

Remuneration Policy

for Members of the Management Board and Supervisory Board of PGE Polska Grupa Energetyczna S.A.

Preamble

The Remuneration Policy for Members of the Management Board and Supervisory Board of the Company sets out the principles and framework for determining, calculating, and paying remuneration to Members of the Management Board and Members of the Supervisory Board. The solutions adopted within this Policy are intended to contribute to the implementation of the business strategy, long-term interests, and stability of the Company.

The legal basis for the preparation of this Policy is provided by the provisions set forth in the Act of 29 July 2005 on Public Offering and the Conditions for Introducing Financial Instruments to an Organised Trading System and on Public Companies.

The Policy incorporates the principles governing the determination of remuneration for members of the management and supervisory bodies as stipulated by the Act of 9 June 2016 on the Rules for Determining the Remuneration of Persons Managing Certain Companies.

§ 1

Definitions

For the purposes of this Policy, the terms defined below shall have the following meanings:

1. **"Capital Group"** – the Company and its Subsidiaries;
2. **"CCC"** – the Act of 15 September 2000 – the Commercial Companies Code;
3. **"Policy"** – this document adopted pursuant to Article 90d(1) of the Act on Public Offering and Article 2 of the Remuneration Act;
4. **"Supervisory Board"** – the Supervisory Board of the Company;
5. **"Company"** – PGE Polska Grupa Energetyczna S.A.;
6. **"Subsidiary"** – a company that is a subsidiary of the Company within the meaning of Article 4(15) of the Act on Public Offering;
7. **"Act on Public Offering"** – the Act of 29 July 2005 on Public Offering and the Conditions for Introducing Financial Instruments to an Organised Trading System and on Public Companies;
8. **"Remuneration Act"** – the Act of 9 June 2016 on the Rules for Determining the Remuneration of Persons Managing Certain Companies;
9. **"General Meeting"** – the General Meeting of the Company;
10. **"Management Board"** – the Management Board of the Company.

§ 2

Components of Remuneration for Members of the Management Board

1. The total remuneration of a Member of the Management Board consists of a fixed component, being a basic monthly salary set as a specific amount ("**Fixed Remuneration**"), and a variable component, being supplementary remuneration for the financial year of the Company ("**Variable Remuneration**").
2. The provisions of paragraph 1 above are without prejudice to the possibility of awarding a Member of the Management Board other monetary or non-monetary benefits permitted by the Remuneration Act, including those specified in § 8(1) of the Policy.
3. The only mandatory component of the remuneration payable to Members of the Management Board is the Fixed Remuneration.

§ 3

Fixed Remuneration of Members of the Management Board

The amount of the monthly Fixed Remuneration of a Member of the Management Board of the Company shall be determined in each case by the Supervisory Board, within the range specified in the Remuneration Act, provided that the Fixed Remuneration of a Member of the Management Board shall be set within a range from

7 to 15 times the base amount referred to in Article 4 of the Remuneration Act, taking into account the applicable detailed legal regulations shaping its amount.

§ 4

Variable Remuneration (Variable Components of Remuneration)

1. The Variable Remuneration of a Member of the Management Board is contingent upon the achievement of Management Goals and may not exceed 100% of the Fixed Remuneration received during the Company's financial year for which the Variable Remuneration is to be awarded.
2. The catalogue of general Management Goals includes, in particular:
 - a) Achieving the EBITDA ratio as set out in the approved financial plan;
 - b) Compliance with covenants under credit agreements (net debt / EBITDA ratio);
 - c) Achieving defined operational performance indicators (e.g. generation unit availability);
 - d) Implementation of key investment and development projects;
 - e) Implementation of safety-related activities, including cybersecurity;
 - f) Implementation of human resources management initiatives, including occupational health and safety initiatives;
 - g) Implementation of initiatives supporting the professional development of women.
3. Each financial year, additional Management Goals are set, the fulfilment of which conditions eligibility for Variable Remuneration, in the form of:
 - a) Shaping and applying the principles of remuneration for members of the management and supervisory bodies of subsidiaries in line with the principles defined in the Remuneration Act;
 - b) Discharge of the obligations referred to in Articles 17–20, 22 and 23, taking into account Article 18a and Article 23a of the Act of 16 December 2016 on the Principles of State Property Management.
4. The Supervisory Board is authorised to specify the Management Goals in detail, including the assignment of weights to these objectives and the definition of objective and measurable criteria for their achievement and assessment (KPIs), provided that:
 - a) Variable Remuneration is due to a given Member of the Management Board for a particular financial year after the approval of the Management Board report on the Company's activities and the Company's financial statements for that year, and after the granting of discharge by the General Meeting for the performance of duties in the given financial year;
 - b) The payment of part of the Variable Remuneration may be deferred, for a period not exceeding 36 months, depending on the fulfilment of the conditions within the prescribed time frame in accordance with the designated Management Goals — in which case that part of the Variable Remuneration may be paid in whole or in part at the end of the settlement period;
 - c) Variable Remuneration is calculated on a pro-rata basis. Proportionality depends on the number of days the Management Board Member provided services in the given financial year;
 - d) The fulfilment of the conditions for receiving Variable Remuneration by individual Members of the Management Board, for whom Management Goals were set for the year and who held office during the assessed financial year, is confirmed by the Supervisory Board, which determines the amount due based on the auditor-verified financial statements and other documents depending on the designated Management Goals. Issues relating to the recovery of Variable Remuneration are governed by mandatory provisions of law.
5. The expiration of a mandate of a Member of the Management Board during a financial year subject to assessment of the achievement of Management Goals does not result in loss of entitlement to Variable Remuneration, under the terms set out in paragraphs 1–4 above, provided that the period of office during the assessed financial year exceeded three (3) months.
6. The criteria for awarding Variable Remuneration set out above by way of general Management Goals also apply (at a detailed level determined by the Supervisory Board) to consideration of social interests, the contribution of the Company and the Capital Group to environmental protection, and the undertaking of actions aimed at preventing and eliminating the negative social effects of the activities

of the Company and the Capital Group through their modernisation. The criteria defined in the Management Goals are intended to support the achievement of the objectives specified in Article 90d(2) of the Act on Public Offering by linking remuneration to the execution of management processes encompassing the implementation of the business strategy of the Company and the Capital Group.

§ 5

Mutual Proportions of Remuneration Components

1. Variable Remuneration remains in the proportion to Fixed Remuneration as specified in § 4(1) above.
2. In no event may Variable Remuneration exceed the limits set out in the Remuneration Act.

§ 6

Contracts with Members of the Management Board, Terms of Engagement, and Severance Benefits

1. A management services contract is concluded with a Member of the Management Board for the duration of their office ("Contract"), obliging the Member to perform duties personally. The Contract is entered into as part of the Member's business activity.
2. The terms of the Contract are determined by the Supervisory Board in accordance with the provisions of the Policy and subject to the applicable legal regulations in force on the date of conclusion of the Contract.
3. The Contract shall include the obligation of the Member of the Management Board to notify the intention to serve on the bodies of another commercial company, to acquire shares or interests therein, to obtain the consent of the Supervisory Board for the above, and may provide for a prohibition on holding office in the bodies of any other commercial company or introduce other restrictions relating to additional activities of the Member.
4. A Member of the Management Board may not receive remuneration for serving on the corporate bodies of subsidiaries of the Company within the Capital Group as defined in Article 4(14) of the Act of 16 February 2007 on Competition and Consumer Protection.
5. The Supervisory Board is authorised to specify the prohibitions and restrictions referred to in paragraphs 3 and 4 above, reporting obligations relating to their execution, and sanctions for non-compliance.
6. In the event of expiry of the mandate, in particular due to death, dismissal or resignation, the Contract is terminated as of the last day of office without the need for any further actions.
7. Each Party is entitled to terminate the Contract with immediate effect in the event of a material breach of its provisions by the other Party.
8. Each Party is entitled to terminate the Contract for reasons other than those specified in paragraph 7, subject to a three (3) month notice period; however, if during the notice period an event referred to in paragraph 6 occurs resulting in cessation of office, the Contract is terminated in accordance with paragraph 6.
9. In the event of termination or cancellation of the Contract by the Company for reasons other than those set out in paragraph 7, the Member of the Management Board may be granted a severance payment not exceeding three (3) times the Fixed Remuneration, provided that the Member has served for at least twelve (12) months prior to termination of the Contract.
10. The severance payment referred to in paragraph 9 is not payable to a Member of the Management Board in the event of:
 - a) termination, cancellation, or amendment of the Contract as a result of a change in the function performed by the Member within the Management Board;
 - b) termination, cancellation, or amendment of the Contract as a result of the appointment of the Member for another term of office in the Management Board;
 - c) assumption of the function of a Member of the Management Board in a company within the Capital Group;
 - d) resignation from office.

11. If no Contract is concluded with a Member of the Management Board – then the relationship arising from the act of appointment to the Management Board (corporate relationship) is established for the period of office and terminates in the circumstances referred to in paragraph 6 above and in other cases provided for by law.

§ 7

Non-Competition Agreement and Related Compensation

1. The Supervisory Board may enter into a non-competition agreement with a Member of the Management Board, to be effective after the cessation of office, provided that such agreement may only be concluded if the Member of the Management Board has held office for at least six (6) months, and provided further that the monthly compensation may not exceed 100% of the Fixed Remuneration.
2. It is not permissible to conclude a non-competition agreement after the termination or cancellation of the Contract.
3. The non-competition period may not exceed six (6) months following the cessation of office by the Member of the Management Board.
4. In the event of non-performance or improper performance by the Member of the Management Board of the non-competition agreement, they shall be obliged to pay a contractual penalty to the Company, not less than the total compensation due for the entire non-competition period.
5. The Supervisory Board is required to specify in the non-competition agreement, at a minimum, the activities constituting competition with the Company, the amount of compensation for compliance with the non-competition clause, the payment schedule of such compensation, the information obligations of the Member of the Management Board, and the circumstances under which the non-competition clause shall cease to apply. The agreement may also specify the Company's right to withdraw from the non-competition agreement or the rights of either party to terminate the agreement.

§ 8

Additional Benefits

1. Irrespective of the remuneration referred to in § 3 and § 4, the Supervisory Board may, in justified cases, grant Members of the Management Board the right to additional benefits in the Contract.
2. The Supervisory Board shall specify in the Contract the scope and terms of providing the Member of the Management Board with technical equipment and resources owned by the Company necessary for the performance of their duties, and may also specify limits or the method for determining limits regarding the costs incurred by the Company in connection with the provision and use of such equipment and assets by the Member of the Management Board for business purposes.

§ 9

Remuneration of the Members of the Supervisory Board

1. The remuneration of the Members of the Supervisory Board arises from their appointment.
2. The remuneration structure for individuals serving as Members of the Supervisory Board of the Company consists of fixed remuneration determined in connection with their appointment as Chairperson of the Company's Supervisory Board or as Member of the Supervisory Board.
3. The monthly remuneration of Supervisory Board members shall be calculated as the product of the reference base referred to in Article 1(3)(11) of the Remuneration Act and the following multipliers:
 - a) for the Chairperson of the Supervisory Board – 3.02;
 - b) for other Members of the Supervisory Board — 2.75.
4. Members of the Supervisory Board are entitled to the above-mentioned remuneration regardless of the number of meetings convened.
5. No remuneration shall be payable for any month in which a Member of the Supervisory Board was not present at any duly convened meeting, unless such absence was excused. The decision as to whether an absence is excused or not shall be made by the Supervisory Board by way of a resolution.

§ 10

Consideration of the Company's Employees' Working and Pay Conditions in Determining Remuneration for Members of the Management Board and Supervisory Board

When determining the rules and amount of remuneration for Members of the Management Board and Supervisory Board, the remuneration rules applicable to all Company employees, including benefits granted by the Company to its employees and the current situation on the labour market at the Company's place of business, are taken into account. In particular, when setting the remuneration for a Member of the Management Board, the Supervisory Board takes into account the current remuneration levels of employees holding managerial and independent positions within the Company.

§ 11

Establishment, Implementation and Review of the Policy

1. The Policy is prepared each time by the Management Board, which is responsible for the information contained therein. The Management Board implements the Policy and prepares its updates.
2. The Supervisory Board issues an opinion on the Policy and supervises its implementation.
3. The final version of the Policy is adopted by a resolution of the General Meeting, which may introduce changes to the draft Policy received.
4. A resolution on the Policy is adopted not less frequently than once every four (4) years. Should a need for material amendments to the Policy be identified within a period shorter than four (4) years from the adoption of the last amendment, the Supervisory Board or the Management Board (after obtaining the opinion of the Supervisory Board) shall submit an appropriate motion to the General Meeting. The Supervisory Board may submit a motion to amend the Policy to the General Meeting on its own initiative or at the request of the Management Board.
5. The Supervisory Board annually reviews the application of the Policy and prepares a remuneration report in accordance with the Act on Public Offering.

§ 12

Management of Conflicts of Interest Related to the Policy

1. The allocation of competences in determining the amount of remuneration provided for in Articles 378 and 392 of the CCC serves to prevent conflicts of interest in matters governed by the Policy.
2. Should any Member of the Management Board or Supervisory Board identify a probable conflict of interest concerning matters regulated by the Policy, they shall notify the Chairperson of the Supervisory Board (in the case of Members of the Management Board) or the President of the Management Board (in the case of Members of the Supervisory Board).
3. Upon receipt of a notification referred to in paragraph 2 above, the Supervisory Board shall initiate a procedure to update the Policy, in accordance with its provisions, in order to eliminate or prevent the identified conflict of interest.

§ 13

Implementation of the Objectives Referred to in Article 90d(2) of the Act on Public Offering by the Policy

The Policy contributes to the achievement of the objectives indicated in Article 90d(2) of the Act on Public Offering by determining the remuneration of Members of the Management Board in connection with:

1. the managerial qualifications of Members of the Management Board,
2. the length of service in the Company,
3. the achievement of Management Goals, including strategic objectives,
4. the award of variable remuneration components after the approval of audited reports and the granting of a discharge, and
5. the possibility of deferring payment of the variable component of remuneration.

§ 14

Remuneration in the Form of Financial Instruments, Pension and Early Retirement Schemes

1. The Company does not award remuneration to Members of the Management Board or Members of the Supervisory Board in the form of financial instruments.
2. The Company does not operate pension or early retirement schemes for Members of the Management Board or Members of the Supervisory Board.

§ 15

Description of Amendments Introduced in Relation to the Previously Applicable Remuneration Policy

1. The current Policy amends § 7(1) of the previously applicable Policy adopted by Resolution No. 9 of the General Meeting dated 26 June 2020 by changing the amount of compensation due under the non-competition clause after the cessation of office of a Member of the Management Board from the previous 50% of Fixed Remuneration to 100% of Fixed Remuneration. This amendment arises from the adoption by the General Meeting, by Resolution No. 5 of 7 March 2022, of new rules for determining the remuneration, the adoption of which is mandated by the provisions of the Remuneration Act.
2. By Resolution No. 7 of 29 June 2021, the General Meeting issued a positive opinion on the first remuneration report for Members of the Company's Management Board and Supervisory Board for the years 2019–2020, prepared by the Supervisory Board in accordance with the requirements of the Act on Public Offering. Accordingly, no other material amendments were introduced apart from the change described in paragraph 1 of this section.

§ 16

Specification of Policy Elements

1. The General Meeting authorises the Supervisory Board to specify the elements of the Policy set out in § 2 to § 8 above, in particular with respect to determining the variable component of cash remuneration, subject to any changes in the amount of such remuneration adequate to the financial results of the Company, the achievement of Management Goals, and the occurrence of circumstances provided for in the Remuneration Act.
2. On the basis of this authorisation, the Supervisory Board may also resolve to specify the Policy in more detail by adopting the Management Board Remuneration Regulations.

§ 17

Temporary Departure from the Application of the Policy

Subject to the limitations set out in the Remuneration Act, if necessary for the achievement of the Company's long-term interests and financial stability or to ensure its profitability, the Supervisory Board may decide to temporarily depart from the application of the Policy. The grounds for such departure shall be the occurrence of a threat to the Company's financial stability and the inability to ensure its profitability due to a material shortfall in the achievement of budgetary assumptions. Such a departure shall be effected by way of a resolution of the Supervisory Board, which may provide for a period of departure of no more than twelve (12) months. The departure may concern the Fixed Remuneration and the Variable Remuneration.

§ 18

Publication of the Policy

The Company shall promptly publish the Policy and the resolution on the Policy, together with the date of adoption and the voting results, on its website. These documents shall remain available for at least as long as they are applicable.

§ 19

Final Provisions

1. The Policy enters into force on the date of adoption of the resolution of the Company's General Meeting regarding its approval.
2. Provisions previously in force shall apply to entitlements and benefits acquired before the effective date of the Policy.