

SUSTAINABLE DEVELOPMENT AND SOCIAL RESPONSIBILITY

Sustainable development is a philosophy which combines an aim to achieve strong economic performance with concern for the social and natural environment.

NATURAL ENVIRONMENT

KEY ENVIRONMENTAL INVESTMENTS

At the end of 2015, waste gas desulphurisation unit was commissioned in EC Wrocław. That undertaking considerably influenced the improvement of air quality and it will assure long-term supplies of energy for the capital of Lower Silesia. Thanks to the waste gas desulphurisation unit in EC Wrocław, emission of sulphur oxides has decreased 5 times, and thanks to the gas denitrification unit, emission of nitric oxides decreased 3 times.

ACTIONS FOR BIODIVERSITY

Together with external institutions, KOGENERACJA delivered the following initiatives in the area of environmental education:

- The programme titled **Connecting Wrocław's historical buildings to the heating network under the KAWKA programme**. KAWKA is a programme funded by the National Fund for Environmental Protection and Water Management (NFOSiGW) and local authorities that seek to eliminate low emission sources and improve air quality in Wrocław.
- **The promotion of network heat** as the best alternative to coal-fired furnaces and disseminated knowledge about the **negative effects of low emissions**, including via trainings for building managers, meetings with housing communities and participation in events organised in the Nadodrże residential district (where the EC Wrocław is located and where there are many buildings that use solid fuel furnaces).
- **Continuation of cooperation with the Lower Silesian Ecological Club** (lessons on environmental protection in Wrocław's primary and lower secondary schools, ecological workshops for school students devoted to the environmental aspects of network heat, co-organisation of the Ecological Competition for students from Wrocław's lower secondary schools).

COOPERATION WITH HOUSING COOPERATIVES AFTER OBTAINING WHITE CERTIFICATES

KOGENERACJA S.A. continued its efforts to **improve the energy efficiency** of both its own assets and those of heat end users. The following projects were carried out:

- Modernisation of heating networks
- Conversion of local low-efficiency heat sources into modern substations
- Replacement of outdated, inefficient substations

For the initiatives submitted in response to tender No. 1/2015 of the President of the Energy Regulatory Authority (URE), the Company received **22 energy efficiency certificates** for the total value of **3 017.929 toe** (tonnes of oil equivalent), including 31,160 toe for an initiative completed on the Company's own assets.

On 1 October 2016, a new Energy Efficiency Act of 20 May 2016 came into force.

As of 1 October 2016, a new Energy Efficiency Law of 20 May 2016 came into force. Cooperating with the KOGENERACJA S.A.'s clients, in response to the invitation to tender issued by the President of the Polish Energy Regulatory Office, **19 offers were prepared for the total value amounting to 7 706 toe**, including 59 toe for enterprises that have been completed on the own assets.

SOCIAL ENVIRONMENT

The Company's social responsibility follows the principles of Sustainable Development and is embodied by the EDF Group

RESPECT



- We take pre-emptive steps and social measures to support the planned restructures
- We prepare ourselves for the so-called generation shift: *Ready for the Future*
- We gauge social moods (the *My EDF survey*)
- We cooperate with four representative Trade Unions
- We carry out the annual work quality assessment that is the basis for the Annual Training Plan
- We finance the Employee Pension Scheme
- We co-finance the activities of the Association of Seniors, retired employees of KOGENERACJA S.A.
- We get employees and retired employees engaged in organisation of the *Open Door Days*
- We cooperate with the KARAN Association in Wrocław as part of the programme of assisting the persons who have problems with abuse of psychoactive substances

RESPONSIBILITY



- We maintain the highest Health & Safety Standards by means of:
 - Awareness-raising programmes for employees, subcontractors and guests
 - On-site management visits
 - Daily *Safety News*
 - Nominating the *Safe Employee of the Quarter/Year* at the Company
 - Promoting the OSHA Campaign
- We promote healthy lifestyle among employees, including:
 - Offering a package of additional medical services (as part of the tripartite cooperation between the insurer, medical centre and KOGENERACJA S.A.)
 - Sports and Travel Association
 - Health activities as part of the Healthy EDF initiative
- We plan and ensure security of electricity and heat supplies
- We act for improvement of air quality in Wrocław - the KAWKA programme (replacement of furnaces with network heat)
- We educate the local communities by sweeping communication campaign regarding our environmentally-healthy production, by the following actions:
 - Open Doors Days - visits to the production plants available to wide public combined with ecological education; 20th edition held on 16-17 September 2016 attracted 1 100 persons to EC Wrocław
 - Workshops for secondary school students in cooperation with the Lower Silesian Ecological Club
 - *Date on the Chimney* competition organised together with Radio Wrocław
 - Presence in the Wrocław edition of the *Monopoly* board game
 - Contributing to the *NieMapa*, a Wrocław city guide for families

SOLIDARITY



- We counteract social (energy) exclusion by means of the following initiatives:
 - Programme of Assistance to Socially Sensitive Buyers*
 - Support for the SIEMACHA Association that works with youth from socially sensitive communities
 - Energy and educational patronage over the 2 Social Therapy Centre for Youth in Wrocław, in cooperation with the Open Mind Foundation

(Slow Food on the Plate - culinary workshops, ReDesign - sowing workshops; workshops in computer design basics)

- Józef Pupka foundation - support for poor, gifted students

- We help people with disabilities to be active:
 - Educating children in Wrocław's schools in cooperation with the L'Arche Foundation - staging puppet performances dealing with the issue of disabilities; in 2016, there were 140 performances held at schools, pre-schools and education centres for 4.7 thousand children from Wrocław
 - Patronage over the International Wheelchair Tennis Tournament: Wrocław CUP - in 2016, the 20th edition of the tournament took place
- We help local communities to be active:
 - Support for the European Capital of Culture 2016
 - active participation from the Company's employees in the opening ceremony: Innovation Spirit Parade
 - Partner for the MicroGrants ESK 2016 project - special edition titled "Share the Energy";
- Solidarity of employees:
 - Club of Honorary Blood Donors Kropelka at KOGENERACJA S.A. (4 campaigns, about 45 litres of blood collected, 45th anniversary celebrated in 2016)
 - Charitable initiatives by employees, targeted at local beneficiaries

* **Programme of Aid for Socially Sensitive Customers** for the residents of Wrocław and Siechnice. The basis of the programme is the agreements with the authorities of Wrocław and the Siechnice Municipality signed in 2016. KOGENERACJA S.A. supports its customers in paying their heat bills. The programme is addressed to persons in difficult financial conditions and to care and educational facilities that have heat purchase contracts with the Wrocław-based heat producer. The distribution of funds is decided by the local Social Aid Centres.

ETHICS COUNCIL

Composed of representatives of the Company's employees, the **Ethics Council** has been in operation since 2004. It is a social organisation that operates outside the Company's formal structures. The task of the Ethics Council is to promote ethical attitudes and behaviour among employees based on *KOGENERACJA S.A.'s Ethical Principles and Values*.

The Council's initiatives include a support programme for people who have a problem with drug abuse and a series of training courses for all employees on how to improve occupational safety in cooperation with the KARAN Association in Wrocław. In 2013, the Management Board of KOGENERACJA S.A. adopted the **Code of Ethics of the EDF Poland Group** as a document equal in status to other applicable regulations already in force. A corruption and fraud prevention policy and anti-bullying regulations have also been implemented.

RESPECT INDEX

The Warsaw Stock Exchange announced the new composition of its responsible companies index on 14 December 2016. KOGENERACJA S.A. was named among the most socially responsible businesses on the Warsaw Stock Exchange for the seventh time running.

OTHER INITIATIVES

The Company was among the 41 companies awarded by the *Polityka* weekly with the **White Leaf of CSR**, in the fifth ranking of socially responsible companies published in 2016. The award is conferred on the companies that declare implementation of all the key management categories recommended by ISO 26000 and constantly improve their operations in this regard to manage the impact of their organisations more effectively.

As a member of the UN Global Compact since 2014, KOGENERACJA S.A. has undertaken to promote, adopt and apply, in all spheres of its activity, the standards and principles applicable to human rights, labour, environment and anti-corruption.

JÓZEF PUPKA FOUNDATION

Established in 2005 in honour of the first President of KOGENERACJA S.A., the Józef Pupka Foundation pursues a mission of helping talented college and university students from financially disadvantaged backgrounds and promoting education among young people whose access to educational opportunities is limited. In 2016, the Józef Pupka Foundation awarded scholarships to 17 Polish students.

In 2016, the Company provided financial support to the following social, scientific, economic and industry organisations:

1. Support Programme for Vulnerable Customers
 - the Municipalities of Wrocław- Vulnerable Customers
 - the Municipalities of Siechnice - Vulnerable Customers
 - the Siemacha Foundation
 - the Agora Foundation - Santa Claus Factory
 - the Open Mind Foundation
2. Protection and promotion of health and healthy, active lifestyle
 - the Cape of Good Hope Foundation
 - the Lower Silesian Integration Forum
 - the KARAN Foundation for Helping Addicted Persons,
 - the *Energetyk* Seniors Association
 - the Regional Centre for Blood Donation in Wrocław
 - the *Rescuing children* with cancer Foundation
 - the Sports and Tourism Association in KOGENERACJA S.A.
3. Supporting the education of young people in financial difficulties
 - the Józef Pupka Foundation
 - the Youth Social Therapy Centre no. 2 in Wrocław
4. Organisations for integration of the disabled
 - the AKTYWNI Lower Silesian Association of Disabled Athletes
 - Educational project Together we change the world with the L'Arche
 - the L'Arche Foundation (help people with intellectual disabilities)
 - the A Jednak Association
 - the Foundation for the Assistance of the Disabled Słoneczko
5. Other organisations
 - the Mining Family Foundation
 - the Wrocław University of Technology Foundation

PROMOTING ACCESS TO ENERGY AND ECO-EFFICIENCY

- The Company is seeking to attract new customers to its district heating network. We offer to supply both new and existing residential buildings, as well as small and large enterprises, with heat through the district heating system in Wrocław and the Municipality of Siechnice as an alternative to heat sources such as oil, gas and coal.
- Our priority is to connect coal-heated buildings to the district heating network. Conversion to district heating contributes to reducing low-stack emissions in city centres by eliminating emissions of exhaust fumes and dust from local sources.
- Acting in accordance with the Act on energy efficiency, the Company has teamed up with partners such as housing cooperatives and municipal authorities to carry out energy-efficiency audits. We have prepared documentation for 21 projects submitted under the call for proposals announced by the President of the Energy Regulatory Office that will enable energy savings in excess of 900 tonnes.
- We are also engaged in activities aimed at reducing heat transmission losses and increasing the reliability of supply. These activities include the following:
 - Upgrading company facilities and district heating networks in the Municipality of Siechnice
 - Upgrading company power grids and the SN 20 kV switchgear station at the Zawidawa Heat and Power Plant

TRIPARTITE AGREEMENT FOR SUSTAINABLE DEVELOPMENT OF WROCŁAW

In 2016, **KOGENERACJA S.A., Fortum and the Wrocław authorities** were working together on the local heat market within the *Sustainable Development Partnership Agreement*. Their commitment consists on the collaboration in the following four areas: energy security, **energy efficiency, environmental protection and social responsibility**. As part of the energy security, energetic efficiency and environmental protection agenda, the contracting parties have committed to implement projects that will increase the availability of district heating to residents. Larger access to network heat will work to improve air quality in the city and, more specifically, to counteract the impact of low emission. The social responsibility agenda includes joint actions to promote environmentally friendly behaviour.