



## Biodiversity strategy of Polenergia Group



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# 1. Introduction

Biodiversity is the cornerstone of life. It is essential for people's well-being, and for the protection of the environment and society. Anthropological activities causing pollution and changes in habitats as well as climate change, put pressure on species and ecosystems, threatening their extinction.

Biodiversity has a very large impact on people's lives. Healthy ecosystems are the basis of our well-being, as almost half of the global GDP depends on the natural environment and its resources. Their degradation will mean a deterioration in the quality of life with all the effects and a long-term negative impact on our Planet.

Polenergia is the largest Polish private, vertically integrated energy group, whose mission is to actively support the transformation of the Polish energy market through decarbonisation, the development of a low-emission economy, and clean and renewable energy sources, and to achieve climate neutrality in the European Union by 2050.

However, the production of energy from RES cannot take place without care for the natural environment. Through the implemented investments, including supply chains, the development of renewable energy impacts biodiversity by affecting aquatic and terrestrial ecosystems as well as species and their habitats. That is why, we care for the surroundings at the early stage of planning and implementation of our projects. It is our responsibility not only to minimise the impact of our investment, but also to actively seek solutions to support biodiversity and restoration of local ecosystems.

## 2. Objective of the adopted Strategy:

The document defines a strategy for Polenergia Group's engagement in the protection of biodiversity. The challenges posed and commitments undertaken are consistent with the EU Biodiversity Strategy for 2030, which is the basis for the protection of nature in the EU and one of the key elements of the European Green Deal, as well as the Polenergia Group's Sustainability Strategy.

We are aware that through the implementation of investments in renewable energy sources, such as onshore and offshore wind farms, and photovoltaic farms, as well as the operation of gas-fired heat and power plants, development of electromobility network, development of hydrogen projects, implementation of prosumer systems and the construction of a distribution network, Polenergia Group may have an impact on the natural environment.

The prepared biodiversity strategy for Polenergia Group describes the environmental impact, indicating the objectives and actions taken to minimise them. Polenergia Group's Biodiversity Strategy covers not only our own assets and activities, but also includes an impact assessment of the component supply chains.

The implementation of the Strategy will be a continuation of comprehensive activities in the field of environmental protection carried out by the Polenergia Group for many years. Active actions will continue to be taken to minimise the impact at the early stage of project development, to protect the species and habitats, and to conduct nature monitoring during the construction

process and during operation. The Polenergia Group cooperates with External Partners under the Sustainable Development Goals and with the local communities when creating joint initiatives concerning the protection and strengthening the ecosystems as part of the Polenergia Group's social involvement. We also carry out educational campaigns in the field of climate education.

### **Polenergia Group's commitment to protect biodiversity.**

We are developing various types of energy sources, the impact of which may vary according to scale, technology and location. However, regardless of the scope of actions, the implementation of activities related to the protection of biodiversity will be taken into account throughout the supply chain and the entire lifecycle of the project.

### **Our goal is to:**

- Prioritise the protection of biodiversity at all levels and in all investments of Polenergia Group;
- Commit to the implementation of the Sustainable Development Goals and the Convention on Biodiversity;
- Achieve the net zero impact on biodiversity by 2040 for the Polenergia Group.

### **Our commitment:**

In order to minimise the negative impact of actions carried out by the Polenergia Group on biodiversity, we will implement procedures for managing the impact on biodiversity at all stages of planning, construction and operation by:

- Mapping and reporting potential and direct impact on biodiversity across all Group projects;
- Conducting full environmental monitoring prior to the construction process, during the investment and in the operation phase, in order to minimise the impact and actively seek opportunities for strengthening local ecosystems and biodiversity;
- Implementing the procedure of the mitigation hierarchy, reducing negative direct effects and implementation of corrective actions in the investment area;
- Developing and implementing a package of actions supporting a positive impact on biodiversity of photovoltaic farms;
- From 2024, all Polenergia Group investments carried out in areas covered by spatial forms of nature conservation or with high natural value will require the development of a plan containing additional measures aimed at demonstrating a positive net impact.

### **Implementation of support measures:**

- Active actions will be carried out in the investment to support the protection of biodiversity and its functions for the ecosystem;
- Risk management by giving priority to biodiversity in the decision-making process at all levels;
- Due diligence in the supply chain for suppliers and subcontractors in terms of safe conduct of the investment for biodiversity.

### Execution of the investment:

- Protecting the habitats and sites of protected species by not situating investments where there are valuable ecosystems or protected elements of biodiversity;
- Implementing ongoing monitoring of the implemented investments and environmental supervision during the course of the investment;
- Avoiding deforestation and cutting down and destruction of trees to protect the value of trees for the ecosystem;
- Creating procedures for Polenergia Group in order to identify, monitor and manage the nature based risk;
- Active involvement of stakeholders and natural conservation experts in decisions that may affect biodiversity.

### Strengthening the principles of protecting biodiversity in the supply chain:

- Minimising the impact on biodiversity in the supply chain and monitoring the impact in the supply chain;
- Cooperating with partners to minimise their impact on biodiversity in the supply chain of the Polenergia Group;
- Implementing procedures verifying the impact of manufacturing and supply of materials in the supply chain on biodiversity.

### Supporting innovation and research:

- Supporting scientific research on the impact of materials in the supply chain on biodiversity;
- Strengthening research on the impact of offshore and onshore wind turbines on diversity, and on the methods of minimising negative impacts on the protected species;
- Supporting research on the impact of wind farms on populations of protected species, and on natural habitats;
- Conducting studies on the effects of photovoltaic farms on the populations of protected species, and on the state of biodiversity in the region;
- The results of the works and research carried out in the project areas of the Polenergia Group will be published and publicly available.

### Increasing knowledge and communication on the actions:

- Conducting regular external and internal communication on the impact of Polenergia Group projects on biodiversity;
- Building knowledge and awareness of the employees of the Polenergia Group and employees of subcontractors regarding the need to protect biodiversity and ecosystems through regular training.

### Local support for nature conservation activities:

- Supporting local government in the activities undertaken for the implementation of nature-based solutions and the protection of biodiversity near Polenergia Group projects and investments;
- Supporting local initiatives of residents and non-governmental organisations for the protection of biodiversity in areas where Polenergia Group conducts its projects;
- Proactively setting up initiatives to support the ecosystems in the framework of the Polenergia Group's social engagement policy and ongoing cooperation projects with local communities. Preferred projects supporting education or activities supporting local nature initiatives;
- Further development of the educational project "Graj z nami w zielone!®" [Going Green] in all educational institutions in communes – care for climate and environmental education.

The Polenergia Group identifies the next years as being crucial for reducing biodiversity degradation. The activities planned in the strategy are based on the guidelines of the Taskforce for Nature-related Financial Disclosures (TNFD). In the subsequent steps under the LEAP (Locate/ Evaluate/ Assess/ Prepare) framework, the risks and opportunities will be analysed to reveal a link between the Group's activities and nature will be analysed.

### Locate

The aim of the first phase of the Biodiversity Strategy is to identify the impact on the biodiversity resource in own operations and in the value chain, among the entities cooperating directly with the entities in the Polenergia Group. The planned effects of the works will be:

- Geographic mapping of the impact of own operations and Tier 1 of the value chain
- Preparing the process for further extension of the study to the next stages of the value chain.

### Evaluate

The second stage of the biodiversity strategy is the assessment of Polenergia Group's dependence and impact on nature. The impact on nature is defined as a change in the state of nature that may result in changes in the ability to deliver value to business and society. The impact on nature can be both negative and positive.

The planned effects of the works will be:

- List of the relevant environmental resources and ecosystem services in each location in the Locate stage

### Assess

The third stage of the Biodiversity Strategy is the identification and prioritisation of risks related to nature and opportunities for organisations resulting from the identified relationships and impacts on nature. To achieve this, the existing risk management processes need to be adapted.

The existing processes should include risks for which a priority and materiality assessment system is established. The risk assessment system should allow the organisation to assess financial impact.

The planned effects of the works will be:

- A “long list” of material nature-related risks that can be included in the risk matrix used by the organisation
- A “short list” of material nature-related risks and opportunities, and a list of priority locations
- Preparing the process of adapting the existing risk management processes and related elements to integrate nature-related risks and opportunities

## Prepare

The fourth stage of the Biodiversity Strategy is to carry out discussions with internal stakeholders on how the organisation should respond to identified problems (strategic implications, resource allocation, capital allocation). Response decisions should be embedded in the existing corporate communication processes and take into account short-term, medium-term and long-term considerations. The organisation should plan to keep the stakeholder informed about the due diligence process in the long term.

The planned effects of the works will be:

- Defining nature-related objectives and indicators in the light of the nature-related assessment carried out
- Discussion within the organisation about its management and risk control processes in the context of the nature-related assessment
- Developing and publishing a set of TNFD-compliant disclosures

## Responsibility:

The person responsible for implementing the Strategy and supervising the provisions is:  
Director of Environmental Protection and Sustainable Development, ESG Coordinator.



## Appendix 1: Plan for the development of Biodiversity Development Strategy

### Locate

The aim of the first phase of the Biodiversity Strategy is to identify the impact on the biodiversity resource in own operations and in the value chain, among the entities cooperating directly with the entities in the Polenergia Group. The planned effects of the works will be:

- Geographic mapping of the impact of own operations and Tier 1 of the value chain
- Preparing the process for further extension of the study to the next stages of the value chain.

#### Run-in phase

| Objective   | Description of the task  | Implementation horizon | Responsibility for the implementation of tasks |
|---|--|------------------------|--|
| Geographic mapping of operations being analysed   | Creating a map containing the locations of entities within own operations and Tier 1 operations: vendors and subcontractors  | 2024H1                 |  |
| Resource analysis                                 | Reviewing the available resources to identify and geolocate the impact on biodiversity: ENCORE and IBAT, UNBiodiversity LAB. Identifying sources of information on priority areas for the protection of biodiversity (own standard, law, guidelines) | 2024H1                 |  |
| Developing a catalogue of criteria of materiality | Determining the materiality threshold of impact on biodiversity with high management priority: use of standards and guidelines highlighted during resource analysis phase  | 2024H1                 |  |



*Identifying the impact of projects in operation phase on the biodiversity resource*

| Objective  | Description of the task   | Implementation horizon | Responsibility for the implementation of tasks |
|--|---|------------------------|--|
| Mapping the impact                                       | Developing a geographical matrix of the impact of operation and supply chain on the biodiversity resources            | 2024H2                 |  |
| Analysing the operation map, using materiality criterion | Identifying priority areas for further due diligence stages in the field of biodiversity                              | 2024H2                 |  |
| Analysis of results                                      | Identifying potentially material points of loss of biodiversity value, indicating the priorities for further analysis | 2024H2                 |  |

## Evaluate

The second stage of the biodiversity strategy is the assessment of Polenergia Group's dependence and impact on nature. The impact on nature is defined as a change in the state of nature that may result in changes in the ability to deliver value to business and society. The impact on nature can be both negative and positive.

The planned effects of the works will be:

- List of the relevant environmental resources and ecosystem services in each location in the Locate stage

| Objective  | Description of the task   | Implementation horizon | Responsibility for the implementation of tasks |
|--|---|------------------------|--|
| Identification of key processes in the value chain | Mapping the main processes occurring in the mapped locations in the Locate phase  | 2025H1                 |  |
| Impact and dependence analysis                     | Creating a path of dependency showing how Polenergia Group operations depend on certain features of the natural capital | 2025H1                 |  |

|  |   |  |  |
|--|---|--|--|
| Developing criteria for the assessment of the investment | Analysing the dependencies between the main processes in the Polenergia Group and the identified biodiversity resources |  |  |
|--|---|--|--|

## Assess

The third stage of the biodiversity strategy is the identification and prioritisation of risks related to nature and opportunities for organisations resulting from the identified relationships and impacts on nature. To achieve this, the existing risk management processes need to be adapted. The existing processes should include risks for which a priority and materiality assessment system is established. The risk assessment system should allow the organisation to assess financial impact.

The planned effects of the works will be:

- A “long list” of material nature-related risks that can be included in the risk matrix used by the organisation
- A “short list” of material nature-related risks and opportunities, and a list of priority locations
- Preparing the process of adapting the existing risk management processes and related elements to integrate nature-related risks and opportunities.

| Objective  | Description of the task  | Implementation horizon | Responsibility for the implementation of tasks |
|--|--|------------------------|--|
| Developing a risk and opportunities matrix         | Based on identified factors determining the impact and dependence of biodiversity resources, risk and opportunities assessment   | 2025H2                 |  |
| Identifying the manageable risks and opportunities | Use of the materiality criterion   | 2025H2                 |  |
| Development of the remediation process             | <ul style="list-style-type: none"> <li>▪ In the case of risks identified once: creating a remediation catalogue</li> <li>▪ In the case of recurring types of risks: using the remediation catalogue</li> </ul> | 2025H2                 |  |

## Prepare

The fourth stage of the biodiversity strategy is to carry out discussions with internal stakeholders on how the organisation should respond to identified problems (strategic implications, resource allocation, capital allocation). Response decisions should be embedded in the existing corporate communication processes and take into account short-term, medium-term and long-term considerations. The organisation should plan to keep the stakeholder informed about the due diligence process in the long term.

The planned effects of the works will be:

- Defining nature-related objectives and indicators in the light of the nature-related assessment carried out
- Discussion within the organisation about its management and risk control processes in the context of the nature-related assessment
- Developing and publishing a set of TNFD-compliant disclosures.

| Objective                                       | Description of the task   | Implementation horizon                        | Responsibility for the implementation of tasks |
|---|---|---|--|
| Regular reporting on biodiversity due diligence | Adopting a narrative model in ESRS E4 disclosures   | Acting continuously within the Strategy cycle |  |
| Periodicity                                     | Establishing a path for repeating the biodiversity due diligence process on an annual basis:<br>Establishing a process                    | 2025H2  |  |
| Integration with the organisation               | Integrating with similar processes (in terms of risk assessment) in the organisation, allocating resources and assigning responsibilities | 2025H2  |  |