



## STATEMENT OF APPLICATION OF CORPORATE GOVERNANCE IN 2023

March 2024

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# STATEMENT ON APPLICATION OF CORPORATE GOVERNANCE

Pursuant to § 70, clause 6, sub-clause 5) of the Regulation of the Minister of Finance of March 29, 2018 on the current and periodic information disclosed by the issuers of securities and the conditions to acknowledge as equivalent the information required by the legal regulations of a non-member state (Journal of Laws of 2018, item 757), the Management Board of the Company presents the statement on the application of corporate governance in 2023.

## 1. Applied set of corporate governance rules

In 2023 the Company had been subject to the corporate governance rules, described in the Best Practice of the WSE (GPW) Listed Companies 2021 (Best Practice 2021), adopted by the Supervisory Board of the WSE (GPW) by way of the resolution no. 13/1834/2021 of March 29, 2021, which had come into force on July 1, 2021, and have been applied by the Company since that date.

The text of the Best Practice 2021 document is published on the WSE (GPW) website at the following address: <https://www.gpw.pl/dobre-praktyki2021>.

The up to date Information on the application by the Company of the principles contained in the Best Practice 2021 document is posted on the Company's website at the following address: <https://www.tauron.pl/tauron/relacje-inwestorskie/informacje-o-spolce/lad-korporacyjny>.

### Description of the manner in which the Company is applying the principles provided in the Best Practice 2021

The Company presents the below information on the rules applied by the Company in 2023.

#### The rules related to the information disclosure policy and communications with the investors

Section 1 of the Best Practice 2021 sets out the rules for ensuring the proper communications with the stakeholders and conducting a transparent and reliable information disclosure policy.

The Company had used various channels of communications with the capital market participants in 2023. All of the information required by the law is posted and updated on an ongoing basis on the Company's website. The Company had maintained ongoing contacts with the investors (institutional and individual) as well as the analysts from the brokerage houses and the investment banks. The Company had communicated with them at the conferences organized following the publication of every interim report, the individual meetings organized at the request of the investors and analysts, as well as the regularly organized chats for the retail investors. The contact details for the investors along with the available telephone numbers and the e-mail addresses, as well as a contact form (rule 1.1.), are provided on the Company's website at the following address: <https://www.tauron.pl/tauron/relacje-inwestorskie>.

The Company had prepared and published, on the Company's website at the above indicated address, the periodic (interim) reports containing the financial results, as soon as possible following the end of the reporting period. In order to reduce the investors' uncertainty with respect to the Company's financial standing, the Company had published the estimated financial results prior to the publication of the periodic (interim) reports (rule 1.2.).

The Company had also incorporated the ESG subjects into its business strategy, including in particular:

1. environmental issues, including the metrics and risks related to climate change and the sustainability issues,
2. social and labor issues, including the measures, taken and planned, aimed at, among other things, ensuring gender equality, sound working conditions, respect for the employees' rights, dialogue with the local communities, customer relations.

The Group's Strategy also covers the ESG subjects and it was described in current report no. 27/2022 of June 22, 2022. The detailed information on the adopted Strategy is provided in the presentation posted along with the current report on the Company's website, as well as in the 2022 Integrated Report available at the following address: <https://raport.tauron.pl/>. In addition, a document titled "ESG in TAURON Group's Strategy" had been adopted in September 2023. It is a presentation of a comprehensive and consistent with the strategy approach to the sustainable development. The document includes the set directions and goals for the environment and climate protection, care for the society and the adherence to the highest standards of the corporate governance. In accordance with the ESG criteria, the goals from each area are supported by the actions, initiatives and the projects that make the accomplishment thereof possible. The document is available on the website at the following address: <https://www.tauron.pl/tauron/o-tauronie/raportowanie-esg> (rule 1.3.).

In order to ensure the proper communications with the stakeholders, with respect to the adopted business strategy, the Company posts, on the Company's website at the following address: <https://www.auron.pl/auron-o-auronie/auron-dla-otoczenia/zielony-zwrot>, the information on the assumptions of the strategy it has in place, the measurable goals, including in particular the long term goals, the planned activities and the progress in the implementation thereof, defined based on the metrics, both the financial, as well as the non-financial ones. The information on the strategy in the ESG area, among other things: explains how the climate change issues are taken into account in the decision making processes of the Company and those of its Group's entities, indicating the risks involved with respect thereto (rule 1.4.).

The Company discloses the expenses incurred thereby and its Group to support culture, sports, charitable institutions, media, social organizations, trade unions, etc. in the Report of the Management Board on the Operations of TAURON Polska Energia S.A. and TAURON Capital Group in section 2.9. (rule 1.5.).

The Company had held conference calls for the investors, analysts and media representatives each time after the publication of the financial results in 2023. These conference calls had been made available online in real time to all of the interested parties. During the earnings conference calls, the representatives of the Management Board of the Company had presented and commented on the financial and operating results posted, the adopted strategy and the implementation thereof, as well as the most important events that had an impact on the business operations of the Company and TAURON Capital Group, as well as the outlook for the future. During the organized meetings, the Management Board of the Company had publicly provided the explanations and given answers to the questions asked (rule 1.6.).

The investors may submit their questions in writing, by phone, via e-mail or using the contact form available on the website at the following address: <https://www.auron.pl/auron/relacje-inwestorskie/kontakt-dla-inwestorow/formularz>. The Company has adopted a Procedure for disclosing the information on the Company and the subsidiaries thereof for the purpose of the Investor Relations, along with an indication of the deadlines for completing the individual activities. The answers to the questions are provided immediately, and in the case of the issues that would require in-depth analyses / calculations, within 10 days (rule 1.7.).

### **The rules related to the Management Board and the Supervisory Board**

Section 2 of the Best Practice 2021 sets out the rules with respect to the performance by the Management Board and the Supervisory Board of the responsibilities thereof.

As of the end of the financial year 2023, seven Members of the Supervisory Board had met the independence criteria listed in the Act of May 11, 2017, on certified auditors, audit firms and public oversight, and also had no actual and material ties to a shareholder holding at least 5% of the total number of the votes in the company. As of the date of drawing up this report, eight Members of the Supervisory Board had met the independence criteria. All of the Members of the Supervisory Board had no actual and material ties to a shareholder holding at least 5% of the total number of the votes in the company (rule 2.3.).

During the period covered by this report, all of the votes of the Supervisory Board and the Management Board had been held by way of an open ballot (rule 2.4.).

The Rules of Procedure of the Company's Supervisory Board and the Rules of Procedure of the Company's Management Board shall provide for the voting Members of the Management Board and the Supervisory Board to submit a dissenting opinion for the record (rule 2.5.). During the period covered by this report, no Member of the Management Board or the Supervisory Board had submitted a dissenting opinion for the record.

Serving on the Company's Management Board had been the main area of the professional activity of the Members of Management Board, and the performance of the functions by the Members of the Management Board on the corporate bodies of the entities outside of the Capital Group had, every time, required an issuance of an approval of the Supervisory Board (rule 2.6. and rule 2.7.). The Members of the Supervisory Board had been able to devote the required amount of time to perform their responsibilities (rule 2.8.). During 21 meetings of the Supervisory Board and the Committees thereof, only 7 absences had been recorded. The Chair of the Supervisory Board had not managed the works of the Audit Committee (rule 2.9.), and the administrative and the financial resources had been delegated in accordance with the Company's size and the Company's financial position to ensure the efficient functioning of the Supervisory Board (rule 2.10.).

The Supervisory Board had drawn up and presented to the Ordinary General Meeting for approval an annual report that had included all of the information indicated in rule 2.11. By way of a resolution of the Ordinary General Meeting of May 10, 2023, the above mentioned report had been approved.

### **The rules related to the internal systems and functions**

Section 3 of the Best Practice 2021 refers to the efficient operation of the Company's internal systems and functions as the tools to be used for the performance of the oversight.

The Company had maintained the following effective systems: internal control system, risk management system and the legal compliance system, as well as an effective internal audit function, corresponding to the size of the

Company and the type and scale of its business operations (rule 3.1.). The Company shall have in place separate units responsible for the tasks of the individual systems or functions (rule 3.2.).

The Company has appointed an internal auditor who shall manage the internal audit function acting in accordance with generally recognized international standards of professional internal audit practice (rule 3.3.).

The compensation of the persons responsible for the risk management and compliance as well as that of the head of the internal audit shall depend on the performance of the assigned tasks and not on the Company's short term results (rule 3.4.). The persons responsible for the risk management and compliance shall report directly to the President or another Member of the Management Board (rule 3.5.).

The Director responsible for an internal audit had presented to the Audit Committee during the meetings on March 27, 2023, and April 15, 2024, and subsequently to the Supervisory Board, an assessment of the effectiveness of the functioning of the systems and functions referred to in rule 3.1, along with a corresponding report (rule 3.8.). The Audit Committee had monitored the effectiveness of the following systems: internal control system, risk management system, legal compliance system, and the internal audit function on an ongoing basis, while the Supervisory Board had performed, during its meeting on March 29, 2023, an annual assessment of the effectiveness of the functioning of these systems and functions for the year 2022, and, during the meeting on April 15, 2024, for the year 2023 (rule 3.9.). By 2026, the Company is planning to perform an independent assessment of the functioning of the internal audit (rule 3.10.).

### **The rules related to the General Meeting and the relations with the shareholders**

Section 4 of the Best Practice 2021 sets out the rules for holding the General Meetings and the other rules aimed at encouraging the shareholders to get involved in the Company's affairs.

Pursuant to the Regulations of the General Meeting, the Company had determined the place and date, as well as the form of the General Meeting in a manner that had enabled the participation of as many shareholders as possible in 2023 (rule 4.2.).

The Company had provided a publicly available broadcast, in real time, of the General Meeting in 2023, and the representatives of the media had been provided an opportunity to attend the meeting (rule 4.3. and rule 4.4.).

In 2022, the General Meeting had been convened by the Management Board pursuant to the provisions of the Code of Commercial Companies, and the Management Board had taken all of the required steps in order to convene, organize and conduct the General Meeting (rule 4.5.).

The draft resolutions of the General Meeting related to the issues and decisions other than those of a procedural nature had included the justifications (statements of reason) (rule 4.6.).

The Supervisory Board had provided its opinion (feedback) on the draft resolutions to be put on the agenda of the General Meeting by the Management Board (rule 4.7.).

In accordance with the Regulations of the General Meeting the Shareholders should submit the draft resolutions of the General Meeting on the issues put on the agenda of the General Meeting no later than 3 days prior to the General Meeting (rule 4.8.). In 2023, a shareholder, the State Treasury, at whose request an item on amending the Company's Articles of Association had been placed on the agenda of the General Meeting, had submitted a draft resolution in this regard by the above deadline.

Pursuant to the Regulations of the General Meeting, the shareholders who intend to propose the candidates for the members of the Supervisory Board should provide the Company with the justification of the candidates along with the professional CVs of the candidates and a complete set of materials related thereto, by the deadline that would enable the other shareholders to study them before the General Meeting is held and to make a decision on the appointment of a member of the Supervisory Board based on the adequate knowledge, but not later than 3 days prior to the General Meeting. The information received from the shareholders shall promptly be made available by the Company to the other shareholders in the manner specified in the announcement (notice) on the General Meeting for the provision of the documentation and the draft resolutions to be presented to the General Meeting. A shareholder proposing the candidates for the members of the Supervisory Board shall submit to the Company, along with the justification for the candidate, a statement of the candidate on the candidate's compliance or non-compliance with the independence criteria specified in the *Act of May 11, 2017 on certified auditors, audit firms and public oversight*, as well as on the existence or non-existence of the actual and material ties between this candidate and a shareholder holding at least 5% of the total number of the votes in the Company (rule 4.9.). In 2023, in spite of the inclusion of an item on the agenda of the General Meeting regarding the changes in the composition of the Supervisory Board at the request of a shareholder, no candidates for the members of the Supervisory Board had been put forward and, therefore, the resolutions regarding the changes in the composition of the Supervisory Board had not been voted on.

In 2023, the Members of the Management Board and of the Supervisory Board as well as the certified auditor had participated in the sessions of the General Meeting in a group of its representatives that would enable them to provide substantive answers to the questions asked during the General Meeting. The Management Board had

presented to the participants of the Ordinary General Meeting the financial results of the Company and other material information contained in the financial statements subject to the approval by the General Meeting (rule 4.11.).

In accordance with the Regulations of the General Meeting, a resolution of the General Meeting on the issue of the shares with the subscription rights (rights issue) shall specify in detail the issue price or the mechanism for the determination thereof, or shall oblige the authorized body to determine it prior to the subscription right date, within the time that would enable making of the investment decision. Since the date of the Best Practices 2021 coming into force, there have been no resolutions of the General Meeting on the issue of shares with the subscription rights (rights issue) (rule 4.12.).

In accordance with the Regulations of the General Meeting a resolution on a new issue of the shares with the exclusion of the subscription rights, which at the same time grants the pre-emptive right to take up the newly issued shares to the selected shareholders or other entities, may be adopted if at least the following conditions are met:

1. The Company has a rational, economically justified need to urgently raise capital or the issue of the shares is related to the rational, economically justified transactions, among other things, such deals as a merger with or an acquisition of another company, or the shares are to be taken up under the incentive program adopted by the Company,
2. people who will be entitled to the pre-emptive rights will be identified according to the objective general criteria,
3. the price of the shares to be taken up will be in a rational relation to the current price of the Company's shares or will be determined as a result of the market based book building process.

Since the date of the Best Practices 2021 coming into force, there have been no resolutions of the General Meeting on the new issue of shares with the exclusion of the subscription rights (rule 4.13.).

#### **The rules on the conflict of interest and the related party transactions**

Section 5 of the Best Practice 2021 sets out the procedures for managing a conflict of interest and concluding transactions with the related entities under such conditions when there is a possibility of a conflict of interest arising.

In accordance with the Regulations of the Management Board and the Regulations of the Supervisory Board of TAURON Polska Energia S.A., the Members of the Management Board or of the Supervisory Board shall inform the Management Board or the Supervisory Board, respectively, of any conflict of interest or the possibility of the occurrence thereof and they shall not participate in the consideration of a matter in which a conflict of interest may arise with respect thereto (rule 5.1.). During the period covered by this report, there had been no events that would give rise to a conflict of interest.

In accordance with the Regulations of the Management Board of TAURON Polska Energia S.A., if a Member of the Management Board or of the Supervisory Board considers that a decision of the Management Board or of the Supervisory Board, respectively, is contrary to the interests of the Company, he or she should demand that his or her dissenting opinion on the matter be included in the minutes of the meeting of the Management Board or of the Supervisory Board (rule 5.2.). In 2023 there had been no instances of the dissenting opinions being submitted to the minutes of the meeting of the Management Board or of the Supervisory Board by the Members of the Management Board and by the Members of the Supervisory Board.

In accordance with the procedures implemented in the Company, no shareholder shall be privileged over the other shareholders in relation to the transactions with the related entities. This shall also be applicable to the transactions between the Company's shareholders and the entities that are a part of the Company's group (rule 5.3.).

In accordance with the Company's Articles of Association a resolution of the General Meeting authorizing the Management Board of the Company to take steps aimed at acquiring the shares to be redeemed shall specify the conditions for the purchase of the shares by the Company (buy - back), while ensuring that the rights of all of the shareholders are respected (rule 5.4.). During the period covered by this report, the General Meeting of the Company had not passed any resolutions with respect to the above mentioned matters.

In case a transaction of the Company with a related entity requires an approval of the Supervisory Board, prior to adopting a resolution on the granting of the approval, the Supervisory Board shall assess whether it is necessary to first consult an external entity that will carry out the valuation of the transaction and analyze its economic effects (rule 5.5.). In 2023, the Supervisory Board of the Company had not passed any resolutions with respect to the above mentioned matters.

On the other hand, if a conclusion of a transaction with a related entity requires an approval of the General Meeting, the Supervisory Board shall prepare an opinion on the legitimacy of concluding such a transaction and, in such a case, shall assess the need to consult an external entity referred to in the previous sentence (rule 5.6.). In case the decision on the conclusion by the Company of a material transaction with a related entity is made by the General Meeting, prior to making such a decision, the Company shall provide all of the shareholders with access to the information required to assess the impact of this transaction on the Company's interest, including providing the opinion of the Supervisory Board referred to in rule 5.6. (rule 5.7.). In accordance with the Company's model,

entering into a material transaction with a related party shall require the approval of the Supervisory Board of the Company and shall not require the approval of the General Meeting of the Company.

The Company publishes on its website a list of the material transactions with the related entities drawn up in accordance with Art. 90i of the Act of July 29, 2005, on a public offering and conditions of introducing financial instruments to an organized trading system and on public companies: <https://www.tauron.pl/tauron/relacje-inwestorskie/wykaz-istotnych-transakcji>.

### The rules related to the compensation

Section 6 of the Best Practice 2021 sets out transparent, fair, consistent and non-discriminatory principles for the compensation of the management team.

The compensation of the Members of the Management Board of the Company and of the Supervisory Board of the Company as well of the key managers had been sufficient, during the period covered by this report, to attract, retain and motivate persons with the competencies required for the proper management and the oversight of the Company. The amount of the compensation is adequate to the tasks and duties performed by the individuals and the responsibility related thereto (rule 6.1.). The amount of the compensation of the Members of the Supervisory Board is not dependent on the Company's short term performance (rule 6.5.).

## 2. Set of abandoned rules of corporate governance

The Company did not apply the following rules provided in the Best Practice 2021 in 2023:

1. 1.4.2. – the rule related to the presentation of the value of the ratio expressing the equal compensation paid out to its employees, calculated as a percentage difference between the average monthly compensation of women and men for the last year and the information on the actions taken in order to eliminate any potential inequalities in this respect, including the presentation of the risks related thereto and the time horizon over which achieving of equality is planned.

*This rule was not applied by the Company due to the fact that this ratio did not reflect the actual conditions for the possibility of employing women and men in the Company's selected lines of business.*

*Regardless of this, the Company is guided by the principle of equal treatment of its employees and does not tolerate discrimination on any grounds, in particular, based on age, gender, race, nationality, religion, sexual orientation, appearance, fitness or difference of opinion. Measures are taken as well as procedures and mechanisms are implemented to protect the employees against the discrimination and unequal treatment, and to ensure the detection and elimination of the cases of such unlawful practices. The above mentioned principles stem from TAURON Group's Corporate Social Responsibility Code of Conduct (<https://www.tauron.pl/tauron/o-tauronie/kodeks-odpowiedzialnego-biznesu>) and TAURON Group's Respect for Human Rights Policy.*

2. 2.1. – the rule related to having a diversity policy in place with respect to the Management Board and the Supervisory Board, adopted by the Management Board or the Supervisory Board, respectively, defining the diversity goals and criteria, among others in terms of gender, education background, specialist knowledge, age and professional experience, as well as indicating the date and method of monitoring the achievement of such goals. In terms of the diversity with respect to gender the prerequisite for ensuring the diversity of the Company's authorities is the participation rate (share) of the minority in the given authority at a level of not less than 30%.

*The Company has implemented TAURON Group's Diversity Policy, on the basis of which TAURON Capital Group has applied the policy of equal treatment and has striven to ensure diversity in terms of gender, education, age and professional experience for all of the employees. However, the Company has not had a diversity policy with respect to the Management Board and the Supervisory Board in terms of the minority share in the given authority at a level of not less than 30%, due to the adoption by the Company of the solutions in accordance with the Act of December 16, 2016, on the principles of state assets management regarding the appointment of the members of the Management Board following the conducting of the recruitment procedure aimed at checking and assessing the qualifications of the candidates and selecting the best candidate to be a member of the Management Board. In the case of appointing the members of the Supervisory Board, the minister competent to exercise the rights related to the rights attached to the shares of the State Treasury has the statutory power to appoint the majority of the members of the Supervisory Board.*

3. 2.2. – the rule stating that the persons making the decisions on the appointment of the members of the Management Board or the Supervisory Board should ensure the versatility of these authorities by selecting as the members thereof the persons that would ensure the diversity, enabling, among other things, achieving of the target minimum minority participation rate (share), set at a level of not less than 30%, in line with the goals set out in the adopted diversity policy referred to in rule 2.1.

*The Company has not ensured a 30% diversity level with respect to the share of women in the membership of the Management Board and of the Supervisory Board. The General Meeting, having in mind the goal of ensuring the diversity with respect to the shares of women and men in the composition of the Supervisory*

Board, on May 24, 2021, had adopted the amendments to the Regulations of the General Meeting of the Company, among other things, by adding in § 24, section 5 with the following wording: "Persons making the decisions on the appointment of the members of the Supervisory Board should ensure the versatility of the authority by selecting as the members thereof the persons that would ensure the diversity, enabling, among other things, achieving of the target minimum minority participation share, set at a level of not less than 30%, in line with the goals set out in the diversity policy adopted by the Company". With regard to the appointment of the Members of the Management Board, the rules defined in the Act of December 16, 2016, on the principles of state assets management, pursuant to which the members of the Management Board shall be appointed following the conducting of the recruitment procedure aimed at verifying and assessing the qualifications of the candidates and selecting the best candidate to be a Member of the Management Board.

4. 3.6. – the rule stating that the Head of the Internal Audit reports organizationally to the President of the Management Board, and functionally to the chairperson of the audit committee or the chairperson of the supervisory board, if the supervisory board performs the function of the audit committee.

*The internal audit unit, headed by the Executive Director for Audit and Internal Control, is placed in the organizational structure of the Company under the direct authority of the President of the Management Board. Functionally, the Head of the Internal Audit does not report to the Chairperson of the Audit Committee, however, in order to maintain the independence, objectivity and proper performance of the audit and control functions, the Executive Director for Audit and Internal Control is provided with the option of the periodic reporting to the Audit Committee and to the Supervisory Board of the Company.*

5. 3.7. – the rule stating that that rules 3.4. - 3.6. shall also apply to those entities from the company's group that are of material importance to the operations thereof, in case they have designated (appointed) persons to perform these tasks.

*The Risk Management Coordinators and the Compliance Coordinators, who do not always report directly to the president or another member of the subsidiary's management board, have been appointed at TAURON Capital Group's subsidiaries that are of material importance to the operations thereof. The solutions adopted at these subsidiaries in terms of the organizational structure, in spite of the fact that they do not always ensure the direct reporting to a member of the company's management board, do not restrict the possibility of the direct reporting to the members of the company's management board. In December 2021, TAURON Group's Compliance Policy was updated, where it was indicated that the Compliance Coordinator should report directly to the President of the Management Board or another Member of the Management Board of the Company. Accordingly, actions have been initiated to implement the above mentioned provision. With regard to the Audit and Internal Control Area, the audit function is centralized, and no persons have been designated (appointed) to perform the audit tasks at the subsidiaries.*

6. 4.1. – the rule related to allowing the shareholders to take part in a general meeting by means of electronic communication, if it is justified due to the shareholders' expectations reported to the company, provided that it is able to provide the technical infrastructure required to conduct such a general meeting.

*The Company monitors, on an ongoing basis, the changes in the shareholding structure that could affect the way the communication is conducted during the general meeting. In addition, in the event that the Company receives requests from the shareholders to conduct a general meeting using the electronic means of communication, the Company will verify the technical possibilities that would ensure the safe conduct of the general meeting for the shareholders and the Company, and in the absence of any contraindications, the Company will take actions in accordance with this recommendation.*

7. 4.14. – the rule stating that the company should strive to distribute the profit by paying out a dividend, while retaining of the entire profit in the company is possible if any of the following reasons occur:
  - 1) the amount of this profit is minimal, and as a consequence the dividend would be insignificant in relation to the value of the shares
  - 2) the company reports uncovered losses from the previous years, and the profit is to be used to reduce such losses,
  - 3) the company justifies that the allocation of the profit to the investments will bring tangible benefits to the shareholders,
  - 4) the company has failed to generate cash that would enable the payout of the dividend,
  - 5) the payout of the dividend would significantly increase the risk of a breach of the covenants included in the credit agreements that are binding for the company or the terms of the bond issue,
  - 6) leaving the profit in the company is in line with the recommendation of the institution exercising the supervision over the company due to its specific type of operations.

*In accordance with the adopted Dividend Policy, the Company is planning, in the long term, to pay out a dividend in the amount of at least 40% of the consolidated net profit. The intention of the Company is to ensure a dividend yield at a competitive level in relation to the long term debt instruments issued on the Polish market by companies with the investment grade ratings.*

*Over the time frame covered by the Strategy, i.e. until 2030, due to the high level of the planned capital expenditures associated with the implementation of the strategic projects, the dividend policy assumes that the Management Board of the Company will not be recommending to the General Meeting of the Company the payout of the dividends, provided that, in the opinion of the Management Board, such a retention of the funds by TAURON Group will contribute to an increase in the value of its assets*

*The decision with respect to the payout of the dividend shall be made by the General Meeting of the Company having obtained the recommendation of the Management Board of the Company, which takes into account, in particular, the following factors: the legal requirements and the provisions of the financial agreements, in particular with respect to not exceeding a certain level of the leverage ratio, ensuring an investment grade rating, the implementation of the investment policy, the Group's liquidity position and the cost and options for obtaining of the financing.*

*The Company's Dividend Policy is largely in line with rule 4.14. of the Best Practice 2021, although it also provides for a broader range of the events or circumstances justifying the lack of the dividend payout, and thus the Company's decision may be made on the basis of the premises that are not referred to in the catalog specified under rule 4.14. of the Best Practice 2021.*

8. 6.2. – the rule regarding such a structuring (design) of the incentive programs that, among other things, the level of the compensation of the members of the management board of the company and that of the key managers thereof would be made dependent on the actual, long term situation of the company in terms of the financial and non-financial results as well as the long term increase in the shareholder value and the sustainable development, as well as the stability of the company's operations.

*The level of the variable compensation of the Members of the Management Board and the key managers of the Company is dependent on the annual consolidated financial results of the Company and the long term standing of the Capital Group in terms of the non-financial results. The principles of compensating the Members of the Management Board, that would assume, inter alia, that the variable compensation should be dependent on the annual results, were adopted by the General Meeting of the Company at the request of a shareholder State Treasury. A change of the above mentioned principles shall require a decision of the Shareholders*

9. 6.3. – the rule stating that if one of the company's incentive programs is a management options program, then the implementation of the options program should be conditional on the eligible persons achieving, for at least 3 years, the predetermined, realistic and adequate financial and non-financial, as well as the sustainable development goals, and the established price at which the eligible persons would purchase the shares or settle the options may not differ from the value of the shares from the period when the program was adopted.

*The compensation and bonus system for the Members of the Management Board of the Company and the key managers thereof in force does not provide for linking the compensation with the instruments tied to the Company's shares.*

10. 6.4. – the rule stating that the supervisory board shall perform its tasks on a continuous basis, therefore the compensation of the members of the supervisory board may not depend on the number of the meetings held. The compensation of the members of the committees, in particular the audit committee, should take into account the additional workload related to the work in such committees.

*Members of the Supervisory Board receive a fixed monthly compensation, regardless of the number of the convened meetings and regardless of the participation of the Members of the Supervisory Board in the works of the committees, including those of the Audit Committee.*

The other rules included in the Best Practice 2021 had been applied by the Company in 2023. In 2023, there had been no changes to the scope of the Company's application of the 2021 Best Practices or any incidental violations of the applicable principles.

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In reference to rule 1.4.2, the Company strives for equal rights for the employees in every aspect of employment, including with respect to the compensation of women and men (gender pay). The Company conducts the analyses of the wage gap index. TAURON Group's wage equality index is calculated based on the wages paid relative to the average headcount and is published in TAURON Group's Non-Financial Report. The ratio is calculated taking into account the division into the management, administrative (white collar) and executive (blue collar) positions.

In terms of rule 2.1. and 2.2. that are related to the Diversity Policy with respect to the Management Board and the Supervisory Board, the Company and its shareholders strive to ensure the versatility of the Management Board and the Supervisory Board.

As of the date of drawing up this report, the diversity in the composition of the Supervisory Board of the Company in terms of gender, education background, specialized expertise, age and the professional experience is ensured. In terms of the gender diversity, the minority share is more than 30%.

As of the date of drawing up this report, the gender diversity is not ensured in the composition of the Management Board of the Company, but the diversity is ensured in terms of age, education background, specialized knowledge and the professional experience.

The Members of the Management Board of the Company shall be selected through a recruitment procedure based on the Act of December 16, 2016, on the principles of state assets management, which does not limit the participation of candidates in the above procedure as to gender, among other things. The purpose of the above mentioned recruitment procedure is to verify and assess the qualifications of the candidates and to select the best candidate to be a Member of the Management Board.

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### 3. Main characteristics of the internal controls and risk management systems in relation to the process of drawing up the financial statements and the consolidated financial statements

The internal control (audit) and risk management system with respect to the process of drawing up the financial statements and the consolidated financial statements is implemented on 3 levels:

**LEVEL I**  
General principles of of the Company's and TAURON Capital Group's management

Pursuant to the adopted internal regulations TAURON Capital Group's subsidiaries operate based on the organizational regulations and have defined organizational structures in place, where the applicable business units are assigned the responsibility for drawing up the financial statements and the consolidated financial statements. Such units are obliged to perform the ongoing control that is built into the tasks performed and the functional control of their activities. Based on TAURON Capital Group's Business Model put in place the Process Documentation of Mega-process 3.4 *Accounting* is in force, containing, among other things, processes associated with the financial reporting of the Company and TAURON Capital Group. The process documentation defines the responsibilities of the business units within the reporting processes. The Process Documentation defines the responsibilities of business units within the reporting processes. The Process Documentation is subject to the necessary updates in the case of an occurrence of the events that require changes, such as the changes to the legislation or the reorganization related to the changes at TAURON Capital Group.

**LEVEL II**  
Risk management

TAURON Capital Group has put the Risk Area in place, whose role is to oversee and establish TAURON Capital Group's risk management system. These functions are implemented within the Company by the Corporate, Market and Credit Risk Management Teams as well as by the Autonomous (Independent) Specialist for the Transaction Control (Audit) Positions. The purpose of the risk management is to ensure the improvement of the predictability of attaining of the strategic objectives by TAURON Capital Group, including the stable creation of the financial result through adequately early identification of threats allowing the preventive activities to be undertaken. Risk management standards applicable at TAURON Capital Group have been defined in *TAURON Group's Corporate Risk Management Strategy* and in the policies for managing the specific risks. The ERM system encompasses all of TAURON Capital Group's lines of business and the business processes carried out within TAURON Capital Group, including the process of drawing up the financial statements. The risks associated with this process are managed, monitored and reported within the ERM System. The goal of the standardization is to ensure consistency in managing the individual risk categories, by defining the general principles, standards and tools of the system's architecture. The oversight of the ERM system at TAURON Capital Group is performed by the Risk Committee, which as an expert team, on a permanent basis and continuously, initiates, analyzes, monitors, controls (audits) and supports the functioning of TAURON Capital Group's risk management system.

*The detailed information on the risk management system is provided in section 3.1. of this report.*

**LEVEL III**  
Internal audit

The Audit and Internal Control Area is functioning within TAURON Capital Group, with the goal to plan and implement, within TAURON Group, the audit and control tasks, developing and coordinating the principles of audit and internal control within TAURON Group and supporting the organization in maintaining an effective internal control system .

The audit activities are conducted by the audit teams composed of the employees holding the Autonomous (Independent) Specialist for the Transaction Control (Audit) Positions as part of TAURON's Audit and Internal Control Area, carrying out the scheduled and ad hoc audit tasks both at TAURON as well as at TAURON Capital Group's subsidiaries. The audit activities are regulated in an internal corporate regulation titled *Tauron Group's Internal Audit Principles*. The audit teams, based on the Audit Plan for the given calendar year, by performing the process based audit tasks, make an assessment of the current level of the individual risks and the effectiveness of the management thereof. As part of the audit activities the correctness of the audited processes is also verified, as well as the adequacy and implementation of the control mechanisms in the audited processes. If any irregularities are identified, the auditors recommend taking adequate corrective

actions. The implementation of the recommendations is the responsibility of the management of the audited entities, and the degree of the implementation of the audit recommendations is monitored on an ongoing basis using the dedicated MRA application.

The internal control, understood as a set of activities of a detective (detection control), preventive (preventive control) and corrective (correction of irregularities and deficiencies) nature, as part of the functioning internal control system, is carried out at the level of TAURON Capital Group by the control teams composed of the employees holding the Autonomous (Independent) Specialist for the Transaction Control (Audit) Positions as part of TAURON's Audit and Internal Control Area, as well as by the organizational units competent for the internal control, operating at some of the subsidiaries. The control tasks are performed in the form of the ad hoc and the scheduled controls. The control activities are regulated in an internal corporate regulation titled *Tauron Group's Internal Control Principles*.

In addition, a model for a periodic Evaluation of the Internal Control System is also in place at TAURON Capital Group whose goal is to provide the Company's Management Board and the Audit Committee of the Company's Supervisory Board with the independent and objective information on the functioning of the control mechanisms in the business processes. The Evaluation of the Internal Control System for 2023 had been carried out in accordance with the above mentioned model and had included both a self-assessment of the individual lines of business, an assessment of the adequacy, the implementation and effectiveness of the selected controls related to the risks assessed as relevant to the Internal Control System, as well as a review of the recommendations made as part of the assessment of the Internal Control System for 2022. The results of the assessment of the Internal Control System for 2023 demonstrated that no significant weaknesses had been identified with respect to the effectiveness of the Internal Control System that would affect the ability to achieve the set goals.

The goal of the organization of the Audit and Internal Control Area is to enable the scope of the audits and controls to cover the entire business operations of the organization, both from the perspective of the needs of TAURON Capital Group, as well as those of the individual subsidiaries. The direct organizational reporting to the President of the Management Board allows the Area to maintain the necessary independence and objectivity needed to perform its duties effectively. The Executive Director for Audit and Internal Control has also been provided with the ability to periodically report directly to the Audit Committee, as a standing committee established within the Supervisory Board of the Company. This empowerment is implemented in the Company's Organizational Regulations currently in force.

## **The most important aspects related to the internal controls and risk management with respect to the process of drawing up the financial statements and the consolidated financial statements**

Supervision over the application of consistent (uniform) accounting rules by TAURON Capital Group's subsidiaries when developing reporting packages for the purpose of drawing up TAURON Capital Group's consolidated financial statements

In order to ensure the consistent accounting principles based on International Financial Reporting Standards (IFRS), approved by the European Union, the *Accounting Policy of TAURON Polska Energia S.A. Capital Group* (Accounting Policy) was developed and implemented by TAURON Capital Group. This document shall be accordingly updated in case there are changes to the regulations. The rules defined in the Accounting Policy shall be applicable to TAURON's standalone financial statements and TAURON Capital Group's consolidated financial statements. TAURON Capital Group's subsidiaries shall be obligated to apply the Accounting Policy when preparing the reporting packages that provide the basis for preparing TAURON Capital Group's consolidated financial statements.

In addition, TAURON Capital Group developed and implemented an intra-group regulation that comprehensively regulates issues related to the rules and deadlines for preparing the reporting packages for the purpose of consolidated financial statements. The reporting packages shall be validated by the holding company's Consolidation and Reporting Team and by an independent certified auditor during an audit or review of TAURON Capital Group's consolidated financial statements.

Procedures used to authorize and provide opinions on the Company's financial statements and TAURON Capital Group's consolidated financial statements.

The Company has implemented financial statements' authorization procedures. Quarterly, half year and full year financial statements of the Company and TAURON Capital Group's consolidated financial statements shall be approved by the Company's Management Board before being published. Full year financial statements of TAURON and TAURON Capital Group's consolidated financial statements shall be additionally presented for evaluation to the Company's Supervisory Board before being published. The Company's Vice President of the Management Board for Finance (Chief Financial Officer) shall oversee the preparation of financial statements, while the Management Boards of the subsidiaries included in the consolidation shall be responsible for preparing the reporting packages for TAURON Capital Group's consolidated financial statements.

The Supervisory Board's structure includes the Audit Committee of the Supervisory Board of TAURON Polska Energia S.A.

*The detailed information on the composition, competences and description of the operations of the Audit Committee of the Supervisory Board of TAURON Polska Energia S.A. is presented in section 9.11. of this report.*

IT systems as well as financial and accounting processes

TAURON Capital Group's subsidiaries maintain accounting books (ledgers) which constitute the basis for preparing financial statements using ERP grade financial and accounting computer systems, enabling system audits of the correctness of the document flow and classifying of the business events. Consolidated financial statements are prepared using an IT tool used to consolidate financial statements, providing system control with respect to the consistency (integrity) and timeliness of preparing the consolidation data.

TAURON Capital Group's subsidiaries have implemented IT and organizational solutions that provide control of access to the financial and accounting system and ensure the adequate protection and archiving of the accounting books. Access to IT systems is restricted based on the

applicable access rights assigned to authorized personnel. Control mechanisms are applied in the process of granting and changing access rights to the financial and accounting systems. The rights granted are also subject to a periodic verification.

The accounting functions at TAURON Group's subsidiaries are to a significant degree integrated – the financial and accounting services for the majority of TAURON Capital Group's subsidiaries are performed by CUW-R (Shared Services Center – Accounting) and as a result of that TAURON Capital Group's financial and accounting processes are to a large degree unified. The subsidiaries adjusted their own procedures to the flow of the financial and accounting processes, taking into account the specifics of the individual segments. As part of the implementation of the Government NABE Concept the reorganization works were carried out resulting in the integration of the assets intended to be spun off into a single entity, i.e. the TAURON Wytwarzanie subsidiary. These works also included the transfer of the accounting services for the assets intended to be spun off to the TAURON Wytwarzanie subsidiary.

TAURON Capital Group's Business Model in place clearly distributes responsibilities with respect to the financial and accounting processes between the Company (designated as the Corporate Centre) and the subsidiaries and CUW R, indicating that the Corporate Centre is the owner of the processes associated with the accounting and reporting of TAURON Capital Group. With respect to the tasks of the Corporate Centre, the strategic functions associated with the development of the model of the operations and standards of TAURON Capital Group were indicated with respect to the accounting and supervision of the implementation of standards in the accounting area at the subsidiaries and CUW R. In addition, it was indicated that the Company as the Corporate Centre is responsible for drawing up the Company's financial statements and the consolidated financial statements of TAURON Capital Group. A clear split of the responsibilities and a strong emphasis on the fulfillment of the supervisory functions by the Corporate Centre in relation to CUW R and the subsidiaries is, among other things, aimed at improving the process of preparing the financial statements.

Subjecting the Company's financial statements and TAURON Capital Group's consolidated financial statements to an audit and reviews by an independent certified auditor

The Company's full year financial statements and TAURON Capital Group's full year consolidated financial statements are subject to an audit by a certified auditor. In November 2021, the Company selected an entity authorized to audit and review the financial statements as well as the consolidated financial statements of the Company and to audit the financial statements of selected TAURON Capital Group's subsidiaries. The contract with the entity authorized to audit the financial statements was concluded for the audit of the financial statements and the consolidated financial statements for the years 2022 - 2024, as well as for the review (audit) of the interim financial statements and the interim consolidated financial statements for the 6 - month periods ending on June 30, 2022, June 30, 2023 and June 30, 2024.

The rule related to the changing of the audit firm of the Company and TAURON Capital Group

The Company has in place the *Policy for selecting an audit firm to conduct an audit and review of the financial statements and the consolidated financial statements of TAURON Polska Energia S.A.*, adopted by the Audit Committee of the Company's Supervisory Board, which includes the following rule:

1. maximum duration of the continuous audit engagements (mandates) carried out by the same audit company or an entity related to that audit company or any member of the network operating in the EU countries that such audit companies are members of, shall not exceed 10 years,
2. after the 10-year duration of the mandate (engagement) neither the audit company, nor any member of its network operating within the European Union shall conduct an audit of the Company for the subsequent 4 years,
3. a key certified auditor shall not conduct an audit of the Company for a period longer than 5 years,
4. a key certified auditor may again conduct an audit of the Company after at least 3 years have elapsed from the completion of the last audit.

## 4. Shareholders holding substantial blocks of shares

The below table presents shareholders holding, as of December 31, 2023, and as of the date of drawing up this report, directly or indirectly via subsidiaries, the substantial blocks of the Company's shares.

Table no. 1. Shareholders holding, directly or indirectly, the substantial blocks of shares as of December 31, 2023, and as of the date of drawing up this report

Shareholders	Number of shares held	Percentage share in the share capital	Number of votes held	Percentage share in the total number of votes
1. State Treasury	526 848 384	30.06%	526 848 384	30.06%
2. KGHM Polska Miedź (Polish Copper)	182 110 566	10.39%	182 110 566	10.39%
3. Nationale-Nederlanden Otwarty Fundusz Emerytalny (Open Pension Fund)	88 742 929	5.06%	88 742 929	5.06%

The Company did not receive any notifications regarding the changes in the holding of the significant blocks of TAURON shares in 2023, except for the notification mentioned below.

On December 4, 2023, the Company had received a notification from Helikon Investments Limited with its registered office in London that Helikon Long Short Equity Fund Master ICAV had exceeded the 5% threshold of the total number of the votes in the Company. In accordance with the notification received, the threshold of 5% of the total number of the votes in the Company had been exceeded on November 30, 2023. As of November 30, 2023, Helikon had held the financial instruments entitling it to 5.0348 percent of the total number of the votes (1 752,549 394 votes), of which:

- 1) 1.7538% of the total number of the votes (30 736 871 votes) had been related to the Company's shares,
- 2) 3.281% of the total number of the votes (57 500 487 votes) had been related to other financial instruments.

## 5. Holders of securities providing special control rights

The Company did not issue securities that would grant special control rights with respect to the Company.

## 6. Restrictions on exercising the voting right

The restrictions on exercising the right to vote are included in § 10 of the Company's Articles of Association which are available on the Company's website at the following address: <https://www.tauron.pl/tauron/relacje-inwestorskie/informacje-o-spolce/dokumenty-spolki>.

The above mentioned restrictions on the exercising of the voting right are formulated in the following way:

1. The voting right of the shareholders holding more than 10% of the total votes in the company shall be limited so that none of them can exercise more than 10% of the total votes in the company at the General Meeting of the Company.
2. The restriction on the exercising of the voting right mentioned in clause 1 above shall not apply to the State Treasury and the entities controlled thereby in the period during which the State Treasury, together with the entities controlled thereby, hold a number of the company's shares that entitle them to exercise at least 25% of the total votes in the Company.
3. The votes of the shareholders who have a parent / subsidiary relationship within the meaning of § 10 of the Articles of Association (Shareholder Cluster) shall be aggregated; in case the aggregate number of their votes exceeds 10% of the total votes in the Company it shall be subject to a reduction. The rules of the votes' aggregation and reduction are defined in clauses 6 and 7 below.
4. A shareholder, within the meaning of § 10 of the Articles of Associations, shall be any party (entity, person), including its parent and subsidiary company, entitled directly or indirectly to a voting right at the General Meeting of the Company on the basis of any legal title; it shall also be applicable to a party (entity, person) that does not hold the company's shares, and in particular to a user, lien holder, party (entity, person) entitled on the basis of a depositary receipt under the regulations of the *Act of July 29, 2005 on the trading of financial instruments*, as well as a party (entity, person) entitled to take part in the General Meeting of the Company in spite of disposing of its shares after the date of establishing (registering) the right to take part in the General Meeting of the Company.
5. A parent company and a subsidiary company, for the purposes of § 10 of the Company's Articles of Association, shall be understood, accordingly, as a party (entity, person):
  - 1) with a status of a controlling undertaking, controlled undertaking or, at the same time, both the status of a controlling undertaking and controlled undertaking within the meaning of the *Act of February 16, 2007, on the protection of competition and consumers*, or
  - 2) with a status of a parent company, higher level parent company, subsidiary company, lower level subsidiary company, co-controlled company or one that has both the status of a parent company (including a higher level parent company) and the status of a subsidiary (including a lower level subsidiary company and a co-controlled company) within the meaning of the *Act of September 29, 1994 on accounting*, or
  - 3) which has (parent company) or one which is under (subsidiary company) controlling influence within the meaning of the *Act of September 22, 2006, on transparency of financial relationships between public bodies and public undertakings and on financial transparency of some undertakings*, or
  - 4) whose votes due to the Company's shares owned directly or indirectly are subject to aggregation with votes of another party (entity, person) or other parties (entities, persons) on the conditions defined in the *Act of July 29, 2005 on a public offering and conditions of introducing financial instruments to an organized trading system and on public companies* in connection with holding, disposing of or acquiring the substantial blocks of the Company's shares.
6. Aggregation of the votes is based on totaling the number of the votes held by the individual shareholders that are members of the Shareholders' Cluster
7. Reduction of the votes involves decreasing the total number of the votes in the Company that the shareholders that are members of the Shareholders' Cluster, are entitled to exercise at the General Meeting of the Company to the level of 10% of the total votes in the Company. A reduction of the votes shall take place in accordance with the following rules:
  - 1) number of the votes of a shareholder who holds the largest number of votes in the Company among all of the shareholders that are the members of the Shareholders' Cluster shall be reduced by a number of the votes equal to a surplus above 10% of the total votes in the Company held by all of the shareholders that are the members of the Shareholders' Cluster,
  - 2) if, in spite of the reduction mentioned in clause 1) above, the total number of the votes that the shareholders that are the members of the Shareholders' Cluster are entitled to exceeds 10% of the total votes in the Company, a further reduction of the votes held by the other shareholders that are the members of the Shareholders' Cluster shall be made. A further reduction of the individual shareholders' votes shall take place in an order established on the basis of the number of the votes that the individual shareholders that are the members of the Shareholders' Cluster hold (from the highest to the lowest one). A further reduction shall take place until the total number of the votes held by the shareholders that are the members of the Shareholders' Cluster does not exceed 10% of the total votes in the Company,
  - 3) in any case a shareholder whose voting rights have been reduced shall have the right to exercise at least one vote,
  - 4) restriction on the exercising of the voting right shall also apply to a shareholder absent at the General Meeting of the Company.

8. Each shareholder who is going to take part in the General Meeting of the Company, in person or through a proxy, shall be obliged to, without a separate notice mentioned in clause 9 below, notify the Management Board or the Chairperson of the General Meeting of the Company that she or he holds, directly or indirectly, more than 10% of the total votes in the Company.
9. Notwithstanding the provisions of clause 8 above, in order to establish the basis for aggregating and reducing the votes, a Company's shareholder, Management Board, Supervisory Board and the individual members of such bodies shall have the right to demand that a shareholder of the Company provide information whether she or he is a party (entity, person) having the status of a parent or subsidiary company towards another shareholder within the meaning of § 10 of the Company's Articles of Association. The entitlement mentioned in the preceding sentence shall also include the right to demand the revealing of the number of the votes that the Company's shareholder holds on its own or jointly with other shareholders of the Company.
10. A party (entity, person) that has failed to fulfill or has fulfilled the information disclosure obligation mentioned in clauses 8 and 9 above improperly, shall, until a failure to fulfill the information disclosure obligation has been remedied, be able to exercise its voting right with respect to one share only; the exercising of the voting rights with respect to the other shares by such party (entity, person) shall be null and void.

## **7. Restrictions on the transfer of the ownership right to securities**

As of December 31, 2023, and as of the date of drawing up this report the Company's Articles of Association do not envisage any restrictions on the transfer of the ownership right to the Company's securities.

However, in accordance with the *Act of July 24, 2015 on the control of certain investments* (Journal of Laws of 2023, item 415), an entity intending to purchase or achieve a material shareholding or purchase the dominating control over TAURON, which is, in accordance with the *Regulation of the Council of Ministers of December 27, 2022, on the list of entities subject to protection and their competent control bodies* (Journal of Laws of 2023, item 2812), an entity subject to protection, shall, each time, be obligated to submit a notification to the control body – the competent Minister of the State Assets of its intention to do so, unless such an obligation rests on other entities.

## **8. Rules on appointing and dismissing the Members of the Management Board and of the Supervisory Board of TAURON Polska Energia S.A.**

### **Management Board of TAURON Polska Energia S.A.**

#### **The rules on appointing and dismissing the Members of the Company's Management Board**

The Management Board of the Company shall be composed of 1 to 6 persons, including the President and the Vice Presidents. The Members of the Management Board of the Company shall be appointed and dismissed by the Company's Supervisory Board for a common term of office lasting 3 full financial years, except for the 1st term of office that had lasted 2 years. The term of office (tenure) of a Member of the Management Board shall expire, at the latest, as of the date of the General Meeting which approves the financial statements for the last full financial year of the Member of the Management Board's term of office. In accordance with the Company's Articles of Association, each of the Members of the Management Board can be dismissed or suspended from office by the Company's Supervisory Board or the General Meeting of the Company.

In accordance with the Company's Articles of Association the Members of the Management Board shall be appointed by the Supervisory Board based on the conducted qualification (recruitment) proceedings whose goal is to verify and evaluate the candidates' qualifications and select the best candidate.

The Supervisory Board, in connection with the expiration of the common 6th term of office of the Management Board as of December 31, 2023, on February 13, 2024 (an event that took place after the balance sheet date) adopted a resolution to initiate the qualification (recruitment) proceedings for the following positions on the Management Board of the 7th common term of office: the President of the Management Board, the Vice President of the Management Board for Finance, the Vice President of the Management Board for Trade, the Vice President of the Management Board for Asset Management and Development, and defined the detailed rules and the procedure for these proceedings, the date and the place of holding the interviews, the range of the issues to be the subject of the interviews, the requirements and the method to be applied to evaluate the candidate.

In the implementation of the above mentioned resolution, the announcement of the qualification (recruitment) proceedings for the above mentioned the positions of the Members of the Management Board of the 7th common term of office was published on the Company's web site at the following address: <https://www.tauron.pl> and in the Public Information Bulletin of the Ministry of the State Assets.

By the deadline specified in the announcement, 54 applications from the candidates for the above mentioned positions on the Supervisory Board of the Company had been received at the Company's registered office.

On February 26, 2024 (an event that took place after the balance sheet date), the Nominations and Compensation Committee of the Supervisory Board verified the applications of the candidates in terms of meeting the formal requirements specified in the published announcement on initiating the above mentioned qualification (recruitment)

proceedings and evaluated the candidates in order to determine which candidates best met the requirements to perform the functions for the above mentioned positions on the Management Board of the Company.

Subsequently, the Company's Supervisory Board, taking into account the recommendation of the Nominations and Compensation Committee, admitted the selected candidates to take part in the next stage of the qualification (recruitment) proceedings for the positions of the President of the Management Board and the Vice Presidents of the Company's Management Board of the 7th common term of office, which included interviews, and indicating, at the same time, the date and schedule of the interviews.

On February 29, 2024 (an event that took place after the balance sheet date), the Company's Supervisory Board, having conducted the interviews, selected the best candidates for the positions of the President of the Management Board, the Vice President for Finance, the Vice President for Trade and the Vice President for Asset Management and Development.

In connection with the above, the Supervisory Board appointed the following candidates as the members of the Management Board for the 7th term of office, effective as of March 7, 2024:

1. Mr. Grzegorz Lot as the President of the Management Board,
2. Mr. Krzysztof Surma as the Vice President of the Management Board for Finance,
3. Mr. Piotr Gołębiowski as the Vice President of the Management Board for Trade,
4. Mr. Michał Orłowski as the Vice President of the Management Board for Asset Management and Development.

The information on the results of the qualification (recruitment) proceedings was published on the Company's website at the following address: <https://www.tauron.pl/tauron>.

A candidate for a Member of the Management Board must meet the requirements set out in § 16, clauses 3 and 4 of the Company's Articles of Association.

A candidate for a Member of the Management Board of the Company may be a person who meets all of the following conditions:

1. holds a university degree or a university degree obtained abroad and recognized in the Republic of Poland, pursuant to the separate regulations,
2. has at least 5 years of employment on the basis of a labor contract, call-up, selection, appointment, cooperative employment contract, or a provision of services on the basis of any other contract or by way of a self-employment,
3. has at least 3 years of experience of holding the managerial or independent positions or resulting from the self-employment,
4. meets the requirements, other than those listed in items 1 – 3, specified in the separate regulations, and in particular does not violate the restrictions or prohibitions on holding the position of a member of a management body at the commercial companies.

A Member of the Management Board of the Company cannot be a person who:

1. performs the function of a social collaborator or is employed in the office of a deputy, a senator, a combined deputy and senator office or the office of a Member of the European Parliament under a labor contract or performs work on the basis of a job performance contract (contract of mandate) or other contract of a similar nature,
2. is a member of a political party authority representing the political party externally and is authorized to take on obligations on its behalf,
3. is employed by a political party on the basis of a labor contract or performs work on the basis of a job performance contract (contract of mandate) or other contract of similar nature,
4. holds an elected position in a company's trade union organization or in a trade union organization of a company (subsidiary) that is a part of the capital group,
5. his or her social or income generating activity gives rise to a conflict of interest with respect to the company's activities.

In accordance with the *Regulations of the qualification proceedings for the positions of the Members of the Management Board of TAURON Polska Energia S.A.*, in addition to the above mentioned conditions, a candidate for a position of a Member of the Management Board should hold a security clearance authorizing access to the classified information marked "secret (classified)" within the meaning of the *Act of August 5, 2010, on the protection of classified information*, or express consent to undergo the security clearance procedure provided for obtaining access to the classified information marked "secret (classified)", in the event of having been appointed to be a Member of the Management Board.

The diagram showing the division of the competences (responsibilities) of the Members of the Management Board of the Company is presented in section 9.11 of this report.

## **Supervisory Board of TAURON Polska Energia S.A.**

## Rules on appointing and dismissing the Members of the Company's Supervisory Board

The Supervisory Board of the Company shall be composed of 5 to 9 persons, appointed for a common term of office lasting 3 full financial years, except for the first term of office that had lasted 1 financial year. The term of office (tenure) of a Member of the Supervisory Board shall expire, at the latest, as of the date of the General Meeting which approves the financial statements for the last full financial year of the Member of the Supervisory Board's term of office. In accordance with the Company's Articles of Association, the Members of the Company's Supervisory Board shall be appointed and dismissed by the General Meeting, subject to the following:

1. during the time when the State Treasury, together with the State Treasury controlled entities within the meaning of § 10, clause 5 of Company's Articles of Association, hold a number of the Company's shares that entitle them to exercise at least 25% of the total votes in the Company, the State Treasury shall be entitled to appoint and dismiss the Members of the Company's Supervisory Board in the number equal to half of the maximum number of the members of the Company's Supervisory Board defined in the Company's Articles of Association (in the case such number is not integral it shall be rounded down to an integral number, for example 4.5 shall be rounded down to 4) and increased by 1, provided that the State Treasury:
  - 1) shall be obliged to vote at the General Meeting of the Company on establishing the number of Members of the Company's Supervisory Board that would correspond to the maximum number of Members of the Company's Supervisory Board defined in the Company's Articles of Association in case such a motion is submitted to the Company's Management Board by a shareholder or shareholders who hold a number of votes that entitle them to exercise at least 5% of the total number of the votes in the Company,
  - 2) shall be excluded from the voting at the General Meeting of the Company on appointing and dismissing of the other members of the Company's Supervisory Board, including independent members of the Company's Supervisory Board; this shall not, however, apply to the case when the Company's Supervisory Board cannot act due to its membership being smaller than required by the Company's Articles of Association, and the shareholders present at the General Meeting of the Company, other than the State Treasury, do not supplement the composition of the Company's Supervisory Board in accordance with the distribution of the seats in the Company's Supervisory Board, as defined in this section,
2. during the time when the State Treasury, together with the State Treasury controlled entities within the meaning of § 10, clause 5 of the Company's Articles of Association, hold a number of the Company's shares that entitle them to exercise less than 25% of the total number of votes in the Company, the State Treasury, represented by the minister competent to exercise the rights related to the State Treasury's shares, shall be entitled to appoint and dismiss one member of the Company's Supervisory Board,
3. appointing and dismissing members of the Company's Supervisory Board by the State Treasury pursuant to the above mentioned clauses 1 or 2 shall take place by means of a statement submitted to the Company.

The Minister competent to exercise the rights in respect of the shares held by the State Treasury, as part of the statutory powers vested onto the State Treasury, shall appoint as a Member of the Supervisory Board a person who, pursuant to the *Act of December 16, 2016, on the principles of state assets management*, has obtained a positive opinion of the Council for the companies with a State Treasury shareholding and the state owned legal entities and meets the requirements set forth in the above mentioned Act related to, among other things, education background and qualifications.

In accordance with the Regulations of the General Meeting, the above mentioned criteria shall not be required for the Members of the Supervisory Board appointed by the General Meeting of the Company.

In accordance with the Articles of Association of the Company, at least two Members of the Supervisory Board of the Company should meet the independence criteria specified in the *Act of May 11, 2017, on the certified auditors, audit firms and the public oversight*, as well as should not have the actual and the material ties to a shareholder holding at least 5% of the total number of the votes in the Company.

Pursuant to the *Act of May 11, 2017, on the certified auditors, audit companies and the public oversight*, the majority the members of the audit committee, including the head thereof, should be independent and at least one member of the audit committee should have the knowledge and the skills with respect to the accounting or auditing of the financial statements and at least one member of the audit committee should have the knowledge and the skills with respect to the industry that the company is operating in.

The Members of the Company's Supervisory Board shall submit to the Company, prior to their appointment as the Members of the Supervisory Board, a written statement on the compliance with the independence criteria listed in the above mentioned act, as well as on the existence or the non-existence of the actual and the material ties to a shareholder holding at least 5% of the total number of the votes in the Company. In the case that a situation occurs where the independence criteria are not fulfilled, a Member of the Supervisory Board shall be obliged to inform the Company promptly thereof.

*The detailed information on the independence of the Members of the Company's Supervisory Board is presented in section 9.11. of this report.*

## 9. Procedure of amending TAURON Polska Energia S.A.'s Articles of Association

The amendments to the Company's Articles of Association shall be made in accordance with the provisions of the Code of Commercial Companies, in particular: an amendment to the Company's Articles of Association shall take place by way of a resolution of the General Meeting of the Company, passed by the majority of three fourths of the votes, and shall, subsequently, require issuing of a decision by a competent court on the entering of the amendment into the register of entrepreneurs (business register). The consolidated text of the Company's Articles of Association, including the amendments passed by the General Meeting, shall be adopted by the Supervisory Board of the Company by way of a resolution.

In accordance with the Company's Articles of Association, a material amendment to the subject of the Company's business operations shall require the majority of two thirds of the votes in the presence of the persons representing at least half of the share capital.

The current text of the Company's Articles of Association can be found on the Company's website at the following address: <https://www.tauron.pl/tauron/relacje-inwestorskie/informacje-o-spolce/dokumenty-spolki>.

### Information on the amendment of the Company's Articles of Association in 2023.

On May 15, 2023, the Katowice - Wschód District Court in Katowice, the 8th Commercial Division of the National Court Register entered into the Register of Entrepreneurs of the National Court Register the amendments to § 15, clause 6, § 20 clauses 1 - 3, § 21, § 25 clause 4, § 26 clause 2 and § 35 clause 1 of the Company's Articles of Association passed by the Extraordinary General Meeting of the Company on May 10, 2023.

On May 23, 2023, the Company's Supervisory Board adopted the consolidated text of the Company's Articles of Association incorporating the amendments passed by the Ordinary General Meeting of the Company on May 10, 2023.

The amendments to the Company's Articles of Association were aimed at adapting its provisions to the amended provisions of the Code of Commercial Companies, based on the amendment of the Act of February 9, 2022, amending the Act – Code of Commercial Companies and certain other acts.

As part of the above mentioned amendments, the decision was taken to waive the application of Article 380<sup>1</sup>, § 1 and 2 of the Code of Commercial Companies regarding the Management Board's disclosure obligations to the supervisory authority, in § 15, clause 6 of the Company's Articles of Association. The rationale for this decision had been the premise that the information the scope of which had covered the obligations referred to in Article 380<sup>1</sup>, § 1 and 2 of the Code of Commercial Companies was disclosed to the Supervisory Board in the periodic (interim) reports prepared in connection with the implementation of the information disclosure obligations set forth in the Regulation of the Minister of Finance as of March 29, 2018. on current and periodic (interim) information disclosed by the issuers of the securities and the conditions for recognizing as equivalent the information required by the legal regulation of a non-member state and the Regulation of the European Parliament and of the Council (EU) No. 596/2014 of April 16, 2014 on market abuse, as well as part of the Company's application of the Best Practice 2021. In addition, at the initiative of the Company's Supervisory Board, the lists of the resolutions of the Company's Management Board are also provided to the individual meetings of the body, along with a relevant description.

The amendment of the provisions in § 20, clause 1 of the Company's Articles of Association was related to adjusting the content thereof to the changes introduced in Article 382, § 3<sup>1</sup> of the Code of Commercial Companies concerning the scope of the subject matter of the Supervisory Board's report, which is prepared once a year and presented to the General Meeting for its approval.

The refining of § 21 of the Company's Articles of Association was aimed at adjusting its wording to the provisions contained in Articles 390<sup>1</sup>, § 1 and 4 of the Code of Commercial Companies, concerning the delegation of the members of the Supervisory Board to independently perform certain supervisory activities and the establishment of the Supervisory Board's committees.

The amendment of § 25, clause 4 of the Company's Articles of Association was aimed at adjusting its wording to the amended provisions contained in Article 389 of the Code of Commercial Companies, by clarifying the issue of convening of the meetings of the Supervisory Board at the request of the members of the Supervisory Board or at the request of the Management Board.

The amendment to the wording of § 26, clause 2 of the Company's Articles of Association was aimed at clarifying the scope of the information included in the invitation to a meeting of the Supervisory Board, in particular by specifying the manner of using the means of the direct remote communication during the meeting, in accordance with the provisions of Article 389, § 2 of the Code of Commercial Companies.

The amendments with respect to other matters were of editorial and tidying up nature.

TAURON disclosed the information on the content of the Ordinary General Meeting's resolution to amend the Company's Articles of Association in current report no. 29/2023 of May 10, 2023. The Company disclosed the

information on the registration of the amendments to the Articles of Association in current report no. 31/2023 of May 17, 2023, while the consolidated text of the Company's Articles of Association was disclosed in current report no. 32/2023 of May 23, 2023.

## 10. General Meeting of TAURON Polska Energia S.A. and the shareholders' rights

### General Meeting of TAURON Polska Energia S.A.

The Company's General Meeting of Shareholders' procedures and its empowerments are defined in the Company's Articles of Association and in the *Regulations of the General Meeting of the Shareholders of TAURON Polska Energia S.A.* (GM Regulations) which are available on the Company's website at the following address: <http://www.tauron.pl/tauron/relacje-inwestorskie/informacje-o-spolce/dokumenty-spolki>.

#### Procedures of the General Meeting of the Company

A General Meeting (GM) shall be convened by way of a notice published on the Company's website and in a manner defined for disclosing the current information (regulatory filings) by the public companies. In the case the General Meeting (GM) is convened by an entity or a body other than the Management Board pursuant to the regulations of the Code of Commercial Companies, as convening a General Meeting requires the Management Board's cooperation, the Management Board shall be obliged to perform any activities required by law in order to convene, organize and conduct the General Meetings (GMs) that take place either at the Company's registered office or in Warsaw.

A General Meeting shall be opened by the Chair of the Company's Supervisory Board, and in the case he or she is absent, the following persons shall be entitled to open the General Meeting in the following order: the Vice Chair of the Company's Supervisory Board, the President of the Company's Management Board, a person designated by the Company's Management Board or a shareholder who registered at the General Meeting such a number of shares that grant the right to exercise the largest number of votes. Subsequently, the Chair of the General Meeting shall be elected from among the persons entitled to participate in the General Meeting.

A General Meeting shall pass resolutions irrespective of the number of the shares represented at the General Meeting, unless the regulations of the Code of Commercial Companies, as well as the provisions of the Company's Articles of Association state otherwise.

A General Meeting may order a break in the meeting by the majority of two thirds of the votes. The breaks shall not last longer than 30 days in total. A break in the GM session may take place only in the exceptional situations, every time indicated, on a case-by-case basis, in the justification to the resolution, drawn up based on the reasons presented by a shareholder requesting the break to be ordered. A GM resolution related to the ordering of a break shall clearly indicate the date (time) of the resumption of the session, however, such a date (time) must not create a barrier for the participation of the majority of the shareholders in the resumed meeting, including the minority shareholders.

#### Competence of the General Meeting of the Company

In accordance with the Company's Articles of Association the matters listed in the below table shall require a resolution of the General Meeting (GM) of the Company as of December 31, 2023, and as of the date of drawing up this report.

Table no. 2. Competence of the General Meeting of the Company as of December 31, 2023, and as of the date of drawing up this report

Matters that require a resolution of the General Meeting of the Company	
1.	Reviewing and approving of the financial statements of the Company and the consolidated financial statements of the Capital Group for the previous financial year as well as of the Management Board's report on the Company's operations (Directors' Report) and of the Management Board's report on the operations of the Capital Group
2.	Granting of the acknowledgement of the fulfillment of the duties to the members of the Company's corporate bodies (authorities),
3.	Distribution of the profit and covering of the loss,
4.	Appointing and dismissing of the Members of the Company's Supervisory Board,
5.	Suspending of the Members of the Company's Management Board in the performance of their duties,
6.	Establishing of the amount of the compensation for the Members of the Company's Supervisory Board, subject to § 29, clause 4 of the Company's Articles of Association,
7.	Establishing of the principles of determining the compensation and the amount of the compensation of the Members of the Company's Management Board taking into account the provisions of the Act of June 9, 2016, on the principles of determining compensation of the management personnel of certain companies,
8.	Adopting, not less often than every four years, of the compensation policy for the Members of the Management Board and of the Supervisory Board of the Company, taking into account the requirements of the Act of July 29, 2005, on the public offering and the conditions for introducing financial instruments to an organized trading system and on public companies,
9.	Selling and leasing out of the Company's enterprise or its organized part as well as establishing of a limited pledge (property right) thereupon,
10.	Concluding of a credit, loan, surety agreement or of any other similar agreement by the Company with a member of the Management Board, Supervisory Board, proxy, liquidator (receiver) or for the benefit of any of such persons. Concluding of a credit, loan, surety or of any other similar agreement by a subsidiary with a member of the Management Board, Supervisory Board, proxy, liquidator (receiver) or for the benefit of any of such persons,

#### Matters that require a resolution of the General Meeting of the Company

11. Increasing and decreasing of the Company's share capital,
12. Issuing of the convertible bonds or the senior bonds as well as the registered securities or bearer securities entitling the holder thereof to subscribe or take up the shares,
13. Purchasing (buyback) of own shares in the cases required by the regulations of the Code of Commercial Companies,
14. Mandatory buyback of the shares (squeeze-out) in accordance with the provisions of art. 418 of the Code of Commercial Companies,
15. Setting up, using and liquidating the reserve capitals,
16. Use of the supplementary capital,
17. Provisions related to the claims to repair damage caused while establishing the Company or performing of the management or supervision functions,
18. Merger, transformation and the division of the Company,
19. Redemptions (retirements) of the shares,
20. Amendment to the Company's Articles of Association and a change of the subject of the Company's business operations,
21. Dissolving and liquidating of the Company.
22. Providing an opinion on the report on the compensation of the Members of the Management Board and of the Supervisory Board, referred to in § 20, clause 1, item 17 of the Company's Articles of Association,
23. Approving of the report on the activities of the Supervisory Board, referred to in § 20, clause 1, item 3 of the Company's Articles of Association.

In accordance with the provisions of the Code of Commercial Companies the decision on the issue and repurchase of the shares shall be included within the competence of the General Meeting.

#### General Meeting of the Company in 2023

The Ordinary General Meeting of the Company was held on May 10, 2023, and it adopted the resolutions related to, among other things: the approval of the *Financial Statements of TAURON Polska Energia S.A. for the year ended on December 31, 2022, in accordance with the International Financial Reporting Standards approved by the European Union*, the approval of the *Consolidated Financial Statements of TAURON Polska Energia S.A. Capital Group for the year ended on December 31, 2022, in accordance with the International Financial Reporting Standards approved by the European Union*, the approval of the *Report of the Management Board on the operations of TAURON Polska Energia S.A. and TAURON Capital Group for the financial year 2022*, the distribution of the net profit for the financial year 2022, the approval of the *Report of the Supervisory Board of TAURON Polska Energia S.A. for the financial year 2022*, the providing of the opinion on the *Report on the compensation of the Members of the Management Board and of the Supervisory Board of TAURON Polska Energia S.A. for 2022*, the acknowledgement of the fulfillment of duties by the Members of the Company's Management Board and of the Company's Supervisory Board and the amendment of the Company's Articles of Association.

TAURON disclosed the information on the convening of the Ordinary General Meeting (GM) of the Company, on the content of the draft resolutions and on the changes to the agenda in current reports no. 22/2023 of April 13, 2023, no. 23/2023 of April 13, 2023, no. 24/2023 of April 19, 2023, as well as no. 27/2023 of May 5, 2023.

TAURON disclosed the information on the content of the resolutions subjected to the vote at the Ordinary General Meeting (GM) of the Company in current report no. 29/2023 of May 10, 2023.

#### Extraordinary General Meeting of the Company after the balance sheet date

The Extraordinary General Meeting of the Company was held on April 3, 2024 (an event that took place after the balance sheet date), and it adopted the resolutions related to, among other things: the determining of the number of the Members of the Supervisory Board of the Company, the dismissal of a Member of the Supervisory Board of the Company and the appointment of the Members of the Supervisory Board of the Company.

TAURON disclosed the information on the convening of the Extraordinary General Meeting (GM) of the Company and on the content of the draft resolutions in current reports no. 13/2024 and no. 14/2024 of March 6, 2024, as well as no. 19/2024 of March 28, 2024.

TAURON disclosed the information on the content of the resolutions subjected to the vote at the Extraordinary General Meeting (GM) of the Company in current report: no. 22/2024 of April 3, 2024.

#### Shareholders' rights and the manner of exercising thereof

The below table presents the description of the Company's shareholders' rights related to the General Meeting in accordance with the Company's Articles of Association, Code of Commercial Companies and the Regulations of the General Meeting.

Table no. 3. Description of the Company's shareholders' rights related to the General Meeting of the Company

Shareholders' rights	Description of shareholders' rights
1. Convene a General Meeting (GM)	Shareholders representing at least 1/20 of the share capital, may request convening of an Extraordinary General Meeting. Such a request should include a concise justification. It may be submitted to the Company's Management Board in writing or in an electronic form, to the Company's e-mail address, provided by the Company on its website under the <i>Investor Relations</i> tab. Shareholders representing at least a half of the share capital or at least half of all of the votes in the

Shareholders' rights	Description of shareholders' rights
	Company may convene an Extraordinary General Meeting (GM) and appoint a chairperson of such General Meeting.
2. Include matters (items) in the agenda of the General Meeting	Shareholders representing at least 1/20 of the share capital, may request that certain matters (items) be included in the agenda of the forthcoming General Meeting. Such a request, including a justification or a draft resolution related to the proposed item of the agenda, should be submitted to the Company's Management Board not later than 21 days prior to the set date of the General Meeting in electronic form to the Company's e-mail address or in writing to the Company's address.
3. Become acquainted with the list of shareholders	Shareholders may become acquainted with the shareholders' list at the Company's Management Board's seat for 3 weekdays preceding directly the General Meeting's date. Shareholders may also request that the list of shareholders be sent to them free of charge to the address for electronic deliveries or by electronic mail, providing the address to which the list should be sent.
4. Participate in the General Meeting	Only persons who are the Shareholders 16 days before the date of the General Meeting (date of registering to participate in the General Meeting) shall have the right to take part in the General Meeting. In order to participate in the General Meeting the shareholders should submit a request to issue a name bearing affidavit on the right to take part in the General Meeting to an investment (brokerage) company maintaining their securities account. Such a request should be submitted not earlier than following the announcement (notice) on the convening of the General Meeting and not later than on the first weekday following the day of registering to participate in the General Meeting.
5. Represent a shareholder by a proxy (power of attorney)	Shareholders may take part in the General Meeting as well as exercise the voting right in person or through a proxy (power of attorney). Shares' co-owners may take part in the General Meeting and exercise the voting right only through a joint representative (proxy). A proxy (power of attorney) may represent more than one shareholder and vote differently based on the shares of each shareholder.
6. Elect the Chairperson of the General Meeting	Shareholders shall elect the Chairperson of the General Meeting from among the persons entitled to take part in the General Meeting. Each of the participants of the General Meeting shall have the right to propose one candidate. The Chairperson shall be elected by a secret ballot, by an absolute majority of the votes. In case there is just one candidate for the Chairperson, the election can take place by acclamation.
7. Elect the Returning Committee	Each shareholder may propose no more than 3 candidates for the members of the Returning Committee to be elected by the General Meeting, and vote for the maximum 3 candidates.
8. Submit a draft resolution	During the General Meeting shareholders shall have the right, until the discussion on a certain item of the agenda is closed, to submit a proposal of changes to the content of a draft resolution proposed for adoption by the General Meeting, as part of the given item of the agenda.
9. Raise an objection	Shareholders who have voted against a resolution and, after the General Meeting has adopted it, want to raise their objection, should, immediately after the results of the voting have been announced, raise their objection and request it be included in the minutes of the meetings before proceeding to the next item of the agenda. In case such an objection is raised later, which however shall not take place later than by the time the General Meeting is closed, the shareholders shall indicate against which resolution passed by the General Meeting they are raising their objection. The shareholders raising their objection against a resolution of the General Meeting may request their concise justification of the objection be recorded in the minutes of the meeting.

## 11. Management Board and Supervisory Board of TAURON Polska Energia S.A. and the committees thereof

### Management Board of TAURON Polska Energia S.A.

The 6th term of office of the Management Board of the Company was under way in the financial year 2023, having begun its run on July 15, 2020. After the balance sheet date, the 7th term of office of the Management Board of the Company began its run on March 7, 2024. In accordance with the Company's Articles of Association, a common term of office shall last 3 full financial years.

The Management Board of the Company had held a total of 52 meetings and had adopted 354 resolutions in the financial year 2023.

#### The composition of the Company's Management Board as of December 31, 2023

- |                       |  |
|-----------------------|--|
| 1. Paweł Szczeszek    | - President of the Management Board (CEO),                             |
| 2. Patryk Demski      | - Vice President of the Management Board for Strategy and Development, |
| 3. Bogusław Rybacki   | - Vice President of the Management Board for Asset Management,         |
| 4. Krzysztof Surma    | - Vice President of the Management Board for Finance (CFO),            |
| 5. Tomasz Szczepiński | - Vice President of the Management Board for Trading,                  |
| 6. Artur Warzocha     | - Vice President of the Management Board for Corporate Affairs.        |

There had been no changes to the composition of the Company's Management Board in 2023. The above mentioned persons had been the Members of the Management Board as of January 1, 2023.

#### The composition of the Company's Management Board as of the date of drawing up this report

- |                      |  |
|----------------------|--|
| 1. Grzegorz Lot      | – President of the Management Board (CEO),                                     |
| 2. Piotr Gołębiowski | – Vice President of the Management Board for Trading,                          |
| 3. Michał Orłowski   | – Vice President of the Management Board for Asset Management and Development, |

4. Krzysztof Surma – Vice President of the Management Board for Finance (CFO).

#### **The changes to the composition of the Company's Management Board in 2024 and by the date of drawing up this report**

On February 13, 2024 (an event that took place after the balance sheet date), the Company's Supervisory Board dismissed Paweł Szczeszek, Patryk Demski, Bogusław Rybacki, Tomasz Szczegieliński and Artur Warzocha from the Company's Management Board, effective as of the same date.

At the same time, on the same day, the Company's Supervisory Board took the decision to delegate, as of February 14, 2024, a Member of the Company's Supervisory Board, Karolina Mucha-Kuś, to temporarily perform the duties of the President of the Management Board of the Company during the period until the date of the appointment of the new President of the Management Board, however not longer than three months running from the date of the delegation.

On February 29, 2024 (an event that took place after the balance sheet date), the Company's Supervisory Board appointed, effective as of March 7, 2024, the following Members of the Company's Management Board of the 7<sup>th</sup> term of office, Grzegorz Lot to hold the position of the President of the Management Board, Piotr Gołębiowski to hold the position of the Vice President for Trading, Michał Orłowski to hold the position of the Vice President for Asset Management and Development and Krzysztof Surma to hold the position of the Vice President for Finance.

In connection with the expiration of the 6th common term of the Company's Management Board as of December 31, 2023, the Supervisory Board of the Company, before appointing the above mentioned persons to be the Members of the Management Board of the Company of the 7th common term, had adopted a resolution to dismiss Krzysztof Surma from the Management Board of the Company, effective as of March 6, 2024. In addition, in connection with the appointment of the above mentioned persons to be the Members of the Management Board of the Company, the Supervisory Board of the Company had adopted a resolution to terminate, effective as of March 6, 2024, the temporary performance of the duties of the President of the Management Board of the Company by the delegated Member of the Supervisory Board, Karolina Mucha-Kuś.

The Company disclosed the information on the changes to the composition of the Management Board of TAURON Polska Energia S.A. in current reports no. 11/2024 of February 13, 2024, and no. 12/2024 of February 29, 2024.

There had been no other changes to the composition of the Company's Management Board by the date of drawing up this report.

#### **Experience and competences of the Members of the Company's Management Board who continue to hold their positions in the Company's Management Board as of the date of drawing up this report**

##### **Grzegorz Lot – the President of the Management Board (CEO)**



A graduate of the Silesian University of Technology in Gliwice (Politechnika Śląska w Gliwicach), with a major in Mechanics and Machine Building with a specialization in the innovative processes and management in the energy industry. He completed the Post-graduate Management Studies in Enterprise Management at the Silesian University of Technology in Gliwice, the International Management and Marketing Studies at Brno University of Technology, the International Management and Finance Studies at the Katowice University of Economics (Uniwersytet Ekonomiczny w Katowicach) and the Master of Business Administration studies at The Brennan School of Business of Dominican University, River Forest Illinois, USA.

Grzegorz Lot has been associated with the energy sector for more than 27 years. He has a number of years of experience in developing effective sales and marketing strategies and change management, and he is an expert with respect to, among other things, the design and implementation of the new products and services, marketing campaigns, contact channels as well as the IT tools and systems. He has led and implemented a number of projects related to improving the efficiency of processes.

From January 2023 to March 2024, Grzegorz Lot had held the position of the Vice President of the Management Board of Polenergia Sprzedaż sp. z o.o. (Ltd.). From 2020 to 2022, he had held the position of the Vice President of the Management Board of Polenergia Dystrybucja sp. z o.o. (Ltd.), and had, at the same time, served as a Member of the Management Board of Polenergia Sprzedaż sp. z o.o. (Ltd.).

In the years 2012 - 2019, he had been associated with TAURON Group, holding the position of the Vice President of the Management Board of TAURON Sprzedaż sp. z o.o. (Ltd.) and TAURON Sprzedaż GZE sp. z o.o. (Ltd.), as well as the Executive Director for Customer Affairs at TAURON Polska Energia S.A.

From 1997 to 2012, he had worked at Vattenfall Group's subsidiaries as, among other things, the Head of the Development Department, the Head of the Human Resources Planning and Strategy Department, Project Manager, Customer Service Director, the Sales and Marketing Director, the Vice President of the Management Board.

Grzegorz Lot has served on the supervisory boards of a number of companies operating in the energy sector, in particular those of the subsidiaries of Vattenfall Group and TAURON Group.

He currently serves on the supervisory boards of TAURON Group's subsidiaries: TAURON Dystrybucja S.A. and TAURON Obsługa Klienta sp. z o.o. (Ltd.), as well as on the supervisory boards of such companies as: Elektrociepłownia Stalowa Wola S.A. and Knauf Jaworzno III sp. z o.o. (Ltd.)

#### **Piotr Gołębiowski – the Vice President of the Management Board for Trading**



A graduate of the Electrical Faculty of the Silesian University of Technology in Gliwice (Politechnika Śląska w Gliwicach). He also completed the Post-graduate International Management and Finance Studies at the Katowice University of Economics (Uniwersytet Ekonomiczny w Katowicach), the International Management and Marketing Post-graduate Studies at Brno University of Technology, the Strategic Leadership Academy program organized by ICAN Institute and the Master of Business Administration studies at The Brennan School of Business of Dominican University, River Forest Illinois, USA.

Piotr Gołębiowski has been associated with the energy sector for 28 years, specializing mainly in the issues related to the wholesale and retail trading on the energy markets, the asset hedging transactions and the risk management in the energy industry.

Since 2012, he has been associated with TAURON Group, where he had held the position of the Vice President of the Management Board of TAURON Sprzedaż sp. z o.o. (Ltd.) and TAURON Sprzedaż GZE sp. z o.o. (Ltd.) (2012 - 2016), the Executive Director for Trading at TAURON Polska Energia S.A. (2016 - 2019), a Member of the Management Board of TAURON Czech Energy s.r.o. (2018 - 2019), and from 2019 to March 2024 he had held the position of the Executive Director for Portfolio Management at TAURON Polska Energia S.A.

From 2006 to 2011, he had been working at Vattenfall Sales Poland holding the position of the Director of Energy Portfolio and Pricing, and subsequently the Vice President, the Director of Energy Portfolio and Pricing.

From 1995 to 2005, he had worked at the subsidiaries of Górnośląski Zakład Elektroenergetyczny S.A., where he had held, among other things, such positions as the Head of the Demand Management Department, the Head of the Pricing Department, the Deputy Director for Product Development, the Head of the Pricing and Tariffs.

In 2022, Piotr Gołębiowski served as a Member of the Supervisory Board of Nowe Jaworzno Grupa TAURON sp. z o.o. (Ltd.)

He has been serving as the Chair of the Supervisory Board of TAURON Sprzedaż sp. z o.o. (Ltd.) since 2019, and currently he is the Vice Chair of the Supervisory Board of TAMEH Holding sp. z o.o. (Ltd.)

#### **Michał Orłowski – the Vice President of the Management Board for Asset Management and Development**



A graduate of the Wrocław University of Technology (Politechnika Wrocławska) with a major in management and a graduate of the Wrocław University of Economics (Uniwersytet Ekonomiczny we Wrocławiu) with a major in corporate finance and accounting. He holds the title of CFA (Chartered Financial Analyst).

He has been associated with the energy sector for more than 10 years. He has extensive experience with respect to, among other things, preparing the business strategies, evaluating the investment and development projects, the merger and acquisition processes, due diligence, and creating the business plans for a number of companies operating in Central Europe and in the Middle East

From November 2021 to March 2024, Michał Orłowski had worked at The Boston Consulting Group, most recently holding the position of the Principal.

From 2016 to 2021, he had worked at TAURON Polska Energia S.A., holding, among other things, such positions as the Executive Director for Mergers, Acquisitions and Disinvestment, the Deputy Executive Director for Investments, and the Head of the Project Analysis and Evaluation Team. From 2014 to 2016 he had worked at The Boston Consulting Group, and from 2013 to 2014 he had been a market analyst at Fortum Power and Heat Polska sp. z o.o. (Ltd.) in the area of production optimization, fuel management and energy trading.

Michał Orłowski has served on the supervisory boards of a number of TAURON Group's subsidiaries.

He currently serves on the supervisory boards of TAURON Group's subsidiaries: TAURON Ekoenergia sp. z o.o. (Ltd.), TAURON Inwestycje sp. z o.o. (Ltd.), TAURON Wytwarzanie S.A. and TAURON Ciepło sp. z o.o. (Ltd.), as well as on the supervisory boards of such companies as: Elektrociepłownia Stalowa Wola S.A. and Przedsiębiorstwo Energetyki Ciepłej sp. z o.o. (Ltd.) in Tychy.

## Krzysztof Surma – the Vice President of the Management Board for Finance (CFO)



A graduate of the Cracow University of Economics (Akademia Ekonomiczna w Krakowie), with a major in finance and banking, specialization: corporate finance. He also completed the Master of Business Administration studies for Financiers at Kozminski University (Akademia Leona Koźmińskiego), the post-graduate studies in the Practical Application of the International Financial Reporting Standards at the Warsaw School of Economics (Szkoła Główna Handlowa w Warszawie) and the Manager Development Program organized by the ICAN Institute. He is a member of the Association of Chartered Certified Accountants (ACCA).

Krzysztof Surma has been associated with the energy sector for 23 years. He has extensive experience with respect to, among other things, the processes related to the centralizing of the financial and insurance areas, obtaining of the external financing, implementation of the strategic projects involving a reorganization and a consolidation of the capital groups of companies.

In the years 2001 - 2009 he had worked at Południowy Koncern Energetyczny S.A., including, among others, holding the position of the Head of the Risk and Insurance

Department (2005-2009).

From May 2009 to August, 2021, he had been the competent Director for Finance at TAURON Polska Energia S.A. Since August 2021, Krzysztof Surma has been holding the position of the Vice President of the Management Board for Finance of TAURON Polska Energia S.A.

He has served on the management boards and the supervisory boards of a number of TAURON Group's subsidiaries.

He currently serves on the supervisory boards of TAURON Group's subsidiaries: TAURON Ciepło sp. z o.o. (Ltd.) and TAURON Wytwarzanie S.A., as well as on the Supervisory Board of TAMEH HOLDING sp. z o.o. (Ltd.).

### Description of the procedures of the Company's Management Board

The Management Board of the Company shall act on the basis of the Code of Commercial Companies and other legal regulations, the provisions of the Company's Articles of Association as well as the provisions of the *Regulations of the Management Board of TAURON Polska Energia Spółka Akcyjna with its registered office in Katowice* which are available on the Company's website at the following address: <https://www.tauron.pl/tauron/relacje-inwestorskie/informacje-o-spolce/dokumenty-spolki>. When performing their duties the Members of the Company's Management Board shall be acting in accordance with the principles provided in the Best Practice 2021.

Two Members of the Management Board or one Member of the Management Board together with a proxy shall be entitled to make the valid statements on behalf of the Company. In case the Management Board includes one person, one Member of the Management Board or a proxy shall be entitled to make the valid statements on behalf of the Company.

The meetings of the Management Board of the Company shall be convened by the President of the Management Board or a Vice President of the Management Board designated thereby. The meetings of the Management Board shall also be convened on the motion of the majority of the Vice Presidents of the Management Board as well as on the motion of the Chair of the Supervisory Board. The meetings shall be held at the Company's registered office on the date set by the person that has convened the meeting. In justified cases the meetings of the Management Board may be held outside the Company's registered office. The President of the Management Board or a Vice President of the Management Board designated thereby shall chair the meetings of the Management Board.

The Management Board shall vote in an open ballot, unless otherwise provided for in the legal regulations. The result of the ballot shall be recorded in the minutes of the meeting.

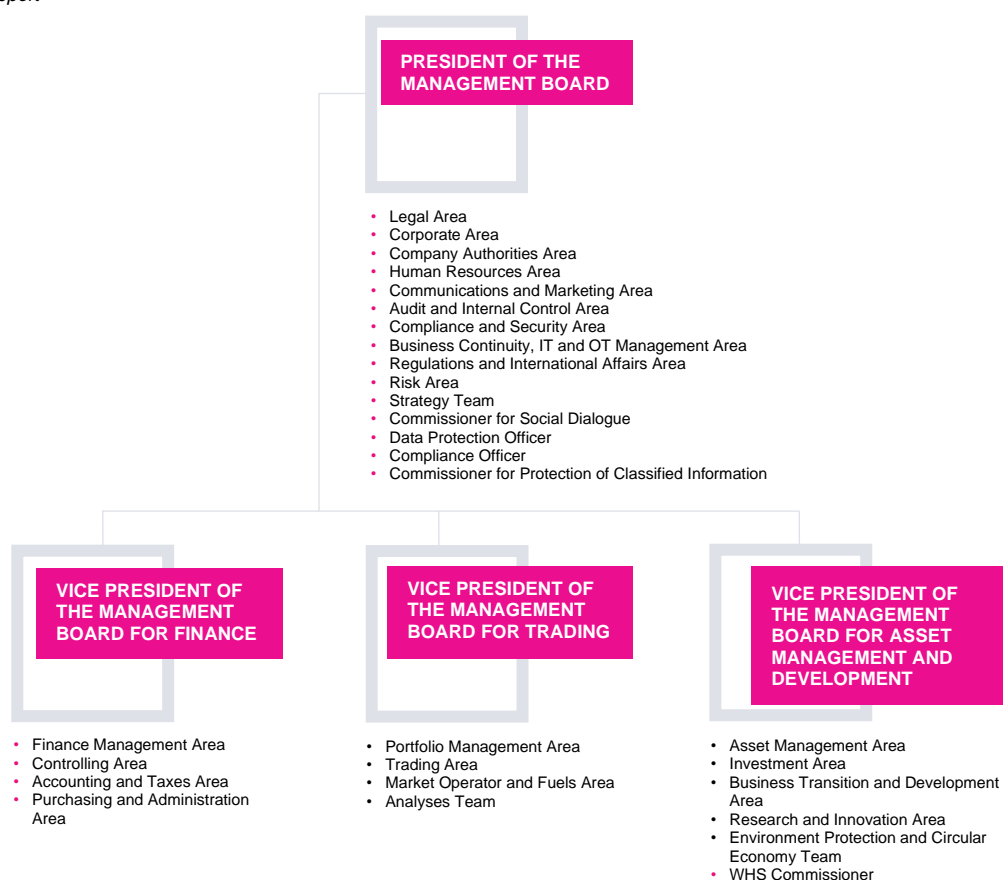
The resolutions of the Management Board shall be passed by an absolute majority of the votes in the presence of at least the majority of the Members of the Management Board. In case of an equal number of the votes the President of the Management Board shall have a casting vote. A Member of the Management Board shall inform the Management Board of any conflict of interest that has arisen or the possibility of the arising thereof and shall not participate in the reviewing of the matter or the voting on a resolution in a matter in which a conflict of interest may arise in relation thereto. The Management Board may pass resolutions by voting in writing or using the means of the direct remote communications. The resolution shall be valid when all of the Members of the Management Board have been notified of the content of the draft resolution and at least the majority of the Members of the Management Board participated in adopting the resolution. The voting in accordance with the above procedures shall be ordered by the President of the Management Board or a Member of the Management Board designated thereby, including setting the final deadline for casting of the votes by the Members of the Management Board. The Members of the Management Board voting against the resolution may submit a dissenting opinion to the minutes, which shall be recorded in the minutes along with the justification thereof. The decisions of the Management Board

which are the decisions on the ongoing matters (daily business) that do not require a resolution shall be recorded only in the minutes.

The internal division, among the Members of the Management Board, of the tasks and responsibilities for the individual business areas of the Company's operations, as defined in the Organizational Regulations and including the independent (autonomous) work positions, as well as the organizational units reporting directly to the Executive Directors, whose work is managed (supervised) by the Members of the Company's Management Board, is defined by the *Company's Management Board Resolution No. 118/VII/2024 of April 11, 2024 amending Resolution No. 59/VII/2024 of March 7, 2024 regarding the assignment of individual organizational units of the Company and independent work positions directly reporting to the Members of the Management Board of TAURON Polska Energia S.A.* The structure of the Company's business areas reporting to the individual Members of the Company's Management Board is posted on the Company's web site at the following address: <https://www.tauron.pl/tauron/o-tauronie/wladze-spolki>.

The below figure presents the diagram (flowchart) showing the division of the responsibilities of the Members of the Company's Management Board, as of the date of drawing up this report.

Figure no. 1. Diagram (flowchart) showing the division of the responsibilities of the Members of the Company's Management Board, as of the date of drawing up this report



### Competence of the Company's Management Board

The Management Board shall conduct the Company's affairs and represent the Company in all court and out of court proceedings. Any matters related to conducting the Company's affairs, not assigned, based on the legal regulations or the provisions of the Company's Articles of Association, to the scope of competence of the General Meeting (GM) or the Supervisory Board, shall be within the scope of competence of the Company's Management Board.

As of December 31, 2023, and as of the date of drawing up this report, in accordance with the Company's Articles of Association, all issues which go beyond the regular scope of the Company's ordinary activities shall require a resolution of the Company's Management Board, in particular, the issues listed in the below table.

Table no. 4. Competence of the Company's Management Board as of December 31, 2023, and as of the date of drawing up this report

Matters that require a resolution of the Company's Management Board	
1.	Regulations of the Company's Management Board,
2.	Company's enterprise organizational regulations,
3.	Establishment and liquidation of the branches,

#### Matters that require a resolution of the Company's Management Board

4. Appointment of a proxy,
5. Taking on the credits and loans,
6. Approving of the annual material and financial plans of the Company and of the Capital Group as well as of the Capital Group's Corporate Strategy,
7. Assuming contingent liabilities within the meaning of the *Act of September 29, 1994 on accounting*, including granting guaranties and sureties by the Company as well as issuing of the bills of exchange, subject to the provisions of § 20 clause 2 items 3 and 4 of the Company's Articles of Association,
8. Making donations, cancelling interest or releasing from debt (debt forgiving), subject to the provisions of § 20, clause 2, items 11 and 12 of the Company's Articles of Association,
9. Purchase of the real estate, perpetual usufruct or of the shares in real estate or in perpetual usufruct, subject to the provisions of § 20, clause 2, item 1 of the Company's Articles of Association,
10. Purchase of the fixed assets excluding the real estate, perpetual usufruct or a share in the real estate or perpetual usufruct with the value equal to or exceeding PLN 40 000, subject to the provisions of § 20, clause 2, item 2 of the Company's Articles of Association,
11. Disposal (control) of the fixed assets including the real estate, perpetual usufruct or a share in the real estate or perpetual usufruct with the value equal to or exceeding PLN 40 000, subject to the provisions of § 20, clause 2, item 2 of the Company's Articles of Association,
12. Defining of the way the voting right will be exercised at the General Meeting of Shareholders or the Meeting of Shareholders of the companies in which the Company holds shares, on the matters within the scope of competence of the General Meeting of Shareholders or the Meeting of Shareholders of such companies, subject to the provisions of § 20, clause 3, items 9 and 10 of the Company's Articles of Association,
13. Principles of conducting the sponsoring activities,
14. Adoption of the annual plan of the sponsoring activities,
15. Matters which the Company's Management Board refers to the Company's Supervisory Board or the General Meeting of the Company for review.

### Supervisory Board of TAURON Polska Energia S.A.

The 6th term of office of the Supervisory Board of the Company was under way in the financial year 2023, having begun its run on July 15, 2020. After the balance sheet date, the 7th term of office of the Supervisory Board of the Company began its run on April 3, 2024. In accordance with the Company's Articles of Association, a term of office of the Supervisory Board shall be common and it shall last 3 full financial years.

#### The composition of the Company's Supervisory Board as of December 31, 2023:

- |                       |  |
|-----------------------|--|
| 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,     |
| 7. Grzegorz Peczkis   | – Member of the Supervisory Board.     |

#### The composition of the Company's Supervisory Board as of the date of drawing up this report:

- |                             |  |
|-----------------------------|--|
| 1. Sławomir Smyczek         | – Chair of the Supervisory Board,      |
| 2. Natalia Klima-Piotrowska | – Vice Chair of the Supervisory Board, |
| 3. Piotr Kołodziej          | – Member of the Supervisory Board,     |
| 4. Michał Hulbój            | – Member of the Supervisory Board,     |
| 5. Beata Kisielewska        | – Member of the Supervisory Board,     |
| 6. Leszek Koziorowski       | – Member of the Supervisory Board,     |
| 7. Katarzyna Masłowska      | – Member of the Supervisory Board,     |
| 8. Karolina Mucha-Kuś       | – Member of the Supervisory Board,     |
| 9. Krzysztof Tkaczuk        | – Member of the Supervisory Board.     |

#### The changes to the composition of the Company's Supervisory Board in 2023 and in 2024, as well as by the date of drawing up this report

As of January 1, 2023, the Company's Supervisory Board was composed of the following members: Piotr Tutak (Chair of the Supervisory Board), Teresa Famulska (Vice Chair of the Supervisory Board), Marcin Wawrzyniak (Secretary of the Supervisory Board), Stanisław Borkowski (Member of the Supervisory Board), Dariusz Hryniów (Member of the Supervisory Board), Leszek Koziorowski (Member of the Supervisory Board), Ryszard Madziar (Member of the Supervisory Board) and Grzegorz Peczkis (Member of the Supervisory Board).

On October 2, 2023, the term of office of a Member of the Company's Supervisory Board, Stanisław Borkowski, had expired due to his death.

On January 25, 2024 (an event that took place after the balance sheet date), the Minister of the State Assets, acting pursuant to § 23, section 1, clause 3) of the Company's Articles of Association, dismissed Dariusz Hryniów, Ryszard Madziar, Piotr Tutak and Marcina Wawrzyniak from the Company's Supervisory Board, and appointed Natalia Klima-Piotrowska, Katarzyna Masłowska, Karolina Mucha-Kuś and Sławomir Smyczek to be the Members of the Company's Supervisory Board.

On February 1, 2024 (an event that took place after the balance sheet date), the Supervisory Board of the Company elected Sławomir Smyczek to be the Chair of the Supervisory Board of the Company. On the same day the

Supervisory Board of the Company elected Natalia Klima-Piotrowska to be the Secretary of the Supervisory Board of the Company.

On February 5, 2024 (an event that took place after the balance sheet date), the Minister of the State Assets, acting pursuant to § 23, section 1, clause 3) of the Company's Articles of Association, dismissed Teresa Famulska from the Company's Supervisory Board, and appointed Piotr Kołodziej to be a Member of the Company's Supervisory Board.

On February 13, 2024 (an event that took place after the balance sheet date), the Supervisory Board of the Company elected Natalia Klima-Piotrowska to be the Vice Chair of the Supervisory Board of the Company. On the same day the Supervisory Board of the Company elected Piotr Kołodziej to be the Secretary of the Supervisory Board of the Company.

On February 13, 2024 (an event that took place after the balance sheet date), the Supervisory Board of the Company adopted the resolution to delegate, as of February 14, 2024, a Member of the Company's Supervisory Board, Karolina Mucha-Kuś, to temporarily perform the duties of the President of the Management Board of the Company during the period until the date of the appointment of the new President of the Management Board, however not longer than three months running from the date of the delegation.

In connection with the appointment, on February 29, 2024, of the new Members of the Management Board of the Company, effective as of March 7, 2024, the Supervisory Board of the Company adopted, on February 29, 2024 (an event that took place after the balance sheet date), a resolution to terminate, effective as of March 6, 2024, the temporary performance of the duties of the President of the Management Board of the Company by the delegated Member of the Supervisory Board, Karolina Mucha-Kuś.

On March 25, 2024 (an event that took place after the balance sheet date), Leszek Koziorowski submitted a statement on his resignation, effective as of April 2, 2024, from the function of a Member of the Company's Supervisory Board. The rationale for the resignation was to enable the full Supervisory Board to be appointed for a new term of office at the Extraordinary General Meeting of the Company convened for April 3, 2024, in connection with the expiration of the term of office of the existing Supervisory Board as of December 31, 2023.

On April 3, 2024 (an event that took place after the balance sheet date), the Extraordinary General Meeting of the Company adopted the resolution on the dismissing of Grzegorz Peczkis from the Company's Supervisory Board, and the appointing of Michał Hulbój, Beata Kisielewska, Leszek Koziorowski and Krzysztof Tkaczuk to be the Members of the Company's Supervisory Board.

The Company disclosed the information on the changes to the composition of the Supervisory Board in current reports: no. 41/2023 of October 3, 2023, no. 7/2024 of January 25, 2024, no. 8/2024 of January 26, 2024, no. 10/2024 of February 5, 2024, no. 11/2024 of February 13, 2024, no. 12/2024 of February 29, 2024, no. 18/2024 of March 25, 2024, and no. 23/2024 of April, 2024.

There had been no other changes to the composition of the Company's Supervisory Board in 2023 and by the date of drawing up this report.

### Information on the independence of the Members of the Company's Supervisory Board

In accordance with the Company's Articles of Association at least two Members of the Company's Supervisory Board should meet the criteria of independence listed in the *Act of May 11, 2017 on certified auditors, audit firms and public oversight*, and also should not have the actual and material ties to a shareholder holding at least 5% of the total number of the votes in the Company.

The Members of the Company's Supervisory Board shall submit to the Company, prior to their appointment as the members of the Company's Supervisory Board, a written statement on the compliance with the independence criteria listed in the above mentioned act as well as on the existence or the non-existence of the actual and material ties to a shareholder holding at least 5% of the total number of the votes in the Company. In case a situation occurs where the independence criteria are not complied with, a Member of the Supervisory Board shall be obliged to inform the Company promptly thereof.

The information on the compliance by the Members of the Supervisory Board of the Company with the independence criteria is posted on the Company's website at the following address: <https://www.tauron.pl/tauron/o-tauronie/wladze-spolki>.

In order to update the information on the compliance by the Members of the Supervisory Board with the independence criteria, as well as on the existence or the non-existence of the actual and material ties to a shareholder holding at least 5% of the total number of the votes in the Company, the Members of the Supervisory Board have submitted the up to date statements on the independence and the ties thereof.

The below table presents the information on the compliance or non-compliance of the Members of the Company's Supervisory Board with the independence criteria, as well as on the existence or non-existence of the actual and material ties to a shareholder holding at least 5% of the total number of the votes in the Company in 2023 and by the date of drawing up this report.

Table no. 5. Compliance by the Members of the Company's Supervisory Board with the independence requirements and the existence of the actual ties to a shareholder holding at least 5% of the total number of the votes in the Company in 2023 and by the date of drawing up this report

First and last name	Period of holding a seat on the Company's Supervisory Board in 2023 and by the date of drawing up this report	Compliance with the independence requirements	Actual ties to a shareholder
1. Sławomir Smyczek	since 25.01.2024 until now	Independent	Do not exist
2. Natalia Klima-Piotrowska	since 25.01.2024 until now	Independent	Do not exist
3. Piotr Kołodziej	since 05.02.2024 until now	Independent	Do not exist
4. Michał Hulbój	since 03.04.2024 until now	Independent	Do not exist
5. Beata Kisiełewska	since 03.04.2024 until now	Independent	Do not exist
6. Leszek Koziorowski	since 01.01.2023 until now	Independent	Do not exist
7. Katarzyna Masłowska	since 25.01.2024 until now	Independent	Do not exist
8. Karolina Mucha-Kuś	from 25.01.2024 to 13.02.2024	Independent	Do not exist
	since 14.02.2024 until now	Dependent	
9. Krzysztof Tkaczuk	since 03.04.2024 until now	Independent	Do not exist
10. Piotr Tutak	from 01.01.2023 to 25.01.2024	Independent	Did not exist
11. Teresa Famulska	from 01.01.2023 to 05.02.2024	Independent	Did not exist
12. Marcin Wawrzyniak	from 01.01.2023 to 25.01.2024	Independent	Did not exist
13. Stanisław Borkowski	from 01.01.2023 to 02.10.2023	Independent	Did not exist
14. Dariusz Hryniów	from 01.01.2023 to 25.01.2024	Independent	Did not exist
15. Ryszard Madziar	from 01.01.2023 to 25.01.2024	Independent	Did not exist
16. Grzegorz Peczkis	from 01.01.2023 to 03.04.2024	Independent	Did not exist

### Experience and competences of the Members of the Supervisory Board who continue to hold their seats on the Company's Supervisory Board as of the date of drawing up this report

#### Sławomir Smyczek – the Chair of the Supervisory Board

Professor, Ph.D. The Vice President for Education and International Cooperation at the Katowice University of Economics (Uniwersytet Ekonomiczny w Katowicach). At the same time, he holds the position of the Head of the Department of Consumption Research. He is a national representative in the Asian Marketing Association MAGScholar and in the European Universities Network DUKENET, of which he had been the President in 2017 - 2019. Since 2022, he has served as Chair of the Silesian Universities Network (SUN).

Sławomir Smyczek lectures at foreign universities, including Wirtschaftsuniversität Wien, Université de Haute-Alsace, Budapest Business School, Howest Hogeschool West-Vlaanderen and Universidad CEU Cardenal Herrera in Valencia. He is an expert with respect to the consumer rights protection. In 2023, he was appointed to the Scientific Advisory Committee to the Financial Ombudsman.

He conducts scientific research on the consumer behavior, sustainable consumption, consumer market exclusion and marketing. He cooperates with the companies involved in international business operations as a consultant in the field of marketing, loyalty programs and the consumer market education.

Sławomir Smyczek was the chair of the supervisory board of Azoty-Adipol S.A. and served as the secretary of the supervisory board at Aster ZAK Sp. z o.o. (Ltd.) and Futuria Sp. z o.o. (Ltd.).

He has been a Member of the Supervisory Board of the Company since January 25, 2024.

On the Company's Supervisory Board, he serves as the Chair of the Supervisory Board, he is the Head of the Nominations and Compensation Committee and a Member of the Strategy Committee of the Company's Supervisory Board.

#### Natalia Klima-Piotrowska – the Vice Chair of the Supervisory Board

A graduate of the Faculty of Law and Administration of the University of Silesia in Katowice (Uniwersytet Śląski w Katowicach). An attorney at law registered on the list of the attorneys at law of the Bar Association in Katowice since 2006, a mediator registered on the list of the Mediation Center at the Supreme Bar Council and the Mediation Center of the Bar Association in Katowice. A Member of the Regional Bar Council in Katowice, the Chair of the

Human Rights Commission at the Supreme Bar Council, a member of the Women's Team at the Supreme Bar Council, a member of the Prof. Zbigniew Hołda Association (Stowarzyszenie im. Prof. Zbigniewa Hołdy).

She gained professional experience in the tax departments of Arthur Andersen sp. z o.o. (Ltd.) and Ernst & Young sp. z o.o. (Ltd.), and subsequently at the law firms Adwokaci i Doradcy sp. j. and Popiołek, Adwokaci i Doradcy Kancelaria Adwokatów i Radców Prawnych sp. j. in Katowice. Having passed the bar exam, she ran an individual law firm, and since 2012 she has been a partner at Piotrowscy Spółka Partnerska Adwokatów, which provides legal assistance to the entrepreneurs, municipal companies and the private individuals. She specializes in the real estate law, the real estate management, the civil and family law, as well as the human rights protection cases.

Natalia Klima-Piotrowska conducts trainings, participates in conferences, lectures and talks as their organizer, moderator and a panelist.

In 2022, she was listed on the Forbes Women magazine's ranking of the top 25 lawyers in business, and in 2023 she was awarded the title of the Equality Leader of the Silesian province in a competition organized by the Women's Congress Association together with the British Embassy and the Forbes Women magazine. In 2020, she was awarded the Attorney at Law Social Activist in the poll of the Defensor Iuris Association (Stowarzyszenie Defensor Iuris), and in 2017 she won the First Honorable Mention in the 2017 Woman Attorney at Law competition.

She has been a Member of the Supervisory Board of the Company since January 25, 2024.

On the Company's Supervisory Board, she serves as the Vice Chair of the Supervisory Board, she is the Head of the Strategy Committee, a Member of the Audit Committee and a Member of Nominations and Compensation Committee of the Company's Supervisory Board.

#### **Piotr Kołodziej – the Secretary of the Supervisory Board**

A graduate of the Electrical Department of the Silesian University of Technology in Gliwice (Politechnika Śląska w Gliwicach). He also completed the postgraduate studies in the electrical power engineering (Silesian University of Technology), the microcomputer systems (Silesian University of Technology) and business management. A participant of the Vattenfall Executive Management Program (a training program for Vattenfall's senior management) in Stockholm.

Piotr Kołodziej had worked: from 1970 to 1996 at Zakład Energetyczny Gliwice (Gliwice Power Unit), from 1996 to 2001 at Górnośląski Zakład Elektroenergetyczny S.A. as a Member of the Management Board responsible for the technical affairs and electricity trading, from 2001 to 2007 at Vattenfall Distribution S.A. as the President of the Management Board (CEO), from 2002 to 2009 at Vattenfall Poland as a Member of the Board of Directors, from 2009 to 2011 at Vattenfall Europe AB as a Member of the Management Board, from 2008 to 2012 at TAURON Dystrybucja GZE S.A. as the President of the Management Board (CEO), where he had created a highly efficient, customer oriented organization, achieving high Vattenfall Customer Satisfaction Index benchmark scores and high employee engagement ratings.

From 2012 to 2015, he had held the position of the CEO of TAURON Dystrybucja S.A., where, among other things, he had implemented several dozens of the reorganization, restructuring, process optimization and IT system implementation projects.

From October to December 2015, he had held the position of the Vice President of the Management Board of TAURON Polska Energia S.A. for Strategy and Development. From January to April 2016, he had been an advisor to the Management Board of TAURON Polska Energia S.A., and from May 2016 to February 2017, he had held the position of the Executive Director for Asset Management.

From 2017 to 2021, he had held the position of the President of the Management Board of Spółka Ciepłowniczo-Energetyczna Jaworzno III Sp. z o.o. (Ltd.), and from 2022 he has been an advisor to the Management Board of Smart EPC Sp. z o.o..

He has been a Member of the Supervisory Board of the Company since February 5, 2024.

On the Company's Supervisory Board, he serves as the Secretary of the Supervisory Board, he is the Head of the Audit Committee, a Member of the Strategy Committee and a Member of the Nominations and Compensation Committee of the Company's Supervisory Board.

#### **Michał Hulbój – a Member of the Supervisory Board**

A graduate of the SGH Warsaw School of Economics (Szkoła Główna Handlowa w Warszawie) with a major in finance and banking. He holds a stockbroker's license and has also passed two exams as part of the CFA program.

He had gained professional experience as a participant of the management training at Bank Millennium, subsequently as an equity analyst at Millennium Dom Maklerski (Millennium Brokerage House), PTE PZU and AIG PTE. From 2008 to 2010, he had worked as an equity portfolio manager at PTE PZU. At the end of 2010, he had become the Director of the Equity Product Management Team at Skarbiec TFI. In 2012, he had worked as the Director of the Analyses Department at Erste Securities Poland. Since February 2013, he had taken the position of

a Member of the Management Board, the Director of the Asset Management Office at Forum TFI. From 2014 to 2018, he had held the position of the CEO at Cresco Sp. z o.o. (Ltd.).

Michał Hulbój had served on the Supervisory Boards of the following companies: Herkules S.A., AB Kauno Tiltai, Libet S.A., Nowa Gala S.A., Trakcja S.A.. He had served as the Head of the Audit Committee at Herkules S.A. and as a Member of the Audit Committee at: Libet S.A., Nowa Gala S.A., Trakcja S.A.

He is currently an independent member of the Supervisory Boards of the following companies: Biazet S.A., Onde S.A., Develia S.A., AC S.A., EMC Instytut Medyczny S.A. and Orzeł Biały S.A.; he also serves as the Head of the Audit Committee at AC S.A., Orzeł Biały S.A. and as a Member of the Audit Committee at Develia S.A. and EMC Instytut Medyczny S.A..

He has been a Member of the Supervisory Board of the Company since April 3, 2024.

On the Company's Supervisory Board, he is a Member of the Audit Committee and a Member of the Strategy Committee of the Company's Supervisory Board.

#### **Beata Kisiełewska – a Member of the Supervisory Board**

A certified auditor, she is a graduate of the Silesian University of Technology in Gliwice (Politechnika Śląska w Gliwicach), with a major in management and marketing, specializing in business management, and a graduate of the Katowice Business University (Górnośląska Wyższa Szkoła Handlowa), with a major in management and marketing, specializing in accounting and finance, where she was additionally awarded an IES International Education Society certificate. She is a graduate of the postgraduate studies in tax strategy at the Katowice University of Economics (Akademia Ekonomiczna w Katowicach) and the MBA studies at Wyższa Szkoła Biznesu in Nowy Sącz.

From 1998 to 2005 Beata Kisiełewska had worked at the Cooperative Bank in Jastrzębie-Zdrój, including holding the position of the Chief Accountant. From 2005 to 2019 she had been employed at Getin Noble Bank S.A. as the Director of the Accounting Department. She has experience related to the bookkeeping and drawing up of the financial statements. Among other things, she had participated in the projects related to the implementation of the IFRS and company mergers. In addition, since 2005 she has been involved in the audits of the financial statements and she has worked with a number of audit firms, including PKF, BDO, KPMG Dr. Piotr Rojek. Currently she is working at ATAC Auditors and Partners Sp. z o.o. (Ltd.) as a certified auditor and the Vice President of the Management Board. She specializes in the audits of the financial statements of the public interest entities and the services for the joint stock companies and the limited liability companies as well as for the financial institutions. Since 2022, she has been a Member of the Supervisory Board and a Member of the Audit Committee at the Cooperative Bank in Jastrzębie-Zdrój.

She has been a Member of the Supervisory Board of the Company since April 3, 2024.

On the Company's Supervisory Board, she is a Member of the Audit Committee of the Company's Supervisory Board.

#### **Leszek Koziorowski – a Member of the Supervisory Board**

A graduate of the Faculty of Law and Administration of the University of Warsaw (Uniwersytet Warszawski), He is registered on the list of the attorneys at law of the Warsaw Bar Association (Okręgowa Izba Radców Prawnych w Warszawie).

From the beginning of his professional career, he has been associated with the capital market. From 1994 to 1999 at the Securities Commission (Komisja Papierów Wartościowych - KPW), initially at the Office of the Brokerage Houses and Trust Funds (Biuro Domów Maklerskich i Funduszy Powierniczych), subsequently as an advisor to the Chair of the Securities Commission (KPW).

During his work at the Securities Commission (KPW), he had also been holding the position of the Deputy Chairman of the Examination Commission for the Investment Advisors.

Currently at GESSEL, KOZIOROWSKI Kancelaria Radców Prawnych i Adwokatów sp. p., where he has created and manages the capital market law department - employed since 1999, a partner since 2002.

He had been an arbitrator at the Stock Exchange Court at the Warsaw Stock Exchange (Sąd Giełdowy przy Giełdzie Papierów Wartościowych w Warszawie).

Since 2015, he has been a member of the Corporate Governance Committee at the Warsaw Stock Exchange (Komitet Ładu Korporacyjnego przy Giełdzie Papierów Wartościowych w Warszawie), where he was a co-author of the Best Practice of WSE Listed Companies 2016 and of the latest: the Best Practice of WSE Listed Companies 2021.

He had been holding the position of the Chair and a Member of the Supervisory Boards at a number of private and public joint stock companies, for example, IGLOTEX S.A. (the Chair of the Supervisory Board), ESALIENS TFI S.A.

(the Chair of the Supervisory Board), Zakłady Odzieżowe BYTOM S.A., TETA S.A. (the Chair of the Supervisory Board), TAURON Polska Energia S.A. (from 2010 to 2017 and from 2021 to 2024).

He has been a Member of the Supervisory Board of the Company since May 24, 2021.

On the Company's Supervisory Board, he is a Member of the Nominations and Compensation Committee of the Company's Supervisory Board.

#### **Katarzyna Masłowska – a Member of the Supervisory Board**

A graduate of the Faculty of Law, Canon Law and Administration of the John Paul II Lublin Catholic University in Lublin (Katolicki Uniwersytet Lubelski im. Jana Pawła II w Lublinie) (a major in law) and a scholarship holder of the Socrates-Erasmus program at the Faculty of Law, Economics and Administration at L'Université d'Orléans in France. A legal counsel, a member of the Regional Chamber of the Legal Counsels in Olsztyn. She has a number of years of professional experience in the area of the legal services and consulting for the entities operating in the electric power industry.

Katarzyna Masłowska has acted as a legal representative in, among other things, the construction, real estate, expropriation, transmission easement and compensation (damages) related cases, including court and administrative cases in front of the provincial administrative courts, the Supreme Administrative Court in Warsaw and the common courts.

Since 2009, she had worked at ELTEL Networks Energetyka S.A. where she had advised and also represented as a legal representative in the administrative and court proceedings the electricity distribution system operators and the transmission operator Polskie Sieci Elektroenergetyczne S.A. in the implementation of the key power projects for Poland. Since 2020, a legal counsel at OLMEX Projekt Sp. z o.o. Sp.k., where she has provided the formal and legal services for the electric power investments. Since 2021, a legal counsel at Polskie Sieci Elektroenergetyczne S.A., where she has provided the legal services for the strategic investment projects related to the national transmission grids.

A speaker, co-organizer and a lecturer at the energy related training and conferences on the transmission and the distribution grids.

She has been a Member of the Supervisory Board of the Company since January 25, 2024.

On the Company's Supervisory Board, she is a Member of the Strategy Committee and a Member of the Nominations and Compensation Committee of the Company's Supervisory Board.

#### **Karolina Mucha-Kuś – a Member of the Supervisory Board**

She holds a PhD degree in Economics and is a graduate of the doctoral studies at the Department of Management at the Katowice University of Economics (Uniwersytet Ekonomiczny w Katowicach). She completed the post-graduate studies in the Nuclear Energy and the Natural Gas Market at the Stanisław Staszic AGH University of Science and Technology in Cracow (Akademia Górniczo-Hutnicza im. Stanisława Staszica w Krakowie).

An Assistant Professor at the Department of Management at the WSB Academy in Dąbrowa Górnicza.

Karolina Mucha-Kuś is an author and co-author of the research papers on the strategic management, Smart City, e-mobility, energy market, sustainable development, coopetition. A manager of the international research projects. A speaker at the national and international conferences. She also lectures at the universities in Europe (Spain, Czech Republic).

She has been associated with the energy industry since 2007. She has extensive experience in the implementation of the projects and investments in the energy sector, including in the area of distribution and trading (Vattenfall, TAURON) and in the public administration (Upper Silesia and Zagłębie Metropolitan Area) in the areas of e-mobility, including the use of hydrogen in the public transportation, purchasing groups (energy, gas), targeted subsidies, including the programs aimed at reducing of the low emissions or the digitization of the public administration (open data platform).

She has been a Member of the Supervisory Board of the Company since January 25, 2024.

On the Company's Supervisory Board, she is a Member of the Audit Committee, a Member of the Strategy Committee and a Member of the Nominations and Compensation Committee of the Company's Supervisory Board.

#### **Krzysztof Tkaczuk – a Member of the Supervisory Board**

A graduate of the Faculty of Mining and Geology at the AGH University of Science and Technology in Cracow (Akademia Górniczo-Hutnicza w Krakowie) and of the post-graduate studies in the Financial Management at the Wrocław University of Economics (Akademia Ekonomiczna we Wrocławiu).

Krzysztof Tkaczuk has completed a number of courses and trainings, including, among other things, the Work Safety Management - Risk Assessment and Management, a series of the training courses: Change Management Leaders, Prince Foundation, Energy in Industry, Theory and Practice and Procedures of Risk Management, Pro-

business approach to the process management, Project Management, Integrated Management System, Management and Strategy organized by the Ministry of National Education.

Since the beginning of his career, he has been associated with KGHM Polska Miedź S.A., the Mining Plant branch in Lubin, where he has climbed all of the career levels from the medium level operation supervision employee to the General Manager (Mining Plant Operation Manager).

In 2016, he had held the position of the General Manager of the Mining and Smelting Production at KGHM Polska Miedź S.A., and since 2017 he has held the position of the General Director of Mining at KGHM Polska Miedź S.A. at the Company's head office.

From 2022 to 2024, Mr. Krzysztof Tkaczuk had held the position of the General Manager (Mining Plant Manager) of KGHM Polska Miedź S.A., the Mining Plant branch in Lubin. Until March 2024, he had held the position of the General Director of Mining at KGHM Polska Miedź S.A. at the Company's head office.

Mr. Krzysztof Tkaczuk has served on the Supervisory Boards of a number of joint stock companies such as, among other things, KGHM Zanam S.A. (from 2015 to 2016), KGHM Zagłębie Lubin S.A. (from 2015 to 2018), Przedsiębiorstwo Budowy Kopalń PeBeKa S.A. (from 2016 to 2018).

He has served on the Supervisory Board of KGHM Cuprum Lubin S.A. since 2022 until now.

He has been a Member of the Supervisory Board of the Company since April 3, 2024.

On the Company's Supervisory Board, he is a Member of the Strategy Committee of the Company's Supervisory Board.

### **Description of the procedures of the Company's Supervisory Board**

The Supervisory Board of the Company shall act on the basis of the Code of Commercial Companies and other legal regulations, the provisions of the Company's Articles of Association, as well as the provisions of the *Regulations of the Supervisory Board of TAURON Polska Energia S.A. with its registered office in Katowice* which are available on the Company's website at the following address: <http://www.tauron.pl/tauron/relacje-inwestorskie/informacje-o-spolce/dokumenty-spolki>. When performing their duties the Members of the Company's Supervisory Board shall be acting in accordance with the principles provided in the Best Practice 2021.

The Members of the Supervisory Board of the Company, when performing the functions and duties assigned thereto, shall be guided in their conduct, including in making the decisions, by the independence of their own opinions and judgments, while acting in the interest of the Company.

The Supervisory Board of the Company shall work by way of a debate, analyzing the situation of the Company and the Group against the background of the industry and the market on the basis of the materials provided thereto by the Management Board of the Company and the internal systems and functions of the Company, as well as obtained from outside the Company, using the results of the works of its Committees.

The main form of the Supervisory Board performing the oversight of the Company's operations shall be the meetings of the Supervisory Board. The Supervisory Board shall perform its obligations collectively. The meetings of the Company's Supervisory Board shall be convened by the Chair of the Supervisory Board or the Vice Chair of the Supervisory Board by presenting a detailed agenda of the meeting:

1. in accordance with the decisions taken by the Supervisory Board,
2. of his or her own initiative,
3. at a request of each Member of the Supervisory Board,
4. at a request of the Management Board.

The Chair or the Vice Chair of the Supervisory Board shall convene a meeting with an agenda in accordance with the request, which shall be held no later than two weeks from the date of the receipt of the request. In the event that the Chair or the Vice Chair of the Supervisory Board fails to convene a meeting of the Supervisory Board in the manner specified above, the person making the request may convene the meeting independently.

The meetings of the Supervisory Board shall be held at the Company's registered office. In the justified cases a meeting may be convened at a different venue.

In order to convene a meeting all of the Members of the Company's Supervisory Board must be invited in writing at least 7 days before the date of the Supervisory Board's meeting. For important reasons the Chair of the Supervisory Board may shorten this period to 2 days, defining the way the invitations should be distributed. The notifications of the Supervisory Board's meeting shall be sent by electronic mail. In the notification of the Supervisory Board's meeting the Chair shall define the date of the meeting, the venue of the meeting and the detailed draft agenda. The Supervisory Board of the Company shall meet on as needed basis, however not less frequently than once every 2 months. The Supervisory Board may hold meetings without convening a formal meeting if all of the Members of the Supervisory Board are present and nobody objects against the fact of holding the meeting or against the agenda of the meeting.

A change of the proposed agenda of the meeting may occur when all of the Members of the Company's Supervisory Board are present at the meeting and no one raises an objection against the changed agenda of the meeting. An issue not included in the agenda of the meeting should be included in the agenda of the next meeting.

The participation in a meeting of the Supervisory Board shall be a Supervisory Board Member's duty. A Member of the Supervisory Board shall provide information on the reason for his/her absence in writing. Excusing an absence of a Member of the Supervisory Board shall require a resolution of the Company's Supervisory Board. The Members of the Company's Management Board may take part in the Supervisory Board's meetings unless the Supervisory Board raises an objection. The participation of the Members of the Company's Management Board in the Supervisory Board meetings shall be mandatory if they have been invited by the person convening the meeting of the Supervisory Board. Other persons may also take part in the meetings if they have been invited in the above mentioned way.

The Supervisory Board may seek opinions of experts using the knowledge of the Company's employees, including in particular, the legal counsels who provide regular legal assistance for the Company.

The Supervisory Board may also appoint independent experts to obtain an opinion and make the appropriate decision, as well as invite them to the meetings of the Supervisory Board. In case a transaction of the Company with a related entity requires an approval of the Supervisory Board of the Company, before adopting a resolution on granting such a consent, the Supervisory Board shall assess whether it is necessary to first seek an opinion of an external entity that will carry out the valuation of the transaction and the analysis of its economic effects. If the conclusion of the transaction with a related entity requires the approval of the General Meeting, the Supervisory Board of the Company shall draw up an opinion on the legitimacy of concluding such a transaction and in such a case it shall assess the need for a prior seeking of an opinion of an external entity. In the cases referred to above, the Supervisory Board of the Company shall adopt a resolution to commission the selected expert to carry out the work, obliging the Management Board of the Company to conclude the applicable agreement.

The meetings of the Supervisory Board shall be chaired by the Chair of the Supervisory Board, and in case of his or her absence, by the Vice Chair of the Supervisory Board. For important reasons, with the consent of the majority of the Members of the Supervisory Board present at the meeting, the person chairing the meeting shall be obliged to subject to a vote a motion to interrupt the meeting and set the date of resuming the meeting of the Company's Supervisory Board. The Supervisory Board shall make its decisions in the form of resolutions. The Supervisory Board's resolutions shall be passed mainly during the meetings thereof. The Supervisory Board shall pass resolutions if at least half of its members are present at the meeting and all of its members have been invited in the appropriate manner defined in the Regulations of the Supervisory Board. Subject to the mandatory legal regulations in force, including the Code of Commercial Companies and the provisions of the Company's Articles of Association, the Supervisory Board shall pass resolutions by an absolute majority of votes of the persons present at the meeting where the absolute majority of votes shall be understood as more votes cast "for" than "against" and "abstain". Resolutions shall not be passed on the matters not included in the agenda unless all of the Members of the Supervisory Board are present and nobody raises an objection. This shall not apply to the resolutions on excusing a Supervisory Board's Member's absence at the meeting. The resolutions shall be voted on in an open ballot. A secret ballot shall be ordered only in the cases stemming from the provisions of the law.

In accordance with the Company's Articles of Association, the Supervisory Board may pass resolutions in writing or using the means of the direct remote communications. Passing a resolution in such a way shall require a prior notification of all of the Members of the Supervisory Board of the content of the draft resolution and the participation of at least half of the Members of the Supervisory Board in passing the resolution. The Company's Supervisory Board may pass resolutions this way as long as no Member of the Company's Supervisory Board raises an objection. When voting on a resolution in the above mentioned way a Member of the Company's Supervisory Board shall indicate his/her vote, i.e. "for", "against" or "abstain". A resolution with a note that it has been passed in writing or by voting using the means of direct remote communications shall be signed by the Chair of the Supervisory Board. The resolutions passed this way shall be presented at the forthcoming meeting of the Supervisory Board along with the result of the voting.

The participation in a meeting of the Company's Supervisory Board using the means of the direct remote communications, i.e. a conference call or a video conference, shall be allowed. In case the Members of the Company's Supervisory Board take part in a meeting of the Company's Supervisory Board using the means of the direct remote communications, the resolutions shall be passed if at least half of the Members of the Company's Supervisory Board participate in the voting.

The Members of the Supervisory Board shall take part in the meetings and exercise their rights and responsibilities (duties) in person, and while performing their duties they shall be obliged to act with due diligence. The Members of the Supervisory Board shall be obliged to keep confidential the information related to the Company's activities that they have acquired in connection with holding their seat or on another occasion.

The Supervisory Board may delegate its individual members to perform certain supervision (oversight) activities on their own as well as establish the ad hoc (temporary or standing (permanent) committees of the Supervisory Board to perform certain supervision (oversight) activities. The delegated Member of the Supervisory Board and the

committee of the Supervisory Board should at least once in each quarter of the financial year provide the Supervisory Board with the information on the supervisory activities undertaken and the results thereof.

The Supervisory Board may delegate its members, for a period not longer than three months, to temporarily perform the duties of the Members of the Management Board who have been dismissed, submitted their resignation or if for other reasons they cannot perform their functions. The above mentioned delegation shall require obtaining a consent of the Member of the Supervisory Board who is to be delegated.

The Company's Supervisory Board may appoint from among its members the standing or temporary (ad hoc) working groups (teams), committees to perform the specific actions. The standing committees of the Company's Supervisory Board shall be:

1. Audit Committee of the Supervisory Board of TAURON Polska Energia S.A. (Audit Committee),
2. Nominations and Compensation Committee of the Supervisory Board of TAURON Polska Energia S.A. (Nominations and Compensation Committee),
3. Strategy Committee of the Supervisory Board of TAURON Polska Energia S.A. (Strategy Committee).

The composition, tasks and procedures of the operation of the above mentioned committees shall be defined in the regulations thereof passed by the Supervisory Board.

### Competence of the Company's Supervisory Board

The Supervisory Board of the Company shall continuously oversee the Company's activities in all areas of its business operations.

In accordance with the Company's Articles of Association, the Company's Supervisory Board's tasks and competences shall include in particular the matters listed in the below table, as of December 31, 2023, and as of the date of drawing up this report.

Table no. 6. Competence of the Company's Supervisory Board as of December 31, 2023, and as of the date of drawing up this report

Matters that require a resolution of the Company's Supervisory Board

#### Competences related to providing opinions

1. Evaluate the Company's Management Board's report on the Company's operations (Directors' Report) as well as the financial statements for the last financial year with respect to their compliance with the books, documents as well as with the factual status. This shall also apply to the Capital Group's consolidated financial statements,
2. Evaluate the Company's Management Board's recommendations on the distribution of the profit or the covering of the loss,
3. Draw up once a year and submit to the General Meeting a report on the activities of the Supervisory Board containing at least:
  - 1) results of the evaluations mentioned in items 1 and 2 above,
  - 2) information on: the composition of the Company's Supervisory Board and its Committees, including an indication which Members of the Supervisory Board comply with the criteria of independence listed in the *Act of May 11, 2017 on certified auditors, audit firms and public oversight*, as well as those that not to have the actual and material ties to a shareholder holding at least 5% of the total number of votes in the Company, and also the information on the composition (membership) of the Supervisory Board in the context of the diversity thereof,
- 3) summary of the activities of the Supervisory Board and its Committees,
- 4) evaluation of the Company's situation on the consolidated basis, including the assessment of the adequacy and effectiveness of the internal controls, risk management, standards or applied practices compliance systems and the internal audit functions applied by the Company, including the information on the steps that the Company's Supervisory Board took in order to perform such an evaluation, including all of the significant control mechanisms, in particular the ones related to the reporting and the business operations
- 5) assessment of the application of the corporate governance principles by the Company and the method of the fulfilment of the information disclosure obligations in relation to the application thereof, defined in the Regulations of the Exchange and in the provisions related to the current and periodic (interim) information (disclosures, regulatory filings) filed by the issuers of the securities. including the information on the steps that the Company's Supervisory Board took in order to perform such an assessment,
- 6) assessment of the rationality (legitimacy) of the expenditures incurred by the Company and its group to support culture, sports, charity institutions, media, social organizations, trade unions, etc.,
- 7) information on the degree of implementation of the diversity policy in relation to the Management Board of the Company and the Supervisory Board of the Company, including the implementation of the objectives and the criteria of diversity, including, among other things, in such areas as gender, education background, specialist knowledge, age and professional experience,
- 8) evaluation of the manner in which the Management Board draws up or submits to the Supervisory Board the information, documents, reports or explanations requested in accordance with the procedure set forth in Article 382, § 4 of the Code of Commercial Companies,
- 9) information on the total compensation payable by the Company for all of the studies commissioned by the Supervisory Board to its advisors during the financial year.
4. Draw up, once a year, a report on the compensation of the Members of the Management Board of the Company and the Supervisory Board of the Company in accordance with the requirements defined in the *Act of July 29, 2005, on a public offering and conditions of introducing financial instruments to an organized trading system and on public companies*,
5. Provide opinions on the Capital Group's Corporate Strategy,
6. Provide opinions on the rules of conducting the sponsoring activities,
7. Provide opinions on the annual plan of conducting the sponsoring activities as well as on the annual report on the implementation thereof,
8. Provide opinions on the reports drawn up, by the Company's Management Board, on the entertainment expenses, the expenditures on the legal services, marketing services, public relations and the social communications services as well as the advisory services related to the management,
9. Provide opinions on the Company's Management Board's motions regarding the matters referred to in § 35 of the Company's Articles of Association, excluding the motions regarding the Members of the Company's Supervisory Board,
10. Provide opinions on the draft resolutions introduced by the Management Board of the Company to the agenda of the General Meeting,
11. Provide opinions on the changes of the rules of divesting the fixed assets, defined in § 38<sup>1</sup> of the Company's Articles of Association.

### Competences that include

1. Selecting a certified auditor to carry out an audit of the Company's financial statements and the Capital Group's consolidated financial statements,
2. Defining the scope and deadlines for submitting the Company's and the Capital Group's annual material and financial plan by the Company's Management Board,
3. Approving of the Company's and the Capital Group's material and financial plan by the Company's Management Board
4. Adopting of the consolidated text of the Company's Articles of Association, drawn up by the Company's Management Board,
5. Approving of the Regulations of the Company's Management Board,
6. Approving of the organizational regulations of the Company's enterprise,
7. Approving of the capital group's compensation policy,
8. Purchasing of the real estate asset components within the meaning of the *Act of September 29, 1994, on accounting*, with the value exceeding:
  - 1) PLN 20 000 000 or
  - 2) 5% of the total assets within the meaning of the *Act of September 29, 1994, on accounting*, determined on the basis of the last approved financial statements,
 subject to the provisions of § 20, clause 5 of the Company's Articles of Association,
9. Disposing of the fixed asset components, within the meaning of the *Act of September 29, 1994, on accounting*, classified as intangible and legal assets, tangible fixed assets or the long term investments, including making a contribution to a company or cooperative if the market value of such components exceeds PLN 20 000 000 or 5% of the total assets within the meaning of the *Act of September 29, 1994, on accounting*, determined on the basis of the last approved financial statements, subject to the provisions of § 20, clause 5 of the Company's Articles of Association, as well as handing over these components for use to another entity for a period longer than 180 days in a calendar year, based on a legal transaction, if the market value of the subject of the legal transaction exceeds PLN 500 000 or 5% of the total assets, where the handing over of such components for use in the case of:
  - 1) lease, tenancy and other contracts for the transfer of an asset for use by other entities for a fee – the market value of the subject of the legal action shall be understood as the value of the services for: one year - if the asset was transferred on the basis of an agreement concluded for an indefinite period of time, the entire duration of the agreement - in the case of the contracts concluded for a defined period of time,
  - 2) loan contracts and other free of charge contracts for the handing over of an asset for use by other entities - the market value of the subject of legal transaction shall be understood as the equivalent of the benefits that would be due if the lease or tenancy agreement were concluded, for: one year - if the asset is handed over under the contract concluded for an indefinite period of time, the entire duration of the contract - in the case of the contracts concluded for a defined period of time,
10. Assuming of the contingent liabilities, including the granting of the guaranties and sureties by the Company with the value exceeding the equivalent of PLN 20 000 000,
11. Issuing of the bills of exchange with the value exceeding the equivalent of PLN 20 000 000,
12. Making of an advance payment on account of the expected dividend,
13. Taking up or purchasing of the shares in another company with the value exceeding:
  - 1) PLN 20 000 000 or
  - 2) 5% of the total assets within the meaning of the *Act of 29 September 29, 1994 on accounting*, determined on the basis of the last approved financial statements,
14. Selling of the shares or interest in another company with the market value exceeding:
  - 1) PLN 20 000 000 or
  - 2) 10% of the total assets within the meaning of the Act of 29 September 1994, on accounting, determined on the basis of the last approved financial statements,
15. Concluding of an agreement for the legal services, marketing services, public relations and the social communications services as well as the advisory services related to the management, if the amount of the total net compensation envisaged for the services provided in total under such an agreement or under other agreements concluded with the same entity exceeds PLN 500 000, on a yearly basis,
16. Amending of an agreement for the legal services, marketing services, public relations and the social communications services as well as the advisory services related to the management, increasing the compensation above the amount mentioned in item 15 above,
17. Concluding of the agreements for the legal services, marketing services, public relations and the social communications services as well as the advisory services related to the management, under which the maximum compensation amount (cap) is not envisaged,
18. Concluding of a donation agreement or of another agreement with the similar consequences of the value exceeding PLN 20 000 or 0.1% of the total assets within the meaning of the *Act of September 29, 1994, on accounting*, determined on the basis of the last approved financial statements,
19. Relieving from debt (debt forgiving) or from another agreement with the similar consequences of the value exceeding PLN 50 000 or 0.1% of the total assets within the meaning of the *Act of September 29, 1994, on accounting*, determined on the basis of the last approved financial statements,
20. Concluding of a material transaction with a related entity within the meaning of the *Act of July 29, 2005 on a public offering and conditions of introducing financial instruments to an organized trading system and on public companies*,
21. Granting of a permission to establish the Company's branches abroad,
22. Defining of the way of exercising the voting right at the General Meeting of the Company or at the Meeting of Shareholders (Partners) of the companies in which the Company holds more than 50% of the shares or interest, with respect to the following matters:
  - 1) selling and leasing out the company's enterprise or its organized part as well as establishing a limited pledge (property right) thereupon if the value thereof exceeds the PLN equivalent of EUR 5 000 000,
  - 2) dissolving and liquidating of the company
23. Defining of the manner of exercising the voting right by a representative of TAURON during the GMs of the companies (subsidiaries) with respect to which the Company is a dominating entrepreneur (parent company) within the meaning of art. 4 section 3 of the *Act of February 16, 2007, on competition and consumer protection*, with respect to the following issues:
  - 1) a company setting up another company,
  - 2) a change to the Articles of Association or the shareholders agreement and the subject of the company's operations,
  - 3) merging, transforming, splitting, dissolving and liquidating the company,
  - 4) increasing or decreasing the company's share capital,
  - 5) selling and leasing out the company's enterprise or its organized part and establishing a limited pledge (property right) thereupon,
  - 6) redeeming (retiring) of the interests or the shares,
  - 7) setting the compensation of the members of the Management Boards and the members of the Supervisory Boards,
  - 8) provision related to the claims for remedying damage inflicted when setting up the company or performing the management or supervision,
  - 9) matters mentioned in art. 17 of the *Act of December 16, 2016, on the principles of state assets management*, subject to § 15, clause 5 of the Company's Articles of Association, with the exception of the matters relating to the legal transactions referred to in § 20, clause 5 of the Company's Articles of Association, and with the exception of the matters regarding an acquisition or a disposal of the fixed assets constituting or intended to constitute the assets necessary to conduct the business operations with respect to the distribution of the

Matters that require a resolution of the Company's Supervisory Board

electricity by a company that is an operator of the power distribution system.

#### Competences related to the Management Board

1. Appoint and dismiss the Members of the Management Board of the Company,
2. Establish the rules of the compensation and the amounts of the compensation for the Members of the Company's Management Board, subject to § 18 of the Company's Articles of Association,
3. Suspend the Members of the Company's Management Board from office for important reasons,
4. Delegate the Members of the Company's Supervisory Board to temporarily perform the duties of the Members of the Company's Management Board who cannot perform their duties and establish their compensation subject to the provision that the total compensation of the delegated person as a Member of the Company's Supervisory Board's as well as on account of being delegated to temporarily perform the duties of a Member of the Company's Management Board shall not exceed the compensation established for the Member of the Company's Management Board to replace whom the Member of the Company's Supervisory Board has been delegated,
5. Conduct a recruitment process for a position of a Member of the Company's Management Board,
6. Conduct a competition in order to select a person with whom an agreement to perform the management board functions (services) in the Company shall be concluded and conclude such an agreement to perform the management board functions (services) in the Company,
7. Grant a permission to the Members of the Company's Management Board to take the positions in the governing bodies (authorities) of other companies.

#### Other competences of the Company's Supervisory Board

1. Approve the Company's Management Board's annual report on the supervision over the implementation of the investment projects
2. Draw up the reports on the overseeing of the implementation of the investment projects by the Company's Management Board, including the purchases of the fixed assets, and in particular provide the opinions on the correctness and effectiveness of the expenditures related thereto
3. Approve the reports drawn up by the Company's Management Board on :
  - 1) entertainment expenses, expenditures on the legal services, marketing services, public relations and the social communications services, as well as the advisory services related to the management,
  - 2) applying of the best practice defined by the Chairman of the Council of Ministers (Prime Minister) on the basis of art. 7, clause 3 of the *Act on the principles of state assets management* with respect to the corporate governance, corporate social responsibility and the sponsorship,
4. Pass the regulations describing in detail the Company's Supervisory Board's procedures.

### The main tasks of the Supervisory Board of the Company in 2023

The Supervisory Board of the Company had held a total of 7 meetings in total and had passed 75 resolutions in the financial 2023.

All of the Members of the Supervisory Board of the Company had been present during 5 meetings. 1 Member of the Supervisory Board of the Company had been absent during 2 meetings. The absences of the Members of the Supervisory Board of the Company had been excused by the relevant resolutions of the Supervisory Board of the Company.

The below table presents the main issues that the Company's Supervisory Board of the Company had been dealing with during its meetings in 2023.

Table no. 7. Main issues that the Company's Supervisory Board had been dealing with during its meetings in 2023.

Main issues that the Company's Supervisory Board had been dealing with during its meetings in 2023

#### With respect to its competences related to the providing of the opinions / assessments the Company's Supervisory Board:

1. completed an assessment of the *Financial Statements of TAURON Polska Energia S.A. for the year ended on December 31, 2022, drawn up in accordance with the International Financial Reporting Standards approved by the European Union*, in terms of its consistency with the books and documents, as well as with the factual situation,
2. completed an assessment of the *Consolidated Financial Statements of TAURON Polska Energia S.A. Capital Group for the year ended on December 31, 2022, drawn up in accordance with the International Financial Reporting Standards approved by the European Union*, in terms of its consistency with the books and documents, as well as with the factual situation,
3. completed an assessment of the Management Board's proposal (petition) submitted to the Company's General Meeting of Shareholders regarding the distribution of the net profit for the financial year 2022,
4. completed an assessment of the *Report of the Management Board (Directors' Report) on the operations of TAURON Polska Energia S.A. and TAURON Capital Group for the financial year 2022 and the Non-financial Report of TAURON Capital Group for the year 2022*,
5. issued a positive opinion on the *Report of TAURON Polska Energia S.A. on the entertainment expenses, the expenditures on the legal services, marketing services, public relations and the social communications services as well as the advisory services related to the management incurred in 2022*,
6. issued a positive opinion on the *Annual Report on the implementation of the Plan of conducting the sponsoring activities by TAURON Group in 2022, the Plan of conducting the sponsoring activities by TAURON Group in 2023, as well as the Plan of conducting the sponsoring activities by TAURON Capital Group in 2024*,

#### With respect to its competences the Company's Supervisory Board:

1. adopted the *Report of the Supervisory Board of TAURON Polska Energia S.A. for the year 2022*,
2. adopted the consolidated text of the *Articles of Association of TAURON Polska Energia S.A.*,
3. adopted the *Report on the compensation of the Members of the Management Board and of the Supervisory Board of TAURON Polska Energia S.A. for the year 2022* and submitted it to the General Meeting in order to receive an opinion thereupon,
4. approved the amendments to the *Organizational Regulations of TAURON Polska Energia S.A.*,
5. approved the *Material and financial plan of TAURON Group for the year 2023 and the Material and financial plan of TAURON Polska Energia S.A. for the year 2023*,
6. approved the amended *TAURON Group's compensation principles*.

Main issues that the Company's Supervisory Board had been dealing with during its meetings in 2023

7. expressed a consent for the concluding of the agreements for the legal services, marketing services, public relations and the social communications services as well as for the advisory services related to the management, if the amount of the total net compensation envisaged for the services provided under the given agreement or under other agreements concluded with the given entity exceeded PLN 500 000, on a yearly basis,
8. defined the manner of exercising the voting right during the General Meetings / Meetings of Partners of companies (subsidiaries) with respect to which TAURON Polska Energia S.A. is a dominating entrepreneur (parent company) within the meaning of art. 4, section 3 of the Act of February 16, 2007, *on competition and consumer protection*, with respect to the following issues: the amendments to the Articles of Association / agreements / founding acts aimed at adapting the content thereof to the emended Code of Commercial Companies, merging, acquiring of the fixed assets, the compensation of the members of the corporate authorities (bodies), increasing of the share capital,
9. monitored the activities of the Supervisory Board's Committees, supplemented the compositions thereof.

**With respect to the cooperation with the audit firm Ernst & Young Audyt Polska sp. z o.o. sp.k. the Company's Supervisory Board:**

1. held a meeting with the certified auditor to discuss the results of the audit of the Company's and TAURON Capital Group's financial statements for the financial year 2022,
2. became familiar with the conclusions of the audit of the Company's and the TAURON Capital Group's financial statements for the year 2022, as well as the supplementary report prepared for the Audit Committee,
3. became familiar with the certified auditor's report on the assessment of the *Report on the compensation of the Members of the Management Board and of the Supervisory Board of TAURON Polska Energia S.A. for the year 2022.*

**With respect to the oversight of the ongoing operations of the Company and TAURON Capital Group the Company's Supervisory Board:**

1. analyzed the current economic and financial situation of the Company and of TAURON Capital Group, including the implementation of the material and financial plan, leverage ratio, utilization of the electricity generation potential, projected revenues and profits in the individual lines of business,
2. became familiar with the information on the implementation of TAURON Group's Strategy for the years 2022 - 2030 with an outlook until 2050 and the expansion directions, with a particular focus on the small modular reactors (SMRs) and the offshore wind farms, including the deviations from the set directions,
3. discussed the progress of the works related to the implementation of the NABE Program,
4. granted its consent for the boundary conditions set forth in the document summarizing the terms and conditions (Term Sheet) of the transaction to divest to the State Treasury, represented by the Minister of the State Assets, 100% of the shares held by TAURON in the share capital of TAURON Wytwarzanie as part of the NABE Program,
5. discussed the information on the situation on the hard coal market and at TAURON Group's subsidiaries, including the hard coal inventory levels and the progress of the performance of the hard coal deliveries in 2023,
6. discussed the key risks and the mitigations thereof, in particular the impact of the Russian Federation's aggression against Ukraine on TAURON Group's current and future operations,
7. discussed a report covering the status of the work on the directions of the reorganization of TAURON Group's RES Line of Business,
8. discussed the concept of the heat market development at TAURON Group,
9. granted its consent for the conclusion of the donation agreements with TAURON Foundation,
10. granted its consent for the assumption by TAURON of a contingent liability in the form of granting a surety for the liabilities of its subsidiary, TAURON Sprzedaż, towards Polska Spółka Gazownictwa sp. z o.o. (Ltd.),
11. granted its consent for an extension of the period for TAURON to take on the contingent liabilities in the form of the bank guarantees issued under the uncommitted line of credit agreements concluded with the banks for the purpose of securing (hedging) of the transactions carried out by TAURON on behalf of and for the benefit of TAURON and the subsidiaries thereof, as well as to expand the group of the potential beneficiaries by amending the resolution adopted in 2022,
12. monitored the process of the implementation of the social dialogue at the Company and at TAURON Capital Group, held the meetings with the representatives of the Presidium (Leadership) of TAURON Capital Group's Social Council, and responded to the comments submitted,
13. became familiar with the information on the expenses incurred in 2022 and in the first half of 2023 on the consulting services at TAURON and at TAURON Capital Group, broken down into the business and the strategic consulting, the legal consulting, the auditing services, the tax consulting and the other services,
14. became familiar with the report on the implementation in 2022 of the Regulation of the European Parliament and of the Council on the protection of the personal data (GDPR),
15. monitored the membership of TAURON Group's subsidiaries in the associations and other industry organizations and the paid dues (premiums),
16. discussed the situation of the 910 MW power generating unit in Jaworzno, with a particular emphasis on the causes, effects and the consequences related to the occurrence of the failures and a failure to achieve the optimal power (capacity) of the unit, as well as the status of the negotiations with Rafako S.A. conducted as part of the mediation proceedings in front of the Court of Arbitration at the Office of the General Counsel of the Republic of Poland,
17. became familiar with the up to date information related to, among other things: the completed and ongoing audit tasks at TAURON Capital Group, the operations of the compliance management area, the court disputes of the PEPKH subsidiary, the lists of the resolutions passed by the Management Board.

**With respect to the competences related to the Management Board:**

1. submitted the motions to the General Meeting of the Company related to the acknowledgment of the fulfilment of the duties in the financial year 2022 by the current and the former Members of the Company's Management Board,
2. conducted an analysis of the level of the accomplishment of the Management Objectives set for the Members of the Management Board of the Company of the 6th term of office to be accomplished in 2022, and determined the amount of the variable compensation to be paid out thereto,
3. in connection with the adopted compensation system, the Supervisory Board detailed the Management Objectives for the Members of the Company's Management Board to be accomplished in 2023, along with the specification of the weights of these objectives and the objective criteria for the accomplishment and accountability thereof,
4. granted its consent for the incurring the costs related the training of a Member of the Management Board.

**With respect to the oversight of the correctness and efficiency of the spending of the funds related to the implementation of investment projects by the Management Board of the Company, including purchasing of the fixed assets the Company's Supervisory Board:**

1. approved the *Report of the Management Board of TAURON Polska Energia S.A. on the oversight of the implementation of the investment projects at TAURON Group in 2022,*

Main issues that the Company's Supervisory Board had been dealing with during its meetings in 2023

2. approved the *Report of the Supervisory Board of TAURON Polska Energia S.A. on the oversight of the implementation by the Management Board of the investment projects including purchasing of the fixed assets in 2022*, and issued a positive opinion and raised no objections to the correctness and efficiency of the spending of the funds related to the purchasing of the fixed assets,
3. granted its consent for the divestment of the shares in TAMEH HOLDING, representing 50% of the share capital of TAMEH HOLDING, to ArcelorMittal Group's subsidiaries in a procedure conducted without a tender or an auction, in accordance with the provisions of the Shareholders' Agreement,
4. became familiar with the up to date information on the status of the implementation of the strategic investment projects,
5. granted its consent for the merger of the following companies: TAURON Ekoenergia and AVAL-1 and „Polpower”, TAURON Ciepło and Energetyka Cieszyńska, as well as TAURON Ekoenergia and WIND T1,
6. became familiar with the status of the implementation of the RES projects at TAURON Group, including, among other things, the ongoing and the planned RES projects, as well as the division of the responsibilities with respect to the RES among TAURON Group's subsidiaries.

## Audit Committee of the Supervisory Board of TAURON Polska Energia S.A.

The members of the Audit Committee had been appointed by the Supervisory Board of the Company from among the members thereof.

The Audit Committee had been composed of 4 to 5 members in 2023.

### The composition of the Audit Committee as of December 31, 2023

1. Teresa Famulska – Head of the Audit Committee,
2. Dariusz Hryniów – Member of the Audit Committee,
3. Leszek Koziorowski – Member of the Audit Committee,
4. Grzegorz Peczkis – Member of the Audit Committee.

### The composition of the Audit Committee as of the date of drawing up this report

1. Piotr Kołodziej – Head of the Audit Committee,
2. Michał Hulbój – Member of the Audit Committee,
3. Beata Kisiełewska – Member of the Audit Committee,
4. Natalia Klima-Piotrowska – Member of the Audit Committee,
5. Karolina Mucha-Kuś – Member of the Audit Committee.

### The changes to the composition of the Audit Committee in 2023 and by the date of drawing up this report

As of January 1, 2023, the Audit Committee had been composed of the following Members of the Supervisory Board of the Company: Teresa Famulska (Head of the Audit Committee), Stanisław Borkowski, Leszek Koziorowski and Grzegorz Peczkis.

On May 23, 2023, the Company's Supervisory Board had supplemented the composition of the Audit Committee, by appointing Dariusz Hryniów to be a member of the Audit Committee.

On October 3, 2023, the term of office of a Member of the Company's Supervisory Board, Stanisław Borkowski, had expired due to his death.

On January 25, 2024 (an event that took place after the balance sheet date), the Minister of the State Assets, acting pursuant to § 23, section 1, clause 3) of the Company's Articles of Association, dismissed Dariusz Hryniów from the Company's Supervisory Board. Subsequently, on February 5, 2024, the Minister of the State Assets dismissed Teresa Famulska from the Company's Supervisory Board. As a consequence, their membership of the Audit Committee expired.

On February 13, 2024 (an event that took place after the balance sheet date), the Company's Supervisory Board supplemented the composition of the Audit Committee, by appointing Piotr Kołodziej to be a member of the Audit Committee.

On February 13, 2024 (an event that took place after the balance sheet date), the Audit Committee elected Piotr Kołodziej to be the Head of the Audit Committee.

On March 25, 2024 (an event that took place after the balance sheet date), Leszek Koziorowski submitted a statement on his resignation, effective as of April 2, 2024, from the function of a Member of the Company's Supervisory Board. As a consequence, his membership of the Audit Committee expired.

On April 3, 2024 (an event that took place after the balance sheet date), the Extraordinary General Meeting of the Company adopted the resolution on the dismissing of Grzegorz Peczkis from the Company's Supervisory Board. As a consequence, his membership of the Audit Committee expired.

On April 5, 2024 (an event that took place after the balance sheet date), the Company's Supervisory Board supplemented the composition of the Audit Committee, by appointing Michał Hulbój, Beata Kisiełewska, Natalia Klima-Piotrowska and Karolina Mucha-Kuś to be the members of the Audit Committee.

There had been no other changes to the composition of the Audit Committee in 2023 and by the date of drawing up this report.

### Information on the independence and the professional qualifications of the Members of the Audit Committee

Pursuant to the *Act of May 11, 2017, on certified auditors, audit companies and public oversight*, the majority of the members of the audit committee, including the head thereof, should be independent and at least one member of the audit committee should have the knowledge and the skills with respect to accounting or auditing of the financial statements and at least one member of the audit committee should have the knowledge and the skills with respect to the industry that the company is operating in.

In 2023 the composition of the Audit Committee had been in compliance with the requirements defined in the above mentioned act. The evaluation of the independence and the statutory requirements with respect to the knowledge and the skills of the individual Members of the Audit Committee had been carried out by the Company's Supervisory Board based on the relevant statements submitted by the Members of the Audit Committee. The qualifications of the Members of the Audit Committee with respect to the accounting or auditing of the financial statements, as well as the industry that the Company is operating in, were based on the education background and the skills possessed by the Members of the Audit Committee.

Following the change in the composition of the Company's Supervisory Board on February 5, 2024 (an event after the balance sheet date), made as part of the personal powers vested with the Minister of the State Assets, representing the State Treasury as a shareholder, the Company's Supervisory Board, during its meeting on February 13, 2024, while appointing the members of the Audit Committee, evaluated the candidates in terms of meeting the above mentioned criteria. The said analysis and the evaluation demonstrated that the requirements with respect to having the knowledge and the skills related to the industry that the Company is operating, i.e. the energy industry, were met, while the requirements with respect to having the knowledge and the skills related to accounting or auditing of the financial statements were not met. With respect to the independence requirements, the majority of the Members of TAURON's Supervisory Board were independent.

In connection with the above, the steps were taken to meet the above requirement and, at the request of the shareholder KGHM Polska Miedź, the Extraordinary General Meeting of the Shareholders of the Company was convened for April 3, 2024 (an event that took place after the balance sheet date) and subsequently held on that date, and, among other things, the resolutions on the appointment to the Company's Supervisory Board of the persons meeting the requirement with respect to having the knowledge and the skills related to accounting or auditing of the financial statements.

The below table presents the information on the compliance, in 2023, of the Members of the Audit Committee with the independence requirements and the requirements with respect to the knowledge and the skills held.

Table no. 8. Compliance, in 2023, of the Members of the Audit Committee with the independence requirements and the requirements with respect to the knowledge and the skills held

First and last name	Period of performing the function (tenure) in the Audit Committee in 2023	Compliance with the independence requirements and the requirements with respect to the knowledge and the skills held
1. Teresa Famulska	from 01.01.2023 to 31.12.2023	Independent. Teresa Famulska had the knowledge and the skills with respect to accounting and auditing of the financial statements based on her education background (she is a graduate of the Academy of Economics in Katowice, she holds a title of a Professor of economics and she is a professional tax advisor) and experience (among other things, she is an author of more than 150 domestic and foreign publications in the field of finance; in 2007 – 2018 she had taken part in the works of the State Examination Commission on the Tax Advisory Services; in 2007 - 2019 she had been a member of the Financial Education Committee of the Polish Academy of Science; she is a member of the Polish Finance and Banking Association, the International Fiscal Association, the Center for Information and Organization of Public Finance and Tax Law Research of Central and Eastern European Countries and the Polish Economic Society).
2. Stanisław Borkowski	from 01.01.2023 to 02.10.2023	Independent. Stanisław Borkowski had the knowledge and the skills with respect to accounting and auditing of the financial statements based on his education background (he is a graduate of the Executive MBA studies at the University of Quebec in Montreal and a graduate of the Master of Business Administration studies at the SGH Warsaw School of Economics) and experience (among other things, an oversight and management of the joint stock companies and the limited liability companies).
3. Dariusz Hryniów	from 23.05.2023 to 31.12.2023	Independent.
4. Leszek Koziorowski	from 01.01.2023 to 31.12.2023	Independent.

First and last name	Period of performing the function (tenure) in the Audit Committee in 2023	Compliance with the independence requirements and the requirements with respect to the knowledge and the skills held
5. Grzegorz Peczkis	from 01.01.2023 to 31.12.2023	Independent. Grzegorz Peczkis had the knowledge and the skills with respect to the industry that the Company was operating in based on the education background (he is, among other things, a graduate of the Faculty of Environment and Energy Engineering of the Silesian University of Technology, specializing in Machine Mechanics and Design and he holds a PhD degree in technical science in the field of machine design and operation) and experience (he is an Assistant Professor at the Silesian University of Technology and he is an author of several dozen scientific and popular publications, he holds the rights under ten patents granted by the Patent Office of the Republic of Poland).

The below table presents the information on the compliance of the Members of the Audit Committee with the independence requirements and the requirements with respect to the knowledge and the skills held, as of the date of publishing this report

Table no. 9. Compliance of the Members of the Audit Committee with the independence requirements and the requirements with respect to the knowledge and skills held, as of the date of publishing this report.

First and last name	Period of performing the function (tenure) in the Audit Committee in 2024	Compliance with the independence requirements and the requirements with respect to the knowledge and skills held
1. Piotr Kołodziej	since 13.03.2024 until now	Independent. Piotr Kołodziej has the knowledge and the skills with respect to the industry that the Company is operating in based on the education background (he is, among other things, a graduate of the Electrical Faculty of the Silesian University of Technology (Politechnika Śląska), he also completed the post-graduate studies in the electrical power engineering) and experience (having served on the management boards and having held the management positions in the companies operating in the power industry).
2. Michał Hulbój	since 05.04.2024 until now	Independent. Michał Hulbój has the knowledge and the skills with respect to accounting and auditing of the financial statements based on his education background (he is a graduate of the SGH Warsaw School of Economics with a major in the finance and banking. He holds a stockbroker's license and has successfully passed two exams as part of the CFA program) and experience (a number of years of employment in the entities operating in the financial sector).
3. Beata Kisiełewska	since 05.04.2024 until now	Independent. Beata Kisiełewska has the knowledge and the skills with respect to accounting and auditing of the financial statements. She is a certified auditor and a graduate of the Katowice Business University (Górnośląska Wyższa Szkoła Handlowa), with a major in the management and marketing, specializing in accounting and finance, where she was awarded the IES International Education Society certificate. She is currently employed at ATAC Audytorzy i Partnerzy Sp. z o.o. (Ltd.) as a certified auditor and the Vice President of the Management Board. She specializes in the audits of the financial statements of the public interest entities and the services for the joint stock companies and the limited liability companies as well as for the financial institutions.
4. Natalia Klima-Piotrowska	since 05.04.2024 until now	Independent.
5. Karolina Mucha-Kuś	since 05.04.2024 until now	Dependent.

### Tasks and competences of the Audit Committee

In 2023 the Audit Committee had been performing the tasks and competences defined in the currently applicable legal regulations and in the *Regulations of the Audit Committee of the Supervisory Board of TAURON Polska Energia S.A.* adopted by the Supervisory Board.

The tasks and competences of the Audit Committee as of December 31, 2023, and as of the date of drawing up this report, are presented in the below table.

Table no. 10. Competences of the Audit Committee as of December 31, 2023, and as of the date of drawing up this report

Competences of the Audit Committee
1. Monitoring of the Company's financial reporting process, the effectiveness of the internal control, risk management, compliance and the internal audit systems in place, including with respect to the financial reporting, performing of the financial auditing activities, in particular performing of an audit by an audit firm, taking into account any conclusions (motions) and findings of the Audit Supervision Committee stemming from an audit performed at an audit firm.
2. Controlling (verifying) and monitoring of the independence of the certified auditor and the audit firm, in particular in case other services than an audit are provided for the benefit of the Company by the audit firm,

## Competences of the Audit Committee

3. Performing of the evaluation of the independence of the certified auditor and expressing consent for the performance thereby of the permitted services that do not constitute an audit of the Company,
4. Developing the policy for selecting an audit firm to carry out the audit,
5. Developing the policy for the performance by the audit firm conducting the audit, the entities related to such an audit firm and the members of the audit firm's corporate network, of the permitted services that do not constitute an audit,
6. Defining the procedure for selecting of an audit firm by the Company,
7. Presenting to the Supervisory Board, for the purpose of selecting the audit firm responsible for performing the statutory audit or the review of the financial statements, of the recommendation, referred to in Art. 130, clauses 2 and 3 of the *Act of May 11, 2017 on certified auditors, auditing companies and public oversight* and in Art. 16, clause 2 of the *Regulation (EU) No 537/2014 of the European Parliament and of the Council of April 16, 2014 on specific requirements regarding statutory audit of public interest entities (...)*, in line with the policies referred to above in items 4 and 5,
8. Informing the Supervisory Board of the audit results and explaining how the audit contributed to the accuracy (fairness, reliability) of the Company's financial reporting, and also what the role of the Audit Committee in the audit process was,
9. Presenting of the recommendations aimed at ensuring the accuracy (fairness, reliability) of the Company's financial reporting process,
10. Performing of other activities vested with the audit committees pursuant to the Act and the Regulation mentioned in item 7 above and *the Act of September 29, 1994, on accounting*.

## The main tasks of the Audit Committee in 2023

The Audit Committee had held a total of 8 meetings and had passed 16 resolutions.

All of the Members of the Audit Committee had been present during 6 meetings, while 1 Member of the Audit Committee was absent during 2 meetings. The absence of the Member of the Audit Committee had been excused by the relevant resolution of the Audit Committee.

The below table presents the main issues that the Audit Committee had been dealing with during its meetings in 2023.

Table no. 11. Main issues that the Audit Committee had been dealing with during its meetings in 2023

During its meetings in 2023 the Audit Committee had been dealing with the following issues:

1. monitored the Company's financial reporting process, including having completed an analysis of the reliability of the financial information presented by the Company in the following documents in terms of its compliance with the books and documents, as well as with the factual situation, and made the relevant recommendations to the Supervisory Board based on the assessment of the information contained in:
  - *Financial statements of TAURON Polska Energia S.A. for the financial year ended on December 31, 2022, in compliance with the IFRS approved by the European Union,*
  - *Proposal of the Management Board of the General Meeting of the Company with respect to the distribution of the net profit for the financial year 2022,*
  - *Consolidated financial statements of TAURON Polska Energia S.A. Capital Group for the financial year ended on December 31, 2022, in compliance with the IFRS approved by the European Union,*
  - *Report of the Management Board on the operations of TAURON Polska Energia S.A. and TAURON Capital Group for the year 2022 and the Non-financial Report of TAURON for the year 2022,*
  - *Extended consolidated quarterly report of TAURON Polska Energia S.A. for the first quarter of 2023*
  - *Extended consolidated interim report of TAURON Polska Energia S.A. for the first half of 2023.*
  - *Extended consolidated quarterly report of TAURON Polska Energia S.A. for the third quarter of 2023,*
2. cooperated with the certified auditor with respect to:
  - auditing of the financial statements of the Company and of the consolidated financial statements of TAURON Capital Group for the financial year 2022 (discussion of the auditor's report on the audit conducted, discussion of the additional report prepared by the auditor for the Audit Committee, becoming familiar with the statement on the compliance with the independence requirements by the audit firm and the members of the team performing the financial audit activities and the information on the non-performance of the non-audit services by the audit firm for the Company and TAURON Group's subsidiaries),
  - review of the interim, abbreviated financial statements of the Company and of the consolidated financial statements of the Capital Group for the first half of 2023 (discussion of the results of the review conducted and becoming familiar with the statement on the compliance with the independence requirements with respect to TAURON Group's subsidiaries and remaining in an independent relationship with respect to the entity being audited during the time frame from the date of the submission of the previous statement of independence),
  - process of auditing the financial statements of the Company and the consolidated financial statements of the Capital Group for the financial year 2023 (discussion of the general assumptions of the audit process, the timetable, the audit strategy and the non-financial reporting, as well as the results of the preliminary audit of the Company and the subsidiaries).
3. presented to the Supervisory Board a positive assessment with respect to the independence of the financial audit process and the conducting of the assessment of the key auditor and the members of the team performing the financial audit activities as to whether they met the criteria for the independence with respect to TAURON Group's subsidiaries and remaining in an independent relationship with respect to the audited entity during the time frame from the date of the previous assessment of the independence,
4. presented to the Supervisory Board the Report of the Audit Committee of Supervisory Board on the Assessment of the financial statements, the Report of the Management Board on the Operations of the Company and TAURON Capital Group and the Proposal of the Management Board with respect to the distribution of the net profit for the financial year 2022 and the assessment of the Company's situation, taking into account the adequacy and effectiveness of the Company's internal control, risk management, compliance and internal audit systems in place,
5. discussed the draft Report on the compensation of the Members of the Management Board and of the Supervisory Board of TAURON Polska Energia S.A. for the year 2022 in order to provide it to the certified auditors to receive the opinion thereof,
6. analyzed the financial results of the Company and TAURON Capital Group for the year 2022, the first quarter of 2023, the first half of 2023 and for the third quarter of 2023,
7. became familiar with and did not submit any comments with respect to the new wording of the Accounting Policy of TAURON Polska Energia S.A. Capital Group,

During its meetings in 2023 the Audit Committee had been dealing with the following issues:

8. became familiar with the information with respect to the performance of the activities stemming from the Procedure for ensuring compliance, within TAURON Group, with the requirement of the independence of the audit firm conducting the audit and review of the financial statements and the consolidated financial statements of TAURON Polska Energia S.A.,
9. became familiar with the draft amendments to the regulations related to the selection of an audit firm and the audit of the financial statements in terms of the UKNF (Financial Supervision Commission Office) guidelines,
10. became familiar with the information related to the internal and external financing system at TAURON Group and the level of the subsidiaries' indebtedness to TAURON on account of the intra-group loans and the cash pool mechanism as of December 31, 2022,
11. monitored the issues with respect to the internal audit and the internal control systems, in particular, discussed the degree of the implementation of the annual Audit Plan for TAURON Group for 2022, as well as of the implementation in each quarter of the plan of the audit tasks and the ad hoc controls at TAURON Capital Group adopted for 2023,
12. became familiar with the self-assessment of the Audit Area's activities over a three year period with respect to the effectiveness of the audit and control projects undertaken at TAURON Group and the covering with its activities of all of the material areas of the operations of TAURON Group's subsidiaries,
13. discussed of the Internal Control System Assessment Report for 2022,
14. monitored the issues with respect to the key corporate and specific risks at TAURON Capital Group (the quarterly information with respect to the risk management),
15. monitored the quarterly reports with respect to the tasks carried out by the compliance area, as well as got acquainted with: TAURON Polska Energia S.A.'s Compliance Report for 2022, TAURON Group's Compliance Plan for 2023, the reports on the periodic assessment of the transactions concluded with the related parties for the periods of: the second half of 2022 and the first half of 2023, the information on the status of the application of the Best Practice 2021 and an update of TAURON Group's Procedure for Assessing (Vetting) the Credibility of Counterparties (Contractors),
16. became familiar with the rules and the procedures related to the methods used to assess the personal relationships of the Members of the Company's management authorities (bodies) as part of assessing the credibility of the counterparties (contractors),
17. monitored the quarterly information with respect to the area of purchasing, including in particular: the analysis of the purchase order (contract) award proceedings as part of the monitoring of the effectiveness of the internal control system, including the non-tender proceedings at TAURON Capital Group's subsidiaries, the findings and the conclusions stemming from the analysis of the purchase orders (contracts) awarded on the emergency basis by the Company and by TAURON Capital Group's subsidiaries, was getting acquainted with the purchasing procedures applied by TAURON Group's subsidiaries,
18. became familiar with the management model and the organization of the legal services at TAURON Group and the list of the purchase orders (contracts) awarded to the external law firms in 2022, the value of which topped PLN 30 000 in total,
19. adopted and submitted to the Supervisory Board the Report on the activities of the Audit Committee of the Supervisory Board of TAURON Polska Energia S.A. in the financial year 2022,
20. carried out other tasks entrusted by the Supervisory Board, including, among other things, conducting of the fact finding proceedings (probes, investigations), analyzing and evaluating of the documents or the legal actions performed by the Company with respect to their compliance with the applicable legal regulations and the internal regulations.

### **Permitted non-audit services provided by an audit company**

The following permitted non-audit services had been provided for TAURON and TAURON Capital Group's subsidiaries in 2023 by the audit firm auditing the financial statements:

1. confirmed in writing verification of the annual and interim (semi-annual) standalone consolidation packages of selected TAURON Capital Group's subsidiaries required to prepare the annual and interim consolidated financial statements,
2. completing of the agreed upon procedures for the verification of the report of the TAURON Dystrybucja subsidiary in connection with the requirement to estimate the Regulatory Asset Base (RAB) and the Regulatory Asset Base (RAB) for the AMI System for the needs of determining the justified return on capital employed by the President of ERO.
3. an assessment of the annual report of the Supervisory Board on the compensation of the Management Board and the Supervisory Board of TAURON Polska Energia S.A., drawn up in accordance with art. 90g of the *Act on a public offering and conditions of introducing financial instruments to an organized trading system and on public companies*.

In connection with the provision of the above mentioned services, the Audit Committee performed an evaluation of the threats to and the safeguards of the independence of the audit company Ernst & Young Audyt Polska and expressed its consent for the provision of the above mentioned services.

### **The main assumptions of the policy for selecting an audit firm to conduct the audit and the policy of providing the permitted non-audit services by the audit firm conducting the audit, by the entities related to such an audit firm and by a member of the audit firm's network**

The Audit Committee had adopted the following regulations on October 16, 2017, drawn up in connection with the coming into force of the *Act of May 11, 2017, on certified auditors, auditing companies and public oversight*:

1. *Policy for the selection of the audit firm to conduct the audit and review of the financial statements and consolidated financial statements of TAURON Polska Energia S.A.,*
2. *Procedure for the selection of the audit firm to conduct the audit and review of the financial statements and consolidated financial statements of TAURON Polska Energia S.A.*
3. *Policy for the provision of the permitted non-audit services at TAURON Group by the audit firm conducting the audit of the annual financial statements and consolidated financial statements of TAURON Polska Energia S.A., the entities related to such an audit firm and by a member of the audit firm's network.*

On March 27, 2023, the Audit Committee had adopted the new version of the *Policy for the selection of the audit firm to conduct the audit and review of the financial statements and consolidated financial statements of TAURON Polska Energia S.A.*, as well as the *Procedure for the selection of the audit firm to conduct the audit and review of the financial statements and consolidated financial statements of TAURON Polska Energia S.A.*

*Policy for the selection of the audit firm to conduct the audit and review of the financial statements and consolidated financial statements of TAURON Polska Energia S.A.* is aimed at ensuring the compliance of the selection of the audit firm to conduct the audit and review of the Company's financial statements with the legal regulations. The policy defines, in a clear manner, the principles and rules of the process for the selection of the audit firm to audit the reports of TAURON as a public interest entity, principles of the procedure for the selection of the audit firm, principles of preparing the recommendations of the Audit Committee related to the selection of the audit firm, as well as the principles of a rotation of the audit firm conducting the audit and review of the financial statements and the consolidated financial statements of TAURON. The most important assumptions adopted in the policy include the fact that the process for the appointment of the auditor shall be based on the applicable legal regulations, ensuring the transparency and objectivity of the process for the appointment of the auditor and including in the process of the requirements necessary for the timely and correct performance of the audit services for the Company.

*Procedure for the selection of the audit firm to conduct the audit and review of the financial statements and consolidated financial statements of TAURON Polska Energia S.A.* is aimed at ensuring the compliance of the process for the selection of the audit firm with the legal regulations, as well as ensuring that the audit and review of the financial statements are conducted at a high quality level, within a specified time frame, while ensuring independence, objectivity, transparency and credibility of the audit firm and the certified auditors. The procedure defines in detail and accurately the individual stages of the process to select the audit firm, including indicating the corporate authorities (bodies) and organizational units responsible for such stages. Furthermore, the procedure defines the general conditions for the participation in the proceedings and the criteria for the selection of the audit firm as well as the time frame of the auditor selection process. The most important assumptions made in the procedure include adopting a clear and transparent, based on the legal regulations, split of the responsibilities in the process for the selection of the auditor, as well as defining transparent and non-discriminatory conditions for the participation in the tender procedure and the criteria for the selection of the audit firm that the company may apply.

*Policy for the provision of the allowed non-audit services at TAURON Group by the audit firm conducting the audit of the annual financial statements and consolidated financial statements of TAURON Polska Energia S.A., the entities related to such an audit firm and by a member of the audit firm's network* is aimed at defining the clear rules aimed at meeting the requirement of the independence of the audit firm conducting the audit of the Company, in case such firm or entities that are members of its network are providing the non-audit services. This policy defines the principles related to the provision for the benefit of TAURON Capital Group's entities, by the audit firm conducting the audit at TAURON, entities related to the audit firm and a member of the audit firm's network, of the additional non-audit services or non-review services, in particular the conditions for the admissibility of the provision of the permitted services, the principles of the Audit Committee conducting an assessment of the threats to and the safeguards of the independence of the audit firm, as well as the control mechanisms with respect to observing the principles of the independence of the certified auditor at TAURON Capital Group. The most important assumptions adopted in the policy include defining clear rules for the Audit Committee to conduct an assessment of the threats to and the safeguards of the independence of the audit firm and expressing consent for the provision of the non-audit services, based on the compliance with the legal regulations and the purposefulness of the provision of such services.

### **Recommendations of the Audit Committee related to the selection of the audit firm**

In 2021, the audit firm had been selected to audit and review the financial statements and consolidated financial statements of TAURON for the years 2022 - 2024. The Supervisory Board had selected the audit firm, based on the recommendation of the Audit Committee that had met the applicable conditions and had been drawn up as a result of the Company's public procurement proceedings, in accordance with the applicable criteria, including an indication, at the same time, of the other alternative entity to perform such activities and providing the justification for the preferences behind the selection of the recommended audit firm. In 2023, the Audit Committee did not develop any recommendations with respect to the selection of an audit firm for the Company.

### **Controlling and monitoring of the independence of the auditor**

Controlling and monitoring of the independence of the audit firm by the Audit Committee shall take place on the basis of the legal provisions and regulations adopted by the Audit Committee, in particular the *Policy for the provision of the allowed non-audit services at TAURON Group by the audit firm conducting the audit of the annual financial statements and consolidated financial statements of TAURON Polska Energia S.A., the entities related to such an audit firm and by a member of the audit firm's network* (Policy). In addition, the Company has implemented the *Procedure for the selection of the audit firm to conduct the audit and review of the financial statements and consolidated financial statements of TAURON Polska Energia S.A.* (Procedure), which is aimed at ensuring the correct and timely performance by the Company of the activities required for the process of controlling and

monitoring of the independence of the audit firm and the entities that are the members of its network by the Audit Committee.

The auditor's independence shall be assessed by the Audit Committee each time as part of the reviewing of the interim (semi-annual) and the annual financial statements and the consolidated financial statements of the Company. For the purpose of the above assessment, in accordance with the Procedure, in the case of the interim (semi-annual) and the annual financial statements, the Company shall obtain, from the audit firm, a declaration of the compliance with the independence criteria referred to in the *Act of May 11, 2017, on certified auditors, audit firms and public oversight*. This statement shall be assessed by the Audit Committee.

The auditor's independence shall be assessed by the Audit Committee each time the Company or a subsidiary intends to commission services permitted to be performed by the audit firm or a member of the network that such an audit firm is a part of. In such a situation, the Audit Committee shall each time assess the threats and safeguards protecting the independence of the certified auditor and the audit firm. The assessment of the threats and the safeguards protecting the independence of the certified auditor and the audit firm carried out by the Audit Committee in accordance with the Policy shall include:

1. verification whether the given service is included in the list of the permitted services,
2. verification whether the requirements regarding the maximum limit of the compensation allowed by the legal regulations for the provision of the services other than an audit are met,
3. checking whether the subject of the permitted service to be commissioned to the certified auditor or the audit firm, an entity related to that audit firm or a member of the network that the certified auditor or the audit firm is a part of, is not related to the Company's tax policy,
4. assessment of the statement on the compliance with the independence criteria obtained by the Company, in accordance with the Procedure, from the certified auditor or the audit firm that is to perform the permitted services, valid as of the date of the assessment,
5. an analysis of the substantive justification for the performance of the service by the certified auditor or the audit firm conducting the audit, an entity related to that audit firm or an entity that is a part of its network, indicating the key factors impacting the legitimacy of such a selection.

The Procedure implemented at the Company defines the activities, the organizational units responsible for the performance thereof and the deadlines for the completion of the activities aimed at ensuring, within TAURON Group, of the compliance with the requirement of the independence of the audit firm conducting the audit and the review of the Company's financial statements and the consolidated financial statements. In particular, the Procedure defines the principles of the intra-group communication with respect to the selection of the audit firm to audit the Company's financial statements and the principles and the deadlines for obtaining, from the audit firm, of the statements on the compliance with the independence principles. The Procedure also sets forth the principles and the deadlines for the Company to collect and verify the information on the agreements entered into by TAURON Capital Group's subsidiaries with the audit firm auditing and reviewing the Company's financial statements and the consolidated financial statements, as well as with the members of the network that such an audit firm is a part of. In addition, the Procedure regulates the principles and the deadlines for the collection of the information on the transactions entered into by TAURON Capital Group's subsidiaries with the audit firm auditing and reviewing the Company's financial statements and the consolidated financial statements, as well as with the members of the network that such an audit firm is a part of. At least once a year, the Company shall prepare the information on the performance of the activities stemming from this procedure and submit it to the Audit Committee for an evaluation.

## **Nominations and Compensation Committee of the Supervisory Board of TAURON Polska Energia S.A.**

The members of the Nominations and Compensation Committee had been appointed by the Supervisory Board of the Company from among the members thereof.

The Nominations and Compensation Committee had been composed of 4 members in 2023.

### **The composition of the Nominations and Compensation Committee as of December 31, 2023**

- |                       |   |
|-----------------------|---|
| 1. Piotr Tutak        | – Head of the Nominations and Compensation Committee,   |
| 2. Leszek Koziarowski | – Member of the Nominations and Compensation Committee, |
| 3. Ryszard Madziar    | – Member of the Nominations and Compensation Committee, |
| 4. Marcin Wawrzyniak  | – Member of the Nominations and Compensation Committee. |

There had been no changes to the composition of the Nominations and Compensation Committee in 2023. The above mentioned persons had been the Members of the Nominations and Compensation Committee as of January 1, 2023.

### **The composition of the Nominations and Compensation Committee as of the date of drawing up this report**

- |                     |  |
|---------------------|--|
| 1. Sławomir Smyczek | – Head of the Nominations and Compensation Committee |
|---------------------|--|

2. Natalia Klima-Piotrowska – Member of the Nominations and Compensation Committee,
3. Piotr Kołodziej – Member of the Nominations and Compensation Committee,
4. Leszek Koziorowski – Member of the Nominations and Compensation Committee,
5. Katarzyna Masłowska – Member of the Nominations and Compensation Committee,
6. Karolina Mucha-Kuś – Member of the Nominations and Compensation Committee.

### **The changes to the composition of the Nominations and Compensation Committee in 2024 and by the date of drawing up this report**

On January 25, 2024 (an event that took place after the balance sheet date), the Minister of the State Assets, acting pursuant to § 23, section 1, clause 3) of the Company's Articles of Association, dismissed Piotr Tutak, Ryszard Madziar and Marcin Wawrzyniak from the Company's Supervisory Board. As a consequence, their membership of the Nominations and Compensation Committee expired.

On February 1, 2024 (an event that took place after the balance sheet date), the Company's Supervisory Board supplemented the composition of the Nominations and Compensation Committee, by appointing Natalia Klima-Piotrowska, Katarzyna Masłowska and Sławomir Smyczek to be the members of the Nominations and Compensation Committee.

On February 1, 2024 (an event that took place after the balance sheet date), the Nominations and Compensation Committee elected Sławomir Smyczek to be the Head of the Nominations and Compensation Committee.

On February 13, 2024 (an event that took place after the balance sheet date), the Company's Supervisory Board supplemented the composition of the Nominations and Compensation Committee, by appointing Piotr Kołodziej to be a member of the Nominations and Compensation Committee.

On March 25, 2024 (an event that took place after the balance sheet date), Leszek Koziorowski submitted a statement on his resignation, effective as of April 2, 2024, from the function of a Member of the Company's Supervisory Board. As a consequence, his membership of the Nominations and Compensation Committee expired.

On April 5, 2024 (an event that took place after the balance sheet date), the Company's Supervisory Board supplemented the composition of the Nominations and Compensation Committee, by appointing Leszek Koziorowski and Karolina Mucha-Kuś to be the members of the Nominations and Compensation Committee.

There had been no other changes to the composition of the Nominations and Compensation Committee by the date of drawing up this report.

### **Tasks and competences of the Nominations and Compensation Committee**

The tasks and competences of the Nominations and Compensation Committee, as of December 31, 2023, and as of the date of drawing up this report, are presented in the below table.

*Table no. 12. Competences of the Nominations and Compensation Committee, as of December 31, 2023, and as of the date of drawing up this report*

Competences of the Nominations and Compensation Committee
<ol style="list-style-type: none"> <li>1. Recommending to the Supervisory Board of a recruitment (qualification) procedure for the positions of the Members of the Company's Management Board,</li> <li>2. Evaluating of the candidates for the Members of the Management Board and providing the Supervisory Board with the opinions in this respect,</li> <li>3. Recommending to the Supervisory Board of a form and content of the agreements to be concluded with the members of the Management Board,</li> <li>4. Recommending to the Supervisory Board of a compensation and bonus system for the members of the Management Board,</li> <li>5. Recommending to the Supervisory Board of the need to suspend a member of the Management Board for important reasons,</li> <li>6. Recommending to the Supervisory Board of the need to delegate a member of the Supervisory Board to temporarily perform the duties of the Members of the Management Board who cannot perform their duties, along with a compensation proposal</li> </ol>

### **The main tasks of the Nominations and Compensation Committee in 2023**

The Nominations and Compensation Committee had held a total of 2 meetings and had passed 3 resolutions in the financial year 2023.

All of the Members of the Nominations and Compensation Committee had been present during its meetings.

The below table presents the main issues that the Nominations and Compensation Committee had been dealing with during its meetings in 2023.

*Table no. 13. Main issues that the Nominations and Compensation Committee had been dealing with during its meetings in 2023*

During its meetings in 2023 the Nominations and Compensation Committee:
<ol style="list-style-type: none"> <li>1. recommended to the Supervisory Board the adoption of the detailed Management Objectives for the Members of the Management Board of TAURON of the 6th common term of office to be accomplished in 2023, along with the determination of the weights of these objectives as well as the objective and measurable criteria for the accomplishment and the accountability thereof,</li> </ol>

During its meetings in 2023 the Nominations and Compensation Committee:

2. carried out an analysis and evaluation of the accomplishment of the Management Objectives set for the Members of the Management Board of the Company of the 6th common term of office to be accomplished in 2022, and presented of the adequate recommendations to the Supervisory Board, including the ones related to the amount of the payout of the Variable Compensation due to the Members of the Management Board for 2022,
3. adopted and submitted to the Supervisory Board the *Report on the activities of the Nominations and Compensation Committee of the Supervisory Board of TAURON Polska Energia S.A. in the financial year 2022*,
4. analyzed the quarterly information with respect to the proper performance of the duties of the Members of the Management Board under the agreements for the provision of the management services.

## Strategy Committee of the Supervisory Board of TAURON Polska Energia S.A.

The members of the Strategy Committee were appointed by the Supervisory Board of the Company from among the members thereof.

The Strategy Committee had been composed of 5 to 6 members in 2023.

### The composition of the Strategy Committee as of December 31, 2023

1. Grzegorz Peczkis – Head of the Strategy Committee,
2. Dariusz Hryniów – Member of the Strategy Committee,
3. Ryszard Madziar – Member of the Strategy Committee,
4. Piotr Tutak – Member of the Strategy Committee,
5. Marcin Wawrzyniak – Member of the Strategy Committee.

### The composition of the Strategy Committee as of the date of drawing up this report

1. Natalia Klima-Piotrowska – Head of the Strategy Committee,
2. Michał Hulbój – Member of the Strategy Committee,
3. Piotr Kołodziej – Member of the Strategy Committee,
4. Katarzyna Masłowska – Member of the Strategy Committee,
5. Karolina Mucha-Kuś – Member of the Strategy Committee,
6. Sławomir Smyczek – Member of the Strategy Committee,
7. Krzysztof Tkaczuk – Member of the Strategy Committee.

### The changes to the composition of the Strategy Committee in 2023 and by the date of drawing up this report

As of January 1, 2023, the Strategy Committee had been composed of the following Members of the Supervisory Board of the Company: Grzegorz Peczkis (Head of the Strategy Committee), Stanisław Borkowski, Dariusz Hryniów, Ryszard Madziar, Piotr Tutak and Marcin Wawrzyniak.

On October 3, 2023, the term of office of a Member of the Company's Supervisory Board, Stanisław Borkowski, had expired due to his death.

On January 25, 2024 (an event that took place after the balance sheet date), the Minister of the State Assets, acting pursuant to § 23, section 1, clause 3) of the Company's Articles of Association, dismissed Dariusz Hryniów, Ryszard Madziar, Piotr Tutak and Marcin Wawrzyniak from the Company's Supervisory Board. As a consequence, their membership of the Strategy Committee expired.

On February 13, 2024 (an event that took place after the balance sheet date), the Company's Supervisory Board supplemented the composition of the Strategy Committee, by appointing Natalia Klima-Piotrowska, Piotr Kołodziej, Katarzyna Masłowska and Sławomir Smyczek to be the members of the Strategy Committee.

On April 3, 2024 (an event that took place after the balance sheet date), the Extraordinary General Meeting of the Company adopted the resolution on the dismissing of Grzegorz Peczkis from the Company's Supervisory Board. As a consequence, his membership of the Strategy Committee expired.

On April 5, 2024 (an event that took place after the balance sheet date), the Company's Supervisory Board supplemented the composition of the Strategy Committee, by appointing Michał Hulbój, Karolina Mucha-Kuś and Krzysztof Tkaczuk to be the members of the Strategy Committee.

On April 5, 2024 (an event that took place after the balance sheet date), the Strategy Committee elected Natalia Klima-Piotrowska to be the Head of the Strategy Committee.

There had been no other changes to the composition of the Strategy Committee in 2023 and by the date of drawing up this report.

### Tasks and competences of the Strategy Committee

The tasks and competences of the Strategy Committee as of December 31, 2023, and as of the date of drawing up this report are presented in the below table.

Table no. 14. Competences of the Strategy Committee as of December 31, 2023, and as of the date of drawing up this report

Competences of the Strategy Committee	
1.	Evaluating of the Company's and TAURON Capital Group's Strategy and presenting of the results of such an evaluation to the Supervisory Board,
2.	Recommending to the Supervisory Board of the scope and the deadlines for the submission of the long term (multi year) strategic plans by the Management Board,
3.	Evaluating of the impact of the planned and the currently undertaken strategic investment projects on the Company's assets' position,
4.	Monitoring of the implementation of the strategic investment tasks,
5.	Evaluating of the activities related to the use (control) of the Company's material assets,
6.	Providing of the opinions on the strategic documents submitted to the Supervisory Board by the Management Board

### The main tasks of the Strategy Committee in 2023

The Strategy Committee had held a total of 4 meetings and had passed 6 resolutions in the financial year 2023.

All of the Members of the Strategy Committee were present during 1 meeting, while 1 Member of the Strategy Committee was absent during 3 meetings. The absences of the Member of the Strategy Committee had been excused by the relevant resolutions of the Strategy Committee

The below table presents the main issues that the Strategy Committee had been dealing with during its meetings in 2023.

Table no. 15. Main issues that the Strategy Committee had been dealing with during its meetings in 2023

During its meetings in 2023 the Strategy Committee:	
1.	recommended to the Supervisory Board the approval of the <i>Report of the Management Board on the oversight of the implementation of the investment projects at TAURON Group in 2022</i> .
2.	recommended to the Supervisory Board the acceptance of the <i>Report of the Supervisory Board of TAURON Polska Energia S.A. on the oversight of the implementation of the investment projects by the Management Board, including the purchasing of the fixed assets in 2022</i> ,
3.	adopted and submitted to the Supervisory Board the <i>Report on the activities of the Strategy Committee of the Supervisory Board of TAURON Polska Energia S.A. in the financial year 2022</i> ,
4.	became familiar with the information on the status of the implementation of the expansion directions adopted in <i>TAURON Group's Strategy for the years 2022 - 2030 with an outlook until 2050</i> , including those related to the replacement of the production assets, the construction of the energy storage facilities, the utilization of the by-products of the combustion process, the construction of a pumped storage hydroelectric power plant,
5.	discussed the issues related to the implementation of the key investment projects for TAURON Group in 2023, with a particular emphasis on the projects at TAURON Dystrybucja and in the following Lines of Business: Generation, RES, Heat and Customer Service,
6.	became familiar with the information on the asset components of the Generation Line of Business (before the division) and of TAURON Group's other subsidiaries, as divided into the asset components transferred as part of the NABE project (real estate and the fixed assets) and the asset components remaining at TAURON Group,
7.	discussed the concept of the lines of business at TAURON Group after NABE has come to fruition, including the consolidation of TAURON Group's subsidiaries,
8.	became familiar with the updated Strategic Research Agenda and the progress of the R&D projects in 2023, in particular in the Distribution Line of Business, including: the connections of the new RES generation units to the grid, the implementation of the smart metering system in the context of the replacement of the meters with the smart meters (AMI),
9.	became familiar with the information related to the implementation of the new RES projects planned to be acquired in 2023 and the status (progress) of the construction of the RES projects acquired in 2022,
10.	analyzed the status of the works with respect to the implementation of the concept of a reorganization of the RES Line of Business at TAURON Group,
11.	became familiar with the activities of TAURON Nowe Technologie with respect to electromobility and the concept of its strategic development,
12.	became familiar with the information related to the impact of the key industry regulations in 2023 on TAURON Group's Strategy.

## Description of the activities of the Committees of the Supervisory Board of TAURON Polska Energia S.A.

The detailed description of the activities of the Committees of the Supervisory Board is provided in the Regulations of the individual Committees of the Supervisory Board. The regulations in question had not been subject to amendments in 2023.

The Committees of the Supervisory Board are advisory and opinion providing bodies acting collectively as a part of the Company's Supervisory Board structure and perform the support and the advisory functions for the Supervisory Board. The tasks of the Committees of the Supervisory Board are carried out by submitting of the motions, recommendations, opinions and the statements related to the scope of their tasks to the Supervisory Board, by way of the resolutions passed. The Committees of the Supervisory Board are independent of the Management Board of the Company.

The Audit Committee and the Nominations and Compensation Committee of the Supervisory Board shall be composed of 3 to 5 members, while the Strategy Committee shall be composed of 3 to 7 members. The activities of the individual Committees shall be managed by the Chairpersons (Heads) thereof.

The meetings of the Committees of the Supervisory Board shall be convened by the Chairperson (Head) of the specific Committee on his or her own initiative or upon the motion of a member of the Committee or the Chair of the Supervisory Board and they shall be held on as needed basis. In the case of the Audit Committee the meetings shall be convened at least on a quarterly basis. The Head of the given Committee may invite the Members of the Company's Supervisory Board, who are not members of the specific Committee, the members of the Management Board and the employees of the Company as well as other persons working or cooperating with the Company to take part in the meetings of the Committees. The Head of the specific Committee or a person appointed by him or her shall submit the motions, recommendations and the reports to the Supervisory Board .

The Committees of the Supervisory Board shall pass resolutions if at least half of their members are present at the meeting and all of the members have been duly invited. The resolutions of the Committees of the Supervisory Board shall be adopted by an absolute majority of the votes of the persons present at the meeting, where the absolute majority of the votes shall be understood as more votes cast "for" than the "against" and the "abstain" votes. The Committees of the Supervisory Board may pass resolutions in writing or by using the means of the direct remote communication.

The Members of the Committees of the Supervisory Board may also participate in the meetings of the Committees and vote on the resolutions being passed by using the means of the direct remote communication, i.e. the tele- or video conferences.

The Company's Management Board shall be informed of the recommendations and the assessments submitted to the Supervisory Board by the given Committee of the Supervisory Board. Every year, the Committees of the Supervisory Board shall provide the public record information, via the Company, on their memberships, the number of the meetings held and the participation in the meetings during the year, as well as on their main activities.

The Management Board of the Company shall provide the individual Committees with the possibility of using the services of the external advisers to the extent required to perform the responsibilities of the Committees.

## 12. TAURON Group's Diversity Policy

The Company has *TAURON Group's Diversity Policy* (Diversity Policy) in place, pursuant to which TAURON Capital Group shall apply the policy of equal treatment and shall seek to ensure the diversity in terms of gender, educational background, age and the professional experience with respect to all of its employees. The Diversity Policy shall also be applied in the cooperation with the external partners of TAURON Capital Group, i.e. the companies, universities, schools or other business entities.

The Company does not have a separate diversity policy with respect to the Members of the Management Board and the Members of the Supervisory Board in place, due to the adoption by the Company of the solutions in accordance with the Act of December 16, 2016, on the principles of the state assets management, related to the appointment of the members of the Management Board following the conducting of a recruitment (qualification) proceedings, and due to the personally vested powers of the Minister competent to exercise the rights related to the State Treasury shares with respect to the appointing of a majority of the Members of the Supervisory Board.

With respect to the Members of the Management Board and the Members of the Supervisory Board, the appointment of the persons performing the functions of the Members of the Management Board of the Company shall be made by the Supervisory Board of the Company, while the members of the Supervisory Board of the Company shall be elected by the General Meeting of the Company and the Minister competent to exercise the rights related to the shares of the State Treasury as part of the statutory powers of the State Treasury.

The Members of the Management Board of the Company shall be appointed by the Supervisory Board of the Company on the basis of a recruitment proceedings conducted in accordance with the rules and the requirements set out in the Articles of Association and the *Act of December 16, 2016, on the principles of the state assets management* whose goal is to verify (vet) and assess the qualifications of the candidates and to select the best candidate.

The announcement (notice) of the recruitment (qualification) proceedings shall be published on the Company's web site at the following address: <https://www.tauron.pl> and in the Public Information Bulletin of the Minister competent to exercise the rights related to the shares of the State Treasury. Anyone who meets the requirements set out in § 16, clauses 3 and 4 of the Company's Articles of Association may enter the recruitment process. Due to the lack of specific requirements regarding, among other things, gender, education background, age and the professional experience, the Supervisory Board of the Company, when assessing and selecting the candidates for the Members of the Management Board of the Company, shall have an option to ensure the versatility and the diversity in the selection of the Members of the Management Board of the Company.

### Due diligence procedures and the internal regulations

The due diligence procedures in place under the Diversity Policy include the activities aimed at:

1. developing the work environment based on the respect, openness, reliability and fairness (justice),

2. ensuring the versatility and diversity, in particular with respect to gender, education, age and the professional experience,
3. building an organizational culture open to diversity, based on the corporate values: Partnership, Development and Boldness (PRO),
4. preventing the discrimination by fostering an adequate atmosphere at work as well as building and shoring up the positive relationships among the personnel.
5. supporting the employee initiatives related to the equality practices at the Group's Subsidiaries,
6. support for the vulnerable groups of people
7. activities that support work - life balance,
8. equal treatment of the employees in the hiring process and a prohibition of the discrimination.

By implementing its Diversity Policy TAURON Capital Group is seeking to provide the work environment based on the respect and fairness (justice), within which each employee may fully realize his or her individual potential.

The measures are also being taken to prevent the manifestations of the discrimination by developing the adequate atmosphere at work, creating and strengthening the positive relations among the employees and building an organizational culture based on the PRO corporate values.

The Diversity Policy had not changed in 2023, but the works on the updating thereof had been commenced.

TAURON Capital Group is implementing a number of the initiatives that are aimed at shoring up a culture of respect for the diversity, including, among other things:

1. training courses and lectures for the employees, conducted by the experts, dedicated to the gender differences (for example, *UNIKAT or why each of us is unique, A man and his emotions – A men's day at TAURON Group*),
2. thematic weeks, for example, a week of the generations - dedicated to an intergenerational cooperation, a week devoted to the art of communication, demonstrating the role of the good and effective communication,
3. webinars as part of the *Development Squared* initiative, for example *Self-criticism and perfectionism*, demonstrating the individual differences in the functioning in every day work environment, as a support for a better cooperation,
4. a program related to the accessibility - *TAURON without Barriers*, within the framework of which the initiatives are implemented on an ongoing basis in order to eliminate the accessibility barriers for the people with the special needs, both in the context of our employees and customers,
5. *#WzMOcnijsię* - a training for the managers *A leader versus the diversity*, related to the perception of the diversity in the contemporary world, the leadership attitudes that make the best use of it, the tools that can be used in order to act in the spirit of a fair and inclusive culture.

As part of the employee related issues supporting the implementation of the directions set by TAURON Capital Group's Diversity Policy, the following regulations have been put in place:

1. *TAURON Group's Policy of compliance with the Principles of Ethics and counteracting Mobbing and Discrimination*,
2. *Policy of Respect for Human Rights* defining the principles of respect for the human rights and the actions taken in order to prevent the violation thereof and in order to foster the atmosphere of dignity and mutual respect,
3. training and competence development programs conducive to and supporting the creation of an atmosphere for the development of each employee,
4. regulations ensuring fairness and objectivity with respect to the organization of the work and compensation, including among others:
  - 1) *TAURON Group's Compensation Principles*,
  - 2) *TAURON Group's Human Capital Management Policy*,
  - 3) regulations with respect to the benefits (entitlements),
  - 4) flexible forms of the work time and the ability to work remotely,
5. *TAURON Group's Employee Recruitment Principles*,
6. *TAURON Group's Competence Model*

TAURON Capital Group's diversity management is based on building a culture of openness. TAURON Capital Group, by fighting the age related stereotypes, is building an intergenerational dialogue so as to facilitate the flow of knowledge. The workforce represents various age groups, including those over 50 years of age. Among the employees there are also people with the various degrees of disability, which ensures the stimulation of the activities of this professional group.

TAURON Capital Group is taking steps aimed at preventing the discrimination, in particular due to age, gender, race, nationality, sexual orientation, appearance, fitness, difference in the views or the political or religious beliefs by fostering the adequate atmosphere at work, which makes the employees feel respected and appreciated as well as it gives them a feeling that they can develop and fully realize their professional potential. TAURON Group enables the employees, in the situations when their mobility is limited, to perform the work remotely even on a full time basis. The development initiatives (*Internal Trainers Program, Development Squared, TAURON Group Open University*)

provide the support for the process of an exchange and sharing of the knowledge among the diverse groups of the employees.

As part of the diversity management, the *Inclusiveness and Cooperation* index has been measured for the first time in a recent Employee Opinion Survey - 67% of TAURON Group's employees believe that the co-workers respect their opinions and feelings.