

**REPORT ON REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD AND
SUPERVISORY BOARD OF ENERGA S.A. FOR 2021**

Supervisory Board of ENERGA S.A. Gdańsk, 21 April 2022

2021 **Table of contents**

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Introduction

This report contains comprehensive information about remuneration of Members of the Management Board and Members of the Supervisory Board of ENERGA S.A. for 2021 with regard to application of rules of the Remuneration Policy for Members of the Management Board and Supervisory Board of ENERGA S.A.

In 2021, the Management Board of ENERGA S.A. was composed of:

Name	Position	How long the function was performed in the reporting year
Iwona Waksmundzka-Olejniczak	President of the Management Board, Vice-President for Corporate Matters	entire 2021
Marek Kasicki	Vice-President for Financial Matters	entire 2021
Dominik Wadecki	Vice-President for Operations	entire 2021
Adrianna Sikorska	Vice-President for Communication	entire 2021
Janusz Szurski	Vice-President for Corporate Matters	from 15 Nov 2021
Jacek Goliński	President of the Management Board	until 16 Jul 2021

On 16 July 2021 the Supervisory Board recalled Mr Jacek Goliński as President of the Management Board, entrusting this function to Ms Iwona-Waksmundzka Olejniczak, Vice-President of the Management Board for Corporate Matters.

On 27 October 2021, the Supervisory Board entrusted Ms Iwona-Waksmundzka Olejniczak with 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 once again initiated the qualification procedure to appoint the Vice-President of the Management Board for Corporate Matters that was completed on 15 November 2021 with the appointment of Mr. Janusz Szurski.

In 2021 the Supervisory Board of ENERGA S.A. was composed of:

Name	Position	How long the function was performed in the reporting year
Paula Ziemiecka-Księżak	Chairwoman of the Supervisory Board, Independent Member of the Supervisory Board	entire 2021
Jarosław Dybowski	Vice-Chairman of the Supervisory Board	until 5 May 2021
Trajan Szuladziński	Member of the Supervisory Board, Secretary of the Supervisory Board, Independent Member of the Supervisory Board	entire 2021
Agnieszka Terlikowska-Kulesza	Member of the Supervisory Board, Independent Member of the Supervisory Board	entire 2021
Agata Piotrowska	Member of the Supervisory Board, Secretary of the Supervisory Board	from 1 Jun 2021
Agnieszka Żyro	Member of the Supervisory Board	entire 2021
Sylwia Kobyłkiewicz	Member of the Supervisory Board	entire 2021
Marta Marchewicz	Member of the Supervisory Board	until 14 Nov 2021

Introduction

Michał Róg	Member of the Supervisory Board	entire 2021
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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 starting from 1 June 2021.

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

On 29 June 2020 the Ordinary General Meeting of Shareholders of ENERGA S.A. approved the Remuneration Policy for Members of the Management Board and Supervisory Board of ENERGA S.A. (“Remuneration Policy”) that determines the structure and directional rules for remuneration of members of authorities of the Company.

The purpose of the Remuneration Policy is to support the achievement of the Company’s goals, in particular, long-term growth of value for shareholders and stability of the company’s operations. One of the key assumptions of the applicable Remuneration Policy with regard to remuneration of members of corporate bodies is to support implementation of long-term strategic goals while ensuring that the Company would achieve high financial results and while securing stability of the Company.

Fulfilment of these assumptions was possible because of the Management by Objectives system implemented in practice in the Company, which assumes that a major part of remuneration of individual Members of the Management Board depends on fulfilment of set management objectives, based on fulfilment criteria set by the Supervisory Board of the Company.

Review of remuneration components

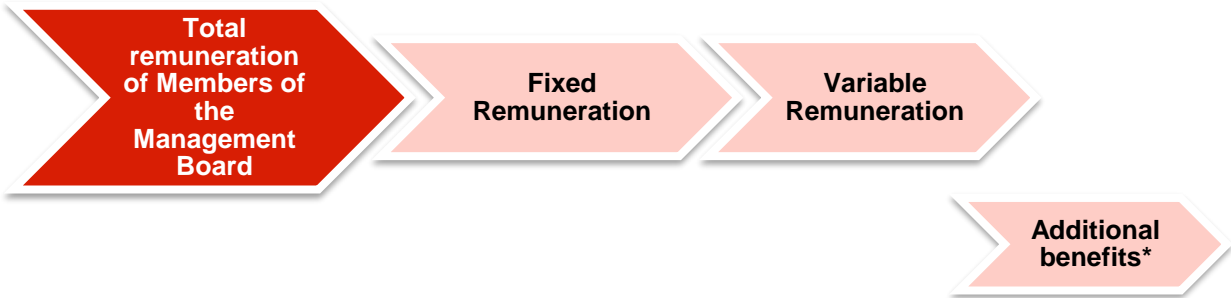
In 2021, remuneration of Members of the Management Board of the Company was set by the Supervisory Board based on Resolution No 33 of the Ordinary General Meeting of Shareholders of ENERGA S.A. of 29 June 2020 on the adoption of the rules for determining the remuneration of Members of the Management Board of ENERGA Spółka Akcyjna and repealing resolution 20 of the Ordinary General Meeting of Shareholders of the Company of 25 June 2019.

Remuneration of Members of the Management Board of the Company was set in accordance with the Act on Rules of Determining Remuneration as well as recommendations from the Nomination and Remuneration Committee of the Supervisory Board of ENERGA S.A. Since the adoption of the Remuneration Policy by the Ordinary General Meeting of Shareholders of the Company on 29 June 2020, the principles resulting therefrom have been also applied when determining the remuneration of Members of the Management Board.

All elements of remuneration of Members of the Management Board of the Company in 2021 were regulated by the Management Contract (“Contract”) concluded between a Member of the Management Board and the Company.

For performance of the Contract, a Member of the Management Board was entitled to the total remuneration, which consisted of the fixed part that was the basic monthly remuneration (“Fixed Remuneration”) and the variable part which was the supplementary remuneration for the financial year of the Company (“Variable Remuneration”), and an option to receive additional benefits (under the terms specified in the Contract and the Act on the Rules of Determining Remuneration).

Structure of the total remuneration of Members of the Management Board of ENERGA S.A.



* In accordance with the adopted Remuneration Policy, regardless of Fixed and Variable Remuneration, Members of the Management Board were entitled to additional benefits.

FIXED REMUNERATION OF MEMBERS OF MANAGEMENT BOARD

Fixed Remuneration of Members of the Management Board in 2021 was the monthly basic remuneration paid for the function performed in the Company and the assigned scope of duties, taking into account market conditions:

- Members of the Management Board received remuneration under the Contract concluded for the period of performing the function of a Member of the Management Board of the Company;
- The amount of the monthly Fixed Remuneration of Members of the Management Board was determined by the Supervisory Board, by means of a resolution, taking into account provisions of the Act on the Rules of Determining Remuneration and resolutions of the General Meeting of Shareholders on the principles of shaping the remuneration of Members of the Management Board;
- The amount of Fixed Remuneration of Members of the Management Board corresponded to the actual possibilities of acquiring and maintaining key competencies in the Company, and was also consistent with the level and market practice applicable to remuneration in companies with a similar scale of operations.

When determining Fixed Remuneration of Members of the Management Board, the Supervisory Board took into account the following criteria:

- Qualifications, professional experience and years of service;
- The profile of the function performed, size of the area supervised, scope and nature of tasks performed in this area;
- The level of remuneration of managerial staff in companies with a similar profile and scale of operations (taking into account the operating scale of the entire ENERGA Group).

The General Meeting of Shareholders of the Company determined the fixed part of remuneration of Members of the Management Board in accordance with provisions of art. 4 of the Act on the Rules of Determining Remuneration, taking into account the scale of the Company's operations, in particular the sum of its assets, annual net turnover achieved and the size of employment, in the range from 7 to 15 times the average remuneration in the enterprise sector without payment of awards from profit in the fourth quarter of the previous year, as announced by the President of the Central Statistical Office.

For the performance of the Contract, the Supervisory Board of the Company determined Fixed Remuneration of the President of the Management Board and other Members of the Management Board as the equivalent of 15 times (President of the Management Board), 7 times (two Members of the Management Board) and 14 times (other Member of the

Review of remuneration components

Management Board) of the average monthly remuneration in the sector of enterprises without payment of awards from profit in the fourth quarter of the previous year, as announced by the President of the Central Statistical Office.

VARIABLE REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD

Members of the Management Board of ENERGA S.A. were entitled to Variable Remuneration under the rules laid down in the Contract, to which the Rules of the Bonus System for the Management Board are attached as an integral part.

Variable Remuneration of Members of the Management Board in 2021 was supplementary remuneration for the financial year of the Company and depended on fulfilment of management objectives set by the Supervisory Board of ENERGA S.A. ("Management Objectives").

Key rules taken into account when awarding Variable Remuneration to Members of the Management Board in 2021:

- The value of the Variable Remuneration for a given financial year cannot exceed 60% of the value of Fixed Remuneration due in the financial year of 2021;
- Variable Remuneration of Members of the Management Board depends on performance of individual qualitative and quantitative tasks set by the Supervisory Board for individual Members of the Management Board;
- Based on the general directory of Management Objectives set by the General Meeting of Shareholders of ENERGA S.A., the Supervisory Board set individual bonus task, which were entered into the Objective Sheet of the given Member of the Management Board;
- The Supervisory Board also determined goals that condition receipt of Variable Remuneration for that year;
- Specification of the said Management Objectives, as well as indication of the weights and criteria for their fulfilment for individual Members of the Management Board was defined in a resolution of the Supervisory Board;
- Performance of individual bonus tasks (quantitative and qualitative tasks) by a Member of the Management Board and goals that condition the award will be evaluated by the Supervisory Board on the basis of a recommendation from the President of the Management Board, containing assessment of performance of individual bonus tasks of all Members of the Management Board, recommendation of the Management Board regarding performance of conditioning goals, reports on performance of individual bonus goals by the given Member of the Management Board, financial statements of ENERGA S.A. and other documents which the Supervisory Board finds advisable to assess;

Review of remuneration components

- The performance of quantitative individual bonus tasks will be assessed by awarding percentage points, and the performance of qualitative individual bonus tasks will be assessed by awarding the level of performance of the qualitative target in accordance with the rules contained in the Rules of the Bonus System for the Management Board of the Company. Performance of individual bonus tasks will be expressed as a weighted sum of percentage points granted by the Supervisory Board for each of the bonus tasks.
- Variable Remuneration of a Member of the Management Board will be granted when the General Meeting of Shareholders of PKN ORLEN S.A. approves the consolidated financial statements and when the General Meeting of Shareholders of ENERGA S.A. approves the report of the Management Board on the activities of the Company and the financial statements of the Company for the previous financial year and after the Member of the Management Board is granted the vote of acceptance to confirm the discharge of their duties.

Pursuant to Resolution No 33 of the Ordinary General Meeting of Shareholders of ENERGA S.A. of 29 June 2020, a directory of the general management objectives for Members of the Management Board of the Company was determined, in particular:

- Implementation of projects to translate into an increase in the efficiency of the ORLEN Group ratios,
- Improvement of cost effectiveness in the ENERGA Group,
- Implementation of strategic projects in accordance with the adopted budget and schedule of investments in the ENERGA Group,
- Implementation of a long-term strategy in the field of security of supply, energy supply and storage, and diversification of the purchasing portfolio,
- Increasing the TSR (Total Shareholder Return) ratio in relation to the market,
- Decreasing the TRR (Total Recordable Rate) in the ENERGA Group,
- Developing a portfolio of projects and increasing expenditure on research, development and innovation,
- Improvement of quality indicators for customer and product service.

Based on the directory of general management objectives set by the General Meeting of Shareholders of ENERGA S.A., the Supervisory Board set detailed Management Objectives of qualitative and quantitative nature that were related to key challenges faced by the ENERGA Group in 2021 for all Members of the Management Board, and assigned relevant performance levels to such objectives.

In 2021, Management Objectives were assigned to the Members of the Management Board in the scope of:

Review of remuneration components

- Consolidated EBITDA of the ENERGA Group and LIFO EBITDA of the Group,
- Net debt of the ENERGA Group / EBITDA of the ENERGA Group,
- performance of the Group's Strategy,
- Performance of the Business Integration and Transformation Programme of the ENERGA Group and PKN Orlen,
- TSR stock exchange measure,
- performance of the capital expenditure plan in accordance with the adopted financial plan,
- overheads of the ENERGA Group in accordance with the adopted financial plan,
- Effectiveness indicators of the Company, including cost effectiveness,
- Development of strategic investment projects and innovative projects,
- Internal control system for the processing of financial information and risk elimination,
- Procedures for collecting data, preparing and publishing the tax strategy (along with a notification to the relevant tax authority),
- the TRR accident rate.

In addition, the Supervisory Board – in accordance with a resolution of the General Meeting of Shareholders of ENERGA S.A. – set the following separate goals that condition receipt of Variable Remuneration for 2021:

- applying the rules of remuneration for members of management and supervisory bodies in accordance with the Act in all companies of the ENERGA Group,
- fulfilment of obligations referred to in art. 17-20, art. 22 and art. 23 of the Act of 16 December 2016 on the Rules of Managing State Assets (Journal of Laws of 2018, item 1182, as amended), in the subsidiaries of the Company within the meaning of art. 4 (3) of the Act of 16 February 2007 on Competition and Consumer Protection (Journal of Laws of 2017, item 229, as amended).

In accordance with the Contract, the resolution of the Supervisory Board will constitute the grounds for payment of the Variable Remuneration when the General Meeting of Shareholders of PKN ORLEN S.A. approves the consolidated financial statements and when the General Meeting of Shareholders of ENERGA S.A. approves the report of the Management Board on the activities of the Company and the financial statements of the Company for the previous financial year and after the Member of the Management Board is granted the vote of acceptance to confirm the discharge of their duties.

ADDITIONAL BENEFITS OF MEMBERS OF THE MANAGEMENT BOARD

Regardless of Fixed Remuneration and Variable Remuneration, in 2021 Members of the Management Board were entitled to additional benefits. Granting of a specific additional benefit

Review of remuneration components

was based on the interest of the Company and resulted from the need to provide services personally by a specific Member of the Management Board. The value of the additional benefits granted constituted the income of a Member of the Management Board and was not included in the Fixed Remuneration.

The Contract provides for the following types of benefits (added to the income of the Member of the Management Board):

- Coverage of costs of medical care of the Member of the Management Board and their immediate family;
- Coverage of costs related to accommodation if the place of residence is more than 100 km from the registered office of the Company;
- Financing or reimbursement of individual training relating to the scope of activities performed for the Company;
- severance pay for termination of the Contract;
- compensation due to non-competition clause effective after termination of the function.

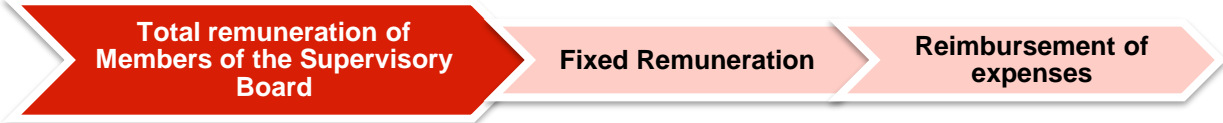
In addition:

- To facilitate regular accumulation of savings, the Company has set up the Employee Capital Plan (ECP) in accordance with the provisions of the Act on Employee Capital Plans. Members of the Management Board may participate in the ECP;
- A Member of the Management Board may use a Company car for private purposes, in accordance with the rules in force in the Company.

The benefits were granted on the terms and within the limits described in the Contract and other regulations in force in the Company.

Members of the Supervisory Board were entitled to a fixed monthly remuneration, which was based on the corporate relationship resulting from appointment of Members of the Supervisory Board for the duration of their mandate within the Company and reimbursement of expenses related to the performance of the function.

Structure of the total remuneration of Members of the Management Board of ENERGA S.A.



FIXED REMUNERATION OF MEMBERS OF THE SUPERVISORY BOARD

Review of remuneration components

Rules of remuneration for Members of the Supervisory Board:

- Remuneration was determined by the General Meeting by way of a resolution, on the basis of and within the limits specified in provisions of the Act on the Rules of Determining Remuneration;
- If the mandate of a Member of the Supervisory Board lasted less than a month for which the remuneration is paid, it was calculated in proportion to the number of days during which the function is performed;
- Remuneration was not due for the month in which a Member of the Supervisory Board was not present at the meeting without excuse (the Supervisory Board voted on excusing the absence of a Member of the Supervisory Board, in the form of a resolution);

Pursuant to resolution No 34 of the Ordinary General Meeting of Shareholders of ENERGA S.A. of 29 June 2020 the monthly remuneration of Members of the Supervisory Board was determined as the product of the assessment basis referred to in art. 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 for all Members of the Supervisory Board of the Company.

In addition, to facilitate regular accumulation of savings, the Company has set up the Employee Capital Plan (ECP) in accordance with the provisions of the Act on Employee Capital Plans. Members of the Supervisory Board may participate in the ECP.

Members of the Supervisory Board are also entitled to reimbursement of the costs related to participation in works of the Supervisory Board in accordance with art. 392 of the Commercial Companies Code.

Table 1. **Total remuneration of Members of the Management Board in 2021 (PLN gross)**

Name Function	How long the function was performed in the reporting period	Fixed remuneration	Additional benefits*	Total remuneration	Proportion of additional benefits to fixed remuneration (%)	Variable remuneration Provision accrued in 2021**
Jacek Goliński	1 Jan 2021 - 16 Jul 2021	431,570.44	589,216.52	1,020,786.96	136.53	258,942.26
Marek Kasicki	1 Jan 2021 - 31 Dec 2021	739,835.04	30,100.34***	769,935.38	4.07	443,901.00
Adrianna Sikorska	1 Jan 2021 - 31 Dec 2021	739,835.04	64,968.5***	804,803.54	8.78	443,901.00
Janusz Szurski	15 Nov 2021 - 31 Dec 2021	47,267.24	823.86	48,091.1	1.74	28,360.35
Dominik Wadecki	1 Jan 2021 - 31 Dec 2021	739,835.04	78,390.31***	818,225.35	10.6	443,901.00
Iwona Waksmundzka-Olejniczak	1 Jan 2021 - 31 Dec 2021	369,917.52	49,423.86	419,341.38	13.36	221,950.56

Review of remuneration components

	2021 total	3,068,260.32	812,923.39	3,881,183.71	1,840,956.17
*	Additional benefits include, among others, cash-free benefits added to the income (medical services, accommodation, training, ECP, use of cars) and cash benefits added to the income (severance pay, non-competition compensation).				
**	The amount of possible variable remuneration for 2021 depends on the degree of performance of management objectives by Members of the Management Board as well as the total fulfilment of all conditioning objectives and other payment conditions mentioned on page 11. The provision is not included in the total remuneration of Members of the Management Board.				
**	The amount stated includes the value of medical benefits provided to relatives, which are covered by the Company in accordance with the Contract in the total amount of: Marek Kasicki: PLN 1,605.91; Adrianna Sikorska: PLN 488.19; Dominik Wadecki: PLN 1,516.90.				

Table 2. **Total remuneration of Members of the Supervisory Board in 2021 (PLN gross)**

Name Function	How long the function was performed in the reporting year	Fixed remuneration	Other*	Total remuneration
Jarosław Dybowski - Vice-Chairman of the Supervisory Board	1 Jan 2021 - 5 May 2021	27,523.63	0	27,523.63
Sylvia Kobyłkiewicz - Member of the Supervisory Board	1 Jan 2021 - 31 Dec 2021	79,268.04	0	79,268.04
Marta Marchewicz - Member of the Supervisory Board	1 Jan 2021 - 14 Nov 2021	69,139.35	0	69,139.35
Agata Piotrowska - Secretary of the Supervisory Board	1 Jun 2021 - 31 Dec 2021	46,239.69	0	46,239.69
Michał Róg - Member of the Supervisory Board	1 Jan 2021 - 31 Dec 2021	0	0	0
Trajan Szuladziński - Member of the Supervisory Board	1 Jan 2021 - 31 Dec 2021	79,268.04	0	79,268.04
Agnieszka Terlikowska-Kulesza - Member of the Supervisory Board	1 Jan 2021 - 31 Dec 2021	79,268.04	0	79,268.04
Paula Ziemiecka-Księżak - Chairwoman of the Supervisory Board	1 Jan 2021 - 31 Dec 2021	79,268.04	0	79,268.04
Agnieszka Żyro - Member of the Supervisory Board	1 Jan 2021 - 31 Dec 2021	79,268.04	1,089.99	80,358.03
		568,726.91	1,089.99	569,816.9

* The "Other" item may include reimbursement of expenses related to performance of functions and the ECP.

Compliance of total remuneration with the Remuneration Policy and explanation how it contributes to achievement of the long-term result of the Company

Rules of remuneration for Members of the Management Board and Supervisory Board were determined in accordance with the Act on the Rules of Determining Remuneration and provisions of the Remuneration Policy for Members of the Management Board and Supervisory Board of ENERGA S.A. adopted in Resolution No 32 of the Ordinary General Meeting of Shareholders of ENERGA S.A. of 29 June 2020.

Remuneration Policy in effect in ENERGA S.A. supports performance of the goals of the Company and the entire ENERGA Group, in particular long-term increase in the value for shareholders and operating stability of the enterprise.

The amount of Fixed Remuneration of Members of the Management Board corresponded to the actual possibilities of acquiring and maintaining competencies in the Company, and was also consistent with the level and market practice applicable to remuneration in companies with a similar scale of operations.

Remuneration systems complied with values of ENERGA S.A., promoted mutual co-operation and motivated staff to achieve the best results on the scale of the entire ENERGA Group. The set Management Objectives were accounted for after the end of the year for which they were set.

The rules of remunerating members of the Supervisory Board were set out in a resolution adopted by the General Meeting of the Company, taking into account the principles resulting from provisions the Commercial Companies Code and the Articles of Association, as well as on the basis and within the limits specified in the provisions of the Act on the Rules of Determining Remuneration. Remuneration of Members of the Supervisory Board who meet the criterion of independence was conducive to maintaining the status of independence from the majority shareholder and the Company's decision-makers.

The purpose of the Remuneration Policy, which was to set guidelines for remuneration of Members of the Management Board and Members of the Supervisory Board, was achieved in 2021.

Based on the rules of the Remuneration Policy, determination of appropriate Management Objectives for 2021 meant that a considerable part of remuneration of the Management Board of the Company (Variable Remuneration) depended not only on the achievement of set financial and operating ratios but also performance of actions in the field of implementation of

Compliance of total remuneration with the Remuneration Policy and explanation how it contributes to achievement of the long-term result of the Company

specific initiatives of long-term, strategic importance for the Company and the entire ENERGA Group.

The long-term business plans of the Company corresponded to the interests of all groups of shareholders, with respect for the legitimate rights of its stakeholders (employees, customers, external environment, etc.), identified in the long-term horizon.

The rules of remuneration, including the structure of remuneration for Members of the Management Board and Supervisory Board, accounted for the current financial situation of the Company – in accordance with the principles adopted in the Act on the Rules of Determining Remuneration and the Resolution of the General Meeting of the Company on the principles of determining the remuneration of Members of the Management Board.

The tasks and goals set for implementation in 2021 ensured the implementation of the business strategy of ENERGA S.A., and contributed to continued long-term growth of the value of the Company and the entire ENERGA Group.

Applied criteria regarding performance of management objectives (including results)

The maximum amount of the Variable Remuneration was 60% of the Fixed Remuneration in 2021, determined in accordance with the rules laid down in the Contract of Management Services.

The level of Variable Remuneration depends on all of the following factors:

- performance of Management Objectives (individual qualitative and quantitative tasks) set by the Supervisory Board of the Company for individual Members of the Management Board and
- performance of separate goals which condition receipt of the Variable Remuneration for 2021, set in accordance with the Rules of the Bonus System for the Management Board of ENERGA S.A.

The weighted sum of percentage points awarded by the Supervisory Board is also the awarded per cent of the maximum possible Variable Remuneration stated in the Contract of Management Services. In accordance with the Rules of the Bonus System for the Management Board of ENERGA S.A., it was prescribed that if the weighted sum of percentage points is higher than 100%, it will be reduced to 100%.

Evaluation criteria for quantitative objectives

When setting quantitative Management Objectives for Members of the Management Board for 2021, expected fulfilment thresholds were defined.

The main sources of data for evaluation of fulfilment of quantitative objectives were materials provided to the Supervisory Board, including materials relating to performance of the schedule of expenditures for 2021, audited financial statements of the Company, reporting systems i.e. SAP, planning HFM, statutory HFM, accounting entries and source documents, and public stock exchange data.

Performance of quantitative objectives was evaluated by the Supervisory Board by awarding percentage points, based on the principles laid out in the Rules of the Bonus System for the Management Board of ENERGA S.A.

Evaluation criteria for qualitative objectives

Qualitative Management Objectives set for Members of the Management Board in 2021 were evaluated based on the following elements:

- Rules of the Bonus System for the Management Board of ENERGA S.A.:

Applied criteria regarding performance of management objectives (including results)

- individual reports of the Members of the Management Board on the implementation of quality objectives,
- recommendation of the Management Board of ENERGA S.A. regarding performance of goals that determine award of the variable remuneration for 2021.
- Fulfilment of assumptions related to the performance of strategic programmes and projects, including:
 - effectiveness of actions taken as part of the indicated projects,
 - the impact of the activities undertaken on the implementation of projects for which the objectives were set,
 - the level of involvement of Members of the Management Board in achieving the objectives,
- Additional factors and reports:
 - macroeconomic as well as legal and administrative conditions that support or condition performance of the objectives,
 - market trends,
 - information for the Supervisory Board regarding performance of provisions of the Strategy,
 - information about performance of current tasks by a Member of the Management Board of ENERGA S.A., regularly submitted to the Supervisory Board.
- The scale of evaluation levels, applied to performance of qualitative objectives, based on the Rules of the Bonus System for the Management Board of ENERGA S.A.

Evaluation criteria for goals that determine possible award of the Variable Remuneration

Evaluation of goals that determine award of the Variable Remuneration for 2021 by Members of the Management Board of ENERGA S.A. was based on the recommendation of the Management Board of ENERGA S.A. regarding performance of goals that determine award of the Variable Remuneration for 2021, based on an opinion issued by a third party which performed the necessary verification.

Changes in remuneration of Members of the Management Board and Supervisory Board in relation to Company results and employee remuneration

Figure 1. Revenues of Energa S.A. from 2017 to 2021 (PLN millions)

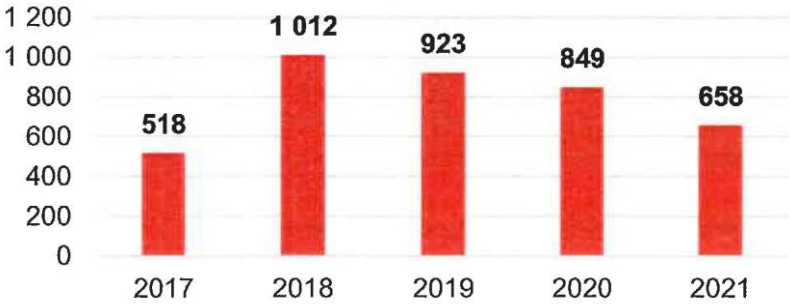
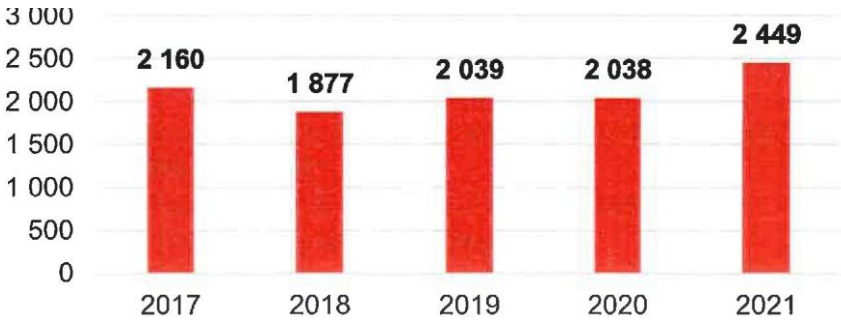


Figure 2. EBITDA of the Energa Group from 2017 to 2021 (PLN millions)



* EBITDA (operating profit plus depreciation and impairment of non-financial non-current assets).

Through the appropriate shaping of the remuneration structure, Members of the Management Board were additionally motivated to act in such a way so as to achieve effects and seek synergies in the long term and to implement the adopted strategic initiatives, which contributed to the stronger position and financial stability of the entire ENERGA Group.

As a parent company to 26 subsidiaries, ENERGA S.A. earned revenues from dividends and performance of corporate functions, also in the field of joint marketing activities, provision of IT systems and financial support.

Changes in remuneration of Members of the Management Board and Supervisory Board in relation to Company results and employee remuneration

The role of ENERGA S.A. is, among others, to define development directions for the ENERGA Group and to pursue joint financial policy, which translates to performance of targets of the ENERGA Group, expressed mainly with EBITDA of the ENERGA Group.

The Group's EBITDA in 2021 was PLN 2,449 m vs. PLN 2,038 m in 2020.

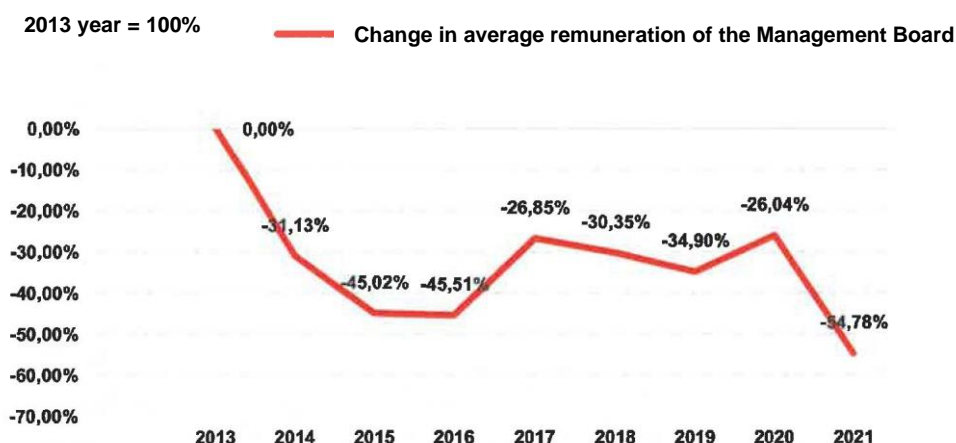
The Distribution Business Line was the greatest contributor to the ENERGA Group's EBITDA in 2021 (84%), while the contribution of the Sales Business Line and Generation Business Line were at 14% and 5% respectively.

The ENERGA Group achieves a stable EBITDA level of approx. 2 billion PLN a year, with the main share of Distribution Business Line.

* including Energa Ochrona Sp. z o.o. and Energa Centrum Usług Wspólnych Sp. z o.o., the shares of which were sold by ENERGA S.A. in 2021.

AVERAGE REMUNERATION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD AND EMPLOYEES OF THE COMPANY WHO ARE NOT MEMBERS OF THE MANAGEMENT BOARD OR SUPERVISORY BOARD

Figure 3. Changes in average remuneration (fixed and variable part) of the Management Board* of the Company compared to 2013 level

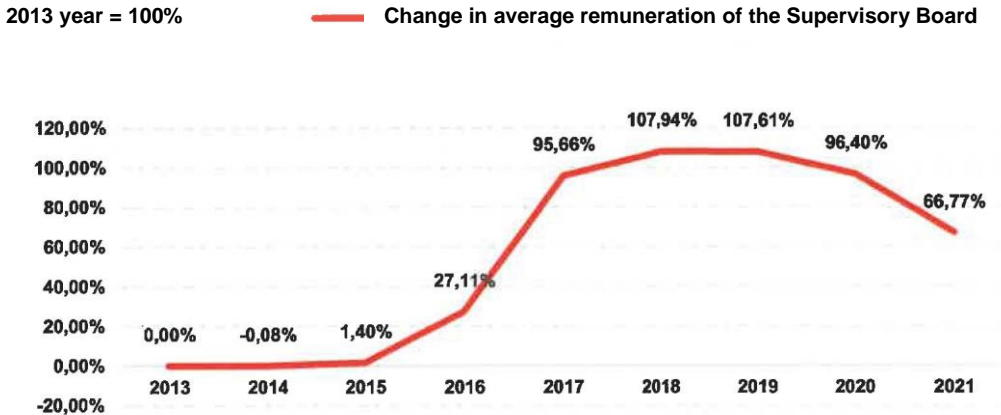


Starting from 2015 the average remuneration of the Management Board of ENERGA S.A. is considerably below average remuneration of 2013.

* To calculate average remuneration, remuneration paid for a given financial year was adopted (for 2021 – without a provision for variable remuneration (p. 16) that may be awarded in 2022).

Changes in remuneration of Members of the Management Board and Supervisory Board in relation to Company results and employee remuneration

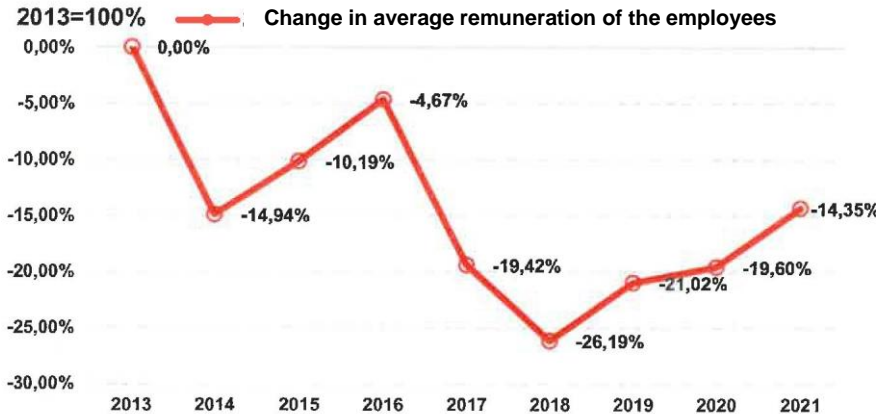
Figure 4. Changes in average fixed remuneration of the Supervisory Board of the Company compared to 2013 level**



Starting from December 2016, remuneration of the Supervisory Board of ENERGA S.A. has been adapted to the Act on the Rules of Determining Remuneration.

** To calculate average remuneration, remuneration paid for a given financial year was adopted.

Figure 5. Change in average remuneration of the employees ENERGA S.A. compared to 2013 level*



* Remuneration of the Management Board, Supervisory Board, contracts of mandate (including manager contracts), contracts for specific work, severance pays and employees on non-paid leaves are not included.

The drop in average remuneration of employees in 2017 and 2018 is the result of the management personnel of the Company moving to manager contracts (not included in the average).

Changes in remuneration of Members of the Management Board and Supervisory Board in relation to Company results and employee remuneration

Rules of remuneration for employees of the Company are governed in the Rules of Remuneration for Employees of ENERGA S.A. The key component of the remuneration is basic pay determined on the basis of Table of pay grades and rates of monthly basic pay for employees at ENERGA S.A. and the quarterly bonus.

Since 2018 the average remuneration of ENERGA S.A. employees has been growing.

Other information

- The report on remuneration of Members of the Management Board and Supervisory Board of ENERGA S.A. for 2021 was prepared in accordance with requirements 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. The report covers 2021 and provides an overview of remuneration awarded to Members of authorities of the Company in accordance with applicable internal regulations, including Remuneration Policy for Members of the Management Board and Supervisory Board of ENERGA S.A. adopted with resolution No 32 of the Ordinary General Meeting of Shareholders of 29 June 2020.
- The amount of remuneration from entities which belong to the same group within the meaning of the Accounting Act of 29 September 1994 (the ENERGA Group): In 2021, until the appointment as Vice-President of the Management Board for Corporate Matters (15 November 2021), Mr Janusz Szurski earned gross remuneration of PLN 69,139.35 for the performance of the function of the Chairman of the Supervisory Board of ENERGA-Operator S.A. Since his appointment to the Management Board of ENERGA S.A. Mr Janusz Szurski has performed the function of the Chairman of the Supervisory Board of ENERGA-Operator S.A. without remuneration.
- Number of awarded or offered financial instruments and the main conditions for the exercise of rights from these instruments, including the price and exercise date and their changes: Not applicable to Members of the Management Board and of the Supervisory Board of ENERGA S.A. in 2021.
- Information on deviations from the procedure for implementing the Remuneration Policy and exceptions applied pursuant to Art. 90f 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, including the premises and procedure, and an indication of the elements covered by exceptions: Not applicable to ENERGA S.A. in 2021.
- Information on the exercise of the option to request a refund of variable remuneration components: There were no circumstances justifying the demand for return of variable remuneration components.
- Considering that the Report of the Supervisory Board on remuneration of Members of the Management Board and of the Supervisory Board of ENERGA S.A. from 2019 to 2020 received a positive opinion by way of resolution No 26 of the Ordinary General Meeting of Shareholders of ENERGA S.A. of 14 June 2021, the Company has continued its existing remuneration policy for Members of the Management Board and of the Supervisory Board.

Other information

Rules of remuneration for Members of the Management Board of ENERGA S.A. are governed by:

- 1) the Act on the Rules of Determining Remuneration,
- 2) Resolutions of the General Meeting on the principles of determining the remuneration of Members of the Management Board,
- 3) The Remuneration Policy adopted by the General Meeting of the Company, effective from 29 June 2020,
- 4) Resolutions of the Supervisory Board establishing individual conditions for the provision of services based on the documentation referred to in subparagraphs 1 and 2 above, and, from 2020, also based on the Remuneration Policy,
- 5) The Contract of Management Services,
- 6) Rules of the Bonus System for the Management Board of ENERGA S.A.

Rules of remuneration for Members of the Supervisory Board at ENERGA S.A. are governed by:

- the Act on the Rules of Determining Remuneration,
- Resolutions of the General Meeting on adoption of the principles of determining the remuneration of Members of the Supervisory Board,
- Provisions of the Commercial Companies Code – art. 392.

On behalf of the Supervisory Board of ENERGA S.A.:

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Paula Ziemiecka-Księżak

Chairwoman of the Supervisory Board of ENERGA S.A.

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Agnieszka Terlikowska-Kulesza

Member of the Supervisory Board of ENERGA S.A.