



**Report of the Supervisory Board
of TAURON Polska Energia S.A.
for the financial year 2024**

15 April 2025

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1. Introduction

Acting pursuant to Article 382 § 3 item 3) of Commercial Companies Code (hereinafter referred to as the CCC), § 20 section 1) item 3) of the Articles of Association of TAURON Polska Energia S.A. (hereinafter referred to as: TAURON or the Company) and the Best Practice for WSE Listed Companies 2021 (hereinafter referred to as: the Best Practice), the Supervisory Board of TAURON Polska Energia S.A. (hereinafter referred to as: the Supervisory Board) hereby submits this Report of the Supervisory Board of TAURON Polska Energia S.A. on the operations in the financial year 2024 (hereinafter referred to as: the Report) to the Ordinary General Meeting of the Company and proposes its approval.

The Report presents a summary of the operations of the Supervisory Board and its committees in the financial year 2024 and results of the evaluation of the following reports and selected aspects of the Company activities referred to in Article 382 § 3¹ of the CCC and the Best Practice:

- 1) the financial statements of the Company and the consolidated financial statements of TAURON Capital Group and the report of the Management Board on operations of the Company and TAURON Group for the financial year 2024 that includes TAURON Group's sustainable reporting in the scope of their compliance with the ledgers, documents and the actual state of affairs and the proposal of the Management Board of the Company concerning the allocation of the net profit,
- 2) the situation of the Company, taking into account the adequacy and effectiveness of the internal control, risk management, compliance and internal audit systems used in the Company,
- 3) the application by the Company of the corporate governance principles and the manner in which the Company fulfils its disclosure obligations set out in the Rules of the Warsaw Stock Exchange [Giełda Papierów Wartościowych w Warszawie S.A.] (WSE) and regulations concerning current and periodic information disclosed by issuers of securities,
- 4) the rationality of the expenses incurred by the Company and TAURON Capital Group to support culture, sports, charities, media, voluntary associations, trade unions, etc.
- 5) implementation by the Management Board of the disclosure obligations referred to in Article 380¹ of the CCC;
- 6) the procedure for the preparation or submission of information, documents, reports or explanations by the Management Board to the Supervisory Board requested in accordance with Article 382 § 4 of the CCC.

2. Information on the term of office, composition and functions fulfilled as well as changes in the composition of the Supervisory Board during the financial year

On 3 April 2024 the seventh term of office of the Supervisory Board started. It is a joint term and will last for three full financial years.

In accordance with the Company's Supervisory Board the Supervisory Board is composed of 5 to 9 Members.

In the reporting year the Supervisory Board consisted of 6 to 8 Members, out of which 3 to 5 members were appointed by the Minister of State Assets performing the rights from shares of the State Treasury in line with § 23 section 1 item 3) of the Company's Articles of Association. The remaining Members of the Supervisory Board were appointed by Resolutions of the General Meeting in line with the provisions of § 23 section 1 of the Company's Articles of Association.

The table below presents the composition of the Supervisory Board as of 31 December 2024.

Table no. 1 Composition of the Supervisory Board as of 31 December 2024

No.	Name and surname	Function exercised
1.	Sławomir Smyczek	Chair of the Supervisory Board

No.	Name and surname	Function exercised
2.	Natalia Klima-Piotrowska	Vice Chair of the Supervisory Board
3.	Piotr Kołodziej	Secretary of the Supervisory Board
4.	Mariusz Bąbol	Member of the Supervisory Board
5.	Michał Hulbój	Member of the Supervisory Board
6.	Beata Kisielevska	Member of the Supervisory Board
7.	Leszek Koziorowski	Member of the Supervisory Board

The table below presents composition of the Supervisory Board as of the day of drafting this report.

Table no. 2 Composition of the Supervisory Board as of the day of this report

No.	Name and surname	Function exercised
1.	Sławomir Smyczek	Chair of the Supervisory Board
2.	Natalia Klima-Piotrowska	Vice Chair of the Supervisory Board
3.	Piotr Kołodziej	Secretary of the Supervisory Board
4.	Mariusz Bąbol	Member of the Supervisory Board
5.	Michał Hulbój	Member of the Supervisory Board
6.	Arkadiusz Jówko	Member of the Supervisory Board
7.	Beata Kisielevska	Member of the Supervisory Board
8.	Leszek Koziorowski	Member of the Supervisory Board

As at 1 January 2024 the Supervisory Board of the Company consisted of the following Members: 1) Piotr Tutak (Chair of the Supervisory Board), 2) Teresa Famulska (Vice Chair of the Supervisory Board), 3) Marcin Wawrzyniak (Secretary of the Supervisory Board), 4) Dariusz Hryniów (Member of the Supervisory Board), 5) Leszek Koziorowski (Member of the Supervisory Board), 6) Ryszard Madziar (Member of the Supervisory Board), and 7) Grzegorz Peczkis (Member of the Supervisory Board).

Changes in the composition of the Supervisory Board during the financial year 2024 are presented in the table below.

Table no. 3. Changes in the composition of the Supervisory Board during the financial year 2024 and until the date of the report

Date	Changes in the composition of the Supervisory Board
25 January 2024	<p>Acting pursuant to § 23 section 1 item 3) of the Company's Articles of Association, the Minister of State Assets:</p> <ul style="list-style-type: none"> - dismissed Dariusz Hryniów, Ryszard Madziar, Piotr Tutak and Marcin Wawrzyniak from the Supervisory Board of the Company, - appointed Natalia Klima-Piotrowska, Katarzyna Masłowska, Karolina Mucha-Kuś and Sławomir Smyczek as members of the Supervisory Board of the Company.

Date	Changes in the composition of the Supervisory Board
1 February 2024	The Supervisory Board of the Company elected: - Sławomir Smyczek as the Chairman of the Supervisory Board of the Company, - Natalia Klima-Piotrowska as the Secretary of the Supervisory Board of the Company.
5 February 2024	Acting pursuant to § 23(1)(3) of the Company Articles of Association, the Minister of State Assets: - dismissed Teresa Famulska from the Supervisory Board of the Company, - appointed Piotr Kołodziej as a member of the Supervisory Board of the Company.
13 February 2024	The Supervisory Board of the Company elected: - Natalia Klima-Piotrowska as the Vice Chairperson of the Supervisory Board of the Company, - Piotr Kołodziej as the Secretary of the Supervisory Board of the Company.
14 February 2024.	On February 13, 2024, the Supervisory Board of the Company decided to delegate Karolina Mucha-Kuś, a Member of the Supervisory to temporarily perform the duties of the President of the Management Board of the Company beginning from February 14, 2024.
6 March 2024	On February 29, 2024, the Supervisory Board of the Company decided to terminate the delegation of Karolina Mucha-Kuś as of March 6, 2024 in connection with the appointment of a new President of the Management Board of the Company as of March 7, 2024.
2 April 2024	Resignation of Leszek Koziorowski, Member of the Company's Supervisory Board as of 2 April 2024, from his membership in order to enable the appointment of the full Supervisory Board for a new, seventh term of office at the Extraordinary General Meeting of the Company convened on 3 April 2024 in connection with the end of the sixth term of office of the existing Supervisory Board on 31 December 2023.
3 April 2024	Pursuant to § 23(1) of the Articles of Association of the Company, the Extraordinary General Meeting of the Company - dismissed Grzegorz Peczkis from the Company's Supervisory Board, - appointed Michał Hulboj, Beata Kisielewska, Leszek Koziorowski and Krzysztof Tkaczuk as members of the Company's Supervisory Board.
30 April 2024	On 30 April 2024, Karolina Mucha-Kuś, Member of the Supervisory Board of the Company, resigned from her membership in the Supervisory Board as of the same date.
7 June 2024	On June 5, 2024, Member of the Supervisory Board of the Company Katarzyna Masłowska resigned from her membership in the Supervisory Board as of June 7, 2024.
3 September 2024	The Extraordinary General Meeting of the Company, pursuant to § 23 section 1 of the Company's Articles of Association: - dismissed Krzysztof Tkaczuk from the Supervisory Board of the Company, - appointed Mariusz Bąbol to the Supervisory Board of the Company.
<i>Event after balance sheet date:</i>	
17 February 2025	The Minister of State Assets, acting under § 23 section 1 item 3) of the Company's Articles of Association: - appointed Arkadiusz Jówko to the Supervisory Board of the Company.

3. Information on the fulfilment of independence criteria by Members of the Supervisory Board and ties to a shareholder holding at least 5% of total number of votes in the Company

Pursuant to the Company's Articles of Association and principle 2.3. of the Best Practice at least two Members of the Supervisory Board should meet the criteria of independence listed in the *Act on certified auditors, audit firms and public oversight* of 11 May 2017 (hereinafter: Act on Statutory Auditors) and should not have actual and material ties to a shareholder holding at least 5% of the total number of votes in the Company.

Members of the Supervisory Board of the Company, prior to their appointment to the Supervisory Board, in accordance with principle 4.9.2. of the Best Practice submit a written declaration regarding meeting the requirements for audit committee members specified in the above-mentioned act, as well as in the scope of the existence of actual and significant relations with a shareholder holding at least 5% of the total number of votes in the Company.

In the event of the occurrence of circumstances resulting in a change of the above requirements and ties with shareholder, a Member of the Supervisory Board is obliged to inform the Company thereof without delay.

Information on the fulfilment of the independence requirements by Members of the Supervisory Board of the Company is published on the Company website.

In order to update the information on the fulfilment of the independence requirements by Members of the Supervisory Board, as well as on the existence or non-existence of actual and significant relations with a shareholder holding at least 5% of the total number of votes in the Company, Members of the Supervisory Board submitted updated declarations of independence and relations after the balance sheet date.

The table below presents information on meeting the requirements of independence and lack of actual and significant ties with the shareholder holding at least 5% of the total number of votes in the Company, referred to in the Best practice in the period of 2024 and to the date of this report.

Table no 4. Fulfilment of the independence requirements by Members of the Supervisory Board and lack of actual and significant ties with a shareholder holding at least 5% of the total number of votes in the Company in the year 2024 and as of the date of this report

Name and Surname		Period of holding function in the Supervisory Board in 2024 and until the date of this report	Fulfilment of the independence requirements and lack of actual and significant ties with shareholder
1.	Sławomir Smyczek	from 25.01.2024-present	fulfilled
2.	Natalia Klima-Piotrowska	from 25.01.2024-present	fulfilled
3.	Piotr Kołodziej	from 05.02.2024-present	fulfilled
4.	Mariusz Bąbol	from 03.09.2024-present	fulfilled
5.	Michał Hulbój	from 03.04.2024-present	fulfilled
6.	Arkadiusz Jówko	from 17.02.2025-present	not fulfilled
7.	Beata Kisiełewska	from 03.04.2024-present	fulfilled
8.	Leszek Koziorowski	from 01.01.2024-02.04.2024 from 03.04.2024-present	fulfilled
9.	Piotr Tutak	from 01.01.2023 to 25.01.2024	fulfilled
10.	Teresa Famulska	from 01.01.2023 to 05.02.2024	fulfilled
11.	Marcin Wawrzyniak	from 01.01.2023 to 25.01.2024	fulfilled
12.	Dariusz Hryniów	from 01.01.2023 to 25.01.2024	fulfilled
13.	Ryszard Madziar	from 01.01.2023 to 25.01.2024	fulfilled
14.	Katarzyna Masłowska	from 25.01.2024-present	fulfilled
15.	Karolina Mucha-Kuś	from 25.01.2024 to 13.02.2024	fulfilled
		from 14.02.2024-present	not fulfilled
16.	Grzegorz Peczkis	from 01.01.2023 to 03.04.2024	fulfilled
17.	Krzysztof Tkaczuk	from 03.04.2024-present	fulfilled

Information on the composition of the Supervisory Board in the context of its diversity

Although the Company does not have a Diversity Policy with respect to the Supervisory Board, steps have been taken to introduce diversity in the composition of the Supervisory Board. On May 24, 2021. The General Meeting, striving to ensure diversity with regard to men and women on the Supervisory Board, passed amendments to the Bylaws of the Company's General Meeting recommending that those making decisions on the election of members of the Supervisory Board ensure the body's comprehensiveness by electing people to its composition who ensure diversity, allowing, among other things, for the achievement of a target minimum minority ratio set at no less than 30%.

With respect to members of the Supervisory Board, the election of members of the Supervisory Board of the Company shall be made by the General Meeting of Shareholders of the Company and the minister responsible for exercising the rights of the State Treasury's shares under the statutory powers of the State Treasury.

As of December 31, 2024, there was diversity in the composition of the Company's Supervisory Board in terms of gender at 28.57%, field of education, specialized knowledge, age and work experience.

4. Information on the number of meetings held and resolutions passed, attendance and significant issues considered by the Supervisory Board in the financial year

The Supervisory Board performs its tasks based on specific powers granted by the CCC, the Articles of Association of the Company and the Regulations of the Supervisory Board of TAURON Polska Energia S.A. as well as the principles of corporate governance defined in the Best Practice.

In the financial year 2024 the Supervisory Board held, in total, 19 meetings and adopted 151 resolutions.

During 15 meetings, all members of the Supervisory Board of the Company were present, while during 4 meetings 1 member of the Supervisory Board was absent. The absences were justified by relevant resolutions of the Supervisory Board of the Company. There were no unjustified absences of the members of the Supervisory Board in 2024.

The attendance of members of the Supervisory Board at the meetings in 2024 was 97.2%.

The table below presents information on the attendance of Supervisory Board Members at individual meetings of the Supervisory Board and its Committees.

Members of the Supervisory Board represent a high level of professional preparation and demonstrate the relevant substantive preparation, required to act in the capacity of a Member of the Supervisory Board.

Members of the Supervisory Board applied due diligence while performing their duties, contributing with commitment their best knowledge and experience in the scope of managing and supervising commercial law companies. Owing to high competence and commitment of individual Supervisory Board Members and efficient organisation, the Supervisory Board effectively implemented its statutory tasks, being driven by interests of the Company.

In order to enable providing the answers to the potential questions asked during the Ordinary General Meeting of the Company held on June 3, 2024 (continued on July 2, 2024), the representatives of the Supervisory Board, including the Chair of the Supervisory Board and the Chairs of the Committees of the Supervisory Board participated in the meeting of the General Meeting. In addition, the representatives of the Supervisory Board participated in the meetings of the Extraordinary General Meetings of the Company held on April 3 and September 3, 2024.

While exercising its competence, the Supervisory Board permanently supervised operations of the Company in all areas of its activity, in particular, in relation to the achieved economic and financial results of the Company and TAURON Capital Group, as well as execution of the material and financial plan, implementation of investments in TAURON Capital Group companies taking into account schedules of their implementation as well as the accuracy and effectiveness of spending funds associated with investment executed by the Management Board of the Company.

Within its activities the Supervisory Board actively supported the Management Board in implementation of the strategic goals of the Company, considered motions of the Management Board related to issues requiring the approval of the Supervisory Board as well as reviewed other matters presented by the Management Board.

The Supervisory Board did not raise any objections to the spending of funds related to the Company's Management Board's investments in the financial year 2024, including the purchase of fixed assets.

Table no. 5 Main issues considered by the Supervisory Board during its meetings in 2024
In the scope of its opinion-making / evaluation functions

- 1) It evaluated the financial statements of TAURON and consolidated financial statements of TAURON Capital Group for 2023 in terms of their compliance with the ledgers and documents as well as with the actual state of affairs,
- 2) It evaluated the motion of the Management Board to the General Meeting of the Company concerning the method of covering net loss for the financial year 2023,
- 3) It evaluated the *Report of the Management Board on the operations of TAURON Polska Energia S.A. and TAURON Capital Group for the 2023 financial year and the Report on non-financial information of TAURON Capital Group for 2023*,
- 4) It issued a positive opinion on the *Report of TAURON Polska Energia S.A. on representation expenditure, expenses incurred on legal services, marketing services, public relations and social communication services as well as on advisory services related to management incurred in 2023*,
- 5) It acknowledged the *Annual Report on the implementation of the Plan of the sponsoring activity conducted by TAURON Group in 2023*, issued positive opinion on the amendments to the *Plan of the sponsoring activity of TAURON Capital Group in 2024*, discussed draft *Strategy of sponsoring and CSR activities of TAURON Group for 2025-2035*,
- 6) It issued positive opinion on the results of double materiality in TAURON Group for the purpose of sustainable reporting for 2024,
- 7) It issued positive opinion on TAURON Group's 2025-2035 Strategy together with TAURON Group's business model, operating model and management model, as well as adopted the Strategy for profitable supply of electricity and customer service model.

In the scope of its decision-making competence

- 1) It adopted the *Report on of the Supervisory Board of TAURON Polska Energia S.A. for 2023*,
- 2) it adopted the *Report on the remuneration of Members of the Management Board and the Supervisory Board of TAURON Polska Energia S.A. for 2023* and submitted it to the General Meeting for opinion,
- 3) it adopted the amendments to the *Bylaws of the Supervisory Board of TAURON Polska Energia S.A.* and the new wording of the *Bylaws of the Audit Committee of the Supervisory Board of TAURON Polska Energia S.A.*,
- 4) it approved the amended Bylaws of the *Management Board of TAURON Polska Energia S.A. and Organizational Bylaws of TAURON Polska Energia S.A.*,
- 5) it approved the *Material and financial plan of TAURON Group for 2024 and the Material and financial plan of TAURON Polska Energia S.A. for 2024*,
- 6) it adopted amendments to the *Procedure for periodic assessment of Transactions with related entities*,
- 7) it selected audit firm to examine and review financial and consolidated financial statements of TAURON for 2025-2027,
- 8) it selected consulting firm to conduct analysis of the potential of the management personnel at the level of the Management Board and Directors and other employees directly reporting to Members of the Management Board (N-1 staff) as well as Management Boards of TAURON Group companies,
- 9) it approved of concluding the agreements for legal services, marketing services, public relations services and social communication services as well as advisory services associated with the management, whenever the level of the remuneration for the services provided exceeded PLN 500 thousand net on an annual basis jointly in a particular agreement or other agreements concluded with the same entity,
- 10) it defined the method of exercising the voting right at General Meetings / Meetings of Shareholders of companies in relation to which TAURON Polska Energia S.A. is a parent entity undertaking within the meaning of Article 4(3) of the Act of 16 February 2017 *on competition and consumer protection* in cases related to: amendments to the articles of association/agreements/founding deeds to adapt their content to the amended Commercial Companies Code, mergers, acquisition of fixed assets, remuneration of members of corporate bodies, increase in share capital,
- 11) it monitored the current/ annual functioning of the Supervisory Board Committees and filled in vacancies in those Committees.

In the scope of supervision over the current activities of the Company and TAURON Capital Group

- 1) it analysed the current economic and financial position of the Company and TAURON Capital Group, including the implementation of the material and financial plan, debt, utilisation of the generation potential, the projected revenue and profit in individual business areas, and processes of acquiring financing for TAURON Group,
- 2) it discussed key risks, corporate and specific for the operations of TAURON Group, including related to tariff procedure,
- 3) it granted consent for TAURON to incur contingent liabilities in the form of granting sureties: to secure receivables of Bank Gospodarstwa Krajowego arising from the loan granted to Elektrociepłownia Stalowa Wola S.A. and arising from the loan granted by the National Fund for Environmental Protection and Water Management to TAURON Zielona Energia, as well as for liabilities of the subsidiary TAURON Sprzedaż to Polska Spółka Gazownictwa sp. z o.o.,
- 4) it granted consent to incur contingent liability by TAURON in the form of a corporate guarantee to Nordex Polska sp. z o.o.
- 5) it reviewed the ESG action plan to ensure compliance with sustainability reporting criteria and the status of implementation of the above plan,

- 6) it discussed the concept of decarbonization of the Heat Area and the development plan, including technical and business in terms of ensuring heat supply for the city of Jaworzno and the Silesian-Zagłębie agglomeration,
- 7) it took steps to conduct audits in specific areas of TAURON Group and discussed the final reports of the aforementioned audits.

In the scope of competence concerning the Management Board

- 1) it dismissed six Members of the Management Board from TAURON's Management Board of the sixth joint term of office
- 2) it delegated a Member of the Supervisory Board to temporarily perform the function of the President of the Management Board
- 3) following the conducted qualification procedures it appointed four Members of the Management Board to TAURON's Management Board of the seventh joint term of office and concluded contracts for the performance of management services with them,
- 4) in connection with the adopted remuneration system, it determined specific joint Management Objectives for Members of the Company Management Board of the seventh term of office to be implemented in 2024, including determining the weight of these objectives and the unbiased criteria for their performance and settlement,
- 5) it evaluated the results of the analysis of the TAURON Group's management potential at the level of the TAURON Board of Directors, the N-1 personnel and the Boards of Directors of TAURON Group companies.

In the scope of supervision over the correctness and effectiveness of the disbursement of cash related to the implementation of investments by the Management Board of the Company, including the purchase of fixed assets

- 1) it approved the *Report of the Management Board of TAURON Polska Energia S.A. on supervision of the implementation of investment projects in 2023*, and adopted the *Report of the Supervisory Board of TAURON Polska Energia S.A. on supervision of the implementation of investment projects by the Management Board, including the purchase of fixed assets in 2023*, and did not raise any objections concerning cash expenditure related to the implementation of investments in 2023,
- 2) it reviewed current information concerning the implementation status of strategic investment projects, including RES projects in TAURON Group, including, among others, the increase of capacity in RES in 2023 (launch of PV and wind farms construction), potential acquisitions of SPV holding operating RES assets and construction of RES assets, purchase of a portfolio of wind farms by TAURON Zielona Energia sp. z o.o.

The Supervisory Board's activities related to sustainable development (ESG)

The Supervisory Board, with a view to adjusting the existing *Remuneration Policy for the members of the Management Board and Supervisory Board at TAURON Polska Energia S.A.* (Remuneration Policy) to the requirements of non-financial reporting and disclosure of information related to sustainable development (ESG), gave a positive opinion on the Board's proposal to the General Meeting to adopt an updated Remuneration Policy.

In accordance with the provisions of European legislation on sustainable development (ESG), the remuneration system for Management Board Members should be linked to, among other things, the achievement of long-term business goals related to sustainable development and the reduction of negative environmental impact. The previous overarching objectives of the Remuneration Policy did not take into account the above issues, and it was therefore justified to supplement them.

As of September 3, 2024, the updated Remuneration Policy, adopted by the Company's Extraordinary General Meeting by Resolution No. 5 of September 3, 2024, is effective.

With the aim of aligning the tasks and powers of the Audit Committee of the Supervisory Board with the applicable ESG requirements, the Supervisory Board of TAURON Polska Energia S.A. adopted a new wording of the Bylaws of the Audit Committee of the Supervisory Board of TAURON Polska Energia S.A. on October 21, 2024, taking into account the monitoring of the sustainability reporting of the capital group, developing a policy for the selection of an audit firm to conduct attestation of sustainability reporting, informing the Supervisory Board of the results of attestation of sustainability reporting and submitting recommendations to ensure the reliability of the sustainability reporting process of the capital group in the Company.

The Work Plan for 2025 adopted by the Audit Committee included, among other things, meetings with the Company's sustainability reporting attestation auditors, monitoring of risks related to the preparation

of the TAURON Group's sustainability report, adoption of a policy for the selection of an audit firm for sustainability reporting attestation.

As of November 26, 2024, the amended *Bylaws of the TAURON Polska Energia S.A. Supervisory Board* are in effect, under which the Supervisory Board has been assigned competencies and roles in the implementation of ESG standards, including: overseeing the implementation of the goals set out in the Group's Corporate Strategy with particular emphasis on sustainability goals, giving an opinion on the results of the double materiality study, including material sub-topics arising from the assessment of impacts, risks and opportunities (IRO), giving an opinion on the transition plan for climate change mitigation, giving an opinion on the Management Board's report on the activities of the TAURON Capital Group including ESG reporting.

As part of its assigned tasks related to ESG reporting, in 2024 the Supervisory Board gave a positive opinion on the results of the TAURON Group's double materiality analysis for 2024 sustainability reporting, and reviewed the ESG action plan to ensure compliance with sustainability reporting criteria and the status of implementation of the above plan.

Notwithstanding the above, on December 17, 2024, the Supervisory Board gave a positive opinion on the new *TAURON Group Strategy for 2025-2035*, together with the TAURON Group Business, Operating and Management Model.

5. Activities of the Supervisory Board Committees

While implementing the principles defined in the Best Practice, in the financial year 2024, the activity of the Supervisory Board was supported by the following Committees:

- 1) Audit Committee,
- 2) Nominations and Compensation Committee,
- 3) Strategy Committee.

The Committees of the Supervisory Board are advisory and opinion-making bodies acting collectively and performing the support and advisory functions towards the Supervisory Board. Tasks of the Supervisory Board Committees are carried out through presenting motions, recommendations, opinions and reports concerning the scope of their tasks to the Supervisory Board.

The table below presents tasks and competence of the Supervisory Board Committees.

Table no. 6 Tasks and competence of the Supervisory Board Committees

Tasks and competence of the Supervisory Board Committees
Audit Committee
<div>1. Monitoring of the financial reporting process in the Company, the sustainability reporting process in the capital group, including compliance with the electronic reporting requirements referred to in Article 63zc of the Accounting Act of September 29, 1994, and the process of identification by the Company of information presented in accordance with the sustainability reporting standards referred to in the aforementioned Act, the effectiveness of internal control, risk management, compliance and internal audit systems, including in particular with regard to financial reporting and sustainability reporting of the Group, the performance of auditing activities, in particular the audit of financial statements or attestation of sustainability reporting by the audit firm, taking into account any conclusions and findings of the Polish Audit Oversight Agency resulting from the audit conducted at the audit firm.</div> <div>2. Controlling and monitoring the independence of the statutory auditor and the audit firm, in particular in the case where the audit firm provides services other than auditing the financial statements and attestation of sustainable development reporting,</div> <div>3. Assessing the independence of the statutory auditor and granting the consent for provision by it of permitted services in the Company, other than auditing or attestation of sustainable development reporting in the Company,</div> <div>4. Developing the policy for selecting the audit firm to perform the audit of financial statements.</div> <div>5. Developing the policy related to the provision of permitted services other than auditing by the audit firm, entities related to the audit firm and by a member of the audit firm corporate network.</div>

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6. Defining the procedure for selecting the audit firm by the Company.
 7. Developing the policy for selecting the audit firm to perform the attestation of sustainable development reporting.
 8. Developing the policy related to the provision of permitted services other than attestation of sustainable development reporting by the audit firm, by entities related to the audit firm and by a member of the audit firm corporate network
 9. Presenting the recommendations to the Supervisory Board, for the purpose of selecting the audit firm responsible for performing the statutory audit or the review of financial statements, as referred to in Article 130 sections 2) and 3) of the Act on statutory auditors of May 11, 2017 and in Article 16 section 2) of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 *on specific requirements regarding statutory audit of public-interest entities (...)*, in line with the policies referred to above in clauses 4 and 5.
 10. Informing the Supervisory Board of the results of the audit of financial statements or attestation of sustainability reporting and explaining how the audit contributed to the integrity of financial reporting in the Company, sustainability reporting of the Group in the Company, and what was the role of the Audit Committee in the audit or attestation process, respectively.
 11. Submitting recommendations aimed at ensuring the reliability of the financial reporting process and sustainable development reporting of the capital group in the Company.
 12. Performing other activities assigned to the responsibilities of audit committees pursuant to the Act and the Regulation referred to in clause 9 above and the Accounting Act of 29 September 1994.

Nominations and Compensation Committee

1. Recommendations to the Supervisory Board concerning the recruitment procedure for the positions of Members of the Company Management Board.
2. Assessment of candidates for Members of the Management Board as well presenting opinions in this scope to the Supervisory Board.
3. Recommendations to the Supervisory Board concerning the form and contents of agreements concluded with Members of the Management Board.
4. Recommendations to the Supervisory Board concerning the remuneration and bonus scheme for Members of the Management Board.
5. Recommendations to the Supervisory Board concerning the need to suspend a Member of the Management Board due to material reasons.
6. Recommendations to the Supervisory Board concerning the need to delegate a member of the Supervisory Board to temporarily perform the duties of Members of the Management Board who cannot perform their duties, including the proposal of compensation.

Strategy Committee

1. Assessment of the Corporate Strategy of TAURON Group and presenting its results to the Supervisory Board.
2. Recommendations to the Supervisory Board concerning the scope and deadlines for submission of strategic multi-annual plans by the Management Board.
3. Assessment of impact of the planned and undertaken strategic investments on assets of the Company.
4. Monitoring the implementation of the strategic investment tasks.
5. Assessment of activities concerning the disposal of significant Company assets.
6. Issuing opinions on strategic documents submitted to the Supervisory Board by the Management Board.

Pursuant to the Bylaws of the Committees, the Audit Committee is composed of 3 to 5 Members, the Nominations and Remuneration Committee is composed of 3 to 5 Members, and the Strategy Committee is composed of 3 to 7 Members.

Members of the Committees of the Supervisory Board have elected from among themselves the Chairpersons who managed works of a given Committee and supervised preparation of the agenda, development and distribution of documents to other members of the Committees as well as drafting minutes of the meetings.

In connection with the requirements set forth in the Law on Statutory Auditors, most of the Audit Committee members, including its chairman, met the statutory requirements regarding independence.

As of January 1, 2024, the composition of the Audit Committee complied with the statutory requirements referred to above. During the period from February 6, 2024 to April 4, 2024, none of the members of the Audit Committee met the requirement for knowledge and skills in accounting or auditing. As of April 5,

2024, the composition of the Audit Committee was in compliance with the requirements set forth in the aforementioned Act.

The assessment of the independence and statutory knowledge and skill requirements of each Audit Committee Member was made by the Company's Supervisory Board on the basis of the relevant declarations made by the Audit Committee Members. The qualifications of the Audit Committee Members in accounting or auditing, as well as the industry in which the Company operates, are based on the education and skills possessed by the Audit Committee Members.

The table below presents the personal composition of the Supervisory Board Committees as of 31 December 2024 and as of the date of this report.

Table no 7. Composition of the Supervisory Board Committees

No.	Name and surname	Audit Committee	Nominations and Compensation Committee	Strategy Committee
1.	Sławomir Smyczek	-	Chair	Member
2.	Natalia Klima-Piotrowska	Member	Member	Chair
3.	Piotr Kołodziej	Chair	Member	Member
4.	Mariusz Bąbol	-	Member	-
5.	Michał Hulbój	Member	-	Member
6.	Arkadiusz Jówko (appointed as of 17.02.2025)	-	Member	-
7.	Beata Kisielewska	Member	-	-
8.	Leszek Koziorowski	-	Member	-

The table below presents composition of the Committees of the Supervisory Board as of 1 January 2024:

Table no 8. Composition of the Supervisory Board Committees as of 1 January 2024

No.	Name and surname	Audit Committee	Nominations and Compensation Committee	Strategy Committee
1.	Piotr Tutak	-	Chair	Member
2.	Teresa Famulska	Chair	-	-
3.	Marcin Wawrzyniak	-	Member	Member
4.	Dariusz Hryniów	-	-	Member
5.	Leszek Koziorowski	Member	Member	-
6.	Ryszard Madziar	-	Member	Member
7.	Grzegorz Peczkis	Member	-	Chair

In the financial year 2024:

- The Audit Committee held altogether 9 meetings at which all Members of the Audit Committee were present and adopted 18 resolutions.
- The Nominations and Compensation Committee held altogether 7 meetings at which all Members of the Nominations and Compensation Committee were present and adopted 11 resolutions.
- The Strategy Committee held altogether 5 meetings at which all Members of the Strategy Committee were present and adopted 4 resolutions.

Table no 9. Main issues considered by the Committees of the Supervisory Board during their meetings in 2024.

Main issues considered by the Committees of the Supervisory Board during their meetings in 2024.

Audit Committee

- 1) it monitored the financial reporting process, including the analysis of reliability of financial information presented by the Company, in terms of its compliance with the ledgers and documents as well as with the actual state of affairs and presented the relevant recommendations to the Supervisory Board concerning the performed evaluation of the information contained in the following documents: Financial statements of TAURON and Consolidated financial statements of TAURON Capital Group for the financial year ended 31 December 2023, The Management Board's Report on the operations of TAURON and TAURON Capital Group for 2023 and Report on non-financial information of TAURON Capital Group for 2023, The Management Board motion to the General Meeting concerning covering the net loss for the year 2023 and extended consolidated quarterly reports of TAURON Capital Group for Q1 2024 and Q3 2024 and semi-annual report of TAURON Group for H1 2024,
- 2) it cooperated with the statutory auditor in the scope of audit of the financial statements of TAURON and consolidated financial statements of TAURON Capital Group for the 2023 financial year, review of the interim condensed financial statements of the Company and the consolidated financial statements of TAURON Capital Group for H1 2024, the process of auditing the financial statements of TAURON and the consolidated financial statements of TAURON Capital Group for the 2024 financial year, assessment of the risk of loss of the audit firm's authority to perform auditing activities, the process of agreeing on a new model for accounting for the balance sheet difference, eliminating overestimates,
- 3) it discussed and adopted an updated Policy for the provision of permitted non-audit services in the TAURON Group by the auditing firm auditing the annual financial statements and consolidated financial statements of TAURON Polska Energia S.A., entities related to the auditing firm and a member of the auditing firm's network,
- 4) it assessed the threats and safeguards to the auditor's independence and reviewed the information on the performance of activities resulting from the Procedure for ensuring compliance within the TAURON Group with the requirement of independence of the auditing firm conducting the audit and review of the financial statements and consolidated financial statements of TAURON Polska Energia S.A.
- 5) adopted and presented to the Supervisory Board the Report of the Audit Committee for the Supervisory Board on the evaluation of the financial statements, the Management Board's report on the Company's and the TAURON Capital Group's activities and the Management Board's motion to cover the net loss for the financial year 2023 and the Company's current situation, taking into account the adequacy and effectiveness of the Company's internal control, risk management, compliance and internal audit systems,
- 6) it analyzed the financial results of the Company and the TAURON Capital Group for 2023, for the first quarter of 2024, for the first half of 2024 and for the third quarter of 2024,
- 7) it reviewed and evaluated the new wording of the Accounting Policy of the TAURON Polska Energia S.A. Capital Group,
- 8) it monitored the issues of the Internal Audit Area, including discussion of the implementation of the Plan of audit tasks in TAURON Group in 2023, including audit tasks and ad hoc audits completed in 2023, self-assessment of the activities of the Internal Audit Area over a period of three years as to the effectiveness of audit and control activities undertaken in TAURON Group and the coverage of all significant areas of TAURON Group companies, the Plan of audit and control tasks in TAURON Group for 2024, periodic, current information on the Internal Audit Area, Internal Control System Assessment Report for 2023, Concept for the reorganization of the aforementioned Area in the Company and Group companies, received an anonymous letter regarding irregularities in the Energy for Southern Poland Foundation at TAURON Wytwarzanie S.A.
- 9) it monitored issues in the area of key corporate and TAURON Group specific risks (periodic risk management information),
- 10) it monitored the TAURON Group's compliance with standards or applicable practices (quarterly reports on the tasks carried out by the Compliance Area). It reviewed the TAURON Polska Energia S.A. Compliance Report for 2023 and the TAURON Group Compliance Plan for 2024,
- 11) it discussed and presented to the Supervisory Board the Report on Periodic Evaluation of Related Party Transactions for the period from July 1, 2023 to December 31, 2023, the Report on Periodic Evaluation of Related Party Transactions for the period from January 1, 2024 to June 30, 2024,
- 12) it reviewed quarterly information from the procurement area, including in particular: analysis of procurement proceedings as part of monitoring the effectiveness of the internal control system,
- 13) it adopted and submitted to the Supervisory Board the Report on the Activities of the Audit Committee of the TAURON Polska Energia S.A. Supervisory Board in the 2023 financial year, and adopted the TAURON Polska Energia S.A. Supervisory Board Audit Committee Work Plan for 2024 and the TAURON Polska Energia S.A. Supervisory Board Audit Committee Work Plan for 2025.

Nominations and Compensation Committee

- 1) it adopted and submitted to the Supervisory Board the Report on the Activities of the Nomination and Remuneration Committee of the TAURON Polska Energia S.A. Supervisory Board in the 2023 financial year,

- 2) it recommended to the Supervisory Board the dismissal of the Company's Management Board members: President of the Management Board, Vice President for Trade, Vice President for Asset Management, Vice President for Strategy and Development, and Vice President for Corporate Affairs,
- 3) it recommended that the Supervisory Board announce and conduct qualification proceedings for positions on the Management Board for the seventh joint term of office: President of the Management Board, Vice President of the Management Board for Finance, Vice President of the Management Board for Asset Management and Development, and Vice President of the Management Board for Trade, and supported the Supervisory Board in conducting the proceedings in terms of reviewing applications and evaluating candidates,
- 4) it recommended that the Supervisory Board establish detailed common Management Objectives for the Company's Management Board Members to be implemented in 2024, together with the determination of the weights of these objectives and objective and measurable criteria for their implementation and accountability
- 5) it recommended that the Supervisory Board issue an opinion on the motion to the General Meeting of TAURON Polska Energia S.A. to adopt the updated Remuneration Policy for Management Board and Supervisory Board Members at TAURON Polska Energia S.A.

Strategy Committee

- 1) it approved and submitted to the Supervisory Board the Report on the activities of the Strategy Committee of the TAURON Polska Energia S.A. Supervisory Board in the 2023 financial year,
- 2) it discussed the drafts of the following documents; high-level Group Strategy, business and organizational model (including defining the role of TAURON and the organization of the RES area), Group management model aimed at improving the efficiency and quality of operations,
- 3) it discussed information on the operation of the 910 MW unit in Jaworzno with particular emphasis on issues related to the implementation of the settlement agreement with Rafako and issues related to the operation of the 460 MW unit at the Lagisza Power Plant,
- 4) it discussed issues relating to the Distribution area of the TAURON Group, in particular concerning: power grids, investment needs for replacement of network assets, implementation of connections to the distribution network, economic and organizational characteristics of the aforementioned area, as well as familiarized himself with the investment plan for 2024 and beyond, including key investment projects,
- 5) it discussed information regarding the characteristics of the renewable energy area in the TAURON Group, in particular the characteristics of renewable power plants in the TAURON Group, key production data, asset availability and challenges of maintaining hydroelectric power plants, cooperation with the Polish Water and local governments, key economic data,
- 6) it discussed information on the status of the implementation of investments in renewable energy sources in terms of achieving the assumed milestones at Wind Farm Mierzyn, Wind Farm Warblewo, Wind Farm Nowa Brzeźnica, Wind Farm Sieradz, PV Proszówek, Pilichowice I hydro power plant, and got acquainted with the project of the pumped storage power plant in Rożnow and the planned modernization of hydroelectric power plants,
- 7) it discussed information on the operation and maintenance of renewable energy assets in the TAURON Group, in particular the maintenance policy for wind, photovoltaic and hydroelectric farms,
- 8) it discussed information regarding the characteristics of the Heat Area in the TAURON Group, in particular the generation sources, the transmission area of key asset indicators, key production data in comparison with other companies operating in the market, key economic data, as well as familiarized himself with the concept of decarbonization of the Area in question,
- 9) it reviewed information on the removal of the consequences of the floods, including the restoration of energy supplies to consumers and facilities, the property losses incurred in the infrastructure of distribution networks, lighting and hydroelectric power plants.

6. Results of the evaluation of financial statements of the Company and TAURON Group, the reports on operations of the Company and TAURON Group and the motion of the Management Board of the Company concerning the distribution of net profit

Acting pursuant to Article 382 § 3¹(1) of the CCC and § 20(1)(3) a) of the TAURON Articles of Association, the Supervisory Board having reviewed the Report of the Audit Committee for the Supervisory Board on the assessment of financial statements, report of the Management Board on the operations of the Company and TAURON Capital Group including sustainable development reporting and the motion of the Management Board concerning distribution of net profit for the financial year 2024 and the assessment of the situation of the Company with account being taken of adequacy and efficiency of the internal control, risk management, compliance and internal audit systems applicable in the Company, assessed the following documents:

- 1) *Financial statements of TAURON Polska Energia S.A. for the year ended 31 December 2024 compliant with the International Financial Reporting Standards approved by the European Union,*

- 2) *Consolidated financial statements of TAURON Polska Energia S.A. Capital Group for the year ended 31 December 2024 compliant with the International Financial Reporting Standards approved by the European Union,*
- 3) *Report of the Management Board on the operations of TAURON Polska Energia S.A. and TAURON Capital Group for the 2024 financial year including sustainable development reporting.*
- 4) *Motion of the Management Board concerning the distribution of net profit for the 2024 financial year.*

The audit of the aforementioned financial statements of TAURON Polska Energia S.A. was carried out by Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością spółka komandytowa with its registered office in Warsaw (hereinafter referred to as the “statutory auditor”, the “auditor”), selected by the Supervisory Board for the purpose of performing the audit of the separate and consolidated financial statements of TAURON Polska Energia S.A. and the TAURON Capital Group for the 2024 financial year.

The mandatory attestation of sustainability reporting was carried out by the audit firm Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością spółka komandytowa, based in Warsaw, after the Audit Committee assessed the risks and safeguards of the independence of the aforementioned audit firm.

6.1. Evaluation of the financial statements of TAURON Polska Energia S.A. for the year ended 31 December 2024 compliant with the International Financial Reporting Standards approved by the European Union

The Supervisory Board of TAURON evaluated the *financial statements of TAURON Polska Energia S.A. for the year ended 31 December 2024 compliant with the International Financial Reporting Standards approved by the European Union*, comprising:

- 1) Statement of comprehensive income for the year ended on 31 December 2024 recognising the positive comprehensive income in the total amount of PLN 431 million and the net profit for the 2024 financial year in the amount of PLN 510 million,
- 2) Statement of financial position as at 31 December 2024, which indicates the total balance of assets and liabilities in the amount of PLN 28 905 million,
- 3) Statement of changes in equity for the year ended on 31 December 2024 showing an increase in equity by the amount of PLN 431 million,
- 4) Statement of cash flows for the year ended 31 December 2024 showing a decrease in net cash flows by the amount of PLN 330 million,
- 5) Accounting principles (policy) and additional explanatory notes.

The Supervisory Board has positively assessed the aforementioned Financial Statements of TAURON and concluded that they were compliant with the ledgers and documents as well as with the actual state of affairs.

The positive evaluation of the Supervisory Board was based on the independent auditor's report on the audit pursuant to which the above-mentioned Financial Statements of TAURON Polska Energia S.A.:

- 1) present a reliable and clear view of the economic position and financial standing of TAURON Polska Energia S.A. as at 31 December 2024 and of its financial result and cash flows for the period from 1 January 2024 to 31 December 2024, in accordance with the applicable International Financial Reporting Standards approved by the European Union and the adopted accounting principles (policy),
- 2) are consistent in terms of their form and content with the legal regulations applicable in the Company and its Articles of Association,
- 3) have been prepared based on accurately kept ledgers in accordance with the provisions of Chapter 2 of the Accounting Act of 29 September 1994 (hereinafter: the Accounting Act).

In view of the foregoing, the Supervisory Board recommends that the Ordinary General Meeting should approve the *Financial Statements of TAURON Polska Energia S.A. for the year ended 31 December 2024 compliant with the International Financial Reporting Standards approved by the European Union.*

6.2. Evaluation of the Consolidated Financial Statements of TAURON Polska Energia S.A. Capital Group for the year ended 31 December 2024 compliant with the International Financial Reporting Standards approved by the European Union

The Supervisory Board of TAURON evaluated the *Consolidated financial statements of TAURON Polska Energia S.A. Capital Group for the year ended 31 December 2024 compliant with the International Financial Reporting Standards approved by the European Union*, comprising:

- 1) Consolidated statement of comprehensive income for the year ended on 31 December 2024 showing positive comprehensive income in the total amount of PLN 398 million and the net profit for the 2024 financial year in the amount of PLN 590 million,
- 2) Consolidated statement of financial position as at 31 December 2024, which indicates the total balance of assets and liabilities in the amount of PLN 45 714 million,
- 3) Consolidated statement of changes in equity for the year ended 31 December 2024 showing an increase in equity by the amount of PLN 396 million,
- 4) Consolidated statement of cash flows for the year ended 31 December 2024 showing a decrease in net cash flows by the amount of PLN 491 million,
- 5) Accounting principles (policy) and additional explanatory notes.

The Supervisory Board has positively assessed the aforementioned Consolidated Financial Statements of TAURON Capital Group for the 2024 financial year and concluded that they were compliant with the ledgers and documents as well as with the actual state of affairs.

The positive evaluation of the Supervisory Board was based on the independent auditor's report on the audit according to which the above Consolidated Financial Statements of TAURON Capital Group:

- 1) present a reliable and clear view of the consolidated economic position and financial standing of TAURON Polska Energia S.A. as at 31 December 2024 and of its consolidated financial result and consolidated cash flows for the period from 1 January 2024 to 31 December 2024, in accordance with the applicable International Financial Reporting Standards approved by the European Union and the adopted accounting principles (policy),
- 2) are consistent in terms of their form and content with the legal regulations applicable in TAURON Capital Group and the Articles of Association of TAURON Polska Energia S.A.

In connection with the foregoing, the Supervisory Board recommends that the Ordinary General Meeting should approve the *Consolidated Financial Statements of TAURON Polska Energia S.A. Capital Group for the year ended 31 December 2024 compliant with the International Financial Reporting Standards approved by the European Union.*

6.3. Evaluation of the motion of the Management Board to the General Meeting concerning distribution of net profit for the financial year 2024

The Supervisory Board evaluated the Management Board's proposal to the General Meeting of Shareholders regarding the distribution of net profit for the 2024 financial year, covering the period from January 1, 2024 to December 31, 2024, in the amount of PLN 510 278 026.06 by allocating it entirely to the Company's reserve capital.

In the opinion of the Supervisory Board, the Management Board's proposal regarding the method of distribution of net profit for the 2024 fiscal year is in line with the TAURON Group's Strategy for 2024-2035, which assumes dividend payments of up to 20% of consolidated net profit from 2029 at the latest, and the adopted dividend policy. The aforementioned Strategy assumes capital expenditures of approximately PLN 100 billion, of which 60% will be allocated to the Distribution Area, and 30% to the

Renewable Energy and Electricity Storage Area. Retention of funds, derived from net profit, will contribute to an increase in the value of the Company's assets, which will allow it to realize the goals set in the TAURON Group Strategy in the following years.

In view of the above, the Supervisory Board positively evaluates the Management Board's proposal to the Ordinary General Meeting of Shareholders regarding the distribution of net profit for the 2024 financial year, covering the period from January 1, 2024 to December 31, 2024, in the amount of PLN 510 278 026.06 and allocating it in full to the Company's reserve capital.

6.4. Evaluation of the Report of the Management Board on the operations of TAURON Polska Energia S.A. and TAURON Capital Group for the financial year 2024 including sustainable development reporting of TAURON Group

The Supervisory Board, having considered the Management Board's Report on the Activities of TAURON Polska Energia S.A. and the TAURON Capital Group for the 2024 financial year, taking into account sustainability reporting, positively assesses the report in question in terms of its conformity with the books and documents, as well as with the facts. The report in question presents reliably and clearly the property, economic and financial situation, development and sustainable development issues of TAURON Polska Energia S.A. and the TAURON Capital Group, and its completeness and conformity in terms of the information disclosed therein was confirmed by the auditor.

Moreover, in the opinion of the auditor, the aforementioned Report has been prepared in accordance with Article 49 of the Accounting Act and § 70 and § 71 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information published by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state and is consistent with the information contained in the Financial Statements of TAURON Polska Energia S.A. and in the Consolidated Financial Statements of the TAURON Capital Group for the year ended 31 December 2024.

Pursuant to Article 63r of the Accounting Act of September 29, 1994, the TAURON Group Sustainability Report for 2024 was presented as a separate part of the Management Report on the Activities of TAURON Polska Energia S.A. and the TAURON Capital Group for the 2024 financial year. The report was prepared in accordance with the following guidelines and regulations:

- 1) Accounting Act of September 29, 1994 (Journal of Laws 2024, item 1863) - The Act transposes the provisions of Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022 amending Regulation (EU) No. 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU with regard to reporting by companies on sustainable development,
- 2) Commission Delegated Regulation (EU) 2023/2772 of July 31, 2023, supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to sustainability reporting standards,
- 3) Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on establishing a framework to facilitate sustainable investment, amending Regulation (EU) 2019/2088.

In connection with the foregoing, the Supervisory Board recommends that the Ordinary General Meeting should approve the *Report of the Management Board on the operations of TAURON Polska Energia S.A. and TAURON Capital Group for the financial year 2024 including sustainable development reporting of TAURON Group*, in terms of its compliance with the ledgers, documents and the actual state of affairs.

6.5. Summary of the evaluation performed

The Supervisory Board has positively evaluated the following documents presented by the Company's Management Board and has concluded that they are consistent with the books, documents and facts:

- 1) Financial statements of TAURON Polska Energia S.A. for the year ended December 31, 2024 in accordance with the International Financial Reporting Standards approved by the European Union,
- 2) Consolidated financial statements of the TAURON Polska Energia S.A. Capital Group for the year ended December 31, 2024 in accordance with the International Financial Reporting Standards approved by the European Union,
- 3) Report of the Management Board on the activities of TAURON Polska Energia S.A. and the TAURON Capital Group for the 2024 financial year, including sustainability reporting.

The Audit Committee, in fulfilment of its statutory duties set forth in the Act on Auditors, Audit Firms and Public Supervision of May 11, 2017, supervised the process of financial reporting and sustainability reporting, the effectiveness of internal control and risk management systems, and internal audit, including performing tasks to ensure the integrity of the financial and sustainability reporting process.

As part of the process related to the audit of financial statements and attestation of sustainability reporting, the Audit Committee met with representatives of the audit firm conducting the audit of the Company's and the TAURON Group's financial statements and the auditors conducting attestation of sustainability reporting, monitoring and discussing the progress of the audit and attestation processes. In addition, the Audit Committee reviewed the audit reports presented by the auditing firm and the supplementary report for fiscal year 2024, prepared for the Audit Committee and the Company's management, in accordance with the provisions of Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council of April 16, 2014 on detailed requirements for statutory audits of public-interest entities and Article 67(4)(9) of the Act on Statutory Auditors, Audit Firms and Public Supervision of May 11, 2017.

The basis for the Supervisory Board's positive assessment of the Financial Statements of TAURON Polska Energia S.A. and the Consolidated Financial Statements of the TAURON Capital Group, Polska Energia S.A. for financial year 2024 were the reports of the independent auditor on the audit of the above reports, according to which:

- 1) The financial statements present a true and fair view of the asset and financial position of TAURON Polska Energia S.A. and the TAURON Capital Group as of December 31, 2024, and their financial result for the financial year from January 1, 2024 to December 31, 2024, in accordance with the applicable International Financial Reporting Standards approved by the European Union and the adopted accounting principles (policies),
- 2) TAURON Polska Energia S.A.'s financial statements for the year ended December 31, 2024 were prepared on the basis of properly maintained accounting books,
- 3) Financial statements are compliant as to their form and contents with the legal regulations applicable to TAURON Polska Energia S.A. and TAURON Capital Group as well as Articles of Association of TAURON Polska Energia S.A.

The abovementioned financial statements have been prepared within the regulatory deadline and are compliant with the International Financial Reporting Standards approved by the European Union. The correctness of the aforementioned statements as to their compliance with the ledgers, documents and the actual state of affairs rises no objections and is confirmed in the information presented in the report of independent certified auditor on examination of the abovementioned statements.

The report of the Management Board on the activities of TAURON Polska Energia S.A. and the TAURON Capital Group for the 2024 fiscal year, taking into account sustainability reporting, has been prepared in accordance with the applicable provisions of the Accounting Act of September 29, 1994 and the Decree of the Minister of Finance of March 29, 2018 on current and periodic information provided by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state.

In addition, in the opinion of the auditor, the Management Report on the Activities of TAURON Polska Energia S.A. and the TAURON Capital Group for the 2024 financial year was prepared in accordance with applicable laws and is consistent with the financial statements of TAURON Polska Energia S.A. for

the year ended December 31, 2024 and the consolidated financial statements of the TAURON Capital Group for the year ended December 31, 2024.

The above Report includes a section on Sustainability Reporting, which fulfills the company's obligations under Article 63r of the Accounting Act of September 29, 1994, and takes into account the requirements outlined in Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on establishing a framework to facilitate sustainable investment, amending Regulation (EU) 2019/2088, and Commission Delegated Regulation (EU) 2023/2772 of July 31, 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to sustainability reporting standards.

The auditor carrying out the attestation process for sustainability reporting submitted to the Supervisory Board a Sustainability Reporting Attestation Report for 2024 providing limited assurance, according to which, based on the attestation procedures performed and the evidence obtained, nothing came to the attention of the auditors that would lead them to believe that the:

- 1) Sustainability reporting does not comply, in all material respects, with the requirements of Chapter 6c of the Accounting Act of September 29, 1994, including the European Sustainability Reporting Standards ("ESRS"),
- 2) the materiality assessment process carried out by the TAURON Group to identify the information included in the Sustainability Reporting does not comply, in all material respects, with the ESRS,
- 3) Sustainability reporting does not comply, in all material respects, with the reporting requirements of Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on establishing a framework to facilitate sustainable investment, amending Regulation (EU) 2019/2088.

In connection with issuing of the positive opinion on the statements and reports, the Supervisory Board recommends the Ordinary General Meeting to approve the aforementioned statements and reports and to allocate the net profit for the 2024 financial year in accordance with the procedure defined in the motion of the Management Board of the Company, i.e. by allocating it in full to the supplementary capital of the Company

7. Evaluation of the Company standing, taking into account the adequacy and effectiveness of internal control systems, risk management and ensuring the compliance of the operations with the standards or applicable practices and the internal audit

7.1. Evaluation the situation of the Company in consolidated terms

Evaluation of TAURON Polska Energia S.A. position

The TAURON Company, as a parent entity in TAURON Capital Group fulfils, in particular, the governing and the consolidating function. As a result of the implementation of the Business Model and centralisation of functions, the Company has concentrated major competence related to the functioning of the companies of TAURON Capital Group and currently operates, among others, in the areas of wholesale trade in electricity, gas and related products, in particular in the scope of trading support for companies, trading CO₂ emission allowances and certificates of origin, and certificates of energy efficiency. Corporate management includes supervision over purchasing, financial management, assets, corporate risk, IT, coordination of legal services and coordination of activities in the scope of accounting and fiscal consultancy.

The major sources of the Company income include dividends from subsidiaries as well as revenue on sales of electricity, gas, property rights assigned to electricity certificates of origin, CO₂ emission allowances and commercial services.

Table no 10. Developments in the results of the Company

PLN million	2023	2024	Growth (2024/2023)	Change (2024-2023)
Sales revenue	34 314	22 849	67%	(11 465)
EBITDA	240	822	343%	582

Net profit (loss)	(638)	510	(80)%	1 148
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It should be noted that despite significant decrease in sales revenue following drop of market prices the operating results generated by the Company confirm its stable financial and economic position.

In the reporting period ended 31 December 2024, TAURON Polska Energia S.A. generated 33% lower revenue on sales compared to the values achieved in 2023, which results from the following factors:

- decrease in the revenue on electricity sales by 40%, mainly as a result of 32% lower electricity sales prices compared to 2023, with a simultaneously 12% lower sales volume,
- decrease in the revenue on gas sales mainly as a result of a decrease in market prices by an average of 23%, with a simultaneously 10% higher sales volume,
- growth in the revenue from the sales of CO₂ emission allowances, which is the result of the sale in 2024 of allowances for the redemption needs of the TAURON Capital Group companies in connection with emissions for both 2023 and 2022 at prices higher by 51% with simultaneous lower demand for allowances by 29%.

The achievement of a 343% higher EBITDA in 2024 compared to the previous year is the result of the following factors:

- higher achieved margin on electricity and gas sales, mainly as a result of changes in market electricity prices and higher margins per unit,
- higher achieved margin on sale of CO₂ emission allowances, mainly as a result of settlement of purchase of emission allowances on the market at a lower EUR exchange rate thanks to strengthening of the PLN,
- drop of revenues from CO₂ portfolio management service as a result of lower sales volume of allowances, on which a variable charge is calculated, and from fuel portfolio management service which is related to transfer of competence in this scope to TAURON Wytwarzanie S.A.,
- higher costs of operations, due to, among other things, signed wage agreements and the lack of a positive effect of the reversal of the allowance for receivables, which took place in 2023, as a result of the ratings in the model used in the TAURON Group for estimating expected credit losses.

The gross financial result generated in 2024, higher than in the previous year by PLN 1 254 million, was affected by various factors that contributed to both the decrease and its increase, the most important of which include:

- an increase in dividend income, mainly due to the recognition of a dividend from the subsidiary TAURON Dystrybucja S.A.,
- recognition of a loss on derivatives due to the appreciation of the PLN exchange rate, which translated into a decrease in the valuation and result on the current settlement of currency derivatives,
- recognition of foreign exchange gains related to the valuation of external financing in EUR due to the strengthening of the PLN,
- decrease in interest expenses as a result of lower average borrowing and generally lower underlying rates,
- revaluation of shares by reversal of an impairment loss on shares in TAURON Ciepło sp. z o.o. as a result of impairment tests,
- increase of the costs of revaluation of loans by decreasing the carrying amount of the loan granted to TAURON Wytwarzanie S.A. by future cash flows as a result of asset impairment tests,
- increase in EBITDA, for reasons described above.

As at 31 December 2024, the total assets of the Company amounted to PLN 28 905 million, down 10% on 31 December 2023. Fixed assets accounted for the largest share of total assets at 90%. The

dominant items were the value of shares and the value of bonds and loans granted, amounting to 56% and 34% of total assets respectively.

As at 31 December 2024 and 31 December 2023, equity amounted to 41% and 36% respectively of total liabilities in both periods. Debt liabilities were the most significant liability item, accounting for 52% of total liabilities at the end of 2024, compared with 55% at the end of 2023.

The change in cash reported in the statement of cash flows for the financial year ended 31 December 2024 was negative and amounted to PLN 330 million. The cash balance as at 31 December 2024 was positive and amounted to PLN 133 million. The level of cash presented in the Company's statement of financial position was PLN 172 million, and the difference is the result of the adjustment to cash made up by the balances of loans granted and borrowings executed as part of cash pool transactions, due to the fact that they do not represent cash flows from investing or financing activities, but are mainly used to manage current liquidity.

Evaluation of TAURON Capital Group position

In 2024, TAURON Group conducted operations in the field of generation, distribution and sale of electricity and heat, as well as other products of the energy market, excluding the transmission of electricity which is solely the responsibility of the Transmission System Operator.

The analysis conducted on the basis of the EBITDA result and the Net Debt/EBITDA ratio, which, in the opinion of the Audit Committee, are the most significant parameters for assessing the financial situation on a consolidated basis, confirm the stable position of the TAURON Group. EBITDA amounted to PLN 6 470 million and is thus higher than the result achieved in 2023. The Net Debt/EBITDA ratio reached 1.6x, thus not exceeding the covenant assumed in the financing agreements (3.5x). In view of the ratios presented above, it can be concluded that the TAURON Capital Group maintains a stable market position and its indebtedness does not cause a current liquidity risk.

The stable financial position is also confirmed by the current rating of the FITCH rating agency, published on 1 October 2024, which assigns the Company a BBB- level, with a stable outlook. Thus, the rating outlook was maintained, taking into account the dominant share of regulated and predictable electricity distribution in the TAURON Group's business profile, the solid market position and the projected level of financial leverage below the amount indicated in the negative rating change factors.

The rating agency highlights the TAURON Group's strong market position as the largest electricity distributor in Poland, covering the southern, densely populated regions of Poland. The high share of the regulated Distribution segment in the EBITDA of the TAURON Group allows the Company to achieve predictable and stable results.

Table no. 11 Financial results of TAURON Group

PLN million	2023 (adjusted figures)	2024	Dynamics (2024/2023)	Change (2024-2023)
Sales revenue	41 977	32 535	78%	(9 442)
EBITDA	5 465	6 470	118%	1 005
Net profit (loss)	1 128	590	52%	(538)
CAPEX	4 364	5 127	117%	763
Net debt/ EBITDA	2.4x	1.7x	73%	-0,7x

Sales revenues generated are lower y/y mainly as a result of lower sales revenues on electricity. Decreases in revenues were recorded in both the retail and wholesale electricity trading areas, which is mainly due to the lower prices obtained and the lower average sales volume. The decrease in prices to customers in each segment is directly related to the change in market electricity prices.

In addition, the decrease in revenues is affected by the change in volume, which is due to lower demand from business customers and, in the case of wholesale trading, lower levels of electricity contracting.

The decrease in revenues was also influenced by the lower value of received trading fees and a decrease in the value of the reevaluation of sales of electricity purchased to cover the balance difference, mainly as a result of price changes. The above declines were only slightly offset by an increase in revenues from distribution and trading services, primarily as a result of an increase in the rate for distribution and transmission services.

In the case of the remaining products, goods and services the generated revenues were subject to relatively slight changes and had no material impact on the amount of revenues y/y. Change in EBITDA in 2024 vs 2023 results from systematically implemented operating strategy and adaptation to the changing market and regulatory conditions. From individual segments' perspective EBITDA increased primarily in the segments: Distribution, RES, Heat and Supply, while worse results were recorded in the Generation segment.

Table no. 12 Developments in the operating results of TAURON Group Segments and key operating data

PLN million	2023 (adjusted figures)	2024	Growth (2024/2023)	Change (2024-2023)
Generation	1 270	746	59%	(524)
Heat	123	302	246%	179
RES	431	684	159%	253
Distribution	2 962	3 963	134%	1 001
Supply	454	598	132%	144
Other activities	257	359	140%	102
Unallocated items	(32)	(182)	596%	(150)
Total EBITDA	5 465	6 470	118%	1 005
Distribution of electricity	51.30	51.67	101%	0.38
Production of energy from RES	1.67	1.69	101%	0.02
Production of energy from coal-fired units	10.99	9.82	89%	(1.17)
Heat production	10.35	10.27	99%	(0.04)
Retail sales of electricity	30.75	26.71	87%	(0.39)

In December 2024, the TAURON Group, as a result of its analysis, changed and adjusted the method of accounting for the sale and purchase of electricity used to cover the balancing difference (i.e., the difference between the amount of electricity put into the grid and taken from the grid by TAURON Group companies).

The aforementioned change and adjustment related to settlements made between TAURON Group companies in the Supply and Distribution Segments, as well as to the re-estimation of revenues from electricity sales to entities outside the TAURON Group, reported in the Sales Segment. As a result, this change affected the financial results of the Group and the results of the Supply and Distribution Segments. In place of the previously applied re-estimates between companies in the Supply and Distribution segments, invoices were issued taking into account the amount of electricity received by TAURON Group customers which had not previously been invoiced to them.

The TAURON Group applied a retrospective approach to the presentation of the effects of the amendment, assuming that the amended approach was also applied in previous reporting periods. As a result, comparative data for the year ended December 31, 2023 and as of the balance sheet dates of December 31, 2023 and January 1, 2023 have been restated accordingly.

The highest increase of EBITDA was recorded in Distribution Segment which was a result of:

- increase of Regulatory Asset Base to PLN 21.9 billion,
- increase of weighted average cost of capital (WACC) to 10.5%,
- and lower y/y costs of grid losses (balancing difference).

In the RES Segment, the improvement in earnings is mainly due to an increase in the margin on electricity sales as a result of the removal of price caps effective in 2023, as well as higher production

volumes thanks to the commissioning in 2024 of three wind farms and one photovoltaic farm with a total capacity of 178 MW.

The increase in EBITDA of the Heat segment is mainly due to the recognition of a write-down related to the declaration of insolvency by TAMEH Czech s.r.o. in the 2023 result and the company's conversion to liquidation bankruptcy in 2024.

In the Supply segment, EBITDA was significantly impacted by regulatory one-time events, such as a one-time reduction in electricity bills by PLN 125 for households in the second half of 2023 and a reduction in the G tariff starting July 1, 2024. After clearing the results of these one-off events, the EBITDA of the Supply segment in 2023 and 2024, would be at a comparable level.

The increases in results in the above segments were partially offset by the lower result achieved in the Generation Segment. The deterioration was the result of a decline in the margin on electricity sales (a consequence of the drop in energy prices), despite higher revenues from the power market and balancing market services.

The most significant investments implemented in 2024 include:

- 1) in Distribution Segment: construction of new connections (PLN 1 587 million), upgrade and restoration of grid assets (PLN 1 063 million), AMI Plus (PLN 239 million), IT connections (PLN 82 million),
- 2) in RES Segment: construction of Mierzyn wind farm 58.5 MW (PLN 316 million), Miejska Górka wind farm 190.8 MW (PLN 284 million), Gamów wind farm 33 MW (PLN 227 million), Warblewo wind farm 30 MW (PLN 213 million), Postomino PV farm 90 MW (PLN 184 million), Bałków PV farm 54 MW (PLN 69 million), Sieradz wind farm 23.8 MW (PLN 57 million), Proszówek PV farm 55 MW (PLN 31 million), Nowa Brzeźnica wind farm 19.6 MW (PLN 27 million) as well as upgrade and restoration of hydroelectric power plants (PLN 42 million),
- 3) in Heat Segment: reconstruction and upgrade expenditures and components (PLN 46 million), construction of 140 MWt gas boiler at ZW Katowice (PLN 10 million), expansion of heat market – Katowice Południe (South Katowice) (PLN 8 million), maintenance of heat network (PLN 25 million), connection of new facilities (PLN 21 million), construction of pump and storage power plants at ZW Bielsko-and gas turbines (PLN 2 million).
- 4) in Generation Segment: upgrade and restoration expenditures, components and 910 MW unit at TAURON Wytwarzanie (PLN 104 million);
- 5) in Supply Segment and others: investments in IT in TAURON Obsługa Klienta (Customer Service) (PLN 136 million), street lights in TAURON Nowe Technologie (PLN 68 million).

Fixed assets were the largest asset item at the end of December 2024, accounting for 83% of total assets. Compared to the end of 2023, the value of fixed assets increased by 716 million, i.e. 2%, while the value of current assets decreased by PLN 4,140 million, i.e. 35%, mainly due to a decrease in the value of other financial assets and a lower balance of receivables from customers.

In 2024, the share of equity in total liabilities was 39%, 4 p.p. higher than the share as of the balance sheet date falling on December 31, 2023. Foreign capital in the form of debt obligations was also a significant source of asset financing, with its share in total liabilities as of December 31, 2024. 32% and was 3 p.p. lower than its share at the end of 2023. In total, debt obligations amounted to PLN 14,615 million and decreased by 16% compared to 2023.

In 2024 long-term liabilities of TUARON Capital Group amounted to PLN 15 807 million and decreased by PLN 2 402 million, i.e. by 13% which was mainly an effect of change in debt related liabilities.

Short-term liabilities of TAURON Capital Group decreased by PLN 1 418 million, i.e. by 10%, which was mainly a result of decrease in provisions for liabilities under certificates of energy origin CO2 emissions and other provisions.

As of December 31, 2024 the statement of financial position of TAURON Capital Group shows balance sheet total lower vs the end of 2023 by 7%.

In its 2024 cash flow statement, the TAURON Group reported positive cash flow from operating activities of PLN 7,972 million, or 173% of the 2023 level, negative cash flow from investing activities of PLN (4,718) million, or 98% of the 2023 level, and negative cash flow from financing activities of PLN (3,745) million.

Change in net cash and cash equivalents reported in TAURON Group's consolidated statement of cash flows was negative and amounted to PLN 491 million. It was lower than in 2023 by PLN 599 million.

Information on the measures taken by the Supervisory Board to evaluate the financial position of the Company and TAURON Capital Group.

In the 2024 financial year, the Supervisory Board of TAURON reviewed the current results of the TAURON Group and the Company in relation to the approved material and financial plan of both entities and the results of the corresponding period of the previous year on at least quarterly basis. The key operating indicators of individual operating segments were discussed on a case-by-case basis, including electricity distribution volumes, retail electricity sales, electricity generation from conventional and renewable energy sources and heat production.

Furthermore, the Supervisory Board analysed the Net Debt/EBITDA ratio, the EBITDA result and the capital expenditure incurred. The cyclical assessment of the above financial ratios resulted from their significant importance in the assessment of the economic and financial position of the Company and Capital Group.

In addition to the analysis of the ratios indicated above, the Supervisory Board reviewed the results of individual operating segments including the cause-and-effect analysis of the resulting deviations of the reported results against the values adopted in the approved material and financial plan and the results generated in the corresponding period of the previous year.

7.2. Assessment of effectiveness of internal control, risk management and compliance systems and the internal audit function

Introduction

In fulfilment of its obligation under Article 382 §3¹(2) of the CCC and, moreover, taking into account the Best Practice, the Supervisory Board assessed the effectiveness of the internal control, risk management, compliance systems as well as the audit and (institutional) control functions, including all significant control mechanisms, in particular, those related to financial reporting and operating activity.

While implementing Principle 3.2. of the Best Practice, the units responsible for the aforementioned systems and functions have been separated and, with reference to principle 3.6 of the Best Practice, the internal audit unit, supervised by the Executive Director for Internal Audit in 2024 adopted new wording of the Internal Audit Regulations in TAURON Group. The revised provisions strengthen the independence of the Executive Director of Internal Audit and are in line with the requirements of the Best Practice in terms of functional subordination to the Audit Committee of the TAURON Polska Energia S.A. Supervisory Board. The Internal Audit area is located in the Company's organizational structure in direct reporting to the President of the Management Board. In order to maintain independence, objectivity and proper execution of the internal audit function, the Internal Audit Manager is provided with the opportunity to report periodically to the Audit Committee and the Supervisory Board of the Company. The Company also takes into account Principle 3.5. of the Best Practice 2021, by assigning the Executive Director for Risk and the Compliance Officer within its organisational structure as directly reporting to the President of the Management Board, additionally providing him/her with a possibility to report periodically to the Audit Committee and the Supervisory Board of the Company.

In order to ensure security, the TAURON Capital Group applies the "Three Lines Model"

As part of the first line business units are obligated to perform functional internal control in the performed business processes (risk owners).

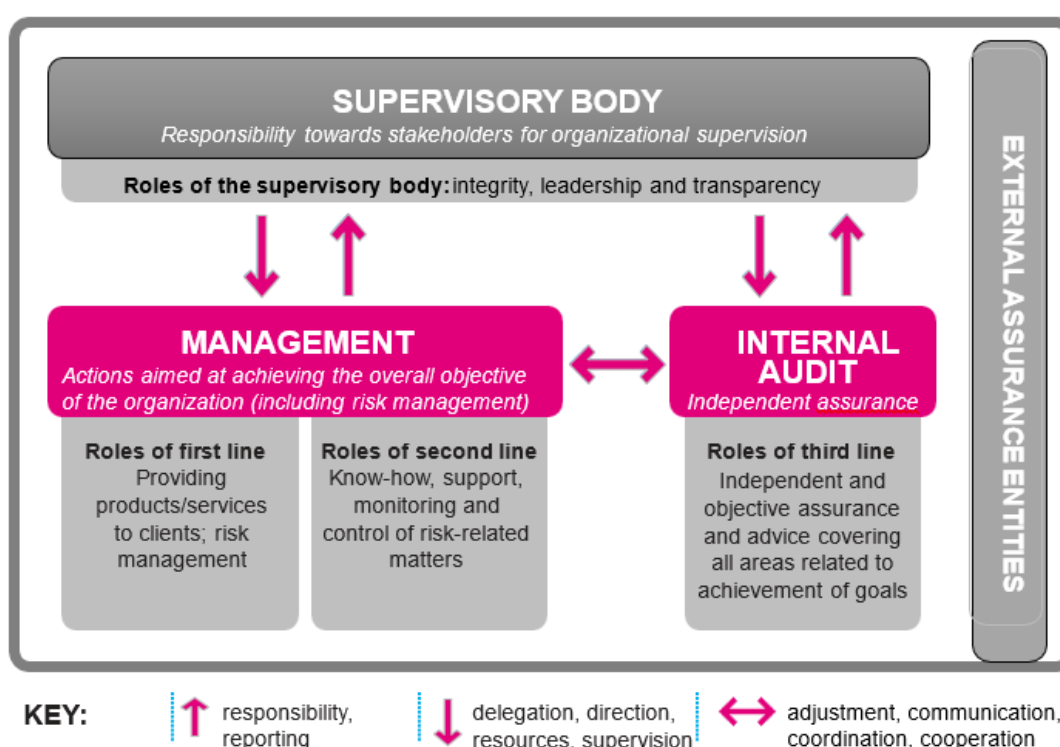
The second line is responsible for preventive activities within the organization by overseeing compliance with internal regulations and improving internal systems for risk management, compliance assurance and security (including information security and technical security).

The hallmark of the third line's role is its independence from management. The third line ensures that audits are carried out within the organization and that other audit tasks of a verifying and advisory nature are carried out.

Within the framework of the relationship in the three-line model, the Supervisory Board, the Management Board and the Internal Audit Area have their separate responsibilities and their activities are aligned with the goals of the organization.

The figure below shows the three-line model.

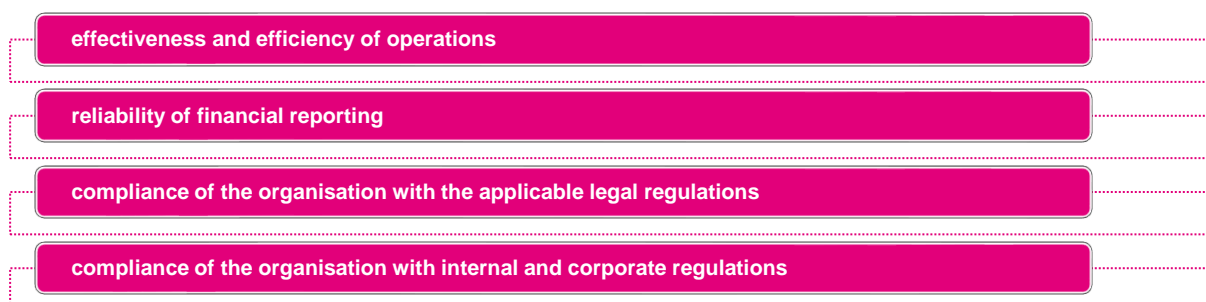
Figure no.1 Three-line model



THE FIRST LINE - INTERNAL CONTROL SYSTEMS

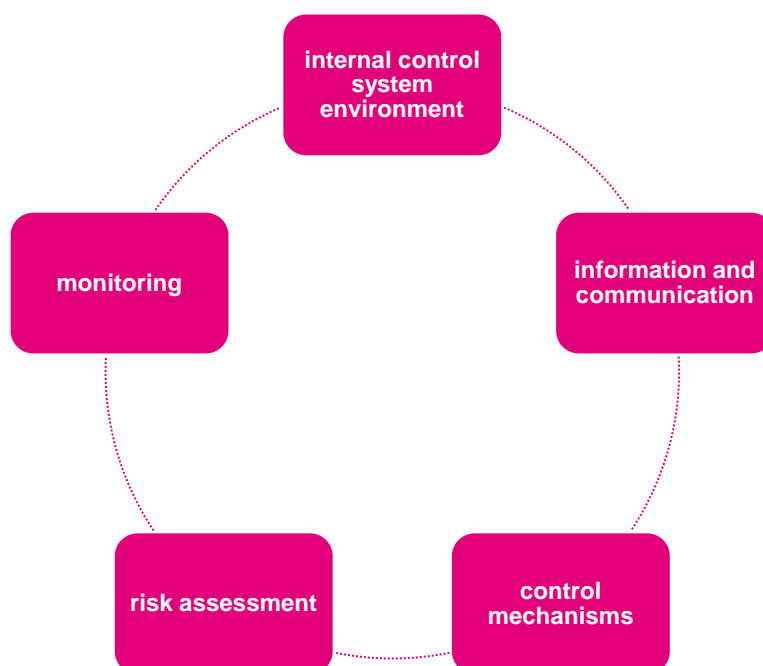
Description of the control systems implemented

The internal control system in place at TAURON encompasses all the processes occurring within the Company and the measures taken by management, the Supervisory Board and all employees, designed to achieve reasonable assurance regarding:



The elements of the internal control in the Company are presented below.

Figure no. 2 Elements of internal control



The principles and mode of operation of the internal control system in the Company are defined in detail in internal and corporate normative acts issued by the Members of the Company Management Board.

In addition to the aforementioned elements, the Internal Control System covers the risks addressed by the organisation and its business objectives, providing reasonable assurance regarding:

- 1) the effectiveness and efficiency of operations,
- 2) the reliability of the financial reporting process,
- 3) the compliance of the organisation with applicable laws and internal regulations.

Reasonable assurance takes into account the limitations of the Internal Control System due to unpredictable events, uncertainties and risks surrounding the achievement of objectives.

Internal control assessment mechanisms

The TAURON Capital Group operates a model for the cyclical evaluation of the Internal Control System. The model, on the initiative of the Audit Committee, was designed as an autonomous tool to provide the TAURON Polska Energia S.A. Management Board and the Company's Supervisory Board with independent and objective information on the functioning of the Internal Control System in business processes.

The evaluation process of the Internal Control System is carried out based on a methodology whose provisions are based on the COSO model, which is the global standard and benchmark for internal control systems.

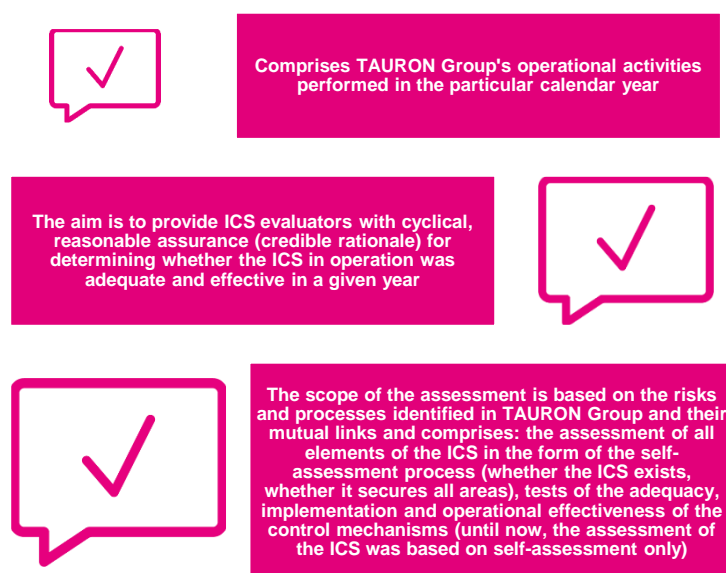
As part of the aforementioned process, an assessment of the Internal Control System in the TAURON Capital Group for 2024 was carried out which covered tests of the adequacy, implementation and operational effectiveness of selected control mechanisms related to risks assessed as significant for the Internal Control System. The performance of the assessment in the aforementioned scope, in the opinion of the Supervisory Board, positively influences the effective exercise of supervision over all areas of the Company's operations.

The existing model of cyclical assessment of the Internal Control System enables:

- 1) the identification of areas where weaknesses in control mechanisms have been identified,
- 2) the adaptation to the changing environment,
- 3) the collection of data and comparison of assessment results in individual years.

The model supports the compliance with the requirements of the Act of May 11, 2017 on Statutory Auditors as well as complements the principles arising from the Best Practice for WSE Listed Companies.

Figure no. 3 Assessment of the Internal Control System according to the developed Methodology:

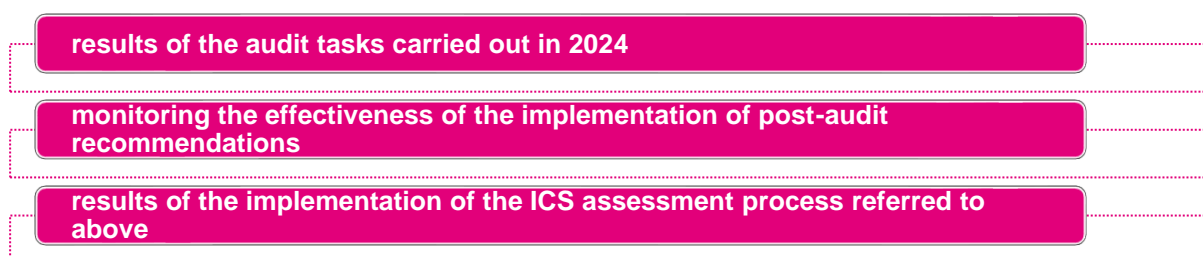


In the opinion of the Supervisory Board the systemic approach to the assessment of the Internal Control System contributes to the development of the internal control system and improvement of the efficiency of the Company operations.

The results of the assessment of the Internal Control System presented in the Report on the Assessment of the Internal control System for 2024 indicated that no significant weaknesses in the effectiveness of the Internal Control System affecting the ability to achieve the set objectives were identified. With regard to the identified weaknesses, recommendations were made to implement the corrective actions.

Assessment of the adequacy and effectiveness of the internal control systems

The Supervisory Board, in their assessment of adequacy and effectiveness of internal control systems verified the following data:



Based on the foregoing, the Supervisory Board has not identified any significant weaknesses in the effectiveness of the internal control system affecting the ability to achieve the defined objectives. In the case of identified gaps within the processes examined in the scope of operation of the internal control system, recommendations and guidelines were developed with the aim to eliminate them. Nevertheless, the issues identified during the audit tasks and during the implementation of the assessment process of

the Internal Control System, indicate the need to continuously strengthen and improve the effectiveness of the Internal Control System.

SECOND LINE - RISK MANAGEMENT

Taking care of the implementation of the existing TAURON Group Strategy, TAURON Capital Group implemented a comprehensive enterprise risk management system (hereinafter referred to as the ERM System) and implements the risk management process in its operations. The basic objective of risk management is to ensure broadly understood security of TAURON Capital Group's operations, in particular, with the aim to ensure increasing the predictability of achievement of the strategic objectives, stable creation of the financial result, protection of the Group's current economic value as well as to support to the decision-making processes.

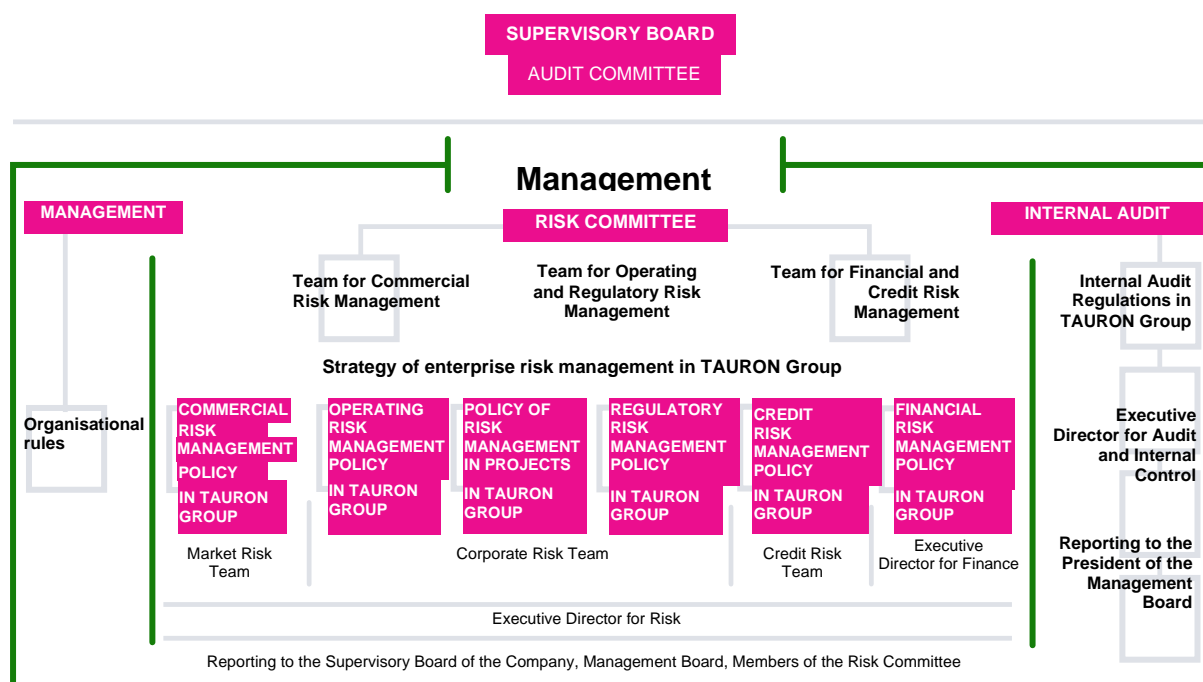
Description of the risk management system applied

The ERM System operating at the level of TAURON Capital Group is a set of rules, standards and tools allowing to achieve the basic objective of risk management, which is broadly understood assurance of the safety of TAURON Capital Group's operations. This system is governed by the document entitled *Enterprise Risk Management Strategy in TAURON Group* (the ERM Strategy) which defines the framework and principles of corporate risk management in TAURON Capital Group. The ERM strategy aims to ensure consistency in the management of the different risk categories which are further specified in separate regulations, adapted to the specific features of particular risk groups.

A key assumption of the ERM System is a clear and precise distribution of tasks and responsibilities, ensuring that no conflicts of interest arise. In particular, the system ensures that the risk-taking function is independent from risk control and monitoring. This is achieved by centralising the control function at a parent Company level in an organisational and functional separation of the risk-taking function. In the framework of ERM system organisation, roles and responsibilities of risk management process in TAURON Capital Group were defined.

In the risk management process in place in TAURON Group, the Risk Committee plays a special role which, as an expert team, supervises the functioning of the risk management system in the TAURON Capital Group on a permanent and continuous basis. The Risk Committee is comprised of persons with appropriate knowledge of the Company and its environment and the necessary qualifications and mandates. The Risk Committee's task is to set norms and standards for risk management in the TAURON Capital Group and to supervise the effectiveness of the risk management process. The Risk Committee has three separate teams: for the commercial risk area, for the financial and credit risk area, and for operational and regulatory risk management.

Figure no. 4 Links between individual roles and the documents regulating the ERM System in TAURON Capital Group in detail.



In the framework of the ERM Process in place, risk control and monitoring principles have been adopted at the Group to limit the TAURON Group's exposure to factors that could adversely affect its operations. The primary risk control tool is the Risk Appetite approved by the Company Management Board which defines the basic framework used by the TAURON Capital Group for risk management purposes. In line with the adopted approach, the TAURON Capital Group's priority is to maintain the maximum level of security at a level that allows the TAURON Capital Group to achieve its strategic objectives.

On the basis of the Risk Appetite, a Risk Tolerance is approved which defines the maximum permissible value of risk exposure in the TAURON Capital Group, in particular taking into account the specific nature and scope of its activities. The level of Risk Tolerance is expressed in the form of a set of metrics and boundary conditions limiting risk exposure. Risk Tolerance is a practical translation of Risk Appetite, taking into account the breakdown into key categories of Specific Risks and the related Global Limits.

A complementary tool for risk monitoring and control is the Early Warning System, based on a catalogue of Key Risk Indicators (KRIs) and Early Warning Indicators (EWIs). The purpose of a functioning Early Warning System is to identify risks in good time by monitoring the causes of individual risks. At the same time, the system allows countermeasures to be taken in advance, before individual risks actually materialise.

The rules of the ERM system are implemented at a level of all significant processes, comprising simultaneously all elements of TAURON Capital Group's value chain, which enables a comprehensive and sufficiently early risk identification in TAURON Capital Group areas and, as a consequence, provides a possibility to undertake effective risk response in advance.

The risk management system in place at TAURON Group is described in detail in the *Management Board's Report on Operations of TAURON Polska Energia S.A. and TAURON Capital Group for the 2024 financial year*, which included sustainable development reporting including an indication of the major risk factors in individual Segments of the Company activity and a description of the main risk categories and subcategories, an assessment of their materiality and the risk response measures taken.

Description of TAURON Group's risk exposures and actions taken in 2024

2024 was a year in which the effects of the conflict in Ukraine continued and its impact on the macroeconomic and market environment was felt, but it was no longer as severe as in previous years. In terms of the regulatory environment, the mechanisms introduced by the government aimed at limiting the increase in energy prices for end users continued to function, which translated into the levels of revenues and costs generated by TAURON Group companies, particularly in the Supply Area.

The relatively high level of inflation and the high level of interest rates continued during the past calendar year. However, the impact on the Group's cost of servicing financing was limited due to the anticipatory interest rate risk management policy in place.

The continued dynamic development of RES technology and its significant contribution to meeting electricity demand also continued, resulting in the displacement of the TAURON Group's conventional generating units and the need to adjust the operation of these generating sources to the unstable output of renewable sources.

Taking into account market, economic and geopolitical conditions, the organization undertook responses at both the operational and strategic levels, which were directed at minimizing the negative effects of the identified risk factors both in terms of business and maintaining business continuity.

Among the measures taken as part of the response to risks at TAURON Polska Energia S.A. and the TAURON Group in 2024, the following can be highlighted in particular:

- discussion and directional approval of the Risk Committee's proposal to update the TAURON Group's Risk Appetite and Tolerance,
- controlling the risks arising from the volatility of the market and economic environment, as well as risks of key importance to the Group's operations,
- updating and adjusting the strategy for securing a commercial position in line with commercial plans and market and regulatory conditions,
- monitoring of the regulatory environment and undertake responses in preparing analyses of the impact of legislative projects on the TAURON Group, participate in consultations within industry associations, prepare regulatory positions,
- monitoring of the risk of exceeding the covenants of the financing agreements,
- supporting the Investment Committee in the process of identifying and measuring the risk exposure of significant investment projects in the TAURON Group,
- monitoring of the payment discipline of TAURON Group customers,
- implementation and improvement of the Business Continuity Management System to ensure protection and build resilience of critical business processes,
- conducting identification and assessment of risks, opportunities and impacts (IRO) in terms of sustainability (ESG) issues.

In parallel, in order to ensure the adequacy of the risk management system process, changes were made on an ongoing basis to the processes, regulations and tools used in order to adapt them to the changing market, regulatory and macroeconomic environment. The Audit Committee periodically received information prepared by the Executive Director for Risk on identified risks, as well as actions taken in response to risks.

The development of the TAURON Group's system of risk control indicators, with particular emphasis on early warning indicators, was continued consistently. The TAURON Group's risk registers were also reviewed and updated annually to identify new risks and to review and implement mitigating actions.

The Risk Area also participated in the identification of significant risks, impacts and opportunities (IRO). In 2024 the company benefited from an IT system implemented at the beginning of the year and dedicated to support the TAURON Group's risk management processes.

Assessment of the adequacy and effectiveness of risk management

On the basis of ongoing monitoring, the analysis of the applicable internal regulations and the cyclical reports and statements received from the Executive Director for Risk on the risks identified at the TAURON Group level and the measures taken to mitigate individual risks, the Supervisory Board concludes that risk management in TAURON Group:

- ✓ is based on a risk management process that provides a holistic and consistent framework - a continuous activity involving risk identification, risk assessment, risk response planning, implementation of the adopted risk response and communication between the participants in the process
- ✓ covers all elements of the value chain
- ✓ ensures centralising of the measurement, monitoring and risk control functions as well as a possibility of assessing the full risk profile in the organisation and consistent principles of its management
- ✓ ensures that the risk-taking function is independent from risk control and monitoring
- ✓ ensures a clear allocation of competences and responsibilities, in particular by introducing a risk ownership function
- ✓ is supervised by the Risk Committee as the team of experts that permanently and continuously initiates, analyses, monitors, controls and supports the performance of the risk management system in TAURON Capital Group
- ✓ is a pro-active process, oriented towards identifying risks early enough to be able to take preventive measures
- ✓ is a systematic and constantly improved process, which allows it to be adapted to the specific nature and organisational structure of TAURON Capital Group as well as to the changing environment
- ✓ places great emphasis on awareness-building, training and encouraging employees to use risk knowledge in their daily activities
- ✓ co-creates a system of internal control in TAURON Capital Group constituting an element of the model of three defence lines, next to the function of ensuring the compliance and security management
- ✓ uses tools to implement the process effectively, i.e. risk card, the risk register, the risk response plan, volatility models, scoring models, risk limits
- ✓ is based on a risk model defining a consistent classification of risks, enabling their uniform and comprehensive recognition at a level of the entire TAURON Capital Group

In view of the foregoing, as well as on the basis of the assessment of the situation in 2024 and the evaluation of the effectiveness of the measures taken by the TAURON Group and the Executive Director for Risk, the Supervisory Board positively assessed the corporate risk management system implemented at the TAURON Group.

Accordingly, in the Supervisory Board's opinion, the Company maintains and implements an effective ERM System, separating in its structure a unit responsible for risk management. The tools for identifying, measuring, reporting and controlling risks allow for the advance development and implementation of responses to emerging risks and, consequently, the achievement of the TAURON Group's business and strategic objectives, while ensuring an appropriate level of security. The Company ensured adequate resources for the effective functioning of the risk management and control system adapted to the Company's size and the type and scale of its operations. In line with the Best Practice of WSE listed companies, the remuneration of the Executive Director of Risk was based on the performance of assigned tasks and not on the Company's short-term performance. The risk management process is in line with market best practice and regulatory requirements, and the organisation of the process itself ensures that the control function is independent of the business. The Executive Director of Risk periodically prepared and submitted for the information of both the Management Board as well as the Audit Committee and the Supervisory Board reports and reports on the risks identified at the TAURON Group level and the mitigating actions taken.

COMPLIANCE

Characteristics of the adopted Compliance Management System

The Compliance Management System applicable in TAURON Group is aimed to ensure that the TAURON Group's activities comply with the law, guidelines of supervisory bodies, internal regulations and the principles of ethics.

The Compliance Management System comprises the activities of all TAURON Group's organisational units and is adapted to the nature, risk profile and scale of the TAURON Group's activities.

The basic internal corporate regulation setting the operating framework for the Compliance Management System is the TAURON Group's Compliance Policy.

The system is based on the guidelines arising from the ISO 37301 Compliance Management Systems standard, provisions of law (including the provisions of the Act of June 14, 2024 on whistleblowers' protection), the recommended standards for anti-corruption and the Best Practice published by the Warsaw Stock Exchange.

The Executive Director for Compliance is responsible for the development and maintenance of the compliance system in the TAURON Group, who performs his activities with the support of the Compliance Coordinators in the TAURON Group companies. The Executive Director for Compliance reports directly to the President of the TAURON Polska Energia S.A. Management Board and has the ability to report directly to the TAURON Polska Energia S.A. Supervisory Board. Within the framework of the functioning of the Compliance Management System, stages are distinguished:

- 1) Planning - consisting of defining priorities and a timetable for future actions necessary to ensure the proper functioning of the Compliance Management System within the framework of the TAURON Group Compliance Plan.
- 2) Regulatory monitoring - consisting of monitoring compliance with laws, provisions of internal regulations, ethical standards.
- 3) Compliance assurance - involving the implementation of actions to prevent, detect and analyse instances of non-compliance.
- 4) Reporting - which consists of drawing up cyclical reports on the scope of tasks carried out by the Compliance Area for the Audit Committee of the Supervisory Board and the TAURON Polska Energia Supervisory Board.

The TAURON Polska Energia Supervisory Board supervises the due functioning of the adopted Compliance Management System in TAURON Group.

Assessment of the adequacy and effectiveness of Compliance

The year 2024 was characterized by further growth in the expansion of the TAURON Group's Compliance Management System. The TAURON Group's Whistleblower Reporting System was updated as part of the alignment of the TAURON Group's operations with the requirements under the provisions of the Whistleblower Protection Act of June 14, 2024. The activities of the Compliance Area undertaken in 2024 took into account the goals and requirements arising from regulations on sustainable development of companies, with a particular focus on obligations to respect human rights and prevent corruption. In 2024, a corruption risk analysis and assessment was carried out at all TAURON Group companies enabling the identification of functions and areas most at risk of corruption and bribery.

As part of its educational activities aimed at developing a compliance culture in the organization, a series of training courses entitled "Manager's Compliance Academy" was conducted in 2024, aimed at managers of TAURON Group companies. The thematic scope of the initiative included such issues as the formation of a friendly work environment, the occurrence and management of conflicts of interest, the development of a whistleblowing system in the organization, ESG and anti-corruption.

The Supervisory Board confirms that the Compliance Management System implemented at the TAURON Group ensures the due implementation of tasks and objectives relevant to the proper functioning and further development of the TAURON Group in the area of compliance. The Compliance

System is subject to evaluation and continuous improvement in accordance with the PDCA (Plan, Do, Check, Act) cycle.

The assessment of the solutions adopted to ensure the adequacy and effectiveness of the compliance system performed in the framework of:

- ongoing supervision of the tasks performed by the Executive Director for Compliance at TAURON Polska Energia S.A. and Compliance Coordinators at TAURON Group companies,
- cyclical reporting to the Audit Committee on the implementation of compliance tasks,
- reports submitted to the TAURON Supervisory Board in the scope of compliance tasks implemented in TAURON Group,
- TAURON Group's Compliance Report containing information on the functioning of the Compliance Management System in TAURON Group,

With regard to the adequacy of the Compliance Management System at the TAURON Group, it should be stated that the organisational scheme presented in the TAURON Group Compliance Policy and the principles of its operation are appropriate, optimal and proportionate to the scale and scope of the TAURON Group's activities. The actions taken to improve the system and procedures should be assessed as aiming at their continuous improvement.

Taking into account the foregoing, it should be stated that the catalogue of measures, tools and tasks carried out by the Compliance Area was diversified, which ensured proper implementation of the tasks under the Compliance Management System in the TAURON Group.

THIRD LINE - INTERNAL AUDIT

Description of internal audit functioning

The internal audit function in TAURON Capital Group is performed within the Internal Audit Area in TAURON Polska Energia S.A. and is organised in such a way as to ensure the broadly understood security of TAURON Group's operations while supporting the achievement of the Strategy objectives. While pursuing its audit activities, the TAURON Group seeks to increase the predictability of achieving its strategic objectives, including the stable achievement of the assumed financial result, focusing also on potential risks that may pose threat to the value levers that are key to the implementation of the Strategy.

The main objectives of the Internal Audit Area in TAURON Polska Energia S.A. include planning and implementing audit tasks within TAURON Group, creating and coordinating the principles of internal audit in TAURON Group and providing the support to the organisation in maintaining an effective internal control system.

Internal audit activities are carried out by Strategic Audit Team and Operating Audit Team within the Internal Audit Area at TAURON. The Internal Audit Area performs planned and ad hoc audit tasks both in TAURON and in TAURON Capital Group companies. Internal Audit Area acts on the basis of the Annual Audit Plan for a given calendar year, while carrying out audit tasks of a process nature and assessing the current level of individual risks and the effectiveness of their management.

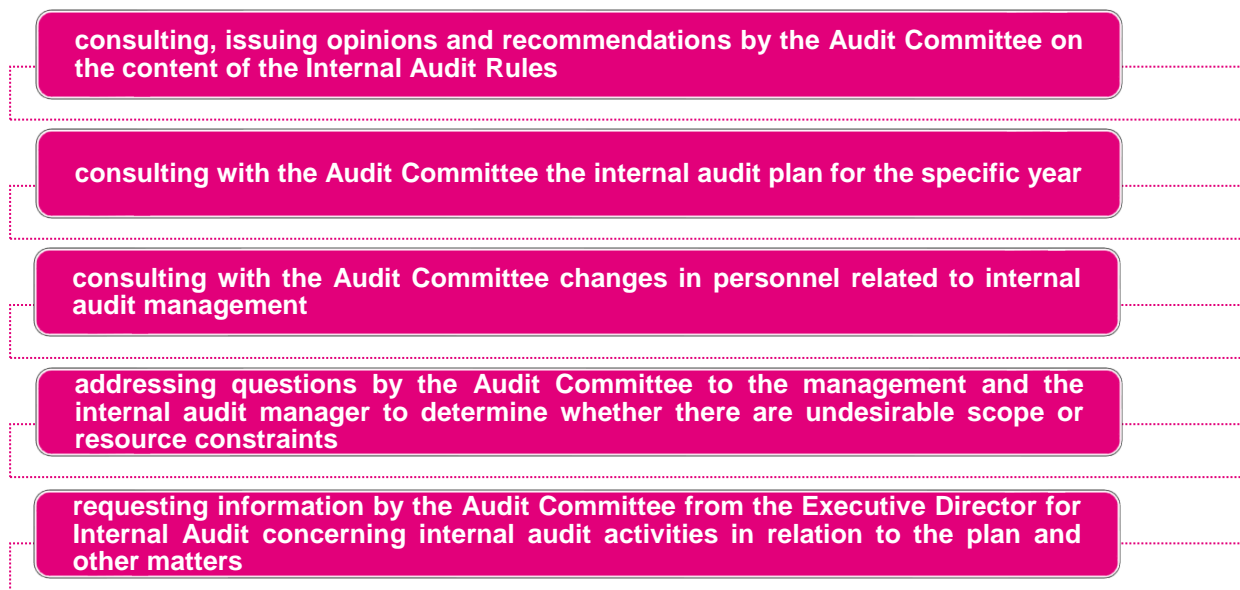
The audit activity also verifies the accuracy of the processes audited and the adequacy and implementation of the control mechanisms in the audited processes. Where irregularities are identified, the auditors recommend undertaking appropriate corrective action. The implementation of recommendations is the responsibility of the management of the audited entities while the degree of implementation of audit recommendations is monitored on an ongoing basis using the dedicated MRA (Monitoring of Audit Recommendations) application.

Assessment of the adequacy and effectiveness of internal audit

The organisation of the Internal Audit Area operating within the TAURON's Organisational Structure is intended to enable the scope of audits and controls to cover the entire activity of the organisation both from the perspective of the needs of TAURON Capital Group and individual subsidiaries. The direct organisational reporting to the President of the Management Board and the functional reporting to the

Audit Committee allows the aforementioned Area to maintain the necessary independence and impartiality needed to perform its duties effectively.

The internal audit function is supervised by the Audit Committee of the Supervisory Board, which involves, among others:



The Executive Director for Internal Audit was also provided with a possibility to report directly to the Audit Committee on a cyclical basis. This authorisation is implemented in the applicable Organisational Bylaws of the Company. In addition, the updated Internal Audit Regulations provide for the Audit Committee to approve the annual budget of the Internal Audit unit.

In the opinion of the Supervisory Board, the aforementioned solutions implemented are adequate and enable the Internal Audit Area to operate effectively and efficiently. The internal audit function in TAURON Group is implemented effectively and is an important element of risk management with regard to the operation of control mechanisms in the Company activities. In the opinion of the Supervisory Board, independent and objective information on the internal control system, risk management, compliance and analysis of business and operational processes in TAURON Group provided by internal audit, adds value and contributes to the operational improvement of the organisation.

7.3. Conclusions of the evaluation

As a result of the evaluation, the Supervisory Board recognises that the reports concerning TAURON Polska Energia S.A. and the TAURON Capital Group for the financial year 2024 in all material aspects:

- 1) present reliably and clearly all information relevant to the assessment of the economic and financial position of TAURON Polska Energia S.A. and the TAURON Capital Group, as well as its financial result for the financial year 2024,
- 2) comply with the legal provisions affecting the form and content governing the preparation of these reports,
- 3) have been prepared on the basis of properly kept ledgers in accordance with the accounting principles required.

Pursuant to the results of the evaluation contained in this report and the information and positive opinion of the auditor contained in the reports on the audit of the financial statements of TAURON Polska Energia S.A. and the TAURON Capital Group for the financial year 2024, the Supervisory Board recommends that the Ordinary General Meeting should approve:

- 1) Financial Statements of TAURON Polska Energia S.A. for the year ended 31 December 2024 compliant with the International Financial Reporting Standards as approved by the European Union,

- 2) Consolidated Financial Statements of the TAURON Polska Energia S.A. Capital Group for the year ended 31 December 2024 compliant with the International Financial Reporting Standards as approved by the European Union,
- 3) Report of the Management Board on the operations of TAURON Polska Energia S.A. and the TAURON Capital Group for the financial year 2024 which included sustainable development reporting.

At the same time, due to the positive evaluation of the reports, the Supervisory Board recommends that the Ordinary General Meeting approves the distribution of net profit of TAURON Polska Energia S.A. for the financial year 2024 in the manner specified in the proposal of the Company's Management Board, i.e. by allocating it in full to the Company's supplementary capital.

Having analysed the Company's control, security, risk management, compliance and audit systems within the three lines, and having taken into account the evaluation of the adequacy and effectiveness of these areas, the TAURON Supervisory Board positively evaluates the effectiveness of the internal control, risk management, compliance and internal audit systems, at the same time recommending further implementation of improvements to the existing mechanisms to ensure the proper and effective functioning of TAURON Polska Energia S.A.

The TAURON Supervisory Board considers the model in place at the Company to be comprehensive and, moreover, appropriate to the Company's risk profile and size, and to provide adequate protection against the occurrence of undesirable events. The measures taken enable the most effective countermeasures to be taken to prevent negative impacts, in particular on the Company's operations and financial performance.

8. Assessment of the application of corporate governance rules by the Company and the method of fulfilling disclosure obligations related to their application

In 2024, the Company was subject to the corporate governance rules contained in Best Practice for WSE Listed Companies 2021 introduced by Resolution No. 13/1834/2021 of the WSE Supervisory Board of 29 March 2021, effective as of 1 July 2021.

Pursuant to § 29(3) and (3a) of the Stock Exchange Rules, the Company monitored the application of corporate governance rules on an ongoing basis in terms of any circumstances justifying a change in the content of the explanations in the scope of failure to apply or method of application of the rules.

In 2024, following adoption of 2025-2035 TAURON Group's Strategy, the new dividend policy and the new Internal Audit Regulations in TAURON Group, the status of compliance with principles 3.6. and 4.14 of the Best Practice changed. In addition, circumstances occurred that justify amendments to the explanations regarding non-complied principles 1.4.2., 2.1. and 2.2. of the Best Practice.

Information regarding compliance with principles 3.6. and 4.14. and regarding change as to compliance with principles 1.4.2., 2.1. and 2.2. was announced on December 17, 2024.

As of the date of this Report, the Company did not apply the following rules:

- 1) 1.4.2 - the rule regarding presenting the value of the equity ratio of remuneration paid to its employees, calculated as a percentage difference between the average monthly remuneration paid to women and men for the last year and information on the actions taken to eliminate any potential inequalities in this respect, including the presentation of the associated risks and the time horizon over which the equality is planned to be achieved.
- 2) 2.1. - the rule concerning holding a diversity policy related to the management board and the supervisory board, adopted by the supervisory board or the general meeting respectively, setting out the objectives and the criteria of diversity with regard to, among others, gender, educational background, professional knowledge, age and professional experience, as well as indicating the timeframe and method for monitoring the achievement of those objectives. In terms of gender diversity, a condition for ensuring the diversity of the company governing bodies is that the minority participation in the respective governing body shall be no less than 30%.

- 3) 2.2. - the rule stating that persons deciding on the election of members of the Management Board or the Supervisory Board of the Company should ensure the versatility of these governing bodies by electing persons who ensure diversity, making it possible, among others, to achieve the target ratio of minimum minority participation determined at a level which is not lower than 30%, in accordance with the objectives set out in the diversity policy referred to in section 2.1. of *Best Practice*.
- 4) 3.7. - the rules stating that rules 3.4. - 3.6. shall also apply in the case of entities of the company group that are significant to its business, if they have designated persons to carry out these tasks.
- 5) 4.1. - the rule concerning enabling shareholders to participate in the general meeting by means of electronic communication where this is justified due to the expectations of shareholders, as long as the company is able to provide the technical infrastructure necessary for holding such a general meeting.
- 6) 6.2. - the rule concerning the construction of incentive schemes in a way necessary, among others, to tie the level of remuneration of members of the company management board and key managers to the actual long-term financial standing of the Company in the scope of financial and non-financial results and long-term growth of shareholder value, sustainable development as well as the stability of the company functioning.
- 7) 6.3. - the rule stating that if one of the company incentive programmes is a managerial options programme, then the implementation of the options programme should be conditional on the fulfilment by the authorised persons, within a period of at least 3 years, of pre-determined, realistic and appropriate financial and non-financial objectives for the company and sustainable development, while the price established for the acquisition of shares by the authorised persons or settlement of the options may not diverge from the value of the shares applicable in the period when the programme was adopted.
- 8) 6.4. - the rule stating that the supervisory board shall carry out its tasks continuously and, therefore, the remuneration of board members shall not depend on the number of meetings held. Remuneration of members of committees, in particular the audit committee, should take into account the additional workload associated with the work in these committees.

In 2024, the Company fulfilled its obligations related to the application of corporate governance rules set out in §29 of the Stock Exchange Regulations and in §70(6)(5) of the Regulation of the Minister of Finance of 29 March 2018 *on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a third country may be recognised as equivalent*.

In 2024, the Company did not record any cases of violation of Best Practice.

Bearing in mind the requirements of §70(6)(5) of the Regulation, the *Report of the Management Board on the operations of TAURON Polska Energia S.A. and TAURON Capital Group in the financial year 2024* which included sustainable development reporting, contained a statement on the application of corporate governance principles, constituting a separate part of the report, including the indication of the set of corporate governance rules which the Company was subject to and the place where the text of the set of principles was publicly available, as well as the indication of the provisions of the set of corporate governance rules which the Company did not apply.

In the opinion of the Supervisory Board, in 2024, the Company correctly applied the principles of corporate governance and properly fulfilled its disclosure obligations regarding their application set out in the Exchange Rules and the regulations concerning current and periodic information provided by issuers of securities. In the opinion of the Supervisory Board, the explanations and comments published by the Company relating to the set of corporate governance rules present the functioning of the Company governing bodies in a reliable and transparent manner.

9. Assessment of rationality of the expenses incurred by the Company and TAURON Group to support culture, sports, charities, media, social organisations, trade unions, etc.

Activities in the area of sponsoring, promotion and CSR are aimed at building strength and recognition of TAURON brand. Their purpose is to build the strategic position of the brand in the power sector

among clients which will support execution of business tasks resulting from TAURON Group's 2025-2035 Strategy. The role of sponsorship, promotion and CSR is to build positive brand image, trust as well as strong and lasting relation, which in effect will contribute to the development of the company and strengthen the image of TAURON as a trustworthy business partner.

The perception of the organisation through its image has also key impact on customer purchase readiness and loyalty. TAURON Capital Group is connected with almost 6 million customers, with the provinces of Lower Silesia, Opole, Silesia and Małopolska representing the dominant areas of its operations.

In the framework of corporate regulations, the listed activities are described in the following documents adopted by resolution by the Management Board of the Company and implemented by specific substantive areas:

1. *TAURON brand strategy for 2022-2030,*
2. *TAURON Group's sponsoring strategy for 2018-2025¹,*
3. *TAURON Group's Communication Strategy for 2018-2025,*
4. *Sponsoring rules in TAURON Group,*
5. *Principles for conducting promotional activities in TAURON Group,*
6. *Principles for running Corporate Social Responsibility (CSR) projects in TAURON Group¹.*

¹In 2024 the Company developed new TAURON Group's 2025-2035 Strategy for sponsorship, promotion and CSR which was approved of in Q1 2025.

The above documents regulate in detail the manner and objectives of spending funds in pursuit of the assumptions of sponsoring, promotion and CSR activities. They also regulate how to evaluate the effectiveness of these projects. Accordingly, the TAURON Group's image creation and management activities are transparent and measurable.

TAURON Capital Group pays special attention to the proper fulfilment of its role as a responsible member of the community in which it operates. It addresses pro-social projects broadly, in proportion to the extent of its business activity.

The table below shows expenditure on supporting culture, sport, charity institutions, media, social organisations.

Table no. 13 TAURON Group's expenditure on supporting culture, sport, charity institutions, media, social organisations in 2024.

No.	Category	TAURON Group's expenditure in 2024 (PLN million) ¹
1.	Sports	17,3
2.	TAURON Foundation	3,5
3.	Culture and Arts	1,8
4.	Social organisations / charity institutions	1,6
5.	Education	0,6

¹The expenditure includes the costs of sponsoring, promotional and CSR activities as well as donations provided by TAURON Group companies to foundations, social organisations, etc.

In the sports category, the largest support went to the Polish Olympic Committee, with which TAURON signed an agreement in 2023. Since 2020 TAURON has also cooperated with the Polish Volleyball League, with which TAURON extended cooperation for another four years in 2024. Under title and strategic sponsorship, TAURON supports the best volleyball leagues in Poland. TAURON leagues and the Women's and Men's Polish Cup are covered by title sponsorship, while strategic sponsorship includes: PlusLiga, Super Cup of Poland for Women and Men. In addition, TAURON supports sports for the local community by being the title sponsor of the GTK Gliwice club.

From the point of view of TAURON Group's spending, an important project is TAURON Arena Krakow, which has a strategic regional reach. It is Poland's largest and one of the world's most modern arenas, hosting sports and cultural events that have a nationwide reach with high visibility. In 2024, TAURON signed a new agreement to be the facility's title sponsor until 2028.

Charity activities in TAURON are implemented through the TAURON Foundation whose statutory objective is to support the public welfare mainly in the field of education, upbringing and science and additionally in the field of health care, development of the economy, culture and arts, social care and assistance, sport and recreation, environmental protection, protection of cultural assets and national heritage and promotion and organisation of volunteering. The TAURON Foundation operates on the basis of funds acquired mainly from companies of TAURON Capital Group and charitable activities of employees as part of employee volunteering. The aid is granted based on the preliminary budget of the TAURON Foundation for a given year, developed by the Management Board and consulted with the Foundation Board. In 2024 the Foundation carried out 220 social initiatives, focusing on helping people and institutions in distress. It supported TAURON Group employees and their families, engaged in educational and sports projects, and supported educational, health care and rehabilitation facilities. One of its key activities in 2024 was to help flood victims in Lower Silesia.

Within the framework of educational projects in 2024, TAURON supported the Wawel Royal Castle in terms of patronage of the summer outdoor music festival Wawel at Dusk and the implementation of the Health Week project combined with a blood donation campaign, among others. In 2024, the TAURON Group also implemented an educational campaign under the slogan #Don't Smog #Just Breathe, aimed at the residents of the Silesian agglomeration, including educational activities carried out in schools.

In the area of CSR, the TAURON Group cooperated with the Siemacha Association, supporting projects in the field of upbringing, therapy and sports for more than 2,500 children in 20 specialized institutions run in southern Poland, with the Szerpowie Nadziei Foundation, which makes it possible for people with disabilities to realize their dreams of conquering mountain peaks, as well as with the Mountain Volunteer Rescue Service, organizing campaigns promoting active lifestyles and safe behavior in the mountains.

Sponsoring activities in TAURON Capital Group were carried out in 2024 on the basis of the sponsoring activity plan positively approved by the Supervisory Board. The Supervisory Board approved the conclusion of sponsoring agreements with a value exceeding PLN 500 000 by separate resolutions. After the closure of the budgetary year 2023, the Supervisory Board issued a positive opinion on the *Report on the implementation of the sponsoring activity by TAURON Group in 2023*.

In 2024, the equivalence ratio of sponsoring projects was 27.54. It means that every PLN spent on sponsoring activities generated PLN 27.54 in the form of advertising equivalent. The sponsoring projects carried out by TAURON Capital Group generated the highest TV advertising equivalent in the energy sector.

In the opinion of the Supervisory Board the TAURON Group's expenditures on supporting sport, culture, education and charity organisations are fully justified as they have a significant impact on building the brand image and positive relations with the environment. These activities are positively perceived by customers of TAURON Group and support the sales of TAURON Group's products. It is confirmed by surveys conducted by independent research companies: *Sponsoring Insight Annual report of the TAURON Group's sponsoring activity for 2024*, and *ARC Market and Opinion Sponsoring Monitor 2024*.

10. Assessment of the Management Board's performance of its obligations towards the Supervisory Board as indicated in Article 380¹ and in Article 382 § 4 of the CCC

Application of Article 380¹ § 1 and 2 of the CCC was excluded by the Articles of Association because TAURON as a public company fulfils disclosure obligations defined in the regulation of the Minister of Finance of March 29, 2018 on current and periodic information disclosed by issuers of securities and the conditions under which information required by legal regulations of a third country may be recognized as equivalent and the regulation of the European Parliament and the Council (EU) No. 596/2014 of April 16, 2014 on market abuse.

In fulfilment of the above disclosure obligations and fulfilling the Best Practice, during the period covered by this report, the Management Board of the Company submitted to the Supervisory Board and the Committees of the Supervisory Board, periodic reports (quarterly, semi-annual and annual) that included detailed information on the position of the Company, including with regard to its assets, as well as significant circumstances in the conduct of the Company affairs, in particular in the operational, investment and human resources areas, progress in the implementation of the Company designated

business directions (deviations from the previously designated directions were justified), transactions and other events or circumstances which materially affected or could have affected the Company assets, including its profitability or liquidity, changes to the information previously provided to the Supervisory Board if they materially affected or could have affected the Company's position. At the same time, the Management Board provided information on the subsidiaries and affiliated companies forming part of TAURON Group.

Notwithstanding the foregoing, information on resolutions and their subject matter adopted by the Company Management Board in the period since the previous Supervisory Board meeting was submitted to each Supervisory Board meeting.

With reference to its obligations under Article 382 § 4 CCC, the Supervisory Board received information, documents, reports, both those specified in the framework work plan adopted by the Supervisory Board, as well as explanations requested by the Supervisory Board, Committees or its members from the Management Board during the reporting year.

The Management Board did not restrict the Supervisory Board members' access to requested information, documents, reports or explanations, also concerning subsidiaries and affiliated companies.

11. Information on the total remuneration payable by the Company for analyses commissioned by the Supervisory Board to its advisors pursuant to Article 382¹ of the CCC

Pursuant to Article 382¹ of the CCC, no contract for the needs of the Supervisory Board to examine, at the Company expense, a specific matter relating to the Company business or its assets by a selected advisor was awarded during the reporting year.

In 2024, legal opinions were drawn up for the Supervisory Board by the internal legal area in connection with doubts of a formal and legal nature.

15 April 2025

Signatures of Members of the Supervisory Board:

Chair of the Supervisory Board - Sławomir Smyczek
Vice Chair of the Supervisory Board - Natalia Klima-Piotrowska
Secretary of the Supervisory Board - Piotr Kołodziej
Member of the Supervisory Board - Michał Hulbój
Member of the Supervisory Board – Arkadiusz Jówko
Member of the Supervisory Board - Beata Kisielewska
Member of the Supervisory Board - Leszek Koziorowski