

THE REPORT ON THE ACTIVITIES OF THE SUPERVISORY BOARD OF PGE POLSKA GRUPA ENERGETYCZNA S.A. IN THE YEAR 2014

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

The members of the Supervisory Board of PGE Polska Grupa Energetyczna S.A. (hereinafter also referred to as the "Company") of the ninth term of office were appointed by the Ordinary General Meeting held on 30 May 2012.

The current term of office will expire on 31 May 2015 and, 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 will expire at the latest on the day of the General Meeting approving the financial statements for the year 2014.

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 to 28 February 2014 the Supervisory Board performed its duties in the following composition of five members:

- | | |
|--------------------------|------------------------------------------------|
| – Małgorzata Dec | – Chairperson of the Supervisory Board, |
| – Anna Kowalik | – Secretary of the Supervisory Board, |
| – Jacek Barylski | – Member of the Supervisory Board, |
| – Czesław Grzesiak | – Member of the Supervisory Board, |
| – Małgorzata Mika-Bryska | – Member of the Supervisory Board. |

On 28 February 2014 Ms Małgorzata Dec submitted her resignation from the position of Chairperson and member of the Supervisory Board.

On 28 February 2014 the Extraordinary General Meeting decided that the Supervisory Board would consist of 9 members and introduced changes in the composition of the Supervisory Board.

In consequence of the aforementioned changes, since 28 February 2014 the membership of the Supervisory Board has been 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 Gołębiowski | – 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. |

On 12 March 2014 the Supervisory Board adopted a resolution concerning the appointment of Mr Piotr Machnikowski as Vice Chairperson of the Supervisory Board.

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

In 2014 the Supervisory Board held 14 meetings and adopted 113 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.	08.01.2014	4	1	Resolution no. 149/IX/2014
2.	29.01.2014	5	-	-
3.	18.02.2014	4	1	Resolution no. 166/IX/2014
4.	10.03.2014	7	2	Resolution no. 167/IX/2014 Resolution no. 168/IX/2014
5.	12.03.2014	8	1	Resolution no. 198/IX/2014
6.	02.04.2014	8	1	Resolution no. 199/IX/2014
7.	05.05.2014	9	-	-
8.	13.05.2014	7	2	Resolution no. 211/IX/2014 Resolution no.

				212/IX/2014
9.	11.06.2014	9	-	-
10.	01.07.2014	9	-	-
11.	05.08.2014	7	2	Resolution no. 235/IX/2014 Resolution no. 236/IX/2014
12.	09.09.2014	6	3	Resolution no. 238/IX/2014 Resolution no. 239/IX/2014 Resolution no. 240/IX/2014
13.	04.-05.11.2014	8	1	Resolution no. 248/IX/2014
14.	02.12.2014	9	-	-

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

During its meetings held in 2014 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:

- evaluating the IFRS-consistent standalone financial statements of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2013,
- evaluating the Management Board's report on the activities of PGE Polska Grupa Energetyczna S.A. for the year 2013,
- evaluating the IFRS-consistent consolidated financial statements of the PGE Capital Group for the year ended 31 December 2013,
- evaluating the Management Board's report on the activities of the PGE Capital Group for the year 2013,
- evaluating the Management Board's proposal relating to the distribution of the Company's profit for the financial year 2013, the determination of the dividend record date and the dividend payment date, the distribution of retained profit as well as the allocation of the capital reserve to the supplementary capital,

- approving the Supervisory Board's report on the evaluation of "The IFRS-consistent standalone financial statements of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2013", "The Management Board's report on the activities of PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2013", and The Management Board's proposal concerning the distribution of the Company's profit for the financial year 2013, the determination of the dividend record date and the dividend payment date, the distribution of retained profit as well as the allocation of the capital reserve to the supplementary capital,
- approving 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 2013" 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 2013",
- approving the Company's annual financial plan and real investment plan for 2014,
- approving the annual sponsoring plan of PGE Polska Grupa Energetyczna S.A. for 2014,
- approving the strategy of the PGE Capital Group for the years 2014-2020,
- granting necessary consents for the Medium-term Eurobond Issue Programme and the first issue of bonds on the European market within the scope of the programme,
- granting its consent to the conclusion of the PGE Tax Capital Group Agreement,
- granting its consent to the sale of 30% of shares in the company PGE EJ 1 sp. z o.o. to the companies TAURON Polska Energia S.A., ENEA S.A. and KGHM S.A.,
- granting its consent to the implementation of the true and non-refundable cash pooling system in the selected companies of the PGE Capital Group and the acquisition of a guarantee line to secure the needs of the selected companies of the PGE Capital Group with respect to various types of bank guarantees,
- granting its consent to the investment undertaking financed by PGE Polska Grupa Energetyczna S.A., consisting in the execution of an investment project called "Units 1-3 – a comprehensive modernisation of the units with respect to the improvement of their operational parameters and availability of in the Turów Power Plant", to be carried out by PGE Górnictwo i Energetyka Konwencjonalna S.A.,
- granting its consent to the investment undertaking financed by PGE Polska Grupa Energetyczna S.A., consisting in the execution of an investment project called "The construction of the Lotnisko Wind Farm with a capacity of 90 MW together with power evacuation to the Żarnowiec 400/110 kV system station", to be carried out by PGE Energia Odnawialna S.A.,
- granting its consent to the investment undertaking financed by PGE Polska Grupa Energetyczna S.A., consisting in the execution of an investment project called "The construction of the Resko Wind Farm, Stage II, with a capacity of 76 MW together with

power evacuation to the GPZ Worowo station", to be carried out by PGE Energia Odnawialna S.A.,

- electing Vice Chairperson of the Supervisory Board,
- determining the composition of the permanent committees of the Supervisory Board of the 9th term of office,
- approving changes to the Regulations of the Supervisory Board,
- determining the consolidated text of the Company Statutes after the Extraordinary General Meeting.

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

- recommending that the General Meeting grant discharge to the members of the Management Board for the performance of their duties in 2013,
- giving consent to the members of the Management Board to hold positions in other companies' governing bodies,
- determining the rules of granting variable remuneration (bonus) in the year 2014 to the Management Board members with whom the Company had entered into managerial services provision agreements.

within the scope of the application of Corporate Governance:

- approving the report on the activities of the Supervisory Board of PGE Polska Grupa Energetyczna S.A. in 2013,
- approving the report of the Supervisory Board of Polska Grupa Energetyczna S.A. on the evaluation of the Company's position in the year 2013, 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:

- becoming acquainted with the Management Board's information on the Company's position on the capital market,
- becoming acquainted, on a regular basis, with resolutions adopted by the Management Board of PGE Polska Grupa Energetyczna S.A.,

- becoming acquainted with the Management Board's information on current and planned capital investment projects,
- becoming acquainted with the Management Board's information on industrial associations in which PGE Polska Grupa Energetyczna S.A. is a member together with the amounts of membership fees paid to such organisations, including PKEE,
- becoming acquainted with the Management Board's information on the post-audit statement of the Supreme Chamber of Control on the audit concerning the legality and sound management of the investment project consisting in the construction of power generation units 5 and 6 in the Opole Power Plant,
- becoming acquainted with information on the significance of the Conclusions of the European Council on the climate package for the PGE Capital Group,
- becoming acquainted with the Management Board's information on PGE Dom Maklerski S.A.,
- becoming acquainted with the Management Board's information on the implementation of the SAP system and its budget for the PGE Capital Group,
- becoming acquainted with the Development and Innovation Strategy of the PGE Capital Group,
- becoming acquainted with the Management Board's information on progress in the execution of the Shared Services Centre project,
- becoming acquainted with the Management Board's information on progress in the execution of the project called "The development of a trading strategy for the PGE Capital Group",
- becoming acquainted with information on the status of the implementation of the recommendations given by the ICT security auditor,
- becoming acquainted with the Management Board's information on the execution of the Company's purchases plan for 2013 and the purchases plan for 2014,
- becoming acquainted with the Management Board's information on the execution of the Company's shared orders plan for 2013 and the shared orders plan for 2014,
- becoming 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,
- becoming acquainted with the Management Board's information on court disputes having material impact on the functioning of the PGE Capital Group,
- becoming acquainted, on a regular basis, with the Management Board's information concerning the social dialogue within the PGE Capital Group,

- becoming acquainted with the report on the effectiveness of the Company's sponsoring activities in 2013,
- becoming acquainted with the Management Board's information on the activities of the PGE "Energia z Serca" Foundation,
- becoming acquainted with the Management Board's information on the dates of the publication of periodic reports in 2014 and the restricted periods,

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

- becoming acquainted with the Management Board's information on the PGE Capital Group's financial plan for 2014,
- becoming acquainted, on a regular basis, with the Management Board's information on progress in the execution of the Effectiveness Improvement Programme / operational optimisation programmes in the PGE Capital Group,
- becoming 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,
- becoming acquainted, on a regular basis, with reports concerning the costs of external consulting services in the Company and the PGE Capital Group,
- becoming acquainted with the Management Board's information on bonds issued and subscribed for 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:

- becoming acquainted with the Management Board's information on the PGE Capital Group's consolidated real investments plan for the year 2014,
- becoming acquainted with reports on the execution of the Opole II project together with information on risk management activities in the particular quarters of 2014,
- becoming acquainted with reports on the execution of the investment plans of the companies belonging to the PGE Capital Group in 2013,
- becoming 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 2014,
- becoming acquainted with the Management Board's information on the implementation of strategic investment projects in 2013, as well as becoming acquainted, on a regular basis, with information on the execution of the strategic investment projects in the particular quarters of 2014,

- becoming acquainted with the Management Board's information on the course of the procedure related to the sale of 100% of shares in the company Niezależny Operator Międzystrefowy sp. z o.o. by the company Exatel S.A.

6. A specification of resolutions adopted by the Supervisory Board (a number, date of adoption, and topic of a resolution).

Pursuant to the letter of the Ministry of Treasury of 16 March 2010 (MSP/DNWIP111/WNI/1026/10), PGE Polska Grupa Energetyczna S.A. is released from the obligation to draw up detailed specifications of adopted resolutions.

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

In 2014 the Extraordinary General Meeting adopted resolution no. 5 on 6 February 2014 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 Extraordinary General Meeting on 6 February 2014.

The Supervisory Board implemented the aforementioned resolution of the General Meeting on 02 April 2014, adopting resolution no. 200/IX/2014 concerning the determination of the consolidated text of the Statutes of PGE Polska Grupa Energetyczna S.A.

8. 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 as adopted by the Supervisory Board's resolution no. 213/IX/2014 of 13 May 2014.

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 - if applicable.

In 2014 the Supervisory Board did not adopt any resolutions concerning the suspension of members of the Management Board in their duties.

In 2014 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 9 September 2014 the Supervisory Board adopted resolution no. 241/IX/2014 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 2014-2016. According to the recommendation of the Audit Committee, the selected certified auditor was KPMG Audyt Sp. z o.o. sp. k. KPMG Audyt Sp. z o.o. sp. k. received the largest number of points according to the criteria specified in resolution no. 214/IX/2014 of the

Supervisory Board of PGE Polska Grupa Energetyczna S.A. of 13 May 2014 concerning the determination, within the procedure for "The selection of a certified auditor responsible for auditing the standalone and consolidated financial statements of the selected companies belonging to the Capital Group of PGE Polska Grupa Energetyczna S.A. for the years 2014-2016", of the following: 1) the certified auditor selection criteria and the offer evaluation methodology; 2) the name of a daily newspaper where a relevant notice would be published; and 3) the content of such a notice.

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 a surface area of 4951 m², register no. 109 plat 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 2014 - about 5800 m².

Major tenants - the Ministry of Infrastructure and Development, the company Polskie Sieci Elektroenergetyczne S.A. (together 5100 m²).

Important tenants - PGE Systemy S.A.; PGE Dom Maklerski S.A.; (together about 580 m²).

Other tenants - Energo-Tel S.A.; Exatel S.A.; Fundacja PGE - Energia z Serca; (16 companies from the 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 2014 - approximately PLN 9 200 000.

Including: major tenants - PLN 8 300 000; important tenants - PLN 570 000.

13. 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 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 the resolutions of the Supervisory Board of 6 December 2007.

On 28 February 2014 the General Meeting appointed new members of the Supervisory Board. Therefore, on 12 March 2014 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 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 (standalone 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 2014 the Audit Committee operated in the following composition:

<i>Name and surname</i>	<i>Function</i>
from 1 January 2014 to 28 February 2014	
Małgorzata Dec	Committee Member
Anna Kowalik	Committee Member
from 28 February 2013 to 11 March 2014	
Anna Kowalik	Committee Member
from 12 March 2014 to 31 December 2014	
Jarosław Gołębiewski	Committee Chairperson from 8 April 2014
Barbara Dybek	Committee Member
Anna Kowalik	Committee Member

Krzysztof Trochimiuk

Committee Member

At its meetings during that period, 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.

The Audit Committee was also responsible for the selection of a certified auditor of the standalone and consolidated financial statements of PGE Polska Grupa Energetyczna S.A. for the years 2014-2016, recommending the Supervisory Board to select the company KPMG Audyt Sp. z o.o. sp. k.

Furthermore, the Audit Committee analysed the Company's standalone financial statements for the first half of 2014 and also the consolidated financial statements of the PGE Capital Group for the same period.

The Audit Committee reviewed also a draft financial plan for the Company and the Capital Group for the year 2015.

The Audit Committee also evaluated positively the Audit Department's report on its activities in the first half of 2014.

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 2014 the Corporate Governance Committee operated in the following composition:

<i>Name and surname</i>	<i>Function</i>
from 1 January 2014 to 11 March 2014	
Małgorzata Mika-Bryska	Committee Chairperson
Jacek Barylski	Committee Member
Czesław Grzesiak	Committee Member
from 12 March 2014 to 31 December 2014	
Małgorzata Mika-Bryska	Committee Chairperson until 11 June 2014
Piotr Machnikowski	Committee Chairperson from 11 June 2014

Jacek Barylski	Committee Member
Czesław Grzesiak	Committee Member

During the course of the period the Corporate Governance Committee monitored information on corporate governance and "The Good Practices of Companies Listed on the Warsaw Stock Exchange", 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 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 material 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 2014 the Strategy and Development Committee operated in the following composition:

<i>Name and surname</i>	<i>Function</i>
from 1 January 2014 to 28 February 2014	
Małgorzata Mika-Bryska	Committee Member
Małgorzata Dec	Committee Member
Czesław Grzesiak	Committee Member
from 28 February 2014 to 11 March 2014	
Czesław Grzesiak	Committee Member
Małgorzata Mika-Bryska	Committee Member
from 12 March 2014 to 31 December 2014	
Małgorzata Mika-Bryska	Committee Chairperson from 16 April 2014
Małgorzata Molas	Committee Member
Czesław Grzesiak	Committee Member
Jarosław Gołębiewski	Committee Member

At its meetings during the course of the period, the Strategy and Development Committee analysed the Strategy of the PGE Capital Group for the years 2014-2020 as well as the Group's Strategy of Development and Innovation.

The Appointment and Remuneration Committee

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

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

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

In 2014 the Appointment and Remuneration Committee operated in the following composition:

Name and surname	Function
from 1 January 2014 to 28 February 2014	
Jacek Barylski	Committee Chairperson from 27 August 2013
Czesław Grzesiak	Committee Member
Małgorzata Dec	Committee Member
Anna Kowalik	Committee Member
from 28 February 2014 to 11 March 2014	
Jacek Barylski	Committee Chairperson from 27 August 2013
Czesław Grzesiak	Committee Member
Anna Kowalik	Committee Member

Name and surname	Function
from 12 March 2014 to 31 December 2014	
Jacek Barylski	Committee Chairperson from 27 August 2013
Czesław Grzesiak	Committee Member
Anna Kowalik	Committee Member
Krzysztof Trochimiuk	Committee Member

In 2014 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 2014 to the Management Board members with whom the Company had entered into managerial services provision agreements. The Appointment and Remuneration Committee prepared also draft 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.

14. 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 2014:

Marek Woszczyk	from 1 January 2014 to 31 December 2014
Jacek Drozd	from 1 January 2014 to 31 December 2014
Grzegorz Krystek	from 1 January 2014 to 31 December 2014
Dariusz Marzec	from 1 January 2014 to 31 December 2014

15. An evaluation of the Supervisory Board's activities.

This report presents the main directions of the Supervisory Board's activities in the financial year 2014. The members of the Supervisory Board performed their duties with due diligence, using their knowledge and experience in the area of managing and supervising commercial law companies.

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 2014:

Małgorzata Dec	from 1 January 2014 to 31 December 2014
Jacek Barylski	from 1 January 2014 to 31 December 2014
Czesław Grzesiak	from 1 January 2014 to 31 December 2014
Anna Kowalik	from 1 January 2014 to 31 December 2014



Supervisory Board
of PGE Polska Grupa Energetyczna S.A.
tel.: (+48 22) 340 19 16

Małgorzata Mika - Bryska
Barbara Dybek
Jarosław Gołębiewski
Piotr Machnikowski
Małgorzata Molas
Krzysztof Trochimiuk

from 1 January 2014 to 31 December 2014
from 28 February 2014 to 31 December 2014
from 28 February 2014 to 31 December 2014
from 28 February 2014 to 31 December 2014
from 28 February 2014 to 31 December 2014
from 28 February 2014 to 31 December 2014

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

Barbara Dybek

Members of the Supervisory Board:

Jacek Barylski
Jarosław Gołębiewski
Czesław Grzesiak
Anna Kowalik
Piotr Machnikowski
Małgorzata Mika-Bryska
Małgorzata Molas
Krzysztof Trochimiuk