaż GZE and TAURON Dystrybucja subsidiaries, at the other subsidiaries the process is based on the analysis of the requests (queries) and complaints).

This type of cooperation is carried out on a regular basis, which allows for the continuous improvement of the products and services and a quick response to the emerging needs and problems of the consumers and end users.

The persons holding the positions indicated in the table below are responsible for ensuring that the cooperation with the consumers and end users is carried out. Due to the specific nature of the customers and transactions, the responsibility has been assigned on an individual basis as part of the operations of each subsidiary. The persons holding the following positions perform the highest operational functions and are directly responsible for coordinating the cooperation activities and implementing the results thereof in the subsidiary's strategies and processes. In addition, all of the key decisions are consulted and approved directly in the cooperation with the Management Board of TAURON Polska Energia Management Board.

Table no. 145 Function and the highest position of the person operationally responsible for the cooperation with the consumers and end users.

Name of subsidiary	Function and the highest position of the person responsible operationally
TAURON Obsługa Klienta	Vice President of the Management Board for Customer Service
TAURON Sprzedaż / TAURON Sprzedaż GZE	President of the Management Board (CEO), Vice President of the Management Board for the Business Market Sales
TAURON Dystrybucja	Vice President of the Management Board
TAURON Nowe Technologie	President of the Management Board (CEO)
Kopalnia Wapienia Czatkowice	President of the Management Board (CEO)
TAURON Ciepło	Vice President of the Management Board
TAURON Wytwarzanie	President of the Management Board (CEO)
Bioeko Grupa TAURON	President of the Management Board (CEO)
TAURON Czech Energy	Director of the End Customer Sales Department

The function that involves an operational responsibility for the cooperation with the consumers and end users, is a part of a broader range of the activities that include both the strategic management of the customer service processes and the activities related to the ongoing provision of the products and services (electricity, gas, other).

TAURON Group's Strategy includes the planning of the detailed activities for the development of this area. A Customer Service BU had been established in 2024, which will strengthen the customer relations at TAURON Group in the subsequent years.

At TAURON Group, an operational responsibility for the cooperation with the consumers and end customers constitutes, first and foremost, a relationship based function and includes the activities aimed at strengthening the trust and effective responding to the customer needs. It includes, among other things:

1. developing friendly service procedures and processes,
2. effective resolution of the customer problems, including the complaints and requests,
3. attention to transparency of the operations, which builds trust and loyalty.

TAURON Group invests in the employee career development with respect to the sales and customer service, by providing:

1. relationship and customer communication training focusing on the relationship building, interpersonal skills and an empathetic approach to the customer needs,
2. technological competence development programs that enable the use of the modern systems to better serve the customers,
3. workshops that support understanding of the customer needs and an incorporation of the sustainable solutions into the daily customer service activities.

The effectiveness of the cooperation with the consumers and end users is systematically evaluated by TAURON Group with the use of the key indicators and tools that allow for the monitoring of the quality and effectiveness of the activities undertaken in the relationships with the customers. The following methods are used in the evaluation process:

1. regular testing of customer satisfaction and loyalty through surveys, the results of which provide the information on the quality of customer service, the meeting of the customer expectations by the services and products. The surveys make it possible to diagnose the areas for improvement. The detailed analyses are also carried out with respect to the implementation of any potential changes in the contact channels provided (to the customers of TAURON Sprzedaż, TAURON Sprzedaż GZE and TAURON Dystrybucja),
2. auditing as part of the TOE project *Good Practices of Electricity and Gas Fuel Suppliers* for the TAURON Sprzedaż and TAURON Sprzedaż GZE supply subsidiaries. The audit was conducted by the auditor TÜV Rheinland Polska Sp. z o.o. During the audit, the application of the practices specified in the document *Good Practices of Electricity and Gas Fuel Suppliers* was confirmed,
3. monitoring and analysis of the quantitative indicators, i.e.: the number of the incoming complaints and notifications (reports), on the basis of which the quality improvement plans are developed; the indicators for the processes implemented (for example, the average time required to solve the customer's problem, the time it takes to fix failures),
4. monitoring of the effectiveness of the marketing and information campaigns, i.e. an analysis of the indicators such as the number of the recipients, the degree of engagement and the impact of the campaign on the perception of TAURON Group and its services,
5. other analyses related to, for example, the processing of the data on the customer contacts,
6. cooperation with the external institutions, i.e. an analysis of the requests and recommendations coming from the institutions such as ERO and UOKiK (Office of Competition and Consumer Protection).

The results obtained from assessing the effectiveness of the cooperation with the consumers are used to continuously improve the customer service processes, adapt the offer to the customer needs and build the long lasting relationships based on trust and satisfaction of the consumers and end users.

TAURON Group's subsidiaries also organize periodic internal reviews aimed at assessing the effectiveness of the cooperation processes and their impact on improving the quality of the services and products.

In order to gain insight into the feedback coming from the consumers and end users, especially those who may be particularly vulnerable and / or marginalized, TAURON Group is conducting a series of the dedicated activities. The initiatives are being undertaken to eliminate the barriers to accessing the services.

The main activities carried out by TAURON Group:

1. regular monitoring of the quality of service to the customers who may be particularly vulnerable and / or marginalized (for example, the elderly, people with the disabilities),
2. adaptation of the customer service centers for the people with the disabilities (elimination of the architectural barriers, availability of the induction solution, and availability of the *Migam* application),
3. launch of a dedicated line for the elderly as part of the telephone customer communication channel,
4. application of the principles of the plain language in the written correspondence (*TAURON Speaks Human Initiative*) and the adequate font size in all of the forms of the communication with the customers, ensuring the full legibility and compliance with, among other things, the legal requirements,
5. implementation of the websites compliant with the WCAG guidelines, enabling an easy access for the people with the visual, hearing or mobility impairments,
6. raising the skills and awareness of the employees in dealing with the consumers or end users who may be particularly vulnerable or marginalized (for example, e-learning training on *Serving Customers with the Disabilities* dedicated to the Group's selected subsidiaries).

TAURON Group is striving to create an environment in which every customer, regardless of his / her social or economic situation, has an equal access to the high quality services. By introducing the dedicated solutions and support mechanisms, TAURON Group fulfills its commitments to the community in which it is operating and builds the long term relationships with the end users.

(S4-3) Processes to remediate negative impacts and channels for consumers and end users to raise concerns

ESRS S4-3

TAURON Group has implemented multi channel mechanisms that allow the consumers and end users to report concerns and signal instances of the negative impacts of its operations:

1. irregularities reporting (whistleblowing) form – available online on TAURON Polska Energia's website, in accordance with the WCAG standard. It enables anonymous reporting of the problems related to the customer service quality, business ethics and human rights protection,
2. Company's Customer Ombudsman – responsible for, among other things, processing the reports and initiating the remedial measures, the complaint handling process.

If TAURON Group's operations are found to have had a negative impact on the consumers or end users, dedicated remedial measures are implemented, including, among other things:

1. report analysis and impact assessment – every report is evaluated. The areas that require an intervention and remedial measures are also identified,
2. remedial measures aimed at fixing the causes of the problems (for example, process improvements, infrastructure upgrades), as well as the preventive actions (for example, consumer / external counterparty education and employee training),
3. effectiveness monitoring – processes that are a part the subsidiaries' operations are regularly evaluated (for example, based on the complaints filed). In addition, customer satisfaction surveys and indicator improvement measurements are also used at the Group's selected subsidiaries,
4. taking into account the special needs of groups at the risk of marginalization – TAURON Group is undertaking steps in the dedicated areas aimed at providing support for the groups such as the elderly, people with the disabilities. *For a detailed description of activities in this regard, see section S4-2 of this report.*

Multi channel customer service management model

Customer service at TAURON Group has been organized in a way that ensures the highest efficiency and optimization of the processes. The key communication channels at the Group's individual subsidiaries include:

1. Customer Service Centers – the dedicated locations where the customers can obtain the support in person, including, among other things, with respect to handling of the contracts, invoices, complaints,
2. Partner Outlets – the dedicated stationary locations where the customers of TAURON Sprzedaż and TAURON Sprzedaż GZE can obtain support in person,
3. hotline for the customers of the selected subsidiaries – a telephone service providing quick support with respect to the notifications (reports),
4. online channels – the self service services, dedicated notification (reporting) forms and e-mail contact, enabling the customers to quickly and conveniently handle their matters online,
5. traditional correspondence by mail – enabling the customers to communicate with the use of the traditional postal services,
6. dedicated account managers for the business customers whose task is to provide an individual customer service and support.

Monitoring the quality of service and optimizing the channels

TAURON Group is systematically monitoring the quality of the customer service and the effectiveness of the managed channels at the individual subsidiaries.

The key indicators (metrics) include:

1. response time in the case of the customer notifications (reporting),
2. quality of service and the customer satisfaction level,
3. effectiveness of the problem solving,
4. degree of the use of the individual contact channels.

Thanks to the ongoing monitoring and analysis of the level of the customer satisfaction, it is possible to continuously improve the service processes and adapt them to the customer expectations.

Participation in the third party mechanisms

TAURON Group is also participating in the third party mechanisms that enable the customers to submit the complaints and support the dispute resolution processes. These include institutions such as the Energy Regulatory Office, the Office of Competition and Consumer Protection, and the Consumer Ombudsmen that enable the customers to submit the complaints and inquiries without going through TAURON Group's internal systems.

Compliance and personal data protection units

TAURON Group's structure includes the organizational units dealing with the Compliance and personal data protection that were created pursuant to the applicable legal regulations, including the GDPR.

Their key tasks include:

1. ensuring an operational compliance with respect to the personal data protection and industry regulations,
2. monitoring of the compliance with the regulations,
3. handling of the customer notifications regarding data protection,
4. conducting audits and training in order to ensure the highest standards of data security.

TAURON Group provides customer service, its approach to the way the customer service processes are managed varies depending on the Group's subsidiary.

For TAURON Group's selected subsidiaries, the processes are implemented and managed was part of *Mega-process 2.5 Sales and Customer Service.* This mega-process covers the full customer service cycle – from concluding a grid connection agreement, through handling of a comprehensive / supply agreement or an agreement for the sale of the distribution services, settlements, handling of the payments, notifications, complaints, debt collection, up to the contract termination. These processes are described in detail in the process documentation and are subject to an ongoing monitoring in order to ensure the optimization and efficiency.

However, in the case of TAURON Group's other subsidiaries that provide services other than the supply of electricity, heat and gas or the distribution services, there is no centralized process management in place. The customer service processes are carried out in accordance with the internal standards in force at these subsidiaries, however they are not formally described in the process documentation as an element of the process based management.

The customer service is standardized at these subsidiaries and it is based on the developed principles of operation, which are adapted to the specificity of a given activity and the services or products offered. Depending on the type of the service or product sold, the customer service processes may differ.

Thanks to the standardized processes and the customer service adapted depending on the specifics of the operations of the individual subsidiaries, TAURON Group provides the customers with an effective access to the services and the communication channels as part of its business relations.

At TAURON Group's selected subsidiaries, a comprehensive system is used to monitor the requests and the effectiveness of the service channels, ensuring the high quality processes and their alignment with the customer expectations. The monitoring of the service effectiveness is carried out through a systematic tracking of the efficiency indicators, an analysis of the service quality and the use of the modern technologies, including, among other things, a process automation.

System for monitoring the requests and effectiveness of the customer service at selected subsidiaries

The contact channels are metered and subject to an ongoing analysis in terms of the key customer service performance indicators, such as:

1. case handling (processing) time – the time that elapses from the moment of filing a request until the resolution thereof,
2. customer service wait time – for example, when using the telephone or in-person channel,
3. customer satisfaction (CSI – *Customer Satisfaction Index*, NPS - *Net Promoter Score*, CES - *Customer Effort Score*, FCR - *First Contact Resolution*) – measuring customer satisfaction, willingness to recommend the services, and the level of effort the customer had to put into resolving his / her case (a post-contact survey).

By systematically analyzing these indicators, TAURON Group is adjusting its actions in order to increase the efficiency (effectiveness) of the service and improve the customer experience.

Customer traffic management and resource optimization

The customer traffic is monitored in the various contact channels in order to ensure a smooth customer service and minimize the wait time. In the event of an increase in traffic on the hotline or in other channels, TAURON Group is dynamically adjusting the resources available by:

1. activating the additional consultants when the hotline traffic is higher than expected,
2. adjusting the working hours of the teams in order to better meet the needs of the customers,
3. directing the customers to the alternative service channels, for example, the automated report (request) forms or an online contact.

Automation of the processes and use of the modern technologies

TAURON Group has implemented an automation of the customer service processes in order to improve efficiency and speed. Among other things, the following solutions are used in this regard:

1. VoiceBots and ChatBots – the solutions that support the customers in an automatic resolution of the basic inquiries,
2. Intelligent IVR (Interactive Voice Response) – enabling a better management of the hotline traffic and directing the cases to the adequate specialists,
3. automation of the customer service processes with the use of the RPA (Robotic Process Automation) technology – in the area of invoicing, receiving of the calls or monitoring of the status of the cases.

Listening to the voice of the customer and taking the remedial measures

TAURON Group is actively monitoring the customer feedback, which allows for identifying of the potential problems and implementing the remedial measures. In the case of the reported problems related to the effectiveness (efficiency) of the customer service channels:

1. causes of the problems are analyzed (for example, described in the customer survey comments),
2. processes are adjusted in order to optimize them,
3. technological solutions that can improve the customer service effectiveness (efficiency) are implemented.

Thanks to the engagement of the customers and their feedback, it is possible to effectively improve the quality of the customer service and adapt it to the actual needs of the users.

The implementation of the modern technologies, the monitoring of the customer traffic and an active listening to the customer feedback, ensure the ongoing improvement of the customer service processes and an improvement of customer service quality.

In 2024, TAURON Group had not conducted any surveys on the awareness of the customer service structures and processes among the consumers / end users.

As part of its ongoing activities, TAURON Group is making efforts in order to ensure that the consumers and the end users are aware of the available customer service structures, contact channels and the processes to be used for reporting the concerns and needs. In addition, at the selected subsidiaries, we are monitoring the level of the customer trust in these structures in order to ensure their effectiveness and transparency.

The awareness among the customers of the customer service structures in place and of the options available for contacting TAURON Group is built, for example, through:

1. publication of the information on the websites – including the details of the available contact channels (addresses, opening hours, telephone numbers),
2. application and the self service options (at the selected subsidiaries), where the customers can get a quick access to the customer service, information and requests,
3. dedicated customer service forms that allow the customers to easily submit the requests and inquiries,
4. information materials at the Customer Service Centers - brochures, leaflets and the information provided by the advisors,
5. communication via a hotline or the Customer Service Desk - our consultants provide information to the customers on the available contact and customer service options.

Standards of protection against retaliation at TAURON Group

TAURON Group has implemented a procedure for *Reporting Irregularities (Whistleblowing) and Taking Follow-up Actions at TAURON Group*. *More information on this topic is provided in section (G1-1) of this report*.

The approach has been based on the adopted standards of the business ethics, transparency and an adherence to the principles of a fair customer service.

Mechanisms for protection against retaliation

In order to ensure that the whistleblowers do not suffer any negative consequences, TAURON Group uses the following mechanisms:

1. confidentiality of the whistleblowing reports filed – the customers and the stakeholders can report their issues by name. TAURON Group ensures their confidentiality,
2. impartiality and objectivity – any reported case is analyzed in accordance with the adopted principles, while ensuring the respect for the rights of the customer,
3. prohibition of any retaliatory steps – any whistleblower who has the reasonable grounds to believe that the information they report is true and constitutes information on a violation of the law shall be protected against any retaliatory steps.

In this way, TAURON Group ensures that the persons using the available structures and processes are able to safely raise their concerns without a risk of suffering any negative consequences.

TAURON Group provides the consumers and end users with the opportunity to report any material impacts of the entity's operations on their situation. An access to these structures has been developed in order to effectively

identify, analyze and resolve any reported issues while ensuring the transparency and efficiency of the processes applied.

Based on the previously described mechanisms, TAURON Group is focusing on monitoring and analyzing the filed reports of the material impacts, which allows it to take steps aimed at eliminating the problems and optimizing the customer service.

The availability of the structures for the reporting of the impacts of TAURON Group's activities is continuously analyzed through:

1. customer satisfaction surveys at the selected subsidiaries, covering the aspects related to accessibility and efficiency of the case reporting processes,
2. analyzing of the number and type of the reports filed, which allows for an identification of the areas for improvement,
3. at the selected subsidiaries, monitoring of the customer service efficiency indicators with regard to the time taken to process the reports filed, the quality of the responses provided and the effectiveness of the steps taken.

TAURON Group treats the consumer and end user submissions as an important source of the information with respect to the potential areas that need changes. These submissions may be related to both the direct customer service, as well as the broader issues associated with the functioning of the infrastructure, the quality of the services provided or a compliance with the market regulations.

All of the submissions are systematically analyzed, and the conclusions stemming from them are used to:

1. optimize the customer service processes,
2. identify the potential risks and problem areas,
3. adapt the procedures to the actual needs of the customers,
4. implement the remedial measures and improve the customer service and problem solving systems.

TAURON Group ensures that the consumers and end users have a real opportunity to report the material impacts of the entity's operations and have them fixed. The lessons learned from these reports are used to improve the customer service processes and adapt the functioning structures to the actual needs of the stakeholders.

External mechanisms available to the customers and end users, including, among other things:

1. Office of Competition and Consumer Protection (UOKiK) – the customers are able to report any violations of the consumer rights regarding the contracts for, among other things, electricity supply,
2. Consumer Ombudsman – the local ombudsman offices provide the customers with an assistance in the disputes with the electricity suppliers,
3. Energy Regulatory Office (ERO) – the authority overseeing the energy market, receiving the complaints against the electricity suppliers and the distribution system operators,
4. Consumer portals and organizations – for example, the Consumer Federation, the Consumer Protection Association, where the customers are able to get help and report a case.

Electronic mechanisms provided by third parties:

1. online opinions and reviews – such sites as Opineo, Google Reviews, Facebook, where the customers are able to evaluate the quality of service and report the problems,
2. external energy price and service comparison sites – for example, electricity tariff comparison sites, which provide the customers with the independent information on the competitiveness of TAURON's offering.

TAURON Group is striving to ensure the highest standards of the protection for the persons who report their concerns, complaints or issues related to the negative impacts of TAURON Group's operations. Within the framework of the available reporting mechanisms, we ensure confidentiality, respect for the right to privacy and a compliance with the personal data protection regulations.

The persons using the mechanisms for reporting of the complaints or concerns must not be subject to any retaliatory steps. TAURON Group has the ethical standards and control mechanisms in place to ensure:

1. confidentiality of the reports filed – the data of the persons filing the reports are protected and are not shared with any third parties without their consent,
2. ability to escalate the reports in the event of the suspected violations of the rules of a protection of the persons filing the reports,
3. mechanisms for overseeing the complaint handling process in order to ensure that the complaints are handled fairly and impartially.

TAURON Group shall ensure that all of the reports filed are processed confidentially and in accordance with the applicable legal regulations, including with respect to the protection of the personal data. To this end:

1. details of the persons filing the reports are protected in accordance with the provisions of the GDPR, and only the authorized persons have access thereto,
2. procedures have been applied to minimize the data processed, which means that we collect only the necessary information needed to handle the case,
3. rules have been implemented for the secure storage and archiving of the reports filed to prevent an unauthorized disclosure,
4. dedicated data protection units are in place to oversee the compliance with the privacy rules for the submissions.

TAURON Group allows for the use of the reporting mechanisms in an anonymous manner, providing an opportunity to:

1. submit the requests and complaints through the third parties, such as the consumer organizations, public institutions or the powers of attorney for the customers,
2. file the reports in an anonymous form, in the cases where such form is possible from the point of view of an effective handling of the case.

TAURON Group has dedicated organizational units responsible for the protection of personal data in place, whose task is to:

1. oversee the compliance of the complaint and request filing processes with the data protection regulations,
2. ensure the proper processing and safeguarding the details of a person filing a report,
3. monitor the compliance with the privacy rules and respond to any potential violations,
4. train the employees with respect to the confidentiality and protection of the details of the persons reporting their concerns (whistleblowers).

Thanks to the solutions put in place, TAURON Group guarantees that every person filing a report is able to use the available mechanisms in a secure manner, without any fear of a retaliation and with the full respect for their rights to privacy and the data protection.

Disclosure of the number of the complaints received from the consumers or end users during the reporting period.

Table no. 146 Number of complaints received from the consumers or end users during the reporting period

Number of complaints	Total complaints
TAURON Group's total number of complaints	143 670

59.4% are the unsubstantiated complaints at the subsidiaries where the analyses are carried out to determine the validity of the complaint filed – including, among others, TAURON Obsługa Klienta, TAURON Sprzedaż, TAURON Sprzedaż GZE, TAURON Dystrybucja, TAURON Nowe Technologie.

(S4-4) Taking action on material impacts on consumers and end users, and approaches to managing material risks and pursuing material opportunities related to consumers and end users, and effectiveness of those actions

ESRS S4-4

TAURON Group has been implementing the comprehensive measures in order to standardize and optimize the customer service processes, which translates into the systematic improvements in the key quality and efficiency factors (metrics). The Group is striving to achieve the consistent service standards and improved consumer and end user experiences. These measures are aimed at minimizing the operational and reputational risks and aligning the processes with the growing customer expectations and the ESG requirements.

Action plans and resources related to managing the material impacts, risks and opportunities related to the consumers and end users

TAURON Group is conducting an active policy of managing the risks in the sales and customer service areas, focusing on minimizing of the risks and taking advantage of the market opportunities related to the innovations and energy transition. In the coming years, the efforts aimed at standardizing and optimizing the customer service processes will be continued, focusing on the digitization, automation and the implementation of the modern customer experience management solutions. The key plans include:

Development of the customer experience management model

1. implementation of the consistent customer service standards at the Group's successive subsidiaries, adapting the processes applied to their specific business characteristics,
2. development and implementation of the new analytical and monitoring tools to enable an ongoing assessment of the customer satisfaction and a rapid response to the customer needs.

Digitization and automation of the processes

1. further development of the self service tools – chatbots, the systems that use AI to handle the requests and a personalization of the contacts with the customer,
2. further automation of the processes, which will allow for a reduction of, for example, the handling time of a customer case and an increase of the efficiency of the operational activities.

Transparency and streamlining of the complaint handling processes

1. optimization of the complaint handling procedures, including their simplification and alignment with the best market practices,
2. implementation of the predictive mechanisms in order to identify the potential problems even before they escalate to become the formal complaints,
3. training for the employees with respect to the handling of the difficult situations and building a positive customer experience.

Strengthening the educational and social activities

1. development of the educational activities for the customers, in particular regarding the conscious management of the energy consumption,
2. ensuring the transparency of the information and communication so that the customers could have a full access to their service and accounts payable related data (including, among other things, the development of the *mójTAURON* website and application),
3. further development of the ESG standards in the area of the customer service, in accordance with the best market practices and the EU regulations.

Through a consistent implementation of the above measures, TAURON Group is aiming to create a modern, integrated and efficient customer service system that will provide:

1. consistent service standards across the Group,
2. easier access to the services and the information for the customers,
3. shorter handling times for the requests and complaints filed,
4. greater customer satisfaction and loyalty,
5. minimization of the operational risks and increased process efficiency.

Ultimately, the above mentioned activities will be gradually extended to the Group's certain companies where a justified need for a change is identified, in accordance with the given subsidiary's readiness to implement the new standards and tools.

Resources to support the accomplishment of the objectives (selected examples)

Technological resources (tools)

1. to automate the customer service processes,
2. to handle the customer requests,
3. to conduct the customer opinion surveys.

Financial resources

1. budget for the sustainable development initiatives and innovations (including the digital solutions),
2. funds for the training and development of the employees in the field of the customer service.

Information resources

1. databases on the customer feedback,
2. reports and analyses on the market practices.

The resources indicated above may vary at TAURON Group's individual subsidiaries, as the organization includes entities with a varying degree of the process based management. Some subsidiaries use the specific resources, while others are in the process of implementing them.

Human resources

1. teams dedicated to customer service,
2. teams ensuring the reliability of the electricity, gas and heat supplies,
3. external Contact Center teams,
4. specialist teams dedicated to, among other things, customer experience management, process optimization / automation, data analysis,
5. Compliance teams,
6. teams from the communication area,
7. complaint handling specialists,

8. personal data protection specialists.

Development of the process and customer experience management as the key activities already implemented in the context of preventing the material negative impacts on the consumers or end users

TAURON Group is steadfastly developing its process and customer experience management strategy, striving to ensure a consistent, effective and high quality customer service across the Group. The key element of this approach is the optimization and standardization of the processes, an implementation of the innovative solutions and data analysis in order to adapt the services to the customer expectations.

Currently, most of these activities are mainly carried out by the TAURON Obsługa Klienta (BU Obsługa Klienta) subsidiary, which provides the services, first and foremost, for the customers of the TAURON Sprzedaż, TAURON Sprzedaż GZE and TAURON Dystrybucja subsidiaries, which have the most highly developed customer service structures. As part of this approach, among other things, the *Customer Research and Experience Team* has been established, whose main goal is to improve the customer service processes and implement the activities that increase customer satisfaction. In the coming years, it is planned to extend this model to cover TAURON Group's other subsidiaries, adapting the approach to their level of the advancement of the process.

In addition, at the TAURON Obsługa Klienta subsidiary, as part of the *Process Management Center*, there are specialist teams in place supporting the activities related to:

1. optimization and standardization of the customer service processes,
2. analysis of the customer data in order to improve the quality of their experience,
3. robotization and automation of the processes, which increases the operational efficiency.

One of the key activities carried out as part of this approach also includes managing of the complaint handling process, which is a material element having an impact on the customer experience. TAURON Group is seeking to shorten the time of handling the complaints, identify the recurring problems and implement the preventive measures that eliminate the potential difficulties in the customer service process. The Group ensures the transparency and integrity through, for example, a fair and impartial handling of the complaints, while respecting the consumer rights.

In the situations where any negative impacts are identified, TAURON Group is taking the remedial measures, for example, a complaint handling process implemented at each subsidiary. Each complaint is carefully analyzed and the conclusions are used to introduce the improvements in the processes to prevent the repetition of the same complaints.

TAURON Group is implementing comprehensive actions in order to prevent, mitigate and remedy the negative effects of the impact on the customers, focusing on standardizing the customer service, automating the processes, eliminating barriers to access to the services and improving the quality of the communication as well as responding to the problems.

The implemented mechanisms allow for increasing the customer satisfaction level, minimizing the operational and reputational risks and effectively managing the relationships with the consumers in accordance with the ESG requirements.

The main risk areas include:

1. quality and availability of the services – ensuring the reliability of the supply of electricity, gas, heat and the additional products and services through a continuous monitoring of the grids and networks and investments in the infrastructure,
2. transparency of the information and communication – providing the customers with the reliable, easy to understand information on the services and processes – the communication tailored to the various groups of the customers (for example, a hotline for the seniors, communication written in a plain language as part of the initiative launched by the Group *TAURON speaks like human beings do*),
3. increasing the availability and effectiveness of the customer service channels – developing the online customer service channel and ensuring that the customer service is tailored to the customer needs in other channels,
4. optimal mechanisms for handling of the customer complaints and requests – an effective complaint management process and the implementation of the remedial measures based on the diagnosis of the causes of the complaints,
5. protection of the consumer rights – compliance with the legal regulations (for example, GDPR) and the ESG standards as part of the relationships with the customers,
6. providing of the services to the customers who are at the risk of an exclusion – elimination of the barriers to access to the services (for example, for the elderly people, people with the disabilities),
7. continuously increasing the level of the security of the IT systems – the protection of the customer data against an unauthorized access.

TAURON Group is undertaking various activities and initiatives in order to have a positive impact on the benefits derived by the consumers and end users. The activities indicated may differ with respect to the Group's individual subsidiaries.

Educational programs and information campaigns

Conducting the workshops and information campaigns that help the consumers better understand the products and services as well as enable their safe and effective use.

Improving efficiency

Offering to the customers of the products or services that contribute to improving energy efficiency, for example, photovoltaics, energy storage facilities, energy management systems, reactive energy compensation, heat pumps, electric vehicle charging stations.

Developing the new technologies

1. improving the charging infrastructure for the electric vehicles, based on the development of the Direct Current fast charging stations and increasing the availability thereof,
2. implementing the new technologies in the customer service (for example, RPA, chatbots, AI, Blockchain) supporting the digitalization of the customer service, while minimizing the carbon footprint,
3. using the energy efficient lighting,
4. modernization and energy transition of the electricity and heat generation sources towards the zero- and low-carbon sources, ensuring the stability of the heat and electricity supplies to the consumers.

Tracking and evaluating the effectiveness of the identified activities and initiatives with respect to achieving the intended outcomes for the consumers and end users is carried out using the specific methods:

Information campaigns

1. audience engagement analysis – the statistics with respect to the interest in the published content that contributes to improving the benefits derived by the consumers or end users, for example, the content posted on the websites or as part of the publications posted in the social media,
2. assessment of the changes in customer behavior – research on the trends and activities supporting the increase in the number of the customers who use, for example, e-invoices and the online forms.

Improving efficiency

Analysis of the number of the customers who use the offered products and services and the pace of the growth of the share of these solutions.

Developing the new technologies

1. improving the charging infrastructure for the electric vehicles – monitoring the number and location of the charging stations and the use thereof,
2. implementing the new technologies in the customer service (for example, RPA, chatbots, AI, Blockchain) – tracking the number of the cases handled online and the customer service time, customer satisfaction surveys and measuring the effectiveness of the automation and robotization of the processes,
3. use of the energy efficient lighting – assessing the quality and durability of the modern lighting systems,
4. modernization and energy transition of the electricity and heat generation sources – monitoring the stability of the electricity and heat supplies and their impact on the users.

At TAURON Group, the processes of determining the adequate actions to be taken in response to the negative impact on the consumers and end users are a part of the systemic risk management process and an effort to ensure a continuous improvement of the quality of the services and products. The key stages of this process:

Risk identification and analysis

1. monitoring of the consumer reports, analysis of the complaints and the customer satisfaction surveys,
2. tracking the public opinion and the social media,
3. analyzing the market, regulatory and technological trends.

Assessment of the scale and nature of the impact

1. analysis of the impact on the security and safety, comfort of use and the consumer finances,
2. determination of the scale of the problem and its short- and long term consequences.

Identifying and implementing the remedial measures

Based on the results of the risk analysis and assessment, the adequate actions are taken, which may include:

1. product and / or service modification,
2. preventive actions – updating of the internal procedures and the quality standards,
3. communication with the consumers – providing of the information, educational campaigns, public warnings,
4. in the extreme cases – a withdrawal of the product and / or service from the market.

TAURON Group's actions undertaken in the crisis situations are carried out in a systemic manner, taking into account the ESG aspects, including:

1. social responsibility and support for the local communities (for example, aid funds, exemptions for the customers),
2. sustainable management of the critical infrastructure (for example, reconstruction and modernization of the electricity distribution systems),
3. operational activities and proactive response (for example, a priority service provision for the customers affected by the crisis),
4. cooperation with the local government units and the emergency rescue services,
5. communication activities (for example, the mobile service centers, simplification of the formalities).

TAURON Group's approach to managing the crisis situation caused by the flood

In 2024, TAURON Group had taken a number of actions in response to the floods that had affected the south of Poland, bring about significant damage to the energy infrastructure, including the flooding of more than 500 transformer stations (substations) as well as the low and medium voltage grids. As part of a systemic approach to the crisis management and in order to minimize the negative impact on the consumers and end users, the following initiatives were implemented:

Financial and equipment support

1. *TAURON Foundation* donated PLN 2 million for the purchase of the dehumidifiers, pumps and the diesel power generators,
2. special support programs for the customers affected by the flood were launched, including a dedicated offer of assistance with respect to the repair of the damage and restoring access to the electricity.

Operational and technical activities

1. rescue operations and the reconstruction of the infrastructure – TAURON Group organized a flood damage repair operation, involving more than 1 000 employees,
2. cooperation with the rescue services in coordinating the activities related to the reconstruction of the critical infrastructure,
3. additional technical teams were working on restoring the power supply and rebuilding the power system infrastructure in the municipalities affected by the flood,
4. priority replacement of the damaged meters,
5. shortened procedure for restoring the power supply for the residents and the public institutions.

Customer support and pro-consumer activities

1. simplification of the customer service procedures and an accelerated processing of the customers' requests coming from the flood affected areas,
2. waiving of the charging of the fees for exceeding the contractual capacity in the situations requiring the drying up of the buildings, the use of the pumps and the power supply equipment,
3. no increase in the fixed component of the grid rate by 10% in the event of a decrease in the contractual capacity (below the base rate, for example pre-ordered for this year) as a result of the flooding,
4. launching of the flexible payment methods – the possibility of spreading the arrears over a maximum of 6 months without charging a penalty interest,
5. special tariff for the customers affected by the flooding (*Aid Price List*),
6. enabling the deferment of the payment deadline for the invoices.

Crisis communication and cooperation with the local communities

1. launching of the dedicated customer contact channels in order to enable a quick reporting of the threats (risks) and failures,
2. implementing a pro-customer service model, including the mobile customer contact channels,
3. cooperation with the local government units and the social organizations in the reconstruction of the local infrastructure,
4. distribution of the sandbags and the support in the strengthening of the flood embankments for the protection of the power system infrastructure.

In order to ensure the effectiveness of the processes enabling the application of the remedial measures in the event of the material negative impacts on the consumers or end users, TAURON Group has implemented the following mechanisms:

Structure and availability of the repair processes

1. defined procedures – the organization is developing and implementing the clear rules of conduct in the event of detecting a negative impact,

2. problem reporting channels – providing the users and consumers with an easy access to the complaint reporting mechanisms (for example, hotline, online form, customer service centers),
3. compliance with the regulations – the mechanisms adapted to the applicable legal regulations and ethical standards (for example, GDPR, the product safety related regulations).

Effectiveness of implementing the remedial measures

1. response time – setting a time frame for analyzing the problem and taking the remedial measures,
2. assigning the responsibility – designating the dedicated resources responsible for implementing the remedial measures,
3. communication with the stakeholders – providing the information to the consumers on the actions taken, for example, the product recalls, updates or compensations.

Evaluation of the effectiveness and a continuous improvement

1. monitoring of the results – analysis of the effectiveness of the implemented measures through the surveys, customer feedback, complaint statistics,
2. review – an evaluation of the remedial processes in order to optimize them,
3. conclusions for the future – the implementation of the preventive actions, such as improving of the quality standards and the response procedures.

Thanks to the above mentioned mechanisms, TAURON Group ensures that the repair processes are available, are effectively implemented and bring the expected results, minimizing the negative impact on the consumers and end users.

TAURON Group is actively taking advantage of the opportunities stemming from the growing consumer expectations, a change of the consumer habits and the transition of the energy market. These activities are not only a response to the key risks related to the relationships with the end users, but also enable building of the long term value and competitiveness.

Key risks and how to mitigate them:

Increase of the energy costs – the development of the green energy offerings and climate neutrality

In response to the growing interest among the customers in the renewable energy sources, a portfolio of the products and services based on the ecological solutions is being developed. The introduction of a certified “green” energy product for the households and businesses provides an opportunity to acquire the new customers and strengthens TAURON Group’s position as a leader in the sustainable energy transition.

Limited energy availability and reliability of the supply – modern prosumer solutions and energy storage

TAURON Group supports the development of the prosumer energy by offering the comprehensive solutions for the end users, for example, photovoltaic installations, energy storage systems and the intelligent energy consumption management. Thanks to this, the consumers are able not only to reduce their bills, but also increase their energy independence.

Mismatch between the services and the changing customer needs – the digitalization and smart energy management services

The use of the smart meters and smart grid management systems allows the customers to better control and optimize their energy consumption. The development of the mobile applications allows the end users to freely access the data.

Low level of energy awareness among the customers and an ineffective energy consumption management – energy efficiency programs for the customers

In order to save energy and improve the comfort of the end users, the advisory programs and technological solutions are offered in order to optimize energy consumption. The educational campaigns and energy advisory services help the customers reduce the costs and curb the carbon footprint.

Insufficient charging infrastructure and limited availability of the electric vehicles – the electrification of the transportation and the development of the charging infrastructure

Due to the growing demand for electromobility, TAURON Group is investing in the development of the electric vehicle charging infrastructure. The new charging stations are put into operation, as well as the support programs are launched for the businesses and individual customers interested in switching to the electric transportation.

Customer complaint risk and media buzz risk – improving the quality of the customer service and the transparent communication

TAURON Group is actively managing the risk stemming from the customer complaints and the potential media buzz risk as a consequence of their dissatisfaction. The key challenges in this area are related to the quality of service,

the timeliness of handling of the complaints and the transparency of communication. In order to minimize this risk and elevate the customer trust, the Group is implementing the innovative solutions that improve the quality of service and build the long term value of the relationships with the customers (for example, proactive actions, programs simplifying the communication).

High costs of the energy and the risk of the vulnerable consumers' energy exclusion – the flexible pricing models and the support for the consumers

In order to increase the energy availability and adapt to the diverse needs of the customers, TAURON Group is developing the flexible tariff models, including the dynamic tariffs based on the hourly energy consumption.

TAURON Group is taking steps in order to ensure that its own practices do not cause or contribute to the material negative impacts on the consumers or end users through:

principles and policies of the responsible actions

1. active cooperation with the market regulator and the consumer organizations in order to implement the best practices,
2. standards of conduct - defining the principles of the responsible actions towards the consumers,
3. compliance with the regulations – the compliance with the national and international consumer protection standards, for example, GDPR, EU directives, product related standards,
4. quality and safety related policies – an implementation, as part of the subsidiaries' operations, of the internal procedures in order to ensure the compliance of the products and services with the safety and consumer protection requirements.

identification and assessment of the potential risks:

1. consumer impact assessment – an analysis of the potential negative effects of the organization's activities on the end users,
2. risk management – the quality monitoring systems, an analysis of the complaints related data, a verification of the products and services with respect to them meeting the customer expectations before bringing them to the market.

use of the preventive steps and the remedial measures:

1. transparency of the information – the accurate communication with respect to the characteristics of the products and services, fair advertising, transparent terms of contracts,
2. mechanisms used to report the problems – the implementation of the easily accessible systems for the consumers to report their complaints, comments and irregularities (for example, hotlines, online forms),
3. response to the problems – the implementation of the remedial measures when the irregularities are detected, for example, product modifications, compensation for the customers.

monitoring and improving the processes:

1. reviews - assessing the effectiveness of the measures aimed at eliminating the negative impacts,
2. continuous improvement – the implementation of the industry's best practices, training for the work force and the initiatives aimed at raising the responsible business awareness.

Through these actions, TAURON Group is able to demonstrate that it is actively counteracting the potential negative impacts of its practices on the consumers, taking care of their security and safety, rights and satisfaction.

TAURON Group had no serious human rights issues or incidents related to the consumers or end users in 2024.

TAURON Group attaches great importance to managing of the material impacts on the consumers and end users. In 2024, in response to the changing environment, TAURON Group had updated its Strategy and Business Model, the implementation of which is also aimed at managing the risk, achieving transparent communication and taking steps for the benefit of the customers and stakeholders.

The Group systematically allocates the financial, human and technological resources in order to manage its material impacts, ensuring the compliance with the regulations and accomplishing the ESG goals, such as:

1. financial resources – the investments in the infrastructure modernization, the RES development, smart grids, customer service systems and the green initiatives,
2. human resources – the teams dealing with ESG, compliance, customer service and the innovations responsible for the minimizing of the risks and optimizing the processes,
3. technologies and systems – the digitization, AI-enabled systems, analytics platforms, impact monitoring and the energy efficiency management systems.

(S4-5) Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

ESRS S4-5

TAURON Group defines its objectives in the area of customer service and sales based on the strategic assumptions of the business model and the analyses of the consumer and end user needs. The key indicators and initiatives are defined on the basis of:

1. customer satisfaction surveys – a regular analysis of the customer feedback (for example, NPS, customer service quality surveys, analysis of the requests and complaints) in order to identify the areas for improvement,
2. customer service quality monitoring – an analysis of the key operational indicators (metrics) such as the response time to requests, effectiveness of the complaint resolution process and the availability of the customer contact channels,
3. analyses of the market and regulatory trends – an adaptation of the customer service standards to the requirements of the regulator and the rapidly changing expectations of the customers in terms of the digitization, automation and personalization of the services,
4. dialogue with the stakeholders - taking into account the feedback of the customers, business partners and the regulators in the process of shaping the sales policy and the customer service.

This process ensures that TAURON Group's objectives are tailored to the actual needs of the users, as well as they are in line with the directions of the energy policy.

TAURON Group's objectives have been published along with *TAURON Group's Strategy for the years 2025 - 2035*. The most important goals that TAURON Group wants to achieve with respect to the customer service include:

1. by 2030, the customer service available based on a 24/7 model, virtual customer contact centers and the digital assistants supported by the artificial intelligence,
2. by 2035, achieve the level of 80% in terms of the e-contracts, e-invoices, remote customer contacts, less paper, and an increase in the volume of the customers using the self service platforms such as *Mój TAURON* and *Moja Dystrybucja*,
3. by 2035, a systematic increase of the Customer Satisfaction Index (NPS), reaching a minimum of 75%,
4. by 2040, achieve 100% of the energy supply from the zero- and low carbon sources to the Group's customers.

TAURON Group monitors the accomplishment of the objectives with respect to the customer service and sales by systematically tracking the operational indicators (metrics) and assessing the customer satisfaction level:

1. ongoing assessment of the customer service quality indicators (response time, process effectiveness),
2. periodic evaluation of the level of the customer satisfaction and loyalty,
3. regular performance reviews with respect to the implemented activities, aligned with the Strategy.

In 2025, BU Obsługa Klienta (Customer Service) will be conducting the first review of the strategic initiatives aimed at implementing TAURON Group's Strategy. The monitoring will be conducted systematically.

The conclusions from this review will identify areas that will require a modification and will serve to further optimize the processes and adapt the activities to the changing customer expectations and market activities.

Corporate governance

12.20. Business conduct (G1)

(G1.GOV-1) The role of the administrative, supervisory and management bodies

ESRS G1 GOV-1

TAURON Group's commitments to corporate governance are rooted in the corporate values derived from *TAURON Group's Corporate Social Responsibility Code of Conduct* adopted by the Management Board of the Company. TAURON Group's goal is to achieve its business objectives in accordance with the principles of the sustainable development, including transparency and business ethics.

The members of the Company's Management Board are conducting the Company's affairs in compliance with the generally applicable laws, the internal and the intra-corporate regulations and the ethical standards. As part of its activities aimed at building an organizational culture that takes into account ethical business conduct, the Company's Management Board annually approves a *Compliance Plan* that defines the priorities and the timetable of actions necessary to ensure compliance. In addition, the role of the Company's Management Board is to oversee the projects related to TAURON Group adapting to achieve compliance with the regulatory requirements.

The information on the implementation of the tasks with respect to developing corporate governance in the organization is presented to the President of the Company's Management Board (CEO) during the regular meetings. In addition, the Competent Director for Compliance (Compliance Officer) submits the periodic reports on the tasks

carried out by the Compliance Area to the Audit Committee of the Company's Supervisory Board and to the Company's Supervisory Board.

In order to provide the members of the Company's Management Board and of the Company's Supervisory Board with access to the specialized knowledge on the business conduct, a series of the dedicated training courses was organized in 2024. The trainings within the framework of the *Compliance Manager's Academy* and the trainings on anti-corruption and whistleblower protection had been conducted for the management staff of all of TAURON Group's subsidiaries. As part of the *Compliance Day 2024*, a panel on ESG with a particular focus on the social and the business conduct disclosures had been held for the above audience and for the members of the Company's Supervisory Board.

Information on ESRS 2 GOV-1 is provided in sections 12.2. and 12.3. of this report.

(G1.IRO-1) Description of the processes to identify and assess material impacts, risks and opportunities

ESRS G1 IRO-1

The process of identifying the material impacts, risks and opportunities with regard to the business conduct issues had been based on the identification of the impacts, risks and opportunities in this area, using the information obtained from own operations and as a result of the dialogue with the stakeholders, as well as from the analysis of the market standards, legislation in the context of the TAURON Group's business operations profile and structure, and the value chain analysis. This was followed by an assessment of the materiality of the impacts, risks and opportunities, and based on this the significant topics and sub-topics were identified. *The detailed information on the process of identifying material impacts, risks and opportunities is provided in section 12.8 of this report.*

(G1-1) P Business conduct policies and corporate culture

ESRS G1-1

TAURON Group ensures transparent compliance with corporate governance and business ethics. As part of its operations and the relations with the stakeholders, it is implementing the commitments related to conducting responsible business activities adopted, among others, in the internal regulations indicated below:

1. *TAURON Group's Corporate Social Responsibility Code of Conduct,*
2. *TAURON Group's Compliance Policy,*
3. *TAURON Group's Anti-Corruption Policy,*
4. *TAURON Group's Policy of Respect for Human Rights,*
5. *TAURON Group's Procedure for Reporting Irregularities (Fraud) and Taking Follow-up Actions,*
6. *TAURON Group's Procedure for Counteracting Money Laundering (Anti-Money Laundering) and Terrorism Financing,*
7. *TAURON Group's Procedure for Assessing (Vetting) the Credibility of Contractors (Counterparties).*

TAURON Group has also put in place the regulations to supplement the corporate governance issues in the specific substantive areas (among other things, with respect to accounting, purchasing).

TAURON Group's Corporate Social Responsibility Code of Conduct

TAURON Group's Corporate Social Responsibility Code of Conduct is a key document shaping the ethical culture of TAURON Group. All of the employees, as well as the suppliers and the persons providing services for TAURON Group, are required to become familiar with the Code and to act in accordance with its provisions. The Code includes a clear and understandable combination of TAURON Group's mission, vision and corporate values. It also defines the most important principles of conduct to be followed by the employees and the stakeholders of TAURON Group in the areas related to the employee, the natural environment and the stakeholder issues. In January 2025, *TAURON Group's Corporate Social Responsibility Code of Conduct* was updated in line with the values underpinning *TAURON Group's Strategy for the years 2025 - 2035.*

The provisions of the Code regulate, among other things, the issues related to:

1. compliance with labor rights,
2. prohibition of discrimination and unequal treatment,
3. diversity,
4. conflict of interest,
5. countering corruption,
6. environment protection,
7. stakeholder relations,
8. fair competition,
9. safety and security,
10. information protection.

Protection for whistleblowers

In 2024, TAURON Group's subsidiaries implemented *TAURON Group's Procedure for Reporting Irregularities (Fraud) and Taking Follow-up Actions*, taking into account the statutory requirements for providing whistleblowers with the protection against retaliation in accordance with the provisions of the *Act on the Protection of Whistleblowers of June 14, 2024*. The content of the Procedure has been communicated to TAURON Group's employees and is available on the intranet. TAURON's website under the Compliance tab contains information on the Procedure. A statement on having become familiar with the Procedure has been signed by 14 800 of TAURON Group's employees.

In connection with the implementation of the Procedure, the channels to be used for reporting the irregularities as part of *TAURON Group's Irregularity (Fraud) Reporting (Whistleblowing) System* were updated. Under this system, both the internal as well as the external stakeholders are able to report the potential violations of the legal regulations, the internal regulations and the ethical standards via the following channels:

1. in person or in writing to the Executive Director for Compliance at TAURON or the Compliance Coordinator at TAURON Group's other subsidiaries,
2. by phone,
3. via the e-mail address: sygnalista@tauron.pl,
4. via the *Irregularity (Fraud) Reporting Form.*

In the case of the reports of bullying (mobbing) or discrimination, it is possible to contact the Ethics Committee. The Ethics Committee's procedure for receiving the reports is described in detail in *section 12.16 of this report*.

The reports can be submitted anonymously or by name. The confidentiality of the report is ensured and the identity of the reporting person (whistleblower) is protected. All of the reports are carefully reviewed by the Director in charge of Compliance (Compliance Officer) at TAURON or the Compliance Coordinator at TAURON Group's subsidiaries. The reports may be investigated with the support of the Fact Finding (Investigative) Committee. The investigation shall be conducted in accordance with the principles of promptness, confidentiality, objectivity, impartiality and protection of the whistleblower from a retaliation. The investigation shall be conducted with respect for the rights of the employees and their personal rights. There shall be no retaliation against the whistleblower, or any person who has provided assistance in filing the report, or any person associated with the whistleblower, or any attempt or threat of taking such action.

In a situation where, in the opinion of the authorized person, there are circumstances that may have an impact on his / her impartiality in considering an internal notification, he / she shall be obliged to request the president of the management board of TAURON Group's given subsidiary to appoint another authorized person.

Training with respect to the receiving of the filed reports, the follow-up actions and the practical aspects of conducting the investigations has been provided to the persons authorized to receive and process the filed reports.

The procedure introduces the obligation to provide the reporting person (whistleblower) with information on the acceptance of the filed report within 7 calendar days from the date of the receipt thereof, and feedback on the results of the investigation within 3 months from the date of the confirmation of the acceptance of the filed report. If the irregularities are confirmed, the corrective actions are taken, such as, for example, review of the existing procedures, conducting of the dedicated training, taking action in order to hold the perpetrator accountable for a disciplinary action, or filing a notice with the law enforcement authorities.

Countering corruption (anti-corruption measures)

TAURON Group has implemented *TAURON Group's Anti-Corruption Policy* under which it prevents, identifies risk areas and investigates the suspected cases of corruption in accordance with the premise: zero tolerance for corruption. The provisions of *TAURON Group's Anti-Corruption Policy* are in line with the *United Nations Convention* against Corruption.

In 2024, TAURON Group had conducted a corruption risk analysis and assessment in order to identify the functions and areas most exposed to the risk of corruption and bribery. As a result of the analysis, the following functions most exposed to the risk of corruption risk have been identified at TAURON Polska Energia:

1. Members of the Management Board,
2. Directors in charge of all Areas,
3. Employees of the Communication Area,
4. Employees of the Trading Area,
5. Employees of the Fuel Market Operator Area,
6. Employees of the Purchasing Area,
7. Employees of the Asset Management Area,
8. Employees of the Investment Area,
9. Employees of the Transformation (Transition) and Development Area,
10. Employees of the Research and Innovation Area

The results of the analysis of the corruption risks at TAURON Group's individual subsidiaries to a predominant degree coincide with the results obtained in the survey conducted by TAURON, taking into account the differences stemming from the specifics of the activities of TAURON Group's individual subsidiaries.

Corporate culture and training delivery policy

Corporate culture is promoted and developed at TAURON Group through training and internal communication.

As part of the annually drafted *Compliance Plan*, a compliance training program is prepared, tailored to the current needs and the specifics of the operations of TAURON Group's subsidiaries.

In 2024, information campaigns had been carried out: on anti-corruption, *The Olympics Against Corruption,* and on the whistleblower protection, *Compliance - and all is clear!*

In addition, a series of six dedicated training courses, the *Compliance Manager's Academy*, covering a total of 9 training hours, had been organized for the managerial staff, including the members of the Management Boards of TAURON Group's subsidiaries. The topics covered as part of the initiative had included such issues as developing a friendly work environment, occurrence and management of a conflict of interest, development of a whistleblowing system within the organization, ESG and anti-corruption. The number of participants in all of the training courses conducted as part of the *Manager's Compliance Academy* series had come in at 3 537.

In addition, as part of the annually held *Compliance Day,* TAURON Group's employees had been familiarized with the practical aspects of the whistleblower protection system, the *Trade Compliance* issues and the most important ESG aspects in the context of a manager's work. The number of the participants in the training conducted as part of the *Compliance Day* had clocked in at 1 098.

In 2024, a dedicated training on conducting the procurement proceedings and preventing irregularities (fraud) had also been conducted for the Purchasing Area personnel, attended by 430 employees, as well as a training on anti-money laundering (AML) and combating the financing of terrorism (CFT), for the personnel of the mandatory institutions at TAURON Group, attended by 67 employees. These trainings are conducted annually. After the trainings have been completed, a request is sent to the participants to fill out an evaluation questionnaire in order to identify areas for improvement and the needs of the participants.

TAURON Group's employees are required to complete the compliance e-learning trainings listed below:

1. *The Olympics Against Corruption* – a training on the principles outlined in the *Anti-Corruption Policy* (i.e., identifying the corrupt activities, the employees' responsibilities with respect to identifying and reporting the suspected corrupt activities), the rules for accepting and giving gifts, and the issues related to identifying the conflicts of interest, the sources of conflicts of interest and the employees' responsibilities in this regard. In 2024, 14 561 employees had completed the training,
2. *Reporting irregularities (whistleblowing) and follow-up actions* – a training on the Whistleblower System (System for Reporting Irregularities) (including, among other things, the issues related to obtaining the whistleblower status, the subject matter scope of the whistleblowing that may be covered in a report of an irregularity, the channels for reporting irregularities, and the procedures for handling of the reports filed). In 2024, 12 821 employees had completed the training,
3. *Compliance Management System* – a training on the operation of the compliance management system at TAURON Group (including, among other things, the organizational structure of the compliance unit) and the most relevant issues related to the key regulations with respect to compliance. The training had been completed by 14 761 employees. The training will be updated in 2025,
4. *Corporate Social Responsibility Code of Conduct* – a training on the corporate values, the rules of conduct and reporting of irregularities (whistleblowing) under the *Corporate Social Responsibility Code of Conduct*. 14 739 employees had completed the training. The training will be updated in 2025.

(G1-2) Management of relationships with suppliers

ESRS G1-2

TAURON Group has regulations in place in order to ensure the proper circulation, control and approval of the purchase related documents received from all of the suppliers, as well as to ensure the security of the payments made to the correct bank accounts. The circulation of the purchase related documents is carried out by the financial and accounting systems of TAURON Group's subsidiaries or by a dedicated application for this purpose, and the participants in this circulation are obliged to meet the established deadlines for the completion of the tasks.

TAURON Group is undertaking efforts to prevent the delays of payments in accordance with the applicable procedures. These efforts involve, in particular, a systematic monitoring of the circulation of the purchase related documents, a rapid response to any incidental delays and a periodic verification of the completion of the settlements with the suppliers with respect to the compliance with the established deadlines and the terms of payment.

TAURON Group's subsidiaries, when initiating the purchasing process, each time provide information on the payment deadline (payment terms) for the completion of the subject of the contract in an equal, transparent and identical manner for each participant in the proceedings. Thus, there is no favoritism between the various contractors. In addition, at the bidding stage and in the content of the contracts, the statements of the parties on their status as entrepreneurs are included, pursuant to *Article 4c of the Act of March 8, 2013, on Prevention of Excessive Delays in the Commercial Transactions*. The accounts to which a payment is made shall be verified on the white list of the VAT taxpayers. Based on the agreements signed, the contractors are able to send their invoices electronically which can reduce the time for an internal invoice settlement.

In accordance with the provisions of *TAURON Group's Corporate Purchasing Policy*, the selected purchasing categories shall be required to draw up a purchasing strategy. As part of the purchasing strategies, an analysis of the purchasing potential of TAURON Group's subsidiaries is carried out in the context of the opportunities available on the supplier market, the application of the relevant contractual provisions or the bid evaluation criteria. TAURON Group places a lot of weight on the sourcing process. At the stage of bid collection, the contractors shall be required to submit:

1. a statement on having become familiar with the *Code of Conduct for Contractors (Counterparties) of TAURON Group's Subsidiaries* and the compliance therewith in the implementation of the purchase order (contract) for the benefit of TAURON Group's subsidiaries,
2. statements on the absence of a conviction based on a final (binding) court verdict of the persons representing the contractor and of the contractor for a crime committed in connection with the purchase order (contract) award procedure, a crime against the rights of the persons performing gainful employment, a crime against the environment, a bribery crime, a crime against business trading operations or other crime committed to achieve financial gain, as well as a fiscal crime or a crime of the participation in an organized group or association aimed at committing a crime or a fiscal crime.

In the case of the contracts of a significant value, the entity is also evaluated in terms of compliance, as well as the tax and Social Security charges arrears, and also with respect to a verification that it has not committed a crime of corruption, as well as the crimes against the labor rights or the environment, confirmed by an excerpt from the National Criminal Register. In order to ensure the diversification of the supply chain (the ability to make the supply of one contractor independent in terms of the price, the timeliness of the completion of the purchase orders, the maintenance of the high quality of the purchase orders, an introduction of the high purchase order award procedure standards), the possibility of dividing a large purchase order into parts has been introduced. This allows for the smaller suppliers to take part in the procedure, as well as for the freedom of the contractors to join together into the consortiums while cumulatively meeting the conditions for a participation in the procedure. In 2024, there were 110 proceedings under the provisions of the *Public Procurement Law of September 11, 2019*, divided into 335 parts, and more than 2 600 proceedings under the internal purchasing regulations divided into nearly 3 200 parts. This approach to the purchase order award process enhances the ability of the small and the medium sized enterprises to obtain contracts and contributes to the expansion thereof.

The mitigation of the risk in the supply chain is also implemented through the consolidation of the purchases for the selected purchasing categories, taking into account the added value when consolidating the purchase orders (discounts, organization's goals – a unification of the approach, comparability of the services to be provided).

In accordance with the provisions of *TAURON Group's Purchase Order (Contract) Award Regulations* and the provisions of the *Public Procurement Law*, it is possible to apply the social or the environmental criteria in the supplier selection process. If it is possible, such criteria are taken into account by introducing the relevant provisions related to the terms of participation in the proceedings or the subject matter of the purchase order (contract), for example, the provisions related to the employee rights or the efficiency of the equipment.

In addition, in the procurement of the specialized materials, the relevant environmental certifications are required, as well as the contractor's entry in the relevant registers, and in the case of the supply of the photovoltaic panels along with the infrastructure, a cooperation with the TierOne listed contractors is undertaken.

A standardized approach to the contractual provisions has also been adopted, in particular with respect to the natural environment, safety and compliance, which obligate the contractors to take certain actions when completing the purchase orders for TAURON Group's subsidiaries.

(G1-3) Prevention and detection of corruption and bribery

ESRS G1-3

TAURON Group's Anti-Corruption Policy is the key internal regulation with respect to preventing corruption. Each employee is obliged to become familiar with the provisions of the Policy, strictly adhere to the content thereof and sign a relevant statement on having become familiar with the regulation.

TAURON Group has also the internal regulations in place covering the anti-corruption issues, setting the operational guidelines with respect to the documentation, the approval procedures and the adequate behavior aimed at

counteracting corruption, including, among other things: *TAURON Group's Rules for Accepting and Giving Gifts* and *TAURON Group's Rules for Countering a Conflict of Interest*.

All of the internal regulations are posted on the intranet to which TAURON Group's employees have access. The external entities and the stakeholders are able to read the excerpts from *TAURON Group's Anti-Corruption Policy*, *TAURON Group's Rules for Accepting and Giving Gifts* and *TAURON Group's Rules for Countering a Conflict of Interest* on TAURON's website under the Compliance tab. In 2024, the Compliance Area undertook activities aimed at promoting anti-corruption efforts by, among other things, issuing the regular newsletters and the campaign messages as part of the information campaign: *The Olympics Against Corruption*.

In order to counter corruption, an e-learning training attended by 14 561 employees was carried out. The scope of the training is indicated *in section G1-1 of this report*. In 2024, special attention was paid to the training activities in relation to the management staff and the functions most exposed to the risk of corruption. Between September and November 2024, 19 training courses on the whistleblower protection and the anti-corruption dedicated to the management staff of TAURON Group's subsidiaries had been conducted. The trainings had been attended by 797 employees.

All of the employees in the areas most exposed to the risk of corruption at TAURON (159 employees), have been provided access to the dedicated anti-corruption training. The training was attended by 107 employees, representing 67% of all of the employees in the areas most exposed to the risk at the Company.

The employees are required to identify the risk of the corrupt activities, and are obliged to report the suspicions in the case they have a reasonable suspicion of such activities. The reports are investigated (reviewed) in accordance with *TAURON Group's Procedure for Reporting Irregularities (Fraud) and Taking Follow-up Actions described in section G1-1 of this report*. The authorized persons conducting the investigations are independent and separate from the organizational structures involved in the case. In accordance with the *Best Practices of the Companies Listed on the WSE 2021*, the Executive Director for Compliance (Compliance Officer) reporting within the organization's structure to the President of the Company's Management Board (CEO) has the ability to report independently to the Audit Committee of the Company's Supervisory Board. In the case the report is related to the authorized person or if there are circumstances that may impinge on the impartiality to be applied in the investigation of the matter, the mechanisms are in place that result in the exclusion of the authorized person from the investigation in accordance with the provisions of *TAURON Group's Procedure for Reporting Irregularities (Fraud) and Taking Follow-up Actions*.

TAURON Group is taking adequate measures with regard to the corrupt activities that have taken place, in particular, TAURON Group's subsidiaries shall notify the law enforcement agencies of any potential violations of the legal regulations in the case there is a reasonable suspicion of such violations.

In order to prevent the corruption, the procedures have been put in place in order to mitigate the risk of corruption, including, among other things:

1. in the relations with the external entities, TAURON Group's employees should undertake contacts only for the business related purposes, via the business means of correspondence or the business telephones, and in the case of the in-person meetings, it is preferable to hold such meetings at the office of TAURON Group's subsidiary or at the office of the external entity,
2. employees shall be required to refrain from accepting or giving gifts that could result in exerting influence over the recipient with respect to his / her official duties. The employees in the purchasing area may not accept or give any gifts. The Executive Director for Compliance (Compliance Officer) Compliance Officer and the Compliance Coordinators shall maintain the *Gift Registers (Logs),*
3. each employee shall be required to immediately report the possibility of a potential or an actual conflict of interest. The *Conflict of Interest Registers* are maintained at TAURON Group's subsidiaries in order to document the circumstances or the events that may result or have resulted in a conflict of interest,
4. an obligation has been introduced for the members of the subsidiaries' Management Boards to avoid engaging in professional or non-professional activities that could lead to a conflict of interest,
5. TAURON Group has introduced an anti-corruption clause into its contracts, based on which the contractor declares that it opposes all of the corrupt practices and other abusive practices, and undertakes to prevent such situations in the performance of the concluded contract. In addition, the contractors 9counterparties) shall be required to become familiar with and apply the provisions of *TAURON Group's Code of Conduct for Contractors (Counterparties)*.

The corruption risk is one of the risks monitored as part of the monthly risk monitoring. The information on the identified cases of corruption shall be forwarded by the Compliance Coordinators at TAURON Group's subsidiaries to the Director in charge of Compliance at TAURON. The aggregate information on the identified cases of corruption shall be forwarded to the Director in charge of for Risk.

In 2024, *TAURON Group's Anti-Corruption Program* was developed, which included the procedures for preventing and detecting as well as responding to the suspected corrupt activities, i.e., among other things:

1. performing an assessment of the risk of the corrupt activities at TAURON Group over a two year period. The results of the assessment will be reported to the Company's Management Board and the Company's Supervisory Board,
2. requiring employees to complete an anti-corruption training on an e-learning platform every two years,
3. conducting an annual anti-corruption training course for the employees working in the areas particularly exposed to the risk of corruption and for the members of the Management Boards of TAURON Group's subsidiaries,
4. conducting a survey on the anti-corruption issues at least once a year,
5. analyzing the threat of the corruption risk when assessing (vetting) the credibility of the contractors (counterparties),
6. periodically analyzing and monitoring the credibility of the contractors (counterparties) and analyzing the reports of the corrupt activities.

The Anti-Corruption Program was implemented in January 2025.

The information related to the performance of the tasks of the Compliance Area, including with respect to countering corruption, is included in the periodic reports submitted quarterly to the Audit Committee of the Company's Supervisory Board and semi-annually to the Company's Supervisory Board. The information on the implementation of the tasks in this respect is also submitted to the President of the Company's Management Board (CEO) during the regular meetings. After the end of the calendar year, the Director in charge of Compliance (Compliance Officer) shall prepare an annual Compliance Report on the functioning of the compliance management system at TAURON Group.

(G1-4) Confirmed incidents of corruption or bribery

ESRS G1-4

TAURON Group's plans and actions taken in order to prevent corruption and bribery and to detect irregularities are indicated *in G1-3 of this report*. The data presented below is based on the information provided as part of the risk monitoring of the corrupt behavior regularly conducted by the Director in charge of Compliance (Compliance Officer) at TAURON Polska Energia.

Table no. 147 Information on the incidents of corruption or bribery during the reporting period

Indicator (metric)	Number / Information
Number of convictions for violations of anti-corruption and anti-bribery laws	0
Total amount of fines for violations of anti-corruption and anti-bribery laws	None
Number of confirmed corruption or bribe incidents	0
Number of confirmed incidents when the unit's own employee resources were dismissed or punished for in connection with corruption or the incidents related to bribery	0
Number of public proceedings regarding corruption against the unit or its employees	1[1]

[1]*Pursuant to the decision of the Supreme Court of 02.10.2024, a cassation filed by the defendant's attorney had been dismissed as obviously without merit. By way of a judgment of the court of the second instance of 20.06.2023, a case of corruption at a Tauron Group's subsidiary was proved in a legally binding manner. The case involved accepting tangible benefits in connection with the performance of a public function in the period from 2008 to 2014. The case was related to a former employee of TAURON Group who was dismissed immediately following the disclosure of the suspicion of having committed the above mentioned deeds.*

(G1-6) Payment practices

ESRS G1-6

The majority of Tauron Group's subsidiaries have the status of a large entrepreneur (business) within the meaning of the *Act of March 8, 2013, on Prevention of Excessive Delays in the Commercial Transactions*.

In accordance with the practice applied at TAURON Group with respect to the payment deadlines (terms of payment), the subsidiaries generally apply the payment deadline of up to 30 days for all of the supplier categories (micro, small, medium and large enterprises). In order to make the payments on time, TAURON Group takes into account article 115 of the Civil Code, according to which if the due date falls on a day that is considered a legal holiday or Saturday, the due date shall expire on the next day that is not a holiday or Saturday. The percentage of the payments made by TAURON Group by the above mentioned deadline in 2024 accounted for 97% of the number and 99% of the amount of all of the settled purchase invoices, respectively. However, the average time elapsed before an invoice was paid, running from the date of the start of the contractual payment deadline, stood at 23 days.

There are no unresolved court litigations at TAURON Group in connection with the delays in payments.

Security Management System

Own disclosure

TAURON Group's Security Management System Policy, implemented in July 2018 and updated in the second quarter of 2023, applies to all of TAURON Group's subsidiaries. The Policy and the detailed regulations related thereto constitute a uniform, consistent and comprehensive Security Management System, which ensures:

1. achieving an optimal security level adequate to the existing threats,
2. taking into account the identified risks,
3. a structured response to the threats in order to minimize the effects or eliminating the risk of the occurrence thereof,
4. taking systemic actions, focused on striving to achieve the planned security goals.

The Policy defines the standards, the rules of conduct and the organizational structures with respect to security implemented within TAURON Group, including the assigning of the competences and responsibilities. Among other things, the new rules for conducting the security audits and the security requirements for the external entities have been implemented.

TAURON Group, being one of the largest energy companies in Poland, is of key importance for the country's energy security, hence the security issues are material. At TAURON Group, special importance is attached to the aspects of cybersecurity which are regulated in the internal documents related to the security system, constituting a kind of a cyber security program. The risk management system functioning at TAURON Group covers also the issues related to the security and the cybersecurity. The most important categories of the risks identified for TAURON group, including the security risks, are described in *section 3.3 of this report*. As part of the cybersecurity, the risk of a breach of the ICT security has been identified, which involves an unauthorized access to the IT systems, leaky access control, use of an unauthorized external infrastructure for the processing of the company's data, hacking of the company's IT system, the internet attacks and the malware.

As part of the double materiality assessment conducted in 2024, material (positive and negative) impacts on the customers and the end users were identified, which are related to the protection of the personal data and user privacy, as well as the risk of the cyber attacks, and which are also associated with this disclosure with respect to the security and the cyber security. The additional identified IROs in this respect are related to the image risk associated with the potential leakage of the personal data or the impacts with respect to improving the security and resilience of TAURON Group's infrastructure ensuring the provision of a key service which is electricity.

The security management has been divided into the substantive areas, including, among other things:

1. Security Management System,
2. Information security,
3. Security of the IT / OT systems,
4. Physical security,
5. Security incidents

The detailed internal and intra - corporate regulations are developed within each area.

The Security Management System is based on the international standards with respect to the information security management, such as the ISO 27000 standards family and the NIST and CIS Controls standards.

Due diligence procedures and the internal regulations

As part of the Security Management System a number of the intra - corporate regulations have been established, regulating in detail the specific security (safety) aspects in the given area of operations:

1. *TAURON Group's Security Management System Policy* – a general document,
2. *TAURON Group's Information Classification and Handling Policy*,
3. *TAURON Group's Physical Security Policy*, along with a set of the detailed requirements for the Physical Security.
4. *TAURON Group's Cybersecurity Policy*,
5. *TAURON Group's OT Policy*,
6. *TAURON Group's Principles of OT Systems Management*,
7. *TAURON Group's Principles of IT Systems Management*,
8. An extensive set of security standards for the IT / OT area,
9. *TAURON Group's Security Incident Management Principles*,
10. *TAURON Group's Principles of cooperation of the Task Teams in the event of an announcement of the CRP alert degrees in the event of a terrorist threat related to the ICT systems*,
11. *TAURON Group's Requirements for the Designers and Contractors of the Technical Security Systems and the Fire Alarm Systems at TAURON Group*,
12. *TAURON Group's Guidelines for the use of the Unmanned Aerial Vehicles*,

13. *TAURON Group's Principles of reuse and safe destruction of the information carriers*.

In addition, the guidelines in the field of AI and Data Governance were developed in 2024.

For the purpose of clarifying in detail the aspects of security (safety) management, TAURON Group's subsidiaries may develop their internal regulations, applying the principle that these regulations may not reduce the level of security (safety) sanctioned by the intra - corporate regulations.

As part of the *Security Management System*, there is a set of processes in place, responsible for the various aspects of security (safety) management, including cyber security, which are implemented accordingly throughout TAURON Group, providing adequate management structures.

Communication of the critical incidents

A critical incident causes or may cause a serious deterioration of the quality or an interruption of the continuity of the provision of a key service (within the meaning of the *Act of July 5, 2018, on the National Cyber Security System*). In the event of an occurrence of such an incident, the information on the incident is communicated to the supervisory authorities and to the Management Board in accordance with *TAURON Group's Security Incident Management Principles* in force. No critical incidents had been identified in 2024.

Actions taken and the results obtained

In 2024, TAURON Group's Security Area had carried out a number of activities aimed at increasing the employees' awareness of the cyber threats. TAURON Group's Security largely depends on the attitudes and the behavior of the employees and colleagues, which is why the numerous educational activities are carried out in order to raise the awareness and competence in the field of the broadly understood security:

1. mandatory e-learning training for all of the employees,
2. implementation of the mandatory initial training on the basic security aspects for the newly hired employees,
3. conducting of a campaign entitled "*Turn on your thinking, react to a cyber threat*" - recognition and understanding of the various forms of the cyber attacks is crucial for an effective defense and a minimization of the risk of the cyber threats, refreshing of the principles of the cyber security and information security,
4. implementation of the simulated phishing actions for the employees of TAURON group,
5. organizing of *a Security Day* at TAURON Group,
6. maintaining a series of more than a dozen of the dedicated video guides with respect to the classification and handling of the information for the employees of TAURON group,
7. substantive training for the employees responsible for the various aspects of the security (information security, IT / OT security, handling of the security incidents, security audits),
8. promoting the principles in force in *TAURON Group's Security Management System Policy*, through the information campaigns and the content available on the Group's intranet website,
9. participation in the *Partnership for Cybersecurity* program, at the invitation of the organizer – *The Scientific and Academic Computer Network (NASK) (Naukowa i Akademicka Sieć Komputerowa - NASK),* including the monthly security newsletters,
10. communicating of the information on the threats in the form of the alerts and security information, using the internal intranet to the employees as a reaction to the ongoing threats to TAURON group.

TAURON Group is undertaking a number of actions aimed at ensuring the security and safety of the infrastructure, including, among other things, by:

1. performance of the project aimed at implementing the requirements indicated in the update of the provisions of the *Act on the National Cybersecurity System* implementing the requirements of the *Network and Information Directive*.
2. maintaining of an extensive infrastructure for monitoring the security and safety, physical security and the IT / OT security,
3. using the technical and organizational safeguards (physical security, ICT security),
4. maintaining of the structures responsible for the detection and the rapid response to the security incidents (in-house Security Operation Center (SOC) operating for 24 hours a day, whose employees use the special tools related to monitoring, countering security incident, as well as an in-house Computer Security Incident Response Team (CSIRT) providing the high level of competences in the field of cybersecurity),
5. cooperation with the state authorities and services with respect to identifying and neutralizing of the threats and attacks on the systems and the infrastructure of TAURON Group,
6. conducting of the security audits and tests carried out using the in-house resources, as well as with the involvement of the external companies,
7. applying of the *security by design* and *security by default* principles in the designing, ordering, maintaining of the systems and the infrastructure that have an impact on the security and safety,
8. participation in the structures of the National Cybersecurity System,
9. cooperation with the power sector entities with respect to the exchange of the information on the threats, response to the incidents, providing feedback and agreeing on the common security and safety standards.

TAURON Group is undertaking a number of activities aimed at ensuring the security and safety, as well as raising of the awareness of TAURON Group's customers, including, among other things, by:

1. providing of the information to the customers on the threats directly affecting the customers, for example, extortion, phishing, spoofing for TAURON Group, fake SMS messages, etc.,
2. maintaining and updating of the information on the threats directly affecting the customers on TAURON Group's website.

No critical incidents had been identified at TAURON Group in 2024.

Katowice, April 14, 2025

Grzegorz Lot – President of the Management Board

Piotr Gołębiowski – Vice President of the Management Board

Michał Orłowski – Vice President of the Management Board

Krzysztof Surma – Vice President of the Management Board

Appendix A: GLOSSARY OF TERMS AND LIST OF ABBREVIATIONS

The glossary of the trade terms and the list of the abbreviations and acronyms most commonly used in this report is presented below

Table no. 148 Explanation of the abbreviations and acronyms as well as the trade terms

Abbreviation and trade term	Full name / explanation
1. Amon	Amon sp. z o.o. (Ltd.) with its registered office in Łebcz.
2. ARA	Dollar based carbon price index in the EU. Loco Amsterdam - Rotterdam - Antwerp ports
3. ARE	Agencja Rynku Energii S.A. (Energy Market Agency Joint Stock Company) with its registered office in Warsaw.
4. AVAL-1	AVAL-1 sp. z o. o. (Ltd.) with its registered office in Szczecin.
5. BASE (BASE Contract)	A baseload contract for the supply of electricity at all hours of the period, for example the BASE contract for March 2025 is related to the supply of the same amount of electricity during all hours of the month of March 2025.
6. BGK	Bank Gospodarstwa Krajowego with its registered office in Warsaw.
7. Bioeko Grupa TAURON	Bioeko Grupa TAURON Sp. z o.o. (Ltd.) with its registered office in Stalowa Wola.
8. B+R (R&D)	Research and Development (R&D)
9. B+R+I (R&D&I).	Research, Development and Innovations (R&D&I)
10. CAPEX	Capital Expenditures.
11. Cash pool	True real time (online) *cash pool* structure, implemented under the cash management agreement, is based on the daily limits. As a result of the implementation of the *cash pool* mechanism, cash transfers are made between the accounts of the service participants and the Pool Leader's account.
12. CDS	Clean Dark Spread - margin ratio used to calculate the profitability of electricity production, taking into account the revenues from the sale of electricity and the cost of fuel and CO_2 emission allowances.
13. CES	Customer Effort Score – an indicator that measures the degree of an effort a customer has to make to get an answer to their question or a solution to their problem.
14. Color certificates	Property rights based on the guarantees of origin of electricity (energy certificates) generated in the way that is subject to support, the so-called color certificates: **green** - guarantees of origin of electricity (energy certificates) from RES, **blue** - guarantees of origin of electricity (energy certificates) generated from agricultural biogas. **white** - energy efficiency certificates (mechanism stimulating and forcing pro-savings behaviors) **yellow** - guarantees of origin of electricity (energy certificates) generated in co-generation from gas-fired sources or with the total installed capacity below 1 MW, **red** - guarantees of origin of electricity (energy certificates) from co-generation (CHP certificates - Combined Heat and Power), **violet** - guarantees of origin of electricity (energy certificates) generated in co-generation fired using methane released and captured during underground mining works in active, in liquidation or liquidated hard coal mines, or using gas obtained from biomass processing.
15. COVID-19	Coronavirus Disease 2019 - acute respiratory system contagious disease caused by the SARS-CoV-2 virus infection. The disease was first diagnosed and described in November 2019 in central China in the city of Wuhan, Hubei Province.
16. CSR	Corporate Social Responsibility.
17. CUW	Shared Services Center (Centrum Usług Wspólnych - CUW) - separate organizational units responsible for providing a specific range of support services (CUW R – accounting services, CUW HR – human resources services, CUW IT – IT services, CUW Insurance, CUW Protection).
18. CVC	Corporate Venture Capital - Venture Capital (VC) investments carried out by VC funds with the intention of achieving not only financial goals, but also strategic (industry) goals set by a large company

Abbreviation and trade term	Full name / explanation
	(corporation) which is the capital donor for this fund. VC are capital investments made on the OTC market in business ventures that are in the early stages of development. CVC is a development of VC as a way of investing capital and is to have a positive impact on the industry objectives of TAURON Capital Group.
19. Best Practice	*Best Practice of the WSE Listed Companies 2021*, effective as of July 1, 2021
20. EBI	European Investment Bank with its registered office in Luxembourg.
21. EBIT	Earnings Before Interest and Taxes.
22. EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization.
23. EC Stalowa Wola	Elektrociepłownia Stalowa Wola S.A. (Joint Stock Company) with its registered office in Stalowa Wola (Stalowa Wola Combined Heat and Power Plant (CHP)).
24. EEC Magenta 2 ASI	EEC Magenta limited liability company 2 ASI limited joint stock partnership with its registered office in Warsaw
25. EEC Ventures 2	EEC Ventures limited liability company 2 limited joint stock partnership with its registered office in Warsaw
26. EEX (EEX exchange)	European Energy Exchange – the European energy exchange in Leipzig, where the contracts and derivative instruments (derivatives) for electricity for various European countries are traded, as well as the primary auctions of the CO_2 emission allowances are conducted.
27. Enea	Enea S.A. (Joint Stock Company) with its registered office in Poznań.
28. Energa	Energa S.A. (Joint Stock Company) with its registered office in Gdańsk.
29. Energetyka Cieszyńska	Energetyka Cieszyńska sp. z o.o. (Ltd.) with its registered office in Cieszyn.
30. ERM	Enterprise Risk Management.
31. ESG	Environmental, Social and Governance - environmental, social and corporate governance factors used in the investment decision making process.
32. ESS	Energy Store System.
33. EU ETS	European Union Emission Trading System - European Union's System for the Trading of the CO_2 Emission Allowances.
34. EUA	European Union Allowance - an allowance to introduce the carbon dioxide (CO_2) equivalent to the air, within the meaning of Article 2 section 4 of the *Act of July 17, 2009, on the management system of emissions of greenhouse gases and other substances,* which is used for settlements of emission level within the system and which can be managed under the rules provided in the *Act of April 28, 2011, on the system of greenhouse gases emission allowances trading*
35. EUR	Euro - a common European currency introduced in some EU member states
36. EWI	Early Warning Indicator – a distinguished Key Risk Indicator (KRI), for which the escalation thresholds and the mitigation thresholds are set.
37. FF PARK PV1	FF PARK PV1 sp. z o.o. (Ltd.) with its registered office in Katowice.
38. FIZAN	Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych (Closed-end Private Equity Investment Fund)
39. WSE (GPW)	Warsaw Stock Exchange (WSE) (Giełda Papierów Wartościowych w Warszawie S.A. (Joint Stock Company)) with its registered office in Warsaw.
40. TAURON Capital Group	TAURON Capital Group Polska Energia S.A. (Joint Stock Company)
41. GZE	Górnośląski Zakład Elektroenergetyczny S.A. (Joint Stock Company) with its registered office in Gliwice.
42. HEMS	Home Energy Management System.
43. ICE (ICE exchange)	InterContinental Exchange – the commodity and financial exchange, where, among others, the contracts for oil, coal, natural gas and the CO_2 emission allowances are traded.

Abbreviation and trade term	Full name / explanation
44. IRGiT (Warsaw Commodity Exchange Clearing House)	Izba Rozliczeniowa Giełd Towarowych S.A. (Warsaw Commodity Exchange Clearing House) with its registered office in Warsaw.
45. IRS	Interest Rate Swap - interest payment swap contract, one of the main derivatives that is traded on the interbank market
46. KGHM	KGHM Polska Miedź S.A. (Polish Copper Mining Joint Stock Company) with its registered office in Lubin.
47. Audit Committee	Audit Committee of the Supervisory Board of TAURON Polska Energia S.A..
48. Nominations and Compensation Committee	Nominations and Compensation Committee of the Supervisory Board of TAURON Polska Energia S.A.
49. Strategy Committee	Strategy Committee of the Supervisory Board of TAURON Polska Energia S.A.
50. KPI	Key Performance Indicators – key financial and non-financial performance (efficiency) indicators used as ways to measure progress of achieving goals of an organization.
51. KRI	Key Risk Indicator – a measure (metric) that informs about an organization's exposure to a given risk over a specified period of time.
52. Ksh	*Act of September 15, 2000, Code of Commercial Companies*
53. Kopalnia Wapienia Czatkowice	Kopalnia Wapienia (Limestone Mine) "Czatkowice" sp. z o.o. (Ltd.) with its registered office in Krzeszowice.
54. Mg	Megagram - million gram (1 000 000 g), i.e. ton.
55. Model Biznesowy	Document under the title *TAURON Group's Business and Operational Model*.
56. IFRS (MSSF)	International Financial Reporting Standards.
57. NBP	National Bank of Poland (Narodowy Bank Polski) with its registered office in Warsaw.
58. NCBR	National Research and Development Center (Narodowe Centrum Badań i Rozwoju) with its registered office in Warsaw.
59. Nowe Jaworzno Grupa TAURON	Nowe Jaworzno Grupa TAURON sp. z o.o. (Ltd.) with its registered office in Jaworzno.
60. Line of Business (Segment)	Six areas (lines of business, segments) of TAURON Capital Group's core operations set up by the Company: Generation, Heat, RES, Distribution, Trading and Supply.
61. OSD (DSO)	Distribution System Operator (Operator Systemu Dystrybucyjnego - OSD).
62. OSP (TSO)	Transmission System Operator (Operator Systemu Przesyłowego - OSP)
63. OTC (OTC market)	Over The Counter Market – European OTC market.
64. RES (OZE)	Renewable Energy Sources (Odnawialne Źródła Energii - OZE)
65. PEAK (PEAK contract)	Peak contract for the supply of electricity during business hours (8-22) on business days, for example the PEAK contract for March 2025 is related to the supply of the same amount of electricity on all business days in March 2025 between 8 and 22.
66. PEPKH	Polska Energia - Pierwsza Kompania Handlowa sp. z o.o. (Ltd.) with its registered office in Warsaw.
67. PFR	Polski Fundusz Rozwoju S.A. (Polish Development Fund Joint Stock Company) with its registered office in Warsaw.
68. PGE Baltica 4	PGE Baltica 4 sp. z o.o. (Ltd.) with its registered office in Warsaw (currently Elektrownia Wiatrowa Baltica-7 sp. z o.o. (Ltd.)).
69. PGG	Polska Grupa Górnicza S.A. (Polish Mining Group) with its registered office in Katowice
70. PGE	PGE Polska Grupa Energetyczna S.A. (Joint Stock Company) with its registered office in Warsaw.
71. PGK	Tax Capital Group (Podatkowa Grupa Kapitałowa – PGK).

Abbreviation and trade term	Full name / explanation
72. PGNiG	Polskie Górnictwo Naftowe i Gazownictwo S.A. (Polish Oil and Gas Joint Stock Company) with its registered office in Warsaw.
73. GDP (PKB)	Gross Domestic Product (Produkt Krajowy Brutto).
74. PLN	Polish zloty currency symbol – zł (PLN)
75. PMEF	Property rights related to the energy efficiency certificates
76. PMOZE	Property rights related to the certificates of origin confirming generation of electricity in RES before March 1, 2009.
77. PMOZE_A	Property rights related to the certificates of origin confirming generation of electricity in RES after March 1, 2009.
78. PMOZE-BIO	Property rights related to the certificates of origin confirming generation of electricity from agricultural biogas from July 1, 2016
79. POPC	Digital Poland Operational Program. (Program Operacyjny Polska Cyfrowa – POPC).
80. PRO	Partnership, Development, Boldness (Partnerstwo Rozwój Odwaga – PRO) - key corporate values reflecting the way TAURON Capital Group wants to achieve its business goals.
81. PSE (TSO)	Polskie Sieci Elektroenergetyczne S.A. (Joint Stock Company) with its registered office in Konstancin-Jeziorna.
82. Balancing Market (Rynek Bilansujący – RB)	Balancing Market (Rynek Bilansujący) - technical market on which the demand for and supply of electricity in the National Power System (KSE) is balanced.
83. RDB (Intraday Market)	Intraday Market - a market operating on the POLPX TGE), where trading is carried out in a continuous trading formula, 24 hours a day. Instruments with delivery on the next day are traded, with their trading starting at 14:00 the day before the delivery and gradually exiting the market one hour before the start of the delivery.
84. RDN (Day Ahead Market)	Day Ahead Market - a market operating on the POLPX (TGE), where trading is carried out one and two days ahead of the delivery.
85. RDNg (Day Ahead Gas Market)	Day Ahead Gas Market - a market operating on the POLPX (TGE), where trading is carried out every day and is conducted in the continuous trading system.
86. RTT (Futures Commodity Market)	Futures Commodity Market (Rynek Terminowy Towarowy – RTT) - market operating on the POLPX (TGE), where trading in contracts is carried out in the continuous trading system and in the auction system.
87. SARS-CoV-2	Severe Acute Respiratory Syndrome - virus that causes the COVID-19 disease.
88. Segment, Segments of Operations (Operating Segments)	TAURON Capital Group's segments of operations used in the statutory reporting process. TAURON Capital Group's results from operations are allocated to the following 6 main Segments: Generation, Heat, RES, Distribution and Supply, as well as, additionally, Other Operations.
89. SLA	Service Level Agreement – a contract with guaranteed level of service.
90. Consolidated Financial Statements of TAURON Capital Group	Document under the title *Consolidated financial statements of TAURON Polska Energia S.A. Capital Group in accordance with the International Financial Reporting Standards approved by the European Union for the year ended on December 31, 2024.*
91. Financial Statements of TAURON	Document under the title *Financial statements of TAURON Polska Energia S.A. in accordance with the International Financial Reporting Standards approved by the European Union for the year ended on December 31, 2024.*
92. SPOT (SPOT market)	With respect to electricity, it is the place where trade transactions for electricity are concluded with delivery not later than 3 days after the date of the transaction's conclusion (most often it is one day before the date of the delivery). The operation of the SPOT market for electricity is strongly tied to the operation of the Balancing Market run by the TSO.
93. Company	TAURON Polska Energia S.A. (Joint Stock Company) with its registered office in Katowice.
94. Company's Articles of Association	Document entitled *Articles of Association of TAURON Polska Energia S.A. (Joint Stock Company)*

Abbreviation and trade term	Full name / explanation
95. Strategy	Document under the title *TAURON Group's Strategy for the years 2025 - 2035 New Energy,* adopted on December 17, 2024.
96. TAMEH HOLDING	TAMEH HOLDING sp. z o.o. (Ltd.) with its registered office in Dąbrowa Górnicza.
97. TAMEH POLSKA	TAMEH POLSKA sp. z o.o. (Ltd.) with its registered office in Dąbrowa Górnicza.
98. TAURON	TAURON Polska Energia S.A. (Joint Stock Company) with its registered office in Katowice.
99. TAURON Ciepło	TAURON Ciepło sp. z o.o. (Ltd.) with its registered office in Katowice.
100. TAURON Czech Energy	TAURON Czech Energy s.r.o. with its registered office in Ostrava (Czech Republic).
101. TAURON Dystrybucja	TAURON Dystrybucja S.A. (Joint Stock Company) with its registered office in Cracow.
102. TAURON Ekoenergia	TAURON EKOENERGIA sp. z o.o. (Ltd.) with its registered office in Jelenia Góra.
103. TAURON Nowe Technologie	TAURON Nowe Technologie S.A. (Joint Stock Company) (formerly: TAURON Dystrybucja Serwis S.A. (Joint Stock Company)) with its registered office in Wrocław.
104. TAURON Obsługa Klienta	TAURON Obsługa Klienta sp. z o.o. (Ltd.) with its registered office in Wrocław.
105. TAURON Serwis	TAURON Serwis sp. z o.o. (Ltd.) with its registered office in Katowice.
106. TAURON Sprzedaż	TAURON Sprzedaż sp. z o.o. (Ltd.) with its registered office in Cracow.
107. TAURON Sprzedaż GZE	TAURON Sprzedaż GZE sp. z o.o. (Ltd.) with its registered office in Gliwice.
108. TAURON Wydobycie	TAURON Wydobycie S.A. (Joint Stock Company) with its registered office in Jaworzno.
109. TAURON Wytwarzanie	TAURON Wytwarzanie S.A. (Joint Stock Company) with its registered office in Jaworzno.
110. TAURON Zielona Energia	TAURON Zielona Energia sp. z o.o. (Ltd.) with its registered office in Katowice.
111. TEC1	TEC1 sp. z o.o. (Ltd.) with its registered office in Katowice.
112. PPX (TGE)	Towarowa Giełda Energii S.A. (Joint Stock Company) (Polish Power Exchange – POLPX) with its registered office in Warsaw.
113. TGEozebio	Property rights that confirm the production of electricity from renewable energy sources using agricultural biogas.
114. EU (UE)	European Union (Unia Europejska - UE)
115. UOKiK	Office of Competition and Consumer Protection (Urząd Ochrony Konkurencji i Konsumentów – UOKiK))
116. Unbundling	Separation of the operations with respect to transmission or distribution of electricity from the operations that involve the production and delivery (supply) of this electricity to the final consumers.
117. ERO (URE)	Energy Regulatory Office (Urząd Regulacji Energetyki - URE)
118. USA	United States of America.
119. USD	United States Dollar - US dollar's international acronym
120. Usługi Grupa TAURON	Usługi Grupa TAURON sp. z o.o. (Ltd.) with its registered office in Tarnów.
121. WACC	Weighted Average Cost of Capital - the weighted average cost of capital of the company, weighted respectively by the share of debt and equity in the company's capital structure.
122. WIND T2	WIND T2 sp. z o.o. (Ltd.) with its registered office in Pieńków.
123. WIND T30MW	WIND T30MW sp. z o.o. (Ltd.) with its registered office in Pieńków.
124. WIND T4	WIND T4 sp. z o.o. (Ltd.) with its registered office in Katowice.

Abbreviation and trade term	Full name / explanation
125. WINDPOWER Gamów	WINDPOWER Gamów sp. z o.o. (Ltd.) with its registered office in Katowice.
126. GM (WZ / ZW)	General Meeting (GM) / Shareholders' (Partners') Meeting (Walne Zgromadzenie – WZ / Zgromadzenie Wspólników - ZW)

Appendix B: INDEX OF TABLES AND FIGURES

The list of tables and figures presented in this report is provided below.

Index of tables

Table no. 1 Changes to the organization of TAURON Capital Group in the first half of 2024 and by the date of drawing up this information 9

Table no. 2 List of material joint subsidiaries (co-subsidiaries) as of December 31, 2024, and as of the date of drawing up of this information 10

Table no. 3 Summary of the equity increases in TAURON Capital Group's subsidiaries in 2024 and by the date of drawing up of this report..... 11

Table no. 4 Summary of the equity increases in the other companies, in which TAURON holds an equity stake, implemented in 2024 and by the date of drawing up this report..... 11

Table no. 5 Level of implementation of the key strategic objectives set in TAURON Group's Strategy for 2022 - 2030 with an outlook until 2050 in 2024. 12

Table no. 6 Strategic directions and expansion (development) prospects for TAURON Group's main Business Units..... 14

Table no. 7 Key strategic investment projects with respect to the photovoltaic farms carried out in 2024 16

Table no. 8 Key strategic investment projects with respect to the wind farms carried out in 2024..... 16

Table no. 9 Key strategic investment projects in the Heat line of business carried out in 2024 17

Table no. 10 Key strategic investment projects in the Supply and Other Operations lines of business carried out in 2024 18

Table no. 11 The highest by value, capital expenditures incurred by TAURON Capital Group's Lines of Business in 2024 18

Table no. 12 Selected R&D projects carried out in 2022 by TAURON Capital Group's subsidiaries, co-financed from the external sources..... 20

Table no. 13 Status of work in the selected research and development projects being implemented in 2024..... 20

Table no. 14 Key data on the headcount at TAURON and TAURON Capital Group for 2024, and for 2023 allocated by segments in force as of December 31, 2024..... 25

Table no. 15 TAURON Capital Group's 2024 - 2023 production and sales volumes 27

Table no. 16 Categories of TAURON Capital Group's final customers pursuant to the market segmentation applied since June 1, 2024, and the specifics of the business operations conducted thereby..... 28

Table no. 17 Volume of retail electricity supplied by the TAURON Sprzedaż and TAURON Sprzedaż GZE subsidiaries and the number of customers in 2024 per market segment 29

Table no. 18 Internal factors impacting the operations and the earnings of the Company and TAURON Capital Group in 2024 33

Table no. 19 Volumes of electricity consumption, production and imports in Poland, as well as the average electricity prices on the SPOT market, both in Poland, as well as in the neighboring countries in 2023 and in 2024 34

Table no. 20 The most important changes and initiatives in the regulatory environment of TAURON Capital Group with respect to the EU legislation in 2024 38

Table no. 21 The most important changes in the national regulatory environment of TAURON Capital Group in 2024 with respect to the adopted and published legislative acts as well as the ones on which the legislative works are in progress 40

Table no. 22 Installed capacity, volume of generation, distribution and supply of electricity by the main energy groups on the domestic market in the first three quarters of 2024 44
Table no. 23 Factors that will have the most material impact upon the results of TAURON Capital Group's operations over at least the next quarter 45
Table no. 24 2024 highlights 46
Table no. 25 Major events that had taken place in 2024, as well as by the date of drawing up of this report 46
Table no. 26 TAURON Capital Group's expenditures to provide support for culture, sports, charity institutions and social organizations in 2024 52
Table no. 27 Risks in the individual Segments of operations 55
Table no. 28 Most material risk categories identified for TAURON Capital Group 57
Table no. 29 Annual standalone statement of comprehensive income in 2024 - 2023 drawn up in accordance with the IFRS 62
Table no. 30 Company's revenue in 2024 - 2023 63
Table no. 31 Level and structure of the costs incurred by the Company in 2024 - 2023 63
Table no. 32 Company's annual standalone statement of financial position, drawn up in accordance with the IFRS (material items) 64
Table no. 33 Statement of cash flows drawn up in accordance with the IFRS (material items) 65
Table no. 34 Key financial ratios of TAURON 66
Table no. 35 TAURON Capital Group's 2024 - 2023 EBITDA broken down into individual lines of business (segments of operations) 68
Table no. 36 Generation Segment's 2024 - 2023 results 69
Table no. 37 Heat Segment's results in 2024 - 2023 71
Table no. 38 RES Segment's results in the years 2024 - 2023 72
Table no. 39 Distribution Segment's results in the years 2024 - 2023 73
Table no. 40 Supply Segment's results in the years 2024-2023 73
Table no. 41 Other Operations Segment's results in the years 2024 - 2023 75
Table no. 42 Consolidated statement of financial position – assets (material items) as of December 31, 2024 and December 31, 2023 [1] 75
Table no. 43 Consolidated statement of financial position – equity and liabilities (material items) as of December 31, 2024 and as of December 31, 2023 [1] 76
Table no. 44 Annual consolidated statement of comprehensive income for the years 2024 – 2023 [1] 78
Table no. 45 The Group's' financial debt and TAURON Capital Group's net financial debt to EBITDA ratio as of December 31, 2024, and as of December 31, 2023 81
Table no. 46 Key financial ratios of TAURON Capital Group's operations [1] 83
Table no. 47 Net financial debt reconciliation 84
Table no. 48 Reconciliation of the result on the EBITDA level 84
Table no. 49 Financial data and operating data for the years 2020 – 2024 [1] 84
Table no. 50 TAURON Capital Group's EBITDA, broken down into Segments of Operations in the years 1020 – 2024 [1] 86
Table no. 51 TAURON The amount of the compensation of the audit firms for the services provided for TAURON Capital Group's subsidiaries 92
Table no. 52 The Company's shares held by the Members of the Company's Management Board as of December 31, 2024, and as of the date of drawing up this report. 96
Table no. 53 Key data on the TAURON shares in 2015 - 2024 98
Table no. 54 Recommendations issued in 2024 100
Table no. 55 Timeline of the investor relations highlights (events) and activities that had taken place in 2024 . 101

Table no. 56 Shareholders holding directly or indirectly through their subsidiaries at least 5% of the total number of the votes at the General Meeting of the Company as of January 1, 2024, as of December 31, 2024 and as of the date of drawing up of this report 111

Table no. 57 Competence of the General Meeting of the Company as of December 31, 2024, and as of the date of drawing up of this report..... 117

Table no. 58 Description of the shareholders' rights related to the General Meeting of the Company in accordance with the Company's Articles of Association, Code of Commercial Companies and the Regulations of the General Meeting 119

Table no. 59 Changes to the composition of the Company's Management Board in 2024 and by the date of drawing up of this report [1] 120

Table no. 60 Competence of the Company's Management Board as of December 31, 2024, and as of the date of drawing up of this report..... 124

Table no. 61 Main areas of the activities of the Management Board of the Company in 2024 125

Table no. 62 Changes to the composition of the Company's Supervisory Board in 2024 and by the date of drawing up of this report [1] 127

Table no. 63 Compliance by the Members of the Company's Supervisory Board with the independence requirements and a lack of the existence of the actual and material ties to a shareholder holding at least 5% of the total number of the votes in the Company referred to in the Best Practice, in 2024 and by the date of drawing up of this report 128

Table no. 64 Competence of the Company's Supervisory Board in accordance with the Company's Articles of Association and the Regulations of the Supervisory Board of TAURON Polska Energia S.A., as of December 31, 2024, and as of the date of drawing up of this report..... 134

Table no. 65 Compliance, in 2024, of the Members of the Audit Committee with the independence requirements and the requirements with respect to the knowledge and the skills held in 2024 and by the date of drawing up of this report..... 138

Table no. 66 Competences of the Audit Committee as of December 31, 2024, and as of the date of drawing up of this report 139

Table no. 67 Competences of the Nominations and Compensation Committee, as of December 31, 2024, and as of the date of drawing up of this report..... 143

Table no. 68 Competences of the Strategy Committee as of December 31, 2024, and as of the date of drawing up of this report 144

Table no. 69 Main issues that the Company's Supervisory Board had been dealing with during its meetings in 2024 144

Table no. 70 Common, detailed Management Objectives that are a pre-condition for the payout and the financial Management Objectives, set to be accomplished in 2024 for all of the Members of the Management Board that had held their positions in 2024: 150

Table no. 71 Common, detailed non-financial Management Objectives set to be accomplished in 2024 for all of the Members of the Management Board that had held their positions in 2024: 151

Table no. 72 Compensation of the Members of the Management Board of the Company paid out in 2024, broken down into the individual components (excluding the markups, in PLN '000)..... 154

Table no. 73 Compensation of the Members of the Supervisory Board of the Company in 2024 156

Table no. 74 Summary of the material proceedings pending in front of the court, competent arbitration authority or public administration authority in 2024..... 158

Table no. 75 List of the information that is incorporated into the sustainability report by reference 169

Table no. 76 Due Diligence Statement 174

Table no. 77 TAURON Capital Group's sustainability directions..... 176

Table no. 78 TAURON Group's relationships with material stakeholders 186

Table no. 79 Financial material rating scale in the double materiality assessment of TAURON Capital Group . 189

Table no. 80 Resilience of the Strategy and Business Model of TAURON Group's individual BUs 191

Table no. 81 Description of the material impacts along with their place of origin and time perspective 192

Table no. 82 Assessment of the material impacts and their impact on the people or the environment..... 194

Table no. 83 Description of the material risks and opportunities resulting from the conducted materiality assessment 195
Table no. 84 ESRS compliance table 197
Table no. 85 List of data points included in the cross-cutting and topical standards that stem from other EU legislation 201
Table no. 86 EU environmental taxonomy. The disclosure regarding the percentage share of the turnover (Revenue) from the products or services related to the Taxonomy aligned business activities – the disclosure is for 2024 211
Table no. 87 EU environmental taxonomy. Disclosure regarding the percentage share of capital expenditures (CapEx) due to products or services related to the Taxonomy aligned business activities – the disclosure is for 2024 212
Table no. 88 EU environmental taxonomy. Disclosure regarding the percentage share of operating expenses (OpEx) due to products or services related to the Taxonomy aligned business activities – the disclosure is for 2024 215
Table no. 89 Nuclear and fossil gas related activities (according to template 1) 218
Table no. 90 Taxonomy aligned economic activities (denominator)[1] (according to template 2) 218
Table no. 91 Taxonomy aligned economic activities (numerator)[1] (according to template 3) 219
Table no. 92 Taxonomy eligible but not taxonomy aligned economic activities (denominator)[1] (according to template 4) 219
Table no. 93 Taxonomy non eligible economic activities[1] (according to template 5) 220
Table no. 94 Nuclear and fossil gas related activities (according to template 1) 220
Table no. 95 Taxonomy - aligned economic activities (denominator)[1] (according to template 2) 221
Table no. 96 Taxonomy - aligned economic activities (numerator)[1] (according to template 3) 221
Table no. 97 Taxonomy eligible but not taxonomy aligned economic activities (denominator)[1] (according to template 4) 222
Table no. 98 Taxonomy non - eligible economic activities[1] (according to template 5) 222
Table no. 99 Nuclear and fossil gas related activities (according to template 1) 223
Table no. 100 Taxonomy aligned economic activities (denominator)[1] (according to template 2) 223
Table no. 101 Taxonomy aligned economic activities (numerator)[1] (according to template 3) 224
Table no. 102 Taxonomy eligible but not taxonomy aligned economic activities (denominator)[1] (according to template 4) 224
Table no. 103 Taxonomy non - eligible economic activities[1] (according to template 5) 225
Table no. 104 Identification and classification of determining climate related areas in TAURON Group's business operations 226
Table no. 105 Identification of the climate related transition events that may impact assets and economic activity 228
Table no. 106 Key investments of TAURON Group in the large scale renewable energy sources (RES) carried out in 2024 229
Table no. 107 Decarbonization levers that underpin the Group's climate change mitigation efforts 230
Table no. 108 Achieved and expected greenhouse gas emission reductions in line with the Group's Strategy for the emissions per electricity production [kg CO_2 /MWh] 231
Table no. 109 Greenhouse gas emission reduction targets broken down into the GHG emission reduction targets and the intensity of the Scope 1 GHG emission reduction in 2030 and in 2035 (intermediate targets) and in 2040, and the Scope 2 and 3 GHG emission reduction targets (targets for 2040) for TAURON Group in the reporting for 2024 236
Table no. 110 Information on energy consumption and energy mix, including in relation to the sectors with a significant impact on climate for TAURON Group in 2024 237
Table no. 111 Production of energy from the non-renewable sources and the renewable energy for TAURON Group in 2024 237
Table no. 112 Productions of energy from the non-renewable sources and the renewable energy for TAURON Group in 2024 237

Table no. 113 Productions of energy from the non-renewable sources and the renewable energy for TAURON Group in 2024 237
Table no. 114 Total greenhouse gas emissions including the Scope 1 and 2 emissions and the significant Scope 3 emissions for TAURON Group in the 2024 reporting 240
Table no. 115 Greenhouse gas emission intensity (total greenhouse gas emissions per net revenue) for TAURON Group in 2024 245
Table no. 116 Locations where pollution is a material topic within TAURON Group's business operations and its upstream and downstream value chain in 2024 247
Table no. 117 Operational limits (annual targets not to be exceeded) of air pollutant emissions for TAURON Group, taking into account the locations with a material impact (sum of the limits of the operated energy fuel combustion installations), applicable in 2024 250
Table no. 118 Amount and types of pollutants emitted to air as part of TAURON Group's business operations (in-house operations) in 2024[1] 250
Table no. 119 Water consumption in 2024 by source of water intake 254
Table no. 120 Analysis of resilience in relation to biodiversity and ecosystems 256
Table no. 121 Business Model resilience results in relation to biodiversity and ecosystems 257
Table no. 122 The involvement of the stakeholders in the biodiversity and ecosystems aspects 258
Table no. 123 List of material biodiversity locations related to the in-house operations conducted in the Natura 2000 areas 260
Table no. 124 Identification of the priority areas in terms of biodiversity – the distance of the facilities that are a part of the in-house operations from the nearest Natura 2000 area 261
Table no. 125 Direct factors related to biodiversity loss to which the Group's activities are contributing 264
Table no. 126 Types of activities and sites (areas) for reuse 270
Table no. 127 Total weight of waste and the amount of non-recycled waste [Mg] generated in 2024 273
Table no. 128 Total weight [Mg] of hazardous waste by waste management method in 2024 273
Table no. 129 Total weight of non-hazardous waste [Mg] by waste management method in 2024 274
Table no. 130 Strategic areas of activity designated by TAURON Group's Human Capital Management Policy . 289
Table no. 131 Average headcount (in the full time equivalents) at TAURON Group in 2024, broken down by gender 292
Table no. 132 Number of TAURON Group's employees by type of contract (labor contract) and gender as of December 31, 2024 292
Table no. 133 Number of associates who are not TAURON Group's employees but they are working under other contracts, broken down by type of contract and gender as of December 31, 2024. 293
Table no. 134 Percentage of TAURON Group's employees covered by the collective bargaining agreements as of December 31, 2024 294
Table no. 135 Scope of the collective bargaining and social dialogue 294
Table no. 136 Gender and age structure distribution in the numerical and percentage terms for the management boards and the employees of TAURON Group as of December 31, 2024. 296
Table no. 137 Percentage of the persons with disability at TAURON Group as of December 31, 2024 297
Table no. 138 Metrics with respect to the training and skills development at TAURON Group as of December 31, 2024 297
Table no. 139 Statistics of the accidents at work at TAURON Group by gender and type of accident 298
Table no. 140 Accident frequency rate in 2024 299
Table no. 141 Percentage of the eligible employees who took a family leave in 2024 300
Table no. 142 Pay gap 300
Table no. 143 Total compensation ratio 300
Table no. 144 Incidents, complaints and serious impacts on the compliance with the human rights[1] 301
Table no. 145 Function and the highest position of the person operationally responsible for the cooperation with the consumers and end users. 317

Table no. 146 Number of complaints received from the consumers or end users during the reporting period 323
Table no. 147 Information on the incidents of corruption or bribery during the reporting period 336
Table no. 148 Explanation of the abbreviations and acronyms as well as the trade terms 340

Index of figures

Figure no. 1 TAURON Capital Group's structure, including the subsidiaries subject to consolidation, as of December 31, 2024 9
Figure no. 2 TAURON Group's values 13
Figure no. 3 Capital expenditures (CAPEX) in 2024-2035[1] 14
Figure no. 4 Organizational diagram of TAURON as of December 31, 2024 23
Figure no. 5 Structure of the installed capacity of TAURON Group's generating units per generating unit type as of December 31, 2024 31
Figure no. 6 Structure of the electricity distribution by the tariff groups in 2024 32
Figure no. 7 Hard coal and coal sludge purchased in 2024 (in %) 32
Figure no. 8 Average monthly electricity prices on the SPOT and RB markets in the years 2023 - 2024 35
Figure no. 9 BASE_Y-25 contract trading volume in the years 2023 - 2024 35
Figure no. 10 Average monthly SPOT market and BASE _Y-25 contract gas prices on TGE (PPX) in the years 2023 - 2024 36
Figure no. 11 Impact of the political actions and the environment (stakeholders) on the EUA DEC product price performance in 2024 37
Figure no. 12 Property rights (green certificates) indices in 2024 38
Figure no. 13 TAURON Capital Group's competitive environment based on the available data for the first three quarters of 2024 42
Figure no. 14 EBITDA – estimated structure based on the main operating segments in the first 9 months of 2024[1] 43
Figure no. 15 Gross electricity production - estimated market shares in the first three quarters of 2024 43
Figure no. 16 Installed capacity - estimated market shares in the first three quarters of 2024 43
Figure no. 17 Electricity distribution - estimated market shares of the individual energy groups in the first three quarters of 2024 44
Figure no. 18 Electricity supply to the final consumers - estimated market shares of the individual energy groups in the first three quarters of 2024 44
Figure no. 19 Basic classification of the enterprise risk 54
Figure no. 20 The links between the various roles in the context of the ERM Strategy and the documents regulating the ERM 55
Figure no. 21 TAURON Capital Group's EBITDA in the years 2012 - 2024 68
Figure no. 22 TAURON Capital Group's 2024 - 2023 EBITDA structure 69
Figure no. 23 Change in TAURON Capital Group's EBITDA in the year 2023 – 2024 69
Figure no. 24 Generation Segment's EBITDA 70
Figure no. 25 Heat Segment's EBITDA 71
Figure no. 26 RES Segment's EBITDA 72
Figure no. 27 Distribution Segment's EBITDA 73
Figure no. 28 Supply Segment's EBITDA 74
Figure no. 29 Change in the structure and level of the assets as of December 31, 2024, and as of December 31, 2023 [1] 76
Figure no. 30 Change in the structure and level of the equity and liabilities as of December 31, 2024, and as of December 31, 2023 77

Figure no. 31 Current liquidity ratio and the net financial debt to EBITDA ratio in the years 2024 - 2023 78
Figure no. 32 Structure of TAURON Capital Group's revenue for 2024 and 2023 79
Figure no. 33 TAURON Capital Group's financial results and the level of the margins earned from the continuing operations in the years 2024 – 2023 [1] 80
Figure no. 34 Cash flows in the years 2024 - 2023 [1] 80
Figure no. 35 TAURON Capital Group's cash flows in 2024 81
Figure no. 36 Current liquidity ratio and the net financial debt to EBITDA ratio as of December 31, 2024, and as of December 31, 2023.[1] 82
Figure no. 37 Structure of TAURON Capital Group's EBITDA in the years 2020 – 2043 86
Figure no. 38 Generation Segment's and Heat Segment's data for the years 2020 - 2024 87
Figure no. 39 RES Segment's data for the years 2020 - 2024 87
Figure no. 40 Distribution Segment's data for the years 2020 - 2024 87
Figure no. 41 Supply Segment's data for the years 2020 - 2024 87
Figure no. 42 Other Operations Segment's data for the years 2020 - 2024 88
Figure no. 43 Shareholding structure as of January 1, 2024, December 31, 2024, and as of the date of drawing up this report 95
Figure no. 44 TAURON share price performance and trading volumes in 2024 99
Figure no. 45 TAURON share price (in PLN) against the backdrop of the WIG20 and WIG-Energia indices since the market debut until December 31, 2024 100
Figure no. 46 Diagram (flowchart) showing the division of the responsibilities of the Members of the Company's Management Board, as of December 31, 2024 124
Figure no. 47 Structure of the management of the ESG topics at Tauron Group 171
Figure no. 48 Organizational units that are a part of TAURON Group's ESG Committee 172
Figure no. 49 UN Sustainable Development Goals 2030 at TAURON Group 177
Figure no. 50 TAURON Group's value creation model 179
Figure no. 51 TAURON Group's Business Model 179
Figure no. 52 TAURON Capital Group's stakeholder map 185
Figure no. 53 Matrix of the topics material for TAURON Group 197
Figure no. 54 Share (proportion) of the environmentally sustainable and non-sustainable, Taxonomy eligible and Taxonomy non - eligible activities in the turnover (revenue), operating expenses (OpEx) and capital expenditures (CapEx) for TAURON Group in 2024 218
Figure no. 55 Reduction targets for the Scope 1 direct CO_2 emissions for TAURON Group planned to be achieved in 2030 and 2035, presented with the use of the emission rate per gross energy production and the direct CO_2 emission level against the background of the climate scenarios [1] 233