



**REPORT ON THE REMUNERATION
OF MEMBERS OF THE MANAGEMENT BOARD
AND THE SUPERVISORY BOARD
OF TAURON POLSKA ENERGIA S.A.
FOR 2022**

29 March 2023 r.

Table of Contents

1. Foreword	3
2. Changes in the composition of the Management and the Supervisory Board	3
3. Remuneration Policy	6
4. Rules and amount of Management Board Members' remuneration	7
4.1. Remuneration rules for Management Board Members	7
4.2. Remuneration paid to members of the Management Board in 2022	9
4.3. Specific Management Objectives to be executed in 2022	13
4.4. Compliance of total remuneration with Remuneration policy and the way in which it contributes to achievement of long-term objectives of the Company 14	
4.5. Performance criteria used	15
4.6. Information on the change of the remuneration, average remuneration of employees and the results of the Company	18
5. Rules and amount of the remuneration of Members of the Supervisory Board	19
6. Opinion of the Company's General Meeting related to the previous Remuneration Report	21
7. Conclusion	22

1. Foreword

This Report on the remuneration of the Management Board and the Supervisory Board of TAURON Polska Energia S.A. for the financial year 2022 (further: "Remuneration Report") was adopted by the Supervisory Board of TAURON Polska Energia S.A. (further: "TAURON" or "Company") and, according to its assessment, complies with the requirements defined in Article 90g of the Act of 29 July 2005 on public offering, conditions governing the introduction of financial instruments to the organised trading, and public companies (as amended) (further: "Act on Public Offering").

The Remuneration Report has been prepared following a comprehensive review of remuneration, including all benefits, in whatever form, received by individual Members of the Management Board and the Supervisory Board or due to individual Members of the Management Board and the Supervisory Board in the financial year 2022. As part of the aforementioned remuneration review, the compliance of the remuneration received by Members of the Management and the Supervisory Board in 2022 with the Remuneration Policy for Members of the Management Board and the Supervisory Board in TAURON Polska Energia S.A. was assessed as adopted by the General Meeting of the Company pursuant to Resolution no. 26 of 15 July 2020 and amended by the Company's General Meeting pursuant to Resolution no. 31 of 24 May 2022 and published on the Company website: <https://www.tauron.pl/tauron/relacje-inwestorskie/informacje-o-spolce/dokumenty-spolki>

The subject of the Remuneration Report covers the principles of determining and the structure of the remuneration of Members of the Management Board and the Supervisory Board the Company in the financial year 2022, with special reference to the level of the total remuneration of individual Members of the Management Board, broken down into fixed and variable remuneration dependent on the achievement of certain management objectives. Moreover, the value of additional cash and non-cash benefits granted to Members of the Management Board and the value of benefits received by Members of the Management Board in connection with the termination of the contract for the provision of management services and compliance with the non-competition clause were also provided.

The Remuneration Report does not contain any personal data of Members of the Management Board and the Supervisory Board referred to in Article 9(1) of Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC (General Data Protection Regulation) (Official Journal of EU L 119, 04.05.2016, p. 1, as amended).

2. Changes in the composition of the Management and the Supervisory Board

Changes in the composition of the Company's Management Board

As of 31 December 2022 and as of the date of this report the Company's Management Board was composed of the following members:

1. Paweł Szczeszek - President of the Management Board,
2. Patryk Demski - Vice President of the Management Board for Strategy and Development,
3. Bogusław Rybacki - Vice President of the Management Board for Asset Management,
4. Krzysztof Surma - Vice President of the Management Board for Finance,

5. Tomasz Szczegieliński - Vice President of the Management Board for Trading,
6. Artur Warzocha - Vice President of the Management Board for Corporate Affairs.

As of 1 January 2022 the Company's Management Board was composed of the following members: Artur Michałowski (Vice President of the Management Board for Trading, acting President of the Management Board), Patryk Demski (Vice President of the Management Board for Strategy and Development) Krzysztof Surma (Vice President of the Management Board for Finance) and Jerzy Topolski (Vice President of the Management Board for Asset Management).

On 20 January 2022 the Company's Supervisory Board appointed Mr. Artur Warzocha as member of the Management Board as of 21 January 2022 and appointed him as Vice President of the Management Board for Corporate Affairs.

On 8 April 2022 the Company's Supervisory Board appointed Mr. Paweł Szczeszek as member of the Management Board as of 11 April 2022 and appointed him as President of the Management Board.

On 12 August 2022 the Company's Supervisory Board dismissed Mr. Artur Michałowski and Mr. Jerzy Topolski from the Management Board as of the end of day of 12 August 2022.

On 5 September 2022 the Supervisory board appointed Mr. Tomasz Szczegieliński as member of the Management Board as of 6 September and appointed him as Vice President of the Management Board for Trading and Mr. Bogusław Rybacki as member of the Management Board as of 9 September 2022 and appointed him as Vice President of the Management Board for Asset Management.

Until the date of adoption of this report there were no other changes in the composition of the Management Board.

The table below shows the period of holding functions by individual members of the Management Board.

Period in which individual Management Board members held their functions

No.	Name and surname	Function	Period of holding function as member of Management Board
1.	Paweł Szczeszek	President of the Management Board	11.04.2022 – now
2.	Patryk Demski	Vice President of the Management Board for Strategy and Development	05.08.2021 – now
3.	Bogusław Rybacki	Vice President of the Management Board for Asset Management	09.09.2022 – now
4.	Krzysztof Surma	Vice President of the Management Board for Finance	05.08.2021 – now
5.	Tomasz Szczegieliński	Vice President of the Management Board for Trading	06.09.2022 – now
6.	Artur Warzocha	Vice President of the Management Board for Corporate Affairs	21.01.2022 – now
7.	Artur Michałowski	Vice President of the Management Board for Trading at the same time acting President of the Management Board 05.08.2021 – 10.04.2022	05.08.2021 – 12.08.2022
8.	Jerzy Topolski	Vice President of the Management Board for Asset Management	15.07.2020 – 12.08.2022

Changes in the composition of the Supervisory Board

As of 31 December 2022 and as of the date of this report the Supervisory Board was composed of the following members:

1. Piotr Tutak - Chairman of the Supervisory Board,
2. Teresa Famulska - Vice Chairwoman of the Supervisory Board,
3. Marcin Wawrzyniak - Secretary of the Supervisory Board,
4. Stanisław Borkowski - Member of the Supervisory Board,
5. Dariusz Hryniów - Member of the Supervisory Board,
6. Leszek Kozirowski - Member of the Supervisory Board,
7. Ryszard Madziar - Member of the Supervisory Board,
8. Grzegorz Peczkis - Member of the Supervisory Board.

As of 1 January 2022 the Company's Supervisory Board was composed of the following members: Piotr Tutak (Chairman of the Supervisory Board), Teresa Famulska (Vice Chairwoman of the Supervisory Board), Katarzyna Taczanowska (Secretary of the Supervisory Board), Stanisław Borkowski (Member of the Supervisory Board), Leszek Kozirowski (Member of the Supervisory Board), Ryszard Madziar (Member of the Supervisory Board), Grzegorz Peczkis (Member of the Supervisory Board) and Marcin Wawrzyniak (Member of the Supervisory Board).

On 26 January 2022, the Minister of State Assets, acting pursuant to § 23(1)(3) of the Company's Articles of Association appointed Dariusz Hryniów to the Supervisory Board of the Company.

On 23 May 2022, Katarzyna Taczanowska submitted a statement of resignation as of 24 May 2022 from being a member of the Supervisory Board of the Company and thus from the function of the Secretary of the Supervisory Board of the Company.

On 24 May 2022, the Ordinary General Meeting of the Company adopted resolution on appointment of Marcin Chludziński to the Supervisory Board of the Company as of 25 May 2022.

On 30 November 2022 Marcin Chludziński submitted his resignation from being a member of the Company's Supervisory Board as of 30 November 2022.

Until the date of adoption of this report there were no other changes in the composition of the Supervisory Board.

The table below shows the period of holding functions by individual members of the Supervisory Board.

Period in which individual Supervisory Board members held their functions

No.	Name and surname	Function	Period of holding function as member of Supervisory Board
1.	Piotr Tutak	Chairman from 29.11.2021	16.11.2021 – now
2.	Teresa Famulska	Vice Chairwoman from 03.08.2020	03.08.2020 – now
3.	Marcin Wawrzyniak	Secretary from 10.06.2022	06.04.2021 – now
4.	Stanisław Borkowski	Member	24.05.2021 – now

No.	Name and surname	Function	Period of holding function as member of Supervisory Board
5.	Dariusz Hryniów	Member	26.01.2022 – now
6.	Leszek Koziorowski	Member	24.05.2021 – now
7.	Ryszard Madziar	Member	15.07.2020 – now
8.	Grzegorz Peczkis	Member	06.12.2019 – now
9.	Marcin Chłudziński	Member	25.05.2022 – 30.11.2022
10.	Katarzyna Taczanowska	Secretary 03.08.2020 – 24.05.2022	15.07.2020 – 24.05.2022

3. Remuneration Policy

Remuneration Policy for Members of the Management Board and Supervisory Board of TAURON Polska Energia S.A. (further "Remuneration Policy") defines goals and principles of remunerating Members of the Management Board and Supervisory Board of the Company, taking into account and complying with the applicable provisions of Polish law, in particular the Act of 9 June 2016 on the rules of forming remunerations of persons managing selected companies. and EU law European Union, resolutions of the General Meeting and the Supervisory Board of the Company, provisions of the Best Practice for WSE Listed Companies and the Recommendations of the European Commission.

The primary objectives of Remuneration Policy are:

- 1) Ensuring a coherent and motivating remuneration system for Management Board Members.
- 2) Linking the rules of remuneration with monitoring of fulfilment of adopted strategic plans, company's long-term interests and implementation of financial plans.
- 3) Shaping the amount of remuneration of the Members of the Company's Management Board in connection with the implementation of management goals.
- 4) Company's value growth through the professional development of top management.
- 5) Improving the remuneration system translating into the implementation of the Company's business strategy and development directions.
- 6) Ensuring stable development of the Company.

In the reporting year, until 23 May 2022, the Remuneration Policy for Members of the Management Board and Supervisory Board in the wording adopted by Resolution No. 26 of the Ordinary General Meeting of the Company of 15 July 2020 was in effect.

On 24 May 2022, the Ordinary General Meeting of the Company updated the content of the Remuneration Policy in the scope of point 3.4.6 by Resolution No. 31,

The change concerned the increase in the amount of remuneration for a Member of the Management Board for each month of the non-competition clause after the termination of the function in the Management Board of the Company from 50% to 100% of the Fixed Remuneration. The maximum period of non-competition after the termination of the function of a Member of the Management Board has not changed and may not exceed 6 months. Other provisions of the Remuneration Policy have not changed.

At the same time, by the abovementioned Resolution No. 31, the Ordinary General Meeting of the Company adopted the consolidated text of the Remuneration Policy that included changes introduced to point 3.4.6, which was published on the Company's website.

4. Rules and amount of Management Board Members' remuneration

4.1. Remuneration rules for Management Board Members

The remuneration rules for Members of the Management Board applied by the Company in the period covering the 2022 financial year were compliant with the Remuneration Policy adopted by Resolution No. 26 of the Company's General Meeting of 15 July 2020 including amendment adopted by the Company's Ordinary General Meeting by Resolution No. 31 of 24 May 2022.

The said rules applied in 2022 were also compliant with Resolution No. 5 of the Extraordinary General Meeting of the Company of 21 November 2019, regarding the principles of development of remuneration for Members of the Management Board further amended by Resolution No. 30 of the Company's Ordinary general Meeting of 24 May 2022.

In addition, the remuneration rules for members of the Management Board were also compliant with the Act of 9 June 2016 on the rules of forming remunerations of persons managing selected companies, as well as with the Best Practice for WSE Listed Companies in force in 2022.

Pursuant to the contracts for the provision of management services concluded for the term of office, Members of the Management Board receive remuneration consisting of two parts: a fixed amount, representing the basic monthly remuneration (hereinafter referred to as "the Fixed Remuneration") and a variable part (further: "Variable Remuneration"), representing supplementary remuneration for the financial year of the Company, dependent on the level of achievement of the Management Objectives defined in the Remuneration Policy and specified in detail by the Supervisory Board.

Additionally, in accordance with the Remuneration Policy, Members of the Management Board are also entitled to additional monetary and non-monetary benefits, the scope and rules of which are defined by the Supervisory Board by way of a resolution.

The amount of the Fixed Remuneration and the maximum amount of the Variable Remuneration of a Member of the Management Board are determined by the Supervisory Board in the form of a resolution. When determining the amount of the Fixed Remuneration and the Variable Remuneration, the Supervisory Board takes into account the provisions of the Remuneration Policy, in particular the management objectives, criteria and methods of meeting the criteria.

The Variable Remuneration is due to a given Member of the Management Board after approval of the Management Board's report on the company's activities and the Company's financial statements for the previous financial year and the approval of the General Meeting for the performance of his duties. Moreover, it depends on the level of implementation of Management Objectives.

In the reporting year, the Supervisory Board adopted a resolution resulting in an increase in the maximum amount of the Variable Remuneration from 60% to 100% of the annual Fixed Remuneration of a Member of the Management Board in the previous financial year.

The Ordinary General Meeting of the Company, by Resolution No. 30 of 24 May 2022, updated the general Management Objectives that are effective as of 2023:

- a) reaching the EBITDA ratio at a level approved in the Material and Financial Plan for a given financial year,

- b) reaching the Net Debt/EBITDA ratio at a level approved in the Material and Financial Plan for a given financial year,
- c) maintaining the rating of TAURON Polska Energia S.A. at an investment level,
- d) achieving the effects of implemented restructuring programmes or improving operational efficiency in the Capital Group,
- e) implementation of the strategy of the Capital Group in accordance with the approved schedule and budget optimal in terms of project profitability and the financial standing of the Capital Group,
- f) implementation of investments of key importance to energy security, in particular in the areas of energy generation and distribution,
- g) sales of new products (sales of energy-containing products and products with synergy effects to electricity and gas),
- h) improving quality indicators related to customer service or other operating indicators,
- i) increasing the innovativeness of the Capital Group through the execution of research, development, pilot projects and implementation, taking into account the effective use of funds allocated for this purpose.

The above general Management Objectives are made more specific by the Supervisory Board who determines detailed tasks for a given financial year together with weights as well as objective and measurable criteria for their execution and settlement (KPI).

Management Objectives may be defined individually for each member of the Management Board or may constitute joint objectives for all Management Board Members.

The Supervisory Board confirms meeting the conditions for payment of Variable Remuneration by individual Management Board Members for whom Management Objectives had been defined for the given year and who had held their functions in the financial year under evaluation, by defining the due amount based on financial statements verified by certified auditor and other documents, depending on the objective.

Variable Remuneration is calculated proportionally, depending on the number of days on which Management Board Members provide management services in a given year.

The expiry of the mandate of a Member of the Management Board assessed in terms of the achievement of the Management Objectives shall not result in the loss of the right to the Variable Remuneration, provided that the time in office in the assessed financial year was longer than 3 three months.

In the case of termination of contract, Management Board Members may be entitled to a severance pay in the amount not higher than three times the Fixed Remuneration, provided that the given member had been holding his or her function for at least 12 months prior to termination of the contract for management services.

Moreover, Management Board Member who had held his or her function on the Company's Management Board for at least 6 months is entitled to receive payment for complying with the non-competition clause for 6 months after he or she stops holding that function. The amount of the non-competition payment may not exceed 100% of the Fixed Remuneration in each month.

4.2. Remuneration paid to members of the Management Board in 2022

The total remuneration of Members of the Management Board in 2022, broken down into fixed and variable components and other cash and non-cash benefits, is presented in the table below.

Remuneration of members of the Company's Management Board paid in 2022, broken down into components (PLN):

No.	Name and surname Period of holding the function in 2022	Total remuneration*	Fixed Remuneration	Variable Remuneration for achievement of KPIs in 2021	Other benefits	Severance pay	Non- competition	TOTAL
1.	Paweł Szczeszek 11.04 – 31.12.2022	572 491.40	572 491.40	-	-	-	-	572 491.40
2.	Patryk Demski 01.01 – 31.12.2022	921 094.63	739 835.04	181 259.59	42 830.60 out of which: 12 830.60 PPE ¹ 30 000.00 DMS ²	-	-	963 925.23
3.	Bogusław Rybacki 09.09 – 31.12.2022	230 170.90	230 170.90	-	9 083.33 DMS ²	-	-	239 254.23
4.	Krzysztof Surma 01.01 – 31.12.2022	921 094.63	739 835.04	181 259.59	47 652.13 out of which: 46 130.84 PPE ¹ 1 521.29 Training ³	-	-	968 746.76
5.	Tomasz Szczegielniak 06.09 – 31.12.2022	236 336.19	236 336.19	-	7 500.00 DMS ²	-	-	243 836.19
6.	Artur Warzocha 21.01 – 31.12.2022	700 788.19	700 788.19	-	33 909.15 PPE ¹	-	-	734 697.34
7.	Artur Michałowski 01.01 – 12.08.2022	637 491.20	456 231.61	181 259.59	-	184 958.76	246 611.68	1 069 061.64
8.	Jerzy Topolski 01.01 – 12.08.2022	900 132.63	456 231.61	443 901.02	57 337.26 PPE ¹	184 958.76	246 611.68	1 389 040.33
		5 119 599.77	4 131 919.98	987 679.79	198 312.47	369 917.52	493 223.36	6 181 053.12

* Total fixed and Variable Remuneration

¹ PPE – Employee Pension Scheme excluding overheads

² DMS – co-financing of accommodation

³ Training – individual training

Total remuneration

The total remuneration, which is a sum of Fixed Remuneration and Variable Remuneration, referred to in the above table received by Members of the Management Board in 2022 is compliant with the Remuneration Policy.

Fixed Remuneration

The amount of the monthly Fixed Remuneration for the President of the Management Board and other members of the Management Board was determined by the Supervisory Board in the range of 7 to 15-fold the basis of the remuneration referred to in Article 1(3)(11) of the Act of 9 June 2016 on the rules of forming remunerations of persons managing selected companies., with account being taken of specific legal regulations on defining its amount.

Variable Remuneration for execution of KPI in 2021

In 2022 the Supervisory Board, following approval by the Company's Ordinary General Meeting of the Company's financial reports and the Management Board's report on the Company's operations in 2021 and granting discharge from duties performed by Management Board Members in 2021 on 24 May 2022, evaluated performance of specific financial and non-financial specific set for execution by Management Board Members in 2021.

Due to 100% performance of all Management Objectives by Management Board Members who held their functions in 2021, in 2022 Variable Remuneration was paid in the amount indicated in the above table.

The Supervisory Board confirmed satisfaction of conditions for payment of Variable Remuneration by individual Management Board Members and adopted relevant resolution in 2022, in which it determined due amount of Variable Remuneration based on financial statements for 2021 verified by certified auditor and other documents, depending on the given objectives.

In the case of Management Board Members who did not hold their functions throughout the entire year in 2021, Variable Remuneration was calculated proportionally, depending on the number of days of providing management services, however period of holding function in 2021 must have been longer than 3 months for the Management Board Member not to lose the right to Variable Remuneration.

Variable Remuneration for performance of Management Objectives determined by the Supervisory Board for 2022 will be paid in 2023 following evaluation of meeting all the required conditions.

Level of performance of financial Management Objectives was evaluated based on consolidated financial statements of TAURON Polska Energia S.A. Group for 2021 examined by certified auditor and level of performance of other non-financial Management Objectives was evaluated based on documents and information determined in the method of evaluation.

As a result of the carried out analysis and evaluation of performance of individual positions of TAURON Group's plan for 2021 by the Company, on 10 June 2022 the Supervisory Board stated that the financial Management Objectives determined by the Supervisory Board that constituted conditions that must have been satisfied to receive relevant part of Variable Remuneration for 2021 were realized as follows: EBITDA as approved in the Financial and Operating Plan for the given year: 109%, net debt/ EBITDA as in the Financial and Operating Plan for the given year: 125%.

At the same time the Supervisory Board stated that Management Objectives that constituted condition for receiving variable part of the remuneration, and that were set for performance by all members of the Management Board as joint objectives, related to application of terms and conditions for remunerating members of management and supervisory bodies defined in Act of 9 June 2016 on the rules of forming remunerations of persons managing selected companies in all companies from the Capital Group and on the performance of other duties referred to in Articles 17-20, Article 22 and Article 23 of the Act of 16 December 2016 on the rules for managing of state assets, were executed in 100%.

Based on "Report of TAURON Polska Energia S.A. Management Board on performance of individual Management Objectives set for execution by members of Management Board of the 6th term of office in 2021" and source documents concerning execution of particular non-financial Management Objectives presented to the Supervisory Board, the Supervisory Board evaluated the performance of individual non-financial objectives.

The below table presents evaluation of performance of Management Objectives set for performance in 2021 that were defined as joint objectives for all members of the Management Board:

No.	Name and surname	Execution of <u>joint</u> Management Objectives in 2021	KPI performance assessment
1.	Patryk Demski	<p>Conditional objectives:</p> <ul style="list-style-type: none"> The rules of remuneration for members of management and supervisory bodies of subsidiaries were formed and applied, corresponding to the rules defined in the Act of 9 June 2016 on the rules of forming remunerations of persons managing selected companies. 	100%
2.	Krzysztof Surma	<p>Duties were performed referred to in Articles 17-20, Article 22 and Article 23, with account being taken of Article 18a and Article 23a of the Act of 16 December 2016 on the rules of managing state assets.</p> <p>Financial objectives:</p> <ul style="list-style-type: none"> Achieved EBITDA was at the level adopted in the Financial and Operating Plan for the given year Achieved net debt/EBITDA was at the level adopted in the Financial and Operating Plan for the given year 	100%
3.	Artur Michałowski	<p>Non-financial objectives (performance of specific tasks):</p> <ul style="list-style-type: none"> TAURON's investment grade rating remained on the required level (at least BBB minus). As part of general objective concerning implementation of Capital Group's strategy works were carried out with participation of the Strategy Committee of the TAURON's Supervisory Board in order to develop a draft of TAURON Group's updated strategy. The Group was prepared to receive funding for projects from dedicated external funds. 	100%
4.	Jerzy Topolski	<ul style="list-style-type: none"> As part of general objective concerning execution of key investments for energy security, in particular in the areas of electricity generation and distribution, including BAT-related investments in the years 2020-2021, objectives were completed in the scope of: providing sufficient financial means for execution of tasks related to medium voltage lines (including 15 kV line) in TAURON Dystrybucja S.A., increase of RES capacity at the end of 2021 to over 100 MWp, plan for use of funds from bond issue in the amount of PLN 1 billion. 	100%
5.	Marek Wadowski	<ul style="list-style-type: none"> As part of general objective concerning sale of new products the planned sales volumes were achieved in relation to photovoltaics, eco products, assistance, as well as the amount of trading fees contracted for 2022. As part of general objective concerning improvement of quality ratios related to customer service, the planned increase in the share of on-line channel in sales and servicing processes on the mass market was achieved (i.e. increase in the number of sales transaction on-line, increase in the number of Mój TAURON service users, increase in the number of TAURON mobile app users). 	100%
6.	Paweł Strączyński	<ul style="list-style-type: none"> As part of general objective concerning increase of Capital Group's innovation level, a specified number of R&D projects were launched according to new priorities, including in the scope of hydrogen economy and preparing TAURON Dystrybucja S.A. to flexibility market. As part of general objective concerning achievement of effects of implemented restructuring programs, scenarios for execution of Grzegorz shaft construction were developed and financial means were secured to finish construction of Janina shaft. 	100%

Amount of remuneration paid to former Members of the Management Board in 2022

The table below presents the amount of remuneration paid to former Management Board Members in 2022, broken down into Variable Remuneration and other benefits.

Remuneration of former Members of the Management Board paid in 2022 by components (without overheads, in PLN):

No.	Name and surname Period of holding function in the year of KPI performance	Variable Remuneration for performance of KPI	Other benefits	TOTAL
1.	Paweł Strączyński 01.04.2021 – 04.08.2021	139 868.87 ¹	-	139 868.87
2.	Marek Wadowski 01.01.2021 – 17.05.2021	168 929.00 ¹	8 446.45 PPE ⁴	177 375.45
3.	Jarosław Broda 01.01.2020 – 14.07.2020	224 860.55 ²	11 243.03 PPE ⁴	236 103.58
4.	Kamil Kamiński 01.01.2019 – 21.09.2019	321 828.24 ³	-	321 828.24

No.	Name and surname Period of holding function in the year of KPI performance	Variable Remuneration for performance of KPI	Other benefits	TOTAL
		855 486.66	19 689.48	875 176.14

¹ Variable Remuneration for performance of KPI in 2021

² Variable Remuneration for performance of KPI in 2020

³ Variable Remuneration for performance of KPI in 2019

⁴ PPE – Employee Pension Scheme

In 2022 former Members of the Management Board were paid Variable Remuneration in the amount proportional to the period of employment, for execution of Management Objectives:

- 1) to Paweł Strączyński for execution of Management Objectives in 2021 (i.e. from 1 April 2021 to 4 August 2021) at the level of 100%, in the amount of 51.2% of annual Fixed Remuneration paid in 2021 (bonus amount was reduced due to the limited amount of total remuneration applicable to Management Board Members in 2021).
- 2) to Marek Wadowski for execution of Management Objectives in 2021 (i.e. from 1 January 2021 to 17 May 2021) at the level of 100%, in the amount of 60% of annual Fixed Remuneration paid in 2021. In connection with payment of the above Variable Remuneration Marek Wadowski was [paid additional remuneration covering basic contribution due to participation in Employee Pension Scheme (PPE) implemented in TAURON.
- 3) to Jarosław Broda for execution of Management Objectives in 2020 (i.e. from 1 January 2020 to 15 July 2020) at the level of 94%, in the amount of 56.4% of annual Fixed Remuneration paid in 2020. The Variable Remuneration was paid in connection with Resolution No. 7 of the Extraordinary General Meeting of 13 July 2022 concerning discharge from duties for 2020. In connection with payment of the above Variable Remuneration Jarosław Broda was paid additional remuneration covering basic contribution due to participation in Employee Pension Scheme (PPE) implemented in TAURON.
- 4) to Kamil Kamiński for execution of Management Objectives in 2019 (i.e. from 1 January 2019 to 21 September 2019) at the level of 100%, in the amount of 60% of Fixed Remuneration paid in 2019. The Variable Remuneration was paid in connection with Resolution No. 6 of the Company's Extraordinary General Meeting of 13 July 2022 concerning discharge from duties in 2019.

Other cash and non-cash benefits

In accordance with the Remuneration Policy, in 2022, Members of the Management Board were entitled to receive the following additional benefits:

- 1) the Company covered basic contributions due to participation in Employee Pension Scheme (PPE) implemented in TAURON pursuant to the Act on Employee Pension Schemes of 20 April 2004, under the terms and conditions provided for in the Company Agreement concluded on 25 September 2008, for the following members of the Management Board: Patryk Damski, Krzysztof Surma, Artur Warzocha and Jerzy Topolski.

The other members of the Management Board did not receive the abovementioned benefit due to the fact that they had held their functions of Company's Management Board members for less than a year.

- 2) the Company covered the costs of membership fee in the Association of Chartered Certified Accountants of member of the Management Board Krzysztof Surma, who makes use of this membership to increase his professional skills (training),
- 3) the following members of the Management Board: Patryk Demski, Bogusław Rybacki, and Tomasz Szczegielniak received accommodation subsidy (DMS) in the amount of PLN 2,500 gross per month due to the fact that their permanent residences are located at a considerable distance from the head office of the Company.

In addition, Members of the Management Board could use, against payment, company vehicles for commuting from the place of residence to the premises of the Company and for private purposes, under the terms and conditions defined in the resolution of the Supervisory Board.

In the reporting period no cases of claims for reimbursement of Variable Remuneration components by Members of the Company Management Board occurred.

Members of the Management Board did not receive any remuneration from entities belonging to TAURON Capital Group within the meaning of the Accounting Act of 29 September 1994.

In the reporting period, no financial instruments were granted or offered to Members of the Management Board. No cash or non-cash benefits were also granted to any relatives of Members of the Management Board.

The Supervisory Board did not take any decisions on temporary waiver of application of the Remuneration Policy implemented and derogations applied pursuant to Article 90f of the Act on Public Offering.

Severance pay and non-competition clause

Due to dismissal and termination of contracts for providing management services in 2022 with Management Board Members Artur Michałowski and Jerzy Topolski, they were paid severance pays in the amount of three times the Fixed Remuneration due to the fact that they had held their functions in the Management board for at least 12 months prior to termination of their contracts.

Additionally, the abovementioned Management Board Members received payment for compliance with non-competition clause for 6 months. The amount of non-competition compensation did not exceed 100% of Fixed Remuneration in each month in which the non-competition clause was applicable.

4.3. Specific Management Objectives to be executed in 2022

In accordance with the applicable remuneration rules the Supervisory Board determined joint specific Management objectives for implementation in 2022 by all Management Board Members, that fulfilled the criteria defined in Remuneration policy, i.e. included financial and non-financial objectives, and were determined in accordance with SMART methodology, were precise, measurable, achievable, material and set in time.

Variable Remuneration for execution of Management Objectives set by the Supervisory Board for execution in 2022 will be evaluated and paid out in 2023 after prior approval of the financial statements and the Management Board's report on the operations of the Company in 2022 by the Company's General Meeting as well as granting discharge from performance of duties in 2022 to the Management Board Members.

The table below shows joint specific Management Objectives defined for execution in 2022 by all Members of the Management Board holding their functions in 2022.

Name and surname	Joint Management Objectives for execution in 2022	Weight of the objectives
	Conditional objectives:	
Paweł Szczeszek	– Forming and application of rules for remuneration of members of management and supervisory bodies of subsidiaries corresponding to the rules defined in Act of 9 June 2016 on the rules of forming remunerations of persons managing selected companies.	Performance constitutes condition for receipt of variable part of remuneration
Patryk Demski	– Execution of duties referred to in Articles 17-20, Article 22 and Article 23 with account being taken of Article 18a and Article 23a of the Act of 16 December 2016 on the rules of managing state assets.	
Bogusław Rybacki	Financial objectives:	
Krzysztof Surma	– EBITDA at the level adopted in Financial and Operating Plan for the given financial year.	45%
	– Net debt/EBITDA at the level adopted in Financial and Operating Plan for the given financial year.	
Tomasz Szczegielniak	Non-financial objectives (detailed tasks to be performed):	
Artur Warzocha	– Maintaining investment grade rating at a specified level (at least BBB minus).	55%
Artur Michałowski	– As part of general objective concerning achievement of effects of implemented restructuring programs a task was set concerning preparation for sale of TAURON Group's coal-based generation assets to State Treasury, in accordance with the assumption of the Government's Plan to establish NABE.	
Jerzy Topolski	– As part of general objective concerning implementation of Capital Group's strategy a task was set to develop updated TAURON Group's Strategy and obtain positive opinion of TAURON's Supervisory Board for it.	
	– As part of general objective concerning execution of strategic investments for energy security a task was set to launch investments (construction) of RES with total capacity of not less than 175 MW. Additionally, in relation to end of the construction of the 910 MW unit in Jaworzno a task was set to complete resynchronization (after the breakdown) of the unit with National Power System.	

4.4. Compliance of total remuneration with Remuneration policy and the way in which it contributes to achievement of long-term objectives of the Company

Total remuneration paid out to Management Board Members in 2022 was in line with the Remuneration Policy and contributes to achievement of long-term results of the Company and TAURON Group.

The system for remunerating and rewarding Management Board Members applicable in the Company supports execution of strategic objectives and takes into account the fact that level of remuneration should depend on the Company's and TAURON Group's financial standing in a year's perspective. In line with the Remuneration Policy, the remuneration system is composed of fixed part and variable part, whose payment depends on the performance of specified management objectives.

Variable Remuneration of management Board Members depends on achievement of financial ratios: EBITDA and net debt/ EBITDA determined in Financial and Operating Plan for the given financial year as well as on the implementation of TAURON Group's Strategy and investment tasks in the long-term perspective.

Conditioning the Variable Remuneration on execution of management objectives according to criteria determined in the Remuneration Policy and further specified by the Supervisory Board contributes to implementation of the business strategy, long-term interest and stability of the Company. Such system, in particular, supports execution of strategic objectives and introduces dependence between the level of remuneration and the financial situation of the Company and TAURON Capital Group in the perspective of one year and long-term.

The main objective of TAURON Group's Strategy for 2022-2030 with the perspective until 2050 (further "TAURON Group's Strategy") is to build value of TAURON Group through up-to-date

solutions for clients and the climate with stable financial position maintained. The most important direction of TAURON Group's development is focus on TAURON Group's transformation towards climate neutrality. Main objectives that TAURON Group wants to achieve by pursuit of the above directions, in the perspective of TAURON Group's Strategy, include the following:

- Increase of installed capacity in renewable sources to 1.6 GW in 2025 and to 3.7 GW in 2030.
- Decreasing emission levels to 200 kgCO₂/MWh in 2025 and below 160 kgCO₂/MWh in 2030.

The following non-financial objectives set by resolution of the Supervisory Board for performance in 2022 are in line with implementation of the abovementioned strategic objectives of the Company:

- Preparing to sell TAURON Group's coal-based generation assets to State Treasury, in line with the assumptions of the Government's Plan to establish NABE (National Agency for Energy Security). On 31 December 2022 100% shares in TAURON Wydobycie S.A. were transferred to the State Treasury. In 2022 TAURON took actions related to carve out of TAURON Wytwarzanie S.A. from TAURON Group to the State Treasury.
- Capacity increase in RES. In 2022 a total capacity of 44 MW in renewable sources was commissioned and projects with total capacity of 224 MW were approved for execution (including wind farms and photovoltaic farms).
- Post-breakdown synchronization of 910 MW unit in Jaworzno with the National Power System following completion of the construction of the unit.
- Execution of tasks as part of TAURON Group's Strategy announced on 22 June 2022, in line with which actions were taken with the purpose to upgrade distribution grid and district heating as well as implement intelligent meters.

4.5. Performance criteria used

In order to correlate Management Board Members' Variable Remuneration with TAURON Group's financial results, the General Meeting indicated two material financial measures upon adoption of the Remuneration Policy: EBITDA and net debt/ EBITDA.

In relation to the above, the Variable Remuneration of Management Board Members depends, inter alia, on execution of financial objectives including achievement of a specified EBITDA level and net debt/EBITDA ration at a level adopted in the Financial and Operating Plan for a given financial year. The remaining Management Objectives are correlated with implementation of the business strategy and long-term strategic objectives of TAURON Group.

By selecting the above financial measures as conditions for Variable Remuneration of Management Board Members, the Supervisory Board acts towards implementation of the adopted TAURON Group's Strategy, whose implementation requires from TAURON Group to shape the above indicated financial ratios at a level that would enable acquisition of funds to execute the investment program it introduces, i.e. TAURON's Green Turn, and at the same time maintain safe debt level. The abovementioned transformation is possible thanks to acquired funds and with the stable financial position of TAURON Group maintained.

EBITDA result is one of the most recognizable measures of the company's business profitability. This measure is one of the main measures used by TAURON Group in the management of its operations and includes the operating result increased by depreciation and

write-downs for non-financial assets. Write-downs on non-financial assets of TAURON Group include write-downs on non-financial assets of entities consolidated using the full method and share in write-downs on non-financial assets of entities valued using the equity method.

The EBITDA result, unlike other financial and economic ratios, most precisely reflects the efficiency of the business. This is due to the fact that, the EBITDA result is similar to operating cash flows from activities, as it reflects the efficiency of the company's operations from the perspective of cash generated by its core business. It is particularly appropriate to use it in the case of enterprises whose large part of their assets are fixed assets (factories, buildings), and which are associated with high depreciation costs. The EBITDA result, similarly to cash flows from operating activities, draws data from actual and planned transactions, showing the evolution of revenues and costs of a monetary nature and their effect in the form of a financial result.

The second of the financial goals set for the Members of the Management Board of TAURON Group, i.e. the Net Debt / EBITDA ratio, is included in the debt (solvency) ratios. It allows to determine TAURON Group's ability to repay its debt with operating profits. The debt ratio indicates whether a given company is able to implement the investments plans specified in the strategy by financing them as part of the company's operating activities at the same time as the expected level of financial liabilities. Successively implementing the policy of maximizing the EBITDA result, the Management Board of TAURON Group strived for the optimal level of the ratio, thus guaranteeing itself the possibility of choosing the most favorable financing model in order to implement the adopted TAURON Group Strategy and transformation towards TAURON's Green Turn.

In the light of the financing agreements concluded by TAURON, net debt means, as a rule, the financial debt of TAURON Group less cash and cash equivalents and short-term investments with a maturity of up to 1 year, as well as the debt of TAURON Group resulting from issued subordinated bonds. The concept of financial debt has been precisely defined in TAURON's financing agreements and covers TAURON Group's obligation to pay or respectively return funds (including the principal amount and interest) resulting mainly from loans and borrowings drawn and issued debt securities, some contingent liabilities and accession to debt constituting a liability as well as leasing and factoring agreements for receivables (except for receivables sold without the right of recourse).

In accordance with the developed rules of the bonus system for Members of the Management Boards of the Company, the table below presents the evolution of TAURON Group's EBITDA financial result and the Net Debt / TAURON Group EBITDA ratio, which are the assessment criteria over the last 4 years in relation to the values set for TAURON Group Management Board Members by the Supervisory Board. Due to the lack of obligation to prepare the said report for 2018, the Supervisory Board does not present the results for previous years

TAURON Group's EBITDA and net debt/ EBITDA ratio in the years 2019-2022

EBITDA [PLN million]	2019	Change	2020	Change	2021	Change	2022
Set value of the objective not smaller than	3 348	-29	3 319	+506	3 825	+40	3 865
Achieved value of the objective	3 599	+627	4 226	-74	4 152	-136	4 016
	+251		+907		+327		+151

Net debt / EBITDA

Set value of the objective not smaller than	3.4x	-	3.4x	+0.2x	3.2x	+0.1x	3.1x
Achieved value of the objective	2.8x	+0.3x	2.5x	+0.1x	2.4x	-0.5x	2.9x
	+0.6x		+0.9x		+0.8x		+0.2x

In each of the presented periods, EBITDA and net debt/EBITDA ratio were above the set objective.

TAURON Group's EBITDA in the past four years was at a stable level exceeding PLN 4 billion from 2020 on.

2022 was a year showing above-average volatility of the business environment in which TAURON Group operates. The main reason for this situation was the aggression of the Russian Federation on the territory of Ukraine, which caused significant disturbances not only in Poland, but also in Europe and worldwide. As a consequence, an energy crisis was triggered on an unprecedented scale, causing changes in the level of energy and fuel prices in unprecedented volatility and scope. For TAURON Group, it was a year of very high exposure to risks resulting from the market, macroeconomic, as well as regulatory and geopolitical situation. In addition to the above-mentioned factors, EBITDA for 2022 was significantly affected by the failure of the 910 MW unit that took place in the period from August 6 to September 2, 2022. The lost margin in the amount of PLN 469 million results from the need to repurchase energy in place of electricity not produced during the period of record-high electricity prices recorded throughout 2022. The financial result EBITDA for 2022 amounted to PLN 4,016 million and was lower by PLN 136 million, i.e. 3% than the result reported in 2021, at the same time exceeding the level of the set target by PLN 151 million.

Net debt/EBITDA ratio reported as of 31 December 2022 in the past four years was at a stable level below 3.0x.

Activities related to the financial result EBITDA, which were described above, had a significant impact on the Net Debt/EBITDA ratio in this period. Nevertheless, in terms of the level of net debt in 2022, TAURON Group undertook a number of initiatives aimed at maintaining it at a safe level. In 2021, financing was obtained from the European Investment Bank in the amount of PLN 2.8 billion, with maturity close to 20 years. In 2022, due to the energy crisis caused by the aggression of the Russian Federation, TAURON Group had to take a number of additional actions to mitigate potential risks that could result in an increase in debt.

Net debt/EBITDA ratio reported as of 31 December 2022 calculated on the basis of consolidated financial statements of TAURON Group increased by 0.5x as compared to 2021, from 2.4x to 2.9x.

Concluding, from the perspective of the analysed four-year period it can be said that net debt/EBITDA ratio was within the safe range for TAURON Group and was below the defined financial objective.

4.6. Information on the change of the remuneration, average remuneration of employees and the results of the Company

In this information, based on the exemption referred to in Article 90g(3) of the Act on Public Offering, it was decided to omit information for financial year 2018, for which the Supervisory Board was not required to prepare the Remuneration Report.

In 2022, the Supervisory Board did not change the amount of the Fixed Remuneration of Members of the Company Management Board. In relation to the principles concerning the Variable Remuneration, dependent on the level of achievement of the Management Objectives assigned, the maximum amount of Variable Remuneration was increased from 60% to 100% of annual Fixed Remuneration.

The remuneration system for the Company employees, like that for the Members of the Management Board, is of an incentive nature, consisting of the monthly Fixed Remuneration and the Variable Remuneration which depends on the level of achievement of the bonus targets assigned. The Variable Remuneration of employees acting in the capacity of Directors and Managers depends, among others, on the financial results achieved.

The average total remuneration of employees employed by the Company under an employment contract in 2022 increased by 9.31% compared to the average remuneration in 2021. The analysis of the increase in the average total remuneration broken down by employees of the Company acting in the capacity of Directors and Managers and holding other positions, indicates an increase in the average remuneration in 2022 by approximately 2.28% compared to 2021 in the group of employees acting in the capacity of Directors and Managers, while for other positions, the average remuneration increased by approx. 11.92% compared to 2021.

The table below shows the change, in year-on-year terms, in the remuneration of the Management Board and the Supervisory Board and the average remuneration of employees in the years 2019-2022.

Change in remuneration of the Management and Supervisory Boards and the average remuneration of employees in 2019-2022 (in PLN):

	2019	Year-on-year change	2020	Year-on-year change	2021	Year-on-year change	2022
Total remuneration of the Management Board ¹	4 540 326.91	-21.48%	3 564 994.60	-10.81%	3 398 940.74 ³	+59.71%	5 428 397.64 ⁴
Average number of Management Board members	3.73	-19.57%	3.00	+3.67%	3.11	+77.81%	5.53
Average monthly remuneration of Management Board member	101 437.15	-2.38%	99 027.63	-8.03%	91 075.58	-10.18%	81 802.25
Fixed Remuneration of the Supervisory Board	789 626.16	-25.59%	587 535.76	-2.18%	574 726.48	+23.90%	712 091.27
Average number of Supervisory Board members	8.65	-19.41%	6.97	+2.20%	7.12	+24.29%	8.85
Average monthly remuneration of Supervisory Board member	7 611.45	-7.67%	7 027.40	-4.29%	6 725.92	-0.30%	6 705.60
Average monthly salary of the Company employees other than Members of the Management Board and the Supervisory Board ²	12 761	+1.17%	12 910	+7.78%	13 914	+9.31%	15 210

¹ Total fixed and Variable Remuneration paid during a given period.

² Calculated as remuneration paid without taking into account jubilee bonuses equivalents for unused leave and severance pay.

³ Adjustment for 2021 resulting from a change in the method of presenting data – the value supplemented by Variable Remuneration paid in 2020 to Filip Grzegorzczak.

⁴ The amount does not include Variable Remuneration for 2019 and 2020 paid in 2022 to Kamil Kamiński and Jarosław Broda.

The table below shows the change, in year-on-year terms, in the results of TAURON Polska Energia S.A. in the years 2019 - 2022.

**Change in the Company's results
in the years 2019-2022 (PLN milion):**

	2019	Year-on-year change	2020	Year-on-year change	2021	Year-on-year change	2022
Company's sales revenue	10 681	659	11 340	6 876	18 216	11 118	29 334
Company's EBITDA	114	(1 009)	(895)	952	57	161	218
Gross profit (loss)	(346)	(2 844)	(3 190)	3 426	236	(200)	36

Sales revenues in the perspective of the last four years show an upward trend, especially in the period between 2020 and 2022, which is the result of significant increases in electricity prices and a higher volume of its sales. The change in the average selling price of electricity in 2022 compared to 2021 amounted to PLN 245.79/MWh, i.e. by 82%. An additional factor shaping the change in revenues in 2022 was the situation on the gas market directly related to the energy crisis, which resulted in an increase in the prices of gas sold by the Company by PLN 174.52/MWh, i.e. by 140% compared to the previous year.

The increase in the EBITDA result in 2022 is a consequence of achieving a higher margin on the sale of electricity due to the use of continuing electricity prices development in 2022 on the SPOT market, high price volatility, the difference to prices from futures contracts and effectively taken trading positions in connection to this.

The decrease in the gross financial result in 2022, apart from the factors indicated above, results from higher interest costs incurred on debt, lower dividend income from TAURON Group companies, the resulting surplus of exchange rate losses over positive differences, valuation of financial instruments, which was partly mitigated by the lower balance of write-downs revaluation of shares, stocks and loans

5. Rules and amount of the remuneration of Members of the Supervisory Board

The rules governing the remuneration of Members of the Supervisory Board applied by the Company in the period covering the financial year 2022 were compliant with the Remuneration Policy applicable in 2022 and with Resolution No. 6 of the Extraordinary General Meeting of the Company of 15 December 2016, as amended by Resolution No. 6 of the Extraordinary General Meeting of the Company of 21 November 2019.

In the reporting period, no changes were introduced in the rules of remuneration of Members of the Supervisory Board, including the amount of monthly remuneration.

In 2022 Members of the Supervisory Board received monthly remuneration calculated as a multiple of a basis for remuneration referred to in Article 1 (3)(11) of the Act of 9 June 2016 on the rules of forming remunerations of persons managing selected companies and the following multiplier:

- 1) for the Chairman of the Supervisory Board – 1.7
- 2) for other member of the Supervisory Board – 1.5.

In connection with the arrangement included in art. 15 of the Act of 19 November 2020 on special solutions serving the implementation of the Budget Act for 2022, the basis for calculating the remuneration of Members of the Supervisory Board referred to in Article 1(3)(11) of the Act of 9 June 2016 on the rules of forming remunerations of persons managing selected companies., it was still the average monthly remuneration in the enterprise sector without the payment of bonuses from profit in the fourth quarter of 2016. In view of the above, the amount of remuneration of Members of the Supervisory Board in 2022 did not change compared to 2021.

The level of the remuneration of Members of the Supervisory Board in 2021 did not change in relation to 2020. In connection with the determination in Article 15 of the Act of 19 November 2020 on special solutions for the implementation of the Budget Act for 2021, the basis of the assessment of the remuneration of Members of the Supervisory Board referred to in Article 1(3)(11) of the Act of 9 June 2016 on the rules of forming remunerations of persons managing selected companies. was still the average monthly remuneration in the enterprise sector excluding payments of the profit bonus in the fourth quarter of 2016.

In 2022, Members of the Supervisory Board received remuneration on the basis of their appointment to the Supervisory Board by the General Meeting or by the State Treasury under their statutory personal rights.

The remuneration of Members of the Supervisory Board is of a single component nature, comprising monthly remuneration, irrespective of the number of meetings convened in a given month. Consequently, the remuneration rules for Members of the Supervisory Board are not linked to the performance of the Company, either on an annual or a long-term basis.

A Member of the Supervisory Board shall not be eligible to receive the remuneration for the month in which he/she was not present at any of the duly convened meetings, where the absence was not justified. The decision on excusing or failure to excuse the absence of a Member of the Supervisory Board at a meeting shall be taken by the Supervisory Board by way of a resolution.

If a given member of the Supervisory Board was appointed in the course of a calendar month, the remuneration was calculated proportionally to the number of days in which the function was held.

The table below presents the total remuneration of Members of the Company Supervisory Board paid in 2022.

**Remuneration of Members of the Company Supervisory Board
in 2022 (in PLN excluding overheads)**

No.	Name and surname	Period of holding the function in 2022	Remuneration
1.	Piotr Tutak	01.01.2022 – 31.12.2022	89 837.16
2.	Teresa Famulska	01.01.2022 – 31.12.2022	79 268.04
3.	Marcin Wawrzyniak	01.01.2022 – 31.12.2022	79 268.04

No.	Name and surname	Period of holding the function in 2022	Remuneration
4.	Stanisław Borkowski	01.01.2022 – 31.12.2022	79 268,04
5.	Dariusz Hryniów	26.01.2022 – 31.12.2022	73 983,50
6.	Leszek Koziorowski	01.01.2022 – 31.12.2022	79 268,04
7.	Ryszard Madziar	01.01.2022 – 31.12.2022	79 268,04
8.	Grzegorz Peczkis	01.01.2022 – 31.12.2022	79 268,04
9.	Marcin Chludziński	25.05.2022 – 30.11.2022	41 125,62
10.	Katarzyna Taczanowska	01.01.2022 – 24.05.2022	31 536,75
Total			712 091,27

In line with the provisions of the Article of Association of TAURON Polska Energia S.A. the Company covered the costs related to performance of functions by the Supervisory Board Members. In 2022 there were 16 meetings of the Supervisory Board, 7 meetings of the Audit Committee, 5 meetings of the Strategy Committee and 9 meetings of the Nominations and Remunerations Committee thus the Company covered in particular the costs of travel from the place of residence to the place where the meetings were held and back, as well as the costs of board and accommodation, depending on individual needs.

In the reported period, no requests to return components of remuneration were made in relation to Supervisory Board Members.

Supervisory Board Members did not receive remuneration from other entities belonging to TAURON Capital Group as understood in line with the Act of 29 September 1994 on accounting.

In the reported period, Supervisory board Members were not given or offered financial instruments. Also, no monetary or non-monetary benefits were given to persons closest to the Supervisory Board Members.

6. Opinion of the Company's General Meeting related to the previous Remuneration Report

The Company's Ordinary General Meeting, by Resolution No. 10 of 24 May 2022 issued a positive opinion on the Report on the remuneration of the Management Board and the Supervisory Board of TAURON Polska Energia S.A. for 2021 and had no reservation as to its contents.

The Report on remuneration of the Management Board and the Supervisory Board of TAURON Polska Energia S.A. for 2021 was submitted to certified auditor for review and the certified auditor confirmed that it contains information required under Article 90g (1)-(5) and (8) of the Act on Public Offering.

7. Conclusion

The Remuneration Report was prepared after the review of the remuneration performed by the Supervisory Board, including all benefits due to and received by individual members of the Management Board and the Supervisory Board in the financial year 2022 and, in the opinion of the Supervisory Board, all information required by the Act on Public Offering has been included herein.

The Remuneration Report was subject to the assessment by certified auditor with regard to the inclusion of the required information pursuant to Article 90g(1)-(5) and (8) of the Act on Public Offering.

The Supervisory Board shall submit this Remuneration Report to the Ordinary General Meeting for the purpose of obtaining its opinion in the form of a resolution which is of advisory nature.

Following the conclusion of the Annual General Meeting, the Remuneration Report will be posted on TAURON website, where it will be made available free of charge for at least 10 years.

29 March 2023

Signatures of Members of the Supervisory Board:

Chairman of the Supervisory Board- Piotr Tutak

Vice Chairwoman of the Supervisory Board - Teresa Famulska

Secretary of the Supervisory Board - Marcin Wawrzyniak

Member of the Supervisory Board - Stanisław Borkowski

Member of the Supervisory Board - Dariusz Hryniów

Member of the Supervisory Board - Leszek Koziarowski

Member of the Supervisory Board - Ryszard Madziar

Member of the Supervisory Board - Grzegorz Peczkis