

The background of the cover is a textured, light brown paper. On the left side, several thin black lines represent cables. These cables terminate in various symbols: a green RJ45 network connector, a yellow @ symbol, a yellow two-prong electrical plug, an orange two-prong electrical outlet, and a yellow lightbulb. In the center, the title "ENEA Capital Group Corporate Social Responsibility Report" is written in a bold, green, sans-serif font. To the right of the title, the year "2011" is written in a large, yellow, outlined font. At the bottom right, two black RJ45 network cables are shown extending downwards.

**ENEA Capital Group
Corporate Social Responsibility
Report**

2011

Calendar of key events in 2011

January

ENE S.A. launches a new educational Internet website, promoting eco-attitude www.wkontakcieznatura.pl.

ENE Operator Vice-President for Network Infrastructure appointed to the Interdepartmental Advisory Committee for the Development of Wind Energy.

February

A special tab dedicated to the issues of ENEA Capital Group corporate social responsibility appears at www.enea.pl.

"Kozienice II" Sp. z o.o. merge with Elektrownia "Kozienice" S.A.

During visit of French President Nicolas Sarkozy in Poland, members of the Trade Union "NSZZ Solidarity" protest against privatization of the Polish energy sector by French company EdF, planning to purchase 51% of the ENEA S.A. shares.

March

The Management Board of ENEA S.A. signs with the trade unions agreement to increase salaries. At this same time the labour dispute ends, which has started in February 2011.

ENE Operator implements the "Live-line working 2010+" program which shall reduce the number of power failures.

Founding of a "Presidents-Volunteers Coalition 2011" as a result of the ENEA S.A. President initiative. Members of the Coalition commit themselves to actively promote the idea of volunteering.

April

ENE S.A. acquires a wind farm in Darżyno (Pomorskie province) with a total capacity of 6 MW.

ENE S.A. becomes the general sponsor of the Poland national speedway team.

Fitch, the international ratings agency, sets to ENEA S.A. long-term foreign rating of BBB and a national long-term rating of A.

Minister of the Treasury decides to close the process of disposal of ENEA S.A. 51% shares without resolution.

May

Launching of the Employee Volunteer Program in the ENEA Capital Group.

June

Elektrownia "Kozienice" (Kozienice Power Plant) and Rafako company sign the contract for implementation of the biggest in Poland flue gas denitrification system.

Commissioning of Hydroelectric power plant in Oborniki Wielkopolskie owned by ENEA S.A. with a total capacity of 330 kW.

ENE S.A. acquires a 69.58% stake in Elektrociepłownia "Białystok" S.A.

Launching of advertising campaign which addresses business clients "Join us. Change to ENEA". Michał Żebrowski the ENEA brand ambassador encouraged to use ENEA S.A. services.

July

ENE S.A. enables its shareholders to access information via a dedicated for this purpose investor relations application for iPhone and iPad.

The Management Board of ENEA Operator signs with the trade unions agreement concerning salaries, which ends a labour dispute in the company.



ENE S.A. introduces a "FIXED PRICE" offer with a price guarantee for electric energy to business customers. The offer is binding until 2014.

ENE S.A. organizes, for the second time, a competition for the best master and doctoral thesis on the subject of innovative, ecological solutions for power industry.

A successful completion of ENE S.A. dispute with the city of Bydgoszcz related to the city payments for the street lighting maintenance. Upon negotiations the Town Hall signs with the company an agreement for the maintenance of the street lighting.

August

Transfer of ENE S.A. client service to ENE Centrum which finalizes the first phase of the joint client service centre creation for the entire Capital Group.

Launching of the first offer for the companies affected by flood under the "Helping hand" motto.

Operator of Elektrownia Biogazowa Liszkowo (Liszkowo Biogas Power Plant), owned by ENE Capital Group, repairs the installation in order to minimize the negative impact on the environment.

September

ENE S.A. becomes an official sponsor of Royal Łazienki Museum in Warsaw.

Volunteers of ENE Capital Group take part in the celebrations of the European Year of Volunteering on 5 and 7 September in Warsaw.

October

ENE S.A. enters into a lease agreement with Skalar Office Center, a company from Poznan. ENE S.A. moved into the new location at the end of 2011 and 2012.

Launching of the "FIXED PRICE" campaign addressed to business customers, which promotes a new product that guarantees a fixed price for electric energy until 2013 (at present until 2014). Michal Żebrowski the ENE brand ambassador encourages to use ENE S.A. services.

ENE appeals against the decision of the Regional Environmental Protection Inspector in Bydgoszcz and wins, thanks to which the Elektrownia Biogazowa Liszkowo (Liszkowo Biogas Power Plant) hasn't been closed.

Wholesale trade in ENE Capital Group is allocated to ELKO Trading company.

November

Elektrownia "Kozienice" (Kozienice Power Plant) signs with the Warsaw University of Technology a letter of intent for cooperation, the objective of which is to facilitate students and college graduates access to postgraduate practical training in the Power Plant.

ENE Operator implements in the next Branch "Contactis Failure" which allows for automation of handling failure information received from the customers.

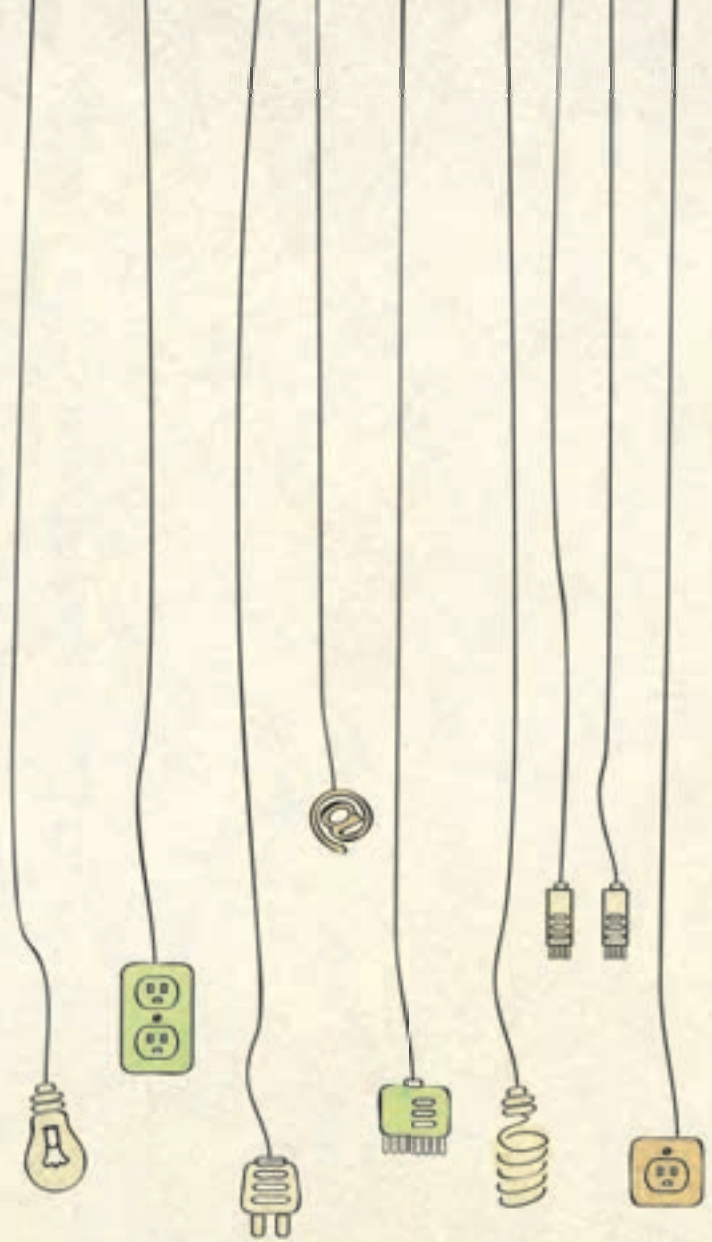
December

ENE Operator in cooperation with the Poznan University of Technology organizes a new field of study "sustainable energy development in the local governments planning".

ENE SA invites contractors to submit tenders for the construction of a new power unit in Elektrownia "Kozienice".

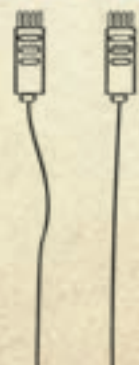
ENE S.A. is the patron of the first "Radosnik" (children's playing place) created by the "Fakt" Foundation at the children's hospital ward in Miedzrzecze (lubuskie province).





**ENEA Capital Group
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Dear Sirs,

Enea Capital Group operates in a dynamically changing market which poses challenges related to regulations, environment protection, new technologies, renewable energy sources and constant improvement of delivered services. It requires from us all investments on a greater scale.

In 2011 we were preparing to announce a tender for construction of a new power unit in the Elektrownia "Kozienice". This investment, exceeding 6 bn PLN is one of the biggest investments in the history of the Polish economy. Also this year the Capital Group acquired a majority stake in Elektrociepłownia "Białystok" (CHP Białystok) and 100% shares of DOBITT ENERGIA company responsible for the construction of biogas power plant in Gorzesław. Further investments into new, more ecological technologies for power generation are to be carried out during the next few years.

Moreover, changes to the Capital Group organizational structure were introduced. Enea Centrum, client service company was founded and integration of generation has been started within Enea Wytwarzanie company. We also continued "Enea 2010+" program the goal of which is to increase efficiency and modernize processes and procedures.

2011 was also the first year of the "Strategy of corporate social responsibility of ENEA Capital Group" implementation. Its goals are to support accomplishment of the business strategy and change to a company with a modern organizational structure. Implementation of CSR is not simple, especially in the time of constant structural and operational changes that take place in the Capital Group. Nevertheless, we plan to pursue with our activities in the chosen direction.

Enea Capital Group accomplishes long-term projects and that is why securing of the Capital Group financing and development is the most significant. It is a challenge in the time of difficult to foresee economic changes.

Portfolio of the subsidiary companies is the Capital Group advantage. The Capital Group integrates companies that generate and trade electric energy. Those companies have been under constant transformation for a few years already. Against our competitors we are the Capital Group that provides complex services and adapts to market changes. Combined with a very good financial results it is one of the most important advantages in the context of the potential privatization of Enea Capital Group.

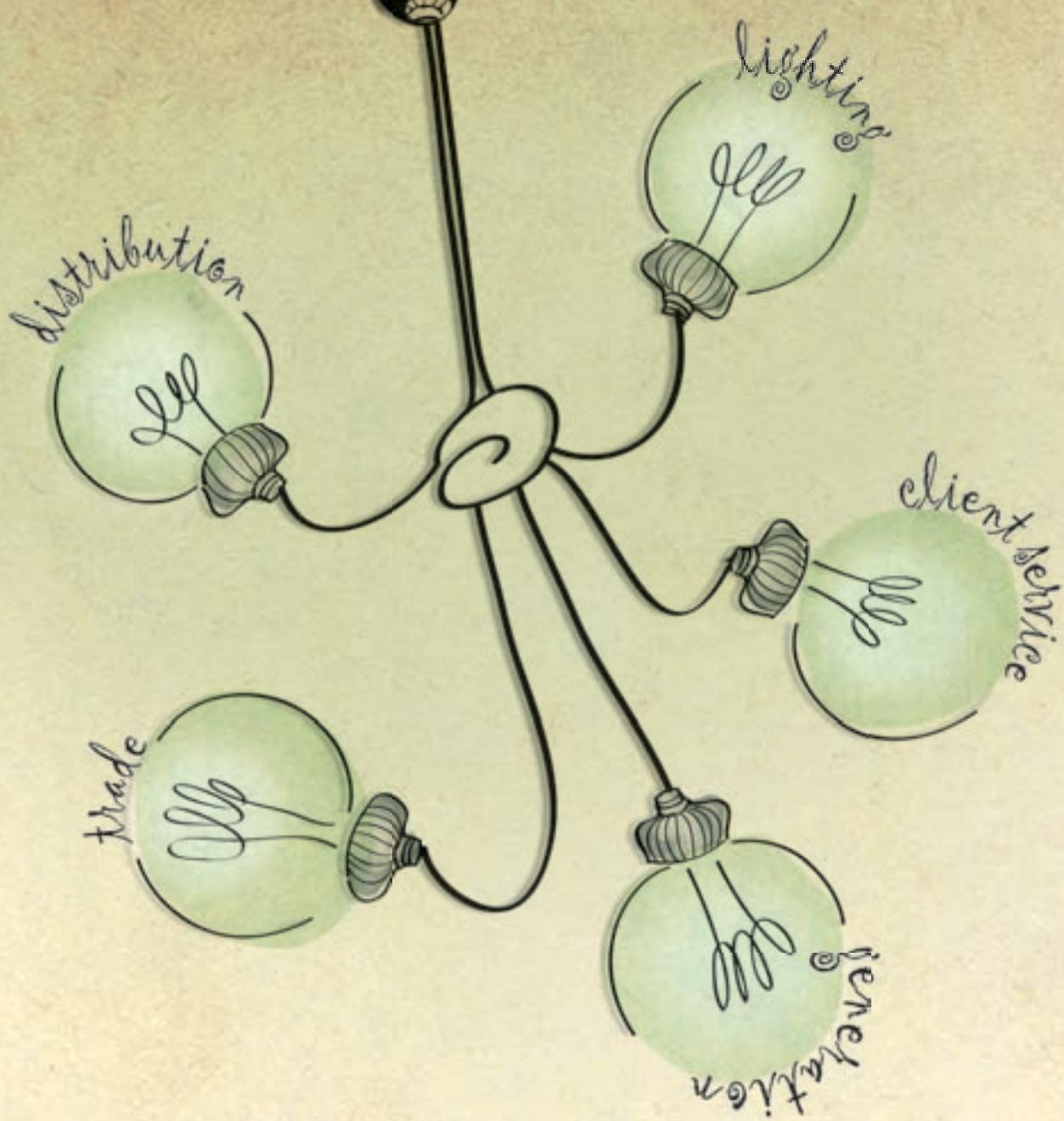
This report is the first one that reflects activities of the Capital Group in the context of sustainable development and is supplementary to information contained in the annual report.

I would like to thank all those persons involved in the preparation of this report. I'm aware that it is not only the first report of Enea Capital Group of that kind but also the first report in Poland prepared in accordance with Global Reporting Initiative standards in the generation, distribution and energy trading industry.

I invite you to read this report.

Janusz Bil

Acting President of ENEA S.A. Management Board
Vice-President of the Management Board for Commercial Affairs



ENEA Capital Group

ENEA Capital Group¹ is one of the largest companies in the energy sector in Poland and is the third-largest integrated energy group in the country. Its mission is to provide high quality services to customers while delivering a friendly working environment to employees, building shareholder value and caring for the natural environment.

The Capital Group comprises more than 20 companies that employ in total more than 10 000 people. Almost 8% of the energy generated in the country comes from power plants that belong to the Group. Production, distribution, trade and the provision of services in the field of electricity are the main business segments of ENEA Capital Group.

Total generation capacity of Enea Capital Group amounted to 3 139,27 MW in 2011 and total sales within trade in electric energy ca. 15.5 TWh including sales to retail customers of ca. 14.7 TWh. ENEA Capital Group customer base includes 2.4 million individual and institutional customers. Total net revenues of ENEA Capital Group amounted to 9 688 949 thousand PLN in 2011.

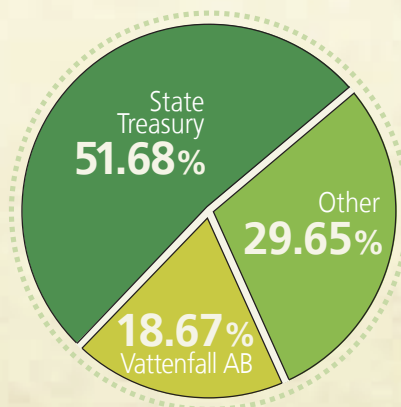
1.1.

Organizational structure of ENEA Capital Group

As at 31 December 2011 the Capital Group consisted of the following entities: ENEA S.A. which is listed on the Warsaw Stock Exchange and 20 subsidiaries.

Apart from ENEA S.A. there are two other leading companies: ENEA Wytwarzanie S.A. (until 25 May 2012 the company was called Elektrownia "Kozienice" S.A.) and ENEA Operator Sp. z o.o., independent operator of the distribution network.

Illustration 1.
ENEA S.A. shareholding
– as at 31.12.2011



ENEA S.A. held shares in the subsidiary companies of total nominal value of 5 587 375,6 thousand PLN which constitutes as at 31 December 2011 to 99.67% of the total nominal value of share capitals of these companies, amounting to 5 568 823,5 thousand PLN. Majority of ENEA S.A. shares belongs to the State Treasury (51,68%).

ENEA was indicated as one of the energy groups which shall be subject to privatization processes in 2008-2011 in the document "Privatization plan for 2008-2011" adopted in 2008 by the Council of Ministers. The company's privatization plan included sale of ENEA S.A. shares in two stages – in a transaction made through public markets (I stage/February 2010) and then sale of more than 50% of the company's shares to the industry investor. Works related to the planned privatization took place in 2011. Also numerous meetings with the investors were held.

Privatization plans were strongly criticised by the trade members who protested against acquisition of energy companies by the French investors. As at the 1 April 2011 the Minister of the State Treasury decided to close the process of 51% of ENEA S.A. shares disposal without resolution.

Still it was indicated in his decision that the ENEA S.A. privatisation process shall be renewed as the investment in the new generation capacities in Elektrownia "Kozienice" (Kozienice Power Plant) is finished.

¹ In this report the names: the Capital Group and ENEA Capital Group are used interchangeably.

Table 1.
Companies comprising ENEA Capital Group
– as at 31.12.2011

Company	Basic scope of business activity	Share of ENEA S.A. in the company's share capital %
TRADE		
ENEA S.A. with registered office in Poznań	ENEA S.A. is a dominant entity in ENEA Capital Group. The company is operating within trade of electric energy.	
DISTRIBUTION		
ENEA Operator Sp. z o.o. (in short: ENEA Operator) with registered office in Poznań	The core business, of the independent operator of electric energy is the distribution of electricity conducted since 1 July 2007 on the basis of a licence issued by the president of the Energy Regulatory Office (ERO) as at 28 June 2007 for the period from 1 July 2007 to 1 July 2017. Simultaneously, on 30 June 2007 the president of the ERO designated ENEA Operator as the operator of an electrical energy distribution system for the life of the licence.	100%
Annacond Enterprises Sp. z o.o. with registered office in Warsaw	The Company was prepared for commencement of operating activities in distribution in 2011.	61%
POWER GENERATION		
ENEA Wytwarzanie S.A.* (in short: ENEA Wytwarzanie) with registered office in Swierże Górne. Until 25 May 2012 the company operated as Elektrownia "Kozienice" S.A. (in short: Elektrownia "Kozienice").	The company's core business is the generation of electricity and heat co-generated with electricity.	100%
Elektrownie Wodne Sp. z o.o. (in short: Elektrownie Wodne) with registered office in Samociążek	The company operates within generation of electricity and services within operation of water turbine plants and development of activity within generation of electricity coming from renewable sources through realisation of projects of wind farms and biogas power plants.	99,996%
Elektrociepłownia Białystok S.A. (in short: Elektrociepłownia Białystok) with registered office in Białystok	The company operates within production of heat and power energy.	99,94%
Miejska Energetyka Ciepła Piła Sp. z o.o. (in short: MEC Piła) with registered office in Piła	The company operates within generation, transmission and distribution of heat and generation of combined heat and power energy using cogeneration units.	65,03%
Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o. (in short: PEC Oborniki) with registered office in Oborniki	The company operates within generation, transmission and distribution of heat.	91,02%
DOBITT ENERGIA Sp. z o.o. with registered office in Gorzesław	The company leads an investment of biogas plant construction with a capacity of 1.6 MW.	100%
CLIENT SERVICE, BUSINESS ACTIVITY RELATED TO POWER GENERATION AND TRADE OF ELECTRIC ENERGY		
ENEA Centrum S.A. (previously: Energetyka Poznańska Biuro Usług Technicznych S.A.) with registered office in Poznań	The company provides customer service services on behalf and for ENEA S.A.	100%
Energetyka Poznańska Przedsiębiorstwo Usług Energetycznych ENERGOBUD Leszno Sp. z o.o. (in short: ENERGOBUD Leszno) with registered office in Gronówek	The company's core business is design, construction, modernisation and operation of electric power grids and associated equipment.	100%
ENEOS Sp. z o.o. with registered office in Poznań	The company operates within operation and maintenance of street lighting.	100%
BHU S.A. with its registered office in Poznań	The company trades in electrical power equipment, tools and materials.	92,62%
Energomiar Sp. z o.o. with registered office in Poznań	The company operates within, the maintenance, assembly, legalisation and standardisation of electricity meters, production of astronomical clocks, readings of electricity consumption and remote-control power services.	100%
OTHER BUSINESS ACTIVITY		
Hotel EDISON Sp. z o.o. with registered office in Baranowo	The company operates within hotel, restaurant, training, sports and recreation business.	100%
Energetyka Poznańska Zakład Transportu Sp. z o.o. with registered office in Poznań	The company established to provide road transport and vehicle maintenance services.	100%
Energo-Tour Sp. z o.o. with registered office in Poznań	The company provides hotel and restaurant services, organizes vacations, recreational and youth camps, provides tourism and healthcare services.	99,92%
Niepubliczny Zakład Opieki Zdrowotnej Centrum Uzdrawiskowe ENERGETYK Sp. z o.o. with registered office in Inowrocław	The company provides health resort services and services within health and rehabilitation.	99,94%
ENTUR Sp. z o.o. with registered office in Szczecin	The company provides recreation, hotel, tourism and restaurant services, as well as healthcare.	100%
ITSERWIS Sp. z o.o. with registered office in Zielona Góra	The company conducts operations in landline and wireless telecommunications and IT and computer services, as well as wholesale and retail selling of electronic and telecommunications equipment, computers and software.	100%
Auto-Styl Sp. z o.o. with registered office in Zielona Góra	The company's core business is the retail of mechanical vehicles, accessories and fuels, servicing and repairing mechanical vehicles, and leasing means of transport.	100%

* Elektrownia "Kozienice" name is applied in this report.

Elko Trading Sp. z o.o.* company the shares of which are held by Elektrownia "Kozienice" S.A. is also associated to ENEA Capital Group. Moreover, ENEA S.A. company held shares in the companies: Przedsiębiorstwo Produkcji Strunobetonowych Zerdzi Wirowanych WIRBET S.A. (49% votes), Towarowa Gielda Energii S.A. (Polish Power Exchange) (1,02% votes), EXATEL S.A. (2,21% votes), Tlocznia Metali Pressta S.A. (2,76% votes), TARPAN Sp. z o.o. (0,76% votes) and Monnari Trade S.A. (0,015% votes) – as at 31.12.2011. Those companies haven't been included in this report.

Year 2011 was a period of important organizational changes for ENEA Capital Group. Improvement of the ENEA Group strategic management efficiency and functioning of particular areas of its business was the basic objective of the organizational changes.

Major organizational changes in 2011

1. ENEA S.A. purchased majority of Elektrociepłownia Białystok S.A. shares.
2. ENEA S.A. purchased 100% of shares of DOBITT ENERGIA Sp. z o.o. company with registered office in Gorzesław.
3. "Kozienice II" company merged with Elektrownia "Kozienice" S.A.
4. Elektrownie Wodne Sp. z o.o. company merged with Elektrownie Wiatrowe – ENEA Centrum Spółka Akcyjna, Spółka komandytowa with its registered office in Samociążek.
5. FINEA Sp. z o.o. was liquidated.
6. Client Service Division of the ENEA S.A. Trade Department was moved to the EP BUT S.A. Further, the name of the company was changed from EP BUT S.A. to ENEA Centrum S.A.
7. Division of ENEA S.A. Elektrownia Biogazowa Liszkowo (Liszkowo Biogas Power Plant) was moved to Elektrownie Wodne Sp. z o.o. subsidiary company.
8. ENEA S.A. purchased 61% of Annacond Enterprises Sp. z o.o. company.
9. ENEA S.A. sold all shares held of PEC Śrem S.A.

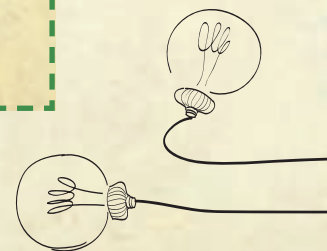


Elektrownia "Kozienice" S.A. located on the left bank of the Vistula River, 75 km south of Warsaw, is the largest professional producer of coal-fired electric energy in Poland.

* As at 18.10.2012 name of ELKO Trading Sp. z o.o. company was changed into ENEA Trading Sp. z o.o. For the needs of this report ELKO Trading Sp. z o.o. is applicable.

In 2011, companies of ENEA Capital Group belonged, among others, to the following organizations:

- Polish Association of Stock Exchange Issuers (ENEA S.A.);
- Business Centre Club (ENEA S.A.);
- Polish Euro-Atlantic Association (ENEA S.A.);
- Central Europe Energy Partners (ENEA S.A.);
- Polish Association of Energy Traders (ENEA S.A.);
- Global Compact (ENEA S.A.);
- Declaration on sustainable development in the energy sector (ENEA S.A. signatory to the Declaration);
- Chamber of Commerce for Energy and Environmental Protection (Elektrownia "Kozienice" S.A.);
- Economic Society Polish Power Plants (Elektrownia "Kozienice" S.A.);
- The Power Plant Employers Union (Elektrownia "Kozienice" S.A.);
- Association of Polish Electrical Engineers, Branch in Radom (Elektrownia "Kozienice" S.A.);
- Polish Club POLLAB Laboratories (Elektrownia "Kozienice" S.A.);
- Polish Red Cross, Management Board in Kozienice (Elektrownia "Kozienice" S.A.);
- Polish Power Transmission and Distribution Organisation (ENEA Operator Sp. z o.o.);
- Energy Works Employers Association (ENEA Operator Sp. z o.o.);
- Wielkopolski Capital Club (ENEA Operator Sp. z o.o.);
- EDSO for Smart Grids (ENEA Operator Sp. z o.o.);
- Partner Club of University of Economics (ENEA Operator Sp. z o.o.);
- Lubuskie Association for Energy Development (ENEA Operator Sp. z o.o.);
- Polish Hydropower association (Elektrownie Wodne Sp. z o.o.);
- Polish Wind Energy Association (Elektrownie Wodne Sp. z o.o.);
- Association of Accountants in Poland (Elektrownie Wodne Sp. z o.o.);
- Polish Chamber of Commerce of Heat Engineering (MEC Piła Sp. z o.o., Elektrociepłownia "Białystok" S.A.);
- Heat Engineering Polish Association of Employees (MEC Piła Sp. z o.o.);
- The Combined Heat and Power Station Association of Employees (Elektrociepłownia "Białystok" S.A.);
- Poland's Northern Chamber of Commerce (MEC Piła Sp. z o.o.);
- The Lubuskie Region Employers' Organization (ITSERWIS Sp. z o.o.);
- Chamber of Commerce for Energy and Environmental Protection (Elektrociepłownia "Białystok" S.A.);
- Polish Association of Professional Heat and Power Plants (Elektrociepłownia "Białystok" S.A.);
- Association of Polish Electrical Engineers (Elektrociepłownia "Białystok" S.A.);
- Polish Network of Health Promoting Hospitals (NZOZ Centrum Uzdrowiskowe ENERGETYK Sp. z o.o.).



1.2.

Geographic areas of ENEA Capital Group business operations

ENEA Capital Group operations are mainly based in the region of north-western Poland. The main seat of ENEA S.A. company that manages the Capital Group and trades electricity is located in Poznań. Enea S.A. also has its trade offices in Szczecin, Gorzów Wielkopolski, Zielona Góra and Bydgoszcz. Moreover, ENEA S.A. has an office in Warsaw, which supports the ENEA S.A. Management Board Office in Poznań.

The most important locations of companies that belong to the Capital Group for environmental and social impact, outside of north-western Poland, include areas of Kozenice and Białystok.



Enea Operator Sp. z o.o. the independent operator of the distribution system and subsidiary company of ENEA Capital Group holds a distribution network that covers an area of approximately 20% of the country and more than 109 thousand km of power lines (more than 129 thousand km including connections). Enea Operator company operates on the territory of 58 213 km and five provinces: wielkopolskie, zachodnio-pomorskie, lubuskie, kujawsko-pomorskie, and in smaller extent dolnoslaskie. The company operates within the framework of five field branches located in Poznań, Bydgoszcz, Gorzów Wielkopolski, Szczecin and Zielona Góra.

Table 2.
ENEA Operator Sp. z o.o. technical characteristics of the distribution system

Specification	Size
Total length of lines in conversion to one track in km, of which:	111 101
High-voltage overhead	4 893
High-voltage cable	14
Medium-voltage overhead	36 039
Medium-voltage cable	11 310
Low-voltage overhead	33 838
Low-voltage cable	25 007
Total length of connections in km, of which:	18 096
Overhead	12 181
Cable	5 915
Number of connections in items, of which:	779 687
Overhead	549 018
Cable	230 669
Number of substations in items	35 197

1.3.

Generation capacities of ENEA Capital Group

Total generation capacity of ENEA Capital Group was 3 139,27 MW in 2011 out of which the majority is the generation capacity of Elektrownia "Kozienice" S.A. (2 905 MW). Elektrownia "Kozienice" S.A. is one of the biggest power plants in Poland. It holds 10 highly efficient and modernized power units. The power plant has generated 11 888 791,5 MWh of gross energy in 2011.

Furthermore, ENEA Capital Group has additionally 60,14 MW in 21 hydropower stations, 2,13 MW in Elektrownia Biogazowa Liszkowo (Liszkowo Biogas Power Plant), 166 MW in Elektrociepłownia "Białystok" (CHP Białystok) and 6 MW in Darżyno wind farm.

ENEA Capital Group also generates and sales heat. Heat is generated by Elektrownia "Kozienice" (Kozienice Power Plant) (thermal power 266 MW), Elektrociepłownia "Białystok" (CHP Białystok) (thermal power 505,2 MW), PEC Oborniki (thermal power 35,89MW) and MEC Piła (thermal power 160,65 MW).

1.4.

Financial results

Net sales revenues of ENEA Capital Group amounted to 9 688 949 thousand PLN in 2011 which is an increase by 23,6% compared to 2010. The above mentioned increase resulted from various factors. The Capital Group revenues consist mainly of revenue from sales of electric energy and distribution services, which account for 67,2% and 27,3% of the net sales revenues respectively. Increase of sales revenues in 2011 mainly results from the increase of revenues from the sale of energy in Elektrownia "Kozienice" (increase of energy volumes sold by the "Kozienice" power plant by 8230 GWh with an increase of average price by 1,1%). Additionally in 2011 revenues from the sale of energy in Elektrociepłownia "Białystok" (CHP Białystok) were accounted for from 1 June 2011. Furthermore, distribution sales revenues increased as a result of increase of energy delivered to end users by 117 GWh accompanied by increase of average price of sold distribution services by 2,3%.

ENEA Capital Group revenues from sale of electric energy accounted for 6 508 001 thousand PLN in 2011. Revenues from sale of distribution services reached amount of 2 642 110 thousand PLN. Revenues from sale of heat equaled 105 924 thousand PLN in 2011 and constituted to 1,0% of ENEA Capital Group sales revenues.

Illustration 2. Increase of ENEA Capital Group net sales revenues in 2008-2011 [PLN million]

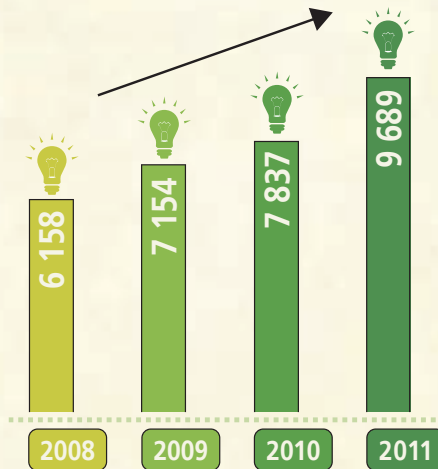
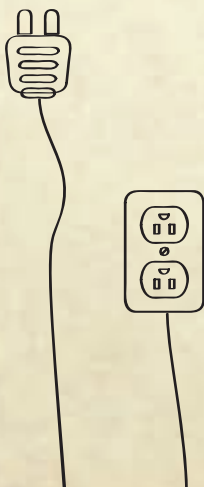
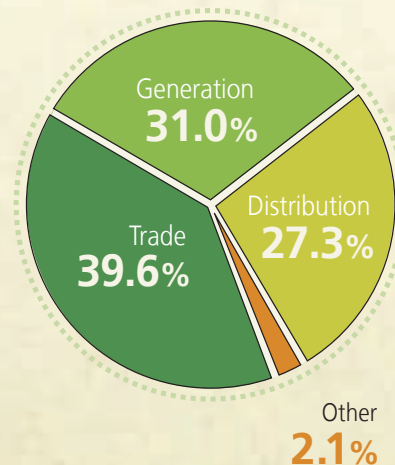


Illustration 3. Share of particular segments in the net sales revenues of ENEA Capital Group in 2011

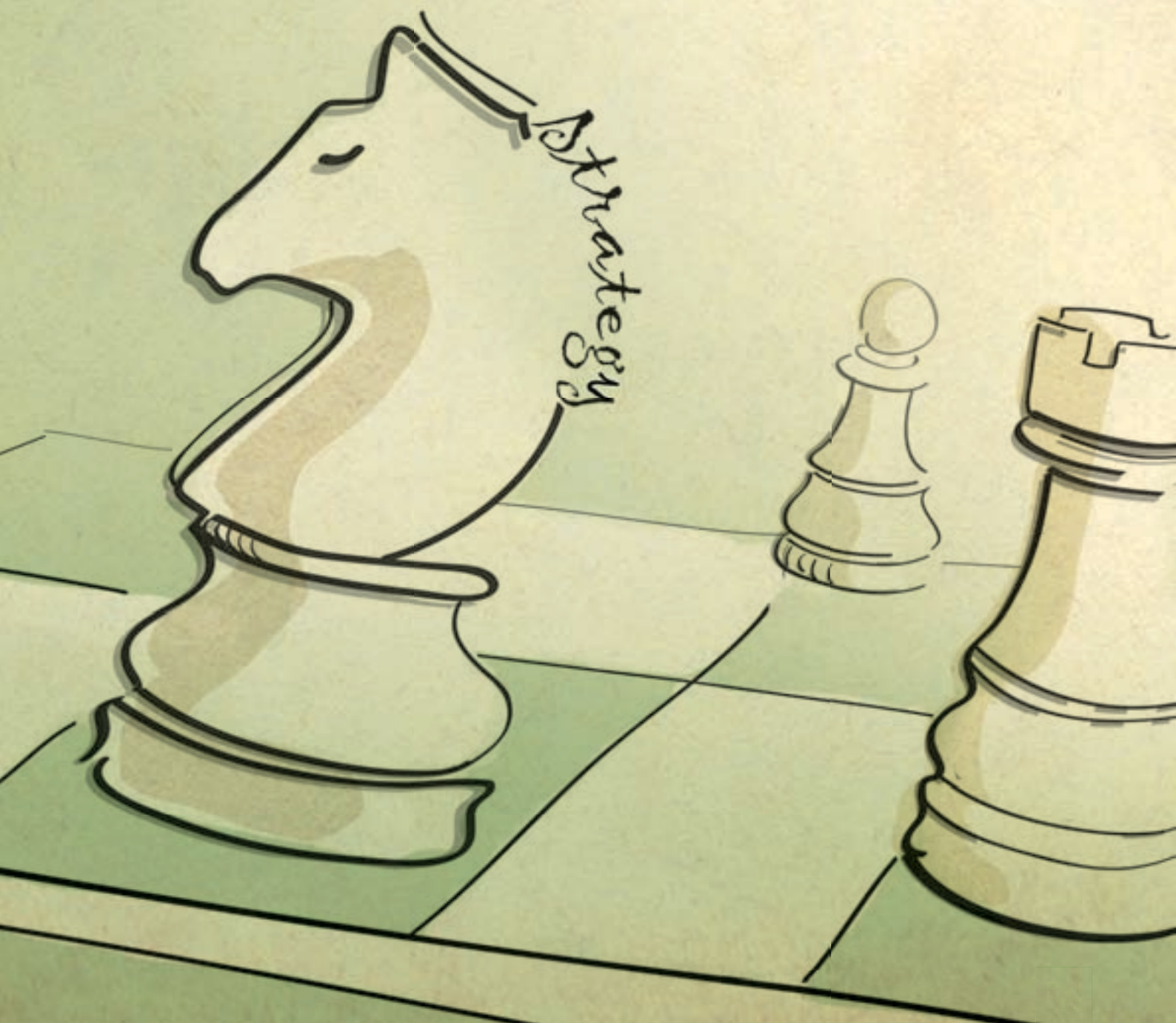


1.5.

Awards granted to the companies of ENEA Capital Group

- Title "Pearls of the Polish Economy" – granted for the consistent implementation of the company's policy and strategy and a leading position among the most dynamic and effective companies in Poland (ENEA S.A.).
- Elektrownia "Kozienice" (Kozienice Power Plant) awarded in the ranking "Pillars of the Polish Economy".
- ENEA Operator was awarded by the President of Zielona Góra in the category "Production Company". ENEA Operator was recognized for its activity and involvement in the development and promotion of the Region in 2010.
- Award in the "Action investor" for fast and reliable exchange of information between individual investors and listed companies (ENEA S.A.).
- Elektrownia "Kozienice" (Kozienice Power Plant) received certificate "Eco quality of the year 2010" granted in the competition organized by the daily "Dziennik Gazeta Prawna".
- ENEA S.A. won the title Business Superbrands. ENEA brand was recognized as one of the strongest business brands of B2B sector (Business-to-Business) on the Polish market.
- ENEA S.A. received title of "Well-Perceived Company – Superbrands CSR 2011" as an appreciation of social responsibility and implementation of the corporate social responsibility idea.
- ENEA brand was recognized in the category "Electricity Provider" as a brand most environmentally friendly in pan-European research of Trusted Brands 2011.
- The title of "Leader of the World of Energy" in the category of "Trading Company of the Year" for achievements in trade. Award was granted during XIV edition of the International Energy Conference EUROPOWER 2011 (ENEA S.A.).
- Great leader in the field of ecology, the title for the "Kozienice" Power Plant granted by "Echo dnia" daily.
- "Kozienice" Power Plant was awarded a honourable title Donor of the Year of the "Healthy Child" Foundation.
- Award in the Ranking of Listed Companies – The Fastest in building the value, "Newsweek", and A.T. Kearney (ENEA S.A.).
- Award of Poland's Northern Chamber of Commerce and President of Piła to celebrate jubilee of 35 years of the company by the Northern Chamber of Commerce and President of Piła.
- ENEA S.A. was awarded medal Acanthus Aureus for the best stand to match marketing strategy during trade fair Expopower in Poznań.
- ENERGOBUD Leszno was granted a gold medal during Expopower trade fair for the transformer station MV/LV in concrete housing with external support UKL 3119.
- ENEA Operator received the winning trophy in the "Tryton" competition in the category "Complex of the Year" for the expansion of the power station offices in Świnoujście.





2 ENEA Capital Group strategic management

2.1.

Management Bodies of ENEA Capital Group

ENEA Capital Group is managed by ENEA S.A. company which has been listed on the Warsaw Stock Exchange since the end of 2008. ENEA S.A. key shareholder is the State Treasury (51,68% shares).

The Company is managed by the Management Board which is directly supervised by the Supervisory Board.

The functioning of both bodies is regulated by the "Code of Commercial Companies", "ENEA S.A. Supervisory Board Regulations in Poznań", "ENEA S.A. Management Board Regulations" and "ENEA S.A. Statute". The company obeys principles of corporate governance defined in the appendix to the Resolution of the Warsaw Stock Exchange Board No. 20/1287/2011 as of 19 October 2011 entitled "Good Practices of Companies Listed

on the WSE". More information concerning the Management Board operations is described in the Annual Report "Declaration of the application of corporate governance principles".

Members of the ENEA S.A. Supervisory Board were elected for the VII term of office of three years by the Resolution of the General Shareholders Meeting as at 30 June 2009. The Supervisory Board responsibility is also to appoint two independent Committees, i.e. the Audit Committee and the Nominations and Remuneration Committee.

Table 3.
ENEA S.A. Management Board
Composition since 1 January 2011

Name and surname	Role	Responsibility
Maciej Owczarek*	President of the Management Board	Co-ordinates issues related to the company's and the Capital Group overall operations.
Krzysztof Zborowski	Member of the Management Board for Power Generation	Supervises and coordinates all issues related to the preparation and implementation of development strategies and supervises ENEA Capital Group subsidiary companies operating in the area of electricity and heat generation.
Huber Rozpędek	Member of the Management Board for Economic Affairs	Supervises and coordinates all economic, financial and accounting issues along with risk management in the company and ENEA Capital Group.
Maksymilian Górniak**	Member of the Management Board for Commercial Affairs	Supervises and coordinates all issues related to the electricity trade and client service.

* On 1 October 2012, the ENEA S.A. Supervisory Board dismissed Mr. Maciej Owczarek, who has held the function of the President of the ENEA S.A. Management Board. The decision was made in connection with the submission on 27 September 2012 by Mr. Maciej Owczarek of a notice of the Service Agreement within management termination. Until the new President of ENEA S.A. Management Board is nominated, the position shall be held by the Member of the Management Board for Commercial Affairs – Mr. Janusz Bil.

**On 5 December 2011 the ENEA S.A. Supervisory Board adopted a resolution on dismissal from the composition of the company's Management Board – Mr. Maksymilian Górniak, Member of the Management Board for Commercial Affairs.

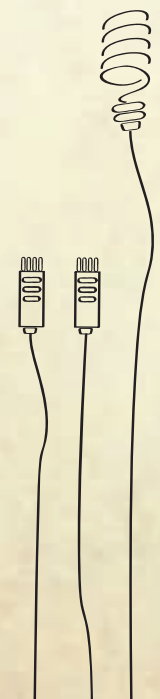


Table 4.
ENEA S.A. Supervisory Board in 2011

Name and surname	Role
Wojciech Chmielewski	Chairman of the Supervisory Board
Jeremi Mordasewicz	Vice-Chairman of the Supervisory Board
Michał Kowalewski	Secretary of the Supervisory Board
Małgorzata Aniołek	Member of the Supervisory Board
Paweł Balcerowski	Member of the Supervisory Board
Tadeusz Dachowski	Member of the Supervisory Board
Mieczysław Pluciński	Member of the Supervisory Board
Paweł Lisiewicz	Member of the Supervisory Board
Bartosz Nowicki	Member of the Supervisory Board
Graham Wood	Independent Member of the Supervisory Board

On 29 June 2011 the Extraordinary General Meeting of Shareholders dismissed from the composition of the Supervisory Board Mr. Bartosz Nowicki and at the same time appointed to the composition of the Supervisory Board of VII term Ms. Agnieszka Mańkowska. On 1 August 2011 as a result of death a term expired of the Supervisory Board Member Mr. Paweł Balcerowski. His place was taken by Mr. Sławomir Brzeziński, representative of employees, who was appointed to the composition of the Supervisory Board with more than 50% of votes cast by the ENEA S.A. employees.

2.2.

Strategic approach to ENEA Capital Group corporate responsibility

Year 2011 was for ENEA Capital Group a period of many significant changes related to the Capital Group organization structure as well as implementation of key processes for achievement of its strategic objectives and efficiency. Our activities were focused on implementation of approved a year ago “Corporate Strategy for 2010-2015 with a perspective to 2020” (hereinafter referred to as the Corporate Strategy).

CSR -Corporate Social Responsibility or Corporate Sustainability and Responsibility is one of the three pillars of the Corporate Strategy described as a goal “Creation of the socially responsible business”. ENEA S.A. Supervisory Board approved “Strategy of corporate social responsibility of ENEA Capital Group” as at 16 November 2010. The Strategy is a fully integrated document with the “Corporate Strategy for 2010-2015 with a perspective to 2020”.

Corporate Strategy completes a previously commenced program “ENEA 2010+” which consists of a number of programs to increase efficiency such as centralized car fleet and real estate management. Corporate Strategy as well as “ENEA 2010+” program are not only to contribute to the creation of a more efficient Capital Group in the long-term but also a company with a modern organizational culture.

Implementation of the Capital Group new business model is the integral part of the Corporate Strategy. Model, to which we aspire, ultimately assumes six business areas in the Capital Group: Corporate Centre, Power Generation based on fossil fuels and renewable energy sources, Wholesale trading, Sales, Distribution and shared Services Centre. It should increase the efficiency of the Capital Group management and enable cost synergies to be obtained from the centralised management of the Capital Group operations and a shared client service system.

“Strategy of corporate social responsibility of ENEA Capital Group” (in short: the CSR Strategy) is to support, develop and refine provisions of the Corporate Strategy. Such close connection of provisions of the corporate social responsibility with the Corporate Strategy emphasizes a high priority of CSR practices implementation in the Capital Group.

The Corporate Strategy defines three areas that support the achievement of a superior business goal i.e. the creation of the ENEA Capital Group value.

I Goals of the Corporate Strategy "Development of the Capital Group key business operations"

1. Development and diversification of the power generation capacity.
2. Development and modernization of the distribution system.
3. Development of wholesale trade operations.
4. Securing hard coal supply from optimal sources.
5. Increasing profit from electric energy sale.
6. Securing technical and technological development.

II Goals of the Corporate Strategy "Improvement of the Capital Group efficiency"

1. Optimization of the fundamental processes.
2. Optimization of the support functions.
3. Ensuring the operational integration of the Capital Group.
4. Reorganization of business operations of the subsidiary companies.

III Goals of the Corporate Strategy "Creation of the socially responsible business"

(in accordance with the detailed provisions of ENEA Capital Group strategy of corporate social responsibility):

1. **Ensuring well-balanced human resource management.**
This goal focuses on internal issues such as the development of staff competence, knowledge sharing and communication.
2. **Ensuring a dialogue with stakeholders and the local community and taking their voice into account in business operations.**
The second goal focuses on relations with customers and their service and on taking into account the local community in the business operations. It also includes social and charitable actions performed by the Capital Group companies.
3. **Promoting pro-environmental practices and behaviours.**
This objective focuses on two key aspects: reduction of ENEA Capital Group negative impact on the environment by enforcing modernization processes and new investments as well as widely understood environmental education.

Year 2011 was the time for us to create foundations of corporate social responsibility management. The CSR strategy became the basis for the consistent implementation of the social responsibility practices by the individual companies of ENEA Capital Group and achieving synergy effect in this respect. A separate post dedicated to coordination and implementation of the CSR Strategy was created in ENEA S.A. in 2011. Furthermore, the first structure was created for CSR reporting on two levels: individual companies and the Capital Group.

CSR Strategy assumptions are systematically implemented by the Capital Group companies through detailed operational plans which take into consideration the specificities of particular companies. Every year, companies that implement the CSR strategy prepare an action plan for a given year. Its stage of performance is reported to a dedicated CSR person in the ENEA S.A. company, who coordinates the implementation of the Strategy of corporate social responsibility of ENEA Capital Group. A personal commitment and a good response to CSR of persons who aside from their daily responsibilities support the development of CSR in their companies and report to the manager for corporate social responsibility in ENEA S.A. is very important for the success of the CSR Strategy.

Illustration 4.
 "Strategy of corporate social responsibility of ENEA Capital Group" establishing in the Corporate Strategy



Joanna Maderska
 Manager for Corporate Social Responsibility ENEA

Companies of the ENEA Capital Group specialize in different areas. We had to take it into account during the planned process of goals setting and then implementation of the CSR Strategy. From the very beginning our key goal was to engage all representatives of ENEA Capital Group companies and take into account their different perspectives. We have developed the Strategy of corporate social responsibility of ENEA Capital Group on the basis of workshop model. The process of strategy building was for us a time of knowledge extending about the tools and principles of CSR implementation in practice. It allowed us also to analyse our activity in terms of CSR and strengthened our relationships with stakeholders with whom we have contacted in the course of the strategy shaping.

The implementation of such developed strategy wouldn't have been possible without the support of my colleagues from the Capital Group companies. It's their time, commitment and support which is the basis of the CSR strategy implementation.



Integration of the corporate social responsibility issues at a strategic level is also reflected by promotion of the principles and ideas coherent with the CSR rules. Even before setting out the CSR Strategy for the entire ENEA Capital Group, ENEA S.A. company was among the first signatories of the "Declaration on Sustainable Development in the energy sector".

In 2011, ENEA S.A. also joined Global Compact, the international UN initiative. This same year, the company also supported a special event during the first Polish Presidency of the European Union. ENEA S.A. became a partner of the EU conference "Shared responsibility – how to increase visibility and effectiveness of the EU CSR framework", which was held in September in Gdansk.

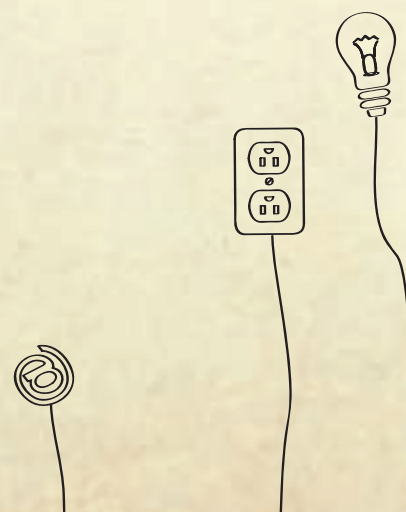


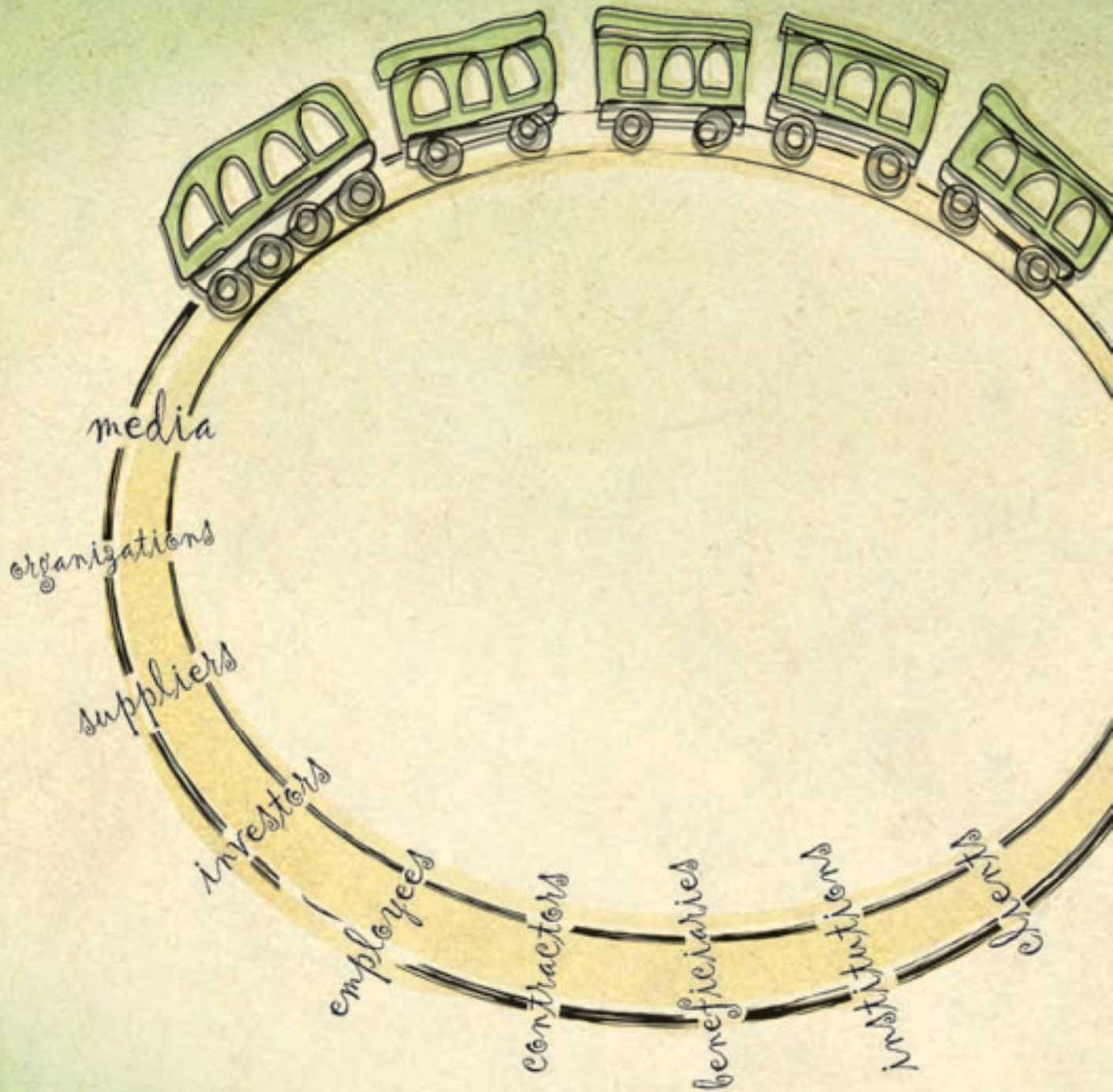
ENEA S.A. signatory to the Global Compact

Global Compact is the world's largest, voluntary initiative for corporate responsibility and sustainable development. Inaugurated in year 2000 by UN Secretary General Kofi Annan, the Initiative is a call to apply 10 rules in the areas of human rights, labour, natural environment, anti-corruption and corporate social responsibility.

These rules are to promote corporate responsibility (CSR) to community. ENEA S.A. by joining the Global Compact in 2011 publicly agreed to respect these principles and actively implement them in the business operations.

For more information about the initiative visit at www.unglobalcompact.org.





RELATIONS WITH THE STAKEHOLDERS

3

3 Relations with the stakeholders

Implementation of corporate social responsibility rules in the ENEA Capital Group business wouldn't be possible without taking into account the needs of our business surrounding, i.e. stakeholders. During the past two years we have analysed our business surrounding twice. It consisted of the stakeholders identification and understanding their expectations and opinions. We performed stakeholders mapping during the process of the CSR Strategy creation for the first time. For the second time we engaged our stakeholders in the process of this report drafting.

Hereunder we present the map of key stakeholders and forms of communication. Stakeholders were placed on the map on the basis of their impact on business, and our impact on them.

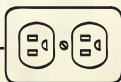


Illustration 5.
Map of ENEA Capital Group stakeholders and forms of their involvement

STAKEHOLDERS

- Investor Relations
- Face-to-face meetings with investors
- Meetings, such as road shows, participation in conferences, events and lectures
- Applications for investor relations, available on appliances iPhone/iPad and Android smartphones
- Website
- Current and quarterly reports
- Annual Report
- CSR Report

EMPLOYEES

- Employee satisfaction research
- Meetings, trainings, team building
- Cooperation with trade members
- Intranet
- Newsletters
- TOP 300 meetings and newsletters
- Broadcasting system
- Employee volunteer program
- Annual report
- CSR Report
- Community engagement report

CLIENTS

- Direct contact with the Client Service Office
- Customer Hotline
- Customer satisfaction research
- Special website tabs at www.enea.pl dedicated to different customers, such as "Energy for Home", "Energy for Business"
- Customer Forum at www.enea.pl, chats, blogs
- Channel ENERGIA NEWS at www.elko.com.pl
- Customers environmental education through actions such as "In contact with nature," and dedicated educational and social portal www.wkontakcieznatura.pl
- Meetings and events organized for key business customers
- Annual report
- CSR Report

LOCAL AUTHORITIES

- Direct meetings, participation in local events
- Representatives of ENEA S.A. take an active part in the working group appointed by the governor of Wielkopolska. Its goal is to identify the essential social needs and planning measures for their implementation.
- Channel ENERGY NEWS www.elko.com.pl
- Website
- Conferences
- Community engagement report
- CSR Report

CONTRACTORS AND SUPPLIERS

- Direct communication with dedicated people from individual companies of the Capital Group appointed for cooperation
- Website
- Competitions and tenders
- Industry meetings, trade fairs
- Annual report
- CSR Report

LOCAL COMMUNITY, PUBLIC OPINION

- Direct meetings and cooperation with representatives of the local communities
- Communication with local and national media
- Participation of ENEA Capital Group and ENEA S.A. employees in activities for the sake of local communities within Employee Volunteer Program
- www.enea.pl website, including extensive website tab dedicated to corporate social responsibility, ENEA S.A. strategic goals in that respect and their implementation
- Profile on Facebook dedicated to environmental education
- Lectures and participation in industry events and events dedicated to corporate social responsibility
- Community engagement report
- CSR Report

INDUSTRY ORGANIZATIONS

- Meetings
- Trade fairs
- Membership in organizations
- Participation in working groups, authorities, industry organizations
- Annual Report
- CSR Report

MEDIA

- Press office and communication
- Contact by the dedicated e-mail
- Website
- Meetings with media representatives
- Community engagement report
- CSR Report

NON-GOVERNMENTAL ORGANIZATIONS, BENEFICIARIES, SOCIAL PARTNERS, SCIENTIFIC INSTITUTIONS

- Website
- Application form for beneficiaries
- Direct contact
- Dialog during the implementation of shared projects
- Community engagement report
- CSR Report

PUBLIC ADMINISTRATION

- Reports
- Annual report
- CSR Report
- Direct meetings
- Conferences

“Ensuring a dialogue with clients and the local community and taking their voice into account in business operations” is the second goal, which arose as a result of our CSR Strategy analysis. This objective requires a change in the company's approach to building relationships with our business surrounding. Quality of relationships with stakeholders translates directly into the business, not only in the context of maintaining the customer base, but also in the planned and on-going investments as well as the use of existing infrastructure. Thus, CSR Strategy involves the Business Strategy and supports it.

During the year, we managed to accomplish a number of activities enclosed in the CSR Strategy business plan, i.e.: reorganization of the client service area, customer satisfaction research, implementation of the “Strategy of corporate social responsibility of ENEA Capital Group” or the employee volunteer program.

At the same time, we faced a number of challenges such as relations management with clients who have experienced interruptions in the delivery of our services or citizens neighbouring with our investment in e.g. Liszkowo town. Here, in the various chapters of the report we present in more detail impact of the company's activities on stakeholders and actions taken by us.

Year 2011 proved that while we are on the right track, we need to face and implement successive initiatives.



Paweł Oboda
Director of Corporate Communications Department ENEA S.A.

In ENEA S.A. I am responsible for the overall corporate communication and building relationships with stakeholders. In response to both: international trends and challenges facing companies in the energy services market I have initiated in 2010 the process of strategic CSR implementation in the company. The process of CSR Strategy drafting was not easy, that is why I believe that its approval and putting it into action is a success. This report which shows the complexity of ENEA Capital Group, problems it faces and successes it achieves, is one of the results of the adopted CSR Strategy. During the past two years many communication activities focused on communication of CSR activities. This was the starting time of our marketing campaigns with eco elements and strengthening them with CSR activities focused on environmental education. Therefore, we welcomed the assessment of our actions by the consumers and awarding us with the Superbrands title and “Most Environmentally Friendly” brand. I believe that CSR translates not only into the relationships with all stakeholders, but it also creates ENEA brand.

RELATIONS WITH THE CUSTOMERS

4

we develop for our clients



Relations with the customers – we develop for our clients

ENEA Capital Group delivers services to more than 2.4 million customers per year. These include individual customers, small and medium-sized companies, the largest companies in Poland, the local authorities as well as the entire local communities. Our responsibility involves undisturbed delivery of our services to meet our clients expectations and services at a competitive price.

Our major services include sale of electricity. In 2011, we sold energy to more than 2.4 million customers, including over 2.1 million individual customers and approximately 0.3 million business customers. ENEA Capital Group provides comprehensive services i.e. sale of energy and distribution services. The Capital Group also sells energy without energy distribution services (including contracts with the customers connected to other than ENEA Operator distribution system). In 2011, we sold ca. 2.1 TWh to customers connected to other than ENEA Operator distribution systems.

How is the tariff for electricity established?

In accordance with Article. 47, paragraph 1 and section 2 of the Act – the Energy Law, an energy company which holds the concession sets the tariff for electricity and its duration. The proposed tariff is subject to approval by the President of the Energy Regulatory Office, if it is in accordance with the rules and regulations referred to Article. 44-46 of the Act – the Energy Law.

ENEA Capital Group has more than 2.4 million customers

In the ENEA Capital Group structures operates ENEA Operator – an independent distribution system operator. The company provides energy distribution services to customers not only buying energy from ENEA S.A. but also purchasing it from other electricity suppliers. ENEA Operator customers are all, so called, users of the system, or any entity that is delivering electricity to the system, entity supplied with electricity by the system, any entity holding a license for electricity trade and any potential user of the system, i.e. an entity applying for connection to the system. Currently ENEA Operator provides services to more than 2.39 million customers. These are customers connected to the network, for which ENEA Operator provides electricity distribution services within complex service offered by the ENEA Capital Group or under a contract for the provision of electricity distribution services.

Status of an independent distribution network operator as well as the fact that thanks to the geographical area of the provided services we have a dominant position in the distribution services on the local market covering north-western Poland, we are particularly sensitive to ensure equal access to the services and fair treatment of our stakeholders. Hence, such initiatives like the “Code of Good Practices”. No actions aimed at improving our standards means that we would run the risk of proceedings and penalties imposed by the control institutions and such risk directly translates into our business activities.

ENEA Capital Group services

Power generation, distribution and trade are the basic areas of the ENEA Capital Group business operations. Besides that, the ENEA Group companies also provide the following services:

- the construction, expansion, modernisation and repair of electric power equipment and networks,
- design, construction, production and sale of electrical and power equipment and apparatus,
- services related to the maintenance of street lighting and low-voltage networks,
- transport services (including the sale, servicing, repair and leasing, of vehicles),
- social activity (tourism facilities, restaurants and recreation services, health protection).

ENEA Operator Program of Compliance

As the ENEA Operator is the independent distribution system operator it needs to fulfil special responsibilities. Therefore, in accordance with Article 9d paragraph 4 of the Energy Law, we have developed and applied the Program of Non-Discriminatory Treatment of the ENEA Operator Sp. z o.o. System Users”.

The objective of adopted by us Program of Compliance is to ensure equal and non-discriminatory treatment of the current and potential users of the distribution system. The Program of Compliance is valid from 30.06.2011. It was adopted by the resolution of ENEA Operator Management Board dated 21.03.2011, and then approved by the President of ERO with decision No. DPK-7124-9 (5) 2011/MiKo as at 30.03.2011.

Areas in which ENEA Operator Sp. z o.o. guarantees equal treatment and non-discrimination:

- connection to the distribution network,
- provision of distribution services and change of the services provider,
- complaints handling,
- elimination of disruptions and failure,
- provision of measurement data used for settlements, balancing, and settlement of the system users imbalance,
- protection of sensitive information,
- provision of information to current and potential system users.

Full text of the program is available at www.operator.enea.pl



Year 2011 was for ENEA Operator an exceptional time. We have implemented a large-scale modernization and investment programs that will improve the quality of services and secure the ever-increasing demand for power. We spent significant resources on connecting new customers and renewable energy sources to the system. Furthermore, we have initiated the implementation of the company's four strategic projects, which in the future shall have a positive impact on its business performance.

With ENEA Operator lie particular responsibilities and as such liability resulting from the nature and scale of our operations as independent distribution system operator. Activities in the area of good market practices in the context of corporate social responsibility are particularly significant to us.

Being an independent operator of the distribution system is primarily ensuring equal treatment of all current and potential users of the distribution system managed by the company. This is also reflected in the transparent communication and a fair sharing of the same information to all users of the distribution system.

Effectiveness of our daily operations translates directly into the life quality of millions of citizens of the north-western part of Poland. We are responsible for the continuity of electricity supply to nearly 2.4 million individual, business and institutional customers. First of all, our priorities include expansion and development of energy infrastructure and ensuring failure-free usage of our equipment. By managing the energy infrastructure of more than 20% of the whole country territory, we are aware that we have a significant impact on the polish landscape and the environment. It is very important for us to modernize and develop our network in harmony with nature, hence so many projects related with the environment protection is led in our company. Cooperation with the local authorities is also one of the important aspects of our social responsibility. It is an important development element in the six provinces in which we operate. Local authorities are also our social partner and a significant client. We try to recognize their needs systematically and take them into account in our business.

We follow the principles of corporate social responsibility on the basis of defined for ENEA Operator action plans, that fit into the strategic goals of ENEA Capital Group. At the same time, we are one of the largest companies in the ENEA Capital Group, and this stirs our commitment in the process of ENEA Capital Group CSR reporting for 2011. The size of the company and scale of projects undertaken by us under the social, environmental and economic responsibility make ENEA Capital Group CSR report to be incomplete without the ENEA Operator.

Artur Różycki

President of the Management Board, ENEA Operator Sp. z o.o.

4.1.

Strategic changes in the Client Service organization

One of the main strategic objectives of the ENEA Capital Group is to increase the satisfaction of current customers and attract new ones by improving the quality of client service. In 2011, we transformed Energetyka Poznańska Biuro Usług Technicznych S.A. company into ENEA Centrum S.A. in order to improve the individual customer and small business companies service.

Competence centre within client service which has emerged as a result of transformation is the key competitive advantage of the ENEA Capital Group in a fully liberalized energy market. It is also our next step to adjust the Capital Group organizational structures to the international standards in the energy market.



Pawel Oboda
Director of Corporate Communications Department ENEA S.A.

Our customer shall have opportunity to be advised in ENEA Centrum on which tariff or product to choose, how to pay bills or make a complaint. From the point of view of the customer the place of such cases settlement is naturally the central point of the company. For many customers it is the only contact with the company.

The term "Centrum" ("Centre") includes a full range of advisory and consultancy activities of the new, in the structures of the ENEA Capital Group, company and at the same time it is closer to the consumer. The new name of the company is in line with the ENEA brand architecture.

Slawomir Kreczmański
President of the Management Board, ENEA Centrum S.A.



In 2011, we have started implementation of strategic from the point of view of ENEA Capital Group processes which aim to increase the quality of client service. We wish to be a key weapon in the battle for customer satisfaction and loyalty. We shall expand our operating skills and systematically develop all contact channels with the customers. We place our customers and their needs in the centre of our attention and all undertaken by us, in the coming years, activities. Hence, in my opinion, the name of our company very well reflects philosophy adopted by us.

In 2011, we also introduced changes in the wholesale trade management. Competences in this area held by ENEA S.A. were transferred to a newly established, SPV (Special Purpose Vehicle) company ELKO Trading Sp. z. o.o. The company shall handle all contracts related to wholesale trade.

Already introduced organizational changes are the basis for the implementation of our plans for 2012 and following years. Key activities shall focus on improvement and development of efficient and friendly contact channels with the customer, i.e. the Contact Centre, Client Service Office, implementation of modern IT

tools – CRM billing, implementation of modern standards and client service procedures, optimization of business processes i.e. billing and debt collection.

Implementation of objectives in these three areas shall allow us to respond to the growing competition in the sector. From 1 July 2007 all electricity customers have a right to choose energy supplier. Consequently, year 2011 proved that there is a growing awareness of this possibility not only among business customers, but also households. According to Energy Regulatory Office data, 14 thousand of commercial customers and 13 thousand of households changed their energy provider in 2011. To date, almost 40 thousand recipients have changed their energy supplier.

Janusz Bil
Acting President of ENEA S.A. Management Board
Vice-President of the Management Board for Commercial Affairs



There are challenges ahead of us, to which we need to be open in order to meet the growing demands of the energy market, especially the needs of our current and future customers. We wish to build ENEA Capital Group market advantage based on the long-lasting dialogue and satisfying cooperation with our customers. We also wish to offer a diverse portfolio of products at competitive prices and create new sales and client service channels.

In 2011, we have commenced implementation of strategic from the point of view of ENEA Capital Group processes which aim to improve the quality of the customer service. The turning point in this respect was the separation of ENEA Centrum S.A. in August 2011, the company which supports Individual customers, to which structures Client Service Division was transferred from ENEA S.A. We have also prepared ourselves for the demanding process of separating client service of ENEA Operator Sp. z o.o. and allocating its duties to ENEA Centrum S.A.

Moreover, activities undertaken in 2011 in the structures of ENEA S.A., the company dedicated to electricity sale, aim to strengthen our competences as efficient sales organization focused on the accomplishment of clearly raised, ambitious goals. The new management of the Department of Commerce² was appointed, at the same time we have started works to modify our organizational structure. Furthermore, we have commenced work on a new sales strategy, to which we invited representatives of organizational units handling wholesale trade and representatives of the ENEA Centrum S.A. specializing in client service for ENEA Capital Group clients.

I am convinced that the effort allocated to such deep changes within implementation of the highest standards in the client service area shall bring measurable benefits to us and customers, the trust of which we cannot and we shall not disappoint.

Sales Office for Business Clients in Poznań.



²⁾ New management bodies have been appointed in 2012. This change is a result of reorganization in 2011.

4.2.

Building relations with the customers

Year to year we improve our products and develop our expertise in the field of customer relations in order to strengthen our position in the market. We not only facilitate our customers business planning thanks to a fixed price of selected services. We join the international companies that offer a green tariff and at the same time we direct to our customers a number of social programs which build their environmental awareness or increase safety awareness.

The combination of a competitive offer, organizational changes focused on competences in the client service area and social initiatives are complemented by a range of activities which aim to develop relationships with our customers. Responding to the customers' expectations requires from us changes and new tools, sometimes complex and difficult to implement, and from our employees continuous learning of how, in the time of a change, provide better value to our customers. We hope that the efforts made by them shall be noticed by our customers.

In 2011 aside from organizational changes which are to improve our customer service, individual companies performed a range of activities.

Table 5.
Actions aimed at improvement of the client service in selected companies of ENEA Capital Group

Company	Examples of activities
ENEA Operator	<ul style="list-style-type: none"> • Implementation of a new billing system in order to adapt to the new market requirements; • Implementation of a new invoice template for the provision of distribution services; • Expansion of the IVR system – an automatic system for handling information on failures or disruptions in the supply of electricity, thanks to which Call Center functionality was extended; • Training program to raise staff qualifications and partial funding of postgraduate education in schools, MBA etc.; • Modernization and reconstruction of existing assets to improve the quality of services in the amount of 344 504 thousand PLN.
Energobud Leszno	<ul style="list-style-type: none"> • Customers research within assessment of the quality of work, sales and after-sales service.
Elektrociepłownia "Białystok"	<ul style="list-style-type: none"> • Meetings between maintenance crew and trade staff of CHP Białystok and basic customers of the Heat and Power Plant on which current issues of cooperation between the maintenance crew and trade services are discussed. They allow for the exchange of operating experience, technological and organizational changes and to discuss investment plans. During the meetings cases of failure are analyzed. Furthermore, reported by customers' requests and proposals to amend rules of cooperation upon the conducted analysis and verification are carried out and implemented.
MEC Piła	<ul style="list-style-type: none"> • Opening a client service office in a new location with amenities for disabled persons which made the office better accessible and increased reliability of the company in the customers eyes; • Extension of the electronic communication channel.
IT SERWIS	<ul style="list-style-type: none"> • Internal training for staff in the area of client service techniques, self-presentation, public speaking and negotiations; • Meetings in the form of trainings or conferences for the company's business partners on the subject of modern IT solutions at least twice during the year.
NZOZ Centrum Uzdrowskowie ENERGETYK	<ul style="list-style-type: none"> • Running a modern website, preceded by marketing research; • Live Chat in English and German; • Participation in a project run by the Management Observatory Foundation, the purpose of which is to even better adapt the website to the needs of its users.
BHU S.A.	<ul style="list-style-type: none"> • Commissioning of the modern high bay warehouse with sales hall in Gorzów Wielkopolski, which improved the efficiency and quality of service; • Running of sales and advisory platform www.e-bhu.pl.

Representatives of ENEA S.A. take care for customer relations.



MEETING CUSTOMERS' NEEDS - "FIXED PRICE"

In October 2011, ENEA S.A. introduced a modified offer "FIXED PRICE". It extended the guarantee of fixed prices by one year, that is, until 31 December 2013³. The offer is dedicated to small and medium-sized companies. In this way, the company facilitates their business planning and investment, and allows them to protect against price increase in the following years.

Andrzej Banaszyński
Mayor of Mieścisko District

During the performance of my functions as the mayor I have had contact with the Management Board and employees of the ENEA Capital Group several times. The course of our cooperation and our mutual understanding directly affects the development of our region. I know many employees for years now and I can count on their commitment, for example, in the need for a quick response to potential network failures. Moreover, I appreciate the openness of ENEA Operator Management Board. Last time that we met we had an opportunity to talk about the needs and plans of the investment in energy infrastructure of our region. Focus on cooperation brings measurable benefits. Our consultations facilitate effective implementation of significant to us investments. In 2011, we took decision jointly on a location of the new substation (Main Power Supply Station) 110 kW line in Piastowice. It's fair to say that the investments of that kind are for our community "infrastructure window to the world" which shall significantly influence opportunities of economic development in the region.

MEETING CUSTOMERS' NEEDS - "LIGHT INSPIRATIONS"

"Light Inspirations" is an event organized in Szczecin by Eneos Sp. z o.o., ENEA S.A. and ENEA Operator. A seminar was an important part of this event. Its aim was to present the latest technological solutions which answer the needs of the local government. Furthermore, during the seminar also good practices in cooperation between the local companies and ENEA Capital Group for the sake of regions and local communities were presented. Participants of the seminar could, among others, take part in the lecture "Solar Energy – new prospects for the local governments" and "Infrastructure versus economic development of the country". "Light Inspirations" event was accompanied by the evening multimedia performance on the facade of the National Museum.

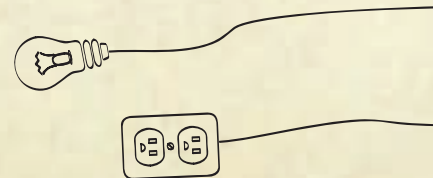
³⁾ Currently, the offer is valid until 2014.

4.2.1. Client satisfaction research

The basic practices necessary to create successful relations with the client is to examine the expectations and satisfaction level of the provided services. Companies of ENEA Capital Group that provide services and deliver products to institutional and individual clients use different forms of customer satisfaction research.

In 2011, a client satisfaction research was carried out by ENERGOBUD Leszno (research within assessment of the company's quality of work, sales and after-sales service), ENEA Operator (research in late 2011 and 2012), ITSERWIS, Auto-Styl, Elektrociepłownia "Białystok" (CHP Białystok), MEC Piła and BHU S.A..

Elektrociepłownia "Białystok" (CHP Białystok) sends to its customers surveys examining client satisfaction once a year. Filled in surveys are evaluated by the team appointed to this task. The client satisfaction research of Elektrociepłownia "Białystok" (CHP Białystok), is subject to annual audit being conducted by an external company. In the BHU S.A. company level of customer satisfaction was measured according to "client satisfaction survey" included in the procedures. Research is carried out on a quarterly and annual basis in all BHU business units.



IT SERWIS Sp. z o.o. conducts research consisting of the so-called "Quality League", which elements include a mystery shopper, i.e. satisfaction research by an anonymous client and the client satisfaction research by means of the electronic survey. NZOZ Centrum Uzdrowiskowe ENERGETYK conducts research by means of direct interviews and client satisfaction survey which is available at the reception.

For 2012 the employee satisfaction research is planned in ENEA S.A., ENEA Centrum S.A. and MEC Piła companies.

MEETING CUSTOMERS' NEEDS "HELPING HAND" FOR FLOOD-AFFECTED BUSINESSES

Until 30 September 2011 companies affected by flood could have benefited from a specially prepared by ENEA S.A. offer "Helping Hand". It was addressed to the electricity consumers using services of other than ENEA energy providers and which belonged to the segment of large, medium and small enterprises. ENEA S.A. guaranteed to those companies fixed and attractive energy price and no other charges for client services until 31 December 2012. ENEA S.A. also extended payment period to 40 days from the date of invoice, while the standard payment period is 14 days.

This offer was on the one hand, a reply to the customers' needs and on the other hand it contributed to the business development, thus responding to the expectations of our investors.



Malgorzata Polkowska
Spokesperson of GAZ-SYSTEM S.A. – ENEA S.A. client

"Company's management from the perspective of sustainable development is one of the GAZ-SYSTEM S.A. strategic directions, which also defines the relationship with the suppliers. Building responsible relations with the suppliers is a complex and long process that requires effort from both sides. When selecting our contractors we guide ourselves by the price-performance ratio according to the Quality for Price principle, but we also draw attention to the credibility and transparency of the suppliers. We take care for our tender requirements and procedures to be clear for all concerned."

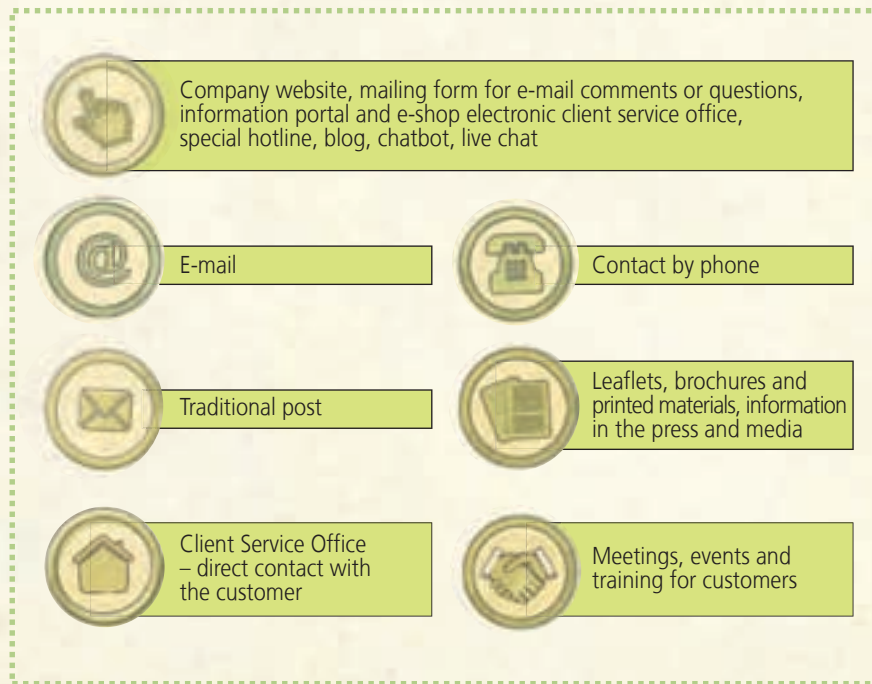
4.2.2. Customer Communication channels

It is particularly important for the ENEA Capital Group to provide customers with public and friendly communication channels with the company. Individual companies of the ENEA Capital Group provide customers with their own communication channels, including direct contact in the company's seat and client service offices, contact via the Internet, e-mail and telephone.

ENEA Operator and ENEA S.A. service the largest number of customers. In 2011 part of separate Client Service Offices of ENEA Operator and ENEA S.A. were located in the same buildings.



Illustration 6.
Main customer communication channels in 2011



Our aim is to fully separate location of ENEA Operator from ENEA S.A. Client Service Offices.

Customers of ENEA Operator use i.e. electronic Client service Office and free energy emergency hotline (telephone no. 991). Furthermore, there is a possibility to talk with the consultant online on the ENEA Operator website. Direct contact with ENEA Operator is provided to individuals, small and medium-sized businesses by the Client service Offices, so called: Sales Regions of Distribution Services. Sales Regions of Distribution Services are located

in in the area of Bydgoszcz, Gorzów, Poznań, Szczecin and Zielona Góra. Large companies are being serviced by five service offices, so called: Sales Units of Distribution Services located in Poznań, Gorzów Wielkopolski and Zielona Góra, Szczecin and Bydgoszcz.

ENEA Operator runs a blog on its website, the www.operator.enea.pl, which allows customers and all interested parties to learn on various aspects of the energy industry and its development especially towards increased energy efficiency and renewable energy sources.

On the other hand, ENEA S.A. individual clients as well as small or medium sized business may contact the company directly in the Client service Offices located in the area of Poznań, Zielona Góra, Gorzów, Bydgoszcz and Szczecin. Large companies are being serviced in ENEA S.A. by five, so called: Sales Offices for Business Clients. Additionally, ENEA S.A. customers may contact with the company by means of hotline (telephone no. 800 66 00 06) and a contact form published at www.enea.pl.

On the ENEA S.A. websites the customers may also use the calculator for energy tariffs and a guide called "Customer Guide". In 2011, we have also launched the virtual advisor – chatbot Eve. Eve not only provides general information on the ENEA Capital Group but also helps customers to select right for them energy offer.

ENEA S.A. virtual advisor

Chatbots are figures usually generated in a computer program, which are increasingly popular interactive forms of communication with the customer. In 2008 they were on the websites of only 2 polish enterprises, two years later on 40, and in 2011 they could have been found on 80 business websites.

ENEA S.A. virtual advisor through software recognizes the question and gives the best possible answer. This conversation is a form of text chat and it allows to get a quick answer the question.

A new BHU S.A. website was launched in 2011. It combines functions of information portal that contains specialised advises and an internet store. Store www.e-bhu.pl offers modern technological solutions that meet standards related to environment protection.



A new website of e-bhu Internet store.

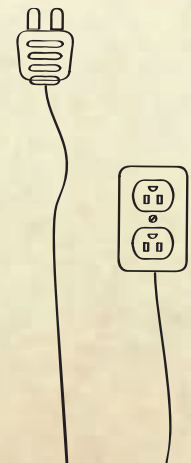


Piotr Koczowski
President of the Management Board, Eneos Sp. z o.o.

"Listening intently to the needs of our customers is one of our duties and at the same time key to success. Our clients are mainly local authorities and the effects of working with them transfer into the quality of life of entire communities. Knowledge of problems and government needs helps us to develop an offer directly corresponding to the expectations of local communities. We try to suggest new, efficient solutions."

Annual seminars organized by Eneos company are an example of our approach. They give opportunity for local governments to meet with energy and lighting companies. Our goal is not only to provide knowledge of the latest, energy efficient lighting solutions and ways to manage it, but also provide a floor for experience exchange. In 2011, we conducted a dedicated training for school directors on energy-efficient, and consistent with the highest standards, lighting. Aside from the "School in a good light" program our customers enjoy our offer with use of photovoltaics. It is worth to mention that innovative, energy-efficient technologies have met with immediate interest of the local governments".

Meetings with the customers play a special role in building relationships with them. Annual meetings with representatives of the local governments and Eneos Sp. z o.o. customers are the company's tradition. In 2011, for the twelfth time the company had a pleasure to host presidents, mayors, mayors of cities, municipalities and representatives of the energy environment for the seminar "Modern light management". The meeting was held on 19-20 May 2011 in Kolobrzeg.



"Modern light management" seminar

The main objective of the seminar was to present objectives of the program for modernizing lighting in educational institutions and hospitals. Piotr Grocholewski, director of the Eneos Sp. z o.o. Branch in Poznań pointed out that the law imposes on the authorities, to which these institutions come under, a number of duties including ensuring consistent with the Polish standards lighting. Unfortunately, in most of schools lighting is not only outdated and energy-consuming, but most of all it doesn't meet the normative parameters of lighting due to which local governments are subject to administration penalties.

During the seminar, attorney Tomasz Ogiódek presented rights and obligations resulting from the property right of lighting equipment. Ph.D. Eng Dariusz Czyzewski from Warsaw University of Technology presented tests for street lighting with use of LED lighting. Artur Różycki the President of Management Board of ENEA Operator Sp. z o.o. discussed the rules of the company's cooperation with local authorities and the partners of the seminar: Philips Lighting Poland S.A. and Thorn Lighting Polska Sp. z o.o. presented the latest lighting solutions for roads and streets.

The seminar created opportunities to discuss issues related to lighting and gave opportunity to exchange experience on the subject.

During the seminar, Eneos Sp. z o.o. presented among others, its light modernization program "School in a good light". This offer is mainly an investment repayment from savings resulting from the lighting modernization. Thanks to this school gains excellent lighting parameters that comply with the standards and electricity savings especially important for budget and thus lower payments for lighting. Furthermore, Eneos Sp z o.o. prepared a similar offer in this area for hospitals managing bodies.



Treatment room in the hospital – before and after lighting modernization.

Enecs Sp. z o.o. also organizes free of charge trainings under the project "School in a good light". Its goal is to provide school directors with the necessary knowledge on lighting and to convince them that proper lighting is necessary for the health and proper children development and moreover, provides students and teachers with the right conditions for learning and work. The first specialized training for school principals under the "School in a good light" program was held on 5 July at the Enecs Sp. z o.o. seat. Their participants were directors of schools in Poznań.

ENECA Operator, the independent distribution system operator, also leads an extensive cooperation with the local authorities to develop regional infrastructure. Company's representatives are actively involved with the local authorities in new investments planning on the ENECA Operator business operations region and obtaining EU subsidies. Thanks to cooperation of this type with the Management of the Zachodniopomorskie province a subsidy was acquired for investments in Watz (station 110/15 kV) under the Regional Operating Program of Zachodniopomorskie Province for 2007-2013.

ENECA Operator also organizes meetings on energy security and infrastructure development in the region. In April 2011 a working meeting on this subject was organized in Szczecin with ENECA Operator Management Board and the marshals of provinces: zachodniopomorskie, wielkopolskie and lubuskie.

MEETING CUSTOMERS' NEEDS ENECS INITIATIVE FOR EDUCATIONAL INSTITUTIONS

No funds for the lighting replacement is the main reason cited by the directors of education institutions in response to the question: "Why do children learn in artificial light which does not comply with the standards?". The proposed by Enecs Sp. z o.o. lighting modernization gives the local authorities the possibility to take investment decisions, the cost of which does not exceed the current fees for the electricity used for lighting in institutions with outdated lighting systems. Representatives of Enecs Sp. z o.o. offer to educational institutions a lighting audit, which helps to identify in detail the needs of the school within lighting modernization. Upon modernization the cost of these fees may decrease by up to 50%, and the money saved cover the costs of investment.

ENECA Operator investments in infrastructure accounted for more than 800 million PLN in 2011

*Classroom for classes "0" in the Gen. Józef Dowbór
Muśnicki Primary School in Lusowo
– before and after lighting modernization.*



4.3.

Reaction to failure

Our services are basic for business, government and households. For the local authorities ENEA Operator services and energy infrastructure being built is the proverbial window to the world and a key factor in the region development. New installations allow to win new investors and construct factories. The importance of the services we provide to such a wide range of customers is a great responsibility. Therefore, a key aspect of our business operations is to provide continuity of supply including energy supply to our customers.

In 2011, our customers experienced unplanned interruptions in the services supply. Thus we try to introduce even better forms of contact in the event of failure, and we adopt procedures to facilitate the removal of failures and invest to improve the quality of client service.

Depending on the services we provide, individual companies adopted appropriate proceedings to failure reaction. They result from the internal procedures, instructions as well as contracts with customers. These mechanisms are an important part of client service and building good relations with them.

From this point of view, a special role plays in ENEA Capital Group procedure in the case of failure adopted by ENEA Operator, the infrastructure of which covers about

20% of the country. The company informs about the proceedings in case of failure on its websites. Customers may twenty-four hours, seven days a week, report failures under a free phone number 991. The Company has not adopted the maximum response time in case of failures. Failure notifications are carried out immediately in accordance with legal requirements. A priority is given to those notifications which are associated with the risk of life and health. These are given a priority service. ENEA Operator is guided by a special procedure PR-2 "Liquidation of disruptions or failures in the distribution system".

Its purpose is to minimize the duration of the failure in the supply of electricity to customers through appropriate coordination of operations related with the network and network elements failures. The procedure defines the conduct and persons responsible for the elimination of the network and network elements failure taking place in the ENEA Operator distribution system. The procedure applies in the ENEA Operator Distribution Units.

In Elektrociepłownia "Białystok" (CHP Białystok) in case of failure the maintenance crew immediately proceeds with the liquidation of its effects and restore supplies to its clients (heat, process steam, electric energy). The Company adopted a number of instructions for the maintenance crew, including: Manual of maintenance crew cooperation between Elektrociepłownia "Białystok" S.A. and MPEC Sp. z o.o., Manual

of maintenance crew cooperation between Elektrociepłownia "Białystok" S.A. and customers IP-3-D1, Manual of maintenance and operation of equipment and installations in Elektrociepłownia "Białystok" S.A. IP-3-D3.

Live-line working 2010 +

Live-line working is a project the aim of which is to introduce in ENEA Operator LLW technology that allows to reduce time of power outages. Live-line working also allows for network development and connection of new customers without a need to cut off other customers. The company has been carrying out program since 2010. In 2011, ENEA Operator trained 292 employees and conducted the tender for purchase of live-line working tools and equipment. The project is to be fully implemented by the end of 2012.

ENEA Operator introduces "Live-line working 2010 +" program which shall reduce the number of power outages.

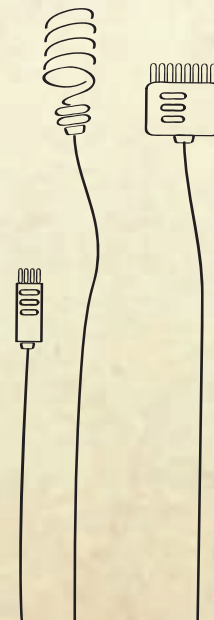


Table 6.
Proceedings in case of failure in ENEA Capital Group selected companies

Company	Rules of procedure
ENEA Operator	<ul style="list-style-type: none"> • Information for customers on failure proceedings at www.operator.enea.pl; • Freephone number 991; • Procedure PR-2 – "Liquidation of disruptions or failures in the distribution system".
Elektrociepłownia "Białystok"	<ul style="list-style-type: none"> • Manual of maintenance crew cooperation between Elektrociepłownia "Białystok" S.A. and MPEC Sp. z o.o.; • Manual of maintenance crew cooperation between Elektrociepłownia "Białystok" S.A. and customers IP-3-D1; • Manual of maintenance and operation of equipment and installations in Elektrociepłownia "Białystok" S.A. IP-3-D3.
PEC Oborniki	<ul style="list-style-type: none"> • Heat Network Work Program for the heating season 2011/2012.
MEC Piła	<ul style="list-style-type: none"> • PZ-14 procedure "Failure Proceedings"; • 2 hours – time from the information until removal of the failure.
ENEOS	<ul style="list-style-type: none"> • Detailed procedures and failure removal time is included in the contracts with contractors.

In PEC Oborniki company failure issues related with the heat supply are regulated by the "Heat Network Work Program for the heating season 2011/2012". It was developed in accordance with the Energy Law Act and Regulation of the Minister of Economy as at 15 January 2007 on the specific operating conditions of the heating systems. According to the regulation the reaction upon client's failure notice is immediate. However, the removal of the failure depends on the location and type of damage. On the other hand, in MEC Piła company the proceedings in case of failure are regulated

by PZ-14 procedure "Failure Proceedings". Adopted by the company response time from the notification until removal of the failure is two hours. In the case of failure in the delivery of Eneos services the reaction is immediate when the failure is associated with the risk of life and health, i.e. damage to lighting lines or lighting distribution cabinets. However, if the failure relates to a single light point, the company has seven days from the date of notification. Detailed procedures and failure removal time is included in the contracts with contractors.



RELATIONS WITH EMPLOYEES

5

we give
employment



5 Relations with employees – we give employment

To what degree we accomplish our strategic and operational goals in separate areas of ENEA Capital Group business operations depends on the involvement and competence of our employees. Employees create corporate culture, generate profit and have the greatest impact on the Capital Group operations. In total in 21 Capital Group companies with different business profiles, we employed over 10 000 people in 2011.

Table 7.
Total workforce in ENEA Capital Group broken down into posts and gender

Company	Number of employees			Women					Men				
	Total number	Number of women	Number of men	Management bodies	Directors	Middle level managers	Operational employees	Office personnel	Management bodies	Directors	Middle level managers	Operational employees	Office personnel
ENEA S.A.	395	219	176	0	u	u	u	u	u	u	u	u	u
ENEA Operator	5 376	1 203	4 173	18	245 ⁴	na	940	na	80	908	na	3 182	na
Elektrownia „Kozienice”	2 328	336	1 992	1	na	19	131	185	15	na	93	1 682	333
Energobud Leszno	603	139	464	2	na	11	125		2	na	40	407	
Energomiary	201	58	143	4	na	6	33	15	4	na	11	120	8
Elektrociepłownia „Białystok”	186	47	139	1	na	6	9	7	4	na	12	91	0
BHU S.A.	176	48	128	2	na	8	17	21	9	na	9	82	11
MEC Piła	167	29	138	0	0	2	12	15	1	2	13	103	19
ENEA Centrum	137	103	34	2	na	5	96		4	na	1	29	
Elektrownie Wodne	165	22	143	1	na	4	3	14	2	na	17	113	11
ENEOS	124	27	97	0	0	na	1	26	2	2	na	59	34
NZOZ Centrum Uzdrawiskowe ENERGETYK	80	66	14	0	1	3	57	6	1	0	1	9	3
ITSERWIS	92	50	42	0	1	na	24	24	2	0	na	13	27
Auto-Styl	47	11	36	0	na	1	4	6	1	na	5	30	0
Energetyka Poznańska Zakład Transportu	60	8	52	u	u	u	u	u	u	u	u	u	u
PEC Oborniki	38	4	34	1	na	0	0	3	2	na	0	29	3
Energo-Tour	22	17	5	1	na	3	0	13	1	na	3	0	1
Hotel EDISON	22	15	7	0	na	3	4	8	1	na	0	6	0

na (not applicable) – means that the company does not have such a category of posts

u (unknown) – informs on the lack of data

4) In the ENEA Operator terminology these are supervision posts. In the list these were assigned to the level of director.

ENEA Capital Group is a stable employer. Dynamic structural changes that have taken place in the Capital Group in 2011, did not involve a substantial change in the volume of employment. In some companies operates a voluntary leave program, for example, in 2011, in ENEA Operator company.

In 2011, the turnover of employees differed significantly depending on the company. The highest turnover in ENEA S.A. resulted from organizational changes, which involved the transfer of Client service Division to ENEA Centrum and moving employees to ELKO Trading company, handling wholesale trade.

Working conditions are governed by relevant regulations. Moreover, the employees of the part of ENEA Capital Group companies are covered by collective bargaining agreements that specify the guarantee conditions of working and pay, and guarantees of employment durability. Companies in which there are no such agreements, or that the employees are not covered by them include: MEC Piła, IT Serwis, Auto-Styl, NZOZ Centrum Uszkodzeniowe ENERGETYK, Hotel Edison.

Table 8.
Total workforce by employment contract

Company	Number of employees	Working hours		Type of employment contract			Civil law contracts
		Full time	Part time	Trial	Fixed-term	Indefinite	
ENEA S.A.	395	381	14	5	19	371	u
ENEA Operator	5 376	5 357	19	1	48	5 327	0
Elektrownia „Kozienice”	2 328	2 327	1	3	126	2 199	32
Energobud Leszno	603	558	45	3	43	557	93
Energomiar	201	196	5	0	3	198	101
Elektrociepłownia „Białystok”	186	185	1	0	2	184	6
BHU S.A.	176	170	6	5	39	132	6
MEC Piła	167	167	0	4	12	151	0
ENEA Centrum	137	133	4	5	12	120	0
Elektrownie Wodne	165	162	3	0	2	163	8
ENEOS	124	122	2	0	8	116	4
NZOZ Centrum Uszkodzeniowe ENERGETYK	80	80	0	0	20	60	6
ITSERWIS	92	90	2	2	4	86	1
Auto-Styl	47	46	1	0	2	45	2
Energetyka Poznańska Zakład Transportu	60	60	0	0	0	60	u
PEC Oborniki	38	38	0	0	3	35	0
Energo-Tour	22	21	1	0	0	22	0
Hotel EDISON	22	22	0	0	10	12	0

u (unknown) – informs on the lack of data.



ENEA S.A. Office in Poznań.



ENEA Operator employees. Distribution region in Chojnice.

Table 9
Number of employee leaves and turnover in ENEA Capital Group broken down by gender and age

Company	Turnover in %				Number of women turnover				Number of men turnover			
	Total	Women	Men	Total turnover number	Total	To 30 years	30 -50 years	Above 50 years	Total	To 30 years	30 -50 years	Above 50 years
ENEA S.A.	44.56	52.51	35	176	115	23	75	17	61	8	45	8
ENEA Operator	5.13	8.98	4	276	108	15	14	79	168	4	28	136
Elektrownia "Kozienice"	4.68	4.76	5	109	16	2	5	9	93	8	25	60
Energobud Leszno	3.81	2.16	4	23	3	1	0	2	20	2	8	10
Energomiary	2.49	0	3	5	0	0	0	0	5	0	2	3
Elektrociepłownia "Białystok"	2.15	0	3	4	0	0	0	0	4	0	1	3
BHU S.A.	8.52	6.25	9	15	3	1	1	1	12	4	1	7
MEC Piła	6.59	10.34	6	11	3	0	2	1	8	0	1	7
ENEA Centrum	1.46	0.97	3	2	1	1	0	0	1	0	1	0
Elektrownie Wodne	3.03	0	3	5	0	0	0	0	5	0	0	5
ENEOS	7.41	0	2	2	0	0	0	0	2	0	2	0
NZOZ Centrum Uzdrowiskowe ENERGETYK	8.75	10.61	0	7	7	2	5	0	0	0	0	0
ITSERWIS	20.00	9.52	7	10	4	1	2	1	6	4	2	0
Auto-Styl	4.26	0	6	2	0	0	0	0	2	1	0	1
Energetyka Poznańska Zakład Transportu	6.67	0	8	4	0	0	0	0	4	0	1	3
PEC Oborniki	13.16	50.00	9	5	2	0	1	1	3	0	0	3
Energo-Tour	0	0	0	0	0	0	0	0	0	0	0	0
Hotel EDISON	9.09	13.33	0	2	2	1	0	1	0	0	0	0

Table 10.
Percentage of employees covered by collective bargaining agreements

Company	Percentage of employees covered by the collective bargaining agreement
ENEA S.A., Energobud Leszno, Elektrociepłownia "Białystok", Elektrownie Wodne, Eneos, Energetyka Poznańska Zakład Transportu, Energo-Tour	100%
PEC Oborniki	97.36%
Energomiary	90.55%
ENEA Operator	89.1%
Elektrownia "Kozienice"	83.20%
BHU S.A.	69.31%
ENEA Centrum/ MEC Piła, IT SERWIS, Auto-Styl, NZOZ Centrum Uzdrowiskowe ENERGETYK, Hotel Edison	nd/u

ENEA Operator Sp. z o.o. Code of Good Practices

In 2011, the company implemented "Code of Good Practices", which is a formal set of principles, values and standards of ethical behaviour, defining the treatment and behaviour and relationships in the company's micro world, as well as with the environment outside – especially with customers and partners. The Code is designed to increase employees commitment and enhance employees attitudes appropriate to form and strengthen identification with the workplace. Commitment to a particular course of action was grouped into five major categories:

- internal relations
- relations with customers
- relations with business partners
- relations with media representatives
- relations with local communities.

The Code was shaped in 2011, and it involved work of more than 60 people from the crew from all factual and territorial areas of the company. It constituted to actions for development of corporate responsibility in the company.

Trade unions also take an active part in discussions on the future of the ENEA Capital Group. In 2011 during the preparation for privatization process and negotiations with potential investors, trade unions protested against privatization by French investor.

Moreover, employees are involved in decisions which relate to the Capital Group by having possibility to elect members of the Supervisory Board under the terms defined in the "ENEA S.A. Statute", generally applicable law and regulations of the Commercialization and Privatization Act.

In the individual companies of ENEA Capital Group operate the following trade unions:

1. Międzyzakładowy Związek Zawodowy Pracowników Ruchu Ciągłego ENEA S.A. (Inter-enterprise Trade Union of Continuous Maintenance Employees of ENEA S.A.);
2. NSZZ Solidarność Komisja Międzyzakładowa (NSZZ Solidarity Inter-enterprise Commission);
3. Międzyzakładowy Związek Pracowników Grupy Kapitałowej ENEA S.A. (Inter-enterprise Employee Organization of ENEA Capital Group);
4. Związek Zawodowy Inżynierów i Techników Międzyzakładowa Organizacja Związkowa przy ENEA S.A. (Trade Union of Engineers and Technicians – Inter-enterprise Trade Organization in ENEA S.A.);
5. Międzyzakładowy Związek Zawodowy Pracowników Grupy Energetycznej ENEA S.A. „KADRA”. („KADRA” Inter-enterprise Trade Union of ENEA Capital Group Employees).

Trade unions

Employees are represented by the trade unions. Position of trade unions in the power sector is strong because of the scale of employment and the strategic impact of this sector on the economy. Trade unions play an important role in the daily functioning of the ENEA Capital Group and relations with them directly affect many management decisions which translate into the company's condition.

Level of unionization also depends on the company, e.g. in Elektrownia "Kozienice" (Kozienice Power Plant) 65,2% of employees belongs to trade unions and there were three trade unions in the company in 2011.

Relations between trade unions and the management boards are not an easy partnership. Positions of the two sides are often different, in particular as regards remuneration, which was expressed by two labour disputes in 2011. However, they were successfully completed by the agreement on 16 March in ENEA S.A. and on 8 July in ENEA Operator. Still, despite the differences of opinion in the daily activities it is possible to reach agreement by means of negotiation. Agreement of trade unions representatives and management boards on conditions of employment and social conditions during transfer of part of ENEA S.A. and Elektrownia Kozienice (Kozienice Power Plant) employees to ELKO Trading company is a good example.

5.1.

Benefits provided to employees

Aside from the basic salary, the companies of ENEA Capital Group offer to their employees a number of additional benefits. Their scale and nature vary depending on the company and correspond to staff needs and company possibilities. Each company individually determines employee benefits packages.

Within the **Company's Social Benefits Fund** employees may benefit from financial and in-kind support. Depending on the company and individual needs of its employees, support may have various forms, such as:

- financing or subsidizing leisure of children and youth, family holidays,
- financing or subsidizing preventive treatment holidays and stay in sanatorium,
- financial and material assistance for employees in a difficult situation,
- financial and material assistance to save the health or life of the employee and his/her family,
- financial or material assistance for cultural and educational activities,
- material assistance or support of sports and recreation activities organized in the form of various forms of recreation, mass sport events and purchase of tickets for sport events,
- funding of Christmas gifts for children and subsidy of children stay in crèches and kindergartens.

Aside from the Social Benefits Fund there is **Employee Savings and Loan Association** operating in some of the companies (i.e.: Elektrownie Wodne, PEC Oborniki, ENEA S.A., ENEA Operator Sp. z o.o.).

In many companies employees have a possibility to use **additional health benefits** (e.g. Elektrownia "Kozienice" S.A.) thanks to the company's medical care or Health Care Centre of the Ministry of Interior and Administration (e.g. Energomiar). In the most companies an employee may receive **a partial or total coverage of studies** by the employer on the principles established in the contract with an employee. Moreover, Elektrownia Kozienice (Kozienice Power Plant) introduced facilitations connected with travel to work: it enables employees to get to work by an organized transport and covers 40% of costs.

ENEA S.A. employees had an opportunity to participate in foreign language classes, organized by the employer during working hours.

Benefits offered to employees of all ENEA Capital Group companies include:

- Subsidizing recreation of employees and their families,
- Ability to benefit from the Social Benefits Fund in the form of interest-free loans and non-repayable allowances,
- Ability to spend sick leave in the sanatorium;
- Ability to obtain funding for studies and learning of foreign languages.

In addition, eligible employees may receive:

1. Higher than generally applicable additional remuneration: (I) for working overtime; (II) for night work; (III) for working on Saturdays, Sundays and public holidays; (IV) for technical emergency service, (V) for sick leave;
2. Allowance for working in conditions harmful to health, particularly arduous or dangerous;
3. Monthly seniority allowance, entitlement for the period of employment in the power industry, i.e. companies listed in the Nationwide Collective Bargaining Agreement;
4. Prizes for the detection and elimination of illegal consumption of electricity and energy intake not in conformity with the agreement;

5. Award on the occasion of the Power Engineer's Day in the value not lower than 25% of the average basic salary in ENEA S.A.;
6. Annual, mandatory bonus paid from the annual bonus fund, which amounts to 8.5% of payroll budget from the previous year;
7. Preferential use of electricity by employees of the Capital Group regulated by the Annex to the Collective Bargaining Agreement;
8. Gratuity related to retirement or disability pension in the form of gratification in cash. Its value depends on employment time and value of received remuneration;
9. Jubilee awards. Their value depend on employment time in power sector and in other employees, and value of received remuneration;
10. Right to a reduced payment for electricity used by a household in the amount of 3 000 kWh a year.

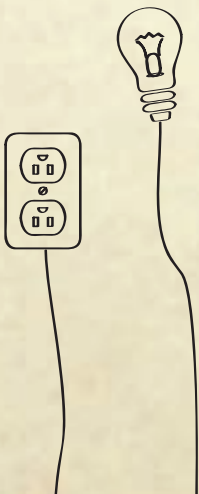
Employee Pension Scheme

Employees of the ENEA Capital Group companies have a possibility to participate in the Employee Pension Scheme. It is a form of organized, group and systematic money saving for future retirement. This program is within voluntary third pillar of the pension system. Inter-enterprise agreement contains detailed conditions of participation. The decision to join the Employee Pension Scheme is taken independently by each employee. By participating in the Employee Pension Scheme employee gathers additional resources for future retirement. Within the Employee Pension Scheme there are two types of pension fund contributions: basic contribution – funded by the employer in the amount of 7% of the employee salary, and an additional premium – funded by the Employee Pension Scheme participant from his/her salary. Funds collected under the Employee Pension Scheme are inherited.



Justyna Tomczyk
Director of Human Resources, ENEA S.A.

Condition of ENEA Capital Group and level of implementation of the company's goals is closely linked to the level of competence and commitment of our employees. ENEA S.A. is an employer with long-standing traditions that we try to cultivate, while accomplishing new targets and responding to new market challenges. Respect for the current and former employees belongs to those traditions. In fact satisfaction of all our clients depends on the employees efforts. As an employer we are responsible for creating a safe workplace and giving favourable conditions for continuous improvement. I think this is what singles us out i.e. the scale and scope of the system benefits provided to both: current and former employees. We offer benefits to employees such as reward on the occasion of the Power Engineer Day, annual mandatory bonus paid from the annual bonus fund, jubilee awards or the right to a reduced payment for electricity for household needs. Employees also have opportunity to use funding for post-graduate studies and various trainings, which allows them to develop skills and competencies and ensures a more efficient execution of daily tasks. We enabled our workers to use the sanatorium treatment, which costs shall be borne by the employer. In ENEA S.A., like in the other companies of the ENEA Capital Group, operates the Employee Pension Scheme that offers insurance under attractive terms. It is worth to mention that pensioners are also a significant group of stakeholders to us, who also use the number of provided by ENEA S.A. benefits. We are proud of the relationships built through years with our retirees and their active role in this relationship building.



Companies of the Capital Group give to employees opportunity to buy voluntary life insurance. Individual companies conclude separate contracts with insurance companies and as such there are 59 contracts signed in the Capital Group with such insurance companies like: PZU Życie S.A., TU na Życie WARTA S.A., AVIVA TU na Życie S.A., STU na Życie ERGO HESTIA S.A. Insurance policies in each case guarantee to employees and their families financial compensation in the event of loss of life or health of insured persons. In 2011, a decision was taken to systemize the issue of insurance policies in order to replace contracts with many insurers with agreement with one insurance company⁵. Activities in this area are planned for the next year.

Employee shares

As at 15.02.2010, the State Treasury disposed free of charge ENEA S.A. shares which constituted to 16,05% of the company's share capital. Starting from 16 May 2010 eligible employees are entitled to acquire ENEA S.A. shares. 41 638 955 of shares are allotted to that purpose.

More information on shares acquisition by eligible employees may have been found at www.enea.pl in the "Employee Shares" tab. Furthermore, information was also available under a free info line in 2010.

5.2.

Occupational health and safety

Issues related to health and safety are a priority in the power sector, where employees operate specialist equipment for e.g. Elektrownia "Kozienice" (Kozienice Power Plant), work live-line for e.g. ENEA Operator or maintain distribution system, by modernizing it and replacing transformers for e.g. ENERGOBUD Leszno.

Health and safety regulations are defined by rules of procedure, the Company's Collective Bargaining Agreement, instructions and procedures, which vary depending on the company. Formal committees on the occupational health and safety operate in the companies. Furthermore, there are also social labour inspectors performing their duties.

OSH Competition

In 2011, the IV edition of OSH Competition in ENEA S.A. was organized in branches and regions of ENEA Operator, organizational units of Elektrownia Kozienice (Kozienice Power Plant) and in Energobud Leszno branches. Every employee of ENEA Capital Group could take part in the competition. Competition has three stages and it is aimed to increase employees awareness and broaden knowledge of a safe work performance and basic regulations. At every stage, the participants receive gifts in-kind and the winners receive cash prizes. In addition, all participants of the first stage who give a correct answer to 50% of questions take part in a lottery with a special prize – notebook.



Final of the OSH Competition took place on 9 June 2011 in "Edison" hotel in Baranów.

⁵ In 2012, a tender was conducted as a result of which "PZU Życie" Insurance Company was selected.

In 2011, a number of companies have taken, in addition to certain legal requirements, additional measures which have impact on the increase of occupational health and safety in the Capital Group.

An example of an interesting initiative was "Safe Driving" action held by Zakład Transportu Sp. z o.o. company (Transport Centre) and Auto Akademia (Auto Academy) of Tomasz Plączek, Polish racing champion for the managers of the Elektrociepłownia "Białystok" (CHP Białystok). Within this action, the managers of Elektrociepłownia "Białystok" (CHP Białystok) improved their ability to drive safely, which included emergency breaking, overtaking obstacles and driving through a bend. The participants of this training could find out

on a special skid mat, how easily one can cross the "limits of physics" and how a car reacts when it goes into a skid. Later on, managers could prove their knowledge and skills practically in extreme situations.

Technical emergency services of ENEA Operator distribution branches in Szczecin and Gorzów Wielkopolski received new cars with emergency equipment. These were: Toyota Hilux and Ford Ranger which perform very well in difficult and demanding weather conditions in which employees of technical service often work. Aside from the necessary equipment and tools, the cars are equipped with spine board with head stabilizer, fastening straps and rescue bag. Moreover, set of rails needed to immobilize fractures, cervical collars and dressings to compress bleeding and

burns. Currently, employees of the company hired on the positions where it is required to have a certificate of service qualification, undergo additional training in first aid. Expert trainings for installation electricians shall be the next step, carried out by the divisional and district rescue coordinators. Their objective will be to set up rescue teams based on emergency and operation teams.

114 employees participated in the Energomiar company training in first aid using defibrillators, which the company acquired for its branches.



Practical skills trained during "Safe Driving" training. Our safety depends on our reflex.

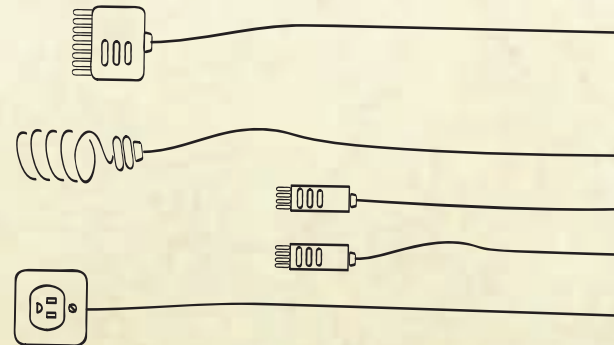


Table 11.
Selected OSH initiatives in ENEA Capital Group in 2011

Company	Initiative
Elektrownia "Kozienice"	<ul style="list-style-type: none"> • Training and exam for employees to transport hazardous materials and explosive ADR; • Training of regulations and standards in the field of electrical SEP (Association of Polish Electrical Engineers); • Training and state examinations for appointment to the fire protection units; • Training of employees in connection with the introduction of new issues, the rules relating to radiation protection; • Training in first aid; • Training in risk assessment; • Modernization of lighting in buildings carburizing 200 MW units; • Modernization of the carburizing horizontal gallery 2x500 MW; • Construction of renewable energy sources; <ul style="list-style-type: none"> – The installation of biomass dosage; – Phase II: – installation of explosion proof central vacuum system; • Performance of an automatic installation of fire drencher system for transformer TR4 50MVA 230/6, 3 kV; • Replacing devices – replacing of the old type clutches to new one Omega type; • Completion of the installation of sound insulation for 3WP1, 3 WP2; • Modernization of the correction station with hydrazine and phosphate; • Installation of steam supply system for the coal pulverizer from MKM-33 K1 to K6 MKN-33; • Construction of a measuring position of 6 kV motors for testing station TRE; • Modernization of unit no. 4 – roof replacement of a boiler house with development of flaps acting as smoke exhaust ventilation and aeration equipment; • Modernization of administrative building including air-conditioning in the rooms on the north side and design of the building superstructure along with adjusting it to the current legislation in the field of fire protection; • Modernization of passenger elevator in the SZPILKA building; • Adaptation of the room for the locker place in a former electrolytic plant; • Renovation of the bathrooms in the building of pump for water cooling of 200 MW; • Construction of gas cylinder position with the installation; • Expansion of laboratory sampling and sample preparation of fuels, including modernization of the existing site; • Change of the engine termination cabinet covers 6 kV of units 1-3 coal pulverizers – pcs 8 (anti-implosion device directed towards the engine block which eliminates risk of use); • Change of the CO₂ cylinder transport technology on the hydrogen positions 1-9 from manual to mechanical pcs 9.
Elektrownie Wodne	<ul style="list-style-type: none"> • Gradual replacement of occupational safety equipment including personal protective equipment; • Annual OSH training for workers employed on positions related to the operation of electrical equipment.
MEC Pila	<ul style="list-style-type: none"> • Construction of ramps for disabled, including the replacement of a terracotta tiles in front of the main entrance to the administrative office building; • Purchase of personal locator (monitoring of) the driver, and the employee responsible for site guarding.
Elektrociepłownia "Białystok"	<ul style="list-style-type: none"> • Refresher training (practical) in first aid for members of the technical rescue group (41 people); • Verification IP Guide – 9.1 / 1 "Detailed rules for occupational health and safety training for employees and service providers in first aid and obtaining energy permissions. Verification IP Guide – 9.1 / 1 with elements of the environmental management may increase the level of environmental awareness among employees of external service providers; • Training for contractors employees, carried out prior to works commencement at heat & power plant, during which they are acquainted with environmental aspects required at Elektrociepłownia "Białystok" (CHP Białystok).
ENEA Operator	<ul style="list-style-type: none"> • 30 emergency coordinators passed the state exam and received the title of Basic Life Support Rescuer; • Purchase 330 car kits for the company cars; • Training of 30 employees on a 5-day training course called "Advanced first aid"; • A series of 3-day refresher trainings in the form of maneuvers in five Distribution Branches for 300 people; • Emergency Maneuvers in Jelenia Góra organized by the Voivodeship Police Headquarters in Wrocław – 7 teams were directed to this training; • Purchase 150 sets of medical emergency OSP R – 1 for car accessories of ENEA Operator Sp. z. o.o.; • Purchase of 10 sets EMS PSP R – 1 with a set of Kramer rails to equip rescue teams; • Training Instructor BLS / AED for 30 employees; • Purchase of 300 posters with the first aid instructions and 3000 leaflets and 500 books for ENEA Operator Sp. z. o.o. employees; • OSH training for installation electricians extended to 12 hours in first aid.
Energomiar	<ul style="list-style-type: none"> • Purchase of five defibrillators, one for each Branch; • Training for all staff in first aid with AED equipment.
ENEOS	<ul style="list-style-type: none"> • Purchase of defibrillators (1 per Branch); • First Aid Training in the use of defibrillators; • Purchase of breath analyzers (1 per Branch), which have been subjected to calibration and verification; • Training for installation electricians and their managers in terms of traffic management; • Vaccination against influenza in the company's branches- 50 willing employees were vaccinated.
NZOZ Centrum Uzdrawiskowe ENERGETYK	<ul style="list-style-type: none"> • Current control of technical equipment, annual measurements of the anti- electric shock effectiveness and equipment insulation; • The use of chemicals with anti-slip formula (floor); • It is one of a few healthcare facilities in the province that has a fully automated and integrated with other services emergency fire system.



Agnieszka Żyro
Vice-president of the Management Board of Human Resources

Table 12.
Total number of injuries or injury rate
in ENEA Capital Group

Company	Total number of injuries or injury rate
ENEA S.A.	2
ENEA Operator	44
Elektrownia „Kozienice”	6
Energobud Leszno	14 ⁶
Energomiar	10.9% female injury rate 6,5% male injury rate
Elektrociepłownia „Białystok”	5.3% injury rate
BHU S.A.	2
MEC Piła	2
ENEA Centrum	0
Elektrownie Wodne	1
ENEOS	3
NZOZ Centrum Uzdrowiskowe ENERGETYK	0
ITSERWIS	1
Auto-Styl	0
Energetyka Poznańska Zakład Transportu	1
PEC Oborniki	2.64% injury rate
Energ-Tour	0.25% injury rate
Hotel EDISON	0

In 2011, fatalities were reported in ENEA S.A. (1 accident, cardiac arrest in the workplace), ENEA Operator (2), ITSERWIS (1).

ENERGOBUD Leszno provides a variety of energy services, which include i.e. installation and service of devices. These services are specifically regulated by OSH. Therefore, the most important safety aspect of the company is to secure safety by controlling working conditions and compliance with the occupational health and safety rules and principles. We focus especially on securing appropriate workplace safety. Our employees are required to inform the current employer on the identified occupational hazards with the conclusions aimed at removing of these risks.

ENERGOBUD Leszno undertakes a number of measures to improve safety and reduce accidents to a minimum. Numerous trainings and discussions related to workplace safety are organized. Furthermore, OSH controls often take place in the company. At least once a year, committed to this task employees, prepare and submit periodic analysis of the employer's safety and health. Analysis contain proposals of technical and organizational undertakings aimed at prevention of life and health risks and improvement of working conditions.

Due to the need of promoting new technologies that meet our clients' needs, EP PUE ENERGOBUD Leszno completed trainings for 46 employees to work in the live-line technology. It was also necessary to perform all indispensable and formal arrangements for the application of live-line work technology work in the area of ENEA Operator – Distribution Branch in Poznań.

Social labour inspectors

There are in total 86 social labour inspectors in various companies in the entire Capital Group. They are elected by the employees, and the basic scope of their activities is defined in the Act of 24 June 1983 on the Social Labour Inspection (Journal of Laws June 30, 1983). In ENEA S.A., for example, the social labour inspector is elected by the employees for a four-year term. Acting as a social labour inspector is a social service, performed by staff to ensure safe and hygienic working conditions and to protect the employee rights specified in the provisions of labour law. Duties of the social labour inspector include: control of buildings, machinery and sanitary devices from the OSH point of view, control of compliance with labour laws, i.e. collective agreements and work regulations, participation in the control of compliance with regulations of environmental protection, participation in the analysis of the causes of accidents at work, control of incidents of occupational disease and monitoring of the application in the workplace of appropriate preventive measures in this direction. Social labour inspectors interact with the National Labour Inspectorate and other supervision and control bodies for work conditions.

⁶ In Branches (Winn, Szczecin, Zielona Góra) in ENERGOBUD Leszno Sp. z o.o. in 2011, there was no accident concerning employees. In Branches: Bydgoszcz, Gniezno, Gorzów Wielkopolski, Leszno, Piła, Poznań there were 14 accidents at work. These accidents were classified as minor and non-threatening life of injured workers.

5.3.

Employees development

Companies of ENEA Capital Group, by looking after professional development of their employees, perform tasks aimed at improving skills and competences of its workers. Trainings are one form of such development. Trainings and their number as well as number of training hours differed and resulted from the companies individual needs in 2011. In the newly created ENEA Centrum procedures for the provision of training services were prepared in 2011.

Companies of ENEA Capital Group support the development of its employees not only through training, but also by enabling them to participate in post-graduate studies. In 2011, nearly 50 employees of eight companies of ENEA Capital Group (ENEA Operator, Eneos, IT SERWIS, Energormiar, Energobud Leszno, BHU, ENEA Centrum and ENEA S.A.) officially commenced postgraduate studies "International Financial Reporting Standards". Studies organized by ENEA S.A. are conducted by the lecturers of the Warsaw School of Economics and Ernst & Young Academy of Business. In January 2012 after nearly 200 training hours students took the final exam.

In 2011, 21 employees from the areas of ENEA Operator Distribution Branch in Szczecin passed the exam for the post of power equipment specialist. The company enabled staff to improve their professional competences within the second edition of professional qualifications

Integration in the workplace

Apart from trainings, companies of ENEA Capital Group, organize various meetings and events for employees that allow to spend time in a less formal atmosphere and get to know work colleagues better. New Year and Christmas meetings as well as team building are also popular. New Year concert was one example of such initiative, organized by the Elektrownia "Kozienice" (Kozienice Power Plant). Employees could hear to the most famous operas, operettas and musicals. Radom Chamber Orchestra under the direction of Maciej Żółtowski performed on the stage. The solo parts were sung by: soprano Anna Kutkowska-Kass, and Margarita Elia from Cyprus and famous tenor Marek Szymański. Another example are events associated with specific anniversaries in the company's histories. 20-year anniversary of BHU S.A. celebrated in 2011 was a good example. On this occasion the company organized a special meeting for its employees in Prusim. During that meeting employees that worked for the company since it foundation received commemorative medals.

development program. This included drivers, equipment operators and unskilled workers. The training was organized by the Provincial Club of Technology and Rationalisation in Szczecin and included 130 hours of lectures and 51 hours of practical classes.

Table 13.
Average number of training hours in the companies of ENEA Capital Group in 2011

Company	Number of training hours per employee
ENEA S.A.	75 ⁷
ENEA Operator	15.91
Elektrownia „Kozienice”	5.36
Energobud Leszno	18.72
Energormiar	12.78
Elektrociepłownia „Białystok”	4.43 ⁸
BHU S.A.	5.50
MEC Piła	18
ENEA Centrum	Not applicable. Company began business activity in the mid-2011 and during the first months training needs were analysed.
Elektrownie Wodne	20.39
ENEOS	4
NZOZ Centrum Uzdrowiskowe ENERGETYK	0.69
ITSERWIS	11.20
Auto-Styl	48.5 (VW) i 27 (SEAT)
Energetyka Poznańska Zakład Transportu	3.73
PEC Oborniki	3.46
Energo-Tour	0
Hotel EDISON	0

7) This includes English language classes, in which 181 employees took part in the academic year 2010/2011 and 195 persons in 2011/2012 (all ENEA S.A. offices).

8) Estimate. 103 trainings took place and eight hours of training for each was adopted.

5.4.

Sport activities of employees

ENEA Capital Group is not only a sponsor of recognizable sport events, but also encourages its employees to engage in sport initiatives. In 2011 a number of sport initiatives took place with participation of ENEA Capital Group employees:

Alpine skiing competition

ENEA Capital Group competition in Alpine skiing for the ENEA Operator President's Cup were held in March on ski slopes with artificial lighting in the complex Ski & Sun Świeradów-Zdrój. 40 competitors took their chances. The competition consisted of two men and women runs in three age categories: up to 35 years, from 35 to 50 years and over 50 years.

"DAL" Sailing Club operating at Elektrownia "Kozienice" (Kozienice Power Plant)

Elektrownia "Kozienice" organized for all avid sailors in the ENEA Capital Group two events. First of which was a Sailing Picnic in May, which took place at the Sailing and Recreation Centre "Wichrowe Wzgórze" in Ryn. The second event was the two-week expedition on the Baltic Sea in a 14-meter yacht Bavaria.

XVII Bowling Tournament for the Cup of ENEA Operator President

Bowling has its followers also among the employees of the ENEA Capital Group. More than 30 competitors from ENEA Capital Group, i.e. from Poznań, Wrzesnia and Opalenica took part in the tournament organized in Leszno.

STRADA Cycling Association

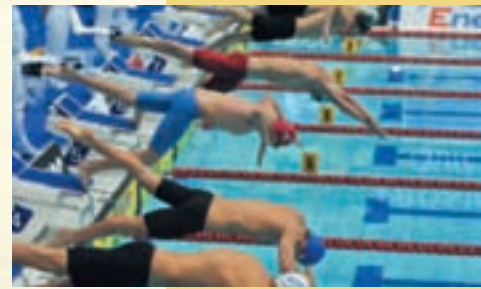
On the initiative of the ENEA Capital Group employees STRADA Cycling Association was founded in Szczecin. In 2011, the Association organized a number of initiatives, including cycling trips with their families. Szczecin II Bike Days organized in September were one of those initiatives. Within II Bike Days cycling competitions were organized, in which 143 children took part.

XX Power Engineers Championship in tennis

In September 2011, a jubilee tennis tournament was held in Szamotuły, which was organized by ENEA Operator.

ENEA VI Championships in swimming

VI Championships were held at Sierakowska swimming pool. It was attended by more than 30 competitors. A team from the Distribution Branch in Bydgoszcz won, the most exciting, 4x50 m free style relay. It overtook the remaining teams – ENEA S.A., two teams from Szczecin and Międzychód.



5.5.

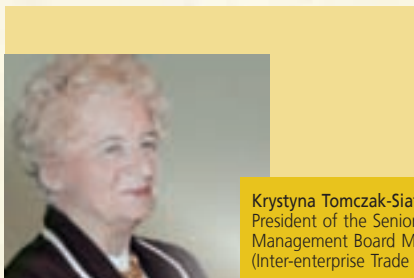
Pensioners and retirees of ENEA Capital Group

ENEA Capital Group consists of companies with tradition of many years. The history is reflected by relations with employees who have retired from workforce. Pensioners and retirees of ENEA Capital Group enjoy a number of privileges even after their employment. In 2011, within the joint social activities of ENEA Capital Group pensioners and retirees may take advantage of the following:

1. Assistance for housing and health expenditures in the form of a loan;
2. Subsidizing holidays in a form of family vacations, healthcare holidays, stay in sanatorium etc.;
3. Subsidizing of holidays for children and young people;
4. Financial and material assistance in a form of a non-repayable allowances;
5. Subsidizing recreation, sport, educational and cultural activities;
6. Subsidizing participation in organized sport tournaments, recreation and sport festivals;
7. Subsidizing trips or group excursions organized within the joint social activities.

Pensioners are an active group which is reflected in the activities of the Senior Club at ENEA S.A. The Club operates since 1997 and any pensioner of the ENEA Capital Group companies may participate. Senior Club organizes numerous social meetings, during which the most recent information related to the ENEA Capital Group is shared as well as educational meetings, lectures and workshops at which invited experts share their knowledge on issues

related to health, tourism and culture. Members of the Senior Club at ENEA S.A. take an active part in competitions and exhibitions organized under the motto of "Manual Skills", Christmas meetings and events. Seniors also have an opportunity to participate in excursions, including organized in the spring a 5-day foreign tour. Also a male choir "Orły Białe" (White Eagles) operates at the Club.



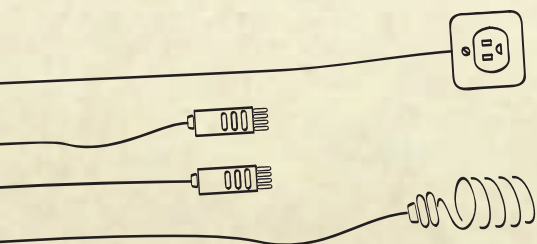
Krystyna Tomczak-Siatkowska
President of the Senior Club at ENEA S.A.
Management Board Member of the „Zakładowa Organizacja Związkowa MZZP”
(Inter-enterprise Trade Organization) of ENEA Capital Group in Poznań.

Senior meetings

– It's not just coffee and cake, but also meetings with interesting people and outings to concerts. For many years I have been responsible for the company's contact with the Poznań Philharmonic. I also encourage my colleagues to take part in the summer concerts in Meridian. It is a great place to listen to music and pensioners truly got to like those meetings. In the winter during the cold weather we moved from company's seat at Nowowiejskiego street to Strzeszyńska. As usual, I ordered coffee and cake for 60 people, but I told the girls at the same time that probably not so many people will come because of cold weather and poor public communication. And yet, 62 people came.

We also organize excursions twice a year. One is always a 5-6-day foreign trip. We already visited Vienna, Budapest, Vilnius, Lvov, and many other beautiful places. The second trip, because of the smaller funds is much nearer, across Wielkopolska region. Now I get down to organizing this longer one in September. Many pensioners travel and visit new places in this way, as they wouldn't be able to afford them on their own.

Mrs Krystyna retired in 1997. She founded pensioners association, consisting of people who have retired, but still wish to stay in contact with the company. First it was about 30 people and then over 100. Action initiated by Mrs Krystyna is still evolving.



IMPACT ON THE ENVIRONMENT

we protect
the environment

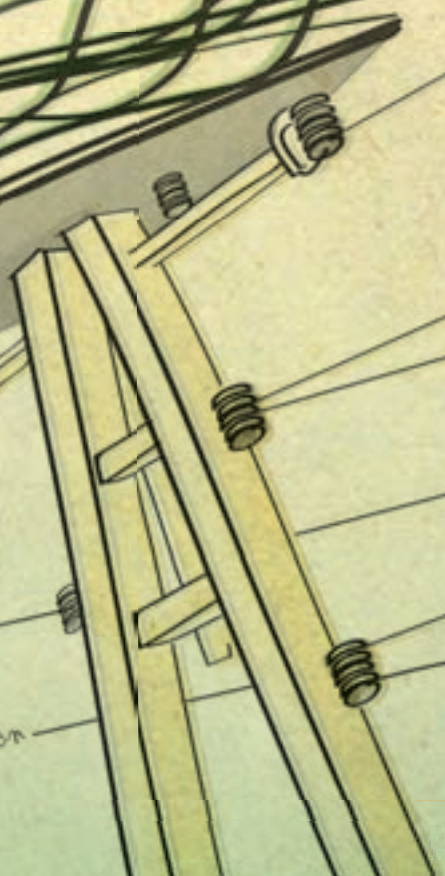


renewable energy sources

limiting greenhouse gas emissions

modernisation and investments

waste segregation



Impact on the environment – we protect the environment

Access to natural resources and the growing scale of regulations related to environmental protection, including subject of climate change, have a direct impact on our operation. Environmental standards tighten, costs of raw materials are rising, there are limitations of greenhouse gas emissions associated with allowances for emissions. Our companies engaged in the power generation are adjacent to areas of exceptional natural beauty. Elektrownia "Kozienice" (Kozienice Power Plant) is located in a close proximity of Kozienice Natural Landscape Park, and Elektrociepłownia "Białystok" (CHP Białystok) is located near Natural Landscape park of Puszcza Knyszyńska. All of these factors make the relationship between the state of the environment and activities of ENEA Capital Group companies to be one of the most important subjects included in our strategic development plans. This is especially related to implemented and planned investments in the power generation and distribution segment.

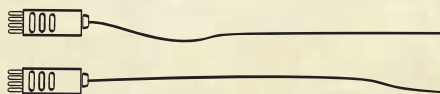
Environmental issues are closely related to those strategic objectives of ENEA Capital Group such as development and diversification of generation capacity, development and modernization of the distribution network or provision of technical and technological development. Whereas promotion of pro-environmental behaviour and solutions became one of the three key directions of the "Strategy of corporate social responsibility of ENEA Capital Group" which is the development of the "Corporate Strategy for 2010-2015 with a perspective to 2020".

Adopted strategic directions put pressure on environmental management of ENEA Capital Group through modernizations, new investments and by means of a widely understood environmental education. Specific objectives in this regard are set in separate, annual operational plans of companies that implement ENEA Capital Group CSR Strategy. It results from the nature of individual companies, their possibilities and significant differences between them in a scale of environmental impact.

Management norms and policies	
Elektrownia "Kozienice"	<ul style="list-style-type: none"> • Company implemented Quality, Environmental and OSH Integrated Management System for generation and trade of electric energy and generation, transfer and distribution of heat in compliance with the following requirements: • PN-EN ISO 9001 PN-EN ISO 14001, PN-EN ISO 18001 and OHSAS 18001; • The strategic goals for environment protection are set by the Integrated System Management Policy.
ENEA S.A.	<ul style="list-style-type: none"> • Environmental Policy of ENEA S.A.
Elektrociepłownia "Białystok"	<ul style="list-style-type: none"> • Environmental, Quality, and OSH policy; • ISO 14001; • OHSAS 18001; • ISO 9001.
MEC Piła	<ul style="list-style-type: none"> • ISO 14001; • ISO 9001; • PN – N 18001.
Elektrownie Wodne Sp. z o.o. ENERGOBUD Leszno	<ul style="list-style-type: none"> • Environmental and Quality policy; • ISO 9001; • ISO 14001; • ISO 14001; • ISO 9001; • Energy safety certificate issued by the Internal Security Agency (ABW).
BHU S.A.	<ul style="list-style-type: none"> • Highest Quality certificate issued by the "Centrum Badań i Monitorowania Jakości WSBJ" (Quality Research and Monitoring Centre WSBJ); • Primus Nominatus Certificate (management quality) for the quality parameters of offered accessories and equipment, issued by BCBC; • ISO EN 9001:2008.



Elektrociepłownia Białystok S.A. became an inherent part of Białystok history and landscape.





dr inż. Krzysztof Sadowski
Member of the Management Board, Director of Strategy and Development,
Elektrociepłownia "Białystok" S.A.

Tightening of legal requirements influences, among others, our attitude towards environment protection, still this is not our only motivator for setting high standards in this area. Health and life quality of our closest neighbours including CHP Białystok employees and their families depends on our environment actions. Therefore, we always set ambitious objectives in the area of reducing the negative impact of our operations on the environment. Our actions in 2010 were finalized with a successful implementation of the Quality Integrated Management System, Environmental and Occupational Safety, which helps us to connect purely business aspects of our business with the priorities of environmental and social responsibility issues. We especially focus on training our employees from occupational health and safety and on implementing pro-environmental solutions.

Our approach is also associated with next investments on a large scale. Commissioning of a heat accumulator in 2011 allows us to rationally manage heat distribution, which translates directly into the energy efficiency of our operations. In 2011, we also commenced conversion of the second coal boiler to a biomass one. Thanks to this we shall be generating up to 50 MW of energy from RES and more than 100 MW of so-called "green heat". We also plan to implement first in Poland installation to recover heat from exhaust gases produced by combustion of biomass. This will allow us to recover up to 13-14 MW heat of commercial parameters.



In our business operations we act in accordance with the law and try to prepare ourselves, in advance, for the next stricter environmental requirements in the power sector. In 2011 no penalties for non-compliance with laws and regulations related to environment protection were imposed on the companies of ENEA Capital Group.

As one of the largest energy groups in the country we take active part in team works and discussion forums on the subject of energy. In 2011, Arthur Kowalczyk ENEA Operator Vice-President for Network Infrastructure, was appointed to the Interdepartmental Advisory Committee for the Development of Wind Energy. Advisory Committee was established by the Minister of Economy following the last year adoption of "Energy Policy of Poland until 2030" by the Council of Ministers.

In 2011, we participated in a series of conferences on energy and environment. A series of 10 conferences across the country organized by "Puls Biznesu" daily under the motto "How to improve energy efficiency?" is one of examples. We presented a report "Analysis of possible saving areas in a company – how to prepare the company to implement innovative solutions".



6.1.

ENEA Capital Group environmental impact

Monitoring and continuous improvement of activities aimed at reduction of the negative impact of ENEA Capital Group business operations is one of our superior responsibilities. Impact of ENEA Capital Group on the environment includes four main areas: resources consumption, greenhouse gas and dust emission, water and sewage management system and waste management.



In Elektrownia "Kozienice" S.A. production of demineralized water to refill the boiler circulation of water and steam is carried out entirely with water from the Vistula river. In order to protect the river against thermal pollution, carried by spent cooling waters, effective fan cooling towers are being used.

6.1.1. Consumption of raw materials

Hard coal is the main raw material used by the power generation segment of the ENEA Capital Group. Companies which belong to the power generation segment used for generation purposes in total 260 868.71 tons of hard coal out of which Elektrownia "Kozienice" (Kozienice Power Plant) consumed 4 801 127.5 tons of coal to produce electricity and heat. MEC Piła used 384 370.4 tons of hard coal. Moreover, PEC Oborniki used 6 440.005 tons of fine coal and consumed 714 072 m³ of natural gas. Coal consumption in Elektrownia "Kozienice" will increase in the coming years as a result of the planned construction of a new power unit of ca. 1 000 MW.

Lubelski Wegiel "Bogdanka" S.A. is the biggest supplier of coal for Elektrownia "Kozienice" (Kozienice Power Plant). The coal mine provided in 2011 approximately 3.1 million tons of coal, which accounts for about 61% of coal used in the Power Plant in the processes of power generation. The selection of Lubelski Wegiel "Bogdanka" S.A., as the main supplier was affected by i.e. close proximity to Elektrownia "Kozienice". Selection of a supplier located nearest the Power Plant reduces environmental burden associated with transport. It is worth to mention that the majority of coal delivered to Elektrownia "Kozienice" is delivered by rail transport.

Table 14.
Direct energy consumption of ENEA Capital Group companies as per size of consumption

Company	Energy consumption in MWh
Elektrownia "Kozienice"	894 047.038
Elektrociepłownia Białystok	75 632.265
ENEA Operator	34 521.324
MEC Piła	3 341.4
Elektrownie Wodne	1 811.9
ENEA S.A.	1 392.280 ⁹⁾
PEC Oborniki	783.203
Energobud Leszno	780
BHU S.A.	541.32
NZOZ Centrum Uzdrowskawe ENERGETYK	490
Energio-Tour	422.694
Energomiary	244.8
ENEOS	190.849
Energetyka Poznańska Zakład Transportu	80.511
Hotel EDISON	72
ENEA Centrum	19.13
ITSERWIS	0.36
Auto Styl	unknown – included in the lease cost

⁹⁾ All locations are accounted for, still the data from the location at Dziadoszańska street in Poznań is included for the first year-half, while the data from the Gorzów Wielkopolski, Szczecin, Zielona Góra, branches for the first year-half are a flat rate in the total costs and are not included in the total amount.

Companies of ENEA Capital Group use biomass in the production of heat and electricity. In 2011, in Elektrownia "Kozienice" (Kozienice Power Plant) 219 302.8 tons of biomass was used, thereby avoiding the emission of carbon dioxide in the amount of 357 286.3 tons. In Elektrociepłownia "Białystok" (CHP Białystok) to produce energy and heat 278 886.089 tons of biomass was used, and in Elektrownia Biogazowa Liszkowo (Liszkowo Biogas Power Plant) 38 711.73 tons. Companies of the ENEA Capital Group consumed in total 317 597.819 tons of biomass in 2011.

Our aim is to increase energy efficiency of our everyday functioning, including energy efficiency of power generation processes. Our activities in this respect include, among others, commissioning in December 2011 the heat storage system in Elektrociepłownia "Białystok" (CHP Białystok). This investment significantly increases energy efficiency of the Heat and Power Plant operations.

Modernization of the of the low pressure turbine 200 MW, and the high-pressure and low-pressure turbines of 500 MW, which translates directly into efficiency of the energy generation and reduction of carbon dioxide emission into the atmosphere is an example of activities undertaken by Elektrownia "Kozienice" to increase energy efficiency.

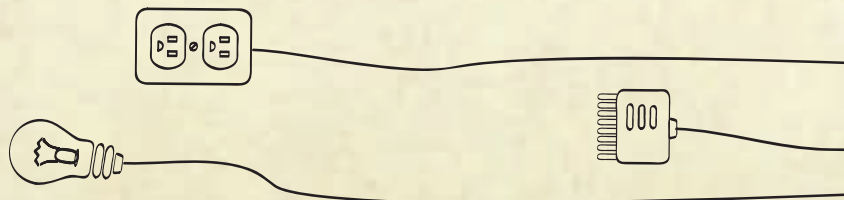
Construction of heat accumulator

In Elektrociepłownia "Białystok" (CHP Białystok) a heat storage system was commissioned as at 1 December 2011 which is dedicated to storing excess of heat production and it allows to increase the amount of heat given off to the district heating network at an increase of demand for heat production without any additional load of basic generation system. Its launch allowed for a more stable operation of basic generation system. Having a "heat storage" reduces the frequency of the peak device use, which is the boiler K4, and reduces use of electricity condensing turbine TZ-4 for the generation of electric energy. With the launch of the heat accumulator environmental effect is expected in the form of reduction of coal consumption by 3 200 tons/year, reduction of carbon dioxide emissions by 7 000 tons/year and reduction of waste from coal combustion by 400 tons/year.

Marek Cackowski

President of the Management Board of NZOZ Centrum Uzdrawiskowe ENERGETYK

I manage NZOZ Centrum Uzdrawiskowe ENERGETYK – a specialized medical institution with a long tradition of a health resort. Protection of the natural environment and reduction of maintenance cost is a priority for us, thus we constantly modernize our building, i.e. through thermal renovation and construction of a new district heating substation. All of our investments include environmental issues. In the coming years we would like to introduce another sustainable solutions, i.e. recovery of thermal energy from the water after our patients baths. We are involved in local community life by organizing open lectures on health care for our patients and our town citizens. We invite everyone to learn about our offer during open days.



Numerous modernization works performed by ENEA Operator, the independent distribution operator, also have significant impact on the energy efficiency. In 2011 the company signed an agreement with the National Fund for Environmental Protection and Water Management to subsidize project "Reduction of energy losses through exchange of transformers MV/LV to energy-efficient in ENEA Operator Sp. z o.o." within measure 9.2 "Efficient distribution of energy", priority IX of the Operational Programme Infrastructure and Environment 2007-2013. This project involves the replacement of 1692 pieces of old transformers with large energy losses to new units with a much lower energy loss. Energy efficiency is also increased by introduction of new live-line work technique.

Table 15.
Selected activities aimed at energy efficiency improvement

Company	Actions taken
ENEA Operator	<ul style="list-style-type: none"> • Commencement of a project concerning replacement of 1692 transformers; • Introduction of environment-friendly live-line works; • Application of modern time switches in the light systems which are changing lighting time automatically, depending on the season; • Modernization of heat accumulation in the Main Power Supply Stations involving the exchange of furnaces to more efficient and building modern control systems.
Enecs Sp. z o.o.	<ul style="list-style-type: none"> • Exchange of energy intensive, old street lighting fixtures to new, sodium ones, giving energy savings of ca. 50%; • Replacement of lighting on the parking in Szczecin Branch Office from traditional one to LED technology.
Elektrociepłownia „Białystok”	<ul style="list-style-type: none"> • Construction of a heat accumulator.
ENERGOBUD Leszno	<ul style="list-style-type: none"> • Gradual replacement of light sources in the company's sites to energy-efficient, and buildings insulation under renovation and modernization program.
Elektrownie Wodne	<ul style="list-style-type: none"> • Launching a new small hydropower plant on the Welna river.
PEC Oborniki	<ul style="list-style-type: none"> • Replacement of pumps and heaters in the boiler houses.
MEC Piła	<ul style="list-style-type: none"> • Modernization of boiler dust removal system WR-25/2 on the KR West, thanks to which dust emissions were reduced by about 80 tons per year.
Elektrownia „Kozienice”	<ul style="list-style-type: none"> • Turbines modernization; • Implementation of highly efficient technologies to further reduce negative impact on the environment in accordance with the BAT requirements (Best Available Techniques).
NZOZ Centrum Uzdrowiskowe „ENERGETYK”	<ul style="list-style-type: none"> • Replacement of starters in the fluorescent lamps, to energy-efficient, electronic ballasts – 259 pieces; • Lighting modernization in A building (treatment base and medical offices, buildings B and E (rooms, bathrooms, staircase and hallways) and H building (studios and bathrooms) through the use of energy-saving fluorescent lamps and modern fittings such Imola, Monza, Solar, Torino, Finestra, Klik Intelligent; • Installation of motion detectors in all corridors; • Controlling of lighting at night by an astronomical clock.



Live-line work is a project, the goal of which is to introduce in ENEA Operator live-line work technology, which allows to reduce time of power outages.





Elektrownia „Kozienice” S.A. is the main generation capacity of ENEA Capital Group and the largest professional, coal-fired power plant in Poland. Our generation capacity is 2905 MW. Almost one in ten Polish families use the energy generated in Kozienice. We generate electricity by means of 10 highly efficient power units and more than 2 thousand employees – experts in their field. Therefore, rules of corporate social responsibility are close to us on a global scale as well as within activities undertaken for local communities, of which we are an important part from the time of the power plant construction in the seventies of the twentieth century.

Demand for electricity in Poland is growing dynamically. Our key responsibility is therefore to play an active role in ensuring the power safety of the country. Modernization of the energy sector in Poland is one of the most important tasks in the coming years, to which we significantly contribute by implementing a number of modernization processes and commencing new investments. It would not have been possible without the use of efficient and environmentally friendly technologies. They will be fully exploited for our planned construction of power unit no. XI. This investment will significantly increase our generation capacity by ensuring maximum of complex control and reduction of our negative impact on the environment. Construction of the power unit no. XI shall allow for the Power Plant development and ENEA Capital Group joining of the European energy league.

We continue to invest in modern equipment and technologies that reduce environmental impact of the electricity generation processes on the natural environment. This is one of our priorities. Thanks to developed by us modernization processes on a greater scale the Power Plant meets all environmental requirements. Our actions today are well ahead of the planned for the future EU directives restrictions concerning emissions of greenhouse gases, sulfur and nitric oxides and other environmental aspects of the Power Plant operations.

Our business operations are also reflected in the economic and social development on a local scale. We are members of the Kozienice community in which our employees and their families live. We are jointly responsible for the creation of a friendly, for the community, living conditions and we try to take an active part in social life and solve the social problems of the region. We are aware of the vast scale of responsibility in every area of our business. This helps us to plan development activities in the long term in a manner that answers numerous expectations toward us.

Krzysztof Zborowski,

A handwritten signature in blue ink, appearing to read 'Zborowski', written over a faint, light-colored rectangular stamp or watermark.

President of Management Board, ENEA Wytwarzanie S.A.
(previously Elektrownia „Kozienice” S.A.)

6.1.2. Emissions

Companies with the highest level of emissions, i.e. those involved in power generation, aim to reduce emissions of carbon dioxide by their actions. This issue is particularly important for ENEA Capital Group i.e. in the context of introduced Emissions Trading Scheme and growing demands of the regulators towards power sector in that respect. Emissions and related climate issues result with concrete financial effects for our Capital Group. Generation of electricity is determined by the level of granted allowances to emit carbon dioxide as well as other gases and substances. For the period 2008-2012 Elektrownia "Kozienice" (Kozienice Power Plant) received free of charge allowances in the amount of 9.6 million per year.

This amount is lower by 8.6% compared to amount from the previous years. From

2013 it is planned to cancel completely free of charge allowances for carbon dioxide emissions for power sector and replace them with auctioning system of emission allowances. Although there is a chance that certain percentage of power shall be obtained by the companies free of charge. However, this depends on a number of factors, such as approval by the European Commission of the prepared by the Polish government investment program related to the protection of climate change in the amount corresponding to the size of free of charge emission allowances. A need to purchase more allowances is related with a significant increase of costs for us.

In accordance with applicable legal requirements, monitoring of carbon dioxide emission is performed in the following companies: Elektrociepłownia "Białystok", Elektrownia "Kozienice" MEC Oborniki and PEC Piła.

Elektrownia "Kozienice" has its own chemical laboratory since 2008, tasks of which include monitoring of carbon dioxide emission. Power Plant has high-performance electrostatic precipitators for dust emissions in all units.

In 2011, electrostatic precipitator was replaced in unit no. 4 and a contract was signed for replacement of another one. Elektrownia „Kozienice” (Kozienice Power Plant) also focus on the reduction of sulphur and nitric oxides emissions. In connection with the proposed after 2015 tightening of nitric oxide emission standards, the Power Plant has signed an agreement for the redevelopment of the installation for catalytic denitrification of flue gas in units 4-8. It shall be the largest installation of that type in Poland and will provide 80-percent reduction in nitric oxides in the flue gas at the full power range. The targeted amount is 1 500 kg/h of removed nitric oxides thanks to the installation.

Table 16.
Emissions by weight in the companies of ENEA Capital Group responsible for power generation segment in tons.

Company	SO ₂	NOx	CO	CO ₂	Dust
Elektrownia "Kozienice"	31 279	20 375	994	10 299 069	1 048
Elektrociepłownia Białystok	1 353.42	1 389.42	216.45	485 047	61.76
PEC Oborniki	65.30	26.94	77.60	12 420.79	10.5
MEC Piła	161	73	104	86 081	69

Catalytic Method (Selective Catalytic Reduction – SCR) holds BAT technology status granted by the European Union, which means that it is the best technology among all available methods for reduction of nitric oxides.



Elektrownia "Kozienice" S.A. seen from the right bank of the Vistula river

Simultaneously, in reply to planned in the next years tightening of sulphur dioxide emission standards, Elektrownia "Kozienice" developed the location concept of flue gas desulphurisation plant with capacity of 800 MW in 2011.

Elektrownia "Kozienice" has its own ash and slag landfill with an active storage site of 313 ha. The company seeks to maximize the use of combustion wastes arising during its operations. In 2011, the utilization rate was 72.62%. 140.2 thousand tons was recycled out of 149.5 thousand tons of gypsum generated as a by-product of primary operations of Elektrownia "Kozienice". Furthermore, 518 265.83 tons of fly ash, 1 477.45 tons of dry microspheres and 23 676.35 tons of ash and slag mixtures in a wet form was sold.

ENEA Capital Group operations within power generation depends on the level of assigned carbon dioxide, other greenhouse gases and substances emission allowances for a given settlement period. Allocation of carbon dioxide allowances is performed on the basis of the Emission Trading Scheme. For the period 2008-2012 Elektrownia "Kozienice" (Kozienice Power Plant) received carbon dioxide allowances in the amount of 9.6 million per year.

Investment projects of Elektrownia "Kozienice" (now ENEA Wytwarzanie)

Main investment projects in Elektrownia "Kozienice" planned to be implemented within the next few years due to the implementation of the Directive on industrial emissions (i.e. IED directive):

- Construction of flue gas desulphurisation plant FGD IV for the 200 MW power units of equivalent power 800 MW in the years 2014-2015;
- Construction of a flue gas catalytic denitrification system for OP-650 boilers in 200 MW power units no. 4-8 in the years 2012-2016;
- Construction of a flue gas catalytic denitrification system for AP-1650 boilers in 500 MW power units no. 9 and 10 in the years 2017-2018;
- Construction of a flue gas catalytic denitrification system for OP-650 boilers in 200 MW power units no. 1-3 in the years 2012-2016;
- Replacement of electrostatic precipitators in 200 MW power units no. 8 in 2013 and 500 MW power unit no. 9 in 2017.

28.2%
of investment expenditures in Elektrownia "Kozienice" (Kozienice Power Plant) was associated with environment protection.

Flue gas desulphurisation plant in Elektrownia "Kozienice" S.A.



Emission rate

Elektrownia "Kozienice" (Kozienice Power Plant) has a low carbon dioxide emission rate. In 2010, this was 880 kg/MWh, and in 2011, 866 kg/MWh. Elektrownia "Kozienice" also has one of the lowest rates of coal consumption per MWh of generated electricity. In 2011, it was 0.402 t/MWh. For comparison, carbon dioxide emission rate in Elektrownia "Opole" (Opole Power Plant) which belongs to the PGE company was 875 kg/MWh, and the rate of coal consumption per MWh of generated electricity was 0.425 t/MWh in 2011. In Elektrownia "Rybnik" (Rybnik Power Plant) which belongs to EDF company carbon dioxide emission rate was 815 kg/MWh, and the rate of coal consumption was 0.425 t/MWh in 2011.

Mirosław Kowalczyk

Manager of the Environmental Protection Department, Elektrownia "Kozienice"

Companies from the power industry have to manage their impact on the environment in an integrated way. The thing that makes us unique among other plants is the implementation of measures aimed at reduction of a negative impact on environment, resulting from increasingly tightening regulatory requirements, always on the basis of technologies which guarantee the highest reduction of emissions into the environment.

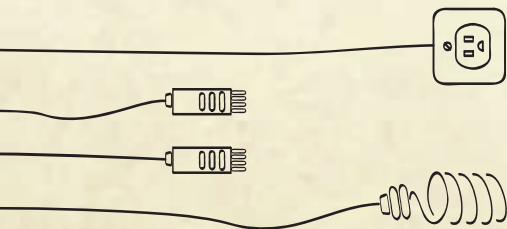
Increase of generation capacities from 2600 MW to 2905 MW through the improvement of generation efficiency parallel to limiting negative impact on the environment is our greatest success.

Our biggest challenge is, invariably, staying in the group of the largest and most efficient producers of electricity in the Polish and European market in a full compliance with existing and future environmental requirements.

From the perspective of year 2011 and planned in that year activities for the coming years we have selected priorities. It is primarily adjusting to the new, more stringent requirements related to the introduction of Directive on Industrial Emissions (IED) from 2016. Our task is to build the fourth flue gas desulphurisation plant and a flue gas catalytic denitrification system in all power units. Another key objective is to increase generation capacities through the construction of the most modern power unit for supercritical parameters – 1075 MW gross. Furthermore, it is planned to build a check dam stabilizing water level on the Vistula River. This will increase safety of surface water supply for industrial purposes.



Control room 500 MW 2 in Elektrownia "Kozienice" S.A.



6.1.3. Water consumption and waste management

Waterworks are the main source of water drawing for the companies. In addition, a part of water drawing in ENEA Operator comes from deep water wells (6 809 m³) and in Elektrownia "Kozienice" 301 017 m³ of water comes from underground waters. In Elektrownie Wodne company 159 m³ of water comes from the company's own water intake.

Such companies like Elektrownia "Kozienice" (Kozienice Power Plant) or Elektrociepłownia "Białystok" (CHP Białystok) conduct solely selective waste collection as it facilitates waste handling. Elektrownia "Kozienice" for example, ships for recovery 100% of waste oils and 247 288.8 tons of combustion waste annually. All waste generated in the Elektrownia "Kozienice" is stored selectively.

Aerators on faucets significantly decrease water consumption in offices of ENEA Capital Group companies.



In total Elektrownia "Kozienice" transfers more than 80% of waste for recovery. Companies which doesn't generate electricity have a smaller impact on ENEA Capital Group waste management. ENEA S.A. generates 481.80 m³ of municipal waste. Size of segregated waste in the company equals 66 m³. In Eneos weight of segregated waste is 92.091 tons.

Table 17.
Total water withdrawal in m³ in the companies of ENEA Capital Group

Company	Total water withdrawal
Elektrownia „Kozienice“	5 222 986
Elektrociepłownia „Białystok“	911 536
ENEA Operator	93 327
MEC Piła	5 663
Elektrownie Wodne	3 726
ENEA S.A.	5 791,28
PEC Oborniki	2 389
Energobud Leszno	1 090
BHU S.A.	1 158
NZOZ Centrum Uzdrowiskowe ENERGETYK	25 800
Energio-Tour	3 523
Energomiar	839
ENEOS	1 219
Energetyka Poznańska Zakład Transportu	715
ENEA Centrum	data wasn't collected due to the company's foundation
ITSERWIS	936
Auto-Styl	included In rental cost
Hotel EDISON	2 000

Table 19.
Total weight of segregated by ENEA Operator waste by type, in tons

Total weight of segregated waste of which:	
Total weight of segregated waste of which:	1 2004.999
Used devices and other	7 032.247
Concrete waste and rubble from renovation and demolition	1 603.089
Iron and steel	1 409.668
Slime from holding tank	517.000
Soil, earth including stones and others	376.020
Wood, glass and plastics wastes or railway sleepers	197.132
Aluminium	159.415
Ceramic and other equipment wastes	113.667
Cables and others	71.790
Used devices with dangerous elements	69.586
Metal mixture	55.275
Plant-tissue waste eternal	44.620
Concrete, rubble, ceramic, and other equipment waste	40.600
Soil with stones including danger PCB substances	39.069
Brick rubble	38.280
Other	237.541

Table 18.
Waste generated by the companies of ENEA Capital Group
power generation segment in tons

Company	Hazardous waste	Other, than hazardous waste
Elektrownia „Kozienice”	87.091	1 042 287.2
Elektrociepłownia „Białystok”	0.817	35 637.5
MEC Piła	0.7	6 493.86
Elektrownie Wodne	3.496	132.711

Ecologically in the workplace

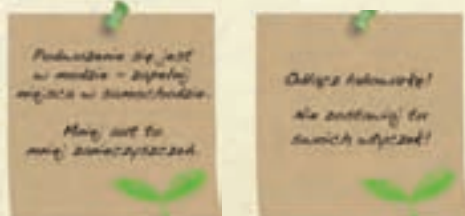
Promoting of the pro-environmental attitudes is particularly important among ENEA Capital Group employees. Moving to a new location at Górecka street starting in December 2011 created favourable conditions for eco-friendly solutions in ENEA S.A. In the new office “stickers” located in communal areas remind the employees on environmentally friendly habits. Furthermore, multifunction devices were introduced for cost-effective printing. Sixty-seven printers, which have been replaced by multifunction devices were handed over to social organizations such as foundations, associations and educational institutions. Containers for waste segregation are placed on the corridors of the previous and new seat of of ENEA S.A. company. In 2011, waste segregation system was implemented by such companies as: ENEA Operator, Elektrownia „Kozienice”, Elektrociepłownia „Białystok”, PEC Oborniki, Elektrownie Wodne and Energetyka Poznańska Zakład Transportu.



From July 2011 in all offices of ENEA S.A. in Poznań, Szczecin, Bydgoszcz and Zielona Góra bins for waste segregation were introduced- as one of the eco-practices of education campaign aimed to raise environmental awareness of the employees.



In order to reduce the negative impact of ENEA S.A. on the environment, on the walls of the new company's offices mainly in kitchens, bathrooms, on office devices, in the employees rooms, on the corridors – educational “stickers” were hung with texts that promote ecological behaviour and attitudes among staff.



6.2.

Renewable energy sources in ENEA Capital Group

Coal is the main raw material used by the ENEA Capital Group to generate energy, but the development of renewable energy sources (RES) is one of the important for ENEA Capital Group development areas as for a company actively responding to the economic and environmental challenges facing Poland. Currently the generation capacity from renewable energy sources of ENEA Capital Group include: Bardy wind farm with a capacity of 50 MW, Darżyno wind farm with a capacity of 6 MW, Liszkowo biogas plant with a capacity of 2.1 MW and 21 hydropower plants with a capacity of 60.14 MW.

In 2011, we launched a new, twenty-first hydropower plant of ENEA Capital Group. The power station is located in Oborniki Wielkopolskie. Its generation capacity is 0.33 MW. Elektrownie Wodne Sp. z o.o. company with registered office in Samociążek manages operations of hydropower plants.

Table 20.
ENEA Capital Group power structure in 2011
broken down into used energy sources

Source	Contribution
Conventional sources	97.83%
Water energy	1.91%
Wind energy	0.19%
Biogas	0.07%

Strategy of ENEA Capital Group includes development of wind energy capacity to the level of 250-350 MW. In March 2011, we purchased a wind farm of generation capacity 6 MW. The farm is located in Darżyno in Pomorskie province. Furthermore, in November 2011, ENEA S.A. signed a preliminary agreement for purchase of 100% of a company shares, which was owner of Bardy wind farm. Bardy wind farm consists of 25 turbines with a total capacity of 50 MW. We anticipate that the wind farm will produce about 150 000 MWh of energy per year. We also look for wind farm projects, which ENEA Capital Group could acquire at the stage of a building permit or use permit. Wind farm projects of a total generation capacity of 200 MW are at various acquisition stages.



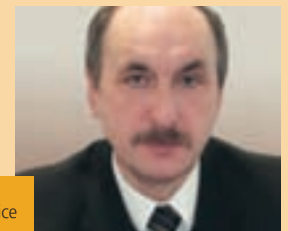
Wind farm in Darżyno.



Hydropower plant in Dobrzyca.

21 hydropower plants of a total capacity 60.14 MW belong to ENEA Capital Group

Janusz Herder
President of the Management Board of Elektrownie Wodne with registered office in Samociążek



Each next hydropower plant translates to more energy from renewable energy sources. Construction of the Small Hydropower Plant in Oborniki on Wełna river was preceded by a long preparation period. Hydropower plant is located in the area of "Słonawy" Natural Landscape Park and "Natura 2000" area, which resulted in the need to fulfil a series of additional requirements necessary to obtain permits to implement the project. During the implementation we remembered about ecology and the local community. Hydropower plant is equipped with a fish ladder. Furthermore, local citizens were given a possibility to safely and comfortably cross the river and floodplains created a convenient holiday destination.

In January 2008, Elektrownia "Kozienice" (Kozienice Power Plant) began power generation from renewable energy sources through biomass co-firing with conventional fuel (coal) thanks to the installation for 200 MW units. In Elektrownia "Kozienice" already in eight out of ten power units biomass was used in 2011. Installation for the generation of combined heat and power with the use of coal and biomass is also operating in Elektrociepłownia "Białystok" (CHP Białystok) thanks to adapting to this process one of the two boilers. Furthermore, Elektrociepłownia "Białystok" plans to modernize until the end of 2012 the second boiler for biomass co-firing.

**Power generation
in Elektrociepłownia "Białystok"**

Process of power generation in Elektrociepłownia "Białystok" takes place in the combined system, in which chemical fuel energy is used for production of heat and power. It is the most effective method for generating heat and electricity, which brings measurable economic, energy and ecological benefits.

Thanks to the biomass boiler fuelled solely with biomass, Elektrociepłownia "Białystok" consumes 120 thousand tons of coal less and replaces it with 270 thousand tons of biomass.

On the other hand MEC Piła prepared project "The Construction of a Cogeneration unit for biomass in ORC technology for District Boiler House KR-Koszyce in Piła". This project received funding from the European Union within measure 9.1 "Highly Efficient Energy Production", priority IX of the Operational Programme Infrastructure and Environment 2007-2013.

In January 2010, ENEA S.A. bought Elektrownia Biogazowa Liszkowo (Liszkowo Biogas Power Plant) in Kujawsko-Pomorskie province, Rojewo district, which acts as a utilization plant of biomass by-product. It is one of the first

biogas plants in Poland. Installation was built by Agrogaz company from which this plant was bought and then its management was commissioned. After commencement of its activities the local citizens began to complain about the odour. Voivodeship Environmental Protection Inspector in Bydgoszcz performed until Autumn 2011 seven control proceedings and inspections, after which took the decision to suspend operations of the biogas plant. We appealed and as such biogas plant operated in 2011. However, management of the biogas plant began repair and maintenance works at our request¹⁰.

Despite the difficult first experience in Liszkowo biogas plant we intend to continue our investments in biogas.

We build from scratch biogas plant in Gorzesław in Dolnośląskie province, Oleśnicki district with the planned generation capacity 1.6 MW. In May 2011, ENEA S.A. acquired DOBITT ENERGIA Sp. z .o.o. company which is the owner of the construction project of biogas plant in Gorzesław designed to generate energy from agricultural substrates. In June, we commenced the construction of biogas plant, which till the end of 2011, was brought to lockup stage of fermenters, tanks for post-digestate and technical building. Commissioning of the biogas plant is planned for December 2012.

¹⁰⁾ In September 2012 the Agricultural Market Agency suspended the operation of the biogas plant.

Table 21
Energy generated from renewable energy sources and cogeneration in MWh

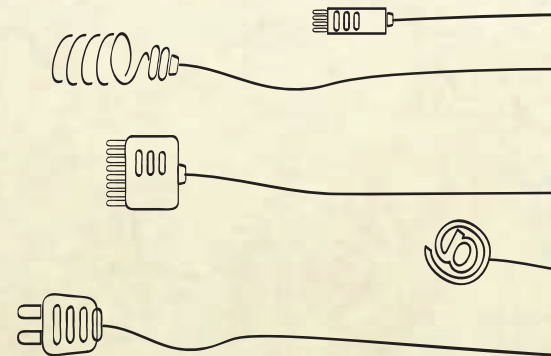
Specification	2010	2011
Energy generated from RES for which Elektrownie Wodne received green certificates of origin.	155 239.305	160 479.361
Production volume and number of certificates of origin from Elektrownia Biogazowa Liszkowo (Liszkowo Biogas Power Plant).	7 451.976	6 175.880
Energy generated in Farma Wiatrowa Darżyno (Darżyno Wind Farm) for which company Elektrownie Wodne received green certificates of origin.	–	12 918.996
Energy generated from RES unit of Elektrociepłownia "Białystok" (CHP Białystok).	114 027.455	194 269.865
Energy generated from CHP unit of Elektrociepłownia "Białystok" (CHP Białystok).	461 385.110	464 440.926
Energy generated from RES of Elektrownia "Kozienice" thanks to biomass co-firing (green certificates).	319 150.283	393 077.915
Energy generated in Elektrownia "Kozienice" from cogeneration (red certificates).	65 982.939	55 164.919

Enea Operator, the independent distribution operator, plays an important role in the development of renewable energy sources in Poland. From the efficiency of ENEA Operator operations depends accessibility of network for all current and potential users of the distribution network, and scale of renewable energy sources connections. The company continues network investments to enable connections of RES. 116 MW of power generated by renewable energy sources was connected to the ENEA Operator distribution system in 2011.

In the context of ENEA Operator operations climate change and its impact on the development of renewable energy sources is not only investment and business opportunities, but also risks. In accordance with the Energy Law, ENEA Operator the energy distributor is obliged to conclude agreements for grid connection with entities that request such connection, including RES. If ENEA Operator refuses to conclude such an agreement, it is required to notify the President of the ERO and the aforementioned entity, stating the reason for refusal. Refusal is connected with proceedings carried out by the President of the Energy Regulatory Office, which as a result may create financial implications.

White certificates – new responsibilities

White certificates are certificates of energy efficiency introduced by the Energy Efficiency Act as at 15 April 2011. Their goal is to achieve measurable energy savings. The Act imposes an obligation on energy companies related to acquiring and remission of property rights in form of white certificates. In 2011, there hasn't yet been corresponding entries in regulations that would allow participation in tenders for white certificates. With the announcement of such tender by the President of ERO individual companies of ENEA Capital Group may apply for white certificates.



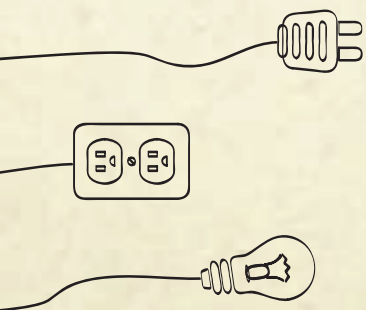
6.3.

Investment plans of ENEA Capital Group

ENEA Capital Group is in the process of transformation of strategic importance, which shall translate into its structure and efficiency in the coming decades. ENEA replies in this manner not only to the market but also environmental challenges. ENEA Capital Group key stakeholders expect i.e. actions for the country's power safety, implementation of large-scale pro-environmental solutions, sustainable development and financial stability. Completion of these expectations is for us at the same time a big challenge and an opportunity to build ENEA position of a leader among energy groups in Poland.

ENEA Capital Group investment plan focuses on the implementation of numerous investments until 2020, which are related to expenditure of ca. 18.7 billion PLN. Those investments shall have influence on our impact on the environment. They are aimed at three directions:

1. **Development of conventional energy sources (41% of the planned expenditure):**
 - a. construction of a new coal unit in Koźienice with capacity of 1 075 MW gross, commissioning of which is planned for the second half of 2017,
 - b. gradual modernization of the remaining power units in Koźienice.
2. **Distribution:**
 - a. connection of new users and producers (RES) to the existing power grid;
 - b. increase of coverage and modernisation of the existing grid for enhancing efficiency,
 - c. decrease of grid losses,
 - d. replacement of the most worn out sections of the power lines.
3. **Renewable Energy Sources (RES) and cogeneration:**
 - a. development of energy from wind and biogas,
 - b. increase of power generated by ENEA Capital Group wind farms to the level of 250-350 MW,
 - c. increase of the installed power in biogas plants to the level of 40-60 MW.



ENEA Operator projects

ENEA Operator received a subsidy in 2011 for a total of four projects under the Regional Operational Programme of Zachodniopomorskie Province for years 2007-2013:

1. "Construction of the 110/15 kV substation in Wałcz with HV power line 110 kV and MV power lines 15 kV";
2. "Conversion of the 110 kV line Dąbie – Pomorska";
3. "Conversion of the 110 kV line Pomorska – Załom";
4. "Conversion of the 110 kV line Załom – Goleniów".



7 Public relations – we power communities

Companies of ENEA Capital Group engage in socially responsible practices and support, in various ways, activities for the sake of local communities, as those companies feel a part of those local communities. Social responsibility of ENEA Capital Group is not only limited to a direct financial support of beneficiaries and other social partners. Companies initiate original programs dedicated to significant from the social point of view subjects, develop actions within the employee volunteering program and give weight to building lasting relationships with their surrounding and local authorities.

7.1.

Policy of ENEA Capital Group community engagement

Companies of ENEA Capital Group differ in the scope of their activities of a social nature, due to the scale of operations, the nature and social circumstances. In April 2011, the Capital Group adopted "Policy of ENEA Capital Group community engagement" to make the most of individual companies social activities and unify them with "Strategy of corporate social responsibility of ENEA Capital Group". The development of "Policy of ENEA Capital Group community engagement" (hereinafter referred to as Policy) was one of the specific objectives in the implementation of CSR

Strategy. Its creation was preceded by an analysis of the Capital Group impact, its social role and analysis of the stakeholders expectations.

The Policy regulations help individual companies to select social actions in accordance with the ENEA Capital Group CSR Strategy and to achieve synergies of individual initiatives which fill in the key directions of community engagement from the Capital Group perspective. The Policy introduced also new tools which improve the implementation of framed directions of community engagement by individual companies and co-operation with social organizations. These include the application form to facilitate contact and evaluation form to perform objective, transparent analysis of the numerous requests for support submitted by potential beneficiaries and the social partners.

Application form and rules of community commitment are available on-line on the ENEA S.A. corporate websites. It allows all interested parties to submit willingness to cooperate within community engagement. The form and posted on the website information on the directions of community engagement indicate to beneficiaries what information is crucial for us in the process of social activities selection.

Policy of community engagement sets two directions of social activities: "Environment" and "Community".

"Environment"

includes initiating and supporting projects and activities for environment protection and education through foundations, associations, schools, colleges, welfare associations, hospitals and other institutions working for the public good.



“Community”

include projects and activities aimed at supporting local development through education and innovative solutions that develop social capital of local communities, develop competences and knowledge of members of these communities and reinforces active attitudes for the common good. ENEA Capital Group also supports projects, healthcare activities and promotion of healthy lifestyle. Such initiatives include: support of the rehabilitation processes, counteract social exclusion due to disability or ill health, promotion of healthy lifestyle and healthy social attitudes – conducted by associations, schools, colleges, welfare associations, hospitals and other institutions working for the public good.

Moreover, in 2011, as a result of charting "Policy of ENEA Capital Group community engagement" a new shape of the "Rules for the granting donations by the Management Board of ENEA S.A." was approved. These straight forward rules are also communicated to potential beneficiaries and social partners by means of www.enea.pl website in the tab dedicated to corporate social responsibility. In 2011, the companies of ENEA Capital Group handed over for social activities donations in the total amount of 1 451 979.72 PLN.



ENEA S.A. regularly helps the blind – in 2011 the company supported a workshop "Przemiany" conducted by the Association Cultures Forum in Poznań – photo by Andrzej Dobosz.

Dr Marian Król
President of Hipolit Cegielski Association

Hipolit Cegielski Association operates to promote economic and cultural development of Wielkopolska province. It does so in the spirit of positivism, which developed in the nineteenth century in the region. Companies of ENEA Capital Group are historically associated with the region of Wielkopolska, which translates into activities of the Capital Group for the local community. It is proved by consistent cooperation with the Association. What unites us is, however, a common goal, to support local social initiatives, to support educational and environmental projects, which is a work from scratch. From the beginning of our cooperation we could count on substantial support in the conducted by us projects and partnership in our initiatives. Decision to cooperate with the Association was not accidental which translates into the quality of our cooperation.

ENEA Capital Group supports our two major projects undertaken as part of activities for the development of social capital – THC Scholarship Fund and the Club of Young Positivists. By supporting the Fund, the company helps to shape Polish future through investing in the education of young people. Companies of ENEA Capital Group also appreciate the potential and importance of the young generation by supporting the Club of Young Positivists, which brings together outstanding students and graduates, perhaps, the future elite of our country. Thanks to the support of its partners, the Association may pursue its goals. In the case of the ENEA Capital Group it is a great value that financial support is accompanied by the faith in the meaning and purpose of these activities.



7.2.

"Environment"

Implementation of the social actions within "Environment" direction is one of our priorities due to its nature and held by ENEA Capital Group competences.

7.2.1.

Sharing expertise

We share expertise and promote pro-environmental attitudes among our stakeholders. A series of ENEA S.A. articles promoting environmentally friendly behaviour and published in national and local media is an example of our commitment in this direction in 2011. ENEA S.A. experts discussed various solutions to reduce the consumption of electricity in households and companies. Readers of the following dailies: "Super Express", "Dziennik Gazeta Prawna", "Rzeczpospolita", "Fakt", "Gazeta Lubuska" could learn about advises of ENEA S.A. experts.

"How to improve energy efficiency. Solutions for business"

Experts of ENEA S.A. together with representatives of the daily "Puls Biznesu" organized a series of useful for entrepreneurs conferences. Power engineers explained how to perform energy consumption and savings analysis in the company, what factors influence the price of electricity, what a typical invoice and the agreement with the energy provider include and what are the possibilities of contracts negotiating. The project was carried out by employees of ENEA S.A. Service and Trade Departments. Conferences were held in Gdańsk, Poznań, Wrocław, in Katowice, Kraków, Bydgoszcz, Rzeszów, Lublin, Łódź and Warsaw.

7.2.2.

Eko-logiczni.com.pl

"Eko-logiczni.com.pl" is implemented already in 2010 by ENEA S.A. program in the convention of Internet reality show the basis of which was a competition for energy-efficient activities introduced in households. Representatives of three different types of households, selected from the close circle of nearly 600 Internet users, described on their blogs ideas to reduce energy consumption. Blogs were located on the Internet website containing many tips on energy efficiency and were written by: a single, an elderly couple and a young married couple with a child. In February 2011, winners of the competition received awards which increase energy efficiency at their homes.

Winners of "Eko-logiczni.com.pl" with the prize, which will allow them to save up to 40% of energy.



7.2.3.

"In contact with nature"

"In contact with nature" ("W kontakcie z naturą") directed to a wide range of ENEA Capital Group stakeholders was a continuation and development of environmental education idea "Eko-logiczni.com.pl" launched in 2011.



The main elements of "In contact with nature" is a www.wkontakcieznatura.pl website with database, environmental initiatives, calculator of energy consumption and carbon dioxide emissions, quizzes, expert advice, and the cyclical competition for the most interesting environmental initiatives. The contestants (individuals, schools, foundations and associations, companies) describe in their blogs and on www.wkontakcieznatura.pl website their environmental initiatives. Jury comprising, among others, Michał Żebrowski – the ENEA brand ambassador as well as the Internet users, choose the most interesting initiative and give attractive awards. The project also involves social networking members i.e. by means of Facebook active profile.

Until December 2011, 67 initiatives were submitted to the competition. Polish Environmental Partnership Foundation is the contents partner of the project which is implemented under the auspices of the international initiative UN Global Compact. Michał Żebrowski

the ENEA brand ambassador was also ambassador of the initiative, a guide to the site and a member of the jury granting awards in subsequent editions of the competition for the most interesting environmental initiatives, reported and described on wkontakcieznatura.pl website.

"In contact with nature," stands out thanks to a comprehensive approach to the subject of environmental education and combination of three aspects necessary to change attitudes:

- increases knowledge and encourages its practical use,
- reinforces a positive attitude to environmental protection and builds ecological community involving Michał Żebrowski, the project ambassador,
- puts emphasis on action, initiates and promotes any action related to environment protection.



Main site of educational platform "In contact with nature."



Rafał Serafin
President of the Polish Environmental Partnership Foundation

According to cyclical research of Poles environmental awareness conducted by the Ministry of the Environment, 84% of respondents believe that a person has an influence on the state of natural resources through his/her personal activities. However, 56% of respondents doesn't think if what he/she does has an impact on the environment in everyday life. It is one of many examples proving that a positive attitude to ecology does not always translate into pro-environmental behaviour. How to change this situation? How to encourage Poles to actually reduce impact on the natural environment in their daily lives?

Experiences of the Environmental Partnership Foundation shows that the example does not always have to come "from above". Imperatives and prohibitions have their limitations. Often it is easier and more effective to adopt practice from a neighbour, friend, employer or young people at school. It's about learning practical approaches used successfully by others and adapt them to own needs, constraints and opportunities. In Poland, there is no shortage of innovative ideas and good practices in minimizing amount of waste, energy or water saving, active environment and public space protection and other environmental activities.

The Foundation supports ENEA Capital Group "In contact with nature" project, as it encourages Poles to report and share practical solutions to the ecological problems in everyday life. By collecting and propagating ideas and solutions, the website and cyclical competition "In contact with nature" prove that each of us can do something for the protection of the natural environment.

7.2.4. ENEA Operator takes care of the white stork

Involvement of ENEA Operator employees in a systematic protection of the white stork is an example of actions within "Environment" area. White stork often chooses power poles for nesting. They are a good location for the stork, as potential enemies have a more difficult access to the nest. Furthermore, young have an easy take off from the nest while learning to fly. Storks every year inhabit the same nests, which after a few years, can weigh even a ton. Such a heavy nest may fall. The wet twigs sticking out of the nest can touch the wires and cause a short circuit, and even a fire. This can cause failure or disruption in the supply of electricity.

ENEA Operator employees for the sake of the white stork and in order to ensure continuity of energy supply place nests on a special platform. On ENEA Operator area there were 2 856 nests on the power poles in 2011 out of which 2 589 were elevated on the platform.

Bike rental in Poznań

During the holiday season ENEA S.A. opened in Poznań free bike rental – ecological transportation. Bike rental was opened as at 11 June 2011 in the Tennis Park "Olimpia" in Poznań, and it was open daily from 10 till 19 until 31 August 2011. The cyclists could choose from 35 bicycles, helmets and fastenings. From the bike rental benefited 1 650 people.

7.3. "Community"

7.3.1. "Proud of Heritage" program

ENEA S.A. as at 1 August 2011 became a patron of Royal Łazienki Museum in Warsaw. During three years of sponsorship we shall replace the entire electrical installation in the complex and install spectacular lighting of historic buildings. Patronage to Royal Łazienki Museum in Warsaw is a first phase of the "Proud of Heritage" program through which we wish to express our commitment to the Polish culture and its place in the minds of people around the world. Technical concepts, design and implementation of works related to the lighting are performed by ENEOS Sp. z o.o. company which belongs to the ENEA Capital Group.



Belvedere pond in Warsaw's Royal Łazienki – upon of the lighting modernization.

In 2011, within the framework we illuminated Myślewicki Palace. Moreover, we illuminated Belvedere palace, replaced energy installation in the attic of the Officer Cadets School, we shall modernize lighting of the second floor of Sculpture Gallery in the Old Orangery, build power grid along the China Avenue and install lighting in the Palace on the Isle. Until 2013 we plan to replace installation and install effective lighting of the royal residence selected historic buildings.

Detailed information on completed and planned activities can be found at www.dumnizdziedzictwa.pl.



Tadeusz Zielniewicz
Director of the Royal Łazienki Museum in Warsaw

ENEA is one of the elite Museum Club Patrons, which expressed willingness to finance specific projects for the Royal Łazienki during the next three years. Thanks to these funds main power grids are being modernized and Palace on the Isle, Myslewicki Palace, historic pavilions and Belvedere gardens are illuminated.

ENEA expresses in this way its social responsibility for the national heritage and gives to Royal Łazienki "new energy". Furthermore, the summer residence of King Stanislaw August is becoming energy safer and more beautiful. Our foreign tourists appreciate this and most willingly visit even more magical Royal Łazienki, on the other side, Warsaw citizens believe that our gardens are the happiest place in the capital.

Lesson in a school under "Electricity is not so terrible" project



7.3.2. Employee Volunteer Program



General Rules for Employee Volunteer Program in the ENEA Capital Group were adopted in 2011. These result directly from the approved in the same period "Policy of ENEA Capital Group community engagement". We launched two projects of the employee volunteer program which have their programme and educational materials for group projects, under one logo and program name: "From the impulse of the heart".

Under the "First Aid – premedical rescue" program, ENEA Operator employees engage in activities aimed at popularizing knowledge on the first aid. They not only eliminate

concerns, but above all provide practical skills needed to give first aid. Employees learn how to behave in case of direct danger of death or in accident and how to help a victim while waiting for the ambulance. Demonstrations are run by qualified volunteers – rescuers with use of professional medical devices, such as phantoms.



Gala of "Benefactor of the Year 2011" competition. Its XV edition was supported by ENEA S.A.

14 141 persons benefited from the support of ENEA Capital Group volunteers in 2011

Whereas, employee volunteer program "Electricity is not so terrible" is directed for children aged 5-9 years. Volunteers conduct classes in schools and kindergartens, raising awareness of the youngest in the safe handling and respect for electricity. In a special presentation, children friend – Krzyś Elektryk (Krzyś Electrician), explains how electricity is produced and why it should be saved. In order to strengthen knowledge on electricity, children receive from ENEA Capital Group employees educational packages including i.e. books "Electricity is not so terrible" with "electric" puzzles and cross-words. The program has an honorary patronage of the Minister of National Education.

In 2011, employee volunteering involved 171 employees from companies of the Capital Group. Employees devoted for educational activities in total 1 463 hours. The classes were attended by nearly 14 141 beneficiaries.



Volunteers during local family festivals explained to the youngest the rules of first aid.



Przemysław Pacia
Province Vice-governor in Wielkopolska

ENEA is one of the well-known and recognizable brands not only in the Wielkopolska region, but throughout the country. It is a very important company for the Polish energy security and a significant employer.

For me as a volunteer it is essential that ENEA and its subsidiary companies have attached great significance to corporate social responsibility for many years. I was endeared the most by the employee volunteer program in the company. Personally, I had the opportunity to observe how ENEA employees help to those in need. During "Day of the Sick", along with volunteers I visited sick children in hospitals in Poznań at the beginning of the year. I was impressed by openness and commitment of ENEA employees. I really liked the idea of organizing by ENEA "I Poznański Korczak Day". I had the honour and pleasure to take part in this action and I even read excerpts of King Matt the First. I saw the smiling faces, happiness and positive energy. I am convinced that we will organize more of such actions together.

"Academy of a Safe Kindergarten Pupil" – project of ENEA Operator implemented in cooperation with PGNiG and Municipal Police Headquarters in Poznań

"Academy of a Safe Kindergarten Pupil" includes organizing preventive meetings, the purpose of which is to promote safe behaviour of children on the way to kindergarten and back home, safe stay in the facility, the yard and at home, acquainting pre-schoolers with the safe use of electrical equipment and skilful recognition of different risks.

Meetings take the form of talk, during which children listen to advices and tips provided by the representatives of ENEA Operator and the Police and ask various questions about their safety. Children also receive a set of gadgets which are useful and remind of the right behaviour in case of emergencies.

7.3.3. Coaliton "Presidents-Volunteers 2011"

ENEA Capital Group not only implements program aimed at encouraging its employees in voluntary activities, but also takes an active part in the promotion of volunteering in Poland. "Presidents-Volunteers Coalition 2011" belongs to the most significant activities in this respect. Coalition was officially established on 21 March 2011 from the initiative of Maciej Owczarek (President of ENEA S.A.) and Paweł Łukasiak (President of the Academy for the Development of Philanthropy in Poland). Six members – CEOs signed under appeal "Time for Business, Time for Support" on that day. Presidents are active volunteers and at the same time support the development of employee volunteering in their companies and among other business people in Poland.

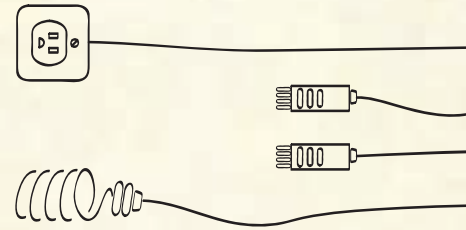
Signing of the appeal "Presidents-Volunteers Coalition 2011".



7.3.4. "Radośniki" of "Fakt" Foundation

ENEA S.A. became in 2011 the patron of "Radośniki" (children's playing place) created by the "Fakt" Foundation, which is a excellently equipped playing area and rest rooms for sick children at the Children's Ward in Międzyrzecze and Ward II F in the Orthopaedics Major Building in Poznań.

"Radośniki" of Fact Foundation are friendly spaces for children which are equipped with toys, appropriate furniture and home electronics.



Jan Domaniewski
Vice-president of the "Fakt" Foundation



Action of "Radośniki" creation which are playing and educational rooms on hospital wards for children, Fakt Foundation treated and treats as a real opportunity to impact on the lives of sick children. This action was sentenced to success, we could not afford to resign. I believe that ENEA became a partner to our action so willingly, because it is a company that values real changes in the surrounding reality. Changes for the better! "Radośniki" action continues and develops, while our partner ENEA doesn't pay the role of a marketing and profit-oriented corporation, but simply a devoted friend. Without any conditions, enjoys the results of working together. Just because it was possible to help someone.

This and next year is a time of a great debate on CSR in Poland. Some argue in this discussion, that companies need to convince themselves to the idea of socially responsible business. Meanwhile social responsibility, sensitivity, is not a result of any action, but the cause. In fact there is no need for CSR term, "decent company" is enough. ENEA is exactly such a decent, good company.

7.3.5. Women's Energy

Women's Energy is a project that focuses on improving the situation of women. Campaign conducted by "Gazeta Wyborcza" daily and "Wysokie Obcasy" (High Heels) was launched in 2011. It is to support changes in all areas of life where women are not treated as equal with men. Experts and practitioners help to find the ways for using women's power in business. Therefore, ENEA Capital Group became a partner of this action. Among the series of materials, on Wyborcza.pl, one may find interviews with women working in ENEA Capital Group, who use their energy with success in the professional and private field.

Support for women after mastectomy

ENEA S.A. supported women in the "Love life" campaign which promotes preventive screenings to detect breast and cervical cancer. The campaign was organized in Świętokrzyskie province, which occupied the last place in the ranking for the number of preventive screenings by means of billboards 3D Flip technology enabling to place two images on one carrier. The action was supported by the exhibition "Women after mastectomy in Świętokrzyskie province".

7.3.6. Unique relations with the local community

Companies of ENEA Capital Group are a part of local communities and take an active part in their lives. Co-operation of Elektrownia "Kozienice" (Kozienice Power Plant) with local authorities and other representatives of the Kozienice district local community is an example of special relations with the social environment. It is connected with the history and region development.

Construction of Elektrownia "Kozienice" (Kozienice Power Plant) in the seventies was accompanied by intensive development of neighbouring Świerże Górne town and entire Kozienice district. Development of architecture an infrastructure of neighbouring with the Power Plant areas took place along with the growing number of employees, both: current residents of the region as well as workers coming from entire country. Today Elektrownia "Kozienice" (Kozienice Power Plant) under the name of ENEA Wytwarzanie is the largest employer in the region which highly appreciates cooperation with all social partners for the sake of high quality of life of the employees, their families and the entire local community.



Leading Polish and foreign pole-vaulters participated in an international meeting in the pole jump.
"First jump for Marek" in Kozienice – photo from the Archives of the Municipal Office in Kozienice.



"Love life" campaign.

As part of the volunteer action of ENEA Capital Group "Electricity is not so terrible" employees of Elektrownia "Kozienice" (Kozienice Power Plant) conducted educational lessons how to safely handle electricity in schools - here a lesson in Public Elementary School in Sieciechów.



Elektrownia "Kozienice" (Kozienice Power Plant) undertakes activities which include healthcare and financial support for the district hospital in Kozienice, gives donations to Kozienice Foundation "Healthy Child", the Polish Association of the Blind, the Polish Red Cross, or Centrum of Burns Treatment in Siemianowice. Furthermore, the following actions may be also treated as elements of the corporate social responsibility, this is: the contribution of Elektrownia "Kozienice" in social housing (district hospital, clinic, indoor swimming pool "Delfin", kindergartens, nursery), support granted to public associations and organizations, patronage over the activities of the Special Educational Centre in Opactwo, and Primary School no. 3, as well as organization of economic conferences and environmental meetings with the young people of the Kozienice district schools.

ENERGY NEWS

Stakeholders of Elektrownia "Kozienice" (Kozienice Power Plant) expect constant information on the company's plans and current activities. In response to the residents interest, Elektrownia "Kozienice" together with local television, launched a program called ENERGY NEWS in December 2011. Producers in this programs bring Power Plant closer, describe its current affairs, investments, also introduce employees of the Power Plant to the audience along with their various interests. The program is broadcasted once a month on Kozienice Chronicles channel. It is also posted on the company's Internet and Intranet website www.elko.com.pl.



Grzegorz Mierzejewski

Specialist for the stock exchange information ENEA Wytwarzanie S.A. (until 2011 under the name Elektrownia „Kozienice”)

Involvement of ENEA Wytwarzanie S.A. employees in the employee volunteer program "From the impulse of the heart" and St. Nicholas' Day action for "PANDA" charges of Socialization Centre in Kozienice were for us the most valuable social activities in 2011. 26 volunteers from Elektrownia "Kozienice" engaged in the project "Electricity is not so terrible". Volunteers conducted classes in the schools of the Kozienice district. 1500 students from 25 schools and educational institutions were involved in the project. This action lasted 14 days, and volunteers spent with children in total 74 hours. The program also included participants of summer camps organized by the Afterschool Centre "Ogród Jordanowski" (The Garden of Jordan) in Kozienice. On the other side St. Nicholas' Day action for "PANDA" charges of Socialization Centre in Kozienice resulted with prepared by the volunteers 26 large boxes with toys, school materials, books, clothing and footwear, hygiene products and cosmetics which were handed over to the charges of this institution.



Campaign to improve the residents safety of the Kozienice district "Safe Kozienice District".

Zofia Karas
Director of „PANDA” Socialization Centre

Children's Home in Kozenice has been operating for nearly 30 years. It is a home for children in a difficult life situation, both: in good physical shape, as well as children with mental retardation and health restrictions. Usually there is around 35 children in our facility. It is a large group and all kind of support is necessary. Albert Einstein said, "Only a life lived for others is worth living". Employees of Elektrownia "Kozenice" (Kozenice Power Plant) understand these words and engage in helping our institution. We live next door, but also together – help we receive, speaks for it the best.

We appreciate support received from Elektrownia "Kozenice". Employees of the Power Plant whom we had the opportunity to meet in person, understand the needs that accompany us every day in taking care of children. I am pleased that they approach our children with such kindness, when they visit our facility. What's more, employees of the Power Plant are open to a long-term cooperation and we know that we can count on them. It means a lot to us.



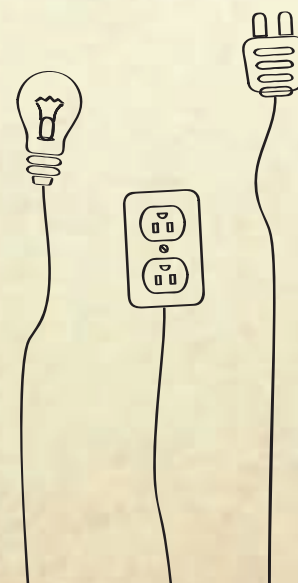
Malgorzata Bebelska
First Deputy Mayor of Social Affairs, Municipality Kozenice

Elektrownia "Kozenice" (Kozenice Power Plant) is the largest company in the city and the region, which employs ca. 2 thousand workers, about 8% of the town residents and Kozenice district. Location of the Power Plant in the seventies of such a high potential resulted with the population growth of 10 times, thereby stimulating the development of the social structure, development of construction, infrastructure, which automatically created many levels of cooperation with the local authorities. Elektrownia "Kozenice" is a strategic partner of the municipal government in the implementation of investment, cultural and sport undertakings. We are joined by common objectives and activities for the sake of the community, we regularly organize concerts: New Year and Beginning of Music Summer – with opera artists, Power Engineer's Day and Summer Farewell, Municipal Meeting for Christmas Eve with residents and sporting events on a national and international level. Goals and tasks merge together. Educational institutions, health care facilities and Children's Home are institutions of public interest and support from the Power Plant. We together create a structure of the Football Club Management Board and participate in its funding. Vision of Power Plant expansion creates hope for stability of the labour market and economic development, furthermore a constant contact of the Management Board of the Power Plant with the Kozenice Municipality creates a sense of place identity.

7.3.7. Promotion of active lifestyle

Under the "Community" direction ENEA Capital Group draws attention to the promotion of healthy lifestyle, physical activity and sport. It is one of the important aspects of achieving the objectives of the "Policy of ENEA Capital Group community engagement". This is reflected in both: in sponsoring international and national sporting events, as well as in supporting local activities. We operate in this area on a large scale. In 2011, ENEA S.A. supported within sponsorship or donations the following sport events:

- HOPE FOR EURO. International Polish Championship of Children from Care Homes in Football;
- Dance and theatre workshops for blind within the International Contemporary Dance Workshop in Poznań.



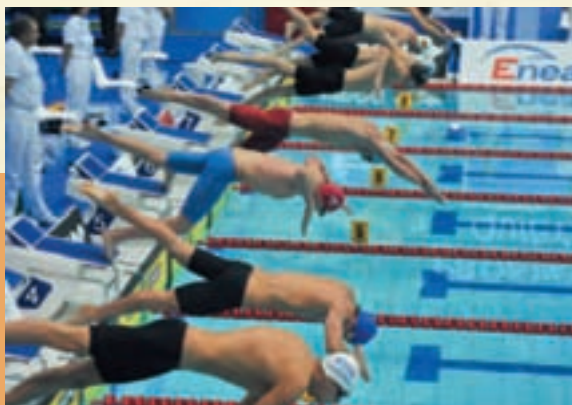
- Senior World Cup in Canoeing-Poznań 2011.

- Final of Individual Polish Championships 2011 in speedway racing in Leszno (ENEA S.A. in 2011 became the general sponsor of the Poland national speedway team for seasons 2012, 2013, 2014).



- Volleyball: World League Intercontinental Round in Poland in Łódź, Płock and Katowice, the World League Finals 2011 in Gdańsk, World Grand Prix Championship in Poland in Bydgoszcz and Zielona Góra.

- 15 European Short Course Swimming Championships in Szczecin.



- Polish Cup in Men's Beach Volleyball in Kozenice.
- VII Polish Championship of Power Engineers in Beach Volleyball "ENEACUP 2011" in Pogorzelica.
- ENEACUP 2011 – Polish Cup Final in men's volleyball in Warsaw and the Polish Cup final in women's volleyball in Inowrocław.
- Poznań Open ATP Challenger Tour.

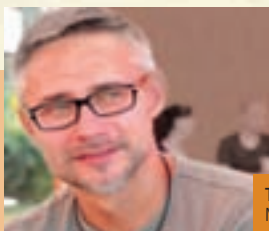


Nordic walking workshops organized as a launch of "In contact with nature" program inscribe in the course of our efforts to promote sport and active lifestyle. All willing persons had a chance to benefit from lessons conducted by the Nordic walking trainers in Sopot, Warsaw and Poznań and take part in the march which was accompanied by refreshments and other attractions.

Marking of Nordic walking routes in parks in Poznań and Warsaw.



Nordic Walking workshop at the beach in Sopot.



Tomasz Trzciński
Marketing Specialist, MEC Piła Sp. z o.o.

Activities related to social commitment are for MEC Piła company, most of all, promotion of active lifestyle. We support activities related to the promotion of sport, and they include: League PTPS Piła in Women's Volleyball, Girls Volleyball National Championship and local football games. Supporting of the Guinness World Record for the longest game of Futsal was an important event for us. Aside from sport, our actions are directed towards different cultural initiatives. Patronage over Music Festival & Master Class, which is a unique idea of promoting very talented string musicians worldwide was one of the most important to us. Social responsibility also relates directly to our actions directed to our customers. It is our priority to provide effective solutions that enhance the safety of our region residents thanks to i.e. liquidation of gas stoves in our customers' homes.



Information on the report

Corporate Social Responsibility Report of ENEA Capital Group describes operations of 18 companies of the Capital Group for 01.01.2011 – 31.12.2011, unless otherwise stated in the report. The report presents ENEA Capital Group in the context of corporate social responsibility and sustainable development. This is the first report of ENEA Capital Group of this type and it is complementary to the annual report. This report, according to international standards, is also first in the Polish market among companies which operate in generation, distribution and sale of electricity.

8.1. Entities included in the report

ENEA Capital Group comprises 21 companies: ENEA S.A., ENEA Operator Sp. z o.o., Annacond Enterprises Sp. z o.o., ENEA Wytwarzanie S.A. (previous name Elektrownia „Kozienice” S.A.), Elektrownie Wodne Sp. z o.o., Elektrociepłownia „Białystok” S.A., Miejska Energetyka Ciepłna Piła Sp. z o.o., Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o., DOBITT ENERGIA Sp. z o.o., ENEA Centrum S.A. (previous name: Energetyka Poznańska Biuro Usług Technicznych S.A.), Energetyka Poznańska Przedsiębiorstwo Usług Energetycznych ENERGOBUD Leszno Sp. z o.o., ENEOS Sp. z o.o., BHU S.A., Energomiary Sp. z o.o., Hotel EDISON Sp. z o.o., Energetyka Poznańska Zakład Transportu Sp. z o.o., Energo-Tour Sp. z o.o., Niepubliczny Zakład Opieki Zdrowotnej Centrum Uzdrawiskowe ENERGETYK Sp. z o.o., ENTUR Sp. z o.o., ITSERWIS Sp. z o.o., Auto-Styl Sp. z o.o.

The above companies are included in the report except for three companies: Annacond Enterprises Sp. z o.o., DOBITT ENERGIA Sp. z o.o. and ENTUR Sp. z o.o. (i.e. 18 companies). Their exclusion from the reporting doesn't affect the overall picture of ENEA Capital Group impact. Exclusions primarily result from the size and nature of these companies. Two new companies Annacond Enterprises Sp. z o.o. and DOBITT ENERGIA Sp. z o.o. employ two persons. Furthermore, ENTUR Sp. z o.o., which delivers services to ENEA Capital Group and other clients employs 5 persons.

Additionally, ELKO Trading Sp. z o.o. is associated with ENEA Capital Group and all its shares are held by Elektrownia "Kozienice" S.A. Moreover, ENEA S.A. holds shares in the following companies: Przedsiębiorstwo Produkcji Strunobetonowych Żerdzi Wirowanych WIRBET S.A. (49% votes), Towarowa Giełda Energii S.A. (1,02% votes), EXATEL S.A. (2,21% votes), Tłocznia Metali Pressta S.A. (2,76% votes), TARPAN Sp. z o.o. (0,76% votes) and Monnari Trade S.A. (0,015% votes) – as at 31.12.2011. Those companies haven't been included in this report.

8.2. Methodology

Corporate Social Responsibility Report of ENEA Capital Group was prepared in accordance with international reporting standards – Global Reporting Initiative (GRI) its latest version G3.1. application level C. On this application level presentation of at least 10 indicators is required in division to: economic, social and environmental indicators. This report presents 18 indicators. Calculation methods specified in the GRI guidelines are applied in this report. An approach was adopted in which data presented in division to individual companies where it was possible, allows its Readers to evaluate the entire impact of ENEA Capital Group and individual key companies. This report is the first CSR report of ENEA Capital Group. Hence the company hasn't yet taken decision on the review policy of this report. For the CSR report, the annual reporting cycle was adopted.

8.3. The process of report preparation

The very process of reporting for 18 different companies involved a number of individuals, not only employees of ENEA Capital Group companies, but also its external stakeholders. In this process, ENEA Capital Group was supported by CSRinfo advisory company.

When defining the contents of the report we were guided by GRI principles, in particular the four principles: materiality, stakeholder inclusiveness, sustainability context, and completeness. Key issues in the report were determined by the approved in 2010, "Strategy of corporate social responsibility of ENEA Capital Group". Subsequently, feedback from internal and external stakeholders, other strategic documents, policy, issues important to the industry and economic environment especially acquired for the purposes of the reporting process. Results of this analysis in the form of a list of issues were organized during workshop meeting which was attended by representatives of the Capital Group companies. As a result of this process a list of key material issues, referred to in the report, was established.

Key issues include:

1. Environment protection, including in particular energy-saving solutions, minimizing of negative impact of coal combustion, CO₂ emissions in the context of generation and distribution, innovation and new investments, including renewable energy sources.
2. Relations and cooperation with local authorities, including relations with municipalities.
3. Services and products offer to customers including energy and service pricing policies, quality of client service, including time of response to failures, communication with the client and research of its satisfaction.
4. Accuracy and fairness of the company.
5. Occupational health and safety.

Feedback

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Joanna Maderska
Manager for Corporate Social Responsibility ENEA

This CSR report is the first in the ENEA Capital Group history and also the first report according to the GRI international standards among companies operating in generation, distribution and sale of electricity in Poland. We realize that we set new standards in the ENEA Capital Group and in the market. As such we value most all comments and opinions from the most important persons – Readers and Users of this report. Please send and call to share with personal reflections and observations on the report. I would like the next reporting materials to even better match Your expectations.

Illustration 7
Prioritization of significant issues in the report

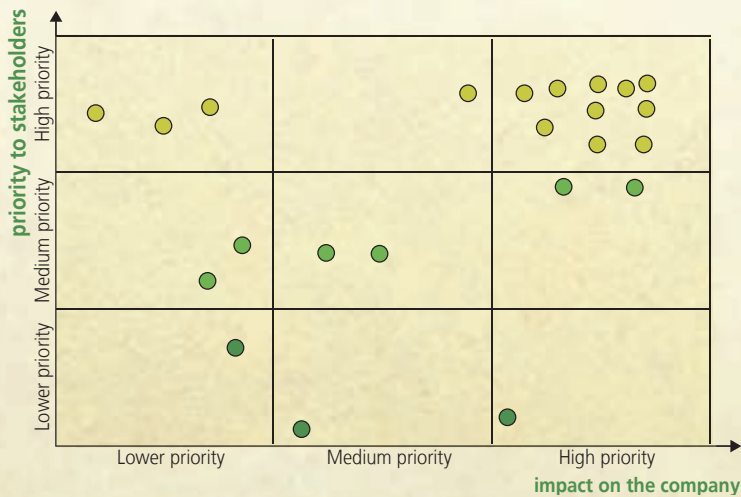


Table Global Reporting Initiative Indicators

Indicator	Guidelines GRI G3.1	Reporting level	Reference in the report
Strategy and analysis			
1.1	Statement from the most senior decision maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	Full	3; 25; 57
Organization profile			
2.1	Name of the organization.	Full	6
2.2	Primary brands, products, and/or services.	Full	6; 24
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Full	6; 7; 8
2.4	Location of organization's headquarters.	Full	7; 10; 88;
2.5	Number of countries where the organization operates.	Full	6; 10
2.6	Nature of ownership and legal form.	Full	6; 7; 8
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Full	10; 24
2.8	Scale of the reporting organization.	Full	6; 10; 11
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Full	8
2.10	Awards received in the reporting period.	Full	12
Report parameters			
3.1	Reporting period.	Full	82
3.2	Date of most recent previous report (if any).	Not applicable	–
3.3	Reporting cycle (annual, biennial, etc.).	Full	82
3.4	Contact person.	Full	83; 88
3.5	Process for defining report content.	Full	82; 83
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	Full	82
3.7	State any specific limitations on the scope or boundary of the report.	Full	82
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Full	7; 8; 82
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).	Not applicable	–
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Not applicable	–
3.12	Table identifying the location of the Standard Disclosures in the report.	Full	84-86

Indicators	Guidelines GRI G3.1	Reporting level	Reference in the report
Supervision, liabilities and commitment			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Full	14; 15
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	Full	14
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Full	15
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Full	15; 20; 41
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	Full	9
4.14	List of stakeholder groups engaged by the organization.	Full	20; 21
4.15	Basis for identification and selection of stakeholders with whom to engage.	Full	20
Economic indicators			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Partially	11; 69
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Partially	3; 57; 58; 59; 63
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind, or pro bono engagement.	Partially	73; 74; 76; 77
Environmental indicators			
EN1	Materials used by weight or volume.	Partially*	54; 55
EN3	Direct energy consumption by primary energy source.	Partially*	54
EN8	Total water withdrawal by source.	Partially (reporting doesn't include division by source)	61
EN16	Total direct and indirect greenhouse gas emissions by weight.	Partially*	58
EN20	NO, SO, and other significant air emissions by type and weight.	Partially*	58
EN22	Total weight of waste by type and disposal method.	Partially*	59; 61; 62
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	Full	53
Social indicators: labour practices and decent work			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Partially (reporting doesn't include division by source)	38; 39
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Partially*	40
LA3	Benefits provided to full-time employees that are not provided to temporary or part time employees, by significant locations of operation.	Partially*	42; 43; 44
LA4	Percentage of employees covered by collective bargaining agreements.	Partially*	40
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	Partially*	47
LA10	Average hours of training per year per employee by gender, and by employee category.	Partially*	48
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Partially*	14; 15; 38
Social indicators: product responsibility			
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Partially*	20; 28; 29; 30; 31; 32

*Reporting level results from the fact that there was no data available for all of companies covered by the reporting process.

Table Global Compact

In 2011, ENEA S.A. joined the UN Global Compact, and thus publicly agreed to respect the following principles and actively implement them in the business operations. The table shows which actions described in the report relate to the Global Compact principles.

Principle	Reference In the report
Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights.	18
Principle 2. Businesses should make sure they are not complicit in human rights abuses.	41
Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	41
Principle 4. Businesses should uphold the elimination of all forms of forced and compulsory labour.	37 (in 2011 there was no initiatives dedicated to this topic)
Principle 5. Businesses should uphold the effective abolition of child labour.	37 (in 2011 there was no initiatives dedicated to this topic)
Principle 6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	76
Principle 7. Businesses should support a precautionary approach to environmental challenges.	54-66
Principle 8. Businesses should undertake initiatives to promote greater environmental responsibility.	71
Principle 9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	52-57; 63-65
Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.	41

Table Corporate Social Responsibility Strategy of ENEA Capital Group

Since 2011 CSR Strategy has been implemented in individual companies of ENEA Capital Group. The CSR Strategy was adopted in 2010. The table below shows results of individual companies in the implementation of three directions of CSR Strategy.

Strategy objective	Reference In the report
1. Ensuring well-balanced human resource management.	41-45; 48; 49
2. Ensuring a dialogue with stakeholders and the local community and taking their voice into account in business operations.	20-22; 68-80
3. Promoting pro-environmental practices and behaviours.	52-66; 71

Acknowledgements

We wish to thank to all persons who contributed to the report. This is the first report of this kind in the Capital Group and we treat it as the opening report and the first experience of this type reporting. It was our aim to present ENEA Capital Group not only on the basis of financial results or press releases, but also in terms of our environmental and social impact.

This report wouldn't have been created if it wasn't for a huge commitment of many persons, both: employees of ENEA Capital Group as well as our social partners and persons whose opinions helped to develop and define the content of the report. We especially thank to those persons who gave interviews to the report.

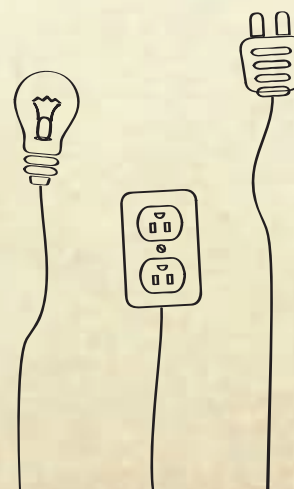
We wish to thank to employees of all companies, who participated in the development of the CSR Strategy. Without it, we wouldn't be the first company in our industry which has published the report in accordance with the international reporting standards – Global Reporting Initiative.

Among the large number of the ENEA Capital Group employees who were involved in drafting of the first CSR report and patiently answered to all necessary questions, we especially thank to the following people:

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We also thank CSRinfo company, which has supported us since the beginning of ENEA Capital Group CSR Strategy setting, for their support in the reporting process.

Thank you,
Reporting team



Contact

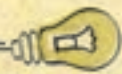
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