

# The report on the remuneration of the Members of the Management Board and the Supervisory Board of PGE Polska Grupa Energetyczna S.A.

for the year 2021



*Prowadzimy w zielonej zmianie*

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# 1 Introduction

Pursuant to Article 90g(1) of the Act on public offering, conditions governing the introduction of financial instruments to an organised trading system and public companies of 29 July 2005 (the Public Offering Act), the Supervisory Board of PGE Polska Grupa Energetyczna S.A. presents this report on the remuneration of the Members of the Management Board and the Supervisory Board of PGE Polska Grupa Energetyczna S.A. for the year 2021.

In force in PGE Polska Grupa Energetyczna S.A. (the Company), the policy of remuneration of Members of the Management Board and the Supervisory Board (the Policy) was adopted by resolution no. 9 of the Ordinary General Meeting of the Company of 26 June 2020. This is the first Policy adopted in the Company within the meaning of the Public Offering Act. Before the date of adoption of the Policy, the Company had not had a remuneration policy for Members of the Management Board and the Supervisory Board within the meaning of the Public Offering Act.

Since the principles of determining remuneration of Members of the Management Board and the Supervisory Board are set forth in the provisions of not only the Public Offering Act, but also the Act of 9 June 2016 on the principles of determining remuneration of persons managing certain companies (the Remuneration Act);

- the principles of determining remuneration of Members of the Management Board were established by way of resolution no. 4 adopted by the Extraordinary General Meeting on 2 December 2019 and concerning the principles of determining remuneration of Members of the Management Board and the revocation of resolution no. 4 adopted by the Extraordinary General Meeting of the company PGE Polska Grupa Energetyczna S.A. on 14 December 2016 and concerning the principles of determining remuneration of Members of the Management Board as well as the revocation of resolution no. 37 adopted by the Ordinary General Meeting of the company PGE Polska Grupa Energetyczna S.A. held on 27 June 2017 and concerning an amendment to resolution no. 4 adopted by the Extraordinary General Meeting of the company PGE Polska Grupa Energetyczna S.A. on 14 December 2016.
- the principles of determining remuneration of Members of the Supervisory Board were established by way of resolution no. 5 adopted by the Extraordinary General Meeting on 2 December 2019 and concerning an amendment to resolution no. 5 adopted by the Extraordinary General Meeting of the company PGE Polska Grupa Energetyczna Spółka Akcyjna on 14 December 2016 and concerning the principles of determining remuneration of Members of the Supervisory Board.

The aforementioned principles of determining remuneration of Members of the Management Board and the Supervisory Board were included and maintained in the Policy.

In its resolution no. 7, the General Meeting of PGE Polska Grupa Energetyczna S.A. held on 29 June 2021 gave its positive opinion on "The report on the remuneration of the Members of the Management Board and the Supervisory Board of PGE Polska Grupa Energetyczna S.A. for the years 2019-2020", without voicing any objections. In view of the General Meeting's positive opinion and lack of any objections to the content of last year's report on remuneration, the content of this year's report on remuneration of the Members of the Management Board and the Supervisory Board of PGE Polska Grupa Energetyczna S.A. has not been changed in this respect.

## 2 Applicable principles of determining remuneration of Members of the Management Board

The total remuneration of a Member of the Management Board consists of a fixed part constituting a basic monthly remuneration expressed as a fixed amount ("Fixed Remuneration") and a variable part constituting a supplementary remuneration for the Company's financial year ("Variable Remuneration"). This is without prejudice to the possibility of granting a Member of the Management Board other pecuniary or non-pecuniary benefits permitted under the Remuneration Act.

Only the Fixed Remuneration constitutes an obligatory part of the remuneration payable to Members of the Management Board.

### 2.1 Fixed Remuneration of Management Board Members

The amount of the monthly Fixed Remuneration of a Member of the Management Board is determined each time by the Supervisory Board within the amount range resulting from the Remuneration Act, with the proviso that the Fixed Remuneration of a Member of the Management Board will be determined within the amount range of from 7 to 15

times the assessment basis referred to in Article 1(3)(11) of the Remuneration Act, taking into account the applicable detailed legal regulations determining its amount.

## 2.2 Variable Remuneration (Variable Components of Remuneration)

1. The Variable Remuneration of a Member of the Management Board depends on the degree to which Managerial Objectives have been achieved and may not exceed 100% of the Fixed Remuneration received by a Member of the Management Board in the financial year for which the Variable Remuneration is to be granted.
2. The catalogue of general Managerial Objectives includes in particular the following:
  - a) the achievement of EBITDA for the PGE Capital Group at the level specified in the approved material and financial plan for a given financial year;
  - b) compliance with the covenants under credit agreements – (net debt/EBITDA);
  - c) the achievement of the required availability index for the selected power generation units of the Capital Group;
  - d) the implementation of particular strategic investment projects and programmes;
  - e) the adjustment of the Capital Group to the structural changes of the sector by way of implementing strategic programmes and projects other than those referred to in letter d above;
  - f) the effective utilization of the potential of innovation;
  - g) the development of a systemic approach to communication within the PGE Capital Group with respect to projects.
3. In each financial year, additional Managerial Objectives are established whose achievement determines the possibility of achieving the Variable Remuneration. Such additional Managerial Objectives include in particular:
  - a) the development and application of the principles of establishing remuneration for members of management and supervisory bodies in subsidiaries in accordance with the principles specified in the Remuneration Act;
  - b) the fulfilment of the obligations referred to in Articles 17-20, Article 22, and Article 23, taking into account Article 18a and Article 23a of the State Property Management Act of 16 December 2016.
4. The Supervisory Board is authorised to determine detailed Managerial Objectives, their respective weights, as well as objective and measurable criteria of their accomplishment and settlement (KPI - key performance indicators), subject to the following conditions:
  - a) a given Member of the Management Board is entitled to the Variable Remuneration after the approval of the Management Board's report on the Company's activities and the Company's financial statements for a given financial year and after the acknowledgement of their discharge of duties in a given financial year by the General Meeting;
  - b) the payment of a part of the Variable Remuneration may be delayed for up to 36 months depending on the fulfilment of conditions, by a specified deadline, in accordance with the established Managerial Objectives; then such a part of the Variable Remuneration may be paid in full or in part at the end of a settlement period;
  - c) the Variable Remuneration is calculated on a pro rata basis. Proportionality depends on the number of days on which a Member of the Management Board has provided their services in a given financial year;
  - d) the Supervisory Board ascertains the fulfilment of the conditions for the granting of the Variable Remuneration by particular Members of the Management Board for whom Managerial Objectives have been established for a given financial year and who have performed their functions in the year under assessment, determining the due amount on the basis of financial statements checked by certified auditors as well as other documents, depending on the established Managerial Objectives. Issues related to the recovery of the Variable Remuneration are regulated by the binding provisions of the law.
5. The expiry of the mandate of a Member of the Management Board undergoing assessment with respect to the achievement of the Managerial Objectives does not result in the loss of the right to receive the Variable Remuneration under the conditions specified in clauses 1-4 above, provided that such a Member of the Management Board has performed their functions for a period longer than 3 (three) months in the financial year under assessment.
6. The criteria for awarding the Variable Remuneration defined above in terms of general Managerial Objectives also apply (at a detailed level determined by the Supervisory Board) to taking into account social interests, the Company's and the Capital Group's contributing to environmental protection and taking actions aimed at preventing and eliminating negative social effects of the Company's and the Capital Group's operations by modernising the Company and the Capital Group. The criteria specified in Managerial Objectives are to contribute to the achievement of the objectives set out in Article 90d clause 2 of the Public Offering Act by linking the remuneration to the execution of management processes involving the implementation of the business strategy of the Company and the Capital Group.

## 2.3 Agreements with Management Board Members, Their Terms, and Severance Benefits

1. With a Member of the Management Board, the Company enters into an agreement for the provision of managerial services for the duration of appointment ("Agreement"). A Member of the Management Board is obliged to provide such services in person. The Agreement is entered into within the scope of business activities conducted by a Member of the Management Board.
2. The content of the Agreement is determined by the Supervisory Board pursuant to the provisions of the Policy and taking into account the relevant legal regulation in force on the date of the execution of the Agreement.
3. The Agreement obliges a Member of the Management Board to notify the Company of any intention to perform functions in the governing bodies of any other commercial company or to acquire shares in such a company and to obtain the consent of the Supervisory Body for such actions; the Agreement may provide for a prohibition against performing functions in the governing body of any other commercial company or it may impose other restrictions concerning additional activities of a Member of the Management Board.
4. A Member of the Management Board must not receive remuneration for performing the function of a member of a governing body in companies subsidiary to the Company within the capital group, within the meaning of Article 4(14) of the Competition and Consumer Protection Act of 16 February 2007.
5. The Supervisory Board is authorised to determine prohibitions and restrictions referred to in clauses 3 and 4 above, reporting obligations relating to compliance with such prohibitions and restrictions, as well as sanctions for any improper fulfilment of such obligations.
6. In the event of the expiry of the mandate, in particular in consequence of the death, dismissal or resignation of a Member of the Management Board, the Agreement will terminate on the last day of a Member's performing the function without any necessity of additional activities.
7. Either Party has the right to terminate the Agreement with immediate effect in the event of the other Party's material breach of the provisions of the Agreement.
8. Either Party has the right to terminate the Agreement for reasons other than those specified in clause 7 with a notice period of 3 (three) months subject to the condition that if during the notice period there occurs an event referred to in clause 6 and resulting in the termination of the Agreement in consequence of discontinuation in the performance of the function, the Agreement will be terminated pursuant to clause 6.
9. If the Agreement is rescinded or terminated by the Company for reasons other than those specified in clause 7, a Member of the Management Board may be granted a severance pay in the amount not higher than 3 (three) times the Fixed Remuneration provided that such a Member has performed the function for a period of at least 12 (twelve) months before the termination of the Agreement.
10. A Member of the Management Board is not entitled to the severance pay referred to in clause 9 if:
  - a) the Agreement is terminated, rescinded, or amended in consequence of a change in the function performed by a Member in the Management Board;
  - b) the Agreement is terminated, rescinded or amended in consequence of appointing a Member for another term of office of the Management Board;
  - c) a Member is appointed as a Member of the Management Board in a company belonging to the Capital Group;
  - d) a Member resigns from their function.
11. If no agreement has been entered into with a Member of the Management Board, then the relationship resulting from the act of appointment to the Management Board (corporate relationship) will be established for the period of performing a function in the Management Board and will expire in the cases specified in clause 6 above and in other cases indicated in the applicable legal regulations.

## 2.4 Non-competition agreements and related benefits

- 1 The Supervisory Board and a Member of the Management Board may enter into a non-competition agreement binding and effective after discontinuation in the performance of the function; such a non-competition agreement may be entered into only if a Member of the Management Board has performed their function for a period of at least 6 (six) months, with the proviso that the amount of a monthly compensation may not exceed 50% of the Fixed Remuneration.
- 2 Entering into a non-competition agreement after the termination or rescindment of the Agreement is not permissible.

- 3 The period of the prohibition against competition may not exceed 6 (six) months from the discontinuation of the performance of the function of a Member of the Management Board.
- 4 Should a Member of the Management Board fail to perform, or improperly perform, a non-competition agreement, such a Member will be obliged to pay the Company a contractual penalty in the amount not lower than the amount of compensation due for the whole non-competition period.
- 5 In a non-competition agreement, the Supervisory Board is obliged to determine at least activities competitive to those of the Company, the amount of compensation for complying with the prohibition against competition, the deadline for the payment of such compensation, information provision obligations of a Member of the Management Board, as well as cases in which the prohibition against competition becomes ineffective. The Supervisory Board may determine the Company's right to withdraw from a non-competition agreement or the Parties' rights to terminate a non-competition agreement.

## 2.5 Additional Benefits

1. Apart from the remuneration referred to above, the Supervisory Board may additionally, in justified cases, under the Agreement, grant Members of the Management Board the right to additional benefits.
2. In the Agreement, the Supervisory Board determines the scope and principles of providing a Member of the Management Board with technical equipment and resources constituting the Company's assets and necessary for the performance of the function; the Supervisory Board may also determine limits or a manner of determining limits concerning costs incurred by the Company in connection with providing a Member of the Management Board with such equipment and resources as well as a Member's using such equipment and resources for business purposes.

## 2.6 Remuneration of the Members of the Management Board for 2021

The remuneration paid to the Members of the Management Board in 2021 resulted from individual managerial contracts. The terms and conditions of the managerial contracts are consistent with the principles established in the Remuneration Policy for Members of the Management Board and the Supervisory Board. Adopted on 26 June 2020, the Policy of remuneration of Members of the Management Board and the Supervisory Board maintains the solutions adopted in resolution no. 5 of the Extraordinary General Meeting of 2 December 2019 and providing for the division of remuneration of Members of the Management Board into a fixed part constituting the basic monthly remuneration and a variable part depending on the achievement of managerial objectives. The Policy also recognises the rights of particular Members to other entitlements and benefits acquired prior to its effective date.

In 2021, the Members of the Management Board were paid Variable Remuneration for the year 2020. Resolutions concerning a review of the achievement of the managerial objectives and the payment of Variable Remuneration for 2020 were adopted by the Supervisory Board on 27 July 2021.

The Company's internal regulations do not provide for the possibility of demanding that Members of the Management Board return their Variable Remuneration. Nevertheless, the Supervisory Board may defer the payment of Remuneration for a period of up to 36 months depending on the fulfilment of the conditions within a certain period of time in accordance with the set managerial objectives.

In accordance with the Policy and the provisions of individual managerial contracts, the Supervisory Board gave its consent to the organisation of additional training for three Members of the Management Board, at the Company's expense.

In 2021, the Members of the Management Board did not receive any remuneration or benefits from entities belonging to the PGE Capital Group.

In 2021, the Company did not offer benefits to any relatives or friends of the Members of the Management Board.

In 2021, the Members of the Management Board were not entitled to any remuneration or benefits in the form of financial instruments.

Furthermore, the Company did not offer pension or early retirement schemes to the Members of the Management Board.

In 2021 the Members of the Management Board received remuneration in accordance with the Policy.

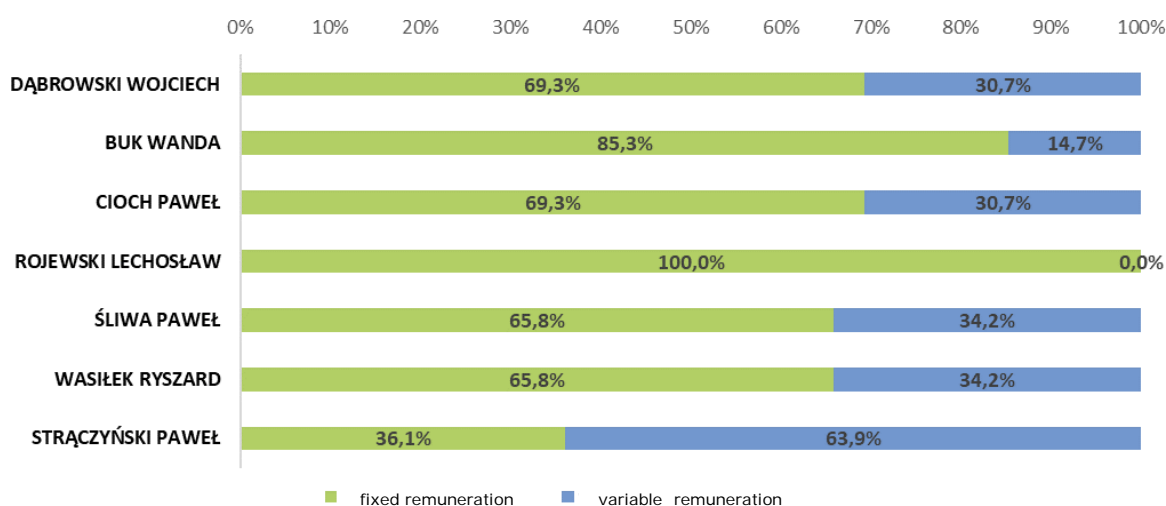
Table: Remuneration of the Members of the Management Board for 2021 (PLN)

Surname and forename	Fixed remuneration	Variable remuneration	Other components	TOTAL*	Ratio of variable to fixed remuneration**	Period of performing function
	Managerial contract	Bonus for 2020	Training			
<b>DĄBROWSKI WOJCIECH</b>	792,680.40	351,896.86	7,199.33	<b>1,151,776.59</b>	51.6%	2020.02.20 - present
<b>BUK WANDA</b>	742,411.96	128,238.07	5,350.00	<b>876,000.03</b>	52.0%	2020.09.01 - present
<b>CIOCH PAWEŁ</b>	739,835.04	327,953.11	2,132.00	<b>1,069,920.15</b>	52.2%	2020.02.24 - present
<b>ROJEWSKI LECHOSŁAW</b>	415,129.72	0.00	0.00	<b>415,129.72</b>	0.0%	2021.06.09 - present
<b>ŚLIWA PAWEŁ</b>	739,835.04	384,714.22	0.00	<b>1,124,549.26</b>	48.0%	2016.03.31 - present
<b>WASIŁEK RYSZARD</b>	739,835.04	384,714.22	0.00	<b>1,124,549.26</b>	48.0%	2016.03.07 - present
<b>STRĄCZYŃSKI PAWEŁ</b>	184,958.76	327,953.11	0.00	<b>512,911.87</b>	52.2%	2020.02.24 - 2021.03.31
<b>TOTAL</b>	<b>4,354,685.96</b>	<b>1,905,469.59</b>	<b>14,681.33</b>	<b>6,274,836.88</b>		

\* the data do not include the return of social insurance contributions that are included in the PIT tax return form.

\*\* a ratio in relation to the remuneration received in the year for which the bonus was paid

Graph: The ratios of the remuneration of the Members of the Management Board paid in 2021.



### 3 Applicable principles of determining remuneration of Members of the Supervisory Board

1. The remuneration of Members of the Supervisory Board results from the relationship of appointment.
2. The structure of remuneration of persons performing the functions of Members of the Supervisory Board consists of a fixed remuneration determined in connection with the appointment as Chairperson of the Supervisory Board or Member of the Supervisory Board.
3. The monthly remuneration of Members of the Supervisory Board is the product of the assessment basis referred to in the Remuneration Act and the following multiplier:
  - a) for the Chairperson of the Supervisory Board – 1.7,
  - b) for other Members of the Supervisory Board – 1.5.



4. Members of the Supervisory Board are entitled to the remuneration referred to above, regardless of the number of convened meetings.
5. No remuneration is due for a month in which a Member of the Supervisory Board has not been present at any properly convened meeting and the absence has not been excused. The Supervisory Board makes a decision to excuse or not to excuse the absence of a Member of the Supervisory Board at a meeting by way of a resolution.

### 3.1 Remuneration of Supervisory Board Members for 2021

In 2021, the remuneration of the Members of the Supervisory Board was paid in accordance with the principles adopted by resolution no. 5 of the Extraordinary General Meeting of 14 December 2016 and concerning the principles of determining remuneration of Members of the Supervisory Board. The aforementioned resolution was amended by resolution no. 5 of the Extraordinary General Meeting of 2 December 2019.

The Policy of remuneration of Members of the Management Board and the Supervisory Board adopted on 26 June 2020 maintains the solutions adopted in resolution no. 5 of the Extraordinary General Meeting of 14 December 2016, amended by resolution no. 5 of the Extraordinary General Meeting of 2 December 2019, and determining that remuneration of Members of the Supervisory Board will depend on the average monthly remuneration in the enterprise sector without payments of rewards from profit in the fourth quarter of the previous year, as announced by the President of the Central Statistical Office.

In 2021, the Members of the Supervisory Board did not receive any remuneration or benefits from entities belonging to the PGE Capital Group.

In 2021, the Company did not offer benefits to any relatives or friends of the Members of the Supervisory Board.

In 2021, the Members of the Supervisory Board were not entitled to any remuneration or benefits in the form of financial instruments.

Furthermore, the Company did not offer pension or early retirement schemes to the Members of the Supervisory Board.

In 2021 the Members of the Supervisory Board received remuneration in accordance with the Policy.

Table: Remuneration of the Supervisory Board Members for 2021 (PLN)

Surname and Forename	Remuneration* Supervisory Board
<b>KOWALIK ANNA</b>	89,837.16
<b>GOSS JANINA</b>	79,268.04
<b>GRYGLAS ZBIGNIEW</b>	10,128.69
<b>HAPUNOWICZ TOMASZ</b>	79,268.04
<b>KOWALCZYK MARCIN</b>	76,497.92
<b>KUCZYŃSKI GRZEGORZ</b>	79,268.04
<b>SAWARYN MIECZYŚLAW</b>	79,268.04
<b>SAWICKI JERZY</b>	69,359.54
<b>SKŁADANEK ARTUR</b>	79,268.04
<b>WINIARSKI RADOSŁAW</b>	79,268.04
<b>TOTAL</b>	<b>721,431.55</b>

\* the data do not include the return of social insurance contributions that are included in the PIT tax return form.



## 4 Company performance in relation to remuneration

### 4.1 Earnings before interest, tax, depreciation and amortisation (EBITDA)

In 2016, the EBITDA result equalled PLN 510 million, which constituted a decrease by 30% compared to the previous year. This was mainly influenced by lower revenue from the sale of electricity (PLN -287 million) and lower revenues from the provision of Commercial Generation Capacity Management (CGCM) services (PLN -35 million). These negative results were partially offset by higher revenue from other activities (PLN +84 million) caused mainly by higher revenues from support/licence agreements.

In 2017, the Company achieved EBITDA of PLN 557 million. This represented an increase of 9% y-o-y, mainly driven by higher revenue from electricity sales (PLN +75 million) in consequence of the margin higher than in the previous year and lower revenue from other operating activities (PLN -26 million).

In 2018, the Company's EBITDA equalled PLN 522 million, which constituted a decrease of 6% compared to the previous year. This was mainly driven by lower revenue from electricity sales (PLN -196 million), lower revenue from other operations (PLN -97 million) mainly due to a decrease in revenues from support/licence agreements and lower revenue from CO2 emission allowance trading (PLN -39 million). These results were offset by higher revenues from the PGE CG companies (PLN +346 million) for the provision of the CGCM service and the Electricity Supply Security (ESS) services under agreements entered into by PGE Polska Grupa Energetyczna S.A. with PGE Obrót S.A. (ESS agreement) and PGE Energia Ciepła S.A. (CGCM agreement), as well as an increase in the value of electricity trade managed on behalf of PGE Górnictwo i Energetyka Konwencjonalna S.A. (PGE GiEK S.A.).

In 2019, the Company's EBITDA amounted to PLN 791 million. Its level compared to the previous year (an increase of 52%) was mainly influenced by higher revenue from CO2 emission allowance trading (PLN + 153 million), which resulted mainly from the valuation of forward contracts related to CO2 emission allowance trading, while PLN + 104 million resulted from the valuation of free CO2 emission allowances granted to the PGE CG power generation units. In addition, EBITDA was influenced by an increase in revenues from the PGE CG companies (PLN +110 million) for the provision of the Generation Capacity Trading Management service. This resulted from a higher volume and value of electricity trading managed on behalf of PGE GiEK S.A.

In 2020, the Company achieved EBITDA of PLN 724 million, which constituted an 8% decrease on a year-on-year basis. The key factors influencing the change in PGE's EBITDA on a year-on-year basis were as follows: lower revenue from the sales of electricity (PLN -47 million) resulting mainly from the effect of a lower unit margin achieved on trade in electricity in consequence of less favourable changes in electricity sales and purchase prices in the market in 2020 as compared to those in the previous year. Lower revenue from trade in CO2 emission allowances (PLN -90 million) resulting mainly from the valuation of free CO2 emission allowances granted to the PGE CG power generation units performed at the end of 2019 (PLN +104 million). The increase in revenue from the PGE CG companies for the provision of the CHCM and ESS services is due to a higher value of electricity trading managed on behalf of PGE CG companies, which is caused by higher electricity prices and the simultaneously lower volume of electricity managed on behalf of PGE CG companies.

In 2021, the Company achieved EBITDA of PLN 613 million, which constituted an 15% decrease on a year-on-year basis. The key factors influencing the change in PGE's EBITDA on a year-on-year basis were as follows: lower revenue from electricity sales (PLN -171 million) caused by the lower (by 3.9 PLN/MWh) unit margin achieved trade in electricity, which was the consequence of an increase in electricity prices in 2021 over those of 2020. The lower profit on CO2 emission allowance trading (PLN -37 million) resulting from the valuation of forward transactions and the settlement of transactions of sale of free CO2 emission allowances outside of the PGE Group in 2020. Revenue from sales of services related to the Capacity Market (PLN 33 million) that have been provided since January 2021 and did not occur in 2020. A provision for the costs of the Voluntary Leave Programme (PLN 32 million) – in 2020 a provision was established in the amount of PLN 21 million. In 2021 the unused part of the provision in the amount of PLN 11 million was reversed.

## 4.2 Net profit

Besides EBITDA, the net profit result achieved by PGE Polska Grupa Energetyczna S.A. in the particular years was mainly influenced by dividend payments from PGE CG companies and impairment write-downs made on shares and interests held in PGE CG companies.

The Company ended 2016 with a net profit of PLN 1,598 million. A decrease by nearly 10% y-o-y was related to lower EBITDA, and the final level of net profit was also influenced by the payment of dividends received from companies belonging to the PGE CG (PLN 1,063 million).

In 2017, the Company's net profit reached the level of PLN 4,544 million and was higher by PLN 2,946 million (184%) compared to that of 2016. This was mainly influenced by higher revenue from dividends (PLN 1,809 million) paid by PGE CG companies as well as a partial reversal of an impairment write-down on shares held in PGE Obrót S.A. (PLN 1,289 million).

In 2018, the Company achieved a net financial result of PLN -203 million, which meant a decrease of PLN 4,747 million compared to the previous year. This was caused mainly by lower revenue from dividends (PLN -2,826 million) paid by PGE CG companies and a partial reversal of an impairment write-down on shares held in PGE Obrót S.A. (PLN 1,289 million), which had been effected in the previous year.

In 2019, the Company achieved a net profit of PLN -1,259 million, which constituted a decrease of PLN 1,056 in comparison to the financial result of 2018. The main reason for the deviation of the net financial result from the previous year's level was a higher impairment write-down on shares and interests held by the Company (PLN -2,266 million). This was partly offset by higher revenue from dividends from PGE CG companies (PLN +904 million).

The year 2020 brought an improvement of more than PLN 3,030 million, which allowed the Company to achieve a net profit of PLN 1,744 million. The improvement in the net profit compared to that achieved in 2019 was mainly due to a higher level of dividends received from PGE CG companies (PLN +514 million) and significantly lower impairment write-downs on shares and interests in PGE CG companies (PLN -2,550 million).

In 2021, the Company achieved a net profit of PLN 1,734, which was the result close to that of the previous year. In comparison to the results for the previous year, EBITDA was lower by PLN 111 million (15%), but the result on financing activities was higher by PLN 216 million (20%). The higher result on financing activities was influenced the most by lower impairment write-downs on shares and interests in PGE CG companies (PLN -508 million), which were partly compensated by lower revenue from dividends from PGE CG companies (PLN -212 million).

## 4.3 Fixed remuneration received by Management Board Members

The amount of the fixed remuneration paid to the Members of the Management Board in the years 2016-2021 resulted from the managerial contracts concluded with them. A decrease in the average annual remuneration of the Members of the Management Board in the years 2016 and 2017 resulted from the implementation of the Act of 9 June 2016 on the principles of determining remuneration of persons managing certain companies.

## 4.4 Changes in remuneration of employees

Changes in the average remuneration of the Company's employees in the particular years resulted from the following:

- changes in the organisational structure introduced in 2017 and 2020,
- employee remuneration reviews linked to employee assessments conducted in 2017 and 2019,
- the performance of agreements with trade unions regarding changes in salaries in 2019 and 2021,
- changes in the Employee Remuneration Principles introduced in 2017 (these changes included the elimination of the seniority allowance and the jubilee award, which was substituted with a one-off benefit).

Table: The remuneration of the members of the Management Board in the years 2021-2016 (PLN) in comparison with the Company's financial result and the average remuneration of employees

	2021	2020	2019	2018	2017	2016
<b>Amount of fixed remuneration received by the Members of the Management Board of PGE S.A. (in PLN)</b>						
<b>Total</b>	<b>4,354,685.96</b>	<b>4,516,957.14</b>	<b>4,491,855.60</b>	<b>4,491,855.60</b>	<b>5,084,199.68</b>	<b>5,221,909.75</b>
<i>Average per Management Board Member per year</i>	<i>746,517.59</i>	<i>713,203.76</i>	<i>748,642.60</i>	<i>748,642.60</i>	<i>753,214.77</i>	<i>882,576.30</i>
<i>change [%] year on year</i>	<i>4.67%</i>	<i>-4.73%</i>	<i>0.00%</i>	<i>-0.61%</i>	<i>-14.66%</i>	<i>-10.58%</i>
<b>RESULTS OF PGE S.A. (PLN million)</b>						
Earnings before interests and taxes (EBIT)	601	712	779	509	541	495
EBITDA	613	724	791	522	557	510
<b>Result from operating activities</b>	<b>1,313</b>	<b>1,097</b>	<b>-1,969</b>	<b>-658</b>	<b>4,008</b>	<b>1,179</b>
including: revenue from Dividends	1252	1464	950	46	2872	1063
<b>Gross profit</b>	<b>1914</b>	<b>1809</b>	<b>-1190</b>	<b>-149</b>	<b>4549</b>	<b>1674</b>
<b>Net profit</b>	<b>1734</b>	<b>1744</b>	<b>-1259</b>	<b>-203</b>	<b>4544</b>	<b>1598</b>
<b>The total amount of remuneration of employees of PGE Polska Grupa Energetyczna S.A. (in PLN)</b>						
<i>Average</i>	<i>16,159.38</i>	<i>15,880.17</i>	<i>14,824.51</i>	<i>14,495.10</i>	<i>14,786.91</i>	<i>13,613.97</i>
<i>change [%] year on year</i>	<i>1.8%</i>	<i>7.1%</i>	<i>2.3%</i>	<i>-2.0%</i>	<i>8.6%</i>	<i>0.6%</i>