



**TAURON POLSKA ENERGIA S.A.**

**REPORT ON REPRESENTATION EXPENSES, EXPENDITURE INCURRED ON  
LEGAL SERVICES, MARKETING SERVICES, PUBLIC RELATIONS AND SOCIAL  
COMMUNICATION SERVICES AS WELL AS ON ADVISORY SERVICES  
RELATED TO MANAGEMENT**

**FOR THE YEAR ENDED ON 31 DECEMBER 2017**

**TAURON Polska Energia S.A.**

*Report on representation expenses, expenditure incurred on legal services, marketing services, public relations and social communication services as well as on advisory services related to management drawn up for the year ended on 31 December 2017*

*(in PLN thousand)*

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## I. Introduction

The Report has been drawn up pursuant to § 15(2) of the Articles of Association of TAURON Polska Energia S.A. (the “Company”). The obligation to draw up the report arises from Article 17(6) of the Act of 16 December 2016 on principles of state assets management (Journal of Laws of 2016, item 2259, as amended).

This report has been drawn up in Polish zloty (“PLN”) and all values are provided in PLN thousand. In the report, the level of input tax related to the purchase of goods, materials and services associated with the said expenditure has not been recognised.

## II. Expenditure on public relations and social communication services

	Year ended on 31 December 2017 [PLN thousand]	Share in consolidated revenue on sales
<b>EXPENDITURE ON PUBLIC RELATIONS AND SOCIAL COMMUNICATION SERVICES</b>	<b>17,384</b>	<b>0.10 %</b>

Activities implemented in the scope of public relations and social communication, including in the area of sponsoring, developed a positive image of TAURON Group among individual stakeholder groups.

In the area of external communication, the expenditure was mainly associated with building and maintaining relations with investors and the media and referred, among others, to media monitoring, participation in conferences and business events as well as service of electronic press office (netPR).

In the area of internal communication, the expenditure was mainly associated with building and maintaining relations with employees and referred, among others, to organisation of activities addressed to employees of the Company and their families, editing, printing and typesetting of periodicals describing events in TAURON Group as well as other tools used for internal communication (including, among others, the intranet).

In the area of sponsoring, the Company incurred expenses on cooperation with entities representing organisers of events in the area of professional sport as well as culture and arts with whom it concluded agreements for the implementation of sponsoring services.

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The expenditure related to the implementation of individual sponsoring projects is supervised on an on-going basis by the Company Supervisory Board which, in accordance with the provisions of the Articles of Association, issues opinions on both the plan and the principles of pursuing the sponsoring activity in TAURON Group and submits the assessment of the policy in the scope of sponsoring activity conducted by the Company to the General Meeting at least once a year. Moreover, the Supervisory Board approves concluding of agreement in the scope of sponsoring where the value of the remuneration exceeds PLN 500 thousand net in annual terms.

### **III. Expenditure on marketing services**

	Year ended on 31 December 2017 [PLN thousand]	Share in consolidated revenue on sales
<b>EXPENDITURE ON MARKETING SERVICES</b>	<b>9,285</b>	<b>0.05 %</b>

The activities implemented in the scope of marketing services were aimed at promoting the TAURON brand as well as building and maintaining the high level of its market recognition. The image of TAURON brand, i.e. its perception and assessment by the environment plays an important role supporting in achieving the Group's targets and maintaining the leading market position. The expenditure on brand promotion is centralised and incurred by the Company whereas companies of the Group are granted licenses for the use of TAURON brand against remuneration.

Expenditure in the scope of marketing comprised mainly promotion services in favour of TAURON brand, advertising services in the area of creation, design and printing, advertising materials with a logo, producing and servicing of promotional carriers, activities in the scope of Corporate Social Responsibility (CSR) and media purchase.

### **IV. Expenditure on advisory services related to management**

	Year ended on 31 December 2017 [PLN thousand]	Share in consolidated revenue on sales
<b>EXPENDITURE ON ADVISORY SERVICES RELATED TO MANAGEMENT</b>	<b>3,127</b>	<b>0.02%</b>

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Expenditure on advisory services related to management comprise advisory services for the Company, including consulting services in the scope of performing business, financial and other similar activities, business consultancy, control of costs and other financial issues, consultancy in the scope of IT, accounting and taxes as well as advice in the scope of projects implemented in TAURON Group.

## **V. Expenditure on legal services**

	Year ended on 31 December 2017 [PLN thousand]	Share in consolidated revenue on sales
<b>EXPENDITURE ON LEGAL SERVICES</b>	<b>2,381</b>	<b>0.01%</b>

Expenditure incurred on legal services was associated with the provision of legal service, assistance and advice comprising, in particular, current legal service, preparing information, analyses, expertise and legal opinion, consultancy on issues associated with the development and adjustment of legal regulations, representation in arbitration proceedings, court disputes as well as in administrative cases and administrative court proceedings as well as complex legal service of investment projects implemented in TAURON Group.

## **VI. Representation expenses**

	Year ended on 31 December 2017 [PLN thousand]	Share in consolidated revenue on sales
<b>REPRESENTATION EXPENSES</b>	<b>366</b>	<b>0.002%</b>

In 2017, the Company allocated the amount of PLN 366 thousand for representation expenses. Such expenses are aimed at building positive relations with the company environment including, among others, relationships with customers.

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*(in PLN thousand)*

## **VII. Summary**

The table below contains the summary of expenditure presented in the report:

	Year ended on 31 December 2017 [PLN thousand]	Share in consolidated revenue on sales
<b>EXPENDITURE ON PUBLIC RELATIONS AND SOCIAL COMMUNICATION SERVICES</b>	<b>17,384</b>	<b>0.10 %</b>
<b>EXPENDITURE ON MARKETING SERVICES</b>	<b>9,285</b>	<b>0.05 %</b>
<b>EXPENDITURE ON ADVISORY SERVICES RELATED TO MANAGEMENT</b>	<b>3,127</b>	<b>0.02%</b>
<b>EXPENDITURE ON LEGAL SERVICES</b>	<b>2,381</b>	<b>0.01%</b>
<b>REPRESENTATION EXPENSES</b>	<b>366</b>	<b>0.002%</b>
<b>TOTAL</b>	<b>32,544</b>	<b>0.19%</b>

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This report drawn up for the year ended on 31 December 2017 consists of 7 pages.

Katowice, 6 March 2018

Filip Grzegorzczak - President of the Management Board .....

Jarosław Broda - Vice-President of the Management Board .....

Kamil Kamiński - Vice-President of the Management Board .....

Marek Wadowski - Vice President of the Management Board .....