

Announcement of amendments to the agenda of the Ordinary General Meeting of the Company convened for May 8, 2019 following shareholder's request

The Management Board of TAURON Polska Energia S.A. ("Company") following the receipt on April 16, 2019 of a request from shareholder representing over one twentieth of the Company's share capital, i.e. the Minister of Energy exercising the powers of the shareholder State Treasury to include new items in the agenda of the Ordinary General Meeting ("OGM") convened for May 8, 2019 presents the said items below:

- Adoption of the resolutions on amending resolution no. 5 of the Extraordinary General Meeting of Shareholders of December 15, 2016 on the principles for determining the compensation of the Members of the Management Board.
- Adoption of the resolutions on amending the "Articles of Association of TAURON Polska Energia S.A."

Acting pursuant to article 401 § 2 of the Code of Commercial Companies, the Company hereby announces amendments to the agenda of the OGM that consist in adding items numbered as 17 and 18. At the same time, the existing item 17 with the wording „Closing of the session of the Ordinary General Meeting” is numbered as 19. The wording of items 17, 18 and 19 is presented below:

17. Adoption of the resolutions on amending resolution no. 5 of the Extraordinary General Meeting of Shareholders of December 15, 2016 on the principles for determining the compensation of the Members of the Management Board.
18. Adoption of the resolutions on amending the "Articles of Association of TAURON Polska Energia S.A."
19. Closing of the session of the Ordinary General Meeting.

Amended agenda of the Ordinary General Meeting:

1. Opening of the Ordinary General Meeting.
2. Appointment of the Chairperson of the Ordinary General Meeting.
3. Determination as to whether the Ordinary General Meeting has been duly convened and is capable of adopting binding resolutions.
4. Adoption of the agenda of the Ordinary General Meeting.
5. Adoption of a resolution on waiving the secrecy of the vote on the committees appointed by the Ordinary General Meeting.
6. Appointment of the Returning Committee of the Ordinary General Meeting.
7. Presentation of financial results of the Company and TAURON Polska Energia S.A. Capital Group.

8. Presentation of the following Supervisory Board Reports:
 - 1) *“Report on the activities of the Supervisory Board of TAURON Polska Energia S.A. in the financial year 2018”*, containing, among others, the evaluation of the Company standing, including the assessment of the internal control, risk management systems, compliance and internal audit functions, comprising all significant control mechanisms, including, in particular those related to financial reporting and operational activity, the assessment of the method of fulfilment of disclosure obligations by the Company in relation to the application of corporate governance principles, the assessment of the rationality of the policy of sponsorship, charity or other similar activities, the assessment of compliance with the criteria of independence by Members of the Supervisory Board,
 - 2) *“Report of the Supervisory Board on the evaluation of the Financial statements of TAURON Polska Energia S.A., Consolidated financial statements of TAURON Capital Group, Report of the Management Board on operations of TAURON Polska Energia S.A. and TAURON Capital Group for the financial year ended on 31 December 2018 including justification and the motion of the Management Board concerning the method of covering the net loss for the financial year 2018”*.
9. Presentation of the *“Report of TAURON Polska Energia S.A. on representation expenses, expenditure on legal services, marketing services, public relations and social communication services as well as advisory services related to management incurred in 2018”*, including the opinion issued by the Supervisory Board.
10. Examination of the *“Financial statements of TAURON Polska Energia S.A. for the year ended 31 December 2018 prepared in accordance with International Financial Reporting Standards approved by the European Union”* and adoption of the resolution on its approval.
11. Examination of the *“Consolidated financial statements of TAURON Polska Energia S.A. Capital Group for the year ended 31 December 2018 prepared in accordance with International Financial Reporting Standards approved by the European Union”* and adoption of the resolution on its approval.
12. Examination of the *“Report of the Management Board on the operations of TAURON Polska Energia S.A. and TAURON Capital Group for the financial year 2018”* and adoption of the resolution on its approval.
13. Adoption of the resolution concerning covering of the net loss for the financial year 2018.
14. Adoption of the resolutions to grant the discharge from fulfilment of duties to all members of the Company Management Board who fulfilled their functions in the financial year 2018.
15. Adoption of the resolutions to grant the discharge from fulfilment of duties to all Members of the Company Supervisory Board who served in the financial year 2018.
16. Adoption of the resolutions concerning changes in the composition of the Company Supervisory Board.
17. Adoption of the resolutions on amending resolution no. 5 of the Extraordinary General Meeting of Shareholders of December 15, 2016 on the principles for determining the compensation of the Members of the Management Board.
18. Adoption of the resolutions on amending the *“Articles of Association of TAURON Polska Energia S.A.”*.
19. Closing of the session of the Ordinary General Meeting.

Below the Company presents statement of reasons received from the Minister of Energy concerning new items in the agenda of the OGM.

Statement of reasons concerning item 17 of the agenda:

Updating of the general catalogue of the Management Targets for the Management Board of TAURON Polska Energia S.A. is justified by the planned completion, in 2019, of the accomplishment of the majority of the Management Targets, and what follows, the problems that may arise in the future with respect to the detailing thereof by the Supervisory Board. In accordance with the instruction provided in § 3 clause 4 of the resolution of the General Meeting of Shareholders of December 15, 2016, the Supervisory Board was authorized to detail the Management Targets, including defining the weights of such targets, as well as the objective and measurable criteria for achieving and accounting for them. Leaving the said Management Targets in their current version gives rise to the risk of the lack of the possibility to achieve them, as well as to the risk of violating the competence of the General Meeting of Shareholders, in case the Supervisory Board were to set targets not included in the general catalogue of the targets defined in the resolution of the General Meeting of Shareholders.

Taking into account the accomplishment or the planned completion, in 2019, of the accomplishment of the general non-financial Management Targets, the achieved effects of which are described above, the updating thereof is justified and purposeful. The proposed Management Targets are aimed at ensuring the implementation of the development (expansion) directions assumed in the Capital Group's Strategy, while taking into account the changing market environment and legal regulations, as well as the need to improve the systems and procedures related to customer service.

The Management Targets established by the General Meeting of Shareholders will be applicable, after they have been detailed by the Company's Supervisory Board, for the subsequent years, starting from 2020.

Statement of reasons concerning item 18 of the agenda:

Due to the amendment of the act of December 16, 2016 on the principles of state assets management, it is necessary to introduce amendments to the provisions implemented in the Company's Articles of Association in 2017.

The amended act detailed some provisions that had caused interpretation doubts arising from the moment of the act coming into force. This is applicable to, among others, art. 17, clause 2, sub-clause 1 of the act where it has been detailed that agreements related to legal services, marketing services, public relations and social communications services, as well as advisory services associated with management, will require a consent (approval) of the supervisory authority (body) in case the total compensation envisaged for the services rendered under such agreement, or under other agreements concluded with the same entity, exceeds the net amount of PLN 500 000 per annum. This is to prevent avoiding concluding agreements that exceed the above threshold by splitting the compensation into several agreements concluded with the same entity. In art. 17, clause 4 of the act, related to the principles of disposing of (divesting) the components of fixed assets by way of a tender or auction process, as well as the exceptions from the obligation to apply them, it has been detailed that a threshold, defined as PLN 20 000, shall be applicable to the market value.

The above amendments will be reflected in § 20, clause 2, sub-clause 10 of the Articles of Association and in § 38, clause 1 of the Articles of Association.

Furthermore, the amended act allows for the possibility to assign the competences, mentioned in art. 17, clause 1 of the act of December 16, 2016, on the principles of state assets management, to the Company's Supervisory Board. Taking the above into account it is justified to introduce the applicable amendments to § 20, clause 2 of the Articles of Association with respect to disposing of (divesting) the components of fixed assets.

Additionally, the proposed amendments are related to the obligation, introduced by the act, of the Management Board to prepare a report on applying the best practices defined by the Chairman of the Council of Ministers on the basis of art. 7, clause 3 of the act on the principles of state assets management with respect to corporate governance, corporate social responsibility and sponsoring activities. The act of February 21, 2019 on amending the act on the principles of state assets management and some other acts allowed for the possibility of submitting to the supervisory authority (body), instead of the general meeting of shareholders, the reports mentioned in art. 17, clause 6 of the act on the principles of state assets management.

The other amendments are of editorial nature.

At the same time, please be informed that the Minister of Energy said that draft resolutions with respect to the above issues would be submitted without an undue delay, after they have been prepared in detail.

Attached the Company presents amended draft resolution concerning adoption of the agenda of the Ordinary General Meeting of the Company.

The wording of the remaining draft resolutions of the Ordinary general Meeting presented in current report no. 10/2019 remains unchanged.