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PGE

Supervisory Board

Tel. (+48 22) 340 15 02
Fax: (+48 22) 340 15 29

**Enclosure to the resolution of the Supervisory Board
of PGE Polska Grupa Energetyczna S.A.
no./IX/2014 of 2014**

**A REPORT ON THE ACTIVITIES OF THE SUPERVISORY BOARD
OF PGE POLSKA GRUPA ENERGETYCZNA S.A. IN THE YEAR 2013**

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

Members of the Supervisory Board of PGE Polska Grupa Energetyczna S.A. (hereinafter the Company) of the 9th term of office were appointed by the General Meeting on 31 May 2012. On 27 June 2013, the General Meeting changed partly the composition of the Supervisory Board of the 9th term of office.

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 2013 to 27 June 2013 the Supervisory Board performed its duties in the following 7-person composition:

- Marcin Zieliński – Chairperson of the Supervisory Board
- Małgorzata Dec - Vice Chairperson of the Supervisory Board
- Katarzyna Prus – Secretary of the Supervisory Board
- Jacek Barylski - Member of the Supervisory Board
- Maciej Bałtowski - Member of the Supervisory Board
- Czesław Grzesiak - Member of the Supervisory Board
- Grzegorz Krystek - Member of the Supervisory Board

On 27 June 2013 the General Meeting determined the number of members of the Supervisory Board as 7 and made changes in the composition of the Supervisory Board. Starting from 27 June 2013, the following persons were included in the composition of the Supervisory Board:

- Małgorzata Dec - Chairperson of the Supervisory Board
- Jacek Drozd - appointed as Vice Chairperson of the Supervisory Board as of 17 July 2013, delegated to the temporary performance of the responsibilities of the Member of the Management Board as of 21 November 2013; on 23 December 2013 he resigned from the position of the Member of the Supervisory Board
- Anna Kowalik - Secretary of the Supervisory Board since 17 July 2013
- Jacek Barylski - Member of the Supervisory Board
- Czesław Grzesiak - Member of the Supervisory Board
- Grzegorz Krystek - Member of the Supervisory Board delegated to temporary execution of the responsibilities of the Member of the Management Board as of 18 November 2013; on 23 December 2013 he resigned from the position of the Member of the Supervisory Board
- Małgorzata Mika - Bryska - Member of the Supervisory Board

On 17 July 2013 the Supervisory Board adopted a resolution concerning the appointment of Mr Jacek Drozd as Vice Chairperson of the Supervisory Board and a resolution concerning the appointment of Ms Anna Kowalik as Secretary of the Supervisory Board.

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

In 2013 the Supervisory Board held 18 meetings and adopted 145 resolutions.

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

#	Date of meeting	Number of Supervisory Board Members present	Number of Supervisory Board Members absent	Resolutions on justification of absences
1.	15/01/2013	7 present	-	-
2.	13/03/2013	6 present	1 absent	Resolution No. 74/IX/2013
3.	05-16.04.2013	7 present on the day 05/04/2013 present on the day 16/04/2013.	1 absent	
4.	18/04/2013	6 present	1 absent	Resolution No. 77/IX/2013
5.	23/05/2013	7 present	-	-
6.	20/06/2013	5 present	2 absent	Resolution No. 84/IX/2013 Resolution No. 85/IX/2013
7.	20/06/2013	5 present	2 absent	Resolution No. 84/IX/2013 Resolution No. 85/IX/2013
8.	17/07/2013	6 present	1 absent	Resolution No. 95/IX/2013
9.	12-14.05.2013	6 present on the day 12/08/2013 7 present on the day 14/08/2013	1 absent	
10.	14/08/2013	7 present	-	-
11.	27/08/2013	7 present	-	-
12.	01/10/2013	6 present	1 absent	Resolution No. 111/IX/2013
13.	25/10/2013	7 present	-	-
14.	14-18.08.2013	5 present on the day 14.11.2013. 5 present on the day 18.11.2013.	2 absent 1 absent	Resolution No. 124/IX/2013
15.	06/12/2013	4 present	1 absent	Resolution No. 131/IX/2013
16.	06/12/2013	4 present	1 absent	Resolution No. 131/IX/2013

17.	09-12.12.2013 .	4 present On 09/12/2013 5 present on the day 10/12/2013 4 present on the day 11/12/2013 4 present on the day 12.12.2013 .	1 absent 1 absent 1 absent	
18.	23/12/2013	3 present	2 absent	Resolution No. 150/IX/2014 Resolution No. 151/IX/2014

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

During its meetings held in 2013, 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:

- It evaluated "The IFRS-consistent standalone financial statements of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2012",
- It evaluated "The Management Board's report on the activities of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2012",
- It evaluated "The IFRS-consistent consolidated financial statements of the Capital Group of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2013"
- It evaluated "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 2013",
- It evaluated the Management Board's proposal concerning the distribution of net profit for the financial year 2012 and a part of the supplementary capital as well as the determination of the dividend record date and the dividend payment date, and the distribution of retained profit to supplementary capital,
- It adopted "The Supervisory Board's Report on the evaluation of the results of "The IFRS-consistent standalone financial statements of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2012", "The Management Board's report on the activities of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2012" and the Management Board's proposal concerning the distribution of net profit for the financial year 2012",
- It adopted "The Supervisory Board's report on the evaluation of "The IFRS-consistent consolidated financial statements of the Capital Group of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2012" 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 2012",
- It approved the Company's annual financial plan and real investment plan for 2013,
- It gave its consent to the acquisition of shares in the subordinated companies to Dong Energy Wind Power A/S,
- It gave its consent to the sale of 100% of shares in "PGE Gubin" sp. z o.o. with the registered office in Gubin to PGE Górnictwo i Energetyka Konwencjonalna S.A.,
- It gave its consent to the acquisition of shares in Iberdrola Renewables Polska sp. z o.o.,
- It took a decision on the continuation of the investment task "Opole II Project in Opole Power Plant Branch",
- It gave its positive opinion on the subject of concluding a sports sponsoring agreement with GKS

- „Bełchatów” SSA.,
- It considered the Management Board's proposal concerning the manner of exercising the voting right at the General Meeting of Shareholders of PGE EJ 1 Sp. z o.o. where the decision on the selection of a Technical Adviser was taken,
- It gave consent to the investment project called “The construction of 40 MW Karwice Wind Farm together with the power evacuation system to the 110 kV Sianów-Sławno line”,
- It gave its consent to multiple bond acquiring by PGE Górnictwo i Energetyka Konwencjonalna SA. to the maximum value of PLN 2,150,000,000,
- It gave its consent to the acquisition of the shares of PGE Górnictwo i Energetyka Konwencjonalna S.A. from the minority shareholders by PGE Polska Grupa Energetyczna SA.,
- It gave its consent to multiple acquiring by PGE Polska Grupa Energetyczna S.A. of the bonds issued by its subsidiaries for financing their investment projects, refinancing their debts and for operating purposes,
- It gave its consent to multiple bond issuances by PGE Polska Grupa Energetyczna S.A. within the framework of the Bond Issue Program directed to the companies belonging to PGE Capital Group in the amount of up to PLN 5,000,000,000,
- It appointed the Vice Chairperson and the Secretary of the Supervisory Board,
- It determined the composition of the permanent committees of the Supervisory Board of the 9th term of office,
- It adopted the changes to the Regulations of the Supervisory Board,
- It approved the changes in the Regulations of the Management Board,
- It determines the consolidated text of the Company Statutes after the General Meeting of Shareholders.

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

- It recommended that the General Meeting grant discharge to the members of the Management Board for the performance of their duties in 2012,
- It gave consent to the Members of the Management Board to hold positions in other companies' governing bodies,
- It determined the principles for granting the variable remuneration (Bonuses) for 2013 to the members of the Management Board with whom the management contracts were concluded,
- It effected changes in the composition of the Management Board of the 8th term of office of PGE Polska Grupa Energetyczna S.A. by dismissing Vice Presidents of the Management Board,
- It carried out qualification procedures for the following positions in the Management Board of PGE Polska Grupa Energetyczna S.A.:
 - President of the Management Board,
 - Vice President of the Management Board for Finance,
 - Vice President of the Management Board for Corporate Affairs,
 - Vice President of the Management Board for Operations and Trade,
 - Vice President of the Management Board for Development.

The Supervisory Board considered in total 106 applications. One of the applications was filed after the deadline and in consequence it was not subject to the consideration. The following numbers of applications were filed for the following positions:

- President of the Management Board - 9 applications were filed,
- Vice President of the Management Board for Finance - 27 applications were filed,
- Vice President of the Management Board for Corporate Affairs - 22 applications were filed,
- Vice President of the Management Board for Operations and Trade - 15 applications were filed,
- Vice President of the Management Board for Development - 33 applications were filed.

Having carried out the proceedings, on 23 December 2013 the Supervisory Board passed the

resolutions concerning the appointment of the Management Board of PGE Polska Grupa Energetyczna S.A. of the 9th term of office in the following composition:

- President of the Management Board - Mr Marek Woszczyk
- Vice President of the Management Board for Operations and Trade - Mr Grzegorz Krystek
- Vice President of the Management Board for Development - Mr Dariusz Marzec (appointed on 24 December 2013)
- Vice President of the Management Board for Corporate Affairs - Mr Jacek Drozd

The Supervisory Board in the subject proceedings did not select the candidate for the position of the Vice President of the Management Board for Finance.

within the scope of Corporate Governance:

- It adopted the report on the activities of the Supervisory Board of PGE Polska Grupa Energetyczna S.A. in 2012,
- It adopted the report of the Supervisory Board of Polska Grupa Energetyczna S.A. on the evaluation of the Company's position in the year 2012, 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:

- It became acquainted with the Management Board's information on the Company's position on the capital market,
- It became acquainted on a current basis with resolutions adopted by the Management Board of PGE Polska Grupa Energetyczna S.A.,
- It became acquainted with the Management Board's information on current and planned capital investment projects,
- It became acquainted with the Management Board's information on the execution of the Company's purchases plan for 2012 and the purchases plan for 2013,
- It became acquainted with the Management Board's information on the execution of the Company's shared orders plan for 2012 and the shared orders plan for 2013,
- It became acquainted on a current basis with the Management Board's information on the progress in execution of the Optimization of PGE Capital Group together with the information concerning the non-core assets management program,
- It became acquainted with the Management Board's information on the plans concerning the implementation of the EU Directive on remote (electronic) reading and measurement of electricity consumption,
- It became acquainted with the Management Board's information on court disputes having material impact on the functioning of the PGE Capital Group,
- It became acquainted on a current basis with the Management Board's information concerning the social dialogue within the PGE Capital Group,
- It became acquainted with the report on the effectiveness of the Company's sponsoring activities in 2012,
- It became acquainted with the Management Board's information on the activities of the PGE Energia z Serca Foundation,
- It became acquainted with the Management Board's information on the dates of the publication of periodic reports in 2013 and the restricted periods,
- It became acquainted with the Management Board's information on the organisational changes resulting from the audit conducted by the HR Department,
- It became acquainted with the information on the Company's policy in the scope of the management of the Company's desired image and values, including but not limited to the activities building a positive company value, including the ones targeting the investor market both continually and ad hoc as well as the policy of the actions to be taken in crisis situations.

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

- It became acquainted with the Management Board's information on the PGE Capital Group's financial plan for 2013,
- It became acquainted on a current basis with the Management Board's information concerning the implementation of the non-core assets disposal programme,
- It became acquainted on a current basis with the Management Board's information on the economic and financial position of the Company and the PGE Capital Group,
- It became acquainted on a current basis with reports concerning the costs of external consulting services in the Company and the PGE Capital Group,
- It became acquainted on a current basis with the Management Board's information on bonds issued and acquired by the Company, as well as bonds issued for bank guarantors,
- It became acquainted with the Management Board's information on the sureties and guarantees for the liabilities of Electra Deutschland GmbH (now PGE Trading GmbH) granted by PGE Polska Grupa Energetyczna S.A.,
- It became acquainted with the Management Board's information on the liquidity position of PGE Polska Grupa Energetyczna S.A..

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

- It became acquainted with the Management Board's information on the PGE Capital Group's consolidated real investments plan for the year 2013,
- It became acquainted with the report on the implementation of the investment plans of the companies belonging to the PGE Capital Group in 2012;
- It also analysed the reports on regular basis on the implementation of capital expenditure plans of the PGE Capital Group companies for particular quarters of 2013,
- It became acquainted with the Management Board's information on the implementation of strategic investment projects in 2012, as well as with the information on the execution of the strategic investment projects in particular quarters of 2013,
- It became acquainted with the information on the implementation of the gas projects - the construction of the combined cycle gas and steam unit in CHP Gorzów and the construction of a cogeneration unit on the basis of natural gas-fired piston engines in CHP Rzeszów,
- It became acquainted with the Management Board's information on the progress in the implementation of the CCS demonstration project in the Bełchatów Power Plant.

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

In 2013 the General Meeting adopted resolution no. 35 of 27 June 2013, which authorized 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 General Meeting on 27 June 2013.

The Supervisory Board implemented the aforementioned guidelines of the General Meeting on 08 August 2013, adopting Resolution no. 98/IX/2013 concerning the determination of the consolidated text of the Company Statutes.

7. 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 - if applicable.

PGE Polska Grupa Energetyczna Spółka Akcyjna with the registered office in Warsaw, 00-496 Warszawa [Warsaw, Poland], ul. Mysia 2, entered in the National Court Register kept by the District Court for the city of Warsaw, KRS: 0000059307, NIP 526-025-05-41, Share capital: PLN 18,697,608,290 Paid in capital: PLN 18,697,608,290 Bank account: PKO Bank Polski S.A. VI O. Warszawa, No. 88 1020 1068 0000 1802 0000 3335, www.pgesa.pl

In 2013 the Supervisory Board did not take any resolutions concerning suspension of members of the Management Board in their duties.

In 2013 the Supervisory Board passed the resolutions concerning delegations of the members of the Supervisory Board to the temporary performance of the responsibilities of a member of the Management Board, i.e.

- pursuant to the resolution no. 118/IX/2013 of 14 November 2013, the Supervisory Board delegated Mr Grzegorz Krystek, Member of the Supervisory Board, to perform temporarily the responsibilities of the Member of the Management Board - Vice President of the Management Board for Strategy and Development for the period from 18 November 2013 to 18 February 2014.
- pursuant to the Resolution no. 119/IX/2013 of 14 November 2013, the Supervisory Board delegated Mr Jacek Drozd, Member of the Supervisory Board, to perform temporarily the responsibilities of the Member of the Management Board - Vice President of the Management Board for Finance for the period from 21 November 2013 to 21 February 2014.

In addition, the Supervisory Board delegated Ms Małgorzata Dec, Chairperson of the Supervisory Board, on the basis of its Resolution no. 80/IX/2013 concerning the delegation of the Member of the Supervisory Board to the sole performance of specified supervisory activities in the scope of the matters concerning the strategic investment projects of the PGE Capital Group, including but not limited to Opole II investment project (construction of units 5 and 6) in PGE GIEK S.A. Opole Branch, amended by the resolution no. 96/IX/2013. The Chairperson performed her tasks from 7 June 2013 to 30 August 2013, reporting on them to the Members of the Supervisory Board.

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

Due to the fact that in 2010 the Supervisory Board had adopted a resolution concerning the selection of a certified auditor responsible for auditing the standalone and consolidated financial statements of PGE Polska Grupa Energetyczna S.A. for the years 2010-2013, in 2013 the Supervisory Board did not make a selection of a certified auditor. In 2010 the selected entity was KPMG Audyt Sp. z o.o. with its registered office in Warsaw.

On 3 June 2013 the Supervisory Board passed the Resolution no. 79/IX/2013 concerning the selection of an external entity to audit the implementation and efficiency of the sports sponsoring agreements and contractual obligations, amended by the Resolution no. 97/IX/2013 of 23 July 2013. The audit was executed by Deloitte Business Consulting S.A. and discussed by the Supervisory Board at its meeting on 29 January 2014.

On 18 November 2014, the Supervisory Board passed the Resolution no. 122/IX/2013 concerning the review and analysis of the existing bonus remuneration models for the members of the Management Boards of Joint Stock Companies operating in the EU.

9. 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. 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. 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.

On 27 June 2013 the General Meeting appointed new members of the Supervisory Board. Therefore, on 17 July 2013 the Supervisory Board adopted a resolution concerning the determination of the composition of the permanent committees within the Supervisory Board.

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,
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- 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 2013 the Audit Committee operated in the following composition:

<i>Name and surname</i>	<i>Function</i>
from 01/01/2013 to 27/06/2013	
Małgorzata Dec	The Chairperson of the Committee
Maciej Bałtowski	Committee Member
Grzegorz Krystek	Committee Member
Marcin Zieliński	Committee Member
from 27/06/2013 to 17/07/2013	
Małgorzata Dec	The Chairperson of the Committee
Grzegorz Krystek	Committee Member
since 17/07/2013	
Małgorzata Dec	Chairperson of the Committee until 12 August 2013 Since 12 August 2013 - a Member of the Committee
Jacek Drozd	Member of the Committee until 12 August 2013, Chairman of the Committee, delegated to the temporary execution of the responsibilities of the Member of the Management Board as of 21 November 2013; on 23 December 2013 he resigned from the position of the Member of the Supervisory Board.
Grzegorz Krystek	Member of the Committee delegated to the temporary execution of the responsibilities of the Member of the Management Board as of 18 November 2013; on 23 December 2013 he resigned from the position of the Member of the Supervisory Board.
Anna Kowalik	Committee Member

At its meetings during that period, the Audit Committee conducted first of all analyses of the Company's financial plan for 2013 and the financial statements for 2012, i.e. 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 members of the Audit Committee analysed the issues related to the Company's standalone financial statements for the first half of 2013 and also the consolidated financial statements of the PGE Capital Group for the same period.

Simultaneously, the Audit Committee approved the Management Board's information on the new internal audit regulations and investigated the most important risks threatening the companies of the PGE Capital Group in their business activities. The Committee also dealt with the matters connected with the audit concerning the execution and efficiency of sports sponsoring agreement and contractual obligations, among others, having a meeting with the auditor, i.e. Deloitte Business Consulting S.A.

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 2013 the Corporate Governance Committee operated in the following composition:

<i>Name and surname</i>	<i>Function</i>
from 01/01/2013 to 27/06/2013	
Katarzyna Prus	The Chairperson of the Committee
Maciej Bałtowski	Committee Member
Jacek Barylski	Committee Member
Czesław Grzesiak	Committee Member
from 27/06/2013 to 17/07/2013	
Jacek Barylski	Committee Member
Czesław Grzesiak	Committee Member
since 17/07/2013	
Małgorzata Mika - Bryska	Chairperson of the Committee since 27/08/2013
Jacek Drozd	Member of the Committee delegated to the temporary execution of the responsibilities of the Member of the Management Board as of 21 November 2013; on 23 December 2013 he resigned from the position of the Member of the Supervisory Board.
Jacek Barylski	Committee Member
Czesław Grzesiak	Committee Member

During that period the Corporate Governance Committee monitored the information on corporate governance and "The Good Practices Followed at PGE Polska Grupa Energetyczna S.A.", and presented its comments on the topic to the Supervisory Board. The Committee's members conducted thorough analyses of normative acts related to the Company's activities 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. The Strategy and Development Committee is responsible in particular for providing opinions on strategy and strategic plans submitted to the Supervisory Board by the Management Board.

In 2013 the Strategy and Development Committee operated in the following composition:

Name and surname	Function
from 01/01/2013 to 27/06/2013	
Grzegorz Krystek	Chairperson
Małgorzata Dec	Committee Member
Czesław Grzesiak	Committee Member
Marcin Zieliński	Committee Member
from 27/06/2013 to 17/07/2013	
Grzegorz Krystek	Chairperson
Małgorzata Dec	Committee Member
Czesław Grzesiak	Committee Member
since 17/07/2013	
Grzegorz Krystek	Chairperson of the Committee delegated to the temporary execution of the responsibilities of the Member of the Management Board as of 18 November 2013; on 23 December 2013 he resigned from the position of the Member of the Supervisory Board.
Małgorzata Dec	Committee Member
Czesław Grzesiak	Committee Member
Małgorzata Mika - Bryska	Committee Member

During that period the Strategy and Development Committee discussed at its meetings the assumptions adopted for the development of the strategy (market model, development scenarios for the PGE Capital Group, the sensitivity analyses - nuclear energy, shale gas, support systems for the Renewable Sources of Energy and co-generation, climate package, etc., strategic plans of particular daughter companies); it became acquainted with a presentation concerning the strategy of the PGE Capital Group as well as with the presentation of the nuclear power plant construction status in the context of an agreement with domestic partners.

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;
- reviewing periodically and recommending the rules for determining motivational remunerations for members of the Management Board and the senior management personnel, reviewing periodically the remuneration system for the members of the Management Board and reporting directly to members of the Management Board and the senior management personnel supervised directly by the 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 2013 the Appointment and Remuneration Committee operated in the following composition:

Name and surname	Function
from 01/01/2013 to 27/06/2013	
Maciej Bałtowski	Chairperson
Jacek Barylski	Committee Member
Czesław Grzesiak	Committee Member
Katarzyna Prus	Committee Member
Marcin Zieliński	Committee Member
from 27/06/2013 to 17/07/2013	
Jacek Barylski	Committee Member
Czesław Grzesiak	Committee Member
since 17/07/2013	
Jacek Barylski	Chairperson of the Committee since 27.08.2013.
Czesław Grzesiak	Committee Member
Małgorzata Dec	Committee Member
Anna Kowalik	Committee Member

In 2013 the Appointment and Remuneration Committee worked on the basis of its plan of duties prepared by the Supervisory Board. The Appointment and Remuneration Committee adopted the recommendation for the Supervisory Board on granting bonuses for 2012 to the Members of the Company's Management Board and on determining the principles for granting the variable remuneration (Bonuses) for 2013 to the Members of the Management Board with whom the management contracts were concluded.

The Committee's members also maintained permanent working relationships with each other, thus developing the Committee's positions on various matters.

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

The Supervisory Board requests that the General Meeting discharge the members of the Supervisory Board in respect of their duties for the year 2013:

Krzysztof Kilian	from 01/01/2013 to 18/11/2013
Bogusława Matuszewska	from 01/01/2013 to 25/10/2013
Wojciech Ostrowski	from 01/01/2013 to 25/10/2013
Paweł Smoleń	from 01/01/2013 to 19/07/2013
Piotr Szymanek	from 01/01/2013 to 23/12/2013
Marek Woszczyk	from 23/12/2013 to 31/12/2013
Dariusz Marzec	from 24/12/2013 to 31/12/2013
Grzegorz Krystek	from 23/12/2013 to 31/12/2013
Jacek Drozd	from 23/12/2013 to 31/12/2013

11. The evaluation of the work of the Supervisory Board Members delegated to perform temporarily the responsibilities of a Member of the Management Board.

The Supervisory Board requests that the General Meeting discharge the following members of the

Supervisory Board, delegated to perform temporarily the responsibilities of a Member of the Management Board, in respect of their duties for the year 2013:

Grzegorz Krystek	from 18/11/2013 to 23/12/2013
Jacek Drozd	from 21/11/2013 to 23/12/2013

12. An evaluation of the Supervisory Board's work.

This report presents the main directions of the Supervisory Board's activities in the financial year 2013. 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.

In view of the above, submitting this report, the Supervisory Board requests that its members be discharged in respect of their duties in the financial year 2013:

Marcin Zieliński	from 01/01/2013 to 27/06/2013
Maciej Bałtowski	from 01/01/2013 to 27/06/2013
Jacek Barylski	from 01/01/2013 to 31/12/2013
Małgorzata Dec	from 01/01/2013 to 31/12/2013
Czesław Grzesiak	from 01/01/2013 to 31/12/2013
Grzegorz Krystek	from 01/01/2013 to 18/11/2013
Katarzyna Prus	from 01/01/2013 to 27/06/2013
Jacek Drozd	from 27/06/2013 to 21/11/2013
Anna Kowalik	from 27/06/2013 to 31/12/2013
Małgorzata Mika - Bryska	from 27/06/2013 to 31/12/2013

Chairperson of the Supervisory Board
of PGE Polska Grupa Energetyczna S.A.
/-/ [an illegible signature]
Barbara Dybek

Members of the Supervisory Board:

Jacek Barylski	/-/ [an illegible signature]
Jarosław Gołębiewski	/-/ [an illegible signature]
Czesław Grzesiak	
Anna Kowalik	/-/ [an illegible signature]
Piotr Machnikowski	/-/ [an illegible signature]
Małgorzata Mika-Bryska	/-/ [an illegible signature]
Małgorzata Molas	/-/ [an illegible signature]
Krzysztof Trochimiuk	/-/ [an illegible signature]