

# REGULATIONS OF THE SUPERVISORY BOARD OF PGE POLSKA GRUPA ENERGETYCZNA S.A.

REGL 00003/G

File no.: PGE/CENT/BOOS/1.6.4

Date of approval: 2022/10/18  
In effect from: 2022/10/18

## I OBJECTIVES AND SCOPE

- 1.1 The aim of the regulations is to set out the procedures of the Supervisory Board of PGE Polska Grupa Energetyczna S.A.

## II RESPONSIBILITY

- 2.1 All Members of the Supervisory Board of PGE Polska Grupa Energetyczna S.A. are responsible for the application of these Regulations.

## III RELATED DOCUMENTS

- 3.1 *Articles of Association of PGE Polska Grupa Energetyczna S.A.*

## IV APPENDICES

None

## V ABBREVIATIONS AND DEFINITIONS

PGE, PGE S.A.:

PGE Group:

### Abbreviations used for the purposes of this document:

<b>WSE</b>	Warsaw Stock Exchange
<b>PGE, PGE S.A.</b>	PGE Polska Grupa Energetyczna S.A.

### Definitions used for the purposes of this document:

- 5.1 **Good Practices for WSE-Listed Companies** - corporate governance rules for companies listed on the WSE Main Market adopted by Resolution. 13/1834/2021 of the WSE's Board of 29 March 2021 ("Good Practices for WSE-Listed Companies 2021") or the set of principles that will replace them.
- 5.2 **PGE Group (Group or PGE Group)** – PGE and Companies in respect of which PGE has the status of parent company in the meaning of art. 4 § 1 point 4 of the Polish Commercial Companies Code.
- 5.3 **Polish Commercial Companies Code** – act of 15 September 2000 Polish Commercial Companies Code, as amended
- 5.4 **Act on Statutory Auditors** – Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision, as amended
- 5.5 **Employee** – a person with whom the Company has established an employment relationship in agreement with art. 22 of the Labour Code; does not include persons performing work on a basis other than the employment relationship.
- 5.6 **Supervisory Board or Board** – Supervisory Board of PGE Polska Grupa Energetyczna S.A.
- 5.7 **Regulations** – REGL 00003/G Regulations of the Supervisory Board of PGE Polska Grupa Energetyczna S.A., this document.
- 5.8 **WSE Regulations** – rules governing trading on the regulated market operated by the Warsaw Stock Exchange, adopted by Resolution 1/1110/2006 of the WSE's Board of 4 January 2006, as amended.
- 5.9 **Company** – PGE Polska Grupa Energetyczna S.A.
- 5.10 **Articles of Association** – the Company's Articles of Association.
- 5.11 **General Meeting** – General Meeting of PGE Polska Grupa Energetyczna S.A.
- 5.12 **Management Board** – Management Board of PGE Polska Grupa Energetyczna S.A.

## VI IMPLEMENTATION

### 6.1 COMPOSITION AND METHOD OF APPOINTMENT OF MEMBERS OF THE SUPERVISORY BOARD

- 6.1.1 The basic rules of the organisation of the Supervisory Board, including especially its composition and the method of appointing and dismissing members of the Supervisory Board, are laid down in the Articles of Association.
- 6.1.2 The term of office of a member of the Supervisory Board expires, at the latest, on the date of the General Meeting that approves the financial statements for the last full financial year in which the member served on the Supervisory Board and in other cases provided for in the Polish Commercial Companies Code.

- 6.1.3 A member of the Supervisory Board may resign by means of a written statement to the Management Board.

## **6.2 POWERS OF THE SUPERVISORY BOARD**

- 6.2.1 The Supervisory Board exercises continuous supervision over the company's activities in all of its operating areas.
- 6.2.2 The Supervisory Board performs supervisory and control functions within its competences.
- 6.2.3 Detailed powers of the Supervisory Board are defined by law and the Articles of Association.
- 6.2.4 In order to perform its duties, the Supervisory Board may examine all documents of the Company, request reports and explanations from the Management Board and Employees and inspect the Company's assets.
- 6.2.5 The Supervisory Board exercises due diligence in complying with the corporate governance rules for supervisory boards adopted by the WSE's board while the Company's shares are listed on a regulated market operated by the WSE.
- 6.2.6 The Company ensures that the Board has the benefit of professional, independent advisory services which, in the opinion of the Board, are necessary for the Board to effectively supervise the Company.

## **6.3 MEETINGS AND ADOPTION OF RESOLUTIONS**

- 6.3.1 The Supervisory Board performs its duties collectively but may delegate individual members to temporarily perform specific supervisory activities independently.
- 6.3.2 The delegated member of the Supervisory Board is required to report to the Board on the activities performed.
- 6.3.3 The Supervisory Board meets at least once every two months. Meetings of the Supervisory Board, in justified cases, may be carried out by means of direct remote communication in the form of teleconferencing or videoconferencing enabling all members of the Supervisory Board to exchange information directly, participate in discussions, ask questions and casting their votes. The provisions of this chapter will apply mutatis mutandis to meetings of the Supervisory Board held through means of direct communication over distance, and resolutions adopted in this manner will be deemed to have been adopted by means of voting by means of direct communication over distance.
- 6.3.4 The first meeting of the Supervisory Board of a new term of office will be convened by the chairperson of the General Meeting at which the Supervisory Board was elected, before the closing of the General Meeting. The date of the meeting may not be more than two weeks after the date of the General Meeting. If a meeting is not convened in this manner, the first meeting of the Supervisory Board will be convened by the Management Board within four weeks of the date of the General Meeting.
- 6.3.5 Meetings of the Supervisory Board are convened and chaired by the Chairperson of the Supervisory Board or, in his or her stead, by the Deputy Chairperson.
- 6.3.6 A meeting of the Supervisory Board may be requested by any member of the Board or the Management Board. The person requesting the convening of a meeting puts forth the proposed agenda. The Chairperson of the Supervisory Board convenes a meeting within two weeks of receiving the request. If the Chairperson of the Supervisory Board does not convene a meeting within this timeframe, the applicant may convene the meeting on their own, stating the date, place and proposed agenda.
- 6.3.7 In order to convene a meeting of the Supervisory Board, an invitation to all members of the Supervisory Board is required at least seven days before the meeting of the Supervisory Board. For important reasons, the Chairperson or Deputy Chairperson of the Board may shorten this period to two days, specifying the appropriate method of transmitting the invitation.
- 6.3.8 The invitation will be deemed to have been effectively delivered if it has been delivered to the member of the Supervisory Board in person or if it has been sent by courier or registered mail, as well as by fax or electronic mail (e-mail) to the fax number or e-mail address indicated by the Supervisory Board member as his or her correspondence address, respectively.
- 6.3.9 Members of the Board are required to notify the Chairperson, Deputy Chairperson or Secretary of any changes of address or fax numbers and e-mail addresses to which invitations are to be sent to Board meetings. If the new address (fax number, e-mail address) is not notified, the notification sent to the previous address (fax number, e-mail address) will be considered effective.
- 6.3.10 The invitation to the meeting of the Supervisory Board will specify the date of the meeting and the place of the meeting and, in the case of a meeting carried out by means of direct remote communication, it will specify the date and the necessary information regarding participation in the teleconference or videoconference. The invitation will be accompanied by a detailed agenda for the meeting, as well as documents and materials relating to the matters on the agenda.

- 6.3.11 The Supervisory Board may hold meetings without being formally convened if all members of the Supervisory Board are present at the meeting and no member of the Supervisory Board objects to the holding of the meeting and the proposed agenda.
- 6.3.12 The agenda of the Supervisory Board may only be amended during the meeting if all members of the Supervisory Board are present at the meeting and none of them has objected to the amendment.
- 6.3.13 Minutes of the meeting of the Supervisory Board shall be drafted and signed by all Board members present at the meeting, while Board members absent from the meeting will make a note in the minutes that they have familiarised themselves with its contents.
- 6.3.14 The Chairperson of the Supervisory Board may order the depositing of audio and video recording devices belonging to Board members or other persons participating in a Board meeting, including especially a telephone, a voice recorder, an MP player, a camera or other recording equipment. A place for depositing such equipment will be provided by the Company.
- 6.3.15 The Supervisory Board adopts resolutions if at least half of its members are present at the meeting and all members have been invited.
- 6.3.16 Resolutions are adopted by an absolute majority of votes.
- 6.3.17 The Supervisory Board adopts resolutions by open ballot. A secret ballot is ordered at the request of a member of the Supervisory Board and on the following personal matters, which are:
- a. appointment of Management Board members,
  - b. dismissal of Management Board members,
  - c. suspension, for important reasons, of individual or all members of the Management Board,
  - d. setting remuneration and other contractual terms and concluding contracts with members of the Management Board (including the President of the Management Board), subject to the powers of the General Meeting of the Company under mandatory regulations.
- 6.3.18 In the event of an equality of votes at a meeting of the Supervisory Board, the Chairperson of the Board has the casting vote.
- 6.3.19 The Supervisory Board may adopt resolutions in writing or by means of direct remote communication. Adoption of a resolution in this mode requires prior presentation of the draft resolution, together with the justification for the draft and the reasons for the application of this mode of adoption, to all members of the Board. A resolution is valid when all members of the Supervisory Board have been notified of the content of the proposed resolution.
- 6.3.20 No resolution may be passed on the election or removal of the Chairperson, Deputy Chairperson and Secretary of the Supervisory Board or on the matters set out in point 6.3.19 or on the matters set out in point 6.3.17 at a meeting held by means of direct remote communication by teleconference or videoconference.
- 6.3.21 When ordering a vote by written procedure or by means of direct communication at a distance, the Chairperson of the Council indicates in which of these procedures the resolution is to be adopted.
- 6.3.22 Voting by written procedure consists of each member of the Board, upon receipt of a draft resolution (transmitted by messenger or by correspondence), casting his or her vote by writing "for," "against" or "abstain" under the content of the resolution, signing his or her name and writing the date of the vote next to his or her signature.
- 6.3.23 Voting by means of direct communication at a distance is carried out when the members of the Board are not present in one place, but can communicate and discuss the proposed draft resolution by telephone, e-mail, instant messaging or any other technical means ensuring direct communication.
- 6.3.24 The commencement of formal voting by means of direct communication at a distance may be preceded by a discussion of the draft resolution presented with justification. In the event any amendments to the draft resolution are proposed, the final version of the draft is made by the Chairperson of the Supervisory Board and a vote is ordered.
- 6.3.25 When ordering a vote by means of direct remote communication, the Chairperson of the Supervisory Board sets a closing date for the members of the Board to cast their votes.
- 6.3.26 Votes cast by members of the Board when voting by means of direct communication at a distance will be taken in such manner as the Chairperson may designate, but there will be no impediment to the determination of different means of communication for the casting of votes in a single vote. In case of doubt, when communicating by telephone, teleconference or videoconference, members will be deemed to cast their votes orally to the Chairman or a person designated by the Chairman, and when communicating by e-mail or fax, members of the Board will cast their votes by such means of communication to the address or number indicated in the voting order. When casting a vote by e-mail or fax, a Board member will indicate clearly which vote he or she is casting by writing: "for," "against", "abstain". In addition to indicating his/her vote, the Board member will sign (fax) or state his/her name (e-mail).
- 6.3.27 In the event that the meeting is held by means of direct remote communication in the form of teleconference or videoconference, the votes will be received in the manner indicated by the Chairperson. In the event that the

content of a resolution is changed during such a meeting in relation to the draft sent prior to the start of the meeting, the draft resolution to be voted on will be sent in advance to all members of the Supervisory Board for examination. In the event that all members of the Supervisory Board are present during the meeting, the reading of the content of the resolution to be voted on may be done instead of sending the draft resolution.

- 6.3.28 Resolutions adopted pursuant to point 6.3.19 will be presented at the next Supervisory Board meeting with the result of the vote.
- 6.3.29 Resolutions of the Supervisory Board will come into force upon their adoption, unless otherwise provided for in a particular resolution.
- 6.3.30 Supervisory Board resolutions are signed by the Board members who voted on them.
- 6.3.31 Signed resolutions will be attached to the minutes of the meeting at which they were adopted. Resolutions adopted in accordance with the procedure referred to in point 6.3.19 shall be attached to the minutes of the next meeting.
- 6.3.32 The Supervisory Board meeting may be attended by members of the Management Board, Company employees and other persons invited by the Chairperson or Deputy Chairperson of the Board, whose participation in the meeting is justified.
- 6.3.33 The Supervisory Board may request from the Management Board, proxies, Employees or persons performing certain activities for the Company on a regular basis on the basis of a contract for specific work, a contract of mandate or any other contract of a similar nature, information on all material matters relating to the Company's business and about the risks associated with its operations.

#### **6.4 PARTICIPATION OF SUPERVISORY BOARD MEMBERS IN THE GENERAL MEETING AND REPORTING OBLIGATIONS OF THE BOARD**

- 6.4.1 Members of the Supervisory Board have the right to attend General Meetings of the Company.
- 6.4.2 The Supervisory Board prepares and presents an annual report to the ordinary General Meeting for approval. The report referred to above includes at least:
  - a. information on the composition of the Supervisory Board and its committees, indicating which members of the Board meet the independence criteria set out in the Act on Statutory Auditors, as well as which of them do not have actual and significant links with a shareholder holding at least 5% of the total number of votes in the Company, as well as information on the composition of the Supervisory Board in the context of diversity,
  - b. a summary of the activities of the Supervisory Board and its committees,
  - c. an assessment of the Company's situation on a consolidated basis, including an assessment of the internal control systems, risk management, compliance and the internal audit function, together with information on the actions taken by the Supervisory Board to make this assessment; this assessment covers all relevant controls, including in particular those relating to reporting and operations,
  - d. an assessment of the Company's application of the principles of corporate governance and the manner in which it fulfils the information obligations regarding their application set out in the WSE's Regulations and the regulations on current and periodic information provided by issuers of securities, together with information on the actions taken by the Supervisory Board to make this assessment,
  - e. an assessment of the reasonableness of expenses, for sponsorship and donations, incurred by the Company and by PGE Group,
  - f. information on the degree of implementation of the diversity policy with regard to the Management Board and the Supervisory Board, including the achievement of the objectives referred to in the Good Practices for WSE-Listed Companies, if such a policy is adopted in the Company,
  - g. evaluation of the implementation by the Management Board of the information obligations referred to in art. 380<sup>1</sup> of the Polish Commercial Companies Code,
  - h. evaluation of the manner in which the Management Board prepares or submits to the Supervisory Board the information, documents, reports or explanations requested in accordance with the procedure set out in art. 382 § 4 of the Polish Commercial Companies Code,
  - i. information on the total remuneration payable by the Company for all studies commissioned by the Supervisory Board to the Supervisory Board's advisors during the financial year pursuant to art. 382<sup>1</sup> of the Polish Commercial Companies Code.
- 6.4.3 The Supervisory Board also draws up and presents the following to the Annual General Meeting for approval:
  - a. report on the evaluation of the Company's financial statements for the previous financial year, Management Board report on the Company's activities and the Management Board's proposal on the distribution of profit or coverage of loss,

- b. report on the evaluation of the consolidated financial statements of PGE Group for the previous financial year, the Management Board's report on the activities of PGE Group.
- 6.4.4 The Supervisory Board will, while the Company's shares are listed on a regulated market operated by the WSE, prepare the reports referred to in points 6.4.2 and 6.4.3, taking into account the requirements of the corporate governance rules adopted by the WSE's board.

## 6.5 DUTIES OF SUPERVISORY BOARD MEMBERS

- 6.5.1 A member of the Supervisory Board should act in the interests of the Company when performing his or her duties.
- 6.5.2 In the event of a conflict between the interests of the Company and the personal interests of a Board member, his or her spouse or cohabiting persons, the Board member should inform the other Board members of the conflict of interest or the possibility of its occurrence and should refrain from taking part in the discussion and from voting on the resolution on the matter in which the conflict of interest has arisen, and in justified cases should not have access to the materials of the matter in which the conflict of interest has arisen and should not be present during their discussion. Access to the materials and presence during the discussion of the matter in question in the event of a conflict of interest will be decided by the Chairperson of the Supervisory Board, or the Deputy Chairperson if the conflict concerns the Chairperson of the Board. In other cases, the Supervisory Board decides.
- 6.5.3 Attendance at a meeting of the Supervisory Board is a duty of the Board member. Excusing the absence of a Board member requires a resolution of the Board.
- 6.5.4 During the period when the Company's shares are listed on a regulated market operated by the WSE, members of the Board are required to make representations for the purpose of the Company's timely compliance with its disclosure obligations.
- 6.5.5 Specimens of the declarations referred to in point 6.5.4 will be prepared by the unit responsible for providing services to the Company's bodies.
- 6.5.6 Specimens of the declarations referred to in point 6.5.4 will be prepared by the unit responsible for the service of the Company's bodies.

## 6.6 SUPERVISORY BOARD COMMITTEES

- 6.6.1 The Supervisory Board may appoint standing or ad hoc committees, acting as collegiate advisory and opinion-forming bodies of the Supervisory Board, the purpose of which is in particular to provide the Supervisory Board with recommendations and opinions on matters within their scope of activity.
- 6.6.2 The Supervisory Board has the following permanent committees: Audit Committee, Strategy and Development Committee, Nomination and Remuneration Committee, Corporate Governance Committee.
- 6.6.3 The Supervisory Board may adopt rules of procedure for a particular committee specifying, inter alia, the detailed tasks and operating rules of the committee concerned.
- 6.6.4 The committee is appointed by the Supervisory Board from among its members. The committee consists of between 3 and 5 persons, subject to legal provisions introducing different requirements.
- 6.6.5 The committee elects a chairperson from among its members. The chairperson directs the work of the committee and represents the Committee in its relations with the Company's bodies and the Company's Employees.
- 6.6.6 The term of office of a committee member expires upon the expiry of the mandate of a member of the Supervisory Board, upon resignation from the committee or upon removal from the committee by the Supervisory Board.
- 6.6.7 The first meeting of the committee will be convened by the chairperson of the Supervisory Board or by another member of the Supervisory Board designated by him/her. Each subsequent meeting will be convened by the chairperson of the committee as often as necessary to ensure that the committee fulfils the tasks assigned to it. In the absence of the committee chairperson, the meeting is convened by a member of the committee concerned designated by him/her.
- 6.6.8 The person convening the meeting will notify the committee members and all other members of the Supervisory Board of the time and place of the meeting. The notice will be given no later than three days, and in urgent matters no later than one day, before the committee meeting. The notice may be given in writing (by letter), by e-mail, by telephone or in person.
- 6.6.9 Each member of the Supervisory Board is entitled to attend committee meetings.
- 6.6.10 The chairperson of the committee may invite members of the Management Board, Employees of the Company and other persons whose attendance is warranted to committee meetings.
- 6.6.11 Technical support for the committee is provided by the unit responsible for providing services to the Company's bodies.

- 6.6.12 Decisions of the committee are taken by consensus, unless otherwise provided for in the rules of the committee concerned.
- 6.6.13 The committee's positions, opinions, recommendations and other decisions are presented to the Supervisory Board by the chairperson of the committee or a person designated by him or her, either orally or in writing.
- 6.6.14 The chairperson of the committee or his or her designee is authorised to submit requests to the Supervisory Board for a resolution to be adopted by the Board on the development of expert reports or opinions for the committee on the terms of reference or the employment of an adviser.
- 6.6.15 The primary responsibility of the Audit Committee is to examine the correctness and effectiveness of the performance of internal controls in the Company and PGE Group and to cooperate with the Company's auditors. Especially, the Audit Committee's tasks include the development of principles for the selection of an audit firm to audit the Company's financial statements and monitoring the Company's financial reporting process.
- 6.6.16 The tasks of the Corporate Governance Committee include:
- a. assessing the implementation of the Company's corporate governance rules and evaluating the manner in which the Company fulfils its disclosure obligations regarding the application of corporate governance rules, and submitting recommendations or initiatives for changes in this area to the Supervisory Board,
  - b. giving an opinion on internal acts and other documents of the Company submitted to the Supervisory Board, which have a significant impact on corporate governance,
  - c. initiating and drafting proposals for amendments to the Company's internal acts on corporate governance and submitting them to the Supervisory Board.
- 6.6.17 The Strategy and Development Committee is responsible for providing opinions and presenting recommendations to the Supervisory Board on issues related to the determination of the strategy and development planning of the Company and PGE Group. In particular, the Strategy and Development Committee's tasks include providing opinions on strategy and strategic plans as well as on investments having a significant impact on the Company's assets submitted to the Supervisory Board by the Management Board.
- 6.6.18 role of the Nomination and Remuneration Committee is to assist in achieving the Company's strategic objectives by providing the Supervisory Board with opinions and proposals on the shaping of the management structure, including on organisational arrangements, the remuneration system and the selection of staff with appropriate qualifications. In particular, the tasks of the Nomination and Remuneration Committee include:
- a. initiating and giving an opinion on the arrangements for the appointment of Management Board members,
  - b. giving its opinion on the solutions proposed by the Management Board regarding the Company's management system in order to ensure that the Company's management is efficient, consistent and secure and compliance with the law and internal regulations,
  - c. periodically reviewing and recommending principles for determining the incentive remuneration of members of the Management Board and senior executives, in accordance with the interests of the Company,
  - d. periodically reviewing the remuneration system for members of the Management Board and executives reporting directly to the members of the Management Board, including management contracts and incentive schemes and submitting to the Supervisory Board proposals for their design in the context of achieving the Company's strategic objectives,
  - e. providing opinions to the Supervisory Board on the justification for the award of performance-related remuneration in the context of assessing the extent to which the Company's specific tasks and objectives have been achieved,
  - f. evaluating the Company's human resources management system.

## **6.7 REMUNERATION AND REIMBURSEMENT OF EXPENSES**

- 6.7.1 Members of the Supervisory Board receive a monthly remuneration for their participation in the work of the Supervisory Board. The remuneration of the members of the Supervisory Board is determined by the General Meeting.
- 6.7.2 The remuneration of a member of the Supervisory Board delegated to temporarily perform the duties of a member of the Management Board will be determined by the Supervisory Board in an amount that will not be higher than the highest remuneration determined for the other members of the Management Board. The remuneration for the Supervisory Board member delegated to temporarily perform the duties of a member of the Management Board for the duration of the delegation will not be paid.
- 6.7.3 The Company will cover the costs incurred in connection with the performance of the functions entrusted to the members of the Supervisory Board, in particular the costs of travel to Board meetings, accommodation and meals, the costs of the members of the Supervisory Board performing certain supervisory activities on their own and the costs of permanent individual supervision.

## **6.8 FINAL PROVISIONS**

- 6.8.1 The Supervisory Board may use the Company's office premises, facilities and materials.
- 6.8.2 Technical and administrative support for the Supervisory Board is provided by the unit responsible for providing services to the Company's bodies.
- 6.8.3 These Regulations are effective as of the date of approval by resolution of the Supervisory Board.