

## **FORM OF INSTRUCTIONS FOR VOTING BY PROXY**

**The Extraordinary General Meeting convened for 21 November 2019 at 10.00 a.m., at Novotel Katowice Centrum Hotel in Katowice, al. Roździeńskiego 16 (conference room - ground floor).**

### **Reservations:**

1. This form shall not serve for the verification of the method of voting by Proxy on behalf of the Shareholder. The Proxies shall not submit a copy of these instructions to the Company.
2. This form shall not replace the Power of Attorney granted to the Proxy by the Shareholder.
3. Use of the form made available by the Company is not mandatory on the Shareholder and is not a prerequisite for submitting of a vote by the Proxy.
4. The method of exercising the vote by the Proxy depends on the provisions of the Power of Attorney granted by the Shareholder.
5. The Shareholder should remember that Shareholders are authorised to submit their own draft resolutions as well as amendments to drafts provided by the Management Board or Supervisory Board of TAURON Polska Energia S.A. or other Shareholders, therefore the text of the resolution finally submitted for voting may differ from the text of the resolution originally published on the Company website. Moreover, on issues related to election within the same agenda, as a rule, several resolutions related to individual candidates will be subject to voting.

**Item 2 of the agenda: Adopting the resolution concerning: the appointment of the Chairperson of the Extraordinary General Meeting**

**Proposed draft resolution:**

**RESOLUTION NO [•]  
of the Extraordinary General Meeting  
of the Company operating under the enterprise name: TAURON Polska Energia S.A.  
of ..... 2019**

concerning: the appointment of the Chairperson of the Extraordinary General Meeting of the Company

The Extraordinary General Meeting of TAURON Polska Energia S.A. with its registered office in Katowice acting pursuant to Article 409 § 1 of the Commercial Companies Code and § 12 of the By-laws of the General Meeting, resolves as follows:

**§ 1**

Mr / Ms [•] is hereby appointed as the Chairperson of the Extraordinary General Meeting of the Company.

**§ 2**

The Resolution shall enter into force as of its adoption date.

**Votes\***

<input type="checkbox"/> For (voting by..... shares)**	<input type="checkbox"/> Against (voting by..... shares)**	<input type="checkbox"/> Abstained (voting by..... shares)**	<input type="checkbox"/> At discretion of the Proxy	<input type="checkbox"/> Raising Objection
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Provided that \*\*\*:      Provided that \*\*\*:      Provided that \*\*\*:

**Item 4 of the agenda: Adopting the resolution concerning: the adoption of the agenda of the Extraordinary General Meeting**

**Proposed draft resolution:**

**RESOLUTION NO [•]  
of the Extraordinary General Meeting  
of the Company operating under the enterprise name: TAURON Polska Energia S.A.  
of ..... 2019**

concerning: the adoption of the agenda of the Extraordinary General Meeting of the Company

The Extraordinary General Meeting of TAURON Polska Energia S.A., with its registered office in Katowice resolves as follows:

## § 1

The following agenda of the meeting of the Extraordinary General Meeting of the Company is hereby adopted:

1. Opening of the Extraordinary General Meeting.
2. Appointment of the Chairperson of the Extraordinary General Meeting.
3. Determination as to whether the Extraordinary General Meeting has been duly convened and is capable of adopting binding resolutions.
4. Adoption of the agenda of the Extraordinary General Meeting.
5. Adoption of a resolution on waiving the secrecy of the vote on the committees appointed by the Extraordinary General Meeting.
6. Appointment of the Returning Committee of the Extraordinary General Meeting.
7. Adoption of the resolution concerning the principles of determining remuneration of Management Board members and waiving resolution No. 5 of the Extraordinary General Meeting of the Company under the name: TAURON Polska Energia S.A. of 15 December 2016 on the principles of determining the remuneration of Management Board members and waiving resolution No. 36 of the Ordinary General Meeting of the Company under the name: TAURON Polska Energia S.A. of 29 May 2017 regarding the amendment of resolution No. 5 of the Extraordinary General Meeting of 15 December 2016 regarding the principles of determining the remuneration of Management Board members and waiving resolution No. 26 of the Ordinary General Meeting of the Company under the name: TAURON Polska Energia S.A. of 8 May 2019 on the amendment of resolution No. 5 of the Extraordinary General Meeting of 15 December 2016 on the principles of determining the remuneration of Management Board members.
8. Adoption of the resolution concerning amendment of resolution No. 6 of the Extraordinary General Meeting of the Company under the name: TAURON Polska Energia S.A. of 15 December 2016 on the principles of determining the remuneration of Supervisory Board members.
9. Adoption of resolutions regarding changes in the composition of the Company's Supervisory Board.
10. Closing of the session of the Extraordinary General Meeting.

## § 2

The Resolution shall enter into force as of its adoption date.

### Votes\*

- |   |   |   |  |   |
|---|---|---|--|---|
| <input type="checkbox"/> For<br>(voting<br>by.....<br>shares)** | <input type="checkbox"/> Against<br>(voting<br>by.....<br>shares)** | <input type="checkbox"/> Abstained<br>(voting<br>by.....<br>shares)** | <input type="checkbox"/> At discretion of<br>the Proxy | <input type="checkbox"/> Raising<br>Objection |
|---|---|---|--|---|

Provided that \*\*\*:    Provided that \*\*\*:    Provided that \*\*\*:

**Item 5 of the agenda: Adoption of a resolution on waiving the secrecy of the vote on the committees appointed by the Extraordinary General Meeting**

**Proposed draft resolution:**

**RESOLUTION NO [•]  
of the Extraordinary General Meeting  
of the Company operating under the enterprise name: TAURON Polska Energia S.A.  
of ..... 2019**

concerning: waiving the secrecy of the vote on the committees appointed by the Extraordinary General Meeting.

The Extraordinary General Meeting of TAURON Polska Energia S.A. with its registered office in Katowice acting pursuant to Article 420 § 3 of the Commercial Companies Code and § 15(9) of the By-laws of the General Meeting, resolves as follows:

**§ 1**

The secrecy of the vote on the committees appointed by the Extraordinary General Meeting is hereby waived.

**§ 2**

The Resolution shall enter into force as of its adoption date.

**Votes\***

<input type="checkbox"/> For (voting by..... shares)**	<input type="checkbox"/> Against (voting by..... shares)**	<input type="checkbox"/> Abstained (voting by..... shares)**	<input type="checkbox"/> At discretion of the Proxy	<input type="checkbox"/> Raising Objection
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Provided that \*\*\*:    Provided that \*\*\*:    Provided that \*\*\*:

**Item 6 of the agenda: Adopting the resolution concerning: the appointment of the Returning Committee of the Extraordinary General Meeting**

**Proposed draft resolution:**

**RESOLUTION NO [•]  
of the Extraordinary General Meeting  
of the Company operating under the enterprise name: TAURON Polska Energia S.A.  
of ..... 2019**

concerning: the appointment of the Returning Committee of the Extraordinary General Meeting

The Extraordinary General Meeting of TAURON Polska Energia S.A. with its registered office in Katowice acting pursuant to § 15(1) of the By-laws of the General Meeting, resolves as follows:

**§ 1**

The Returning Committee is appointed composed of:

1. [•]
2. [•]
3. [•]

**§ 2**

The Resolution shall enter into force as of its adoption date.

**Votes\***

<input type="checkbox"/> For (voting by..... shares)**	<input type="checkbox"/> Against (voting by..... shares)**	<input type="checkbox"/> Abstained (voting by..... shares)**	<input type="checkbox"/> At discretion of the Proxy	<input type="checkbox"/> Raising Objection
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Provided that \*\*\*:      Provided that \*\*\*:      Provided that \*\*\*:

**Item 7 of the agenda: Adopting the resolution concerning: the principles of determining the remuneration of Management Board Members and repealing of the resolution no. 5 of the Extraordinary General Meeting of the Company operating under the enterprise name: TAURON Polska Energia S.A. of December 15, 2016 concerning the principles to be applied when establishing the remuneration of Management Board Members and repealing of the resolution no. 36 of the Ordinary General Meeting of the Company operating under the enterprise name: TAURON Polska Energia S.A. of May 29, 2017, concerning an amendment to the resolution no. 5 of the Extraordinary General Meeting of the Company of December 15, 2016 concerning the principles to be applied when establishing the remuneration of Management Board Members and repealing of the resolution no. 26 of the Ordinary General Meeting of the Company operating under the enterprise name: TAURON Polska Energia S.A. of May 8, 2019, concerning an amendment to the resolution no. 5 of the Extraordinary General Meeting of the Company of December 15, 2016 concerning the principles to be applied when establishing the remuneration of Management Board Members.**

**Proposed draft resolution:**

**RESOLUTION NO [•]  
of the Extraordinary General Meeting  
of the Company operating under the enterprise name: TAURON Polska Energia S.A.  
of ..... 2019**

concerning: the principles of determining the remuneration of Management Board Members and repealing of the resolution no. 5 of the Extraordinary General Meeting of the Company operating under the enterprise name: TAURON Polska Energia S.A. of December 15, 2016, concerning the principles to be applied when establishing the remuneration of Management Board Members and repealing of the resolution no. 36 of the Ordinary General Meeting of the Company operating under the enterprise name: TAURON Polska Energia S.A. of May 29, 2017, concerning an amendment to the resolution no. 5 of the Extraordinary General Meeting of the Company of December 15, 2016, and repealing of the resolution no. 26 of the Ordinary General Meeting of the Company operating under the enterprise name: TAURON Polska Energia S.A. of May 8, 2019, concerning an amendment to the resolution no. 5 of the Extraordinary General Meeting of the Company of December 15, 2016.

Acting pursuant to art. 2, clause 2, sub-clause 1, art. 4, art. 5, art. 6, art. 7 and art. 8 of the act of June 9, 2016, concerning the principles to be applied when establishing the remuneration of persons managing certain companies the Extraordinary General Meeting of the company TAURON Polska Energia S.A. with its registered office in Katowice (“Company”) resolves as follows:

**§ 1**

1. An agreement on the provision of management services shall be concluded with a Member of the Management Board for the time the given person performs such function (Agreement), including an obligation to provide the services in person, irrespective of the fact whether the given person is acting as part of the business operations conducted.
2. The content of the Agreement shall be defined by the Supervisory Board based on the terms specified in the act of June 9, 2016, concerning the principles to be applied when establishing the remuneration of persons managing certain companies (Act) and in accordance with the provisions of this resolution.

**§ 2**

1. The total remuneration of a Member of the Management Board shall be made up of a fixed part, constituting a base monthly remuneration (Fixed Remuneration) and a variable part, constituting a complementary remuneration for the Company's financial year (Variable Remuneration).
2. The amount of the Fixed Remuneration of the Management Board Members shall be determined by the Supervisory Board, subject to a proviso that:
  - a) Fixed Remuneration of the President of the Management Board shall be set within the range between 7 and 15 times the assessment basis mentioned in art. 1, clause 3, sub-clause 11 of the act of June 9, 2016, concerning the principles to be applied when establishing the remuneration of persons managing certain companies,
  - b) Fixed Remuneration of the other Management Board Members shall be set within the range between 7 and 15 times the assessment basis mentioned in art. 1, clause 3, sub-clause 11 of the act of June 9, 2016, concerning the principles to be applied when establishing the remuneration of persons managing certain companies.

### **§ 3**

1. Variable Remuneration shall be dependent on the degree of achieving the Management Targets and shall not exceed 100 % of the Fixed Remuneration of the Member of the Management Board in the preceding financial year.
2. General catalogue of the Management Targets shall be established, including:
  - a) achieving EBITDA at the level approved in the Material and Financial Plan for the given financial year,
  - b) achieving the Net Debt to EBITDA ratio at the level approved in the Material and Financial Plan for the given financial year,
  - c) maintaining the rating of TAURON Polska Energia SA at the investment grade level,
  - d) achieving the effects of the implemented restructuring programs or the Capital Group's operational efficiency improvement programs,
  - e) implementing the Capital Group's strategy, the investment projects in accordance with the schedule and budget that is optimal from the projects' profitability and the Capital Group's financial standing point of view,
  - f) implementing the investment projects that are key for the security of electricity supply, in particular in the electricity generation and distribution areas, including the investment projects related to BAT in 2020-2021,
  - g) sales of the new products (sales of the products that include electricity and the products that are synergic to electricity and gas),
  - h) improving customer service related quality indicators (metrics) or other operational indicators (metrics),

- i) increasing the Capital Group's innovations by carrying out research and development works, pilot projects and implementations (deployments), taking into account efficient utilization of the resources allocated for that purpose".
3. Additional Management Targets to be achieved shall be established, with the option of receiving the variable part of the remuneration contingent upon their accomplishment, including:
- a) developing and applying the principles of compensating members of the management and supervisory authorities of subsidiary entities (subsidiaries) that are in line with the principles defined in the Act,
  - b) performing the obligations mentioned in art. 17 - 20, art. 22 and art. 23, taking into account art. 18a and art. 23a of the act of December 16, 2016, on the principles of state assets management.
4. Supervisory Board shall be authorized to define the detailed Management Targets, including specifying the weights of such targets, as well as the objective and measurable criteria for the accomplishment and verification (accountability) thereof (KPI – Key Performance Indicators), taking into account the following assumptions:
- a) Variable Remuneration shall be due to the given Member of the Management Board following the approval of the Management Board's report on the company's operations and the company's financial statements for the preceding financial year as well as the acknowledgement of the fulfilment of duties thereby (granting of a discharge, a vote of acceptance) by the General Meeting,
  - b) payout of a portion of the Variable Remuneration may be deferred for a period not longer than 36 months, depending on the fulfilment, by a specified deadline, of the conditions in accordance with the Management Targets set, then such part of the Variable Remuneration may be paid out in whole or in part at the end of the settlement period,
  - c) Variable Remuneration shall be calculated pro rata; the proportionality shall be dependent on the number of days the given Management Board Members were providing the services in the given financial year.
  - d) fulfilment of the preconditions for the payout of the Variable Remuneration to the individual Management Board Members for whom the Management Targets were set for the given financial year and who were performing their functions in the financial year under review, shall be determined (evaluated) by the Supervisory Board by defining the amount due, based on the financial statements audited by the certified auditors and other documents depending on the Targets set.



5. Expiration of the mandate of the person being evaluated with respect to achieving the Management Targets shall not cause a loss of the right to receive the Variable Remuneration, on the terms defined in clauses 1 - 4 above, on the condition, however, that the period the given person had been performing his/her functions in the financial year under review had been longer than 3 (three) months.

#### **§ 4**

1. Agreement includes an obligation by a Member of the Management Board to disclose information on an intention to perform a function at the authorities of another commercial entity, a purchase of shares therein or to obtain an approval of the supervisory board for the above mentioned actions and may envisage a ban on performing functions at the authorities of any other commercial entity or introduce other restrictions related to the additional activities of the Member of the Management Board.
2. Member of the Management Board shall not receive remuneration for performing a function of a member of the authorities at the Company's subsidiary entities (subsidiaries) being a part of the capital group, within the meaning of art. 4, clause 14 of the act of February 16, 2007, on competition and consumer protection.
3. Supervisory Board shall be authorized to define bans and restrictions mentioned in clauses 1 and 2 above, the reporting obligations related to the performance thereof and the sanctions for the improper performance thereof.

#### **§ 5**

Supervisory Board will define in the Agreement the scope and the rules related to the provision, to a Member of the Management Board, of the technical devices and resources that constitute the Company's property, required to perform the given function, and it may also define the limits, or the methods to be used to define them, related to the costs that the Company incurs in connection with the provision and use of the devices and resources by the Member of the Management Board for business related purposes.

#### **§ 6**

1. In case the mandate expires, in particular due to death, dismissal or submission of the resignation, the Agreement shall be terminated as of the last day the function is performed, without the need to take any additional actions.
2. Each of the Parties shall have the right to terminate the Agreement effective immediately in case of the material breach of the provisions of the Agreement by the other Party.

3. Each of the Parties shall have the right to terminate the Agreement due to other causes than the ones defined in clause 2, with a maximum 3 (three) month termination notice, subject to a proviso that in case during the notice period an event, mentioned in clause 1, resulting in the termination of the agreement as a consequence of the discontinuance of the performance of the function, occurs, then the Agreement shall be terminated in accordance with the content of clause 1.
  4. In case the Agreement is terminated or renounced by the Company due to other causes than the ones defined in clause 2, a Member of the Management Board may be granted a severance pay, in the amount not higher than 3 (three) times the fixed part of the remuneration, on the condition the given person had performed the function for the period of at least 12 (twelve) months prior to the termination of the agreement.
5. Severance pay, mentioned in clause 4, shall not be due to a Member of the Management Board in case:
  - a) the Agreement is renounced, terminated or amended as a result of a change of the function performed by the Manager within the Management Board,
  - b) the Agreement is renounced, terminated or amended as a result of the appointment of the Manager to another term of the Management Board,
  - c) the Member of the Management Board assumes a function of a member of the management board in a company within the Capital Group,
  - d) the Member of the Management Board resigns from the performance of the function.

## **§ 7**

1. Supervisory Board may conclude a non-compete agreement with a Member of the Management Board taking effect after the performance of the function has been discontinued, however it may be concluded only in case the function is performed by the Member of the Management Board for a period of at least 6 (six) months, and the amount of the remuneration for each month the non-compete agreement is in effect shall not exceed 50% of the monthly fixed remuneration defined in § 2, clause 2 of this Resolution, received by the Member of the Management Board prior to the discontinuance of the performance of the function.
2. Conclusion of the non-compete agreement after the agreement on the provision of the management services has been terminated or renounced shall not be permitted.
3. Non-compete agreement term shall not exceed 6 (six) months following the discontinuance of the performance of the function by the Member of the Management Board.

4. In case of a failure to perform the non-compete agreement or an improper performance of the non-compete agreement by the Member of the Management Board, the given Member of the Management Board will be obligated to pay liquidated damages to the Company, not lower than the amount of the remuneration due for the entire non-compete agreement term.
5. Supervisory Board shall be obligated to define in the non-compete agreement at least the operations that constitute competition for the Company, the amount of the remuneration due for the compliance with the non-compete agreement, the dates of payment of such remuneration, the manager's disclosure obligations and the cases when the non-compete agreement ceases to be in force, as well as it may define the Company's right to terminate the non-compete agreement or the rights of the parties to terminate the non-compete agreement.

### § 8

The existing rules in force at the Company prior to this Resolution taking effect shall be applicable with respect to the issues related to the performance and verification (accounting for) of the Management Targets for the current and previous years.

### § 9

1. The Resolution shall enter into force as of its adoption date.
2. Resolutions no. 5 of the Extraordinary General Meeting of the Company operating under the enterprise name: TAURON Polska Energia S.A. of December 15, 2016, concerning the principles to be applied when establishing the remuneration of Management Board Members, and no. 36 of the Ordinary General Meeting of the Company operating under the enterprise name: TAURON Polska Energia S.A. of December 29, 2017, concerning an amendment to the resolution no. 5 of the Extraordinary General Meeting of the Company of December 15, 2016, and no. 26 of the Ordinary General Meeting of the Company operating under the enterprise name: TAURON Polska Energia S.A. of May 8, 2019, concerning an amendment to the resolution no. 5 of the Extraordinary General Meeting of the Company of December 15, 2016, shall become null and void (expire)

**Votes\***

- |   |   |   |  |   |
|---|---|---|--|---|
| <input type="checkbox"/> For<br>(voting<br>by.....<br>shares)** | <input type="checkbox"/> Against<br>(voting<br>by.....<br>shares)** | <input type="checkbox"/> Abstained<br>(voting<br>by.....<br>shares)** | <input type="checkbox"/> At discretion of<br>the Proxy | <input type="checkbox"/> Raising<br>Objection |
|---|---|---|--|---|

Provided that \*\*\*:    Provided that \*\*\*:    Provided that \*\*\*:

**Item 8 of the agenda: Adopting the resolution concerning: amending resolution no. 6 of the Extraordinary General Meeting of Shareholders of the Company operating under the enterprise name: TAURON Polska Energia S.A. of December 15, 2016 concerning the principles to be applied when establishing the remuneration of Supervisory Board Members.**

**Proposed draft resolution:**

**RESOLUTION NO [•]  
of the Extraordinary General Meeting  
of the Company operating under the enterprise name: TAURON Polska Energia S.A.  
of ..... 2019**

concerning: an amendment to the resolution no. 6 of the Extraordinary General Meeting of the Company of December 15, 2016.

**§ 1**

§ 1, clause 1 of the resolution no. 6 of the Extraordinary General Meeting of the Company of December 15, 2016 shall be amended and given the following wording:

“1. Monthly remuneration of the members of the Supervisory Board shall be set as the product of multiplying the assessment basis mentioned in art. 1, clause 3, sub-clause 11 of the act of June 9, 2016, concerning the principles to be applied when establishing the remuneration of persons managing certain companies and the following multiplier:

- a) for the chair of the supervisory board – 1.7,
- b) for the other members of the supervisory board – 1.5.”

**§ 2**

The Resolution shall enter into force as of its adoption date.

**Votes\***

- |   |   |   |  |   |
|---|---|---|--|---|
| <input type="checkbox"/> For<br>(voting<br>by.....<br>shares)** | <input type="checkbox"/> Against<br>(voting<br>by.....<br>shares)** | <input type="checkbox"/> Abstained<br>(voting<br>by.....<br>shares)** | <input type="checkbox"/> At discretion of<br>the Proxy | <input type="checkbox"/> Raising<br>Objection |
|---|---|---|--|---|

Provided that \*\*\*:      Provided that \*\*\*:      Provided that \*\*\*:

**Item 9 of the agenda: Adopting the resolution concerning changes in the composition of the Company's Supervisory Board.**

**Proposed draft resolution:**

**RESOLUTION NO [•]  
of the Extraordinary General Meeting  
of the Company operating under the enterprise name: TAURON Polska Energia S.A.  
of ..... 2019**

regarding: dismissal / appointment of a Member of the Supervisory Board of TAURON Polska Energia S.A.

Extraordinary General Meeting of TAURON Polska Energia S.A. with its registered office in Katowice, acting pursuant to art. 385 § 1 of the Commercial Companies Code and § 35 paragraph 1 item 4) of the Company's Articles of Association adopts as follows:

**§ 1**

Mr / Ms [•] is hereby dismissed / appointed from / to the Supervisory Board of TAURON Polska Energia S.A. of the fifth joint term of office.

**§ 2**

The Resolution shall enter into force as of its adoption date.

**Votes\***

- |   |   |   |  |   |
|---|---|---|--|---|
| <input type="checkbox"/> For<br>(voting<br>by.....<br>shares)** | <input type="checkbox"/> Against<br>(voting<br>by.....<br>shares)** | <input type="checkbox"/> Abstained<br>(voting<br>by.....<br>shares)** | <input type="checkbox"/> At discretion of<br>the Proxy | <input type="checkbox"/> Raising<br>Objection |
|---|---|---|--|---|

Provided that \*\*\*:      Provided that \*\*\*:      Provided that \*\*\*:

\* Check the relevant box.

\*\* The Shareholder may submit a different vote in a different way from each of the shares held.

\*\*\* The Shareholder may determine the method of voting by proxy depending on the fulfilment of specific conditions indicated in the text of the power of attorney.