

STRATEGY OF KOGENERACJA S.A

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Early in 2015, the Management Board of KOGENERACJA S.A. started working on the *Strategy of KOGENERACJA S.A. for 2015-2020*. The document was approved by the Management Board on 4 May 2015. On 21 May 2015, the Supervisory Board adopted a resolution accepting the Strategy as proposed by the Management Board.

KOGENERACJA S.A. remains committed to its primary objective of **maintaining high profitability at the level expected by its shareholders**.

In 2016, the Company worked towards the following strategic objectives set out in *its Strategy of KOGENERACJA S.A. 2015-2020*:

- Develop a safety culture
- Secure the long-term future of the Company
- Increase the competitiveness of its assets and limit the impact of its manufacturing process on the environment
- Develop the market and sales, including to end customers
- Ensure profitability as planned
- Become a preferred partner for the city of Wrocław and regional authorities
- Develop the organisation and competencies in keeping with the corporate social responsibility agenda of the EDF Group

Strategic Objectives have been translated into specific operational actions under the umbrella of **the 2015-2018 Operational Plan of KOGENERACJA S.A.**

In keeping with the concept of the Management by Objectives programme continued in the Company, MBO contracts of the President and Members of the Management Board have been cascaded to operational managers.

Progress in meeting strategic objectives is monitored and assessed by the Management Board and the Operational Directors of the Company through regular analysis of the implementation of tasks assigned to the MBO Contract of the Company's President.

MANAGEMENT BY OBJECTIVES - MBO

With the intent of facilitating effective management within the Company, in 2013 we adopted a new approach to the Management by Objectives policy dating back to 2002. A new *Instruction on Management by Objectives* was implemented at KOGENERACJA S.A. to enable the correlation of MBO Contracts to the Company's employee performance appraisal system. The document also specifies the method of assessing the achievement of objectives and of calculating the weights assigned to individual tasks.

Specific MBO Contracts were concluded in early 2016 between the Chief Executive Officer and the individual Operational Directors. Tasks allocated in the MBO Contracts for 2016 resulted directly from the Strategy of KOGENERACJA S.A. Tasks specified in the Contracts of Operational Directors were subsequently cascaded to Department Heads, with whom MBO Contracts were also signed in the manner stipulated in the revised Instruction.

OCCUPATIONAL HEALTH AND SAFETY

The Company pursues a policy of zero accidents. Steps are taken to **continuously improve the safety culture** among the employees of KOGENERACJA S.A. and those of its contractors through, among other initiatives, implementation of the OHS Improvement Plan and the resultant organisational and technical measures.

Initiated in 2015, the Think on the Job (*Pracuj z głową*) campaign forms part of the Partnership for Safety project, the aim of which is to develop a common safety culture which would be equally prominent among staff of the Company and external contractors. *STOP Burns (STOP Poparzeniom)* was another information campaign carried out in 2015. The goal was to remind employees of risks of burns in the workplace.

In 2016, one accident at work was reported among the subcontractors' staff and there were zero accidents among employees (in 2015: two accidents at work among employees and two among subcontractors).

EMPLOYMENT POLICY

The following employment restructuring support schemes were adopted in 2013: Voluntary Severance Scheme (PIO), Leave Until Retirement Scheme (PUE), Early Retirement Scheme (PWE), Employee Transfer Scheme (PTP), Reduction of Working Time Scheme (POC) and Retirement Scheme (POE).

19 persons took advantage of the Support Schemes in 2016 (compared to 12 in 2015), including:

- Voluntary Severance Scheme (PIO) - 18 persons,
- Leave Until Retirement Scheme (PUE) - 1 person.

9 persons were employed in 2016.

EMPLOYEES HEALTH

The Company promotes an active and healthy lifestyle:

- Employees have a choice of organised activities offered by the Sports and Tourism Association in which they can take part.
- KOGENERACJA S.A. cooperates with EMC Instytut Medyczny S.A. in the provision of medical services for the Company's employees and in the field of occupational medicine.
- The Company has signed a contract with PZU that guarantees employees access to medical specialists and other above-standard benefits, depending on the individual insurance plan.
- In 2016, there were refunds available for corrective eyeglasses.
- The Healthy EDF programme of stress prevention, promotion of healthy lifestyles and encouragement of a positive work-life balance was continued in 2016.
- An information campaign was organised under the framework of the Health and Safety Weekly on skeletal-musculoskeletal system within the subject matter: Dynamic, energetic, efficient - your skeletal muscle. The employees also received a mini-book on prevention of the spine and joints.