

*Enclosure to resolution of the Supervisory Board of
PGE Polska Grupa Energetyczna S.A.
no. 120 /X/2016 of 31 May 2016*

A REPORT ON THE ACTIVITIES OF THE SUPERVISORY BOARD OF PGE POLSKA GRUPA ENERGETYCZNA S.A. IN THE YEAR 2015

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

The current 10th joint term of office of the Supervisory Board of PGE Polska Grupa Energetyczna S.A. (hereinafter also the "Company") commenced on 25 June 2015 to last for three calendar years.

The members of the previous 9th term of office had been appointed to the composition of the Supervisory Board as of 31 May 2012 during the Ordinary General Meeting held on 30 May 2012. The 9th term of office came to an end on 31 May 2015, while pursuant to Article 369 § 4, in connection with Article 386 § 2 of the Commercial Companies Code, the mandates of the members of the Supervisory Board expired on the date of the General Meeting approving the financial statements for the year 2014, i.e. on 24 June 2015.

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

From 1 January 2015 to 24 June 2015 the composition of the Supervisory Board of the 9th term of office was as follows:

Barbara Dybek	Chairperson of the Supervisory Board
Piotr Machnikowski	Vice Chairperson of the Supervisory Board
Anna Kowalik	Secretary of the Supervisory Board
Jacek Barylski	Member of the Supervisory Board
Jarosław Gołębowski	Member of the Supervisory Board
Czesław Grzesiak	Member of the Supervisory Board
Małgorzata Mika-Bryska	Member of the Supervisory Board
Małgorzata Molas	Member of the Supervisory Board
Krzysztof Trochimiuk	Member of the Supervisory Board

From 25 June 2015 to 14 September 2015 the composition of the Supervisory Board of the 10th term of office was as follows:

Barbara Dybek	Chairperson of the Supervisory Board (from 1 July 2015)
Piotr Machnikowski	Vice Chairperson of the Supervisory Board (from 1 July 2015)
Anna Kowalik	Secretary of the Supervisory Board (from 1 July 2015)
Jacek Barylski	Member of the Supervisory Board

Jarosław Gołębiowski	Member of the Supervisory Board
Małgorzata Mika-Bryska	Member of the Supervisory Board
Małgorzata Molas	Member of the Supervisory Board
Krzysztof Trochimiuk	Member of the Supervisory Board

On 14 September 2015 the Company held the Extraordinary General Meeting, which adopted resolutions on changes in the composition of the Supervisory Board. In consequence of the adopted resolutions, Ms Barbara Dybek (Chairperson of the Supervisory Board) and Mr Krzysztof Trochimiuk were dismissed from their positions. Mr Jacek Fotek and Mr Marek Ściążko were appointed as members of the Supervisory Board.

In consequence of the aforementioned changes, as at 31 December 2015 the Supervisory Board functioned in the following composition:

Anna Kowalik	Chairperson of the Supervisory Board (from 9 October 2015)
Jacek Barylski	Vice Chairperson of the Supervisory Board (from 9 October 2015)
Małgorzata Molas	Secretary of the Supervisory Board (from 9 October 2015)
Małgorzata Mika-Bryska	Member of the Supervisory Board
Jarosław Gołębiowski	Member of the Supervisory Board
Piotr Machnikowski	Vice Chairperson of the Supervisory Board
Jacek Barylski	Member of the Supervisory Board
Marek Ściążko	Member of the Supervisory Board

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

In 2015 the Supervisory Board held 15 meetings and adopted 82 resolutions.

4. Information on the Supervisory Board members' attendance at meetings and participation in voting on resolutions as well as their justified or unjustified absences.

#	Date of meeting	Number of Board Members present	Number of Board Members absent	Resolutions on justification of absences
1.	8 Jan. 2015	9	0	-
2.	15 Jan. 2015	8	1	Resolution no. 262/IX/2015
3.	17 Feb. 2015	7	2	Resolution no. 265/IX/2015 Resolution no. 266/IX/2015
4.	18 Mar. 2015	8	1	Resolution no. 271/IX/2015

5.	10 Apr. 2015	9	0	-
6.	28 Apr. 2015	9	0	-
7.	20 May 2015	6	3	Resolution no. 278/IX/2015 Resolution no. 279/IX/2015 Resolution no. 280/IX/2015
8.	1 Jul. 2015	7	1	Resolution no. 12/X/2015
9.	16 Jul. 2015	7	1	Resolution no. 13/X/2015
10.	20 Jul. 2015 continued 22 Jul. 2015	6	2	Resolution no. 14/X/2015 Resolution no. 15/X/2015
11.	20 Aug. 2015	6	2	Resolution no. 25/X/2015 Resolution no. 26/X/2015
12.	10 Sep. 2015	8	0	-
13.	9 Oct. 2015	6	2	Resolution no. 35/X/2015 Resolution no. 36/X/2015
14.	24 Nov. 2015	7	1	Resolution no. 43/X/2015
15.	15 Dec. 2015	8	0	-

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

During its meetings held in 2015, 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 EU-IFRS-compliant standalone financial statements of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2014;

- conducted an evaluation of The Management Board's report on the activities of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2014;
- conducted an evaluation of The EU-IFRS-compliant consolidated financial statements of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2014;
- conducted an evaluation of The Management Board's report on the activities of the Capital Group of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2014;
- conducted an evaluation of the Management Board's proposal addressed to the General Meeting concerning the distribution of net profit for the financial year 2014, the determination of the dividend record date the dividend payment date as well as the financing of losses for the previous years;
- approved the Supervisory Board's report on the results of the evaluation of the following: "The EU-IFRS-compliant standalone financial statements of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2014", "The Management Board's report on the activities of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2014" as well as the PGE Polska Grupa Energetyczna S.A. Management Board's proposal for the General Meeting concerning the distribution of net profit for the financial year 2014, the determination of the dividend record date and the dividend payment date as well as the financing of losses for the previous years;
- approved the Supervisory Board's report on the results of the evaluation of the following: "The EU-IFRS-compliant consolidated financial statements of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2014" and "The Management Board's report on the activities of the Capital Group of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2014";
- gave its consent to the investment project called "The construction of a thermal processing and energy recovery plant in PGE GiEK S.A. - Rzeszów Cogeneration Plant Branch" to be carried out by the company PGE Górnictwo i Energetyka Konwencjonalna S.A.;
- gave its consent to the investment project called "The construction of a water conditioning plant in PGE GiEK S.A. - Opole Power Plant Branch;
- gave its consent to the Company's incurring liabilities to the particular companies within the PGE Capital Group in relation to cash pooling management and to its providing security in the form of orders for the issue of bank guarantees for the liabilities of the particular companies within the PGE Capital Group;
- gave its consent to the investment project called "The Pomorzany Power Plant Investment Programme" in PGE Górnictwo i Energetyka Konwencjonalna S.A. - Dolna Odra Power Plant Branch;

- gave its consent to the execution of the changed scope of the investment project called “Unit 11 – the construction of a new power generation unit” in PGE Górnictwo i Energetyka Konwencjonalna S.A. - Turów Power Plant Branch;
- gave its consent to the investment project called “ The design and construction of the Starza, Rybice, Karnice II wind farms – the Cluster Project” and its financing by PGE Polska Grupa Energetyczna S.A. as well as the agreed upon method of exercising the voting right at the General Meeting of PGE Energia Odnawialna S.A.;
- gave its consent to the Company's incurring a financial liability in the form of a long-term credit in Bank Gospodarstwa Krajowego;
- gave its consent to the Company's incurring a financial liability in the form of two credit agreements entered into with the European Investment Bank;
- determined the composition of the permanent committees of the Supervisory Board of the 10th term of office;
- approved changes to the Regulations of the Supervisory Board and the Regulations of the Management Board;
- determined the consolidated text of the Company Statutes after the Ordinary General Meeting.

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 2014;
- gave consent to the Members of the Management Board to hold positions in other companies' governing bodies;
- determined the principles for granting the variable remuneration (Bonuses) for 2015 to the members of the Management Board with whom contracts for the provision of management services were concluded.

within the scope of the application of Corporate Governance:

- adopted the report on the activities of the Supervisory Board of PGE Polska Grupa Energetyczna S.A. in 2014;
- adopted the report of the Supervisory Board of Polska Grupa Energetyczna S.A. on the evaluation of the Company's position in the year 2014, including opinions on the Company's internal control system and material risk management system.

within the scope of the activities of PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group:

- became acquainted with the Management Board's information on the Company's position on the capital market;
- became acquainted on a current basis with resolutions adopted by the Management Board of PGE Polska Grupa Energetyczna S.A.;
- became acquainted with the Management Board's information on current and planned capital investment projects;
- became acquainted with the Management Board's information concerning the termination of the agreement entered into with the company WorleyParsons for location-based and environmental studies related to the project of constructing Poland's first nuclear power plant together with the assessment of the risks and consequences of such termination for the further course of operations within the project as well as information on the implemented remedial measures;
- became acquainted with the Management Board's information on the implementation of the SAP system;
- became acquainted with the Management Board's information on the structure of employment in PGE Polska Grupa Energetyczna S.A.;
- became acquainted with the report on the implementation of the the Development and Innovation Strategy of the PGE Capital Group in 2015;
- became acquainted with the Management Board's information on progress in the execution of the Shared Services Centre project;
- became acquainted with a summary of the activities of the Purchasing Department of PGE Polska Grupa Energetyczna S.A. for the year 2014 and the activities planned for the year 2015 divided into the matters related to the tasks carried out for the benefit of the PGE Capital Group and the matters related to the tasks carried out for the benefit of PGE S.A.;
- became acquainted, on a regular basis, with the Management Board's information concerning the execution of the PGE Capital Group Optimisation Project and the implementation of the non-core assets disposal programme;
- 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 effectiveness of the Company's sponsoring activities in 2014;

- became acquainted with the Management Board's information on the activities of the PGE Energia z Serca Foundation;
- became acquainted with the Management Board's information on the dates of the publication of periodic reports in 2015 and the restricted periods.

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

- became acquainted with the Management Board's information on the forecast of the financial results of the PGE Capital Group for the years 2015-2017 and the forecast for PGE Polska Grupa Energetyczna S.A. for the year 2016;
- 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;
- became acquainted with the Management Board's information on bonds issued and acquired by the Company, as well as bonds issued for bank guarantors.

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

- became acquainted with the Management Board's information on the PGE Capital Group's consolidated real investments plan for the year 2015;
- became acquainted with reports on the execution of Megainvestments:
 - a) the construction of power generation units 5 and 6 in the Opole Power Plant,
 - b) the construction of power generation unit 11 in the Turów Power Plant,
 - c) the construction of a new combined cycle unit in the Gorzów Cogeneration Plant;
- became acquainted with information concerning activities related to the construction of Poland's first nuclear power plant;
- became acquainted with reports on the execution of the investment plans of the companies belonging to the PGE Capital Group in 2014;
- became acquainted, on a regular basis, with reports on the execution of capital investments plans of the companies belonging to the PGE Capital Group in the particular quarters of 2015;
- became acquainted with the Management Board's information on the implementation of strategic investment projects in 2014, as well as became acquainted, on a regular basis, with information on the execution of the strategic investment projects in the particular quarters of 2015,

within the scope of the conducted inspections and and explanatory proceedings:

The Supervisory Board adopted resolution no. 259/IX/2015 of 8 January 2015 concerning the delegation of Ms Barbara Dybek, Chairperson of the Supervisory Board, to perform individually supervisory actions with a view to examining the correctness of corporate governance over the process of preparation for the construction of Poland's first nuclear power plant with respect to the preparation and conduct of the procedure for the selection of a consultant for matters related to location-based and environmental studies. On 29 January 2015 the Supervisory Board received a report on the performance of the aforementioned activities.

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

In 2015 the Ordinary General Meeting adopted resolution no. 33 of 24 June 2015 which authorised the Supervisory Board to determine the consolidated text of the Company Statutes of PGE Polska Grupa Energetyczna S.A., including amendments to the Statutes adopted by the Ordinary General Meeting on 24 June 2015.

The Supervisory Board implemented the aforementioned resolution of the General Meeting on 26 August 2015, adopting resolution no. 27/X/2015 concerning the determination of the consolidated text of the Statutes of PGE Polska Grupa Energetyczna S.A.

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

The Company was implementing the Strategy of the PGE Capital Group for the years 2014-2020 adopted in the Supervisory Board's resolution no. 213/IX/2014 of 13 May 2014.

8. Discussion of the degree to which long-term (over 1 year) and short-term (up to one year) objectives (obligations) have been achieved (fulfilled) if such objectives have been defined and the identification of reasons for possible failure to achieve such objectives.

In 2015 no long-term (over 1 year) or short-term (up to one year) objectives (obligations) were defined for the Supervisory Board.

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

In 2015 the Supervisory Board did not adopt any resolutions concerning the suspension of members of the Management Board in their duties.

In 2015 the Supervisory Board did not adopt any resolutions concerning the delegation of members of the Supervisory Board to temporarily perform the duties of a member of the Management Board.

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

On 15 October 2015 the Supervisory Board adopted resolution no. 41/X/2015 concerning an audit of organisational changes implemented by the Management Board. According to the aforementioned resolution, the Supervisory Board decided to commission an external entity to conduct an audit of the organisational changes implemented by the Management Board on the basis of resolution no. 392/56/2014 of 26 November 2014 concerning the execution of the project providing for the building of the Shared Services Centre in the area of accounting, payroll and personnel administration within the PGE Capital Group and resolution no. 7/04/2015 of 20 January 2015 concerning the approval of the Organisational Regulations of PGE Polska Grupa Energetyczna S.A. and an analysis of their consequences. In consequence of the initiated procedure, in accordance with the applicable regulations concerning purchasing procedures and the recommendation of the Tender Committee and the Audit Committee, the entity selected to conduct the aforementioned audit was Deloitte Advisory sp. z o.o.

11. 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 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 Capital Group were consistently implementing the strategy of the PGE Capital Group for the years 2014-2020 adopted by the Supervisory Board's resolution no. 213/IX/2014 of 13 May 2014 r. and were carrying out the corporate centre policy.

12. 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 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 4.285,00 m², register no. 109/3 and 110/1 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 at 2 Mysia Street.

The average monthly office area leased during the course of 2015 - about 4.150 m².

Major tenants - PGE Systemy S.A. and Polskie Sieci Elektroenergetyczne S.A. (together 2900 m²).

Important tenants - PGE Obsługa Księgowo-Kadrowa sp. z o.o.; PGE Dom Maklerski S.A.; (together approx. 750 m²).

Other tenants - Energo-Tel S.A.; Exatel S.A.; Fundacja PGE - Energia z Serca; (companies belonging to the Capital Group) PGE Inwest sp. z o.o.; Vien-War sp. zo.o.; Orange Polska S.A.; Polkomtel S.A.

Proceeds from lease:

Total proceeds from lease in 2015 - approximately PLN 6 100 000.

Including: major tenants - PLN 4 600 000; important tenants - PLN 960 000.

13. Evaluation of the fulfilment of the independence criteria by the Members of the Supervisory Board

On 1 January 2016 the new 2016 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. 26/1413/2015 13 October 2015 (hereinafter "The Good Practices of Companies Listed on the Warsaw Stock Exchange"). On the basis of principle II.Z.5. and principle II.Z.6 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 II.Z.10.2.

In accordance with the aforementioned regulations, on 31 May 2016 the Supervisory Board conducted an evaluation of the fulfilment of the independence criteria by the Members of the Supervisory Board. In consequence of the conducted evaluation and on the basis of the declarations submitted by the present Members of the Supervisory Board and the Members of the Supervisory Board who carried out their functions in the years 2015 and in 2016, the Supervisory Board ascertained as follows with respect to the fulfilment of the independence criteria:

Former Members of the PGE Supervisory Board carrying out their functions in 2015	
Forename and surname	Fulfilment of independence criterion
Jacek Barylski	NO
Barbara Dybek	NO
Małgorzata Molas	NO
Jarosław Gołębiowski	YES
Czesław Grzesiak	YES
Piotr Machnikowski	YES
Jacek Fotek	YES
Marek Ściążko	YES
Krzysztof Trochimiuk	YES

Former Members of the PGE Supervisory Board carrying out their functions in 2016	
Forename and surname	Fulfilment of independence criterion
Marek Pastuszko	NO
Paweł Śliwa	YES

Present Members of the PGE Supervisory Board	
Forename and surname	Fulfilment of independence criterion
Anna Kowalik	NO
Małgorzata Mika-Bryska	YES until 31 March 2016 – since 1 April 2016 Ms Małgorzata Mika-Bryska has been an employee of the Ministry of Energy and therefore, there exists a relation with a shareholder holding more than 5% of the Company shares, which indicates that the independence criterion is not fulfilled.
Jarosław Głowacki	YES
Janina Goss	YES
Mateusz Gramza	YES
Grzegorz Kuczyński	YES
Mieczysław Sawaryn	YES
Artur Składanek	YES

14. Committees operating within the Supervisory Board of PGE Polska Grupa Energetyczna S.A.

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. 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. 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.

The Supervisory Board comprises the following permanent committees: the Audit Committee, Strategy and Development Committee, Appointment and Remuneration Committee and Corporate Governance Committee. The committees mentioned above were appointed based on 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 financial 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 Committee.

In 2015 the Audit committee held 8 meetings. At its meetings, the Audit Committee analysed, among other things, the Company's standalone financial statements, the Management Board's report on the Company's activities, the consolidated financial statements of the PGE Capital Group and the Management Board's report on the activities of the PGE Capital Group.

Furthermore, the Audit Committee analysed the Company's standalone financial statements for the first half of 2015 and also the consolidated financial statements of the PGE Capital Group for the same period.

The Audit committee also supported the Supervisory Board in its implementation of resolution no. 41/X/2015 concerning an audit of the organisational changes introduced by the Management Board by, among other things, discussing the draft scope of the said audit and proposals concerning the group of the potential providers of the service. The representatives of the Audit Committee also expressed opinions on the Specification of the Essential Terms of the Contract, participated in the negotiations and the acceptance procedure for the deliverables of the aforementioned audit.

The Audit Committee reviewed also a draft financial plan for the Company and the Capital Group for the year 2016.

The Audit Committee also evaluated positively the Audit Department's report on its activities in the first half of 2015.

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.

In 2015 the Corporate Governance Committee held on meeting. The Corporate Governance Committee monitored information on corporate governance and “The Good Practices of Companies Listed on the Warsaw Stock Exchange” effective in that period, which had been adopted by a resolution of the Board of the Warsaw Stock Exchange in Warsaw.

The Committee's members conducted thorough analyses of normative acts related to the Company's activities, including changes in the Regulations of the Supervisory Board and the Regulations of the Management Board, and submitted to the Supervisory Board; they shared their opinions on the subject with the Supervisory Board.

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 2015 r. the Strategy and Development Committee held one meeting. At the meeting, the Strategy and Development Committee analysed the report on the implementation of the Development and Innovation Strategy of the PGE Capital Group in 2015.

The Appointment and Remuneration Committee

The Appointment and Remuneration Committee shall be 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 particular tasks and achievement of particular objectives,
- evaluating the Company's human resources management system.

In 2015 the Appointment and Remuneration Committee held three meetings. In 2015 the Appointment and Remuneration Committee worked on the basis of its plan of duties prepared by the Supervisory Board. The Appointment and Remuneration Committee approved recommendations for the Supervisory Board with respect to determining the rules of granting variable remuneration (bonus) in the year 2015 to the Management Board

members with whom the Company had entered into managerial services provision agreements.

Table: The composition of the Supervisory Board committees in 2015.

Name and surname of Supervisory Board member	The Audit Committee	The Corporate Governance Committee	The Strategy and Development Committee	The Appointment and Remuneration Committee
Jacek Barylski		Committee Member		Committee Chairperson to 9 Oct. 2015 Committee Chairperson from 9 Oct. 2015 Chairperson again from 13 Jan. 2016
Barbara Dybek**	Committee Member to 14 Sep. 2015	Committee Member from 1 Jul. 2015 to 14 Sep. 2015	Committee Member from 1 Jul. 2015 to 14 Sep. 2015	
Jacek Fotek	Committee Member from 9 Oct. 2015			
Jarosław Gołębiewski	Chairperson		Committee Member	
Czesław Grzesiak		Committee Member to 24 Jun. 2015	Committee Member to 24 Jun. 2015	Committee Member to 24 Jun. 2015
Anna Kowalik	Committee Member			Committee Member
Piotr Machnikowski		Committee Chairperson to 1 Jul. 2015 Committee Member from 1 Jul. 2015		Committee Chairperson from 9 Oct. 2015
Małgorzata Mika-Bryska		Committee Member	Committee Chairperson to 1 Jul. 2015 Committee Member from 1 Jul. 2015 to 13 Oct. 2015 Committee Chairperson from 13 Oct. 2015	
Małgorzata Molas			Committee Member	Committee Member from 9 Oct. 2015
Marek Ściążko			Committee Member from 9 Oct. 2015	
Krzysztof Trochimiuk **	Committee Member to 14 Sep. 2015			Committee Member to 14 Sep. 2015

* Supervisory Board Member to 24 Jun. 2015

**** Supervisory Board Member to 14 Sep. 2015**

15. The Supervisory Board's comments concerning its cooperation with the Management Board.

The Supervisory Board requests that the General Meeting grant discharge to the members of the Management Board for the performance of their duties in the year 2015:

Marek Woszczyk	from 1 Jan. 2015 to 31 Dec. 2015
Jacek Drozd	from 1 Jan. 2015 to 31 Dec. 2015
Grzegorz Krystek	from 1 Jan. 2015 to 31 Dec. 2015
Dariusz Marzec	from 1 Jan. 2015 to 31 Dec. 2015

16. 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 2015. The members of the Supervisory Board performed their duties with due diligence, using their knowledge and experience in the area of managing and supervision 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 (mainly legal counsels); some of them were people with economic or technical education, familiar with the power generation sector. It should be emphasised that the composition of the Supervisory Board was diversified with respect to sex and the number of women in the composition of the Supervisory Board was very high.

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, 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 2015:

Jacek Barylski	from 1 Jan. 2015 to 31 Dec. 2015
Czesław Grzesiak	from 1 Jan. 2015 to 24 Jun. 2015
Jacek Fotek	from 14 Sep. 2015 to 31 Dec. 2015
Anna Kowalik	from 1 Jan. 2015 to 31 Dec. 2015



Supervisory Board
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Małgorzata Mika - Bryska	from 1 Jan. 2015 to 31 Dec. 2015
Barbara Dybek	from 1 Jan. 2015 to 14 Sep. 2015
Jarosław Gołębiewski	from 1 Jan. 2015 to 31 Dec. 2015
Piotr Machnikowski	from 1 Jan. 2015 to 31 Dec. 2015
Małgorzata Molas	from 1 Jan. 2015 to 31 Dec. 2015
Krzysztof Trochimiuk	from 1 Jan. 2015 to 14 Sep. 2015
Marek Ściążko	from 14 Sep. 2015 to 31 Dec. 2015

Chairperson of the Supervisory Board
of PGE S.A.

Anna Kowalik

Members of the Supervisory Board:

Jarosław Głowacki
Janina Goss
Mateusz Gramza
Grzegorz Kuczyński
Małgorzata Mika-Bryska
Mieczysław Sawaryn
Artur Składanek