



Green Bond Framework

Polenergia S.A.

September 2024



Table of Contents

1	Sustainability in the Polenergia Group	1
1.1	Presentation of the Polenergia Group	1
1.2	Group’s Development Strategy for the years 2020-2024	2
1.3	Polenergia Group’s Sustainable Development Strategy 2023-2030	2
1.3.1	Environmental area	2
1.3.2	Social area	2
1.3.3	Governance area	4
1.4	Reporting on sustainability and EU Taxonomy alignment	6
1.5	UN Global Compact UN Sustainable Development Goals	8
2	Green Bond Framework	9
2.1	Use of proceeds	10
2.2	Process for project evaluation and selection	12
2.3	Management of proceeds	13
2.4	Reporting	14
2.5	External review	15
3	Disclaimer	15

1 Sustainability in the Polenergia Group

The renewable energy sector plays a key role in the global effort to achieve climate neutrality by 2050. International agreements and strategies, such as the Paris Agreement and the European Green Deal, set the path to achieving this goal. In the face of the growing risk of materialization of climate risks, the development and promotion of renewable energy sources is becoming a necessity. Renewable energy sources such as solar, wind, hydro and geothermal energy are alternatives to traditional fossil fuel-based sources that contribute to reducing greenhouse gases emissions. In addition, the development of renewable energy infrastructure fosters the creation of new jobs, supports technological innovation and increases the energy independence of countries. Moving towards climate neutrality requires cooperation and decisive action to make energy systems more sustainable. The development of renewable energy and the abandonment of large combustion units is an opportunity for local communities to increase local revenues, develop municipalities and participate in the energy transition. The production of renewable, sustainable energy cannot be generated in installations that neglect the well-being of the natural environment. A just transition is the basis for the success of the European Green Deal. Such an approach to sustainable development accompanies the Polenergia Group in the development, construction and operation of its own installations, as well as in the green offer addressed to customers.

An integral part of the Polenergia Group's business strategy are environmental, social and corporate governance aspects, which have been detailed through the ESG Strategy for the years 2023-2030 introduced in 2023.

Polenergia undertakes to comply with the Sustainable Development Goals, respect the law and best practices in the field of sustainable development, including counteracting corruption and unethical behaviour. It is also a member of the UN Global Compact. In 2023, the Group updated its approach to the entire ethics and due diligence system by introducing an amended Code of Ethics and Anti-Corruption Policy. The Polenergia Group has defined guidelines on sustainable development for suppliers, subcontractors and other business partners. They are included in the Code of Business Partners in accordance with the Universal Declaration of Human Rights of the United Nations, as well as legal regulations, in particular the Labour Code. These rules also cover the employment of third parties to provide services.

1.1 Presentation of the Polenergia Group

The Polenergia Group is the first private, vertically integrated energy group in Poland with a holding structure. Polenergia plays a dominant role in managing individual special-purpose vehicles and providing them with operational, administrative, legal, personnel, and financial and accounting services.



The Group's mission is to actively support the Polish energy market through the development of a low-carbon economy, clean and renewable energy sources, and to strive for climate neutrality in the European Union by 2050.

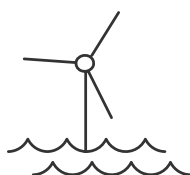
The Polenergia Group operates in the area of development of generation assets, generation of energy from renewable and low-emission gas sources, distribution, trading and sale of electricity and in the area of trading in certificates of origin and emission allowances. It is also developing projects based on green hydrogen, which will support, i.a. energy-intensive industry and transport in the decarbonisation process. Thanks to advanced

solutions in the field of integration of energy sources and balancing, the Polenergia Group can provide access to the market to an increasing number of cooperating producers. The Group is also developing competences in the field of services addressed to prosumers and a wide group of people and entities interested in the development of electromobility. By selling energy generated as part of its own RES installations in the Energy 2051 standard, the Group offers and guarantees the sale of green energy generated with respect for the natural environment and supporting the development of local communities.

The Group's main areas of activity include:

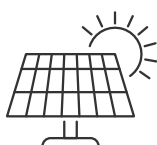
- energy generation by on-shore wind farms and photovoltaic farms;
- development of offshore wind farm projects;
- development of on-shore wind farm and photovoltaic farm projects;
- gas and clean fuels, including hydrogen technologies;
- distribution and electromobility;
- installation of Renewable Energy Sources (RES) installations for individual entities, mainly prosumers;
- trading and sales.

The Group operates throughout Poland, focusing on areas with the greatest potential for renewable energy (i.e. areas with above-average wind or sunlight conditions). An important element from the perspective of operational activity is the identification of areas with relatively low costs of connection to the grid.


3000 MW

 Offshore wind capacity
in development

575 MW

 Capacity of RES projects
in operation

67 MW

 Capacity of RES projects
in development

110 MW

 Capacity of electrolysers
for hydrogen production
in development

Currently, the Group has onshore wind and photovoltaic farm projects with a total capacity of 575 MW in the operation phase, and 2056 MW of new onshore generation capacity in Poland under development. As strategic directions of development in the coming years – in addition to onshore wind farms currently in the development phase, the Group indicates further work on preparation for the construction of offshore wind farms with a total capacity of 3000 MW, as well as the development of hydrogen investments (the planned capacity of electrolysers is 110 MW), energy storage, electromobility, other innovations in the energy sector and potential geographical expansion.

1.2 Group's Development Strategy for the years 2020-2024

The Polenergia Group was the first Polish company in the energy sector to subordinate its vision of development to building a zero-emission economy. By changing the way of thinking about the generation, supply and use of energy, the Group will contribute to the implementation of its vision through the transformation of the domestic energy sector.

The Group presented the direction of changes for the years 2020 – 2024, describing it as New Energy. It has been defined as an ecosystem of innovative solutions based on technologically advanced green energy sources and innovative products created in accordance with the developed, proprietary Energy 2051 standard.

The strategic areas of development that the Group has identified for the years 2020-2024 are:

- building a zero-emission economy;
- development of offshore wind energy;
- development of green assets on land;
- production of green hydrogen;
- innovative products and services in accordance with the Energy 2051 standard.

An assessment of the implementation of the strategy to date and its update for the coming years is planned for 2024.

1.3 Polenergia Group's Sustainable Development Strategy 2023-2030


The Group has developed a strategy in the area of sustainable development for 2023-2030. Its overarching objective is the continuous development of the Group's business activities while exerting a positive impact on the environmental aspects, social aspects and governance aspects (ESG), as well as mitigating and preventing negative impacts.

In its ESG strategy, the Group has identified 12 main objectives and 29 operational objectives that it intends to achieve. They are based on due diligence, and each business decision is preceded by an examination of its potential ESG impact¹.

Polenergia is included in the ESG Risk Sustainalytics rating. Sustainalytics is one of the rating agencies that assesses exposure to investment risk arising from sustainability aspects of companies on the basis of non-financial data, i.e. environmental, social and governance data, published by them. A score scale of 0-10 indicates non-material ESG risk, 10-20 – low ESG risk, 20-30 – medium ESG risk, 30-40 – high ESG risk, and 40+ – serious ESG risk. In 2023, the Group received a rating of 18.6 (low risk), which indicates a low risk of significant financial effects resulting from ESG factors that could affect the value of the company. On 17 May 2024, the results of another survey of the Polenergia Group by Sustainalytics were published, which resulted in an improvement of the Group's rating, which was set at the level of 17.5 (low risk).

1.3.1 Environmental area

In the environmental area, the Group has set 6 main objectives and 11 operational objectives.

 Main goals	Activities and measures
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¹ [Sustainable Development Strategy Polenergia Group](#)

E.1. Decarbonisation of Polenergia Group's own operations	<ul style="list-style-type: none"> ▪ Reduction of the emission intensity factor of the energy produced in the Group from 150 g CO₂e / kWh (average for 2020-2022) -> to 50 g in 2025 -> to 10 g in 2030. ▪ Average annual increase in installed RES capacity for 2023-2030 in line with the Group's Business Development Strategy
E.2. Supporting the green transformation of customers	<p>Aiming between 2023 and 20230 to achieve:</p> <ul style="list-style-type: none"> ▪ an average annual increase in prosumer solar PV capacity of 6%; ▪ an average annual increase of 13% in installed heat pumps; ▪ the continuous development of the car charger segment dynamically
E.3. The Polenergia Group as a leader in innovation - green hydrogen and energy storage	<p>Development of in-house green hydrogen production, storage, and distribution facilities (subject to confirmation of economic viability and funding):</p> <ul style="list-style-type: none"> ▪ 5 MW by 2025; ▪ 105 MW by 2030.
E.4. Implementation of the principles of the circular economy in the activities of the Polenergia Group	<p>Implement off-the-shelf recycling and repowering solutions for own dismantled wind and photovoltaic installations by 2030.</p>
E.5. Development of biodiversity due diligence system	<p>Introduce regular biodiversity monitoring on a full annual cycle by 2030 on the basis of an internally developed system.</p>
E.6. Study on Polenergia Group spatial impacts	<p>Conduct a spatial impact study of the Group by 2024 (e.g. environmental impact assessments; ecosystem restoration; minimising impacts on animal migration routes).</p>

The Group's business model is based on the production and sale of energy from renewable sources, i.e. emission-free. The Group's carbon footprint is affected by the emissions of electricity and heat produced from its own gas-fired CHP plant, the purchase of energy and heat for its own needs, as well as the combustion of fuels in transport. The Group regularly measures Scope 1 (direct emissions) and Scope 2 (indirect emissions) emissions, and the results are published in sustainability reports and on the www.esg.polenergia.pl website. The Group is making a commitment to reduce Scope 2 emissions, e.g. by purchasing renewable energy for its offices and its own facilities (power suppliers to the Group's offices are being successively changed), and there is a procedure in place for purchasing the vehicle fleet on the basis that new vehicles must be hybrid or electric vehicles. Photovoltaic panels have been installed at the Nowa Sarzyna CHP Plant to cover the consumption of electricity for the plant's own needs. The Group is planned to start calculating Scope 3 emissions (other indirect emissions generated throughout the value chain) in 2024.

In March 2024, the Management Board decided to sign a letter of intent and join the SBTi (Science Based Targets Initiative) of the Polenergia Group. It is an initiative in which companies commit to significantly reducing their and their supply chain's emissions based on science. It is a joint initiative of CDP, the United Nations Global Compact, the World Resources Institute and the World Wide Fund for Nature. It is an initiative that brings together the most mature companies that commit themselves in the short term (5-10 years) to a significant

reduction in CO₂ emissions, and in the perspective of 2040 (for the energy sector) and 2050 (for other sectors) to achieve neutrality. The signing of the letter of intent is an important step and an important signal for the market, customers and business partners to make a commitment in the area of emission reduction and transformation of business operations so as to adapt them to the realities of the future low-carbon economy.

In the process of updating the Business Development Strategy and the Sustainable Development Strategy, the RES capacity growth rates will be verified. Once the calculation of scope 3 emissions has been developed, the Group's decarbonisation targets will also be set and the ESG Strategy will be updated in line with the criteria prepared by SBTi, i.e. based on scientific developments .

The Group successfully meets the expectations of its stakeholders, including environmental, health and safety requirements, as well as compliance with financial institution standards such as the **Equator Principles²** or **IFC standards³**. Through careful selection of projects, the company gains the trust of both banks and other financial institutions. The Group consistently complies with local and EU environmental law, carefully analyzes the environmental impact of development, construction and operational activities, maintains stringent emission limits, and conducts reliable reporting. Thanks to this approach, the company builds a positive image as a responsible and sustainable business entity.

When implementing new investments, the Polenergia Group has introduced a good practice of independent environmental supervision, accompanying all construction sites from the moment of its commencement to the commissioning of the facility. The result of this voluntary action is to increase environmental protection awareness among construction workers through training, protection of ephemeral flooding and breeding, proper netting of excavations for foundations, which prevents the breeding of sand martins, proper temporary preparation and supervision of the implementation of decisions on derogations. It is also an opportunity to protect local species, plan activities to increase biodiversity during exploitation and protect local ecosystems (m.in. proper preparation of the area and selection of grass and flower meadow mixtures for photovoltaic farms, hanging boxes for locally occurring valuable bird species). It is also an opportunity for environmental education of local communities, e.g. naturalists organizing lessons on renewable energy sources and local nature. Such activities are carried out in local educational institutions, or during the joint planting of trees and the revitalization of municipal green areas.

In order to formalize the commitment to take action to protect the environment, in 2024 the Polenergia Group adopted the Biodiversity Strategy. The document defines the Group's commitment to biodiversity conservation, and the challenges posed and commitments are consistent with the EU Biodiversity Strategy for 2030, which is the basis for nature conservation in the EU and one of the key elements of the European Green Deal. The activities planned in the strategy are based on the Taskforce for Nature- related Financial Disclosures (TNFD)

² <https://equator-principles.com/about-the-equator-principles/>

³ <https://www.ifc.org/en/insights-reports/2012/ifc-performance-standards>

guidelines⁴ and assume that the projects implemented by the Group will achieve the "Net positive" status by 2040.

In order to meet the expectations in terms of climate change mitigation and achieving climate neutrality by 2050, the Group has decided to introduce its own Energy 2051 certification⁵. It is a registered trademark certifying that the Group's customers receive clean, renewable and zero-emission energy in accordance with the guidelines of the European Green Deal. Energy sold in the Energy 2051 standard comes from renewable sources built and operated by companies from the Polenergia Group. It is not only a guarantee of green energy supplies, but also energy generated with respect for the natural environment and local communities with which the Group has been cooperating since the beginning of the project's development through its construction and operation.

The Group's key policies in the area of the environment and engagement and cooperation with local communities are:

- Environmental and social policy⁶;
- Social Communication Plan⁷;
- Community Involvement Policy⁸;
- Grievance mechanism procedure⁹;

Code of Business Partners governing, in addition to ethical standards, respect for the environment and cooperation for the development of local communities¹⁰.



⁴ [Biodiversity Strategy Polenergia Group](#)

⁵ <https://polenergia-sprzedaz.pl/energia-2051/>

⁶ [Polenergia Group Environmental and Social Policy](#)

⁷ [Polenergia Group Social Communication Plan](#)


⁸ [Polenergia Group Community Involvement Policy](#)

⁹ [Zarządzenie nr 35/02 \(polenergia.pl\)](#)

¹⁰ [Polenergia Code of Business Partners](#)

1.3.2 Social area

In the social area, the Group has set 3 main objectives and 9 operational objectives.

	Main goals	Activities and measures
S.1.	Creating a sustainable and inclusive organisational culture	<ul style="list-style-type: none"> ▪ Calculate an adjusted wage gap between mena and women doing equivalent work by 2024. Close the observed inequality by 2030; ▪ Gender participation in the structures of the Group will be in line with best practices and EU regulations by 2030; ▪ Regular actions to keep the accident rate at 0 level year on year; ▪ Developing a methodology yo survey stress among employees by 2024, in the longer term, communicate stress levels and develop specific solutions to support work-life balance; ▪ Implementing the Diversity Policy from its entry into force in 2024.
S.2.	Welfare and cooperation with relevant stakeholders	<ul style="list-style-type: none"> ▪ Carry out the identification of social exclusions among the local communities affected by the Group by 2024 and apply appropriate corrective actions; ▪ Donating 1% of the consolidated net profit of the entire Group form the previous year to charity (60% of this amount will be donated to local community projects).
S.3.	Responsible value chain management	<ul style="list-style-type: none"> ▪ Mapping by 2024 of the impact of current investments in the Human Rights Impact Assessment study. In subsequent years, mapping at the level of all new investments; ▪ By 202, 100% of key suppliers should be subject to the provisions of the Business Partner Code. By 2030, audit 100% of high-risk suppliers.

Polenergia is involved in activities at the local level, which is aimed at building lasting and long-term relationships with local communities. The approach to these activities is the result of a well-thought-out strategy that was developed on the basis of the Group's many years of experience in this area. The business model of building and operating its own facilities allows the Group companies to learn about the needs of local communities and support them in long-term engagement plans created with the participation and in dialogue with local organizations. Since 2018, the area of social commitment has been one of the most important areas of the Group's social responsibility, and in the Sustainable Development Strategy adopted in 2023 it is one of the main objectives, for the implementation of which the Polenergia Group allocates 1% of its consolidated net profit. Polenergia takes into account the needs of its stakeholders (internal – employees, but also external – m.in. local

communities) and for this reason actively plans and implements activities in cooperation with local communities, taking into account their needs, all the time bearing in mind the natural environment.

In accordance with the assumptions adopted in the "Social Engagement Policy of the Polenergia Group", the activities cover **4 main areas**:



diversity and equal opportunities (support for seniors, children and young people from excluded backgrounds, integration and assistance to families and children with disabilities);



education and culture (climate and environmental education, support for scientific initiatives for the development of science and knowledge transfer, development of culture and teaching equipment for schools);



natural environment (active protection of valuable natural areas located in the vicinity of the Group's investments, greening of areas near educational institutions, competitions on environmental issues);




sport and health (projects for excluded communities, children and youth, the elderly, people with disabilities and children from dysfunctional families). A significant part of the co-financing are retrofitting projects, among others for Volunteer Fire Brigades and public facilities, e.g. retrofitting with first aid kits or defibrillators).

As part of its charitable activities, the Polenergia Group prepares and installs free photovoltaic installations for m.in orphanages, educational centres and animal shelters. Every year, the Group cooperates with local communities, based on the best ethical and transparency practices.

Taking care of reliable reporting and due diligence in the area of support and activities for social involvement and implementation of the Biodiversity Strategy, the Group published a Report which is a summary of initiatives and good practices that have been shaped over many years of business activity. The report summarizes a well-thought-out, responsible strategy of supporting, shaping and building dialogue with local communities, many years of activities activating excluded and activities to educate and build awareness of the surrounding environment¹¹.

¹¹ [Community Engagement and Biodiversity Action Report 2023](#)

1.3.3 Governance area

	Main goals	Activities and measures
S.1.	Corporate governance supporting sustainable development	<ul style="list-style-type: none"> ▪ Implement an evaluation system by the end of 2024 and, from 2025, evaluate all planned investments with ESG criteria; ▪ Implement a Diversity Policy at Group level by 2024.
S.2.	Responsible business conduct	<ul style="list-style-type: none"> ▪ Organisation of anti-corruption training for 100% of new and existing employees from onwards; ▪ From 2024 onwards, all key business partners will be required to comply with the relevant Business Partner Principles or equivalent practices
S.3.	Effective risk management and high standard of internal control	<ul style="list-style-type: none"> ▪ Mapping of ESH risk from 2024 on a semi-annual basis at Group level

Management Structure

At the operational level, the ESG Committee (hereinafter referred to as “The Committee”) deals with sustainability issues. The Committee was appointed by the Resolution of the Management Board of March 1, 2024. It is an advisory body to the Management Board in the field of coordination and further shaping of the Polenergia Group's Sustainable Development Strategy for 2023-2030 and the management of funds obtained through the issue of green bonds and their spending.

The Chairperson of the ESG Committee is a Member of the Management Board supervising the implementation of tasks in this area. The Committee also includes: other Presidents/Vice-Presidents and Members of the Management Board, Director of the Environmental Protection and Sustainable Development Department and directors of individual departments, Director of the Strategy and Development Department, Advisor to the Management Board for Business Process Optimization; Director of Controlling and Investor Relations, Director of the Human Resources Department, Director of the Administration and Organization Department and Director of the Compliance Department.

The Committee's tasks include:

- implementation of the set ESG strategy, reporting and topics related to sustainable financing (including the issuance of green bonds);
- cooperation with persons responsible for the implementation of the Group's business objectives in order to guarantee compliance of strategic activities with the Sustainable Development Strategy;
- supervision of sustainable performance criteria (EU Taxonomy);
- monitoring of research, audits and key ESG rating agencies;
- review and monitoring of the Company's initiatives to manage and mitigate its negative impact on the environment;
- setting up initiatives to support and restore ecosystems and biodiversity;
- activities in the area of circular economy (Circular Economy);
- reviewing and monitoring the Company's human capital initiatives, including inclusion, diversity and employee well-being;
- monitoring activities in the area of social involvement;

- monitoring ESG risk issues in cooperation with the Audit Committee;
- analysis of risks and opportunities related to the Group's ESG activities and shaping the sustainable development of the Group's operations.

The ESG Committee meets at sessions convened by the Chairperson at least once a quarter. The tasks of the Group's Management Board include, among others, involvement in setting strategic ESG goals, their implementation and supervision over the implementation of appropriate solutions. The Management Board appoints Management Board Members to manage the work of the ESG Committee and supervises the implementation of the Sustainable Development Strategy. In addition, the Management Board approves ESG reports for individual years. The Management Board prepares a sustainability report once a year.

The Supervisory Board gives its opinion on the Sustainable Development Strategy and verifies the work of the Management Board in terms of its implementation.

Risk Management Process

The Group has established an internal Risk Management Policy, a risk monitoring system and procedures in this respect.

The risk management process includes the following activities:



In the Polenergia Group, the risk management function is supervised by the President of the Management Board. Tasks in this area are assigned to be performed by a separate organizational unit, i.e. the Internal Control and Risk Management Department. The function is supervised by the Audit Committee, a separate unit within the structure of the Supervisory Board.

A Risk Coordinator has been appointed in each subsidiary, who is responsible for maintaining a risk register and cooperating with the relevant representatives of the Management Board of the subsidiary and Risk Owners. Risks material from the point of view of the Group's impact, not only financial, are reported to the Management Board on an ongoing basis, with corrective actions and possible changes in control mechanisms being introduced.

Risk reporting is carried out on a semi-annual basis, usually in March and August. The periodic risk review report is submitted to and discussed at the Audit Committee meeting.

Sustainability risks are one of the key areas monitored by the Group. In January 2024, an ESG Risk Coordinator was appointed to ensure that risks (and opportunities) in this area are correctly identified, evaluated, monitored and handled. Issues defined in the area of ESG risks include: climate change, pollution, water and marine resources, biodiversity and ecosystems, circular economy, own employees, employees in the value chain, local communities, consumers and end users, business conduct (corporate governance, whistleblower protection, suppliers and supply chain management, corruption and bribery issues).

A detailed description of the procedure is available on the Groups' website ([link](#)).

Ethical standards and anti-corruption

The basic document regulating conduct in the area of ethics is the Polenergia Group's Code of Ethics adopted in 2023 ([link](#)). The structure of the Code reflects the guidelines for business in the area of ethics, including the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The Code sets out 5 key values that guide the Group in the area of ethics.

These include:

- respecting and promoting human rights and labour standards;
- respect and openness;
- environmental protection and dialogue and cooperation with local communities;
- honesty;
- responsibility and commitment.

The person responsible for supervising the area of ethics is the President of Polenergia S.A. Operational activity in this area has been assigned to the Director of the Compliance Department.

The Anti-Corruption Policy developed by the Group is a kind of supplement to the Code of Ethics. Its purpose is primarily to define the principles of corruption prevention and to implement the provisions of the Code of Ethics regarding the rejection of all forms of corruption and bribery. The Group also has a procedure for reporting irregularities.

In 2022, the Group conducted training for key managers on compliance with regulations and anti-corruption activities. In addition, in 2023, the company trained 100% of new and existing employees in this area.

Polenergia also cares about compliance with ethical and employee standards in its supply chain. The Group conducts environmental and health and safety audits in the facilities it manages. In addition, contracts with key subcontractors contain ethical and environmental clauses. In 2023, Polenergia developed the Business Partners Code, which describes the expected approach to suppliers, subcontractors and other business partners to social and environmental issues. The Group obliges its contractors to comply with the law, industry standards and ethical principles. In addition, issues related to labour standards are discussed, in particular regulations on wages, minimum wage and health and safety.

1.4 Reporting on sustainability and EU Taxonomy alignment

As a leading player in the renewable energy sector, Polenergia verifies its investments in terms of aligned with the criteria of the EU Taxonomy as a sustainable activity. In the "Consolidated Sustainability Report for 2023"¹² published on March 26, 2024, the Group refers to all material elements of the business, which were defined in the double materiality analysis carried out in 2022. The report is based on the Reporting Guidelines ESRS¹³ Reporting Guidelines. Polenergia has published information on its sustainable activities, i.e. EU Taxonomy alignment, in its reports for 2022 and 2023. In the report for 2023, it indicates that 93.60% of Polenergia's CAPEX and 83.91% of OPEX in 2023 came from sustainable operations, aligned with EU Taxonomy. Eligible investments include i.a. wind farms, solar power plants and heat pumps, which have contributed to the goal of mitigating climate change. In addition, Polenergia has implemented a number of activities qualified for the objective of adaptation to climate change, such as monitoring climate risks, implementing contingency plans and modernizing infrastructure. The report also presents, among others, the effects of the use of water-saving technologies, minimizing waste generation and emissions, as well as summarizes activities to protect natural habitats and support local communities. In its procurement processes, the Group has introduced and applied environmental and social criteria, which is also a condition for meeting Minimum Safeguards criteria.

Polenergia's alignment with the EU Taxonomy has been verified by an independent auditor who issued a positive attestation opinion as to the reliability of the information disclosed in the ESG report for 2023. Polenergia conducts ongoing monitoring and will report eligibility and alignment with the EU Taxonomy every year.

The Polenergia Group's website dedicated to sustainable development is updated on an ongoing basis with new activities and initiatives addressed to employees and local communities. It also presents the Group's good

¹² [Consolidated Sustainability Report 2023 with a positive assessment of compliance with the ESRS and Taxonomy \(Auditor's report\) - ESG Service \(polenergia.pl\)](#)

¹³ [Commission Delegated Regulation \(EU\) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards \(Dz.U. L 2772 z 22.12.2023, s. 1\)](#)

practices, activities and publications in the area of biodiversity and is a tool for communicating the Sustainable Development Goals implemented by the Group.

Changing the approach to sustainability is a process that requires not only the involvement of many teams, but also building knowledge among employees and associates. Acting to support our customers and business partners, engaging in the life of local communities, and then reliably informing about it in an ESG report is not only an absolute need, but also a great privilege and a sense of agency. Mature reporting and building awareness of the business environment about the sustainable development of the Polenergia Group is an obligation and an opportunity to provide reliable knowledge in a transparent manner.



1.5 UN Global Compact | UN Sustainable Development Goals



United Nations
Global Compact

As a member of the UN Global Compact, the Polenergia Group pays special attention to the implementation of the 10 Principles of the UN Global Compact and to the appropriate level of internal due diligence regulation.



Human rights

Principle 1: Support and respect the protection of internationally proclaimed human rights

Principle 2: Eliminate any instances of being complicit in human rights abuses



Labor standards

Principle 3: Uphold the freedom of association

Principle 4: Eliminate all forms of forced and compulsory labor

Principle 5: Abolish child labor

Principle 6: Effectively prevent discrimination in respect of employment and occupation



Protection of natural environment

Principle 7: Support a precautionary approach to environmental challenges

Principle 8: Undertake initiatives to promote greater environmental responsibility

Principle 9: Encourage the development and diffusion of environmentally friendly technologies



Anti-corruption

Principle 10: Work against corruption in all its forms, including extortion and bribery

The Group actively supports the implementation of the UN Sustainable Development Goals. The Group's core business (i.e. production of energy from RES), adopted standards and policies in the area of employment, as well as activities in the area of social commitment, support the following Objectives:



2 Green Bond Framework

Being one of the leaders of the renewable energy market in Poland, the Polenergia Group plays a significant role in the process of striving to achieve climate neutrality. Taking into account the goals contained in the Paris Agreement, the EU greenhouse gas emission reduction targets and the decarbonization goals internally imposed by the Company, it is necessary to increase financing opportunities for environmentally sustainable investments.

To this end, the Group has created the Green Bond Framework, which aims to define the rules and activities enabling the Company to issue green bonds (the “Green Bonds”) –also including any type of note, commercial paper, structured and promissory notes, and/or any other financial instrument commonly accepted in domestic and/or international markets–, to finance and/or refinance, in whole or in part, eligible assets and expenditures (the “Eligible Green Projects”) that meet the eligibility criteria defined herein (the “Eligibility Criteria”). In this way, the Group intends to obtain funds necessary to achieve the objectives set out in the Group's Development Strategy and the ESG Strategy (see sections 1.2 and 1.3).

The document was prepared based on the International Capital Market Association's principles on the issuance of green bonds (ICMA Green Bond Principles 2021 edition with June 2022 update¹⁴). In addition, the Emissions Framework refers to the EU Taxonomy (a classification system that allows the identification of environmentally sustainable activities) and to the UN Sustainable Development Goals.

The document will be in force until any green bonds issued by the Group remain are outstanding.



¹⁴ [Green Bond Principles » ICMA \(icmagroup.org\)](#)



2.1 Use of proceeds

Polenergia intends to allocate an amount equivalent to the net proceeds of any Green Bond to finance and/or refinance, in whole or in part, Eligible Green Projects as per the following Eligible Categories, which will support specific United Nations Sustainability Development Goals (the “UN SDGs”), as specified in the table below.

Due to the Group’s business profile, the largest portion of net proceeds from Green Bonds are expected to be allocated towards the Renewable Energy category.

The value amount of the Eligible Green Projects will be measured via book value, capital expenditure (“CapEx”) or operating expenditure (“OpEx”), as applicable. A look-back period of up to 24 months prior to the issue date of the relevant Green Bond will apply to Eligible Green Projects in the form of OpEx, whilst this limitation will not apply to those corresponding to CapEx.

ICMA GBP Eligible Category	Eligibility Criteria	EU Environmental Objectives	UN Sustainable Development Goals
Renewable energy	<p>Financing related to:</p> <p>purchase, development, construction, creation, installation and operation of infrastructure for the production of renewable energy. The following renewable energy sources are taken into account:</p> <ul style="list-style-type: none"> ▪ solar energy (photovoltaic); ▪ wind power (<i>onshore</i> and <i>offshore</i>); ▪ hydrogen (the activity complies with the life-cycle GHG emissions savings requirement of 73.4% for hydrogen [resulting in life-cycle GHG emissions lower than 3 t CO₂e/t H₂] and 70% for hydrogen-based synthetic fuels relative to a fossil fuel comparator of 94 g CO₂e/MJ). <p>EU Taxonomy activities:</p> <p>3.1. <i>Manufacture of renewable energy technologies</i></p> <p>3.2. <i>Manufacture of equipment for the production and use of hydrogen</i></p> <p>3.10. <i>Manufacture of hydrogen</i></p> <p>4.1. <i>Electricity generation using solar photovoltaic technology</i></p> <p>4.2. <i>Electricity generation using concentrated solar power (CSP) technology</i></p>	<p>Climate change mitigation</p>	 

	<p>4.3. <i>Electricity generation from wind power</i></p>		
<p>Energy efficiency</p>	<p>Financing related to:</p> <ul style="list-style-type: none"> ▪ storage of electricity (construction and operation of facilities that store electricity and return it at a later time in the form of electricity); ▪ storage of thermal energy (Construction and operation of facilities that store thermal energy and return it at a later time in the form of thermal energy or other energy vectors); ▪ storage of hydrogen (construction and operation of facilities that store hydrogen and return it at a later time, the activity complies with the life-cycle GHG emissions savings requirement of 73.4% for hydrogen [resulting in life-cycle GHG emissions lower than 3 t CO₂e/tH₂] and 70% for hydrogen-based synthetic fuels relative to a fossil fuel comparator of 94 g CO₂e/MJ); ▪ installation and operation of electric heat pumps where refrigerant factor does not exceed 675 GWP (Global Warming Potential); ▪ improving energy efficiency and infrastructure (e.g. LED lighting, thermal insulation of buildings, replacement of heating system components, instruments for measuring and monitoring the energy performance of buildings). <p>EU Taxonomy activities:</p> <p>4.10. <i>Storage of electricity</i></p> <p>4.11. <i>Storage of thermal energy</i></p> <p>4.12. <i>Storage of hydrogen</i></p> <p>4.16. <i>Installation and operation of electric heat pumps</i></p> <p>7.3. <i>Installation, maintenance and repair of energy efficiency equipment</i></p>	<p>Climate change mitigation</p>	 

	<p><i>7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings</i></p> <p><i>7.6. Installation, maintenance and repair of renewable energy technologies</i></p>		
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2.2 Process for project evaluation and selection

Polenergia Group has assigned tasks related to the selection and monitoring of green investments to the ESG Committee. The Sustainable Development Coordinator and the Committee, appointed by the Management Board's resolutions, are responsible for supervising the process of identifying environmental and social risks and mitigating the risk of negative environmental and/or social impact of projects. The Committee reports directly to the Management Board of the Polenergia Group. The Committee meetings are convened by the Chairperson of the ESG Committee as needed, but at least once a quarter. The Committee was appointed by a Resolution of the Management Board on March 1, 2024.

The Committee's main tasks in the area of financing green investments include:

- verification of the portfolio of existing investments and assessment of compliance with the eligibility criteria indicated in the Green Bond Framework;
- verification of new investments and assessment of compliance with the eligibility criteria indicated in the Green Bond Framework;
- identification of environmental and social risks and mitigation of the risk of negative social and/or environmental impacts of projects financed with Green Bond funds;
- replacing investments financed with proceeds from green bond issues that are no longer part of the Polenergia Group's portfolio or no longer meet the eligibility criteria indicated in the Green Bond Framework;
- documenting the process of evaluation and selection of investments financed with proceeds from green bond issues;
- coordinating the reporting process and approving the allocation report and impact report;
- managing the process for potential modifications to the Green Bond Framework.

The process of evaluating and selecting green investments consists of three stages:

1. **Initial investment selection:** business/investment units pre-select investments that potentially meet the eligibility criteria set out in the Green Bond Framework, in the section entitled "Use of funds".
2. **Analysis and confirmation of eligibility:** the selected investments are then presented to the Committee and assessed against the eligibility criteria set out in the Green Bond Framework, in the chapter entitled "Use of Funds".
3. **Investment approval and monitoring:** following a positive review by the Committee (including the Sustainability Coordinator), the project is approved for allocation through the standard investment approval process and is monitored until the green bond is redeemed.

In the process of selecting assets, its compliance with all internal policies and guidelines on sustainable development in force in the Polenergia Group, as well as with local laws and regulations, including relevant environmental and social requirements, is required. The aim of these activities is also to assess the investment in terms of compliance with the EU Taxonomy, which will be one of the indicators reported in the environmental impact reports.

2.3 Management of proceeds

The Polenergia Group will manage the allocation of the amount equivalent to the net proceeds obtained from the issue of green bonds, in accordance with the portfolio approach. Net proceeds will be used for distributions to the green investment portfolio and will be managed by the ESG Committee. The Polenergia Group will strive to achieve allocation to the portfolio of green investments at a level at least equal to the balance of net proceeds from the issued green bonds (or higher) in the period up to 36 months from the date of issue.

If a green investment ceases to be a part of the Polenergia Group's portfolio or ceases to meet the eligibility criteria, the ESG Committee will strive to replace it as soon as possible with another green investment that will meet the eligibility criteria.

The amount equivalent to the net proceeds from the issue of green bonds will be transferred to the bank sub-account of the Polenergia Group, and the Company will monitor the funds from the issue using internal IT systems.

Until the target allocation of net proceeds from the issued green bonds, Polenergia Group will temporarily invest funds in short-term instruments with high liquidity.

2.4 Reporting

The ICMA Green Bond Principles 2021 require issuers to provide information on the allocation of funds raised and also recommend reporting on the expected impact of green investments (impact report). Published reports will be available on the Polenergia Group website at www.polenergia.pl.

Funds allocation reporting

Polenergia Group will prepare annual reports on the allocation of net funds obtained from the issue of green bonds. Reports addressed to investors will be prepared until the funds are fully used, as well as in subsequent years in the event of significant changes.

The report will consist of the following parts:

- net allocated proceeds amount;
- net allocated proceeds by category of green projects;
- share of financing and refinancing;
- the balance of unallocated proceeds at the end of the reporting period (if any);
- a list of eligible projects financed, including the funds awarded and their main environmental impacts;
- participation of eligible projects meeting the EU Taxonomy alignment criteria.

Impact reporting

Where feasible Polenergia Group will prepare annual impact reports presenting the environmental impact of Eligible Green Projects financed from net funds from the issuance of Green Bonds. The Company will prepare annual impact reports until full allocation.

When analysing the possibilities of reporting the impact of green investments on the environment, the Company will use the available guidelines, mainly the handbook published by ICMA (*Handbook: Harmonized Framework for Impact Reporting*).

The impact report may include the following indicative indicators¹⁵:

ICMA GBP category	Example impact indicator
RENEWABLE ENERGY	<ul style="list-style-type: none"> ▪ Greenhouse gases emissions in tonnes of CO2 equivalent that have been reduced or avoided during the year. ▪ Production of energy from renewable sources in MWh during the year. ▪ Additional capacity of built or modernized installations using renewable energy sources in MW.
ENERGY EFFICIENCY	<ul style="list-style-type: none"> ▪ Energy savings in MWh per year. ▪ Greenhouse gases emissions in tonnes of CO2 equivalent that have been reduced or avoided during the year.

On an annual basis, the environmental impact report will report KPIs of progress in the implementation of Taxonomy aligned projects listed in this document in the context of all investments eligible for the EU Taxonomy and covered by Polenergia Group's Green Bonds Framework.

2.5 External review

Second Party Opinion (SPO)

Prior to the issuance of the first green bonds, Polenergia Group requested Sustainalytics to conduct an external review of the Green Bond Framework document and to provide an SPO on the compliance of the Document with the ICMA Principles.

External Verification (Post Issuance)

The company will obtain and publish an external verification related to the relevant annual report from an independent third party that could be an audit firm, ESG agency or an otherwise qualified entity.

Each verification will examine:

- Net allocated and unallocated proceeds;
- the alignment of green investments with the established Eligibility Criteria within the relevant Eligible Category;
- impact report, if possible.

3 Disclaimer

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¹⁵This is an example list of indicators. The actual indicators may be different.

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