

CORPORATE GOVERNANCE STATEMENT

In 2021, the Company and its corporate bodies followed two sets of corporate governance principles:

- until 30 June 2021, the document titled Good Practices for WSE Listed Companies in 2016 (hereinafter: "2016 Good Practices" [DPSN 2016]) adopted by way of Resolution No. 26/1413/2015 of the Supervisory Board of Giełda Papierów Wartościowych in Warszawie SA of 13 October 2015 was in force;
- starting from 1 July 2021, the document titled Good Practices for WSE Listed Companies in 2021 (hereinafter: "2021 Good Practices" [DPSN 2021]) adopted by way of Resolution No. 13/1834/2021 of the Supervisory Board of Giełda Papierów Wartościowych in Warszawie SA of 29 March 2021 is in force.

Both documents have been published on WSE's website.

Application of rules of corporate governance

During the term of 2016 Good Practices, in 2021 ENERGA failed to apply Rule III.Z.3 – the Company did not comply with the requirement of Standard 1110-1, only with regard to the organisational independence of appointing and dismissing the Internal Audit Manager (IAM) and approval and changes of the remuneration of IAM. The standard referred to above has been defined in the International Standards for the Professional Practice of Internal Auditing by the Institute of Internal Auditors. Moreover, IAM does not functionally report to the Supervisory Board. In the absence of a decision on the publication of forecasts and considering the provisions of the Regulation of the Minister of Finance on Current and Interim Information of 29 March 2018, the Specific Principle I.Z.1.10 did not apply, either.

Following the start of application of 2021 Good Practices, Energa published the relevant current report on 29 July 2021 in which it reported its failure to apply 10 rules (current report no. 1/2021, available on the Company's website in the *Good Practices for WSE Listed Companies* tab).

As at 31 December 2021, the Company, analogically to the situation described in the aforesaid current report, failed to apply 10 rules, namely:

- 1.4.2. - as part of the ongoing integration of the Energa Group with the Orlen Group, the process of unification of the methodology for calculating remuneration-related ratios is under way; therefore, the ratio mentioned in this rule is not published on the corporate website. The Company complies with the applicable national laws and regulations, including the Labour Code; moreover, the Company has taken measures and implemented good practices by applying internal policies to ensure the application of the principles of equality, respect and prevention, among others: Policy Against Mobbing and Discrimination in the Energa Group, Code of Ethics of the ORLEN Group, Policy for Compliance Management in the Energa Group, Policy for the Management of Employee Potential of the ORLEN Group. Furthermore, regular audits and improvement and remedial actions are carried out at the company.
- 1.5. - the non-application of the rule stems from the fact that the Company classifies the data indicated as sensitive information constituting trade secrets and does not publish separate statements in this respect.
- 1.6. - in connection with: (i) resolution of the Extraordinary Meeting of Energa SA of 29 October 2020 to withdraw the Company's shares from trading on the regulated market operated by the WSE, (ii) reduction on 30 November 2020 of the number of the Company's freely floated shares below 10% and (iii) WSE's decision to remove the Company's shares from all stock indices, effective after the session held on 3 December 2020, the decision was made to renounce from organisation of a conference for the investors;
- 2.1., 2.2 and 2.11.6.- the Company's employee diversity policy is presented in several internal documents. However, it has not been adopted in a document form by the Supervisory Board or the General Meeting. Despite that, gender diversity has been ensured at an appropriate level in the Company's bodies: as at 31 December 2021, there were two women and three men on the Management Board, and five women and two men on the Supervisory Board. The Company seeks to ensure diversity on its bodies through the selection of diverse and professional managerial and supervisory team. Moreover, the Company respects the dignity of every person regardless of race, nationality, religion, gender, age, education, professional position, sexual orientation, degree of disability or political affiliation, and does not accept any form of discrimination.
- 2.11.5. - an assessment of reasonableness of the expenditure referred to in Rule 1.5. is carried out by the Company's Supervisory Board. However, due to the non-application by the Company of Rule 1.5. (as explained above), the annual report of the Company's Supervisory Board, presented to the Company's Ordinary General Meeting, does not contain the above assessment.
- 4.9.2. - as provided for in the Company's Articles of Association, a candidate member of the Supervisory Board intending to perform a function on the Audit Committee submits to the Company, before their appointment to the

Supervisory Board, a written declaration of fulfilment of the statutory conditions listed in that rule. A candidate is not required to submit a declaration as to the existence of any actual and significant relationship of the candidate with a shareholder holding at least 5% of the total number of votes in the Company.

- 4.11. - Members of the Company's Management Board take part in General Meetings and provide expert answers to the questions asked at the General Meeting. At an Ordinary General Meeting ("OGM"), the Company's Management Board answers questions concerning the financial results and other significant information contained in the financial statements and the report on activities for the past financial year, which is subject to approval by the OGM. The Company's Management Board does not present financial or non-financial data at the OGM,
- 6.4 - The guideline rules of remuneration of the Supervisory Board members are laid down in the Remuneration Policy for Members of the Management Board and Supervisory Board of Energa SA adopted by the Company's Ordinary General Meeting. The remuneration of the Members of the Company's Supervisory Board does not depend on the number of meetings held. The remuneration is fixed and paid on a monthly basis. Whereas the Members of the Supervisory Board Committees are not paid any additional remuneration.

In addition to applying the rules set out in the 2021 Best Practices, Energa strives to communicate with equity market participants and take into account the investors' needs, among others, by publishing on the Company's website materials such as output presentations, key facts sheets or files with multi-annual quarterly data of the Group.

Significant shareholders

For information on the shareholding structure, please see Section 8.1. Energa's shareholding structure

Holders of stock with special control rights and a description of special control rights

Polski Koncern Naftowy ORLEN SA with its registered office in Plock (PKN ORLEN) owns the majority block of the Company's shares, including 144,928,000 series BB shares, preferred in terms of voting at the General Meeting, where one series BB share carries two votes at the General Meeting.

In accordance with § 17.3 and § 18.1 of Articles of Association, PKN ORLEN has the personal right to appoint and dismiss, by means of a written statement, some members of the Supervisory Board of the Company, as well as the right to appoint the Chairman of the Supervisory Board, on the terms specified in the Company's Articles of Association.

Restrictions on voting rights

As at the date of preparation of these Statements, no restrictions on the exercise of voting rights exist.

Restrictions on transfer of ownership of securities

As at the date of this report, there are no restrictions on the transfer of ownership of the Company's securities.

Amendments to the Articles of Association

Amendments to the Articles of Association must be made in accordance with the provisions of the Code of Commercial Companies. In particular, an amendment to the Articles of Association requires a resolution of the General Meeting adopted by a three-quarters majority vote, and subsequently it has to be constitutively recorded in the register of entrepreneurs of the National Court Register. For matters listed in § 28.1 of the Company's Articles of Association (which also require amendments to the Articles of Association), a resolution of the General Meeting requires a qualified majority of 4/5 of the votes cast. According to § 16 section 1 item 15 of the Company's Articles of Association, formulation of the uniform wording of the Company's Articles of Association is the prerogative of the Supervisory Board.

On 14 June 2021, the Ordinary General Meeting of Energa SA amended § 16 section 1 item 16 letter h, § 16 section 1 item 16 letter i and § 16 section 2 item 4 letter b, giving them a new wording. On 21 July 2021 the changes were entered into the Register of Entrepreneurs of the National Court Register.

Corporate bodies

The General Meeting

The rules of procedure of the Company's General Meeting are set out in the CCC and in the Articles of Association. Additional issues concerning the conduct of the General Meeting are governed by the Rules of Procedure of the General Meeting (available on the Company's corporate website).

Manner of convening the General Meeting

The General Meeting is convened by means of a notice published on the Company's website and in the manner prescribed for the provision of current information in the Act on Offering, i.e. in the form of current reports. The notice must be published at least 26 days before the date of the General Meeting, in accordance with the provisions of the CCC.

In line with the Articles of Association, the General Meeting is convened by the Management Board:

1. on its own initiative,
2. at the written request of the Supervisory Board,
3. at the written request of a shareholder or shareholders representing at least one-twentieth of the share capital.

As a general rule, a properly convened General Meeting is valid irrespective of the number of shares represented therein.

General Meetings can be held either at the Company's registered office in Gdańsk or in Warsaw.

Conduct of the Ordinary General Meeting

The General Meeting is opened by the Chairperson or Vice-Chairperson of the Supervisory Board, and in their absence – by the President of the Management Board or a person designated by the Management Board. Subsequently, the Chair of the Meeting is elected from among the persons entitled to participate in the General Meeting, in accordance with the Rules of Procedure of the General Meeting.

Resolutions must not be passed on items not covered by the agenda of the General Meeting, unless the entire share capital is represented therein and no one of those present has objected as regards the adoption of such resolutions.

Voting is open. Voting by secret ballot is ordered in the case of elections and motions to dismiss members of the Company's governing bodies or liquidators, motions to hold them liable, as well as in personnel-related matters. Further, a secret ballot must be ordered at the request of at least one of the shareholders present or represented at the General Meeting.

Resolutions of the General Meeting are adopted by an absolute majority, unless the CCC or the Articles of Association provide otherwise.

The General Meeting may order adjournments (by a two-thirds majority), which may not last longer than 30 days altogether.

Powers and responsibilities of the General Meeting

Key powers and responsibilities of the General Meeting, as prescribed by the CCC and the Articles of Association, include in particular:

1. reviewing and approving the reports of the Management Board on the activities of the Company and the Energa Group, standalone financial statements of the Company and the consolidated financial statements of Energa Group for the previous financial year,
2. granting discharge to the members of the corporate bodies,
3. distribution of profit or coverage of loss,
4. changing the line of business of the Company,
5. amending the Articles of Association,
6. share capital increases or decreases,
7. merger, demerger or transformation of the Company,
8. dissolution or liquidation of the Company,
9. issue of convertible bonds or bonds with the right of priority and subscription warrants referred to in art. 453 § 2 of the Code of Commercial Companies,
10. disposal or lease of the enterprise or a branch of activities and creation of limited property rights thereon,

11. the establishment, use or dissolution of the capital accounts or funds referred to in § 31 section 1 item 5 and section 2 of the Company's Articles of Association, created by way of a General Meeting resolution,
12. appointment and dismissal of members of the Supervisory Board and determining the rules and level of their remuneration,
13. conclusion of the agreement referred to in art. 7 of the Code of Commercial Companies,
14. the Company's acquisition of its treasury stock in the situation referred to in Article 362 § 1 Item 2 of the Commercial Companies Code,
15. execution by the Company of a loan, advance or surety agreement or another similar agreement with a member of the Management Board, a member of the Supervisory Board, a commercial proxy or a liquidator, or in favour of any such person,
16. shifting of the dividend record date, indication of the dividend payable date or splitting of the dividend payment into instalments,
17. all decisions concerning claims for damage caused in the course of the formation of the Company or the exercise of management or supervision,
18. adopting a policy specifying the principles of remuneration for members of the Management Board and Supervisory Board of the Company,
19. establishing the rules for determining the remuneration of members of the Management Board.

The Ordinary General Meeting of the Company took place on 14 June 2021. The content of the resolutions adopted by that Meeting was published in Current Report No. 22/2021 dated 14 June 2021.

The Supervisory Board

Composition

In FY 2021 and until the date of this Report, the composition of the Energa SA Supervisory Board has been as follows:

1. between 1 January 2021 and 5 May 2021:

a)	Paula Ziemiecka-Księżak	- Chairperson of the Supervisory Board,
b)	Jarosław Dybowski	- Vice-Chairman of the Supervisory Board,
c)	Trajan Szuladziński	- Secretary of the Supervisory Board,
d)	Agnieszka Terlikowska-Kulesza	- Member of the Supervisory Board,
e)	Agnieszka Żyro	- Member of the Supervisory Board,
f)	Sylwia Kobyłkiewicz	- Member of the Supervisory Board,
g)	Marta Marchewicz	- Member of the Supervisory Board,
h)	Michał Róg	- Member of the Supervisory Board.
2. between 5 May 2021 and 1 June 2021:

a)	Paula Ziemiecka-Księżak	- Chairperson of the Supervisory Board,
b)	Trajan Szuladziński	- Secretary of the Supervisory Board,
c)	Agnieszka Terlikowska-Kulesza	- Member of the Supervisory Board,
d)	Agnieszka Żyro	- Member of the Supervisory Board,
e)	Sylwia Kobyłkiewicz	- Member of the Supervisory Board,
f)	Marta Marchewicz	- Member of the Supervisory Board,
g)	Michał Róg	- Member of the Supervisory Board.
3. between 1 June 2021 and 14 November 2021:

a)	Paula Ziemiecka-Księżak	- Chairperson of the Supervisory Board,
b)	Trajan Szuladziński	- Secretary of the Supervisory Board,
c)	Agnieszka Terlikowska-Kulesza	- Member of the Supervisory Board,
d)	Agnieszka Żyro	- Member of the Supervisory Board,
e)	Sylwia Kobyłkiewicz	- Member of the Supervisory Board,
f)	Marta Marchewicz	- Member of the Supervisory Board,
g)	Michał Róg	- Member of the Supervisory Board,

- h) Agata Piotrowska - Member of the Supervisory Board.
4. between 14 November 2021 and 22 November 2021:
- a) Paula Ziemiecka-Księżak - Chairperson of the Supervisory Board,
 - b) Trajan Szuladziński - Secretary of the Supervisory Board,
 - c) Agnieszka Terlikowska-Kulesza - Member of the Supervisory Board,
 - d) Agnieszka Żyro - Member of the Supervisory Board,
 - e) Sylwia Kobyłkiewicz - Member of the Supervisory Board,
 - f) Michał Róg - Member of the Supervisory Board,
 - g) Agata Piotrowska - Member of the Supervisory Board.
5. between 22 November 2021 and 1 February 2022:
- a) Paula Ziemiecka-Księżak - Chairperson of the Supervisory Board,
 - b) Trajan Szuladziński - Member of the Supervisory Board,
 - c) Agnieszka Terlikowska-Kulesza - Member of the Supervisory Board,
 - d) Agnieszka Żyro - Member of the Supervisory Board,
 - e) Sylwia Kobyłkiewicz - Member of the Supervisory Board,
 - f) Michał Róg - Member of the Supervisory Board,
 - g) Agata Piotrowska - Secretary of the Supervisory Board.
6. between 1 February 2022 and 28 February 2022:
- a) Paula Ziemiecka-Księżak - Chairperson of the Supervisory Board,
 - b) Jarosław Dybowski - Member of the Supervisory Board,
 - c) Trajan Szuladziński - Member of the Supervisory Board,
 - d) Agnieszka Terlikowska-Kulesza - Member of the Supervisory Board,
 - e) Agnieszka Żyro - Member of the Supervisory Board,
 - f) Sylwia Kobyłkiewicz - Member of the Supervisory Board,
 - g) Michał Róg - Member of the Supervisory Board,
 - h) Agata Piotrowska - Secretary of the Supervisory Board.
7. between 28 February 2022 and 1 March 2022:
- a) Paula Ziemiecka-Księżak - Chairperson of the Supervisory Board,
 - b) Jarosław Dybowski - Member of the Supervisory Board,
 - c) Trajan Szuladziński - Member of the Supervisory Board,
 - d) Agnieszka Terlikowska-Kulesza - Member of the Supervisory Board,
 - e) Agnieszka Żyro - Member of the Supervisory Board,
 - f) Sylwia Kobyłkiewicz - Member of the Supervisory Board,
 - g) Michał Róg - Member of the Supervisory Board,
 - h) Agata Piotrowska - Secretary of the Supervisory Board.
8. between 1 March 2022 and 27 March 2022:
- a) Paula Ziemiecka-Księżak - Chairperson of the Supervisory Board,
 - b) Jarosław Dybowski - Vice-Chairperson of the Supervisory Board,
 - c) Trajan Szuladziński - Member of the Supervisory Board,
 - d) Agnieszka Terlikowska-Kulesza - Member of the Supervisory Board,
 - e) Agnieszka Żyro - Member of the Supervisory Board,
 - f) Sylwia Kobyłkiewicz - Member of the Supervisory Board,
 - g) Michał Róg - Member of the Supervisory Board,
 - h) Barbara Hajdas - Member of the Supervisory Board,
 - i) Agata Piotrowska - Secretary of the Supervisory Board.
9. from 28 March 2022 until the date of preparation of the Statements:
- a) Paula Ziemiecka-Księżak - Chairperson of the Supervisory Board,
 - b) Jarosław Dybowski - Vice-Chairperson of the Supervisory Board,
 - c) Trajan Szuladziński - Member of the Supervisory Board,
 - d) Agnieszka Terlikowska-Kulesza - Member of the Supervisory Board,

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|------------------------|---------------------------------------|
| e) Agnieszka Żyro | - Member of the Supervisory Board, |
| f) Sylwia Kobyłkiewicz | - Member of the Supervisory Board, |
| g) Michał Róg | - Member of the Supervisory Board, |
| h) Agata Piotrowska | - Secretary of the Supervisory Board. |

Mr Jarosław Dybowski tendered his resignation from the Supervisory Board as of 5 May 2021.

On 28 May 2021, the majority shareholder of the Company, PKN ORLEN SA, submitted a statement on appointment of Ms Agata Piotrowska to the Supervisory Board of the Company of 6th joint term of office, pursuant to art. 385 § 2 of the Code of Commercial Companies and § 17.3 of the Company's Articles of Association starting from 1 June 2021.

Ms Marta Marchewicz tendered her resignation from the Supervisory Board as of 14 November 2021.

On 20 January 2022, the majority shareholder of the Company, PKN ORLEN, submitted a statement on appointment of Mr Jarosław Dybowski to the Supervisory Board of the Company of 6th joint term of office, pursuant to art. 385 § 2 of the Code of Commercial Companies and § 17.3 of the Company's Articles of Association starting from 1 February 2022.

On 24 February 2022, the majority shareholder of the Company, PKN ORLEN, submitted a statement on appointment of Ms Barbara Hajdas to the Supervisory Board of the Company of 6th joint term of office, pursuant to art. 385 § 2 of the Code of Commercial Companies and § 17.3 of the Company's Articles of Association starting from 1 March 2022.

Ms. Barbara Hajdas submitted a statement of resignation as of 27 March 2022 from the position of Member of the Supervisory Board of the Company.

Ms Paula Ziemiecka-Księżak, Ms Agnieszka Terlikowska-Kulesza and Mr Trajan Szuladziński satisfy the independence criteria envisaged for independent supervisory board members in accordance with requirements of the Best Practices of WSE Listed Companies, and also for independent members of the Audit Committee, within the meaning of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (Journal of Laws of 2017, item 1089).

The current term of office of the Supervisory Board of the Company shall end on the day on which the General Meeting approves the financial statements for the financial year 2022.

Paula Ziemiecka-Księżak graduated from the Leon Koźmiński Entrepreneurship and Management College. In 1996, she began her employment with the Ministry of Treasury. She worked in departments responsible for the oversight of state-owned companies. She conducted oversight of companies in the motor transportation and marine transport sectors and also in the energy sector. Currently, she is the Head of the Supervision Division of the Department of Supervision and Ownership Policy of the Energy Ministry. Her scope of duties comprises supervision of overall economic and legal issues associated with the activity of State Treasury-owned companies from, among others, the black coal mining and power sectors. Additionally, she gained experience related to supervision of operations of State Treasury-owned companies from 2002, by serving in supervisory bodies of such companies as SIP-MOT SA in Zamość, PKS Ostrołęka SA, Opakomet SA based in Kraków and PERN SA based in Płock. She has been the Chairperson of the Energa SA Supervisory Board since 12 November 2015.

Agnieszka Terlikowska-Kulesza graduated from the Warsaw University of Life Sciences and postgraduate studies at the Warsaw School of Economics in finance and European economic and legal relations. In 1997, she started work at the Ministry of State Treasury, in the Department of Commercialisation and Direct Privatisation. Between 1997 and 2002, she worked for the Privatisation Agency as the chief specialist and then as the Section Manager. During that period, she oversaw and executed privatisation projects of companies with State Treasury holdings, verified economic and financial analyses and valuations of privatized companies with State Treasury holdings. Between July 2002 and June 2016, again she was the chief specialist in State Treasury-owned corporate supervision departments at the State Treasury Ministry. She supervised companies from the ceramic, construction and vehicle transportation industries. In 2009–2016, she supervised chemical sector companies, including companies from Grupa Azoty S.A. The main responsibilities included the analysis, preparation and performance of corporate governance in relation to companies with State Treasury holdings and preparation of ownership decisions in relation to the supervised companies. From July 2016 to November 2019, she was employed as the chief specialist at the Energy Ministry where she supervised strategic companies in the mining sector. At present she is the chief specialist in the Department of Supervision I at the Ministry of State Assets. She gathered additional experience by serving in 2001–2016 in supervisory bodies of companies with State Treasury holdings such as: "Chłodnia Szczecińska" Sp. z o.o., Zakłady Ceramiczne "Bolesławiec" w Bolesławcu Sp. z o.o., Przedsiębiorstwo Komunikacji Samochodowej w Białymstoku SA, Przedsiębiorstwo Robót Drogowych Sp. o.o. in Mielec, Przedsiębiorstwo Elektryfikacji i Robót Instalacyjnych "ELTOR-Warszawa" Sp. z o.o. in Wołomin. Since 2016, he has been a member of the Supervisory Board of ENERGA S.A.

Trajan Szuladziński is a graduate of the Faculty of Law, in 2009 he obtained the title of Master of Business Administration at postgraduate studies conducted by the University of Gdańsk and the Business Center Club and RSM Erasmus University as a validation institution. In 2004, he obtained the title of tax advisor. He is a court-appointed expert at the Regional Court in Warsaw in the field of accounting, finance and book-keeping. From August 2017 to November 2019, he was the President of the Management Board at Grupa Azoty Kopalnie i Zakłady Chemiczne Siarki Siarkopol SA – responsible for the financial, accounting and legal division, as well as mining and railway plant. Between 2006 and 2007, he was the President of the Management Board of Bankowe Towarzystwo Kapitałowe SA – a private equity company dealing in capital investments in the sector of small and medium enterprises. From 2007 to 2008, he was a Vice President responsible for the finance and accounting division at Centrum Finansowe Puławska Sp. z o.o. (a company dealing in management of and investment in real estate). Between 2008 and 2010, he was a Deputy Director in the Office of the President of the National Bank of Poland. Chairman or member of the supervisory boards of such companies as: Grupa Azoty Kopalnie i Zakłady Chemiczne Siarki Siarkopol SA, Zakłady Chemiczne „Zachem” SA, Agencja Inwestycyjna CORP SA, Konsorcjum Ochrony Kopalń sp. z o.o., Finder SA, PL Energia sp. z o.o., Management Board of Pałac Kultury i Nauki sp. z o.o., Holding Wars SA. Wrote articles and studies on tax law. Lectured in tax law, among others during notary applications.

Jarosław Dybowski is an experienced manager with more than 20 years of management experience in companies with Polish and foreign capital. Graduate of the Gdańsk University of Technology, majored in Power Engineering. Graduate of a Postgraduate Management Course at the Warsaw School of Economics and The Management Training Program for Eastern Europe at Lovanium International Management Center. Has been professionally involved in the power engineering sector since 1985. An active participant in strategic development processes of Polish and European energy. Co-author of Poland's first Power Engineering System Integrated Development Plan. Introduced new standards for trading in electricity based on EFET contracts. Negotiated long-term contracts for the modernization and development of manufacturing sources in Poland, including contracts in the Project Finance process. Has extensive expertise in the field of energy markets (electricity, gas, coal, certificates) in Poland and Central and Southern European countries. Co-developed and implemented strategies in the field of energy generation, trading and sales in many domestic and foreign companies.

Agnieszka Żyro is a graduate of the Academy of Bydgoszcz (currently the Kazimierz Wielki University in Bydgoszcz), majored in administration and MBA at the Poznań University of Economics and Business. Also graduated from post-graduate studies in accounting, economic analysis and controlling (Poznań University of Economics and Business) and integrated IT systems (Kozminski University), as well as the Human Capital Management Academy at IBD Business School Sp. z o.o. A manager with many years of experience, especially in the field of managing energy companies. At the beginning of her professional career she worked for ENEA Serwis sp. z o.o. (1998-2017), where she developed the HR area and then became the Vice President of the Management Board for Human Resources. Since April 2017, the President of the Management Board of ENERGA Logistyka sp. z o.o. and since March 2018 the President of the Management Board of ANWIL S.A., a company of the ORLEN Group.

Sylwia Kobyłkiewicz is a graduate of the Częstochowa University of Technology, where she majored in corporate finance management, corporate financial analysis and took post-graduate studies in the fields of tax and accounting. A graduate of Executive MBA at the University of Commerce and Services in Poznań. From 1992 to 1995 she performed management functions and worked as the Chief Accountant and served as a member of the Management Board in a number of companies. Has extensive professional experience in government and local government administration, where she worked for more than 15 years. From 2001 to 2007, she worked at the Tax Inspection Office in Katowice and obtained a licence of a Tax Inspector. In 2014-2015, she provided consulting services in the area of finance and public procurement, administrative proceedings, as well as tax law for local governments in the Małopolskie voivodeship. At the beginning of 2016, she became acting Head of the Tax Inspection Office in Katowice, and then acting Head of the Tax Inspection Office in Kraków. In 2017, she became the Director of Audit and Security of ENERGA Wytwarzanie S.A. and then worked as the Director of Finance of ENERGA SA. At PKN ORLEN S.A. she worked as the Director of the Office of Audit, Financial Control and Corporate Risk Management. Currently, she is a Member of the Management Board of ORLEN Upstream Sp. z o.o. Sylwia Kobyłkiewicz has completed a number of training courses organised by the Ministry of Finance. Winner of the competition of the Minister of Finance on income tax harmonisation in the light of the principles arising from EU directives.

Michał Róg has been a Member of the Management Board of PKN ORLEN since 1 September 2018. Graduate of the Cracow University of Economics, faculty of Management and Marketing and Canadian International Management Institute and Harvard Business School. Graduate of Executive MBA organised by the Cracow University of Technology and Central Connecticut State University. More than 20 years of professional experience at TELE-FONIKA KABLE S.A., where he worked as: Sales Vice-Director - Sector of Distribution and Power Engineering, Director of Sales and Product Development, Medium and High Voltage, Sales Director, the Balkans, Domestic Trade Director, Director of the Domestic Market Office. Member of the Management Board responsible for Trade at ORLEN OIL Sp. z o.o. with its registered office in Kraków from March 2018 to August 2018. Member of the Management Board of Paramo a.s. with its registered office in Pardubice, Czech Republic, from April to August 2018.

Agata Piotrowska graduated from the Faculty of Management and Marketing at the Warsaw School of Economics. She completed postgraduate studies at the Academy of Capital Companies at the College of Management and Finance of the Warsaw School of Economics. She has over 10 years of professional experience in corporate governance, coordination of management processes, supervision of processes and projects in the area of planning, optimisation, restructuring, investments and divestments in companies of the ORLEN Capital Group. Between 2010 and 2021, she served as a Member of the Supervisory Board of ORLEN Capital Group companies, such as: ORLEN Medica Sp. z o.o., ORLEN Automatyka Sp. z o.o., ORLEN Budonaf Sp. z o.o., ORLEN Projekt S.A., ORLEN Eko Sp. z o.o., ORLEN Laboratorium S.A., Baltic Power sp. z o.o., ORLEN Wind 1 sp. z o.o., ORLEN Wind 2 sp. z o.o., ORLEN Wind 3 sp. z o.o. Currently, she is a Member of the Supervisory Board of the following companies: ORLEN Laboratorium S.A. and ORLEN Wind 3 sp. z o.o. She is currently an employee of the PKN ORLEN S.A. Capital Group Office, where she is responsible for ownership supervision of companies belonging to the ORLEN Capital Group, including in particular companies from the energy sector.

None of the above members of the Supervisory Board are engaged in any activities competitive to the business of Energa, participate in any competitive company as a partner of a partnership or as a member of a body of a corporation, or participate in any other competitive legal person as a member of its corporate bodies, neither is any of them listed in the Registry of Insolvent Debtors maintained pursuant to the Act on the National Court Register.

Powers and responsibilities of the Supervisory Board

The powers and responsibilities of the Supervisory Board include, in particular:

1. assessing the Management Board's report on the Company's and Group's operations as well as the financial statements for the previous financial year and the consolidated financial statements of the Group in terms of their consistency with the records, relevant documents and the facts, assessing the Management Board's recommendations on allocation of profit or coverage of loss,
2. submitting annual written reports on the assessment results to the General Meeting, referred to in point 1,
3. preparation of reports in connection with oversight of the investments carried out by the Management Board and ensuring that investment spending is incurred in a correct and effective manner,
4. preparing, at least once per year, together with a report on the results of the assessment of the annual financial statements and the consolidated financial statements of the capital group, an opinion of the Supervisory Board on the economic viability of the Company's capital exposure to other commercial companies effected in the relevant financial year,
5. preparation and presentation, once a year, to the Annual General Meeting of a brief assessment of the Company's standing, including an evaluation of the internal control system and the system for managing the Company's material risks,
6. reviewing of and expressing opinion on issues which are to be the subject of resolutions of the General Meeting,
7. selecting the audit firm to examine the financial statements and the consolidated financial statements of the capital group,
8. specifying the scope and deadlines for submission of annual/long-term material and financial plans, other long-term plans and strategies for the Company and its capital group by the Management Board,
9. approving strategies for the Company and its capital group,
10. approving annual/long-term material and financial plans and investment plans for the Company and its capital group,
11. adopting rules of procedure detailing the procedures applicable to the activities of the Supervisory Board,
12. approving the rules of procedure of the Company's Management Board,
13. approving the Company's organisation policy,
14. approving the principles of the Company's sponsoring activity and assessing its effectiveness,
15. agreeing the consolidated text of the Company's Articles of Association,
16. granting consent to the Management Board to acquire and dispose of specific non-current assets as well as concluding specific contracts,
17. determining the individual conditions for the provision of services by members of the Management Board, as part of the resolution of the General Meeting of Shareholders as referred to in § 27 section 1 clause 8) of the Articles of Association,

18. determining the Rules of the Bonus System for members of the Management Board,
19. suspending, for major reasons, individual or all members of the Management Board, as well as delegating members of the Supervisory Board, for a period not exceeding three months, to perform temporarily the duties of Management Board members who are at the time unable to perform their duties and setting their remuneration, provided that the total remuneration received by the delegated person for his or her performance of the function of a Supervisory Board member and his or her temporary performance of the duties of a Management Board member does not exceed the salary set in respect of the Management Board member being filled in for by the delegated member of the Supervisory Board, granting consent for the establishment of the Company's branches abroad,
20. authorizing Management Board members to assume positions in corporate bodies of other companies and collecting resulting remuneration,
21. authorizing the Management Board to subscribe to, sell or acquire shares, within the meaning of the Act on State Property Management of 16 December 2016, of another company,
22. defining the mode for exercising the voting right by the Company at the general meetings or shareholders' meetings of companies,
23. granting the consent to conclude a material transaction with an entity related to the Company within the meaning of the Act of 29 July 2005 on Public Offering and on the Terms of Introducing Financial Instruments into Organised Trading and on Public Companies,
24. developing a procedure for periodic assessment whether material transactions with a related party of the Company are concluded on an arm's length basis as part of the ordinary business of the Company or a subsidiary of the Company.

A detailed description of the powers and responsibilities of the Supervisory Board is provided in the Company's Articles of Association, published on the Company's website.

Method of operation of the Supervisory Board

The Supervisory Board consists of 5 to 9 members. The Supervisory Board is responsible for the permanent supervision of the operations of the Company, in accordance with the CCC and the Articles of Association. The detailed operating procedure is defined in the Rules of Procedure of the Supervisory Board, available on the corporate website.

The Supervisory Board carries out its activities as a body. Members of the Supervisory Board participate in meetings, exercise their rights and perform their obligations in person.

As a general rule, the Supervisory Board adopts its resolutions at meetings held at least once every two months.

Meetings of the Supervisory Board shall be convened by the Chairman or another authorised member of the Supervisory Board, presenting a detailed agenda. A meeting should also be convened at the request of any Supervisory Board member or of the Management Board.

Meetings of the Supervisory Board are chaired by the Chairperson, and in his or her absence – by the Vice-Chairperson.

Supervisory Board members may attend meetings and vote on resolutions adopted during such meetings by direct remote communication.

In accordance with the Articles of Association, the Supervisory Board may adopt resolutions if at least half of its members are present at the meeting and all Supervisory Board members have been invited to the meeting.

The Supervisory Board may adopt resolutions independently of its meetings, either by circulation or by means of distance communication, including in particular e-mail. Such resolution is valid if all members of the Supervisory Board have been notified of the wording of the draft resolution.

Supervisory Board resolutions are passed by an absolute majority of votes, and in the event of a tie vote, the Chairperson's vote is decisive.

The Supervisory Board adopts resolutions in an open ballot.

For important reasons, the Supervisory Board may delegate individual members to perform certain supervisory activities on their own.

The Supervisory Board may delegate its members, for no longer than three months, to perform temporarily the duties of Management Board members who are unable to perform their duties.

A detailed description of the activities of the Supervisory Board is contained in the Report on the activities of the Supervisory Board, submitted annually to the General Meeting and published on the corporate website of the Company.

The Supervisory Board appoints the Audit Committee and the Nomination and Compensation Committee.

From 1 January to 31 December 2021, the Supervisory Board of Energa SA held 13 meetings and adopted 132 resolutions. In 2021, seven meetings of the Supervisory Board took place without all members in attendance. Each time the Supervisory Board made a decision in the form of a resolution to excuse the absence of a given Supervisory Board member, based on the information provided by that member about reasons for the absence.

The Audit Committee

The operating principles of the Audit Committee are defined in the Articles of Association of Energa SA and the Rules of Procedure of the Supervisory Board, available on the Company's website.

The Audit Committee operates as a body and provides advice and opinion to the Supervisory Board.

The tasks of the Audit Committee shall in the first instance include:

- 1) monitoring of:
 - a) the financial reporting process,
 - b) the effectiveness of the internal control system and the risk management and internal audit systems, including in the area of financial reporting,
 - c) the performance of audit activities, in the first instance audits carried out by an audit firm, taking into account any conclusions and findings of the Audit Supervision Committee arising from the inspection conducted in the audit firm,
- 2) inspecting and monitoring the independence of the registered auditor and the audit firm,
- 3) communicating audit findings to the Company's Supervisory Board and explaining how the audit contributed to the reliability of financial reporting in the Company, and what the role of the Audit Committee was in the audit process,
- 4) assessing the independence of the registered auditor and giving consent to the provision of permitted non-audit services to the Company thereby,
- 5) developing a policy for the selection of an audit firm to carry out an audit,
- 6) developing a policy for the provision of permitted non-audit services by an audit firm carrying out an audit, by entities affiliated to the audit firm and by a member of the audit firm's network,
- 7) defining the procedure for the selection of an audit firm by the Company,
- 8) making recommendations to the Supervisory Board regarding the appointment of an audit firm, in accordance with the policies referred to in sub-paragraphs 5 and 6 above,
- 9) making recommendations intended to ensure the reliability of the financial reporting process in the Company,
- 10) monitoring the operation of the Compliance Management System at the Company and in ENERGA Group.

The Audit Committee includes at least three members of the Board, where at least one member of the Audit Committee should have knowledge and skills in the field of accounting or auditing of financial statements. In addition, the majority of members of the Audit Committee, including the chairman of the Committee, should be independent and meet the criteria listed in art. 129 (3) of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision (Journal of Laws of 2017, item 1089). Members of the Audit Committee shall also have skills and knowledge relating to the industry in which the Company operates. This condition is considered to be fulfilled if at least one member of the Audit Committee has skills and knowledge of the industry or if individual members, to specific extent, have skills and knowledge of the industry.

In FY 2021 and to date, the composition of the Audit Committee has been as follows:

1. From 1 January 2021 until the date of the Report:
 - a. Trajan Szuladziński - Chairman of the Committee,
 - b. Paula Ziemiecka-Księżak,
 - c. Sylwia Kobyłkiewicz,
 - d. Agnieszka Terlikowska-Kulesza.

A description of the Audit Committee's activities in the previous financial year, together with a detailed description of the activities undertaken by the Committee, are provided in the Report on the activities of the Audit Committee, which is an Appendix to the

Report on the Activities of the Supervisory Board, submitted annually to the General Meeting and published on the Company's corporate website.

In 2021, the Audit Committee held 6 meetings, of which 4 took place with all members in attendance.

The Nomination and Remuneration Committee

The scope of the Nomination and Compensation Committee's operations covers expressing opinions and conducting analyses to support the Supervisory Board in the performance of its duties defined by the Articles of Association in respect of the overall compensation policy for Management Board members, the Company's upper level management and in the other companies in Energa Group, and to articulate recommendations on appointing Management Board members.

The powers and responsibilities of the Nomination and Remuneration Committee shall in the first instance include:

1. conducting activities related to the recruitment of members of the Company's Management Board within the scope indicated by the Supervisory Board,
2. preparing draft contracts and templates of other documents in connection with serving as members of the Company's Management Board and supervising the performance of the contractual obligations assumed by the parties,
3. supervising the implementation of the Management Board's remuneration system, in the first instance preparing accounting documents concerning variable and bonus elements of remuneration,
4. monitoring and analysis of the compensation plan for the Management Boards and executives of Energa Group companies,
5. supervising the correct provision of contractual extra benefits to the Company's Management Board.

In FY 2021, the composition of the Nomination and Compensation Committee was as follows:

1. from 1 January 2021 until the date of the Report:
 - a. Agnieszka Żyro - Chairwoman of the Committee,
 - b. Sylwia Kobyłkiewicz,
 - c. Agnieszka Terlikowska-Kulesza.

3 meetings of the Nomination and Compensation Committee were held in 2021, all of which had all members in attendance.

A description of the Nomination and Compensation Committee's activities in the previous financial year is provided in the Report on the Activities of the Nomination and Compensation Committee, which is an attachment to the Report on the activities of the Supervisory Board.

The Management Board

Rules of appointing and dismissing the members of the Management Board

The Management Board may consist of one to five persons, including the President and optionally one or more Vice-Presidents of the Management Board. The term of office of the Management Board is common and ends on the date of the General Meeting approving the financial statements for the second full financial year of the term of office.

In accordance with the Articles of Association, Management Board members are appointed and dismissed by the Supervisory Board, which appoints one member as the President and may appoint one or more members as the Vice-President.

A member of the Management Board can also be:

1. dismissed or suspended from duty by the General Meeting,
2. suspended from duty for important reasons by the Supervisory Board.

The Supervisory Board appoints members of the Management Board following a qualification procedure.

A Management Board member may submit his or her resignation to another member of the Management Board or to the commercial proxy. The resignation notice should be submitted in writing. The member of the Management Board must inform at least one member of the Supervisory Board of the resignation.

Composition

Throughout 2021 and until the date of this Report, the Management Board of the Company has had the following members:

1. in the period from 1 January 2021 to 16 July 2021:
 - a. Jacek Goliński - President of the Management Board,
 - b. Marek Kasicki - Vice-President of the Management Board for Finance,
 - c. Adrianna Sikorska - Vice-President of the Management Board for Communication,
 - d. Dominik Wadecki - Vice-President of the Management Board for Operations,
 - e. Iwona Waksmundzka-Olejniczak - Vice-President of the Management Board for Corporate Matters.
2. in the period from 16 July 2021 to 27 October 2021:
 - a. Iwona Waksmundzka-Olejniczak - Acting President of the Management Board,
Vice-President of the Management Board for Corporate Matters,
 - b. Marek Kasicki - Vice-President of the Management Board for Finance,
 - c. Adrianna Sikorska - Vice-President of the Management Board for Communication,
 - d. Dominik Wadecki - Vice-President of the Management Board for Operations,
3. in the period from 27 October 2021 to 15 November 2021:
 - a. Iwona Waksmundzka-Olejniczak - President of the Management Board,
 - b. Marek Kasicki - Vice-President of the Management Board for Finance,
 - c. Adrianna Sikorska - Vice-President of the Management Board for Communication,
 - d. Dominik Wadecki - Vice-President of the Management Board for Operations,
4. in the period from 15 November 2021 until the date of preparation of the Statements:
 - a. Iwona Waksmundzka-Olejniczak - President of the Management Board,
 - b. Marek Kasicki - Vice-President of the Management Board for Finance,
 - c. Adrianna Sikorska - Vice-President of the Management Board for Communication,
 - d. Janusz Szurski - Vice-President of the Management Board for Corporate Matters,
 - e. Dominik Wadecki - Vice-President of the Management Board for Operations.

In connection with the dismissal of Jacek Goliński by the Supervisory Board from the office of the President of the Management Board of Energa SA on 16 July 2021, on the same day, the Supervisory Board of the Company passed a resolution delegating the duties of the President of the Management Board of Energa SA to Iwona Waksmundzka-Olejniczak, Vice-President of the Management Board for Corporate Matters.

On 27 October 2021, the Company's Supervisory Board passed a resolution delegating to Iwona Waksmundzka-Olejniczak, Member of the Management Board of Energa SA of 6th term of office, the duties of the President of the Management Board instead of the previously held position of the Vice-President of the Management Board for Corporate Matters.

On 27 October 2021, the Company's Supervisory Board initiated the qualification procedure to appoint the Vice-President of the Management Board for Corporate Matters that was completed on 4 November 2021.

The procedure to appoint the Vice-President of the Management Board for Corporate Matters ended with the appointment of Janusz Szurski on 15 November 2021.

The current 6th Term of Office of the Management Board of Energa SA will end on the day on which the General Meeting approves the financial statements for the financial year 2021.

Iwona Waksmundzka-Olejniczak – President of the Management Board

Ms. Iwona Waksmundzka-Olejniczak has long-standing experience in managing large teams and corporate structures, in particular in the oil & gas and banking sectors. She has an in-depth knowledge of the rules of the capital market, corporate governance, management of large projects as well as building and implementing company strategies. She joined PKN ORLEN SA in February 2018, first as Director of the Investor Relations Office, and since February 2019 as Executive Director, Strategy and Investor Relations, where her responsibilities include the development and implementation of the PKN ORLEN strategy and supervision over the implementation of strategic projects, preparation and execution of investment projects and divestitures, as well as the design and execution of the information policy and relationships with capital market participants. In 2016–2017, as a Director of successive departments at Bank Ochrony Środowiska SA, she supervised the bank's private banking and subsequently corporate banking business. From 2013 to 2016, as Brand Manager at Plus Bank SA, she was responsible for the creation, design and execution of the marketing strategy and external communication policy. From 2002 to 2012, she worked for Invest Bank SA, where she managed the sales network, was responsible for the development of the product range, design and execution of the bank's strategy, and managed key account relationships, in the following successive positions: Retail Banking Manager, Marketing and Analysis Manager and finally Brand Manager. From 2001 to 2002 she was the Key Account Manager at ComputerLand. In 1998–2001 she worked for Bank Współpracy Europejskiej, where she was responsible for key account relationships. She is a graduate of the Cracow University of Economics (Management and Marketing) and the University of

Insurance and Banking in Warsaw (Finance and Banking). She holds an Executive MBA diploma awarded by the University of Commerce and Services in Poznań. She also completed a postgraduate Project Management programme at the Warsaw School of Economics. She is certified as a Financial Adviser by the European Financial Planning Association. She completed a wide range of courses and trainings in the field of financial market and managerial skills. She serves on the supervisory boards of UNIPETROL, a.s., ORLEN Upstream Sp. z o.o. and is the Vice Chairperson of the Supervisory Board at Baltic Power sp. z o.o. She was also a member of the Supervisory Board of ORLEN Centrum Usług Korporacyjnych Sp. z o.o.

Marek Kasicki – Vice-President of the Management Board for Finance

A graduate of the Faculty of Management and Economics at the Gdańsk University of Technology (1995), French-Polish Postgraduate Studies in Banking and Finance (1995), Postgraduate Tax Studies (2001), Postgraduate Management Studies – Executive MBA (2010) organized by the Gdańsk Foundation for Management Education and Rotterdam School of Management Erasmus University. He started his professional career in 1995, first in the Financial Department of Danone Polska Sp. z o.o. and then in the Enterprise Analysis Department of Credit du Nord bank in France. In 1996, he joined Agencja Rozwoju Pomorza SA (ARP SA), initially as an investment specialist and, subsequently, he became its financial director and authorized representative. In 2007, he took the position of the Vice-President of the Management Board for Finance. As part of his work for ARP SA, he also dealt with the restructuring of state-owned enterprises, which included organization of the financing of their operations, preparation and implementation of effectiveness and remedial programs, budgeting and controlling systems. From 2009 to 2016, he also managed the ARP S.A. Capital Fund, under which investments in innovative projects (start-ups) were implemented. At the same time, from 2000 to 2007, he worked as Financial Director, Vice-President, President of the Management Board of the Pomerania SA Management Group. In that capacity, he implemented investment projects in the area of commercial real estate. From March 2016, as the Vice President of the Management Board of Energa Operator SA, he was responsible for the Finance and Regulation Division and the Distribution Services Division. In the Finance and Regulation Division, he supervised the budgeting and controlling of the company's operations as well as the entire Distribution Business Line of Energa SA. He also managed the company's financial liquidity in cooperation with Energa SA. He supervised the organisation and monitoring of financing of operational and investment activities from financial institutions, including the European Investment Bank and the European Bank for Reconstruction and Development, as well as regulatory policy, including the determination of all elements of regulated income of DSOs. Within the Distribution Services Division, he supervised the area of metering, issues related to customer service and the area of settlements with customers and the balancing market. He was a member of the supervisory boards of Mikrostyk SA, MODE SA, Pomorski Regionalny Fundusz Poręczeń Kredytowych Sp. z o.o., INVENO Sp. z o.o., i-Find.pl Sp. z o.o. and i-Trends Sp. z o.o. He has undergone training in IAS, corporate mergers and acquisitions. He has a state diploma for Candidates for Supervisory Board Members in State Treasury Companies.

Adrianna Sikorska – Vice-President of the Management Board for Communication

Vice-President of the Management Board of Energa since 17 December 2019. In charge of communication, corporate social responsibility, sponsorship and marketing activities. Adrianna is a manager with about a dozen years' professional experience in the areas of information, analysis and security. She has hands-on knowledge of building communication strategies, and knowledge of the financial mechanisms of businesses. Adrianna has experience in the key areas of operational business management, i.e. communication, security, finance, logistics and human resources. In the years 2016 to 2019, she held board and managerial positions in the energy sector, being professionally associated with PKN ORLEN Capital Group entities. In the years 2013 to 2016, she provided consulting services in the areas of risk detection, business irregularities and their elimination. In the years 2007 to 2013, she was an economic analysis expert with the Central Anti-Corruption Bureau (CBA). From 1993 to 2007, she held specialist and expert positions with the Police. She completed her postgraduate Executive MBA studies at the University of Commerce and Services in Poznań. Adrianna graduated from the School of Entrepreneurship in Warsaw, the Lublin University of Technology, and the Police Academy in Szczytno.

Janusz Szurski – Vice-President of the Management Board for Corporate Matters

Manager responsible for handling complex projects and teams, and attorney-at-law with over 20 years' professional experience in providing professional legal, corporate, and regulatory services to major commercial law entities and public institutions. Professionally associated with PKN ORLEN S.A. since February 2018 as Director of the Legal Office, with responsibilities including the provision of legal services to over 30 ORLEN Capital Group companies operating in Europe, Asia and North America. Chairman of the Supervisory Board of ANWIL S.A. and ENERGA-OPERATOR S.A. as well as Deputy Chairman of the Supervisory Board of ORLEN Unipetrol a.s. Director of the Legal Office at Energa SA between July 2017 and February 2018. From 2004 to 2017, he held the position of attorney-at-law, Deputy Director, and Director of the Legal Department at the Agency for Restructuring and Modernization of Agriculture, where he was responsible for providing comprehensive legal and litigation services to Europe's largest accredited paying agency implementing transformation processes and pursuing activities oriented towards the development of Polish agriculture and rural areas. Between 1999 and 2003, employed as a legal advisor in the area

of organization, investment and operation at PTC Sp. z o.o. (currently T-Mobile Polska S.A). Graduate of the Faculty of Law and Administration, University of Warsaw; completed his attorney-at-law training at the District Bar Association of Attorneys-at-Law in Warsaw. Holder of Executive MBA diploma awarded by the Gdańsk Foundation for Management Development in cooperation with the University of Gdańsk; validated by IAE Aix-en-Provence Graduate School of Management. In December 2019, he was recognized among the best lawyers in Central and Eastern Europe (Legal 500/GC Powerlist ranking) in the "Energy & Utilities in Poland" category.

Dominik Wadecki – Vice-President of the Management Board for Operations

Graduate of the Faculty of Law of the Catholic University of Lublin. Completed controller apprenticeship at the Supreme Audit Office with honours and postgraduate studies at the Collegium of Business Administration of the SGH Warsaw School of Economics. He began his professional career in 1997 in the banking sector, working for Pierwszy Komercyjny Bank S.A. in Lublin. From 1999 to 2007, he worked for the Supreme Audit Office, where he was responsible for examining the implementation of the state budget and monetary policy, privatization of banks, operation of capital market supervision authorities, the investment operations of banks, and the effectiveness of the tax relief and exemptions system. Has been involved in the energy sector since 2008. As an internal auditor at Polska Grupa Energetyczna, he examined the full range of operations of the companies belonging to the group, and participated in the development of the PGE operating model. In 2010, he was a member of the Supervisory Board and of the Management Board of PGE Zamojska Korporacja Energetyczna S.A. He gained executive experience at PGE Polska Grupa Energetyczna, as well as at Polska Spółka Gazownictwa sp. z o.o. and the National Fund for Environmental Protection and Water Management. Has worked for the Energa Group since 2017. He worked at Energa Logistyka Sp. z o.o. as the managing director, a management board member and, most recently, as the president of the management board.

None of the above members of the Management Board is engaged in any activities competitive to the business of Energa, participates in any competitive company as a partner of a partnership or as a member of a body of a corporation, or participates in any other competitive legal person as a member of its corporate bodies, neither is any of them listed in the Registry of Insolvent Debtors maintained pursuant to the Act on the National Court Register.

Powers and responsibilities of the Management Board

The Management Board proceeds in compliance with the CCC and the Articles of Association. The organisation and operating principles of the Management Board, including the matters which require resolutions, are set out in the Rules of Procedure of the Management Board approved by the Supervisory Board, published on the corporate website of the Company.

The Management Board administers the Company's business and represents the Company outside. Two members of the Management Board acting jointly or one member of the Management Board acting jointly with a proxy are authorised to make statements of will on behalf of the Company in the case of a multi-person Management Board. In the case of a single-person Management Board, only a member of the Management Board is authorised to make statements of will on behalf of the Company.

Members of the Management Board supervise the areas of activity assigned to them and are responsible for the independent management of the Company's affairs as part of ordinary management, within the scope resulting from the division of competences determined in the resolution of the Management Board. As at the date of this Report, members of the Management Board, in order to manage matters falling within their competence individually, have functionally divided specific areas of the Company's activities, delegating:

- 1) to the President of the Management Board – functional oversight of the following areas of activity:
 - a) Strategy of the ENERGA Group,
 - b) strategic asset management,
 - c) market analysis and Group development,
 - d) mergers and acquisitions,
 - e) audits and inspections,
 - f) strategic risk management,
 - g) safety and security,
 - h) HR policy of the Group, including recruitment of members of corporate bodies of the ENERGA Group companies,
 - i) social dialogue,

- j) management by objectives.
- 2) To the Vice-President of the Management Board for Corporate Matters – functional oversight of the following areas of activity:
 - a) organisational management,
 - b) legal services,
 - c) corporate governance within the Group,
 - d) management of organisational/corporate governance within the Group.
- 3) To the Vice-President of the Management Board for Finance – functional oversight of the following areas of activity:
 - a) planning and financial analysis,
 - b) financial reporting and consolidation,
 - c) financial policy,
 - d) financial risk management within the Group,
 - e) business controlling,
 - f) investor relations,
 - g) stakeholder relations.
- 4) To the Vice-President of the Management Board for Operations – functional oversight of the following areas of activity:
 - a) regulatory policy,
 - b) environmental policy,
 - c) research, development and innovation,
 - d) IT,
 - e) operational supervision over the implementation of property investments through membership in steering committees.
- 5) To the Vice-President of the Management Board for Communications – functional oversight of the following areas of activity:
 - a) marketing and sponsoring,
 - b) internal and external communication,
 - c) CSR and relations with the environment,
 - d) press relations.

Method of operation of the Management Board

Resolutions of the Management Board, as a general rule, are adopted at meetings. Meetings are held as scheduled, when required, however no less frequently than once every month.

Meetings of the Management Board are convened by the President of the Management Board.

As a general rule, meetings of the Management Board are chaired by the President of the Management Board. The meeting venue is either the registered office or a different venue specified by the President of the Management Board. Rules of the Management Board allow members of the Management Board to participate in the meeting by means of direct remote communications.

Management Board resolutions are passed by an absolute majority of votes. In the event of a tie vote, the vote of the President of the Management Board is decisive. Resolutions of the Management Board are valid provided that all members of the

Management Board have been properly notified of the planned meeting and at least half of the members of the Management Board are present at the meeting.

The Management Board may adopt resolutions in a circular procedure or by means of direct communication at a distance. The detailed procedure for adopting resolutions in this way is specified in the Management Board's By-laws. A resolution adopted outside the meeting is valid when all members of the Management Board are effectively notified of the content of the draft resolution in the manner specified in the Rules of the Management Board and when at least half of the members of the Management Board participated in voting on the resolution.

In 2021, the Management Board of Energa SA held 47 meetings and adopted 510 resolutions.

Salaries of executive and supervisory staff

The Management Board

On 29 June 2020, the Ordinary General Meeting adopted Resolution 33 on the adoption of the rules for setting the remuneration of Members of the Management Board of ENERGA Spółka Akcyjna and repealing resolution 20 of the Ordinary General Meeting of Shareholders of 25 June 2019. On the same day, under Resolution No 32 the Ordinary General Meeting adopted Remuneration Policy for Members of the Management Board and Supervisory Board of ENERGA SA.

In accordance with the rules adopted by the General Meeting of Shareholders, remuneration of a Member of the Management Board shall consist of a fixed part (hereinafter: Fixed Remuneration) and a variable part, which is supplementary remuneration for the financial year of the Company (hereinafter: Variable Remuneration).

The amount of the monthly Fixed Remuneration of Members of the Management Board of the Company shall be determined as an amount and may not exceed 15 times the average remuneration in the enterprise sector without payment of awards from profit, as specified in the Act of 9 June 2016 on the Rules of Structuring Remunerations of Persons Managing Certain Companies. The amount of the Fixed Remuneration for individual Members of the Management Board of the Company shall be determined in a resolution of the Supervisory Board.

The Variable Remuneration shall depend on the level of achievement by the Member of the Management Board of managerial goals set by the Supervisory Board and shall not exceed 100% of the Fixed Remuneration.

Based on the adopted remuneration principles, contracts for the provision of management services are concluded with members of the Management Board, which provide, among others, that:

1. subject to exceptions, if the contract is terminated or withdrawn from by the Company, the Member of the Management Board may be granted a severance pay in the amount not higher than 3 times the Fixed Remuneration, provided that the Member performed the function for at least 12 (twelve) months before the Contract is terminated;
2. A non-competition agreement in force after termination of the function may be concluded with a Member of the Management Board, where such an agreement shall enter into force after at least 3 (three) months of performance of the function by a Member of the Management Board, and the amount of non-competition compensation may not exceed 100% of monthly Fixed Remuneration received by a Member of the Management Board before the termination of the function, for a period corresponding to the period of non-competition. The non-compete period shall not exceed 6 (six) months after the member of the Management Board ceased to perform their function.

The individual salaries of the members of the Company's Management Board for 2021 are presented in the table below.

Table 1: Salaries of members of the Management Board of Energa SA in the period from 1 January to 31 December 2021 (in PLN '000)

Name	Period in office	Wages and salaries	Other benefits*	Total
Goliński Jacek	from 1 January to 16 July 2021	431.57	1,031.71	1,463.28
Kasicki Marek	from 1 January to 31 December 2021	739.84	400.93	1,140.77

Sikorska Adrianna	from 1 January to 31 December 2021	739.84	478.04	1,217.88
Szurski Janusz	from 15 November to 31 December 2021	47.27	0.82	48.09
Wadecki Dominik	from 1 January to 31 December 2021	739.84	491.46	1,231.3
Waksmundzka-Olejniczak Iwona	from 1 January to 31 December 2021	369.92	189.96	559.88
TOTAL		3,068.28	2,592.92	5,661.2

*Payment of remuneration in settlement of the annual bonus, compensation for termination of contract and non-competition clause, employer's portion of the employee capital plan (PPK), training, medical plan, tied accommodation, free-of-charge use of company car for private purposes

Members of the Management Board were additionally entitled to benefits in kind in the previous year, including without limitation:

1. 100% coverage of the cost of VIP medical care package for the member of the Management Board and 50% of his or her immediate family
2. tied accommodation, in justified situations, or partial reimbursement of rental costs,
3. financing or reimbursement of individual training relating to the scope of activities performed for the Company,
4. use of the Company's assets that support performance of management operations.

The compensation plan for the members of the Management Board of Energa is based on management by objectives. Objectives are set on the basis of the current Energa Group Strategy, the Multi-Annual Plan of Strategic Investments and the internal and external challenges faced by the Energa Group. The payment of variable pay components to members of the Management Board of Energa SA depends on the degree and level of achievement of objectives. Additionally, the objectives of the Management Boards of Lead Entities of Business Lines and Company management are aligned with the objectives of the Management Board of Energa and cascaded in a top-down fashion. The existing model offers incentives and integrates the executives and managers around the objectives, encouraging co-ownership.

The system design allows both a focus on activities that are important from the perspective of the Energa Group and the fulfilment of the Group's ambitions. It is also important for the Company's shareholders, allowing to create long-term value for Energa and ensuring the stability of business operations.

The Supervisory Board

On 29 June 2020, the Ordinary General Meeting of Shareholders adopted Resolution No. 34 determining the rules for setting the remuneration of the Members of the Supervisory Board of ENERGA Spółka Akcyjna and repealing Resolution No. 21 of the Ordinary General Meeting of Shareholders of 25 June 2019. On the same day, under Resolution No 32 the Ordinary General Meeting adopted Remuneration Policy for Members of the Management Board and Supervisory Board of ENERGA SA.

In accordance with the Articles of Association, members of the Supervisory Board are entitled to a monthly salary at a rate set by the General Meeting.

In accordance with rules adopted by the General Meeting of Shareholders, the monthly remuneration of Members of the Supervisory Board is set as the product of the assessment basis referred to in Article 1(3)(11) of the Act of 9 June 2016 on the Rules of Determining Remuneration for Persons Managing Certain Companies and a multiplier of 1.5. Remuneration shall not be payable for the month in which a Member of the Supervisory Board of the Company was not present at any of the properly convened meetings of the Supervisory Board of the Company, and their absence was not justified in the manner specified by the By-laws of the Supervisory Board of the Company.

Salaries of the members of the Supervisory Board of Energa SA for 2021 are presented in the table below.

Table 2: Salaries of members of the Supervisory Board of Energa SA in the period from 1 January to 31 December 2021 (in PLN '000)

Name	Period in office in 2021	Wages and salaries	Other benefits*	Total
Dybowski Jarosław	from 1 January 2021 to 5 May 2021	27.52	0	27.52
Kobyłkiewicz Sylwia	from 1 January 2021 to 31 December 2021	79.27	0	79.27
Marchewicz Marta	from 1 January 2021 to 14 November 2021	69.14	0	69.14
Piotrowska Agata	from 1 June 2021 to 31 December 2021	46.24	0	46.24
Róg Michał	from 1 January 2021 to 31 December 2021	0	0	0
Szuladziński Trajan	from 1 January 2021 to 31 December 2021	79.27	0	79.27
Terlikowska-Kulesza Agnieszka	from 1 January 2021 to 31 December 2021	79.27	0	79.27
Ziemiańska-Księżak Paula	from 1 January 2021 to 31 December 2021	79.27	0	79.27
Żyro Agnieszka	from 1 January 2021 to 31 December 2021	79.27	1.09	80.36
Pawłowski Andrzej	salary adjustment 2018-2020	14.74	0	14.74
Wtulich Zbigniew	salary adjustment 2018-2021	14.74	0	14.74
TOTAL		568.73	1.09	569.82

* Employee Capital Plan employer

Number and par value of Company shares and shares in the Company's related entities held by management and supervisory staff

None of the members of the Management Board or Supervisory Board of Energa SA had any Company shares as at 31 December 2021.

Diversity policy

The Company's employee diversity policy is presented in several internal documents. However, it has not been adopted in a document form by the Supervisory Board or the General Meeting. Energa respects the dignity of every person regardless of race, nationality, religion, gender, education, professional position, sexual orientation, degree of disability or political affiliation, and does not accept any form of discrimination. The Company seeks to ensure diversity through the selection of diverse and professional managerial and supervisory talents. Furthermore, inspiring ideas put forward by employees encourage action, while stimulating the Company's development. This diverse human potential is a source of innovation.

Another cornerstone of diversity management at Energa involves ensuring equal access to professional development and promotions. Based on equal principles, rights and obligations, the Company ensures that everyone can be fairly and fully involved in the Energa Group's fields of activity.

Main features of internal control and risk management systems in relation to the financial reporting process

The Company runs an internal control system which ensures credibility and reliability of financial reporting and compliance with the laws and internal regulations. As regards preparation of financial statements, the system of internal control includes:

- control activities performed by employees in the scope of duties entrusted to them,
- functional control carried out as part of the supervision duties over reporting organisational units,
- audit of compliance of the Company's actions with the provisions of law and internal regulations.

The internal audit function is an important element of the internal control system. Internal auditing is an independent, objective activity designed to add value and improve an organisation's operations, bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. It helps an organisation accomplish its objectives, giving assurance as to the effectiveness of these processes, also through consulting.

The Company has an internal audit unit. It performs audit functions in companies of the Energa Group in line with the Energa Group's Internal Audit Policy. As part of its tasks, the unit carries out an annual Assessment of the internal control, risk management and compliance system at the Company. The purpose of this Assessment is to strengthen the internal control system by identifying good practices, while identifying areas where the system should be strengthened. The area of financial reporting is part of the annual Appraisal of the Internal Control System, risk and compliance management in Energa SA.

The purpose of an effective internal control system in financial reporting is to ensure the adequacy and accuracy of the financial information disclosed in periodic reporting. For that purpose, the Company has designed, implemented and used financial reporting process control matrices.

The area of financial reporting is part of the annual Appraisal of the Internal Control System, risk and compliance management in Energa SA, which was conducted by employees of the Audit and Internal Control Office for 2021. The assessment of the financial reporting aspects was positive.

Financial information used for financial reporting, Management Board reports and Energa's monthly management and operational reporting is derived from the Company's financial accounting system. Following the completion of all predefined end-of-month ledger closing processes, detailed management reports on finance and operations are prepared. The reports are drafted with the involvement of managers and executives from each organisational unit. For past reporting periods, the Company's financial performance is thoroughly analysed against budget estimates, and any identified deviations are properly clarified.

Both financial and management reporting of the Company and the Energa Group are based on the Accounting Policy (according to the International Financial Reporting Standards), which is updated as required and adopted for application by means of a resolution of the Company's Management Board.

The Company carries out annual reviews of strategies and economic and financial plans. Managers and executives are engaged in a detailed planning and budgeting process, which spans all areas of operation. When prepared, the economic and financial plan is adopted by the Management Board and approved by the Supervisory Board.

The selection of an auditor to audit the separate and consolidated financial statements of the Company is the responsibility of the Supervisory Board. A statutory auditor licensed to audit the financial statements of the Company is understood as the entity defined in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight.

The Company adopted a document entitled "Policy and procedure for the appointment of the auditor and policy of provision of additional services by the auditor, the entity related to the auditor and by a member of the network", the provisions of which meet requirements of the Act of on Statutory Auditors, Audit Firms and Public Supervision. In compliance with § 23a of the Company's Articles of Association, the Audit Committee recommends to the Supervisory Board an entity authorized to audit the Company's financial statements and the Supervisory Board appoints and dismisses such entity. In previous practice, the Company did not cooperate for a continuous period of more than 5 years with any statutory audit firm.

The auditor selection procedure as a whole is carried out by the Audit Committee of the Supervisory Board and it includes the definition of auditor selection criteria, carrying out the selection procedure and authorising the Management Board to enter into a contract for auditing services with the auditor of choice. The Supervisory Board awards the contract for auditing services following a procedure aimed at selecting an independent auditor and a proposal in which the quote reflects the auditor's workload, its position on the market for auditing services and understanding of the Company's industry.

Due to the entry into force of Regulation (EU) of the European Parliament and of the Council on specific requirements regarding statutory audit of public-interest entities and the amendment of the Accounting Act providing for a minimum term of two years for auditing services contracts, the Supervisory Board decided to carry out the auditor firm selection procedure for the period from 2019 to 2021. As a result of the procedure, on 29 June 2018, the Company's Supervisory Board selected statutory audit firm

KPMG Audyt spółka z ograniczoną odpowiedzialnością sp.k., with registered office in Warsaw, ul. Inflancka 4A ("KPMG") as the statutory auditor to audit and review the separate and consolidated financial statements of Energa SA and the Energa Group for annual periods ended, respectively, 31 December 2019, 31 December 2020 and 31 December 2021.

On 22 January 2022, the Company's Supervisory Board initiated the procedure for selecting the auditor to examine the financial statements for the years 2022 and 2023.

The audit report is presented to the Management Board, Audit Committee and Supervisory Board. Following the annual audit, the statutory auditor presents the Company with the 'Audit Management Letter', describing the deficiencies and irregularities which have been identified in the course of the audit but do not have any significant impact on the reliability and accuracy of the financial statements.

Risk management in the process of preparing financial statements is based on the identification and assessment of risk along with the definition of further risk response and its ongoing monitoring. As part of the Energa Group Integrated Risk Management System, financial reporting risk relating to the timely and error-free preparation of the Company's and Group's financial statements, as well as reporting and management information risk involved, for instance, in obtaining and preparation of management, operating and financial information required for management decisions, are identified and managed. The control mechanisms for the above risks include, without limitation: The Accounting Policy of the Energa Group and Energa SA, ledger accounting instructions, ongoing consultations with the auditor relating to interpretation of accounting regulations, automatic controls embedded in IT systems, manual controls, principles of drawing up financial plans, financial and management reporting calendar or hedge accounting principles.

The risk management process, which is described in more detail in a separate chapter herein, spans all business lines and corporate levels across the Group. It assumes ongoing and cyclical risk reviews and monitoring as well as an independent periodic assessment of effectiveness and efficiency of the system and its continuous improvement.

The findings of risk identification and assessment, including reporting risks, are adopted by the Company's Management Board in the form of a resolution of the Management Board, which additionally covers the definition of the risk appetite and management strategies for individual risks, while obligating Risk Owners to implement adopted action plans. Additionally, as part of the monitoring of the effectiveness of the Energa Group risk management system, a summary risk review report is submitted to the Audit Committee of the Energa Group's Supervisory Board.