

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

for 2022



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 the report on the remuneration of the Members of the Management Board and the Supervisory Board of PGE Polska Grupa Energetyczna S.A. for 2022 (the "Report").

The policy of remuneration of Members of the Management Board and the Supervisory Board (the Policy) in force in PGE Polska Grupa Energetyczna S.A. (hereinafter also "the Company", "PGE S.A."), was adopted by resolution no. 9 of the Ordinary General Meeting of the Company of 26 June 2020, amended by resolution of the Ordinary General Meeting of the Company of 22 June 2022.

Since the principles of determining the 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 the remuneration of persons managing certain companies (the Remuneration Act);

- the principles of determining the remuneration of Members of the Management Board were established by way of resolution no. 4 of the Extraordinary General Meeting of the Company and of 2 December 2019 concerning the principles of determining remuneration of Members of the Management Board and the repealing of resolution no. 4 of the Extraordinary General Meeting of the company "PGE Polska Grupa Energetyczna S.A." of 14 December 2016 concerning the principles of determining the remuneration of Members of the Management Board as well as the repealing of resolution no. 37 of the Ordinary General Meeting of the company "PGE Polska Grupa Energetyczna S.A." of 27 June 2017 and concerning an amendment to resolution no. 4 of the Extraordinary General Meeting of the company "PGE Polska Grupa Energetyczna S.A." of 14 December 2016 which was amended by Resolution no. 5 of the Extraordinary General Meeting of "PGE Polska Grupa Energetyczna S.A." of 7 March 2022 on the determining of remuneration of the Members of the Management Board.
- the principles of determining remuneration of Members of the Supervisory Board were established by way of resolution no. 5 of the Extraordinary General Meeting of the Company of 2 December 2019 concerning an amendment to resolution no. 5 adopted by the Extraordinary General Meeting of the company "PGE Polska Grupa Energetyczna Spółka Akcyjna" of 14 December 2016 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.

1.1 Key information on the business environment of the Company

PGE Polska Grupa Energetyczna S.A. (hereinafter also referred to as PGE S.A., PGE, the Company) is the parent company of PGE GK, whose activities are organised in seven operating segments. PGE S.A. conducts its operating activities in the Trade Segment. The core business of PGE S.A. is the wholesale trade of electricity on the domestic market, the purchase of fuel and related products, including CO₂ emission allowances for the needs of generation companies and the provision of Corporate Centre services to PGE Group companies.

PGE S.A., together with the other PGE Group companies, implements the PGE Group's business strategy, which responds to the deep changes in the energy sector in recent years and to social expectations that largely determine the development directions of the sector. The PGE Group is a leader in the transformation and modernisation of the energy sector in Poland and supports building of the market environment conducive to energy transition. The transformation of the PGE Group will take place in a sustainable way, in dialogue with the social party. PGE S.A. is aware of the environmental impact of the Group's activities in social, economic and environmental terms. The activities of the PGE Group are focused on maximising added value for all stakeholders.

Changes in the composition of the Management Board and the Supervisory Board

As at 1 January 2022 the Management Board of the Company consisted of the following members:

Name and surname	Function	Period of performing the function
Wojciech Dąbrowski	President of Management Board	2020.02.20 – till now
Wanda Buk	Member of Management Board	2020.09.01 - till now
Paweł Cioch	Member of Management Board	2020.02.24 -2022.11.17
Lechosław Rojewski	Member of Management Board	2021.06.09 - till now
Paweł Śliwa	Member of Management Board	2016.03.31 - till now
Ryszard Wasilek	Member of Management Board	2016.03.07 - till now

The following changes to the composition of the Management Board of the Company took place during 2022: As of 17 November 2022, Paweł Cioch was dismissed from his position of the Member of the Management Board.

In 2022, the composition of the Supervisory Board of PGE Polska Grupa Energetyczna S.A. was as follows:

Name and surname	Function	Period of performing the function in 2022
Anna Kowalik	Chairperson of Supervisory Board	All year
Artur Składanek	Member of Supervisory Board	All year
Grzegorz Kuczyński	Member of Supervisory Board	2022.01.01 - 2022.06.22
Janina Goss	Member of Supervisory Board	All year
Zbigniew Gryglas	Member of Supervisory Board	2022.01.01 -2022.06.22 2022.07.12 - 2022.12.31
Tomasz Hapunowicz	Member of Supervisory Board	All year
Marcin Kowalczyk	Member of Supervisory Board	All year
Mieczysław Sawaryn	Member of Supervisory Board	All year
Radosław Winiarski	Member of Supervisory Board	All year

On 22 June 2022, i.e. on the date of the General Meeting of PGE S.A. approving the financial statements for 2021, the mandate of Grzegorz Kuczyński expired and he was not appointed to the Supervisory Board of the 12th term of office.

On 22 June 2022, the Ordinary General Meeting of PGE Polska Grupa Energetyczna S.A. appointed the Supervisory Board for the 12th term of office.

On 12 July 2022, the Company received a statement from the Minister of State Assets (representing the State Treasury) on the appointment of Zbigniew Gryglas to the Supervisory Board of the Company as of 12 July 2022.

1.2 Changes to the Remuneration Policy

On 22 June 2022, the Policy was amended by determining the amount of compensation for complying with the prohibition against competition upon termination of the function of a Member of the Management Board at a level of 100% of the Fixed Remuneration instead of the previous 50% of the Fixed Remuneration. The change introduced in the Policy was a result of the change in the principles of determining the remuneration of the Members of the Management Board adopted by Resolution no. 5 of the Extraordinary General Meeting of "PGE Polska Grupa Energetyczna S.A." of 7 March 2022 on the determining of remuneration of the Members of the Management Board.

2 Level of total remuneration broken down by components and mutual ratios between those components

The amounts of total remuneration, broken down into individual fixed and variable components, regardless of their form, received by or due to individual members of the Management Board of the Company and the Supervisory Board for the period from 1 January 2022 to 31 December 2022, i.e. for the period of the reported financial year to which the Report relates, are described and indicated below.

2.1 Total remuneration of the Members of the Management Board

The amounts of remuneration of the Members of the Management Board of the Company, indicated in detail in the table below, illustrate the total remuneration due and received in 2022 (all required benefits have been paid).

The total remuneration of the Members of the Management Board consists of fixed remuneration, variable remuneration as well as additional cash and non-cash benefits arising from the Policy. The terms and conditions contained in the managerial contracts are compliant with the principles set out in the Policy.

In 2022, the variable remuneration for 2021 was paid to the Members of the Management Board. The resolutions concerning the settlement of the Managerial Objectives and the payment of the variable remuneration for 2021 were adopted by the Supervisory Board on 12 July 2022. The variable remuneration for 2021 was paid on 13 July 2022.

In accordance with the adopted Policy, irrespective of the fixed remuneration and variable remuneration, the Supervisory Board may additionally, in justified cases, grant the right to additional benefits to the Members of the Management Board. In 2022, the Supervisory Board exercised the aforementioned power and granted the training benefit to the following Members of the Management Board: Dąbrowski Wojciech, Buk Wanda, Cioch Paweł.

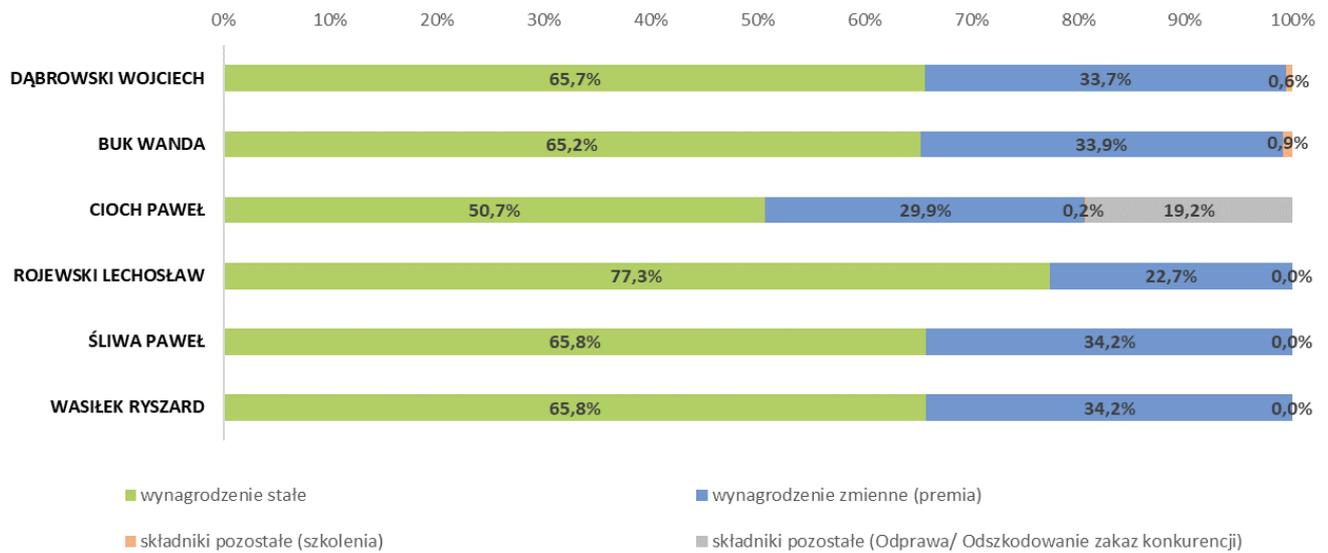
Table: Total remuneration of the Members of the Management Board for 2022 (PLN)

Name and surname	Fixed remuneration	Variable remuneration	Other contributions	Other components	TOTAL*	Ratio of variable to fixed remuneration **	Period of performing the function
	Managerial contract	Bonus for 2021	Training	Severance pay / Non-competition compensation			
DĄBROWSKI WOJCIECH <i>President of Management Board</i>	792 680,40	407 319,60	6 900,25	0,00	1 206 900,25	51,4%	2020.02.20 - till now
<i>% share of remuneration component In total remuneration</i>	65,7%	33,7%	0,6%	0,0%	100,0%		
BUK WANDA <i>Member of Management Board</i>	739 835,04	384 714,20	10 000,00	0,00	1 134 549,24	51,8%	2020.09.01 - till now
<i>% share of remuneration component In total remuneration</i>	65,2%	33,9%	0,9%	0,0%	100,0%		
CIOCH PAWEŁ <i>Member of Management Board</i>	651 465,85	384 714,20	2 624,00	246 611,68	1 285 415,73	52,0%	2020.02.24 - 2022.11.17
<i>% share of remuneration component In total remuneration</i>	50,7%	29,9%	0,2%	19,2%	100,0%		
ROJEWSKI LECHOSŁAW <i>Member of Management Board</i>	739 835,04	217 126,40	0,00	0,00	956 961,44	52,3%	2021.06.09 - till now
<i>% share of remuneration component In total remuneration</i>	77,3%	22,7%	0,0%	0,0%	100,0%		
ŚLIWA PAWEŁ <i>Member of Management Board</i>	739 835,04	384 714,20	0,00	0,00	1 124 549,24	52,0%	2016.03.31 - till now
<i>% share of remuneration component In total remuneration</i>	65,8%	34,2%	0,0%	0,0%	100,0%		
WASILEK RYSZARD <i>Member of Management Board</i>	739 835,04	384 714,20	0,00	0,00	1 124 549,24	52,0%	2016.03.07 - till now
<i>% share of remuneration component In total remuneration</i>	65,8%	34,2%	0,0%	0,0%	100,0%		
TOTAL	4 403 486,41	2 163 302,80	19 524,25	246 611,68	6 832 925,14		

* 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.

Chart: The ratios of the remuneration of the Members of the Management Board paid in 2022.



Wynagrodzenie stałe	Fixed remuneration
Składniki pozostałe (szkolenia)	Other components (training)
Wynagrodzenie zmienne (premia)	Variable remuneration (bonus)
Składniki pozostałe (Odprawa/zakaz konkurencji)	Other components (Severance pay/non-competition)

2.2 Total remuneration of the Members of the Supervisory Board

The amounts of remuneration of the Members of the Supervisory Board indicated in detail in the table below, illustrate the total remuneration due and received in 2022 by Members of the Supervisory Board (all required benefits have been paid).

The terms and conditions of remuneration of the Members of the Supervisory Board are compliant with the principles set out in the Policy adopted.

The structure of the 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 a Member of the Supervisory Board.

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:

- for the Chairperson of the Supervisory Board – 1.7,
- for other Members of the Supervisory Board – 1.5.

In accordance with the assumptions of the Policy, the Members of the Supervisory Board do not receive any additional cash or non-cash benefits. Due to the lack of the variable remuneration components, it is not possible to determine the ratio between the fixed and variable components.

Total remuneration consists of 100% of fixed remuneration.

Table: Total remuneration of the Members of the Supervisory Board for 2022 (PLN)

Name and surname	Fixed remuneration	Variable remuneration	Other components	TOTAL*
		Not applicable	Not applicable	
KOWALIK ANNA <i>Chairperson of Supervisory Board</i>	89 837,16	0,00	0,00	89 837,16
% share of remuneration component in total remuneration	100,0%	0,0%	0,0%	100,0%
GOSS JANINA <i>Member of Supervisory Board</i>	79 268,04	0,00	0,00	79 268,04
% share of remuneration component in total remuneration	100,0%	0,0%	0,0%	100,0%
GRYGLAS ZBIGNIEW <i>Member of Supervisory Board</i>	75 162,58	0,00	0,00	75 162,58
% share of remuneration component in total remuneration	100,0%	0,0%	0,0%	100,0%
HAPUNOWICZ TOMASZ <i>Member of Supervisory Board</i>	79 268,04	0,00	0,00	79 268,04
% share of remuneration component in total remuneration	100,0%	0,0%	0,0%	100,0%
KOWALCZYK MARCIN <i>Member of Supervisory Board</i>	79 268,04	0,00	0,00	79 268,04
% share of remuneration component in total remuneration	100,0%	0,0%	0,0%	100,0%
KUCZYŃSKI GRZEGORZ <i>Member of Supervisory Board</i>	37 872,51	0,00	0,00	37 872,51
% share of remuneration component in total remuneration	100,0%	0,0%	0,0%	100,0%
SAWARYN MIECZYSLAW <i>Member of Supervisory Board</i>	79 268,04	0,00	0,00	79 268,04
% share of remuneration component in total remuneration	100,0%	0,0%	0,0%	100,0%
SKŁADANEK ARTUR <i>Member of Supervisory Board</i>	79 268,04	0,00	0,00	79 268,04
% share of remuneration component in total remuneration	100,0%	0,0%	0,0%	100,0%
WINIARSKI RADOSŁAW <i>Member of Supervisory Board</i>	79 268,04	0,00	0,00	79 268,04
% share of remuneration component in total remuneration	100,0%	0,0%	0,0%	100,0%
TOTAL	678 480,49	0,00	0,00	678 480,49

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

3 Explanation of the manner in which the total remuneration is compliant with the adopted Remuneration Policy, including its contribution to achieving the long-term performance of the Company

The remuneration of all members of the Management Board and the Supervisory Board of the Company for the period covered by the Report was awarded solely in accordance with the provisions of the Policy. The remuneration included only the components provided for in the Policy, was paid in accordance with the principles set out in the Policy, including the correct amount, on the correct legal basis and on the basis of clear, comprehensive and diversified financial and non-financial performance criteria for variable remuneration components.

In accordance with the assumptions of the Policy, the variable remuneration components of the Members of the Management Board contribute to the business strategy, long-term interests and stability of the Company by motivating the achievement of the general and specific Managerial Objectives. Among the general Managerial Objectives adopted in the Policy, it is important to indicate the objectives related to the

achievement of specific financial ratios (EBITDA, net debt/EBITDA) and technical indicators, conducting of investment projects to support the implementation of the Group's strategy, conducting of research projects to effectively exploit the potential of innovation and building of a systemic approach to communication.

In addition, based on the assumptions of the Policy, additional Managerial Objectives are determined, to be achieved in a particular financial year, determining the receipt of variable remuneration by the Members of the Management Board. They include, in particular:

- the development and application of the principles of establishing the remuneration for members of management and supervisory bodies in subsidiaries corresponding to the principles specified in the Remuneration Act,
- 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.

The bonus criteria for individual Members of the Management Board of the Company are designed to motivate them to take action with the aim of implementation of the general strategic objectives of the Company.

In accordance with the Policy, the Managerial Objectives were specified in detail by the Supervisory Board in a resolution of 22 February 2022, including determining of the weights of these objectives and the objective and measurable criteria for their implementation and settlement (KPIs), taking into account the conditions indicated in the Policy, including those also relating, at a detailed level, to the consideration of social interests, the contribution of the Company and the Capital Group to environmental protection and taking measures aimed at counteracting and eliminating the negative social effects of activities of the Company and the Capital Group through the modernisation of the Company and the Capital Group.

When defining the specific Managerial Objectives, the Supervisory Board determined their weights and objective, measurable, transparent, comprehensive and diversified criteria (indicators) of their accomplishment and settlement (KPIs) in terms of financial and non-financial conditions.

When determining the aforementioned specific Managerial Objectives, the weights and bonus criteria, the Supervisory Board additionally took into account the following assumptions:

- a given Member of the Management Board is entitled to the Variable Remuneration after the approval of the Management Board's report on the activities of the Company 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;
- 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;
- 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;
- 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 determined 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 verified by a statutory auditor as well as other documents, depending on the Managerial Objectives determined. Issues related to the recovery of the Variable Remuneration result from the binding provisions of the law.

The policy does not provide for granting of variable remuneration to the Members of the Management Board with a settlement period longer than one financial year.

The total remuneration of the Members of the Company Management Board and Members of the Company Supervisory Board and the conditions under which it was awarded contributed to the implementation of the business strategy, long-term interests and stability of the Company.

4 Information on the way of applying the performance criteria

In accordance with the Remuneration Policy, 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 in the financial year of the Company for which the Variable Remuneration is to be granted.

A given Member of the Management Board is entitled to the variable remuneration components after the approval of the Management Board's report on the activities of the Company 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.

In the period covered by the Report, the Members of the Supervisory Board were not entitled to the variable remuneration depending on the Company performance, but only to the fixed remuneration at a level determined in accordance with the applicable Policy.

5 Information concerning the annual change in remuneration, performance and average remuneration of employees other than Members of the Management Board and the Supervisory Board

Table: Change in total remuneration of Members of the Management Board in annual terms (PLN)

Name and surname	2022	2021	2020	2019	2018
DĄBROWSKI WOJCIECH <i>President of Management Board</i>	1 206 900,25	1 151 776,59	689 222,74	0,00	0,00
<i>change [%] y/y</i>	4,8%	67,1%	0,0%	0,0%	0,0%
BUK WANDA <i>Member of Management Board</i>	1 134 549,24	876 000,03	246 611,68	0,00	0,00
<i>change [%] y/y</i>	29,5%	255,2%	0,0%	0,0%	0,0%
CIOCH PAWEŁ <i>Member of Management Board</i>	1 285 415,73	1 069 920,15	639 082,46	0,00	0,00
<i>change [%] y/y</i>	20,1%	67,4%	0,0%	0,0%	0,0%
ROJEWSKI LECHOSŁAW <i>Member of Management Board</i>	956 961,44	415 129,72	0,00	0,00	0,00
<i>change [%] y/y</i>	130,5%	0,0%	0,0%	0,0%	0,0%
ŚLIWA PAWEŁ <i>Member of Management Board</i>	1 124 549,24	1 124 549,26	1 559 759,96	1 124 549,04	739 835,04
<i>change [%] y/y</i>	0,0%	-27,9%	38,7%	52,0%	-27,2%
WASIŁEK RYSZARD <i>Member of Management Board</i>	1 124 549,24	1 124 549,26	1 559 819,96	1 124 549,04	739 835,04
<i>change [%] y/y</i>	0,0%	-27,9%	38,7%	52,0%	-27,2%

The amount of fixed remuneration paid to the members of the Management Board in the years 2018 - 2022 resulted from the managerial contracts concluded.

Table: Change in total remuneration of Members of the Supervisory Board in annual terms (PLN)

Name and surname	2022	2021	2020	2019	2018
KOWALIKANNA	89 837,16	89 837,16	93 114,52	89 837,16	89 837,16
Change [%] y/y	0,0%	-3,5%	3,6%	0,0%	0,0%
GOSS JANINA	79 268,04	79 268,04	82 159,84	79 268,04	79 268,04
Change [%] y/y	0,0%	-3,5%	3,6%	0,0%	0,0%
GRYGLAS ZBIGNIEW	75 162,58	10 128,65	0,00	0,00	0,00
Change [%] y/y	642,1%	0,0%	0,0%	0,0%	0,0%
HAPUNOWICZ TOMASZ	79 268,04	79 268,04	82 159,84	79 268,04	77 563,35
Change [%] y/y	0,0%	-3,5%	3,6%	2,2%	0,0%
KOWALCZYK MARCIN	79 268,04	76 497,92	0,00	0,00	0,00
Change [%] y/y	3,6%	0,0%	0,0%	0,0%	0,0%
KUCZYŃSKI GRZEGORZ	37 872,51	79 268,04	82 159,84	79 268,04	79 268,04
Change [%] y/y	-52,2%	-3,5%	3,6%	0,0%	0,0%
SAWARYN MIECZYSLAW	79 268,04	79 268,04	82 159,84	79 268,04	79 268,04
Change [%] y/y	0,0%	-3,5%	3,6%	0,0%	0,0%
SKŁADANEK ARTUR	79 268,04	79 268,04	82 159,84	79 268,04	79 268,04
Change [%] y/y	0,0%	-3,5%	3,6%	0,0%	0,0%
WINIARSKI RADOŚLAW	79 268,04	79 268,04	82 159,84	79 268,04	10 348,90
Change [%] y/y	0,0%	-3,5%	3,6%	666,0%	0,0%

The amount of fixed remuneration paid to the Members of the Management Board resulting from the appointment relationship.

Table: Change in the average remuneration of employees (other than Members of the Management Board or the Supervisory Board) in annual terms (PLN)

	2022	2021	2020	2019	2018
Total remuneration of employees (in PLN)					
Average	17 653,23	16 159,38	15 880,17	14 824,51	14 495,10
Change [%] y/y	9,2%	1,8%	7,1%	2,3%	-2,0%

Changes in the average remuneration of the employees of the Company in individual years resulted from:

- employee remuneration reviews linked to employee assessments conducted in 2019,
- changes to the organisational structure in 2020,
- the performance of agreements with trade unions regarding changes in salaries in 2019, 2021 and 2022.

Table: Results of the Company (PLN million)

	2022	2021	2020	2019	2018
Earnings before interest and taxes (EBIT)	1 139	601	712	779	509
earnings before interest, taxes and amortization (EBITDA)	1 151	613	724	791	522
Result on financial activity	2 291	1 313	1 097	-1 969	-658
including: dividend revenues	1 639	1 252	1 464	950	46
Gross result	3 430	1 914	1 809	-1 190	-149
Net result	3 097	1 734	1 744	-1 259	-203

In 2018, the Company's EBITDA result amounted to PLN 522 million, which meant a decrease of 6% compared to the previous year. This was mainly influenced by: a lower result on electricity sales (PLN -196 million), a lower result on other operations (PLN -97 million) caused mainly by a decrease in revenue from support/licence agreements and a lower result on the trade in CO₂ emission allowances (PLN -39 million). This was offset, however, by an increase in revenue from PGE GK companies (+PLN 346 million) on account of the ZHZW service and Security of Electricity Supply (ZDEE), in connection with agreements concluded by PGE S.A. with PGE Obrót S.A. (ZDEE agreement) and PGE Energia Ciepła S.A. (ZHZW agreement), as well as a higher value of electricity trading subject to management on behalf of PGE Górnictwo i Energetyka Konwencjonalna S.A. ("PGE GiEK S.A.").

In 2019, the Company's EBITDA result stood at PLN 791 million. Its level compared to the previous year (an increase of 52%) was mainly influenced by: a higher result on 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, related to the valuation of free CO₂ emission allowances granted to PGE CG generating units. In addition, an increase was seen in revenues from PGE GK companies (+ PLN 110 million) on account of the Generation Capacity Trading Management service, which resulted from the higher volume and value of electricity trading managed on behalf of PGE GiEK S.A.

In 2020, the Company achieved the EBITDA result at a level of PLN 724 million, which means a decrease of 8% compared to the previous year. The main factors affecting the year-on-year change in the result of PGE Polska Grupa Energetyczna S.A. included: A lower result on electricity sales (PLN -47 million), which was mainly the effect of a lower unit margin achieved on electricity trading, as a consequence of less favourable electricity sales and purchase prices on the market in 2020 compared to the previous year. A lower result on trading in CO₂ emission allowances (PLN 90 million) resulting mainly from the valuation at the end of 2019 of free CO₂ emission allowances granted to PGE GK generating units (+PLN 104 million). An increase in revenue from PGE GK companies (+PLN 59 million) on account of ZHZW and ZDEE services, which resulted from a higher value of trading in electricity managed on behalf of PGE GK companies, which was due to a higher electricity price, with a simultaneously lower volume of electricity managed on behalf of PGE GK companies.

In 2021, the Company achieved the EBITDA result at a level of PLN 613 million, which means a decrease of 15% compared to the previous year. The main factors affecting the year-on-year change in the result of PGE S.A. included: (i) A lower result on electricity sales (PLN -171 million), which was mainly the effect of a lower unit margin achieved on electricity trading by PLN 3.9/MWh, as a consequence of an increase in electricity sales and purchase prices on in 2021 compared to the previous year. (ii) A lower result on trading in CO₂ emission allowances (PLN -37 million) resulting from the valuation of forward transactions and the result from the settlement in 2020 of transactions of sale outside the PGE GK of free CO₂ emission allowances. (iii) Revenues from the sale of services related to the Capacity Market (+ PLN 33 million), provided since January 2021, which did not occur in 2020. (iv) 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 while in 2021 the unused part of the provision in the amount of PLN 11 million was reversed.

In 2022, the Company achieved the EBITDA result at a level of PLN 1 151 million, which means a decrease of 88% compared to the previous year. The main factors affecting the year-on-year change in the result of PGE S.A. included: (i) Higher revenues from the provision of services of Commercial Management of Generation Capacity and Security of Electricity Supply by (+PLN 587 million), as a result of the higher price of electricity under management (+PLN 214.1/MWh), against a lower volume of electricity (-12.6 TWh). (ii) A higher result on trading in CO₂ emission allowances (+PLN 602 million), which mainly arises from the inclusion of a margin in the transitional forward valuation concerning CO₂ which does not occur in 2021, as well as the accomplished margin in transactions on CO₂ emission allowances with PGE CG companies, which is accrued from January 2022. (iii) A lower result on electricity sales (PLN -366 million), as a result of a lower unit margin accomplished on electricity trading (-9.0 PLN/MWh), as a result of the increase in electricity prices in 2022 compared to the previous year. The impact of other items on the result amounts to the total of (PLN -285 million), of which the most significant event is the creation in 2022 of a write-down on receivables of Enesta Sp. z o.o. in the amount of PLN 154 million and the costs of a write-down to the Price Difference Payment Fund in the amount of PLN 88 million.

Besides EBITDA, the net profit result achieved by PGE S.A. in individual years was mainly affected by dividend payments from PGE GK companies and impairment write-downs on the value of shares and interests held in PGE GK companies.

In 2018, the Company achieved the net result at a level of PLN -203 million, which meant a decrease of PLN 4 747 million compared to the previous year. This was mainly due to lower dividend income from PGE GK companies (PLN -2 826 million) and a partial decrease in the impairment write-down on PGE Obrót S.A shares (PLN 1 289 million), which occurred a year earlier.

In 2019, the Company achieved the net result at a level of PLN -1 259 million, which meant a decrease of PLN 1 056 million compared to 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 (PLN -2 266 million). This was partly offset by higher revenue from dividends from PGE GK 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 2019 was mainly due to a higher level of dividends received from PGE GK companies (PLN +514 million) and significantly lower impairment write-downs on shares and interests in PGE GK companies (PLN -2 550 million).

In 2021, the Company achieved a net result of PLN 1 734, which was close to that of 2020. In comparison to the results for 2020, EBITDA was lower (by PLN 111 million, -15%), whereas the result on financing activities was higher (by PLN 216 million, +20%). The higher result on financing activities was influenced to the greatest extent by lower impairment write-downs on shares and interests in PGE GK companies (+ PLN 508 million), which were partly compensated by lower revenue from dividends from PGE GK companies (PLN -212 million).

In 2022, the Company achieved the net result at a level of PLN 3 097 million, which means an increase in the result by PLN 1 363 million. Compared to last year's result, EBITDA was higher by PLN 538 million (88%) and the result on financing activities was higher by PLN 978 million (74%). The higher result on financing activities results mainly from a higher balance of interest (+PLN 522 million) and higher revenues from dividends from PGE GK companies (+PLN 387 million).

6 Amount of remuneration from entities belonging to the same capital group

In the period covered by the Report, the Members of the Management Board did not receive any remuneration or benefits from entities belonging to the Capital Group.

7 The number of financial instruments granted or offered and the main conditions for the exercise of the rights attached to these instruments

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

8 Information concerning a possibility to claim back variable components of the remuneration

In the period covered by the Report, the Company did not use a possibility to claim back variable components of the remuneration.

9 Information on derogations from the procedure concerning the implementation of the Remuneration Policy and on the derogations applied accordance with article 90f, including the explanation of the rationale and procedure and the indication of elements which are subject to the derogations

During the period covered by the Report, the Company did not use a possibility of temporary deviations from the procedure of implementing the Policy and also did not use the derogations applied accordance with article 90f of the Act.

10 Explanation of the manner of taking into account the opinion of the General Meeting relating to the previous remuneration report

In its resolution no. 10 of 22 June 2022, the General Meeting of PGE Polska Grupa Energetyczna S.A. 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 2021", without submitting any objections.

Taking into account the foregoing, there was no need to take additional action to incorporate the guidelines of the General Meeting in the Policy or the current Report.

In the period covered by the Report, the Company continued to apply the good practices developed to date with regard to the remuneration of Members of the Management Board and the Supervisory Board and the reporting on the remuneration and benefits paid.