

**The report on the activities of the
Supervisory Board of the company
PGE Polska Grupa Energetyczna S.A.
as a governing body in the year 2023**



Prowadzimy w zielonej zmianie

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

The Supervisory Board of PGE Polska Grupa Energetyczna S.A. (hereinafter also "Board" or "Supervisory Board") commenced its 12th term of office on 22 June 2022 to last for three years.

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

As at **1 January 2023** the composition of the Supervisory Board of the 12th term of office was as follows:

Forename and surname	Fulfilled duties
Anna Kowalik	Chairperson of the Supervisory Board
Artur Składanek	Vice Chairperson of the Supervisory Board – independent member
Radosław Winiarski	Secretary of the Supervisory Board
Janina Goss	Member of the Supervisory Board – independent member
Zbigniew Gryglas	Member of the Supervisory Board – independent member
Tomasz Hapunowicz	Member of the Supervisory Board – independent member
Marcin Kowalczyk	Member of the Supervisory Board
Mieczysław Sawaryn	Member of the Supervisory Board – independent member

On 9 February 2023, the Company received the resignation of Marcin Kowalczyk from his position on the Supervisory Board of PGE S.A., effective as of 9 February 2023.

On 28 April 2023, the Ordinary General Meeting of PGE S.A. appointed Cezary Falkiewicz to the Supervisory Board.

On 24 November 2023, the Company received the resignation of Cezary Falkiewicz from his position on the Supervisory Board of PGE S.A., effective as of 30 November 2023.

On 29 December 2023, the Minister of State Assets dismissed Zbigniew Gryglas from the Supervisory Board.

As at **31 December 2023** the composition of the Supervisory Board of the 12th term of office was as follows:

Forename and surname	Fulfilled duties
Anna Kowalik	Chairperson of the Supervisory Board
Artur Składanek	Vice Chairperson of the Supervisory Board – independent member
Radosław Winiarski	Secretary of the Supervisory Board
Janina Goss	Member of the Supervisory Board – independent member

Tomasz Hapunowicz	Member of the Supervisory Board – independent member
Mieczysław Sawaryn	Member of the Supervisory Board – independent member

CHANGES IN THE COMPOSITION OF THE SUPERVISORY BOARD IN 2024

On 25 January 2024, the Minister of State Assets appointed Michał Domagała to the Supervisory Board by declaration.

On 31 January 2024 the Extraordinary General Meeting of PGE Polska Grupa Energetyczna S.A.:

- dismissed the following members of the Supervisory Board:
 - Janina Goss
 - Artur Składanek
 - Radosław Winiarski
 - Tomasz Hapunowicz
 - Mieczysław Sawaryn
- appointed the following persons to the Supervisory Board:
 - Małgorzata Banasik
 - Eryk Kosiński
 - Andrzej Kozyra
 - Elżbieta Niebisz
 - Sławomir Patyra
 - Andrzej Rzońca
 - Andrzej Sadkowski

On 7 February 2024, the Supervisory Board of PGE S.A. elected the Presidium of the Supervisory Board. On the same day, the Supervisory Board adopted resolutions on the delegation of the following Supervisory Board Members to the Management Board:

- Eryk Kosiński – to temporarily perform the duties of a Member of the Management Board of PGE S.A. for a period of 3 months and to fulfil the duties of the President of the Management Board,
- Małgorzata Banasik – to temporarily perform the duties of a Member of the Management Board of PGE S.A. for a period of 3 months.

On 6 March 2024, the Supervisory Board of PGE S.A. adopted resolutions concerning the termination of the delegation of Supervisory Board Members to temporarily perform the duties of Members of the Management Board of PGE S.A.:

- to terminate, as of 17 March 2024, the delegation of Eryk Kosiński, Member of the Supervisory Board, to temporarily perform the duties of a Member of the Management Board acting as President of the PGE Management Board,
- to terminate, as of March 2024, the delegation of Małgorzata Banasik, Member of the Supervisory Board, to temporarily perform the duties of a Member of the PGE Management Board.

As at the date of the acceptance of this report, the Supervisory Board of PGE S.A. functioned in the following composition:

Forename and surname	Fulfilled duties
Michał Domagała	Chairperson of the Supervisory Board – independent member
Andrzej Sadkowski	Vice Chairperson of the Supervisory Board – independent member
Anna Kowalik	Secretary of the Supervisory Board
Małgorzata Banasik	Member of the Supervisory Board – independent member
Eryk Kosiński	Member of the Supervisory Board – independent member
Andrzej Kozyra	Member of the Supervisory Board – independent member
Elżbieta Niebisz	Member of the Supervisory Board – independent member
Sławomir Patyra	Member of the Supervisory Board – independent member
Andrzej Rzońca	Member of the Supervisory Board – independent member

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

In 2023 the Supervisory Board held 16 on-site meetings and adopted 164 resolutions.

4. Information on the Supervisory Board members' attendance at meetings and adopted resolutions concerning excused or unexcused absences.

Information on the attendance of the Supervisory Board Members at meetings and information on excused absences of the Supervisory Board Members is shown in the table below:

#	Date of meeting	Number of Board Members present	Number of Board Members absent	Resolutions on excusal of absence
1.	17 January 2023	8	0	
2.	28 February 2023	7	0	
3.	21 March 2023	7	0	
4.	28 March 2023	7	0	

5.	18 April 2023	5	2	146/XII/2023 147/XII/2023
	19 April 2023	6	1	157/XII/2023
6.	06 June 2023	8	0	
7.	27 June 2023	7	1	195/XII/2023
8.	18 July 2023	8	0	
9.	29 August 2023	8	0	
10.	04 September 2023	8	0	
11.	12 September 2023	8	0	
12.	17 October 2023	8	0	
13.	14 November 2023	8	0	
14.	23 November 2023	6	2	254/XII/2023 255/XII/2023
15.	30 November 2023	7	1	258/XII/2023
16.	12 December 2023	6	1	265/XII/2023

5. Important issues dealt with by the Supervisory Board, including conducted reviews and clarifying investigations.

During its meetings held during the course of 2023, the Supervisory Board dealt with significant matters arising from both generally applicable laws, the Company Statutes and other regulations. The issues addressed by the Supervisory Board included the following:

with respect to statutory requirements:

- conducted an evaluation of the following:
 - “The separate financial statements of PGE Polska Grupa Energetyczna S.A. for the year 2022 ended 31 December 2022”;
 - “The consolidated financial statements of PGE Polska Grupa Energetyczna S.A. for the year 2022 ended 31 December 2022”;
 - “The Management Board’s report on the activities of the company PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group for the year 2022 ended 31 December 2022”;
 - “The non-financial information statement of the company PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group for the year 2022”;
 - “The report on expenses relating to representation, legal services, marketing services, public relations and social communication services as well as advisory services connected with the management of the company PGE Polska Grupa Energetyczna S.A. for 2022”;

- conducted an evaluation of the Management Board's motion to be submitted to the General Meeting and relating to the allocation of net profit for the financial year 2022;
- accepted the document entitled "The Supervisory Board's evaluation of the (separate and consolidated) financial statements of the company PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group as well as the Management Board's report on the activities of the company PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group for the year 2022";
- approved the annual sponsoring plan of the company PGE Polska Grupa Energetyczna S.A. for 2023;
- gave its consent to the Company's entering into a donation agreement with the PGE Foundation.

with respect to the activities of the Management Board of PGE S.A.:

- recommended that the General Meeting grant discharge to the Members of the Management Board for the performance of their duties in 2022;
- carried out one recruitment procedure for the position of Vice President for Support and Development in the Management Board of PGE Polska Grupa Energetyczna S.A.;
- appointed Mr Rafał Włodarski to the Company's Management Board as Vice President for Support and Development as of 9 January 2023;
- carried out one recruitment procedure for the position of Vice President for Operations in the Management Board of PGE Polska Grupa Energetyczna S.A.;
- appointed Mr Przemysław Kołodziejak to the Company's Management Board as Vice President for Operations as of 1 May 2023;
- dismissed Mr Paweł Śliwa, Vice President of Innovation, from the Company's Management Board as of 23 November 2023.

with respect to the application of corporate governance:

- accepted "The report on the activities of the Supervisory Board of the company PGE Polska Grupa Energetyczna S.A. in 2022";
- accepted "The report of the Supervisory Board of PGE Polska Grupa Energetyczna S.A. on its evaluation of the statements and reports for the year 2022, the proposal concerning the allocation of the net profit for the year 2022 and the Management Board's fulfilment of the information disclosure obligations resulting from the Commercial Companies Code";
- accepted "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 2022".

with respect to the activities of PGE Polska Grupa Energetyczna S.A. (hereinafter: PGE S.A.) and the PGE Capital Group (hereinafter: PGE CG):

- became acquainted with the information of the Management Board on the position of PGE Polska Grupa Energetyczna S.A. on the capital market;
- became acquainted, on a regular basis, with resolutions adopted by the Management Board;
- became acquainted, on a regular basis, with the Management Board's information on current and planned capital expenditure projects;
- became acquainted with the Management Board's information on the structure of employment in PGE;
- became acquainted with the Management Board's information on court disputes having material impact on the functioning of the PGE Capital Group;
- became acquainted, on a regular basis, with the Management Board's information concerning the social dialogue within the PGE Capital Group;
- became acquainted with the report on the effectiveness of the sponsoring activities of PGE S.A. and the companies belonging to the PGE Capital Group in 2022;

- became acquainted with the Management Board’s information on the activities of the PGE Foundation;
- became acquainted with the Management Board’s information on the dates of the publication of periodic reports in 2023 and the restricted periods.

with respect to the financial activities of the Company and the PGE Capital Group:

- approved the financial plan of PGE Polska Grupa Energetyczna S.A. for the year 2023, including the capital expenditures plan of PGE Polska Grupa Energetyczna S.A.;
- became acquainted with the Management Board’s information on the financial plan of the PGE Capital Group for the year 2023, including the capital expenditures plan of the PGE Capital Group;
- became acquainted, on a regular basis, with the Management Board’s information on the economic and financial position of the Company and the PGE Capital Group;
- became acquainted with reports concerning the costs of external consulting services in the Company and the PGE Capital Group.

with respect to the investment activities of the Company and the PGE Capital Group:

- became acquainted with the Management Board’s information on the status of the power generation assets for the individual quarters of the year 2023;
- became acquainted with a report on the condition of the power grid of the company PGE Dystrybucja S.A. for the year 2022;
- became acquainted with quarterly information on the preparations of the Offshore Wind Farms capital investment project;
- became acquainted with a report on the implementation of capital expenditure plans in the companies belonging to the PGE Capital Group in the year 2022 and became acquainted, on a regular basis, with reports on the performance of capital expenditure plans in the companies belonging to the PGE Capital Group in the individual quarters of the year 2023;
- became acquainted with reports on the execution of strategic investment projects and the Megainvestment in the PGE Capital Group in the particular quarters of 2023;
- became acquainted with information on projects and activities undertaken in the area of research, development and innovation.

with respect to the conducted reviews and clarifying investigations:

In the year 2023, the Supervisory Board did not adopt any resolutions concerning reviews or clarifying investigations.

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

In 2023, the Company held one General Meeting. It was the Ordinary General Meeting. The Ordinary General Meeting was held on 28 April 2023. It adopted a number of resolutions, including the following:

- a resolution approving “The EU-IFRS-compliant separate financial statements of the company PGE Polska Grupa Energetyczna S.A. for the year 2022 ended 31 December 2022 (in PLN million)”,
- a resolution approving “The EU-IFRS-compliant consolidated financial statements of the company PGE Polska Grupa Energetyczna S.A. for the year 2022 ended 31 December 2022 (in PLN million)”,

- a resolution approving "The Management Board's report on the activities of the company PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group for the year 2022 ended 31 December 2022",
- a resolution concerning the distribution of the Company's net profit for the financial year 2022,
- a resolution approving "The report on the activities of the Supervisory Board of PGE Polska Grupa Energetyczna S.A. in 2022",
- a resolution approving "The report of the Supervisory Board of PGE Polska Grupa Energetyczna S.A. on its evaluation of the statements and reports for the year 2022, the proposal concerning the allocation of the net profit for the year 2022 and the Management Board's fulfilment of the information disclosure obligations resulting from the Commercial Companies Code",
- a resolution concerning an opinion to be given by the General Meeting of PGE Polska Grupa Energetyczna S.A. 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 year 2022",
- a resolution concerning the granting of discharge to all Members of the Management Board and the Supervisory Board for the performance of their duties in 2022,
- a resolution concerning changes in the composition of the Supervisory Board.

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

In 2023, the Company continued its efforts to implement the updated Strategy of the PGE Capital Group. The Strategy of the PGE Capital Group was accepted by the Supervisory Board in its resolution no. 291/XI/ 2020 of 19 October 2020.

On 29 August 2023, the Company's Supervisory Board approved an update of the PGE Group Strategy until 2030.

On 4 September 2023, both the Management Board and the Supervisory Board adopted resolutions to repeal the resolutions updating the PGE Group Strategy.

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

In 2023, the Supervisory Board did not adopt any resolution concerning the suspension of members of the Management Board in their duties or the delegation of members of the Supervisory Board to perform the duties of members of the Management Board.

9. Information on the Supervisory Board's decisions concerning the selection of a statutory auditor.

On 15 September 2021 the Supervisory Board adopted resolution no. 420/XI/2021 concerning the selection of the most favourable offer for the audit of the separate and consolidated financial statements of the company PGE Polska Grupa Energetyczna S.A. for the years 2022-2024 and the acceptance of the recommendation concerning the selection of a contractor responsible for the audit of the separate financial statements of the selected companies belonging to the Capital Group of PGE Polska Grupa Energetyczna S.A. for the years 2022-2024, which will be presented to the companies belonging to the Capital Group of PGE Polska Grupa Energetyczna S.A.

The Supervisory Board selected the company PKF Consult sp. z o.o. sp.k. (PKF Consult) as auditor responsible for the audit of the separate financial statements of PGE S.A. and the consolidated financial statements of the PGE Capital Group for the years 2022-2024. PKF Consult was selected in a purchase process, under the procedure of negotiations with publication. Accordingly, the Supervisory Board did not vote on any resolutions on the appointment of an auditor in 2023.

10. 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 PGE Capital Group.

Based on information provided on a regular basis by the Management Board, the Supervisory Board ascertains that the companies belonging to the PGE Capital Group were consistently implementing the strategy updated on 19 October 2020, i.e. the Strategy of the PGE Capital Group until 2030, and were carrying out the corporate centre policy.

11. Evaluation of the utilisation of the company's fixed assets, with particular consideration given to real property.

The office building in Warsaw, 2 Mysia Street.

The office building constructed in the years 1951/56 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 4,434.00 m², register no. 109/3 and 110/3 plot 5-05-02. For the aforementioned real property, the District Court for Warsaw Mokotów in Warsaw, the 10th Land and Mortgage Register Division, 58 Solidarności Avenue, holds a land and mortgage register no. WA4M/00168674/5.

Lease of office space in the building located at 2 Mysia Street in Warsaw:
At the end of 2023 the floor area of the leased office space was 2426.60 m².

Major tenants (combined lease area 1,938.27 m² - as at 31.12.2023):

Polskie Sieci Elektroenergetyczne S.A. (621.05 m²).

PGE Systemy S.A. (542.17 m²).

Solivoda sp. z o.o. (428.50 m²).

PGE Dom Maklerski S.A. (346.55 m²).

Other tenants (combined lease area 488.33 m²): PGE Ventures sp. z o.o., Exatel S.A., Fundacja PGE, Pracownicze Towarzystwo Emerytalne Nowy Świat S.A., PGE Asekuracja S.A., Towerlink Poland sp. z o.o., ORANGE POLSKA S.A. oraz PGE Energia Ciepła S.A., PGE Inwest 2 sp.z o.o., PGE Gryfino 2050 sp. z o.o., PGE Inwest 9 sp. z o.o., PGE Inwest 10 sp. z o.o., PGE Inwest 11 sp. z o.o., PGE Inwest 12 sp. z o.o., PGE Inwest 14 sp. z o.o., PGE Inwest 20 sp. z o.o, PGE Inwest 21 sp. z o.o, PGE Inwest 22 sp. z o.o, PGE Inwest 23 sp. z o.o, PGE Inwest 24 sp. z o.o, PGE Inwest 25 sp. z o.o;

Total proceeds from lease in 2023 – PLN 5,828,181.96.

including: major tenants:

Polskie Sieci Elektroenergetyczne S.A. – PLN 2,865,523.67

PGE Systemy S.A. – PLN 757,036.65

PGE Dom Maklerski S.A. – PLN 562,971.80

Solivoda sp. z o.o. – PLN 198,639.10

PGE Synergia sp. z o.o. – PLN 198,068.82

12. An evaluation of the fulfilment of the independence criteria by the Members of the Supervisory Board

On 1 July 2021 the new 2021 edition of "The Good Practices of Companies Listed on the Warsaw Stock Exchange" of 29 March 2021 came into effect. The document had been adopted by the Supervisory Board of the Warsaw Stock Exchange in its resolution no. 13/1834/2021 on 29 March 2021 (hereinafter "The Good Practices of Companies Listed on the Warsaw Stock Exchange") and has been followed by PGE since 1 July 2021. On the basis of principle 2.3. of The Good Practices of Companies Listed on the Warsaw Stock Exchange, the Supervisory Board evaluates whether there occur any relations or circumstances which may have impact on the fulfilment of the independence criteria by a given member of the Supervisory Board. The members of the Supervisory Board performing their duties in 2023 assessed their fulfilment of the independence criterion. An evaluation of the fulfilment of the independence criteria by the Members of the Supervisory Board is described in the table below and presented by the Supervisory Board pursuant to principle 2.11.1.

Members of the PGE Supervisory Board performing their duties in 2023

Forename and surname	Fulfilment of independence criterion	Factual relations to shareholder
Anna Kowalik	No	Yes, at present
Janina Goss	Yes	No
Cezary Falkiewicz	No	Yes, in the past
Zbigniew Gryglas	Yes	No
Tomasz Hapunowicz	Yes	No
Marcin Kowalczyk	No	Yes, in the past
Mieczysław Sawaryn	Yes	No
Artur Składanek	Yes	No
Radosław Winiarski	No	Yes, in the past

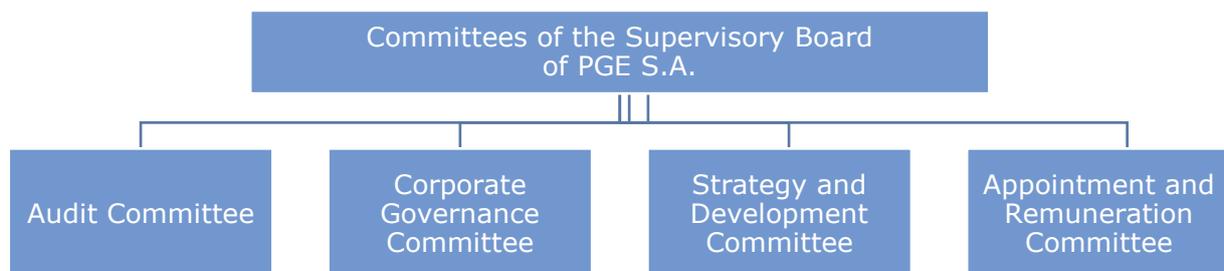
In light of the presented evaluation, the Supervisory Board ascertains that in 2023 the Company complied with principle 2.3. of The Good Practices for Companies Listed on the WSE, according to which at least two members of the Supervisory Board must meet the independence criteria and have no actual and significant relations to a shareholder holding at least 5% of the total number of votes in the company.

13. Committees operating within the PGE Supervisory Board

Pursuant to the wording of 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 Supervisory Board Regulations currently in force, 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 3 to 5 persons. 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, unless the regulations of a given committee provide for otherwise. The document regulating in detail the scope and subject matter of committees' activities is the Regulations of the Supervisory Board of PGE S.A.

Figure: The committees of the Supervisory Board of PGE S.A.



In 2023, the composition of the committees of the Supervisory Board was as follows:

As at 1 January 2023, the permanent committees of the Supervisory Board functioned in the following compositions:

Forename and surname of Supervisory Board member	The Audit Committee	The Corporate Governance Committee	The Strategy and Development Committee	The Appointment and Remuneration Committee
Janina Goss	Member	-	-	Member
Zbigniew Gryglas	-	Member	Member	-
Tomasz Hapunowicz	-	Chairperson	Member	-
Marcin Kowalczyk	-	-	Member	Member
Anna Kowalik	Member	Member	Member	Member
Mieczysław Sawaryn	Member	Member	Member	Chairperson
Artur Składanek	Chairperson	-	Member	-
Radosław Winiarski	Member	-	Chairperson	-

In 2023, there were changes in the composition of the Supervisory Board of PGE S.A., and consequently the compositions of the individual Committees of the Supervisory Board of PGE S.A. changed.

- On 9 February 2023, the company received the resignation of Marcin Kowalczyk from his position on the Supervisory Board of PGE S.A.
- On 6 June 2023, the Supervisory Board of PGE S.A., by resolution no. 162/XII/2023, appointed Cezary Falkiewicz to the following Committees: the Appointment and Remuneration Committee, the Strategy and Development Committee and the Audit Committee of the PGE S.A. Supervisory Board.
- On 30 November 2023, Cezary Falkiewicz resigned from his position on the Supervisory Board.
- On 29 December 2023, the Minister of State Assets dismissed Zbigniew Gryglas from the Supervisory Board.

As at 31 December 2023 the permanent committees of the Supervisory Board functioned in the following compositions:

Forename and surname of Supervisory Board member	The Audit Committee	The Corporate Governance Committee	The Strategy and Development Committee	The Appointment and Remuneration Committee
Janina Goss	Member	-	-	Member
Tomasz Hapunowicz	-	Chairperson	Member	-
Anna Kowalik	Member	Member	Member	Member
Mieczysław Sawaryn	Member	Member	Member	Chairperson
Artur Składanek	Chairperson	-	Member	-
Radosław Winiarski	Member	-	Chairperson	-

On 31 January 2024, the Extraordinary General Meeting dismissed the following members of the Supervisory Board: Janina Goss, Artur Składanek, Radosław Winiarski, Tomasz Hapunowicz and Mieczysław Sawaryn.

In connection with the changes in the composition of the Supervisory Board of PGE S.A. in 2024, the following table presents the composition of the individual Committees of the Supervisory Board of PGE S.A. as at the date of this report:

Forename and surname of Supervisory Board member	The Audit Committee	The Corporate Governance Committee	The Strategy and Development Committee	The Appointment and Remuneration Committee
Małgorzata Banasik			Chairperson	Member
Michał Domagała	Member			Member
Eryk Kosiński		Member	Member	
Anna Kowalik	Member	Member		Chairperson
Andrzej Kozyra		Member		Member

Elżbieta Niebisz	Member		Member	
Sławomir Patyra		Chairperson		Member
Andrzej Rzońca	Chairperson		Member	
Andrzej Sadkowski			Member	

The detailed scope of competences of the individual permanent Committees of the PGE Supervisory Board is specified in the Regulations of the Supervisory Board available on the PGE S.A. website.

THE AUDIT COMMITTEE

The Audit Committee operates on the basis of the Regulations of the Audit Committee of the Supervisory Board of PGE S.A., which meet the requirements of the Statutory Auditors, Audit Firms and Public Supervision Act of 11 May 2017 (the Statutory Auditors Act). The Company also complies with the following documents adopted by the Audit Committee:

- the policy and procedure for the selection of an audit firm responsible for the audit of financial statements (The Auditor Selection Policy).
- the policy on the provision of permitted non-audit services by an audit firm, its affiliates and members of its network (The Services Provision Policy).

All members of the Audit Committee of the Supervisory Board of the 12th term of office have declared for the record that they meet the requirements set out in the Statutory Auditors Act and regarding the Audit Committee.

The statements made in 2023 by the Members of the Audit Committee of the Supervisory Board show that:

- the statutory independence criteria were met by: Janina Goss, Mieczysław Sawaryn and Artur Składanek,
- the criterion of having knowledge and skills in accounting or auditing, by virtue of one's education and experience was met by: Radosław Winiarski,
- the criterion of having knowledge and skills in the industry in which the Company operates, by virtue of one's education and professional experience was met by: Anna Kowalik and Artur Składanek.

The curricula vitae of the members of the Audit Committee of the Supervisory Board containing details of their education and professional experience and confirming possession of the aforementioned requirements were available on the website of PGE S.A.

The Audit Committee is primarily responsible for the examination of the correctness and efficiency of the performance of internal audits in the Company and the PGE Capital Group as well as for cooperation with the Company's auditors. In particular, the Audit Committee is tasked with developing principles for the selection of the audit firm to audit the Company's financial statements and with monitoring the Company's financial reporting process.

Documents on file at the Company show that 13 minuted Audit Committee meetings were held in 2023. At its meetings, the Audit Committee analysed, among other things, the Company's separate financial statements, the consolidated financial statements of the PGE Capital Group, and the Management Board's report on the activities of the Company and the PGE Capital Group for the year 2022. The Audit Committee also held regular meetings with representatives of the auditor PKF Consult sp. z o.o. sp.k. regarding the 2022 and 2023 financial results.

Furthermore, the Audit Committee analysed the Company's separate financial statements for the first half of 2023, as well as the consolidated financial statements of the PGE Capital Group for the same period.

In 2023, the Audit Committee approved the compliance programme of PGE Polska Grupa Energetyczna S.A. for the year 2023. The Audit Committee gave a positive opinion on the audit plan of the PGE Capital Group for the year 2023.

The Audit Committee also analysed the following:

- the results of audits carried out in the Company and the PGE Capital Group,
- information on the consolidation of the internal audit area in the PGE Capital Group,
- information on the results and the functioning of the Audit Department in PGE S.A. after the consolidation of the audit area in the PGE Capital Group,
- a report on services provided by the Auditor of PGE S.A. and entities related to the Auditor for PGE Capital Group companies for the year 2023,
- information on the adoption of a recommendation for the Supervisory Board on the assessment of transactions entered into by PGE S.A. and its subsidiaries with related parties on an arm's length basis in the ordinary course of business.

THE CORPORATE GOVERNANCE COMMITTEE

The tasks of the Corporate Governance Committee include, in particular, assessing the implementation of the corporate governance principles in the Company and evaluating the manner in which the Company fulfils its disclosure obligations regarding the application of the corporate governance principles and submitting recommendations or initiatives for changes in this area to the Supervisory Board, providing opinions on internal acts and other documents of the Company with a significant impact on corporate governance and submitted to the Supervisory Board, as well as initiating and developing proposals for changes to the Company's internal acts regarding corporate governance and submitting them to 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 formulating the strategy and planning the development of the Company and the PGE Capital Group. In particular, the duties of the Strategy and Development Committee include the provision of opinions on strategies and strategic plans, as well as investment projects having significant impact on the Company's assets and submitted to the Supervisory Board by the Management Board.

Documents on file at the Company show that 6 minuted meetings of the Strategy and Development Committee were held in 2023.

The subjects discussed by the Strategy and Development Committee included the following:

- Information from the Management Board of PGE S.A. on key projects and activities currently carried out in the area of research, development and innovation in the PGE Capital Group and on activities carried out as part of the Electricity Storage Programme in the PGE Capital Group,
- Information of the Company's Management Board on the PGE Capital Group's cybersecurity and TOP3 most important projects in the ICT area,
- The updating of the Strategy of the PGE Capital Group,
- The decarbonisation of the heat generation sector.

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 organisational 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, as well as their compliance with the applicable legal and internal regulations,
- periodically reviewing and recommending principles for determining the incentive remuneration of Members of the Management Board and senior executives, in line with the Company's interests,
- periodically reviewing the system of remuneration of Members of the Management Board and executives reporting directly to Members of the Management Board, including management contracts and incentive systems, and submitting to the Supervisory Board proposals for determining them in 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 the Company particular tasks and achievements,
- evaluating the Company's human resources management system.

In 2023, the Appointment and Remuneration Committee held 3 meetings.

The subjects discussed by the Appointment and Remuneration Committee included the following:

- discussing the proposed managerial objectives for the Management Board of PGE S.A. for 2023,
- discussing the reports on the achievement of the managerial objectives for 2022 by the Management Board of PGE S.A.

14. Assessment of the Supervisory Board's work

This report presents the main directions of the Supervisory Board's activities in the financial year 2023. The Members of the Supervisory Board performed their duties, using their knowledge and experience in the area of the management and supervision of commercial law companies. The Members of the Supervisory Board represented a wide range of skills and qualifications. Most of the Members of the Supervisory Board were people with higher legal education (legal counsels and attorneys); some of them were people with economic or technical education, familiar with the power generation sector. The members of the Management Board participated in the meetings of the Supervisory Board, presented the Management Board's motions addressed to the Supervisory Board, provided answers to questions asked by the members of the Supervisory Board and implemented the recommendations of the Supervisory Board.



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

Michał Domagała

Members of the Supervisory Board:

Małgorzata Banasik

Eryk Kosiński

Anna Kowalik

Andrzej Kozyra

Elżbieta Niebisz

Sławomir Patyra

Andrzej Rzońca

Andrzej Sadkowski