



**REPORT OF THE MANAGEMENT BOARD OF ENERGA SA
ON ENTERTAINMENT EXPENSES, EXPENSES FOR LEGAL SERVICES, MARKETING
SERVICES, PUBLIC RELATIONS SERVICES AND SOCIAL COMMUNICATION
SERVICES AND FOR MANAGEMENT-RELATED ADVISORY SERVICES,
FOR THE YEAR ENDED ON 31 DECEMBER 2017**

Gdańsk, May 2018

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I. INTRODUCTION

The present Report on Expenses of ENERGA SA has been prepared as an enforcement of Section 17.2.4. of the Company's Articles of Association.

The amounts specified in the Report are presented in thousands of zlotys.

<i>Expenses of ENERGA SA [PLN '000]</i>	2017
Expenses for marketing services	32,540
Expenses for management-related advisory services	6,872
Expenses for legal services	2,511
Expenses for public relations and social communication services	1,240
Entertainment expenses	380
Total	43,543

II. EXPENSES FOR MARKETING SERVICES

	2017
Expenses for marketing services [PLN '000]	32,540

The marketing service activities aimed at promoting the ENERGA brand and at building and maintaining the high level of its market awareness. The image of the ENERGA brand, i.e. its perception and assessment by the environment, plays an important role supporting the achievement of the Group's objectives and maintenance of the leading market position. The brand promotion expenses are centralised and incurred by the Company, and licences are granted to the Group companies for the use of the ENERGA brand, for a fee.

The marketing expenses included primarily promotional services for the ENERGA brand, advertising services in the area of creation, designing and printing, advertising materials with the logo, manufacture and operation of promotional aids, corporate social responsibility (CSR) activities and media purchases.

In the sponsorship area, the Company incurred expenses for cooperation with entities representing organisers of professional sports as well as culture and art events, with whom it entered into agreements for the provision of sponsorship services.

The expenses related to execution of the individual sponsorship projects are supervised on an on-going basis by the Company Supervisory Board, which in accordance with the provisions of the Articles of Association expresses its opinion on both the plan and principles of conducting sponsorship activity in the ENERGA Group and submits to the General Meeting of Shareholders, at least once a year, the evaluation of reasonableness of the Company's policy for the sponsorship activity.

III. EXPENSES FOR MANAGEMENT-RELATED ADVISORY SERVICES

	2017
Expenses for management-related advisory services [PLN '000]	6,872

The expenses for management-related advisory services relate to advising for strategic projects for the Capital Group, acquisition of funding, marketing strategy, tax advising, optimisation of the Group structure and processes within the Group.

IV. EXPENSES FOR LEGAL SERVICES

	2017
Expenses for legal services [PLN '000]	2,511

The expenses for legal services were incurred in 2017 in relation to the provision of legal advisory services for ENERGA SA by specialised entities, which included in particular development of legal information, analyses and opinions, legal support at matters related to the development and adjustment of contents of the internal acts to the applicable legal regulations, on-going service related to trademark protection, representation in court and pre-court disputes and administrative proceedings, and also comprehensive legal services for investment projects executed in the ENERGA Group.

V. EXPENSES FOR PUBLIC RELATIONS AND SOCIAL COMMUNICATION SERVICES

	2017
Expenses for public relations and social communication services [PLN '000]	1,240

The conducted public relations and social communication activities shaped the positive image of the ENERGA Group among the individual stakeholder groups.

In the external communication area, expenses were related mainly to the building and maintenance of investor and media relations and related in particular to media monitoring, participation in business conferences and events, and operation of an electronic press office.

The activities of the ENERGA Group, the largest employer in Pomerania and one of the four principal energy companies in Poland, make it the daily subject of interest of the media – starting from the local and regional ones, through the pan-Polish, sectoral or economic ones, and ending on those that address social and sport topics. This is why the Press Office of the ENERGA Group provides continuous updates about the activities of the Group and its individual companies, and also about their initiatives. This makes it possible to create and reinforce the positive image, and to get with the message both to the media and to the public. As a Group we use multiple communication channels, the most important of which are the media. In 2017, we also took up activity in social media – Twitter and Facebook channels were created.

In the internal communication area, expenses were related to the building and maintenance of employee relations and related in particular to organisation of activities addressed to the Company employees and their families, publishing, printing and typesetting of the “Emisja” magazine describing events within the ENERGA Group and other internal communication tools (including the Intranet).

VI. ENTERTAINMENT EXPENSES

	2017
Entertainment expenses [PLN '000]	380

The purpose of the entertainment expenses is to build positive relations with the Company's environment, including the relations with the customers.

The Management Board of ENERGA SA

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