

MINISTER OF ENERGY

Warsaw, 25.05.2017

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IK: 99026

Mr Henryk Baranowski
President of the Management Board
PGE Polska Grupa Energetyczna S.A.

Dear Mr Baranowski,

Acting on behalf of the State Treasury as a shareholder in PGE Polska Grupa Energetyczna S.A. and in the capacity of a person authorized under Article 401 § 1 of the *Commercial Companies Code*, I request that the agenda of the nearest Ordinary General Meeting of PGE Polska Grupa Energetyczna S.A., which, pursuant to Article 395 § 1 of the *Commercial Companies Code*, should be held within six months from the end of the financial year, include the following items:

- 1) The adoption of a resolution on amendments to resolution no. 4 adopted by the Extraordinary General Meeting on 14 December 2016 concerning the principles of determining the amount of remuneration for members of the Management Board.
- 2) The adoption of a resolution on amendments to “The Statutes of PGE Polska Grupa Energetyczna Spółka Akcyjna”.
- 3) The adoption of resolutions concerning the following matters:
 - a) the disposal of the components of non-current assets,
 - b) the principles of entering into agreements for the provision of legal services, marketing services, public relations services, social communication services and management consultancy services as well as introducing amendments into such agreements,
 - c) the principles of the Company's entering into donation agreements, debt release agreements or other agreements with similar consequences,
 - d) the principles and procedures of the disposal of non-current assets,
 - e) an obligation to submit reports on representation expenditures as well as expenditures for the provision of legal services, marketing services, public relations services, social communication services and management consultancy services,
 - f) the determination of requirements for candidates for a member of the Management Board,

- g) the appointment of a member of the Management Board and the recruitment procedure for the position of member of the Management Board,
 - h) the fulfilment of the obligations resulting from Article 17 clause 7, Article 18 clause 2, Article 20 and Article 23 of the Act on the Management of State-owned Property.
- 4) The adoption of a resolution concerning changes in the composition of the Supervisory Board of PGE Polska Grupa Energetyczna S.A.

Re: 1

Passed on 16 December 2016, *the Act on the Management of State-owned Property* (Journal of Laws of 2016, item 2259), which, among other things, specified the requirements for candidates for members of a supervisory body appointed by an authorized body to exercise rights related to shares held by the State Treasury or a state-owned legal entity, came into force on 1 January 2017. One of the requirements is the passing of an examination by candidates for members of supervisory bodies before an examination board appointed by the Prime Minister.

Furthermore, pursuant to the Act on the *Regulations Implementing the Act on the Management of State-owned Property* (Journal of Laws of 2016, item 2260), the Ministry of the State Treasury, which had been responsible for the organization of examinations for candidates for members of supervisory bodies, was dissolved. In connection with the aforementioned changes, there occurred a temporary break in the process of organizing examinations for candidates for members of supervisory bodies.

Taking into consideration the content of resolution no. 5 adopted by the Extraordinary General Meeting on 15 December 2016 and concerning the determination of the amount of remuneration for members of management boards, which specifies the following additional managerial objective to be achieved by 30 June 2017: the compositions of the supervisory boards in the companies belonging to the capital group should be such that their members hold qualifications to sit on supervisory boards confirmed by the passing of an examination for members of supervisory bodies or hold qualifications statutorily exempting them from the obligation to pass such an examination, it becomes necessary to take measures with a view to extending the aforementioned deadline by 31 December 2017 by way of amending the aforementioned resolution.

Furthermore, pursuant to the *Act on the Regulations Implementing the Act on the Management of State-owned Property* of 16 December 2016, amendments were made to the *Act on the Management of State-owned Property* of 16 December 2016. One of the amendments changed the wording of Article 4 clause 7 of the Act. According to the amended wording, the fulfilment of the obligations referred to in Articles 17-20, Article 22 and Article 23 of the *Act on the Management of State-owned Property* of 16 December 2016 is identified additionally as a separate objective determining the possibility of receiving a variable part of remuneration for members of company governing bodies for a given financial year.

Re: 2 and 3

The Act on the Management of State-owned Property obliges entities authorized to exercise rights related to shares owned by the State Treasury to take measures with a view to determining, by way of a resolution of a general meeting or a provision of company statutes, matters which should require particular supervision with respect to the disposal of a company's assets. The Act also determines requirements to be met by candidates for members of supervisory and management bodies. It provides an additional obligation to implement a selection procedure for members of a management board after a recruitment procedure to be conducted by a supervisory body in order to check and assess candidates' qualifications.

In view of their character and significance, the proposed changes need to be reflected in the provisions of company statutes. As an internal document regulating the functioning of a company, statutes should be characterized by a clear division of competences among corporate governing bodies, should contain transparent regulations concerning asset management, investment decision making, the appointment of members of supervisory and management bodies, the determination of their remuneration as well as standards applicable to actions taken by company management boards in such areas as, for example, consultancy, marketing, sponsoring or entertainment expenses. Pursuant to the *Act on the Management of State-Owned Property* of 16 December 2016, these areas need to be standardized uniformly in companies in which the State Treasury holds shares. Therefore, it is reasonable to implement the provisions of the Act directly into the Company Statutes, and not through resolutions to be adopted by the General Meeting. In the event of the General Meeting's adopting a resolution on amending the Statutes in the said scope, the processing of the draft resolutions referred to in item 3 will not be necessary.

Irrespective of the above, it should be emphasized that the proposed amendments do not jeopardize the interests of minority shareholders. Moreover, they will provide minority

shareholders with better access to information on the Company and greater impact on the decision making process.

Re: 4

Requesting that the agenda of the General Meeting include an item concerning changes in the composition of the Supervisory Board, the State Treasury exercises its rights to which it is entitled as a shareholder under the Company Statutes and the Commercial Companies Code.

Pursuant to the provisions of Article 402 § 2 of the Commercial Companies Code, I enclose, among other things, draft resolutions concerning the matters covered by the aforementioned request.

With kind regards,
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Krzysztof Tchórzewski