

REPORT OF AN INDEPENDENT STATUTORY (CERTIFIED) AUDITOR
ON THE PERFORMANCE OF THE ENGAGEMENT PROVIDING REASONABLE
ASSURANCE ON THE ASSESSMENT OF THE REMUNERATION REPORT

For the General Meeting and the Supervisory Board of TAURON Polska Energia S.A.

We have been engaged to perform the assessment of the attached Report on the Remuneration of Members of the Management Board and the Supervisory Board of TAURON Polska Energia S.A., (hereinafter referred to as the “Company”) for 2019 and 2020 (hereinafter referred to as the “Remuneration Report”) in terms of the completeness of the information included therein as required under Article 90g sections 1- 5 and section 8 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to the Organised Trading and Public Companies (consolidated text, Journal of Laws of 2020, item 2080) (hereinafter “the Act on Public Offering”).

Identification of criteria and description of the subject matter of the engagement

The Remuneration Report was prepared by the Supervisory Board in order to meet the requirements of Article 90g (1) of the Act on Public Offering. The requirements applicable to the Remuneration Report are contained in the Act on Public Offering.

The requirements described in the preceding sentence determine the basis for preparation of the Remuneration Report and, in our opinion, represent appropriate criteria for us to reach the conclusion that provides reasonable assurance.

Pursuant to the requirements of Article 90g(10) of the Act on Public Offering, the Remuneration Report shall be subject to assessment by the statutory auditor with respect to the inclusion of the information required pursuant to Article 90g(1)-(5) and (8) of the Act on Public Offering. This report fulfils that requirement.

The assessment of the statutory auditor referred to in the preceding sentence and forming the basis for us to draw a conclusion that provides reasonable assurance implies an assessment as to whether, in all material respects, the scope of the information presented in the remuneration report is complete and the information has been disclosed with the level of detail required by the Act on Public Offering.

Responsibilities of Members of the Supervisory Board

In accordance with the Act on Public Offering, Members of the Supervisory Board of the Company are responsible for the preparation of the remuneration report in compliance with the applicable legal regulations, in particular for the completeness of the report and the information contained therein.

The responsibility of the Supervisory Board shall also comprise designing, implementing and maintaining a system of internal control ensuring the preparation of the complete remuneration report that is free from material misstatement due to fraud or error.

Liability of the statutory (certified) auditor

Our objective was to assess the completeness of the information provided in the Remuneration Report attached against the criterion set out in the Identification of criteria and description of the subject matter section and to express, on the basis of the evidence obtained, an independent conclusion on the assurance engagement performed that provides reasonable assurance.

We have performed the engagement in compliance with the regulations of the National Standard on Assurance Engagements Other than Audits and Reviews 3000 (Z) according to the wording of the International Standard on Assurance Engagements 3000 (amended) - “Assurance Engagements other than Audits or Reviews of Historical Financial Information”, adopted by Resolution No. 3436/52e/2019 of the National Council of Statutory Auditors of 8 April 2019, as amended (hereinafter referred to as: “KSUA 3000 (Z)”).

This standard requires the statutory auditor to plan and perform procedures so as to obtain reasonable assurance that the Remuneration Report has been prepared completely in accordance with the specified criteria.

Reasonable assurance means a high level of confidence but does not guarantee that the engagement performed in accordance with KSUA 3000 (Z) will always detect the existing material misstatement.

The selection of the procedures depends on the statutory auditor's judgement, including the assessment of the risk of material misstatements due to fraud or error. While performing the assessment of this risk, the statutory auditor takes into account the internal control relevant to the preparation of the complete report in order to design appropriate procedures to provide the auditor with sufficient evidence relevant to the circumstances. The assessment of the operation of the internal control system was not carried out in order to express a conclusion on its effectiveness.

Summary of the works performed and limitations of our procedures

The procedures we planned and performed included, in particular:

- the review of the contents of the Remuneration Report and comparison of information contained therein to the applicable requirements;
- the review of the resolutions of the General Meeting of Shareholders and the Supervisory Board of the Company regarding the remuneration policy for Members of the Management Board and the Supervisory Board;
- establishing, by comparison with corporate documents, a list of persons for whom the requirement to include information in the Remuneration Report exists and determining, by enquiries of persons responsible for preparing the Remuneration Report and, where we considered it appropriate, also directly those affected by the requirement to include information, whether all the information stipulated in the criteria for preparing the Remuneration Report has been disclosed.

Our procedures were solely aimed at acquiring evidence that the information included by the Supervisory Board in the Remuneration Report is compliant with the applicable requirements in terms of its completeness. The purpose of our work was not to assess the sufficiency of the information included in the Remuneration Report for the purpose of preparing the Remuneration Report, or to assess the adequacy or reliability of the information contained therein, in particular as regards the amounts disclosed, including estimates made for previous years, figures, dates, inclusion in the breakdown, allocation methods, compliance with the remuneration policy adopted by the General Meeting.

The Remuneration Report was not subject to auditing within the meaning of the National Auditing Standards. In the course of the assurance procedures performed, we did not audit or review the information used to prepare the remuneration report, therefore, we do not assume liability for issuing or updating any reports or opinions on the historical financial information of the Company.

We believe that the evidence we have obtained provides the sufficient and adequate basis for our conclusion expressed below.

Ethical requirements, including independence

While performing the engagement, the statutory auditor and the audit firm adhered to the independence and other ethical requirements defined in the International Code of Ethics for Professional Accountants (including the International Independence Standards) of the International Ethics Standards Board for Accountants, adopted by Resolution of the National Council of Statutory Auditors No. 3431/52a/2019 of 25 March 2019 on the Principles of Professional Ethics of Statutory Auditors (hereinafter referred to as the "IESBA Code"). The IESBA Code is based on the fundamental principles of integrity, objectivity, professional competence and due diligence, confidentiality and professional conduct. We have also acted in compliance with other independence and ethical requirements that apply to this assurance engagement in Poland.

Quality control requirements

The audit firm shall apply national quality control standards in the wording of the International Quality Control Standard 1 - "Quality Control of Firms Performing Audits and Reviews of Financial Statements and Performing Other Assurance and Related Assignments" adopted by Resolution of the National Council of Statutory Auditors No. 2040/37a/2018 of 3 March 2018, as amended (hereinafter referred to as the "KSKJ").

In accordance with the requirements of the KSKJ, the audit firm maintains a comprehensive quality control system comprising documented policies and procedures regarding the compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Conclusion

The issues described above form the basis for the statutory auditor to draw up the conclusion, therefore, the conclusion should be read taking these issues into consideration.

In our opinion, the Remuneration Report attached, in all material respects, contains all the elements listed in Article 90g(1)-(5) and (8) of the Act on Public Offering.

Other issues

The Remuneration Report was adopted by Resolution of the Supervisory Board No. 23/VI/2020 on 30 March 2021 and signed by all Members of the Supervisory Board. All Members of the Supervisory Board voted for adoption of this Remuneration Report.

Limited application

This report has been prepared by Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. for the General Meeting and the Supervisory Board and is intended solely for the purpose described in the section *Identification of criteria and description of the subject matter* and should not be used for any other purpose.

In relation to this report, Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. does not accept any liability arising from contractual or non-contractual relationships (including, due to negligence) in respect of third parties in the context of this report. The foregoing shall not exempt us from liability in situations where such exemption is precluded by law.

Warsaw, April 7, 2021

Key Statutory (certified) Auditor

Original document *signed by*:

Leszek Lerch

Statutory (certified) Auditor

No. in the register: 9886

Acting on behalf of:

Ernst & Young Audit Polska

Spółka z ograniczoną odpowiedzialnością Sp. k.

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