

*Enclosure to the resolution of the Supervisory Board of
PGE Polska Grupa Energetyczna S.A.
no. 88/XI/2019 of 16 April 2019*

The Report 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 PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2018”, “The consolidated financial statements of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2018”, “The Management Board's reports on the activities of the company PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group for the year ended 31 December 2018”, “The Management Board's report on non-financial information related to the company PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group for the year 2018”, and the motion of the Management Board of PGE Polska Grupa Energetyczna S.A. to be submitted to the General Meeting and relating to the proposed allocation of the Company's net loss for the financial year 2018.

Acting pursuant to Article 382 § 3 of the Commercial Companies Code and § 18 clause 1 items 1 and 2 of the Statutes of the company PGE Polska Grupa Energetyczna S.A., and with respect to the content of Article 4a in connection with Article 49 clause 9 and Article 55 clause 2c of the Accounting Act of 29 September 1994 (“Accounting Act”), the Supervisory Board evaluated the following:

- 1) “The standalone financial statements of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2018”,
- 2) “The consolidated financial statements of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2018”,
- 3) “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 2018”,
- 4) The Management Board's report on non-financial information related to the company PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group for the year ended 31 December 2018”,
- 5) The motion of the Management Board to be submitted to the General Meeting of PGE Polska Grupa Energetyczna S.A. and relating to the proposed allocation of the Company's net loss for the financial year 2018.

In its resolution no. 71/XI/2019 of 12 March 2019, the Supervisory Board of PGE Polska Grupa Energetyczna S.A. evaluated positively the following:

- 1) “The standalone financial statements of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2018”,
- 2) “The consolidated financial statements of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2018”,

- 3) "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 2018",
- 4) The Management Board's report on non-financial information related to the company PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group for the year ended 31 December 2018".

Additionally, in the aforementioned resolution, the Supervisory Board of PGE Polska Grupa Energetyczna S.A. 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 2018", which, pursuant to § 70 clause 1 item 14 and § 71 clause 1 item 12 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodical information to be released by issuers of securities and the conditions for recognizing as equivalent information required under the laws of a country which is not a Member State, was published as an element of the standalone annual report and the consolidated annual report of PGE Polska Grupa Energetyczna S.A. and posted on the website www.gkpge.pl.

Besides the Supervisory Board's own analyses, the evaluation was also based on the results of the audits indicated in the reports of the independent certified auditor on the audits of the standalone financial statements of the company PGE Polska Grupa Energetyczna S.A. and the consolidated financial reports of the PGE Capital Group for 2018. The consolidated financial statements for the financial year 2018 were audited by the company Spółka Ernst & Young Audyt Spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw, entered in the register of entities authorized to audit financial statements under registration number 130, the said register being kept in the custody of the National Chamber of Auditors in Poland.

Pursuant to Article 382 § 3 of the Commercial Companies Code and § 18 clause 1 item 3 of the Statutes of PGE Polska Grupa Energetyczna S.A., the Supervisory Board of PGE Polska Grupa Energetyczna S.A. is obliged to draw up a report on the results of the aforementioned evaluation and to submit such a report to the General Meeting of the company Polska Grupa Energetyczna S.A.

The Supervisory Board finds as follows:

- I. **"The standalone financial statements of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2018".**
 1. The Supervisory Board became acquainted with and analysed the document consisting of the following parts: a statement of financial position as at 31 December 2018, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows for the period from 1 January 2018 to 31 December 2018, general information,

bases for drawing up the financial statements, as well as other explanatory information and notes.

2. The standalone financial statements of the company PGE Polska Grupa Energetyczna S.A. for the financial year 2018:
 - present truly and fairly the economic and financial position of the company PGE Polska Grupa Energetyczna S.A. as at 31 December 2018, the financial result and cash flows for the period from 1 January 2018 to 31 December 2018, in accordance with the applicable International Financial Reporting Standards approved by the European Union, and the adopted accounting principles,
 - with respect to their form and content, are consistent with the legal regulations applicable to PGE Polska Grupa Energetyczna S.A. and the Company Statutes,
 - have been drawn up on the basis of correctly maintained account books, in accordance with the provisions of Chapter 2 of the Accounting Act.

II. “The consolidated financial statements of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2018”.

1. The Supervisory Board became acquainted with and analysed the document consisting of the following parts: a consolidated statement of financial position as at 31 December 2018, a consolidated statement of comprehensive income, a consolidated statement of changes in equity, a consolidated statement of cash flows for the period from 1 January 2018 to 31 December 2018, general information, bases for drawing up the financial statements, as well as other explanatory information and notes.
2. The consolidated financial statements for the financial year 2018:
 - present truly and fairly the consolidated economic and financial position of the PGE Capital Group as at 31 December 2018, the consolidated financial result and consolidated cash flows for the period from 1 January 2018 to 31 December 2018, in accordance with the applicable International Financial Reporting Standards approved by the European Union, and the adopted accounting principles,
 - with respect to their form and content, are consistent with the legal regulations applicable to the PGE Capital Group and the Company Statutes.

During the course of the analyses of the financial statements the Audit Committee of the Supervisory Board of PGE Polska Grupa Energetyczna S.A. held regular meetings with the representatives of the auditor. The Audit Committee became also familiar with the reports of the independent certified auditor on the audit of the annual consolidated financial statements and the standalone financial statements.

In consequence of the above, the Audit Committee recommended that the Supervisory Board evaluate positively the submitted financial reports for 2018.

III. “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 2018”.

1. The report is consistent with the information included in the standalone financial statements and the consolidated financial statements.
2. The Company properly executes its tasks related to its objects specified in § 3 of the Statutes of the company PGE Polska Grupa Energetyczna S.A.
3. The report has been drawn up in accordance with Article 49 and Article 55 clause 2a of the Accounting Act as well as § 70 and § 71 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodical information to be released by issuers of securities and the conditions for recognizing as equivalent information required under the laws of a country which is not a Member State.

IV. The Management Board's report on non-financial information related to the company PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group for the year ended 31 December 2018".

The non-financial report has been drawn up in accordance with the requirements of the Accounting Act, which obliges PGE Polska Grupa Energetyczna S.A. to disclose non-financial information as of 2017.

The report contains consolidated data for the PGE Capital Group and standalone data for the parent company PGE Polska Grupa Energetyczna S.A.

The report includes selected indexes and ratios of the Global Reporting Initiative (GRI) in the Standards version as well as the specific indexes and ratios used by the PGE Capital Group. The table of GRI indexes and ratios includes also references to the information presented in the report of the Management Board on the activities of the company PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group for the year 2018.

The non-financial report contains information relating to the following areas: corporate social responsibility and sustainable development management in the PGE Capital Group and the company PGE Polska Grupa Energetyczna S.A., risk management in the PGE Capital Group and the company PGE Polska Grupa Energetyczna S.A., the environment, society, customers, employees, human rights, and prevention of corruption.

V. The motion of the Management Board to the General Meeting concerning the allocation of the company's net loss for the financial year 2018.

In its resolution no.147/21/2019 of 2 April 2019, in light of the Company's net loss disclosed in the financial statements for 2018 in the amount of PLN 202,768,919.52 (say: two hundred and two million seven hundred and sixty-eight thousand nine hundred and nineteen zlotys and fifty-two groszy), the Management Board decided to submit a motion to the Ordinary General Meeting of PGE Polska Grupa Energetyczna S.A., proposing the allocation of the aforementioned net loss to profit to be gained in the future years.

Having considered all relevant circumstances, the Supervisory evaluated positively the aforementioned motion of the Management Board to the Ordinary General Meeting of PGE Polska Grupa Energetyczna S.A.

Final conclusions

In view of the above, the Supervisory Board has evaluated positively the following:

- 1) "The standalone financial statements of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2018",
- 2) "The consolidated financial statements of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2018",
- 3) "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 2018",
- 4) "The Management Board's report on non-financial information related to the company PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group for the year ended 31 December 2018,
- 5) The motion of the Management Board to be submitted to the General Meeting of PGE Polska Grupa Energetyczna S.A. and relating to the proposed allocation of the Company's net loss for the financial year 2018,

and recommends that the Ordinary General Meeting of PGE Polska Grupa Energetyczna S.A. approve the documents referred to in items 1-3 above and allocate the Company's net loss for the financial year 2018 to profit to be gained in the future years, in accordance with the motion of the Management Board of PGE Polska Grupa Energetyczna S.A. referred to in item 5 above.

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

Anna Kowalik

Members of the Supervisory Board: