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IK: 347697

**Mr.
Filip Grzegorzcyk
President of the Management Board
TAURON Polska Energia S.A.**

Dear Mr. President

Acting as a representative of the shareholder State Treasury, on the basis of the deed of appointment of December 11, 2017, as a person authorized pursuant to art. 401, § 1 of the Code of Commercial Companies, I am requesting that the following items be included in the agenda of the Ordinary General Meeting of Shareholders of TAURON Polska Energia S.A. convened on May 8, 2018:

- 1) 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.
- 2) Adoption of the resolutions on amending the “Articles of Association of TAURON Polska Energia S.A.”.

Statement of reasons

Re 1) 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.

Re 2) 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 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, I would like to inform that the draft resolutions with respect to the above issues will be submitted without an undue delay, after they have been prepared in detail.

Yours respectfully

Krzysztof Tchórzewski