

Foreword from the President



[GRI 102-14]

[GRI 102-15]

We are strengthening our position on the market and Poland's energy security.

It is with great pleasure that I present the latest Sustainable Development Report of the Enea Group. In it you will find an overview of our goals and activities in 2017. This was a year of record performance and crucial developments for our Group. We took over the Połaniec Power Station and launched a new power block at the Koźienice Power Station. The unit is the most advanced in Poland and one of the largest in Europe. Our financial result exceeded the 2016 figure by 37.2% (net profit), while our investments soared by 53% to reach 4 billion Polish zloty. Thanks to the investments the Group may boast one of the lowest emission rates in the industry and the highest proportion of fossil fuel coming from our own sources. All this time, we continue to improve our offer to exceed our Customers' expectations.

Innovations to protect the environment and ensure energy security

Good innovation management and implementation of new technologies are two important success factors that contribute to sustainable growth along with continued economic and social development, while significantly reducing the environmental footprint of energy production. This is reflected in our strategy. We have set ourselves goals to be achieved by 2030 as well as targets to be reached by 2025, opting for new technologies, the upgrade and development of our distribution infrastructure, and the optimisation of operational costs. We will keep developing our human, organisational, and financial potential to create basis for further innovations that create more value for our shareholders. We want to continue to be the second largest energy producer in Poland, a position we secured after the takeover of Połaniec and strengthened following the launch of the new unit at Koźienice. We are ready to efficiently respond to the growing demand for electrical energy in Poland.

Our primary goal is to achieve continued growth for the Enea Group and to responsibly develop its potential through good investments, while maintaining high ethical standards, following good business practices, employing the most advanced eco-friendly technologies, and supporting innovations. We feel an obligation to follow this course and ensure sustainable energy supply for our present and future Customers. We are equally committed to the climate goals we face. That is why we implement the latest technologies in our power stations. When designing our products we consider our Customers' needs as well as the need to protect the environment, in particular clean air. We continue to increase renewable energy production.

Caring about the environment is an inseparable part of our strategy and an investment in the future of the Enea Group. We are proud of the eco-friendly measures and technologies implemented in the new 1.075 MW power block at Koźlenice. Its launch was not our last step effort to minimise the environmental impact of our energy production. Taking responsibility for our ecological footprint, we are preparing to improve our infrastructure to meet the high standards set in the Best Available Techniques (BAT) conclusions recently adopted at the EU level, paying particular attention to emission reduction. By 2021 we are planning to spend close to half a billion Polish zloty to upgrade and streamline our two power stations.

We also contribute to sustainable development by investing in the development of electromobility. It is both a challenge and a business opportunity for us. As a reliable provider of electrical energy to more than 2.5 million Customers in Poland, we now get ourselves ready to build a network of electric car charging points across the country. We want to be a natural supplier of modern e-mobility solutions. We continue to monitor the actions of local authorities so that we can get involved in their electromobility plans.

Best safety practices and social engagement are crucial for us

We never lose sight of how our actions ultimately impact the safety and wellbeing of people. This applies to our social environment, current and future Customers, as well as our employees – we are, after all, one of the largest employers in Poland. For this reason, when reporting on our sustainable development, which we feel obliged to do, we also had to outline our approach to customer service quality, workplace management, and social engagement.

One of the key aspects of our operations is building trust between the Enea Group and our Stakeholders. We achieve this through dialogue, utmost respect social obligations, and transparency of actions.

In 2017, together with around a million of our Customers and their families, we struggled with a destructive wave of rainstorms and hurricanes. The determination displayed by the Employees of the Enea Group proved how strongly they feel attached to the region and how committed they are to fulfilling our primary task: to ensure safe power supplies. Working practically around the clock, they managed to repair 3 600 damaged power poles and almost 450 kilometres of cut power lines to restore energy supply to impacted households.

At the same time, the Enea Foundation donated almost 1 million Polish zloty to local communities affected by the rainstorms.

We expanded the operations of the Enea Foundation and follow the clearly charted path of its development. We will continue to support young talents and good-quality education through our projects, including scholarship and grant programmes. The knowledge and attitudes of today's children will shape our common future, that is why we are particularly attuned to initiatives that develop their skills and self-confidence.

I am very proud of our Employees' sincere and growing enthusiasm to engage in social action projects, including our workplace volunteering initiatives. Our Employees invest a lot of effort and energy into helping others and sharing their knowledge, for instance by teaching first aid courses. I am very grateful to them for that.

It is my hope that you find this report an engaging and informative read.

Mirosław Kowalik, President of the Management Board, Enea SA