

The report on the activities of the Supervisory Board of the company PGE Polska Grupa Energetyczna S.A. in 2021

PGE Polska Grupa Energetyczna S.A. in the year 2021



Prowadzimy w zielonej zmianie

Table of contents:

Table of contents:	2
1. Information on the Supervisory Board's term of office and activities undertaken in the previous year of the term.	3
2. The composition of the Supervisory Board, duties fulfilled by the particular members, changes in the composition of the Supervisory Board during the course of the financial year.	3
3. Information on the number of meetings held and resolutions adopted by the Supervisory Board.	4
4. Information on the Supervisory Board members' attendance at meetings and adopted resolutions concerning excused or unexcused absences.	4
5. Important issues dealt with by the Supervisory Board; conducted reviews and clarifying investigations.	5
6. Information on the implementation of resolutions of the General Meeting related to the activities of the Supervisory Board – if applicable.	7
7. Information on the execution of a strategic or corrective programme.	7
8. Information on the Supervisory Board's suspension of members of the Management Board in their duties or delegation of members of the Supervisory Board to perform the duties of members of the Management Board.	7
9. Information on the Supervisory Board's decisions concerning the selection of a certified auditor and commissioned expert opinions.	7
10. An analysis and evaluation of the functioning of the entities belonging to the capital group in relation to an evaluation of the consolidated financial statements of the PGE capital group.	7
11. An evaluation of the utilisation of the company's fixed assets, with particular consideration given to real property.	7
12. An evaluation of the fulfilment of the independence criteria by the Members of the Supervisory Board	8
13. Committees operating within the Supervisory Board.....	8
14. A self-evaluation of the Supervisory Board's work.	12

1. Information on the Supervisory Board's term of office and activities undertaken in the previous year of the term.

The Supervisory Board of PGE Polska Grupa Energetyczna S.A. (hereinafter also "Board" or "Supervisory Board") commenced its 11th term of office on 20 July 2018 to last for three years.

2. The composition of the Supervisory Board, duties fulfilled by the particular members, changes in the composition of the Supervisory Board during the course of the financial year.

From 1 January 2021 to 14 January 2021 the Supervisory Board functioned in the following composition:

Name and surname	Fulfilled duties
Anna Kowalik	Chairperson of the Supervisory Board
Artur Składanek	Vice Chairperson of the Supervisory Board – independent member
Grzegorz Kuczyński	Secretary of the Supervisory Board – independent member
Janina Goss	Member of the Supervisory Board – independent member
Tomasz Hapunowicz	Member of the Supervisory Board – independent member
Mieczysław Sawaryn	Member of the Supervisory Board – independent member
Jerzy Sawicki	Member of the Supervisory Board – independent member
Radosław Winiarski	Member of the Supervisory Board

On 14 January 2021, the Company received a written statement from the Minister of State Assets (representing the State Treasury) on the appointment of Mr Marcin Kowalczyk to the Supervisory Board as of 14 January 2021.

From 14 January 2021 to 15 November 2021 the Supervisory Board functioned in the following composition:

Name and surname	Fulfilled duties
Anna Kowalik	Chairperson of the Supervisory Board
Artur Składanek	Vice Chairperson of the Supervisory Board – independent member
Grzegorz Kuczyński	Secretary of the Supervisory Board – independent member
Janina Goss	Member of the Supervisory Board – independent member
Tomasz Hapunowicz	Member of the Supervisory Board – independent member
Marcin Kowalczyk	Member of the Supervisory Board
Mieczysław Sawaryn	Member of the Supervisory Board – independent member
Jerzy Sawicki	Member of the Supervisory Board – independent member
Radosław Winiarski	Member of the Supervisory Board

On 15 November 2021, the Extraordinary General Meeting of the Company, by resolution no. 4 on changes to the composition of the Supervisory Board, dismissed Mr Jerzy Sawicki from the Supervisory Board and, subsequently, by resolution no. 5 on changes to the composition of the Supervisory Board, appointed Mr Zbigniew Gryglas to the Supervisory Board.

From 15 November 2021 the Supervisory Board functioned in the following composition:

Name and surname	Fulfilled duties
Anna Kowalik	Chairperson of the Supervisory Board
Artur Składanek	Vice Chairperson of the Supervisory Board – independent member
Grzegorz Kuczyński	Secretary of the Supervisory Board – independent member
Janina Goss	Member of the Supervisory Board – independent member

Zbigniew Gryglas	Member of the Supervisory Board
Tomasz Hapunowicz	Member of the Supervisory Board – independent member
Marcin Kowalczyk	Member of the Supervisory Board
Mieczysław Sawaryn	Member of the Supervisory Board – independent member
Radosław Winiarski	Member of the Supervisory Board

As at the date of the acceptance of this report, the Supervisory Board functioned in the following composition:

Name and surname	Fulfilled duties
Anna Kowalik	Chairperson of the Supervisory Board
Artur Składanek	Vice Chairperson of the Supervisory Board – independent member
Grzegorz Kuczyński	Secretary of the Supervisory Board – independent member
Janina Goss	Member of the Supervisory Board – independent member
Zbigniew Gryglas	Member of the Supervisory Board – independent member
Tomasz Hapunowicz	Member of the Supervisory Board – independent member
Marcin Kowalczyk	Member of the Supervisory Board
Mieczysław Sawaryn	Member of the Supervisory Board – independent member
Radosław Winiarski	Member of the Supervisory Board

3. Information on the number of meetings held and resolutions adopted by the Supervisory Board.

In 2021 the Supervisory Board held 13 meetings and adopted 144 resolutions.

4. Information on the Supervisory Board members' attendance at meetings and adopted resolutions concerning excused or unexcused absences.

#	Date of meeting	Number of Board Members present	Number of Board Members absent	Resolutions on excusal of absence
1.	19 January 2021	9	0	-
2.	09 February 2021	9	0	-
3.	16 February 2021	9	0	-
4.	09 March 2021	9	0	-
5.	23 March 2021	9	0	-
6.	20 April 2021	8	1	Resolution no. 354/XI/2021
7.	25 May 2021	9	0	-
8.	07 June 2021	7	2	Resolution no. 392/XI/2021 Resolution no. 391/XI/2021

	continued 08 June 2021	9	0	-
9.	27 July 2021	9	0	-
10.	15 September 2021	9	0	-
11.	26 October 2021	9	0	-
12.	30 November 2021	9	0	-
13.	14 December 2021	9	0	-

5. Important issues dealt with by the Supervisory Board; conducted reviews and clarifying investigations.

During its meetings held in 2021, the Supervisory Board dealt, among others, with the following issues:

within the scope of the Supervisory Board's activities as provided for by the Company Statutes:

- conducted an evaluation of the following:
 - "The standalone financial statements of PGE Polska Grupa Energetyczna S.A. for the year 2020 ended 31 December 2020";
 - "The consolidated financial statements of the Capital Group of PGE Polska Grupa Energetyczna S.A. for the year 2020 ended 31 December 2020";
 - "The Management Board's report on the activities of the company PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group for the year 2020 ended 31 December 2020";
 - "The non-financial information statement of the company PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group for the year 2020";
 - "The report on expenses relating to representation, legal services, marketing services, public relations and social communication services as well as advisory services connected with the management of the company PGE Polska Grupa Energetyczna S.A. for 2020";
- conducted an evaluation of the Management Board's motion to be submitted to the General Meeting and relating to the allocation of net profit for the financial year 2020;
- accepted the document entitled "The Supervisory Board's evaluation of the financial statements as well as the report on the activities of the company PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group for the year 2020";
- accepted the reports of the Supervisory Board of the company PGE Polska Grupa Energetyczna S.A. on the results of the evaluation of the following: "The standalone financial statements of the company PGE Polska Grupa Energetyczna S.A. for the year 2020 ended 31 December 2020", "The consolidated financial statements of the Capital Group of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2020", "The Management Board's report on the activities of the company PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group for the year ended 31 December 2020", "The non-financial information statement of the company PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group for the year 2020";
- gave its opinion on the revised content of The General Procedure – The principles of conducting sponsoring activities in the company PGE Polska Grupa Energetyczna S.A. and the other companies of the PGE Capital Group;
- approved the annual sponsoring plan of the company PGE Polska Grupa Energetyczna S.A. for 2021;
- gave its consent to the Company's entering into a donation agreement with the PGE Foundation;
- gave its consent to the Company's entering into a targeted donation agreement with the PGE Foundation; the said donation aimed at supporting entities involved in preventing, counteracting and combating the COVID-19;
- determined the consolidated text of the Company Statutes.

within the scope of the activities of the Management Board of PGE Polska Grupa Energetyczna S.A.:

- recommended that the General Meeting grant discharge to the Members of the Management Board for the performance of their duties in 2020;
- gave the Members of the Management Board consent to hold positions in other companies' governing bodies and to hold membership in industrial associations;
- carried out one recruitment procedure for the position of Vice President for Financial Affairs in the Management Board of PGE Polska Grupa Energetyczna S.A.

In May 2021 the Supervisory Board initiated a recruitment procedure for the position of Vice President of the Management Board for Financial Affairs. As a result of the aforementioned recruitment procedure, as of 9 June 2021 the Supervisory Board appointed:

- Mr Lechosław Rojewski to the position of Vice President of the Management Board for Financial Affairs.

within the scope of the application of corporate governance:

- accepted "The report on the activities of the Supervisory Board of the company PGE Polska Grupa Energetyczna S.A. in 2020";
- accepted "The report of the Supervisory Board of the company PGE Polska Grupa Energetyczna S.A. on the evaluation of the Company's position in 2020, including an evaluation of the internal risk management control system, the compliance system, and the internal audit function".

within the scope of the activities of PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group (hereinafter also "PGE CG"):

- became acquainted with the information of the Management Board on the position of PGE Polska Grupa Energetyczna S.A. (hereinafter also "PGE", "PGE S.A." or "Company") in the capital market;
- became acquainted, on a regular basis, with resolutions adopted by the Management Board;
- became acquainted with the Management Board's information on current and planned capital expenditure projects;
- became acquainted with the Management Board's information on the structure of employment in the company PGE Polska Grupa Energetyczna S.A.;
- became acquainted with the report on the implementation of the trading strategy;
- became acquainted with the Management Board's information on court disputes having material impact on the functioning of the PGE Capital Group;
- became acquainted, on a regular basis, with the Management Board's information concerning the social dialogue within the PGE Capital Group;
- became acquainted with the report on the status of the distribution system for the year 2020;
- became acquainted with the report on the effectiveness of the sponsoring activities of PGE S.A. and the companies belonging to the PGE Capital Group in 2020;
- became acquainted with the Management Board's information on the activities of the PGE Foundation;
- became acquainted with the Management Board's information on the dates of the publication of periodic reports in 2021 and the restricted periods.

within the scope of the financial activities of the Company and the PGE Capital Group:

- approved the financial plan of the company PGE Polska Grupa Energetyczna S.A. for the year 2021, including the capital expenditures plan of the company PGE Polska Grupa Energetyczna S.A.;
- became acquainted with the Management Board's information on the financial plan of the PGE Capital Group for the year 2021, including the capital expenditures plan of the PGE Capital Group;
- became acquainted, on a regular basis, with the Management Board's information on the economic and financial position of the Company and the PGE Capital Group;
- became acquainted, on a regular basis, with reports concerning the costs of external consulting services in the Company and the PGE Capital Group.

within the scope of the investing activities of the Company and the PGE Capital Group:

- became acquainted with the Management Board's information on the status of the power generation assets for the individual quarters of the year 2021;
- became acquainted with the report on the condition of the power grid of the company PGE Dystrybucja S.A. for the year 2020;
- became acquainted with quarterly reports on the implementation of "The Cabling Programme" of the company PGE Dystrybucja S.A.;
- became acquainted with quarterly information on the preparations of the Offshore Wind Farms capital investment project;
- became acquainted with information on the execution of The Programme of the Comprehensive Modernisation of the Porąbka-Żar Pumped Storage Power Plant and concerning the individual quarters of 2021;
- became acquainted with quarterly reports on the preparation of a new low-carbon source in the Rybnik Power Plant;
- became acquainted with quarterly reports on the preparation for the construction of the hybrid electricity storage facility at the Żarnowiec Pumped Storage Hydro Power Plant;
- became acquainted with quarterly reports on the construction of units 9 and 10 in the Dolna Odra Power Plant;
- became acquainted with quarterly information on the execution of the PV programme in the PGE Capital Group;
- became acquainted with quarterly reports on the execution of the programme for increasing the share of cable lines to 30% in the MV network of the company PGE Dystrybucja S.A.;
- became acquainted with information on the execution of works related to the programme of construction of Poland's first nuclear power plant and monitored the process of disposal of shares in the company PGE EJ 1 Sp. z o.o.;
- became acquainted with a report on the implementation of capital expenditure plans in the companies belonging to the PGE Capital Group in the year 2020 and became acquainted, on a regular basis, with reports on the performance of capital expenditure plans in the companies belonging to the PGE Capital Group in the individual quarters of the year 2021;
- became acquainted with a report on the implementation of strategic investments and Mega Projects in the PGE Capital Group;
- became acquainted with information on projects and activities undertaken in the area of research, development and innovation.

within the scope of the conducted reviews and clarifying investigations:

In the year 2021 the Supervisory Board did not adopt any resolutions concerning reviews or clarifying investigations.

6. Information on the implementation of resolutions of the General Meeting related to the activities of the Supervisory Board – if applicable.

In the year 2021 the Supervisory Board did not adopt any resolutions on the implementation of resolutions adopted by the General Meeting.

7. Information on the execution of a strategic or corrective programme.

In 2021 the Company continued activities related to the revision and updating of the Strategy of the PGE Capital Group, adopted by resolution no. 291/XI/2020 of 19 October 2020.

Furthermore, in 2021 the Company continued activities related to the implementation of the heat generation strategy of the PGE Capital Group for the years 2018-2023 with an outlook to the year 2030, which had been accepted by the Management Board on 13 December 2017 in its resolution no. 556/92/2017 concerning the approval of the heat generation strategy of the PGE Capital Group for the years 2018-2023 with an outlook to the year 2030.

8. Information on the Supervisory Board's suspension of members of the Management Board in their duties or delegation of members of the Supervisory Board to perform the duties of members of the Management Board.

In 2021, the Supervisory Board did not adopt any resolution concerning the suspension of members of the Management Board in their duties or the delegation of members of the Supervisory Board to perform the duties of members of the Management Board.

9. Information on the Supervisory Board's decisions concerning the selection of a certified auditor and commissioned expert opinions.

On 15 September 2021 the Supervisory Board adopted resolution no. 420/X/2021 concerning the selection of the most favourable offer for the audit of the standalone and consolidated financial statements of the company PGE Polska Grupa Energetyczna S.A. for the years 2022-2024 and the acceptance of the recommendation concerning the selection of a contractor responsible for the audit of the standalone financial statements of the selected companies belonging to the Capital Group of PGE Polska Grupa Energetyczna S.A. for the years 2022-2024, which will be presented to the companies belonging to the Capital Group of PGE Polska Grupa Energetyczna S.A.

10. An analysis and evaluation of the functioning of the entities belonging to the capital group in relation to an evaluation of the consolidated financial statements of the PGE capital group.

Based on information provided on a regular basis by the Management Board, after a thorough analysis, the Supervisory Board ascertains that the companies belonging to the PGE Capital Group were consistently implementing the strategy updated on 19 October 2020, i.e. the strategy of the PGE Capital Group until 2030, and were carrying out the corporate centre policy.

11. An evaluation of the utilisation of the company's fixed assets, with particular consideration given to real property.

The office building:

The office building constructed in 1951/56 with a floor area of 22,825.46 m², pursuant to decision 396/96 of 14 June 1996 constituting the Company's separate property, located in Warsaw (00-496) at 2 Mysia Street on a plot of land held under the right of perpetual usufruct, with an surface area of 4,434.00 m², register no. 109/3 and 110/3 plot 5-05-02. For the aforementioned real property, the District Court for Warsaw Mokotów in Warsaw, the 10th Land and Mortgage Register Division, 58 Solidarności Avenue, holds a land and mortgage register no. WA4M/00168674/5.

Lease of office space in the building located at 2 Mysia Street in Warsaw:

At the end of 2021 the area of the leased office space was approximately 2873 m².

Major tenants: the companies PGE Systemy S.A. and Polskie Sieci Elektroenergetyczne S.A. (together 1343 m²).

Important tenants: TFI Energia S.A.; PGE Dom Maklerski S.A.; Solivoda sp. z o.o.; (together approx. 1,218 m²).

Other tenants: PGE Nowa Energia sp. z o.o.; PGE Centrum sp. z o.o.; PGE Ventures sp. z o.o.; PTE "Nowy Świat" S.A.; Exatel S.A.; Fundacja PGE; spółki pod firmą PGE Inwest 2 sp. z o.o., PGE Inwest 8 sp. z o.o., PGE Inwest 9 sp. z o.o., PGE Inwest 10 sp. z o.o., PGE Inwest 11 sp. z o.o., PGE Inwest 12 sp. z o.o., PGE Inwest 13 S.A., PGE Inwest 14 sp. z o.o.; ORANGE POLSKA S.A.; Polkomtel S.A.

Total proceeds from lease in 2021 – PLN 5,041,190.04.
Including major lessees: Polskie Sieci Elektroenergetyczne S.A. – PLN 2,401,960.93 and PGE Systemy S.A. – PLN 798,163.93;
significant lessees: Towarzystwo Funduszy Inwestycyjnych Energia S.A. – PLN 526,364.90, PGE Dom Maklerski S.A. – PLN 475,550.20.

12. An evaluation of the fulfilment of the independence criteria by the Members of the Supervisory Board

The Good Practices 2016 were adopted by the Board of the Warsaw Stock Exchange in resolution no. 26/1413/2015 of 13 October 2015. They came into force on 1 January 2016 and were followed by PGE from that date to 30 June 2021. On 1 July 2021 the new 2021 edition of "The Good Practices of Companies Listed on the Warsaw Stock Exchange" came into effect. The document had been adopted by the Supervisory Board of the Warsaw Stock Exchange in its resolution no. 13/1834/2021 on 29 March 2021 (hereinafter "The Good Practices of Companies Listed on the Warsaw Stock Exchange") and has been followed by PGE since 1 July 2021. On the basis of principle 2.3. of The Good Practices of Companies Listed on the Warsaw Stock Exchange, the Supervisory Board evaluates whether there occur any relations or circumstances which may have impact on the fulfilment of the independence criteria by a given member of the Supervisory Board. An evaluation of the fulfilment of the independence criteria by the Members of the Supervisory Board is presented by the Supervisory Board pursuant to principle 2.11.1.

The present Members of the PGE Supervisory Board performing their duties in 2021

Name and surname	Fulfilment of independence criterion
Anna Kowalik	NO
Janina Goss	YES
Zbigniew Gryglas	YES
Tomasz Hapunowicz	YES
Marcin Kowalczyk	NO
Grzegorz Kuczyński	YES
Mieczysław Sawaryn	YES
Artur Składanek	YES
Radosław Winiarski	NO

In light of the conducted evaluation, the Supervisory Board ascertains that in 2021 the Company complied with principle 2.3. of The Good Practices of Companies Listed on the Warsaw Stock Exchange, according to which at least two members of a supervisory board are to meet the independence criteria.

13. Committees operating within the Supervisory Board

Pursuant to the Company Statutes, the Supervisory Board Regulations or a resolution of the General Meeting may provide for the appointment of committees within the structure of the Supervisory Board, in particular an audit committee and a remuneration committee. According to the effective Supervisory Board Regulations, the Supervisory Board may appoint permanent or ad hoc committees operating as collective advisory and opinion-making bodies of the Supervisory Board. The committees' objective is in particular providing the Supervisory Board with recommendations and opinions on matters belonging to their respective scopes of operation. Committees are appointed by the Supervisory Board from among its members. A committee consists of from 2 to 5 people, subject to the legal regulations providing for other requirements. A committee elects its Chairperson from among its members. The Chairperson convenes meetings of a committee, manages the activities of a committee and represents it in relation with the Company's governing bodies and employees. The mandate of a committee's member expires simultaneously with the expiry of the mandate of a member of the Supervisory Board, the submission of a notice of resignation from membership in a committee or the dismissal from the composition of a committee by the Supervisory Board. Each member of the Supervisory Board is entitled to participate in meetings of any committee. The Chairperson of a committee may invite to its meetings members of the Management Board, the Company's employees and other people whose participation in meetings is justified. A committee makes decisions by way of consensus, unless the regulations of a given committee provide for otherwise.

The Supervisory Board has the following permanent committees: the Audit Committee, Strategy and Development Committee, Appointment and Remuneration Committee and Corporate Governance Committee. The aforementioned committees were appointed based on the resolutions of the Supervisory Board of 6 December 2007.

The Audit Committee

The Audit Committee is responsible for the examination of the correctness and efficiency of the performance of internal audits in the Company and the PGE Capital Group as well as for cooperation with the Company's auditors.

The Audit Committee is responsible in particular for the following:

- monitoring the work of the Company's certified auditors and presenting to the Supervisory Board recommendations concerning the selection and remuneration of the Company's certified auditors,
- before the audit of the Company's yearly financial statements, discussing with the Company's certified auditors the scope of their audit and monitoring their work,
- reviewing the Company's periodic and yearly financial (stand-alone and consolidated) financial statements, with emphasis put in particular on the following: all changes in accounting standards, principles and policies, major areas subject to evaluation, significant corrections resulting from an audit, declarations of the continuation of the activities, compliance with the effective accounting regulations,
- discussing with all proper people all problems or reservations which may have resulted from the audit of financial statements,
- analysing letters to the Management Board drawn up by the Company's certified auditors and the Management Board's responses, as well as examining the independence and objectivity of audits conducted by certified auditors,
- providing opinions on the Company's policy concerning dividend, profit distribution and issue of securities,
- reviewing the managerial accounting system,
- reviewing the internal control system (including the mechanisms of financial, operating, legal compliance, risk assessment and managerial controls) and annual reports,
- analysing the Company's internal auditors' reports and the main observations of other internal analysts as well as the Management Board's responses to such observations, including an examination of internal auditors' degree of independence,
- reviewing, on an annual basis, the internal audit programme, coordinating work of internal and external auditors as well as examining internal auditors' operating conditions,
- cooperating with the Company's organizational units responsible for audit and controlling as well as evaluating their work on a periodic basis,
- considering all other issues related to the Company's audit which have drawn the attention of the Audit Committee or the Supervisory Board,
- notifying the Supervisory Board of all important issues related to the activities of the Audit and Compliance Committee,
- supervising and monitoring the compliance management system within the PGE Capital Group,
- evaluating the effectiveness of the compliance system and function,
- approving an annual compliance programme,
- approving an annual compliance review,
- receiving and responding to notifications from the unit responsible for compliance of risks significant from the point of view of the PGE Capital Group as well as incidents of non-compliance.

In 2021 the Audit Committee held 11 meetings. At its meetings, the Audit Committee analysed, among other things, the Company's standalone financial statements, the consolidated financial statements of the PGE Capital Group, and the Management Board's report on the activities of the Company and the PGE Capital Group for the year 2020. The Audit Committee also held regular meetings with the representatives of the auditors – the company Deloitte Audit Spółka z ograniczoną odpowiedzialnością sp.k.

Furthermore, the Audit Committee analysed the Company's standalone financial statements for the first half of 2021, as well as the consolidated financial statements of the PGE Capital Group for the same period.

In 2021 the Audit Committee approved the compliance programme of PGE Polska Grupa Energetyczna S.A. for the year 2021. The Audit Committee gave a positive opinion on the audit plan of the PGE Capital Group for the year 2021.

The Audit Committee became also acquainted with the following:

- the information concerning the financial plan of PGE Polska Grupa Energetyczna S.A. for the year 2021 and the information concerning the financial plan of the PGE Capital Group for the year 2021, including the consolidated investment plan of the PGE Capital Group with an outlook until 2050;
- the long-term audit plan for the years 2021-2024;
- the report on the functioning of the internal audit system within the PGE Capital Group for the year 2020 and the first half of the year 2021;
- the specification of the audit tasks carried out by the the Company's Audit Department in 2021;
- the report on the review of the compliance system in the PGE Capital Group for the year 2020;
- the assessment of regulatory compliance of PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group for the fourth quarter of 2019 and the individual quarters of 2020;
- the compliance programme of the PGE Capital Group for the year 2021;
- the information concerning the procedures being conducted by the Company's Audit Department.
- the information on the revision and updating of the Code of Ethics, the Anti-corruption Policy and the Corruption Prevention Procedure of the PGE Capital Group.

The Corporate Governance Committee

The Corporate Governance Committee is responsible for the following:

- evaluating the implementation of the principles of corporate governance in the Company and notifying the Supervisory Board of initiatives for changes in this area,
- providing opinions on the Company's normative acts and other documents influencing corporate governance and submitted to the Supervisory Board,
- initiating and developing proposals for changes in the Supervisory Board's normative acts.

The Corporate Governance Committee did not convene any meetings in 2021.

The Strategy and Development Committee

The Strategy and Development Committee is responsible for providing opinions and presenting recommendations to the Supervisory Board with respect to planned investments having significant influence on the Company's assets. In particular, the duties of the Strategy and Development Committee include provision of opinions on strategies and strategic plans submitted to the Supervisory Board by the Management Board.

In the year 2021 the Strategy and Development Committee held 2 meetings. During the meetings held, the Strategy and Development Committee discussed matters relating, among others, to the following:

- projects and activities carried out in the area of research, development and innovation in the PGE Capital Group;
- the project for separating coal assets;
- the operationalisation of the Strategy of the GK Group;
- the implementation of the Electricity Storage Programme in the PGE Capital Group;
- the implementation of the IT Systems Programme in the PGE Capital Group: the new CRM Billing and LTE450 programmes;
- the implementation of the Offshore Wind Farms Construction Programme.

The Appointment and Remuneration Committee

The Appointment and Remuneration Committee is responsible for supporting the process of achieving the Company's strategic objectives by presenting to the Supervisory Board opinions and proposals concerning the shaping of the management structure, including organizational solutions, the remuneration system and the recruitment of the personnel possessing required qualifications.

The Appointment and Remuneration Committee is responsible in particular for the following:

- initiating and providing opinions on solutions concerning the system of appointing members of the Management Board,
- providing opinions on the Management Board's proposed solutions concerning the Company's management system aimed at ensuring the effectiveness, coherence and security of the Company's system of management;
- in accordance with the Company's interests, periodically reviewing and recommending the rules of determining motivational remuneration for members of the Management Board and the senior management personnel, reviewing periodically the system of remuneration for members of the Management Board and the senior management personnel reporting directly to members of the Management Board, including managerial contracts and motivational systems as well as submitting to the Supervisory Board proposals concerning their development within the context of achieving the Company's strategic objectives,
- presenting to the Supervisory Board opinions concerning justifications for granting remunerations dependent on results within the context of evaluating progress in the performance of the Company's particular tasks and achievement;
- evaluating the Company's human resources management system.

In the year 2021 the Appointment and Remuneration Committee held 5 meetings. In 2021 the Appointment and Remuneration Committee worked on the basis of its plan of duties prepared by the Supervisory Board. The Appointment and Remuneration Committee worked on the proposal concerning the determination of managerial objectives for the members of the Management Board for the year 2021. It also analysed the achievement of the managerial objectives of the Management Board of PGE Polska Grupa Energetyczna S.A. for the year 2020, as well as the granting of variable remuneration for the members of the Management Board for the same period. The Appointment and Remuneration Committee also worked on the draft report on the remuneration of the members of the Company's Management Board and Supervisory Board for the years 2019-2020 and recommended its adoption to the Supervisory Board.

From 1 January 2021 to 14 January 2021, the permanent committees of the Supervisory Board functioned in the following compositions:

Forename and surname of Supervisory member	Board	The Audit Committee	The Corporate Governance Committee	The Strategy and Development Committee	The Appointment and Remuneration Committee
Janina Goss		Member			Member
Tomasz Hapunowicz			Chairperson	Member	
Anna Kowalik		Member		Member	Member
Grzegorz Kuczyński		Chairperson	Member		
Mieczysław Sawaryn				Member	Chairperson
Jerzy Sawicki			Member	Member	Member
Artur Składanek		Member		Chairperson	
Radosław Winiarski		Member		Member	

From 16 February 2021 to 15 November 2021 the permanent committees of the Supervisory Board functioned in the following compositions:

Forename and surname of Supervisory member	The Audit Committee	The Corporate Governance Committee	The Strategy Development Committee	The Appointment and Remuneration Committee
Janina Goss	Member			Member
Tomasz Hapunowicz		Chairperson	Member	
Marcin Kowalczyk			Member	
Anna Kowalik	Member		Member	Member
Grzegorz Kuczyński	Chairperson	Member		
Mieczysław Sawaryn			Member	Chairperson
Artur Składanek	Member		Chairperson	
Radosław Winiarski	Member		Member	

From 30 November 2021 to the date of the acceptance of this report, the permanent committees of the Supervisory Board functioned in the following compositions:

Forename and surname of Supervisory member	The Audit Committee	The Corporate Governance Committee	The Strategy Development Committee	The Appointment and Remuneration Committee
Janina Goss	Member			Member
Zbigniew Gryglas		Member	Member	
Tomasz Hapunowicz		Chairperson	Member	
Marcin Kowalczyk			Member	
Anna Kowalik	Member		Member	Member
Grzegorz Kuczyński	Chairperson	Member		
Mieczysław Sawaryn			Member	Chairperson
Artur Składanek	Member		Chairperson	
Radosław Winiarski	Member		Member	

The Supervisory Board requests that the General Meeting grant discharge to the following Members of the Management Board for the performance of their duties in the year 2021:

Forename and surname of Management Board member	Period of 2021 covered by discharge
Wojciech Dąbrowski	from 1 January 2021 to 31 December 2021
Wanda Buk	from 1 January 2021 to 31 December 2021
Paweł Cioch	from 1 January 2021 to 31 December 2021

Lechosław Rojewski	from 9 June 2021 to 31 December 2021
Paweł Śliwa	from 1 January 2021 to 31 December 2021
Ryszard Wasilek	from 1 January 2021 to 31 December 2021
Paweł Strączyński	from 1 January 2021 to 31 March 2021

14. A self-evaluation of the Supervisory Board's work.

This report presents the main directions of the Supervisory Board's activities in the financial year 2021. The members of the Supervisory Board performed their duties with due diligence, using their knowledge and experience in the area of managing and supervising commercial law companies.

The members of the Supervisory Board had properly diversified competencies and high qualifications allowing them to exercise effective supervision over the Company, taking into consideration its business profile and scale of operations. Most of the members of the Supervisory Board were people with higher legal education (legal counsels and attorneys); some of them were people with economic or technical education, familiar with the power generation sector. It should be emphasized that the composition of the Supervisory Board was diversified also with respect to gender. In the opinion of the Supervisory Board, the process of communication between the Supervisory Board and the Management Board was undisturbed. The members of the Management Board participated in the meetings of the Supervisory Board, presented the Management Board's motions addressed to the Supervisory Board, provided answers to questions asked by the members of the Supervisory Board and implemented the recommendations of the Supervisory Board.

The number of the meetings held by the Supervisory Board in 2021, the large attendance at the meetings, the number and variety of matters discussed and decisions made by the Supervisory Board at the meetings prove that the Supervisory Board exercised effective and continuous supervision over the Company's operations in all areas of its business activities.

In view of the above, submitting this report, the Supervisory Board requests that its members be granted discharge for the performance of their duties in the financial year 2021:

Forename and surname of Supervisory Board member	Period of 2021 covered by discharge
Anna Kowalik	from 1 January 2021 to 31 December 2021
Artur Składanek	from 1 January 2021 to 31 December 2021
Grzegorz Kuczyński	from 1 January 2021 to 31 December 2021
Janina Goss	from 1 January 2021 to 31 December 2021
Zbigniew Gryglas	from 15 November 2021 to 31 December 2021
Marcin Kowalczyk	from 14 January 2021 to 31 December 2021
Tomasz Hapunowicz	from 1 January 2021 to 31 December 2021
Mieczysław Sawaryn	from 1 January 2021 to 31 December 2021
Jerzy Sawicki	from 1 January 2021 to 15 November 2021
Radosław Winiarski	from 1 January 2021 to 31 December 2021

Chairperson of the Supervisory Board
of the company PGE Polska Grupa Energetyczna S.A.

/-/ [An illegible signature]

Anna Kowalik

Members of the Supervisory Board:

Janina Goss	/-/ [An illegible signature]
Zbigniew Gryglas	/-/ [An illegible signature]
Tomasz Hapunowicz	/-/ [An illegible signature]
Marcin Kowalczyk	/-/ [An illegible signature]
Grzegorz Kuczyński	/-/ [An illegible signature]
Mieczysław Sawaryn	/-/ [An illegible signature]
Artur Składanek	/-/ [An illegible signature]
Radosław Winiarski	/-/ [An illegible signature]