



***Report of the Supervisory Board of ENEA S.A.  
on its activity in 2020.***

Poznań, 27 April 2021

## **1. Information on the term of office of the Supervisory Board and its activity during the year.**

In 2020, the Supervisory Board of ENEA S.A. operated as the Supervisory Board of the 10th term of office.

## **2. Composition of the Supervisory Board, functions served, changes in the Supervisory Board's composition during the financial year.**

As at 1 January 2020, the Company's Supervisory Board of the 10th term operated in the following composition:

1. Stanisław Hebda – Supervisory Board Chairman,
2. Mariusz Pliszka – Supervisory Board Deputy Chairman,
3. Michał Jaciubek – Supervisory Board Secretary,
4. Paweł Koroblowski – Supervisory Board Member,
5. Ireneusz Kulka – Supervisory Board Member,
6. Maciej Mazur – Supervisory Board Member,
7. Piotr Mirkowski – Supervisory Board Member,
8. Roman Stryjski – Supervisory Board Member.

In 2020, the composition of the Supervisory Board of ENEA S.A. changed in the following way:

- 1) On 3 February 2020, the Company received a statement dated the same day from the Minister of State Assets that the Minister of State Assets had exercised its powers to appoint a member of the ENEA S.A. Supervisory Board pursuant to § 24 sec. 1 of the Company's Articles of Association. In accordance with these powers, Mr. Bartosz Nieścior was appointed to the Company's Supervisory Board as of 3 February 2020,
- 2) On 6 February 2020, Mr. Mariusz Pliszka tendered his resignation as Deputy Chairman of the ENEA S.A. Supervisory Board, effective as of the same date;
- 3) On 6 February 2020, the Supervisory Board elected Mr. Bartosz Nieścior as Deputy Chairman of the ENEA S.A. Supervisory Board;
- 4) On 6 February 2020, Mr. Stanisław Hebda tendered his resignation as a Member of the ENEA S.A. Supervisory Board, effective as of the same date,
- 5) On 19 March 2020, the Extraordinary General Meeting of the Company appointed to the Supervisory Board, effective as of 19 March 2020, Ms. Izabela Felczak-Poturnicka, who was appointed Supervisory Board Chairperson, and Mr. Mariusz Fistek,
- 6) On 27 May 2020, the Company received statements from the Minister of State Assets dated the same day that the Minister of State Assets had exercised its powers to appoint and dismiss a member of the ENEA S.A. Supervisory Board pursuant to § 24 sec. 1 of the Company's Articles of Association. According to the said statements, the Minister of State Assets, in exercise of the powers conferred on him, dismissed, effective as of 27 May 2020, Mr. Bartosz Nieścior from the Company's Supervisory Board and, at the same time, appointed Mr. Paweł Szczeszek to the Company's Supervisory Board, effective as of the same day,
- 7) On 4 June 2020, the Supervisory Board elected Mr. Roman Stryjski to serve as Deputy Chairman of the ENEA S.A. Supervisory Board,
- 8) On 4 June 2020, the Company's Supervisory Board adopted a resolution to second, starting 6 June 2020, Mr. Paweł Szczeszek, Supervisory Board Member, to temporarily perform the duties of the President of the ENEA S.A. Management Board until the appointment of a new President of the Company's Management Board, but no longer than for a period of three months from the date of his secondment,
- 9) On 30 June 2020, the Company's Supervisory Board adopted a resolution to appoint Mr. Paweł Szczeszek to the position of President of the ENEA S.A. Management Board for the joint term of office

commenced on the date of holding the Company's Ordinary General Meeting which approved the financial statements for 2018. The resolution came into force upon adoption. Upon his appointment to the position of President of the Management Board, Mr. Paweł Szczeszek's mandate of a Member of the Company's Supervisory Board expired,

- 10) On 17 September 2020, the Company received a statement from the Minister of State Assets of 16 September 2020 that the Minister exercised his powers to appoint a Member of the ENEA S.A. Supervisory Board pursuant to § 24 sec. 1 of the Company's Articles of Association. In accordance with these powers, Mr. Rafał Włodarski was appointed to the Company's Supervisory Board as of 16 September 2020.

In connection with the above changes, as at 31 December 2020, the Supervisory Board was composed of the following persons:

- |                               |                                      |
|-------------------------------|--------------------------------------|
| 1. Izabela Felczak-Poturnicka | – Supervisory Board Chairwoman,      |
| 2. Roman Stryjski             | – Supervisory Board Deputy Chairman, |
| 3. Michał Jaciubek            | – Supervisory Board Secretary,       |
| 4. Mariusz Fistek             | – Supervisory Board Member,          |
| 5. Paweł Korobłowski          | – Supervisory Board Member,          |
| 6. Ireneusz Kulka             | – Supervisory Board Member,          |
| 7. Maciej Mazur               | – Supervisory Board Member,          |
| 8. Piotr Mirkowski            | – Supervisory Board Member,          |
| 9. Mariusz Pliszka            | – Supervisory Board Member,          |
| 10. Rafał Włodarski           | – Supervisory Board Member.          |

In 2021, the composition of the Supervisory Board of ENEA S.A. changed in the following way:

- 1) on 4 January 2021, the Company received a resignation tendered by Ms. Izabela Felczak-Poturnicka from the position of Supervisory Board Chairwoman and from her membership in the ENEA S.A. Supervisory Board as of 5 January 2021,
- 2) on 7 January 2021, the Extraordinary General Meeting of ENEA S.A. appointed Mr. Rafał Włodarski as Chairman of the ENEA Spółka Akcyjna Supervisory Board,
- 3) on 7 January 2021, the Company's Extraordinary General Meeting adopted a resolution by the power of which Ms. Dorota Szymanek was appointed to the ENEA S.A. Supervisory Board of the 10th term of office.

As of the date of publication of this Report, the Company's Supervisory Board is composed of 10 members and operates in the following composition:

- |                      |                                      |
|----------------------|--------------------------------------|
| 1. Rafał Włodarski   | – Supervisory Board Chairman,        |
| 2. Roman Stryjski    | – Supervisory Board Deputy Chairman, |
| 3. Michał Jaciubek   | – Supervisory Board Secretary,       |
| 4. Mariusz Fistek    | – Supervisory Board Member,          |
| 5. Paweł Korobłowski | – Supervisory Board Member,          |
| 6. Ireneusz Kulka    | – Supervisory Board Member,          |
| 7. Maciej Mazur      | – Supervisory Board Member,          |
| 8. Piotr Mirkowski   | – Supervisory Board Member,          |
| 9. Mariusz Pliszka   | – Supervisory Board Member,          |
| 10. Dorota Szymanek  | – Supervisory Board Member.          |

### 3. Activity of the Supervisory Board of ENEA S.A.

In 2020, the Supervisory Board of the 10th term held 12 meetings and adopted a total of 128 resolutions.

The supervisory and oversight activities of the Supervisory Board in the 2020 financial year covered, among others, the following issues:

#### 1) Appointment of a certified auditor to audit the financial statements:

In 2020, the Supervisory Board did not appoint a certified auditor.

(On 19 December 2017, the Supervisory Board appointed PricewaterhouseCoopers Sp. z o.o. as the audit firm for ENEA S.A. for 2018-2020).

## **2) Approval of annual material and financial plans:**

The Provisional Material and Financial Plan of ENEA S.A. for 2020 and the Provisional Material and Financial Plan of ENEA Group for 2020 were approved by the Supervisory Board on 6 February 2020.

The Material and Financial Plan of ENEA S.A. for 2020 and the Material and Financial Plan of ENEA Group for 2020 were approved by the Supervisory Board on 4 June 2020.

## **3) Issuing opinions on all matters submitted by the Management Board to the General Meeting for consideration:**

- a) On 4 June 2020, the Supervisory Board issued a positive opinion on:
  - Standalone Financial Statements of ENEA S.A. for the financial year ended 31 December 2019 and the Consolidated Financial Statements of the ENEA Group for the financial year ended 31 December 2019
  - Management Board Report on the Activity of ENEA S.A. and the ENEA Group in 2019.
- b) On 4 June 2020, the Supervisory Board issued a positive opinion on granting a discharge to all the ENEA S.A. Management Board Members on the performance of their duties and recommended the Ordinary General Meeting to do so.
- c) On 4 June 2020, the Supervisory Board issued a positive opinion on the Company's report submitted to the General Meeting of ENEA S.A. with the opinion of the ENEA S.A. Supervisory Board on representation expenditures, expenses on legal services, marketing services, public relation services and social communication services and on management consultancy services for the year ended on 31 December 2019.
- d) On 4 June 2020, the Supervisory Board issued a positive opinion on the motion of the Company's Management Board to assess a proposed distribution of the net profit of the ENEA S.A.'s reporting period for the financial year from 1 January 2019 to 31 December 2019 in the amount of PLN 283,331 thousand (two hundred eighty three million three hundred thirty one thousand Polish zloty) by allocating it in the following way: 100% of the net profit of the reporting period, i.e. PLN 283,331 thousand (two hundred eighty three million three hundred thirty one thousand Polish zloty), to be allocated to increase reserve capitals designated for investment financing.

## **4) Approval of the Company's Organizational Rules and Regulations:**

On 3 November 2020, the Supervisory Board of ENEA S.A. approved the amendments to the Organizational Rules and Regulations of ENEA S.A. and adopted their consolidated version.

## **5) Granting approvals to the Management Board:**

In 2020, the Supervisory Board granted approvals to the Company's Management Board for, among others, the following:

- defining the manner of exercising the voting right at Shareholder Meetings/General Meetings of the ENEA Group Companies regarding amendments to the Companies' Articles of Association/Statutes,
- executing an agreement with ENERGA S.A. on cooperation in the settlement of the construction project of Ostrołęka C Power Plant,
- executing an agreement with ENERGA S.A. and Elektrownia Ostrołęka Sp. z o.o. on cooperation in dividing Elektrownia Ostrołęka Sp. z o.o.,

In addition, the Supervisory Board gave consent for the Company's Management Board to perform other activities defined in § 20 sec. 3 of the Company's Articles of Association, including those regarding execution of sponsorship agreements with institutions conducting sports activity as well as agreements with companies providing consultancy services.

## **6) Granting consent to Management Board Members to sit in the governing bodies of other companies, associations and foundations:**

In 2020, the Supervisory Board granted consent to Management Board Members to sit in the governing bodies of other companies, including companies from the ENEA Group and associations of the power engineering sector.

**Additionally, the Supervisory Board carried out the following activities:**

- conducted the qualification procedures for the positions of Management Board Members of ENEA S.A.,
- approved Management Objectives (KPIs) for Management Board Members of ENEA S.A. in 2020,
- approved Representations required for the publication of ENEA S.A.’s annual reports prepared in accordance with requirements of the Minister of Finance’s Regulation of 29 March 2018 on current and periodic information disclosed by issuers of securities and conditions for considering the information required by laws of a non-member state as equivalent,
- issued an opinion on the Report on implementation of the Promotion Plan for sponsorship activities in the ENEA Group in 2019,
- took note of the Reports of the Audit Committee of the ENEA S.A. Supervisory Board on its activity in 2019 and in H1 2020,
- issued a positive opinion on proposed amendments to the ENEA S.A. Articles of Association,
- adopted the Report of the Supervisory Board of ENEA S.A. on its activity in 2019 and decided to submit it to the Ordinary General Meeting,
- issued a positive opinion on the document entitled “Remuneration Policy for members of the supervisory body and management body at ENEA Spółka Akcyjna”,
- adopted the consolidated text of the ENEA S.A. Articles of Association, acting pursuant to Resolutions nos. 25 through 27 adopted by the Ordinary General Meeting of ENEA S.A. on 30 July 2020 regarding amendments to the Company’s Articles of Association and in view of the authorization for the Supervisory Board following from the resolutions to adopt the consolidated text of the amended Articles of Association,
- adopted a resolution on defining remuneration of Management Board Members of ENEA S.A.,
- adopted resolutions on the execution of management contracts as well as Annexes to the management contracts with the Management Board Members of ENEA S.A.,
- adopted a resolution on the achievement of Management Objectives in 2019 and set the amount of the due Variable Remuneration to be paid out to the Management Board of ENEA S.A.,
- initiated proceeding to appoint an audit firm for ENEA S.A., approved the wording of the advertisement and gave consent to conducting the proceeding together with specific subsidiaries,
- adopted a resolution on amendments to the Rules and Regulations of the Supervisory Board of ENEA S.A.,
- approved the amended Rules and Regulations of the Management Board of ENEA S.A.,
- approved the amended Internal Audit Policy of the ENEA Group (edition 3),
- accepted the terms and conditions of third party liability of Management Board Members of ENEA S.A. arising in connection with the management for 2021,
- approved the Annual Audit Plan for 2021 and the Budget of the Group’s Audit and Control Department for 2021,
- approved the ENEA Group’s Promotion Plan for 2021.

**The Supervisory Board reviewed the information received from the Management Board, relating in particular to:**

- economic and financial results of the Company and ENEA Group,
- composition of the governing bodies of ENEA S.A.’s subsidiaries,
- the renegotiation procedure for long-term contracts for the purchase of RES property rights,

- costs of the Management Board and Supervisory Board of ENEA S.A. and of consulting in the Company,
- costs of Management Boards, Supervisory Boards and consulting in the ENEA Group Companies,
- social situation in the ENEA Group companies.

The activities of the Supervisory Board of ENEA S.A. were documented in the minutes of the meetings of the Supervisory Board in 2020.

#### **4. Appointments, dismissals and suspensions in the performance of functions of Management Board Members by the Supervisory Board and seconding Supervisory Board Members to perform functions of Management Board Members.**

1. On 4 June 2020, the Company's Supervisory Board adopted a resolution to second, starting 6 June 2020, Mr. Paweł Szczeszek, Supervisory Board Member, to temporarily perform the duties of the President of the ENEA S.A. Management Board until the appointment of a new President of the Company's Management Board, but no longer than for a period of three months from the date of his secondment.
2. On 30 June 2020, the Company's Supervisory Board adopted a resolution to appoint Mr. Paweł Szczeszek to the position of President of the ENEA S.A. Management Board for the joint term of office commenced on the date of holding the Company's Ordinary General Meeting which approved the financial statements for 2018. The resolution came into effect on the date of its adoption. Upon his appointment to the position of President of the Management Board, Mr. Paweł Szczeszek's mandate of a Member of the Company's Supervisory Board expired.
3. On 7 August 2020, the Company's Supervisory Board adopted a resolution to appoint Mr. Tomasz Szczegieliński to the position of the ENEA S.A. Management Board Member for Corporate Matters, effective as of the resolution adoption date, for the joint term of office commencing on the date of holding the Company's Ordinary General Meeting which approved the financial statements for 2018.
4. On 7 August 2020, the Company's Supervisory Board adopted a resolution to appoint Mr. Tomasz Siwak to the position of the ENEA S.A. Management Board Member for Commercial Matters, effective as of 17 August 2020, for the joint term of office commencing on the date of holding the Company's Ordinary General Meeting which approved the financial statements for 2018.
5. On 23 October 2020, the Company's Supervisory Board adopted a resolution to appoint Mr. Marcin Pawlicki, effective as of 29 October 2020, to the position of the ENEA S.A. Management Board Member for Operational Matters for the joint term of office commencing on the date of holding the Company's Ordinary General Meeting which approved the financial statements for 2018.
6. On 17 November 2020, the Company's Supervisory Board adopted a resolution to dismiss Mr. Jarosław Ołowski, ENEA S.A. Management Board Member for Financial Matters, from the ENEA S.A. Management Board.
7. On 9 December 2020, the Company's Supervisory Board adopted a resolution to appoint, as of 21 December 2020, Mr. Rafał Marek Mucha to the position of Member of the ENEA S.A. Management Board for Financial Matters for the joint term of office commencing on the date of holding the Company's Ordinary General Meeting which approved the financial statements for 2018.

#### **5. Committees of the Supervisory Board of ENEA S.A.**

In its activities, the Supervisory Board was assisted by Committees acting as collective advisory and opinion-giving bodies of the Supervisory Board, appointed from among members of the Supervisory Board. In 2020, there were two permanent Committees of the Supervisory Board:

- Audit Committee,
- Nominations and Remuneration Committee,
- Strategy and Investment Committee.

##### **a) Audit Committee of the ENEA S.A. Supervisory Board**

As of 1 January 2020, the Company's Supervisory Board's Audit Committee of the 10th term operated in the following composition:

1. Ireneusz Kulka<sup>1) 2) 3)</sup> – *Chairman,*
2. Maciej Mazur<sup>1)</sup> – *Member,*
3. Piotr Mirkowski<sup>1) 3)</sup> – *Member,*
4. Mariusz Pliszka <sup>1) 3)</sup> – *Member,*
5. Roman Stryjski<sup>1)</sup> – *Member.*

<sup>1)</sup> *An independent member within the meaning of Article 129(3) of the Act of 11 May 2017 on certified auditors, auditing firms and public supervision and within the meaning of the corporate governance principles included in the Best Practice for WSE Listed Companies 2016,*

<sup>2)</sup> *Member with knowledge and skills in accounting or audit of financial statements, based on his/her education and previous professional experience.*

<sup>3)</sup> *Member with knowledge and skills in the industry in which the issuer operates, based on his/her education and previous professional experience.*

In 2020, no changes were made to the composition of the Audit Committee.

On 28 January 2021, the Company's Supervisory Board appointed Ms. Dorota Szymanek a Member of the Audit Committee for the period of the 10th joint term.

As of the date of preparing this Report, the Audit Committee of the Company's Supervisory Board was composed of the following members:

1. Ireneusz Kulka<sup>1) 2) 3)</sup> – *Chairman,*
2. Maciej Mazur<sup>1)</sup> – *Member,*
3. Piotr Mirkowski<sup>1) 3)</sup> – *Member,*
4. Mariusz Pliszka <sup>1) 3)</sup> – *Member,*
5. Roman Stryjski<sup>1)</sup> – *Member,*
6. Dorota Szymanek <sup>1)</sup> – *Member.*

<sup>1)</sup> *An independent member within the meaning of Article 129(3) of the Act of 11 May 2017 on certified auditors, auditing firms and public supervision and within the meaning of the corporate governance principles included in the Best Practice for WSE Listed Companies 2016,*

<sup>2)</sup> *Member with knowledge and skills in accounting or audit of financial statements, based on his/her education and previous professional experience.*

<sup>3)</sup> *Member with knowledge and skills in the industry in which the issuer operates, based on his/her education and previous professional experience.*

In 2020, the Audit Committee held 6 meetings and adopted 11 Resolutions, regarding the following:

- amendments to the document: "I. Policy for the selection of an audit firm to conduct an audit in ENEA S.A. II. Policy for the provision of acceptable services other than audit by an audit firm. III. Procedure for the selection of an audit firm.",
- approval, by the Audit Committee of the ENEA S.A. Supervisory Board, of final report no. 1/2020 on the audit, entitled "General assessment of the internal control system at ENEA S.A.", for adoption and provision of management information on the assessment of the internal control system at ENEA S.A. to the ENEA S.A. Supervisory Board,
- approval of information for the Supervisory Board on the results of the audit of financial statements of ENEA S.A. and the ENEA Group for the financial year ended 31 December 2019,
- adoption of the Report of the ENEA S.A. Supervisory Board Audit Committee on its activities in 2019,
- on granting consent to the provision of acceptable services other than audit by PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k. (formerly: PricewaterhouseCoopers) at Lubelski Węgiel "Bogdanka" S.A.,
- on assessment of the methods of auditing the Condensed Interim Standalone Financial Statements of ENEA S.A. for the period from 1 January 2020 to 30 June 2020 and the Condensed Interim Consolidated Financial Statements of the ENEA Group for the period from 1 January 2020 to 30 June 2020,
- adoption of the Report of the ENEA S.A. Supervisory Board Audit Committee on its activities in H1 2020,
- issuing an opinion on the Annual Audit Plan for 2021 and the Budget of the Group's Audit and Control Department for 2021 and submitting these documents together with an opinion to the Supervisory Board of ENEA S.A. for approval,
- issuing an opinion on the amended Derivative Document entitled Internal Audit Policy of the ENEA Group by the Audit Committee of the ENEA S.A. Supervisory Board and provision of this document to the ENEA S.A. Supervisory Board for approval.

In 2020, the Audit Committee reviewed the information received from the Management Board, relating in particular to cases concerning final reports on completed audit and control.

Pursuant to § 8, sec. 8 of the Rules and Regulations of the ENEA S.A. Supervisory Board, after each Committee meeting, the Audit Committee submitted minutes of the meetings to the Supervisory Board for review.

In addition, in 2020, the Audit Committee held meetings with:

1. representatives of the external auditor PricewaterhouseCoopers Polska Sp. z o.o. Audyt Sp.k., which were devoted to:
  - preliminary results and methodology of the audit of the consolidated financial statements of the ENEA Group and the standalone financial statements for 2019,
  - discussion of the key issues and a summary of the audit of the 2019 financial statements of ENEA S.A. and the ENEA Group,
  - discussion of the methods of auditing the Condensed Interim Standalone Financial Statements of ENEA S.A. for the period from 1 January 2020 to 30 June 2020 and the Condensed Interim Consolidated Financial Statements of the ENEA Group for the period from 1 January 2020 to 30 June 2020.
2. the Director of the Group Audit and Control Department at ENEA S.A., which included discussions of the findings and recommendations resulting from the conducted inspections and audits.

In addition, in 2021, the Audit Committee:

- held a meeting with representatives of the external auditor PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k. to discuss the key issues and summarize the audit of the 2020 financial statements of ENEA S.A. and the ENEA Group,
- on 24 March 2021, the Audit Committee adopted a resolution to approve information for the Supervisory Board on findings of the audit of financial statements of ENEA S.A. and the ENEA Group for the financial year ended 31 December 2020, in which it reported the results of the audit, explained how the audit contributed to the reliability of financial reporting in the Company and specified the role of the Audit Committee in the audit process.

Pursuant to § 8, sec. 8 of the Rules and Regulations of the ENEA S.A. Supervisory Board, after each Committee meeting, the Audit Committee submitted minutes of the meetings to the Supervisory Board for review.

## **b) Nominations and Remuneration Committee of the ENEA S.A. Supervisory Board**

As of 1 January 2020, the Company's Supervisory Board's Nominations and Remuneration Committee of the 10th term operated in the following composition:

1. Stanisław Hebda – Committee Member,
2. Piotr Mirkowski<sup>1)</sup> – Committee Member,
3. Michał Jaciubek<sup>1)</sup> – Committee Member,
4. Paweł Korobłowski – Committee Member.

<sup>1)</sup> An independent member within the meaning of the corporate governance principles included in the Best Practice for WSE Listed Companies 2016.

In 2020, the following changes were made to the composition of the Nominations and Remuneration Committee:

- on 6 February 2020, Mr. Stanisław Hebda tendered his resignation as of that date as a Member of the ENEA S.A. Supervisory Board, and consequently as a Member of the Nominations and Remuneration Committee,
- on 6 February 2020, in connection with the appointment of Mr. Bartosz Nieścior to the Supervisory Board on 3 February 2020, the ENEA S.A. Supervisory Board appointed Mr. Bartosz Nieścior as a Member of the Nominations and Remuneration Committee for the 10th joint term,



- on 23 April 2020, the Members of the Nominations and Remuneration Committee elected Mr. Bartosz Nieścior as the Chairman of the Company's Supervisory Board's Nominations and Remuneration Committee for the 10th term,
- on 23 April 2020, the ENEA S.A. Supervisory Board appointed Ms. Izabela Felczak-Poturnicka a Member of the Nominations and Remuneration Committee for the period of the 10th joint term,
- in connection with dismissing Mr. Bartosz Nieścior as a Supervisory Board Member of ENEA S.A. on 27 May 2020, Mr. Bartosz Nieścior ceased to be the Chairman and Member of the Nominations and Remuneration Committee,
- on 9 July 2020, the ENEA S.A. Supervisory Board appointed Mr. Roman Stryjski a Member of the Nominations and Remuneration Committee for the period of the 10th joint term,
- on 9 July 2020, the Members of the Nominations and Remuneration Committee elected Mr. Roman Stryjski the Chairman of the Company's Supervisory Board's Nominations and Remuneration Committee for the 10th term,
- on 23 October 2020, the ENEA S.A. Supervisory Board appointed Mr. Mariusz Fistek a Member of the Nominations and Remuneration Committee for the period of the 10th joint term.

Therefore, as of 31 December 2020, the Company's Supervisory Board's Nominations and Remuneration Committee of the 10th term was composed of the following members:

1. Roman Stryjski<sup>1)</sup> – Committee Chairman,
2. Izabela Felczak-Poturnicka – Committee Member,
3. Piotr Mirkowski<sup>1)</sup> – Committee Member,
4. Michał Jaciubek<sup>1)</sup> – Committee Member,
5. Paweł Korobłowski<sup>1)</sup> – Committee Member,
6. Mariusz Fistek<sup>1)</sup> – Committee Member.

1) *An independent member within the meaning of the corporate governance principles included in the Best Practice for WSE Listed Companies 2016.*

On 4 January 2021, the Company received a resignation tendered by Ms. Izabela Felczak-Poturnicka from her membership in the ENEA S.A. Supervisory Board, in the Nominations and Remuneration Committee and in the Strategy and Investment Committee of the ENEA S.A. Supervisory Board, as of 5 January 2021.

On 28 January 2021, the ENEA S.A. Supervisory Board appointed Mr. Rafał Włodarski a Member of the Nominations and Remuneration Committee for the period of the 10th joint term.

As of the date of preparing this Report, the Nominations and Remuneration Committee was composed of the following members:

1. Roman Stryjski<sup>1)</sup> – Committee Chairman,
2. Piotr Mirkowski<sup>1)</sup> – Committee Member,
3. Michał Jaciubek<sup>1)</sup> – Committee Member,
4. Paweł Korobłowski<sup>1)</sup> – Committee Member,
5. Mariusz Fistek<sup>1)</sup> – Committee Member,
6. Rafał Włodarski – Committee Member.

1) *An independent member within the meaning of the corporate governance principles included in the Best Practice for WSE Listed Companies 2016.*

In 2020, the Nominations and Remuneration Committee held 9 meetings and adopted 14 resolutions. The Committee's meetings focused mainly on drafting recommendations for the Supervisory Board regarding for example:

- proposals for Management Objectives for members of the ENEA S.A. Management Board for 2020,
- execution of management contracts with Members of the ENEA S.A. Management Board and annexes to management contracts with Members of the ENEA S.A. Management Board,
- the achievement of Management Objectives in 2019 and setting the amount of the due Variable Remuneration to be paid out to the Management Board of ENEA S.A.,
- adoption of a resolution on defining remuneration of Management Board Members of ENEA S.A.,

In the discussed period, the Supervisory Board's Nominations and Remuneration Committee also held meetings to open envelopes with applications submitted in qualification procedures for positions of ENEA S.A. Management Board Members and to assess the applications in terms of satisfaction of the formal requirements defined in the advertisement on initiating the given qualification procedure.

### c) Strategy and Investment Committee of the ENEA S.A. Supervisory Board

The Strategy and Investment Committee was established by the Supervisory Board on 9 July 2020 in the following composition:

1. Izabela Felczak-Poturnicka – Committee Member,
2. Maciej Mazur – Committee Member,
3. Mariusz Pliszka – Committee Member,
4. Ireneusz Kulka – Committee Member,
5. Paweł Korobłowski – Committee Member,
6. Michał Jaciubek – Committee Member.

In 2020, the following changes were made to the composition of the Strategy and Investment Committee:

- on 23 October 2020, the ENEA S.A. Supervisory Board appointed Mr. Rafał Włodarski a Member of the Strategy and Investment Committee for the period of the 10th joint term,
- on 18 December 2020, the Members of the Strategy and Investment Committee elected Mr. Rafał Włodarski as the Chairman of the Company's Supervisory Board's Strategy and Investment Committee for the 10th term,

Therefore, as of 31 December 2020, the Company's Supervisory Board's Strategy and Investment Committee of the 10th term was composed of the following members:

1. Rafał Włodarski – Committee Chairman,
2. Izabela Felczak-Poturnicka – Committee Member,
3. Maciej Mazur – Committee Member,
4. Mariusz Pliszka – Committee Member,
5. Ireneusz Kulka – Committee Member,
6. Paweł Korobłowski – Committee Member,
7. Michał Jaciubek – Committee Member.

As the Company received, on 4 January 2021, a resignation tendered by Ms. Izabela Felczak-Poturnicka from her membership in the ENEA S.A. Supervisory Board, in the Nominations and Remuneration Committee and in the Strategy and Investment Committee of the ENEA S.A. Supervisory Board, as of 5 January 2021, on 28 January 2021, the ENEA S.A. Supervisory Board appointed Ms. Dorota Szymanek a Member of the Strategy and Investment Committee for the period of the 10th joint term.

As of the date of preparing this Report, the Strategy and Investment Committee was composed of the following members:

1. Rafał Włodarski – Committee Chairman,
2. Dorota Szymanek – Committee Member,
3. Maciej Mazur – Committee Member,
4. Mariusz Pliszka – Committee Member,
5. Ireneusz Kulka – Committee Member,
6. Paweł Korobłowski – Committee Member,
7. Michał Jaciubek – Committee Member.

In the discussed period, the Strategy and Investment Committee held 1 meeting and adopted 1 resolution on the election of the Committee Chairman. The subject matter of the Committee's meeting was the provision of information by the Management Board on:

- monitoring the ENEA Group Development Strategy in the form of a report for 9 months of 2020 entitled "Monitoring of the pursuit of the ENEA Group Development Strategy until 2030 with an outlook until 2035",
- execution of material investment projects in the ENEA Group, the degree of their progress and completion in relation to the plan.

## 6. Self-assessment of Supervisory Board's activities.

In the opinion of the Company's Supervisory Board, in 2020, the Supervisory Board fulfilled its statutory obligations concerning permanent supervision of the activity of the Company and the Group in all business areas in a reliable and efficient way. The Supervisory Board was composed of people with various competences and experience. Compliance with the requirement about the number of independent Supervisory Board Members was ensured within the meaning of the corporate governance principles included in the Best Practice for WSE Listed Companies 2016 and within the meaning of Article 129 sec. 3 of the Act of 11 May 2017 on certified auditors, auditing firms and public supervision.

The scope and procedure of operation as well as the composition of the Supervisory Board were compliant with the Commercial Company Code, the Company's Articles of Association and the Supervisory Board Rules and Regulations. The scope of issues handled by the Supervisory Board in 2020 was very broad, with a special emphasis placed on the financial results earned by the Company and the Group as well as the implementation of the critical investment projects.

In view of the above, the Supervisory Board hereby moves to the Company's General Meeting to grant a discharge to its Members on the performance of their duties in 2020.

## 7. Information on assessment of: the Standalone Financial Statements of ENEA S.A. for the financial year ended 31 December 2020, the Consolidated Financial Statements of ENEA Group for the financial year ended 31 December 2020, the Management Board Report on the Activity of ENEA S.A. and ENEA Group in 2020", and the motion of the Management Board on the proposed coverage of the net loss for the period from 1 January 2020 to 31 December 2020.

Acting pursuant to Article 382 § 3 of the Commercial Company Code, the Supervisory Board evaluated the statements referred to in Article 395 § 2 item 1 and § 5 of the Commercial Company Code, i.e.:

1. Management Board Report on the Activity of ENEA S.A. and ENEA Group in 2020;
2. Standalone Financial Statements of ENEA S.A. for the financial year ended 31 December 2020, including the following statements reviewed by the certified auditor:
  - standalone statement of financial position as at 31 December 2020 showing a balance of assets and liabilities in the amount of PLN 19,494,521 thousand (nineteen billion four hundred ninety-four million five hundred twenty-one thousand Polish zloty);
  - standalone statement of comprehensive income for the period from 1 January 2020 to 31 December 2020, showing a net loss of PLN 3,356,750 thousand (three billion three hundred fifty-six million seven hundred fifty thousand Polish zloty) and comprehensive income of PLN -3,446,707 thousand (negative three billion four hundred forty-six million seven hundred seven thousand Polish zloty);
  - standalone statement of changes in equity showing a decrease in equity as at 31 December 2020 by PLN 3,446,707 thousand (three billion four hundred forty-six million seven hundred seven thousand Polish zloty);
  - standalone statement of cash flows, showing a decrease in cash by PLN 2,337,517 thousand (two billion three hundred thirty-seven million five hundred seventeen thousand Polish zloty);
  - notes to the standalone financial statements including a description of key accounting policies applied and other explanations;
3. Consolidated Financial Statements of the ENEA Group for the financial year ended 31 December 2020, including the following statements reviewed by the certified auditor:
  - consolidated statement of financial position as at 31 December 2020 showing a balance of assets and liabilities in the amount of PLN 29,889,863 thousand (twenty-nine billion eight hundred eighty-nine million eight hundred sixty-three thousand Polish zloty);
  - consolidated statement of comprehensive income for the period from 1 January 2020 to 31 December 2020, showing a net loss of PLN 2,234,337 thousand (two billion two hundred thirty-four

million three hundred thirty-seven thousand Polish zloty) and comprehensive income of PLN -2,385,418 thousand (negative two billion three hundred eighty-five million four hundred eighteen thousand Polish zloty);

- consolidated statement of changes in equity for the financial year from 1 January 2020 to 31 December 2020 showing a decrease in equity by PLN 2,385,418 thousand (two billion three hundred eighty-five million four hundred eighteen thousand Polish zloty);
- consolidated statement of cash flows showing a decrease in cash by PLN 1,820,393 thousand (one billion eight hundred twenty million three hundred ninety-three thousand Polish zloty);
- notes to the consolidated financial statements including a description of key accounting policies applied and other explanations;

After having read the certified auditor's Audit Report drawn up by PricewaterhouseCoopers Polska Sp. z o.o. Audyt Sp.k., and having thoroughly examined the above documents, the Supervisory Board concludes that the Standalone Financial Statements of ENEA S.A. for the financial year ended 31 December 2020, the Management Board Report on the Activity of ENEA S.A. and ENEA Group in 2020 and the Consolidated Financial Statements of the ENEA Group the financial year ended 31 December 2020 are in conformity with the books of account and accounting records and documents of the Company and the facts and therefore it hereby issues a positive assessment of the Reports and recommends that the Ordinary General Meeting of ENEA S.A. should examine and approve them.

The Supervisory Board of ENEA S.A. has issued a positive opinion on:

- the motion of the Company's Management Board to cover the net loss of ENEA S.A. for the financial year from 1 January 2020 to 31 December 2020 in the amount of PLN 3,356,750 thousand (three billion three hundred fifty six million seven hundred fifty thousand Polish zloty) with retained earnings in the amount of PLN 2,417,070 thousand (two billion four hundred seventeen million seventy thousand Polish zloty) and supplementary capital in the amount of PLN 939,680 thousand (nine hundred thirty nine million six hundred eighty thousand Polish zloty),
- recommendation not to pay out a dividend for the financial year from 1 January 2020 to 31 December 2020.

## **8. Evaluation of the Company's standing and evaluation of the internal control system and the risk management, compliance system and internal audit functions.**

In 2020 ENEA S.A. generated a negative net result of PLN -3,356,750 thousand, which was PLN 3,640,081 thousand lower than the result achieved last year. This difference resulted mainly from changes in impairment losses recognized on the value of shares and financial assets at amortized cost (year-on-year difference of PLN 3,397,864 thousand) associated mainly with the impairment loss on the value of shares in ENEA Wytwarzanie sp. z o.o.

In 2020, the Company incurred a loss on operating activities in the amount of PLN -191,109 thousand, which increased by PLN 77,278 thousand in comparison to the previous year.

In 2020, ENEA S.A. earned PLN 187,813 thousand less of dividend income from its subsidiaries.

In 2020, the return on sales (ROS) was -54.2% (5.0% in 2019) and the return on equity (ROE) was -33.1% (2.1% in 2019).

In 2020, total sales of electricity to retail end users was 19.8 TWh and was 2.6% higher than total sales in the previous year. As at 31 December 2020, the number of end users was about 2.6 million and was comparable to the level in the previous years.

In 2020, ENEA S.A. had the financial resources to cover all of its current expenditures related to the Company's operations.

In accordance with the "Corporate Governance Principles for Supervised Institutions"<sup>1</sup> and "Best Practice for WSE Listed Companies 2016"<sup>2</sup>, ENEA S.A. carried out the annual review of internal control, risk management and compliance systems and the internal audit function. The goal was to verify adequacy and

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<sup>1</sup> Published by the Polish Financial Supervision Authority – Chapter 8 Key internal systems and functions.

<sup>2</sup> Published by the Warsaw Stock Exchange – Chapter III Internal systems and functions.

effectiveness of these systems and internal audit functions implemented at the Company level. The review was carried out based on the key elements of the internal control system defined in the COSO I model.

In the opinion of the Supervisory Board, the actions undertaken in 2020 in ENEA S.A. contributed to the strengthening of the internal control, risk management and compliance systems and the internal audit function.

In the area of **internal control environment**, the activities worth mentioning include: continuation of efforts to improve the compliance system.

In 2020, ENEA S.A., which coordinated the performance of the compliance function in ENEA Group companies, among others: issued recommendations in the compliance area and coordinated periodic reviews of compliance and timeliness of internal acts.

In 2020, solutions were also introduced that enabled operationalization of the principles defined within the compliance system, in particular those related to the policy for reporting breaches and protecting whistleblowers.

The work on improving the breach reporting system and mechanisms ensuring protection of whistleblowers against retaliation has been planned for 2021.

In the **enterprise risk management** area, it has received a positive evaluation that the organization of this process has enabled the company to respond quickly and adapt to changes in the external environment, which arose in 2020 during the uncertainty caused by the state of epidemic.

The Company assessed Enterprise Risks while taking into account the epidemic threat factor, identifying new risks, which were managed in accordance with the applicable Policy and Methodology (also by planning and implementing mitigating actions).

In order to assess the risks related to the state of epidemic in an accurate and complete fashion, the company analyzed the increase in probability that the credit risk would materialize in ENEA S.A. in the conditions of the COVID-19 pandemic, while taking into account the analysis of the ENEA S.A. customer portfolio structure in 2020, by industry.

The Enterprise Risk Management Process was synchronized with the Business Continuity Management process; risk mitigation measures were carried out, among others, as part of the operation of the appointed Crisis and Coordination Team. The above solution strengthened the work to ensure continuity of processes during the epidemic.

At the same time, the company is planning solutions to ensure continuous improvement of the Process, including, among others, in respect to internal flow of information on the managed risks.

Irrespective of the epidemic situation, the enterprise risk management process was conducted in line with the assumptions for the dedicated Policy and Methodology, which means that:

- the risks were identified, monitored on an ongoing basis and reviewed regularly,
- Director of the ENEA S.A. Risk Management Department reported on enterprise risks to the Company's Management Board and to the ENEA Group Risk Committee, which facilitated management decisions, in particular with respect to key risks.

In 2020, certain changes were introduced to the Rules and Regulations of the ENEA Group Risk Committee and the Procedure for submitting motions to the Committee, which were aimed at simplifying the process of filing the applications and the administrative processes related to its functioning. These changes have made it possible, among others, to:

- use electronic signatures when submitting motions to the ENEA Group Risk Committee, and
- conclude purchase transactions for CO<sub>2</sub> emission allowances on the over-the-counter market without a need to obtain a consent from the ENEA Group's Risk Committee.

The Supervisory Board also welcomed the commencement of the process of amending the Credit Risk Management Policy at the ENEA Group, aimed at tidying up and structuring the issues of collateral used in the ENEA Group in sales transactions.

With respect to **control mechanisms**, it is worth noting that actions were taken that ended with implementing a number of systemic solutions enabling verification of bank accounts of the contractors, in terms of their inclusion in the "White List of VAT Taxpayers".

The introduced control mechanisms enable, among others, automatic and several-stage verification of bank accounts stated on invoices against the Finance Ministry's database, and an ongoing identification of payments that may require notification to the Tax Office. This way, the process of making settlements under obligation documents was adapted to the amendments to the tax law related to the "White List of VAT Taxpayers".

Parallel actions are taken to oblige the Company's contractors to use the bank accounts submitted to the "White List" already at the stage of arranging the cooperation.

In the area of **information and communication**, it is worth noting that the Company has in place an effective process of communicating cyber risks / issues, which is embedded in the ongoing tasks performed by the organizational unit responsible for security, in cooperation with the IT function and system administrators.

The information on the potential cyber threats is provided mainly through the following activities carried out in the entire ENEA Group and coordinated at the ENEA S.A. level: system tests, handling of ITC security incidents, authorizations for the new introduced systems and their updates.

The continuing work on the detailed definition and formalization of assumptions for the communication process between ENEA S.A. and Cybersecurity Representatives in Group companies will have a positive effect on the identification, analysis and prevention of cybernetic threats to key services.

In the **monitoring and supervision** area within the existing corporate governance system, the subsidiaries submit to ENEA S.A. their reports and statements on their operating activity, financial standing and economic and business events. In order to avoid any delays in the reporting process, it is necessary to continue the work on introducing mechanisms ensuring an ongoing monitoring of reporting deadlines.

The Supervisory Board believes that the function performed by the following units is an important element of the Company's internal control system in the area of **monitoring and supervision**:

- the Supervisory Board Audit Committee,
- Internal Audit.

**In 2020 the Audit Committee** implemented in particular the following tasks:

1. monitored the financial reporting process,
2. monitored effectiveness of the internal control, risk management and compliance systems and the internal audit function,
3. held meetings with the certified auditor and monitored the certified auditor's independence,
4. monitored reliability of the financial information presented by the Company, in particular by reviewing consistency of the accounting policies applied in the Group and its conformity to the International Financial Reporting Standards,
5. notified the Supervisory Board of the results of the audit of financial statements of ENEA S.A. and the ENEA Group for the financial year ended 31 December 2020, explaining how the audit contributed to the reliability of financial reporting in the Company and the role of the Audit Committee in the auditing process,
6. participated in the process of developing the Annual Audit Plan for 2021 by issuing opinions on it and submitting it to the Supervisory Board for approval,
7. issued opinions on and submitted the annual budget of the Group's Audit and Control Department to the Supervisory Board for approval,
8. held regular meetings with the internal auditor, during which it discussed decisions, including recommendations and suggestions, made by the internal audit function, and monitored the response of the Company's Management Board to the above.

**In 2020, the internal audit function**

- was performed within the ENEA Group Audit Management Division, which encompassed auditors and internal control inspectors at ENEA S.A., ENEA Operator Sp. z o.o. and ENEA Wytwarzanie Sp. z o.o. (until November 2020):

1. it reported functionally to the Audit Committee, formally to the President of the Management Board, providing audit and internal control results concurrently to the Audit Committee and the Management Board, which ensured independence of the internal audit function,
2. contributed to the improvement of operational activities of ENEA Group Companies, including ENEA S.A., by:
  - performance of audit and inspection tasks and *ad hoc* advisory activities;
  - monitoring the status and effectiveness of implementation of post-audit / post-inspection recommendations.
3. coordinated the course of three external inspections in ENEA S.A. conducted by the Supreme Audit Office.

In November 2020, changes were introduced to the Company's organizational structure involving, among others:

- transforming the ENEA S.A. Audit Department into the Group Audit and Control Department,
- replacing the Audit Department and Control Department in the ENEA Group's Audit Management Division by, respectively, the Audit Division and Control Division of the Group.

The main goal of the changes was tidying up the audit and control roles in the ENEA Group and assign responsibility for performing the internal audit function to ENEA S.A. (the Group's parent company).

At the end of 2020, a decision was also made to appoint an External Inspection Coordinator, a function that should strengthen the role of the Group's Audit and Control Department in the external inspection area and during the activities conducted in the ENEA Group by law enforcement authorities and judicial authorities.

Further actions are planned in 2021, which are aimed, among others, on:

- systematizing the methodology of planning, conducting and reporting of audit and control tasks,
- monitoring compliance with economic openness and transparency standards (in particular exercising due care in preventing the realization of corruption risk).

The **Compliance** area is responsible for ensuring compliance of activities carried out by the ENEA Group with the applicable standards set forth in the provisions of law and internal regulations as well as ethical norms set forth in particular by the ENEA Group Code of Ethics.

In 2020, measures were taken to adapt the ENEA Group's anti-corruption system to the "Standards recommended for the compliance management system on counteracting corruption and the whistleblower protection system in companies listed on markets organized by the Warsaw Stock Exchange". The Organization and Compliance Unit was responsible for the performance of this assignment.

The Standards were addressed to companies listed on markets organized by the WSE and recommend implementation of standardized internal anti-corruption solutions in more than ten areas, including, among others: adoption of an anti-corruption code, implementation of a whistleblowing system or establishment of a Compliance Officer function in companies.

The implementation of the WSE Standards was achieved in particular through:

- development of the definition of corruption to be added to the ENEA Group Compliance Policy and in the Rules for Offering and Receiving Gifts in the ENEA Group,
- introduction of anti-corruption clauses to individual internal acts of the company (e.g. to the *ENEA S.A. Work Rules and Regulations, Rules and regulations for execution and performance of agreements in ENEA S.A.*),
- work on a procedure to regulate the reporting of violations and protection of whistleblowers in the ENEA Group,
- development of a form facilitating the reporting of violations, which was placed on the Company's website,
- development of the ENEA S.A. contractor review procedure (PWK) and imposing an obligation on contractors to sign the representation constituting Attachment 2 (Contractor Review Questionnaire) to the regulation, whereby the contractors undertake to observe its provisions,

- building awareness of Compliance, in particular by developing new training materials and conducting e-learning courses and on-site workshops on corruption and its prevention, preparation of training material on the employee conduct in case of inspections by law enforcement agencies,
- monitoring of legal environment to detect legal acts that may have a significant impact on the operation of the Compliance system in the Company,
- identification of potential compliance risks in the ENEA Group and responses to corruption events.

Concurrently in 2020 ENEA S.A. strengthened the structure of its existing Compliance system encompassing the entire ENEA Group; the goal was to ensure quicker identification of potential compliance risks and detection of potential violations, including improvement of existing standards in the ENEA Group.

The ENEA S.A. Organization and Compliance Unit operating within the Legal and Organizational Department carried out numerous activities to increase efficiency of the Compliance system in ENEA Group companies, while placing emphasis on developing corporate culture promoting ethical and lawful conduct among Employees and Contractors. These tasks were performed, among others through active participation in the creation of internal regulations, organization of mandatory regular training for Employees (in the form of stationary or e-learning course) and ongoing availability of information on Ethics and Compliance, particularly on corruption and conflict of interest, in the Intranet. These activities were conducted together with the persons dedicated to the Compliance area in individual ENEA Group companies, which additionally facilitated competence-building and exchange of experiences on the functioning of the system.

The Supervisory Board has recognized the process of adjusting internal regulations and general group regulations to the evolving law and market standards conducted at ENEA S.A. as effective. The Supervisory Board of ENEA S.A. has also given a positive opinion on the activities undertaken to implement the WSE Standards recommended for the compliance management system on counteracting corruption and the whistleblower protection system in companies listed on markets organized by the Warsaw Stock Exchange. In the opinion of the ENEA S.A. Supervisory Board, the system of propagating anti-corruption knowledge among employees, among others through e-learning courses and by posting anti-corruption content in the ENEA Group's Intranet has been operating correctly.

The Supervisory Board of ENEA S.A. believes that the current compliance risk management system implemented by the ENEA S.A. Organization and Compliance Unit addresses both internal and external expectations, while constituting an important element of responsible governance. ENEA S.A. has shown due care for transparency and clarity of its activities, functioning in compliance with the law and promoting positive ethical standards.

## **9. Assessment of the fulfillment by the Company of the disclosure requirements concerning the application of corporate governance principles specified in the Stock Exchange Rules and Regulations pertaining to current and periodic information provided by securities issuers.**

Considering the requirement set forth in Rule II.Z.10.3 of the "Best Practice for WSE Listed Companies 2016" (DPSN), under which, in addition to activities resulting from the provisions of law, once a year the supervisory board should prepare and submit to the general meeting of shareholders an assessment of the company's compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities, in 2020 and in 2021 (by the date of approving this report) the Supervisory Board analyzed the performance of the following obligations by ENEA S.A.:

- disclosure requirements to publish, in the Electronic Information Database, current reports concerning incidental violations of or resignation from application of individual corporate governance principles,
- disclosure requirements to publish, in the annual Management Board Activity reports, a representation on the application of corporate governance principles,
- disclosure requirements to publish specific information on ENEA S.A.'s website.

The above analysis covered, among others, the following documents, information and circumstances:

- Current Reports No. 1/2016 of 2 March 2016 and 1/2019 of 26 February 2019 on the scope of application of the "Best Practice for WSE Listed Companies 2016",



- annual reports for 2019 published in 2020, which included, in the Management Board Report, a representation of the ENEA S.A. Management Board on the application of corporate governance principles as laid down in the “Best Practice for WSE Listed Companies 2016”,
- published annual reports for 2020, which included, in the Management Board Report, a representation of the ENEA S.A. Management Board on the application of corporate governance principles as laid down in the “Best Practice for WSE Listed Companies 2016”,
- corporate governance information published on ENEA S.A.’s website,
- the actual status of application of the “Best Practice for WSE Listed Companies” in ENEA S.A.

Having read the above documents and information, the Supervisory Board concluded that in 2020 there had been no events significantly affecting the scope of application of the “Best Practice for WSE Listed Companies 2016” previously communicated by the Company. However, following the amendments made to individual corporate documents in effect at ENEA S.A., such as the Company’s Articles of Association or Rules and Regulations of the ENEA S.A. Supervisory Board and pursuant to the the amended provisions of applicable law, some of the Company’s explanations of the reasons for departing from some of the corporate governance principles laid down in the “Best Practice for WSE Listed Companies 2016” required an update.

The Company made updates in this respect by publishing the relevant information in the representation on the application of corporate governance principles published in annual reports. The update resulted mainly from the fact that, on 30 July 2020, the Company’s Extraordinary General Meeting adopted a document entitled “Remuneration Scope and goals of the Remuneration Policy for members of the supervisory body and management body at ENEA Spółka Akcyjna” and consequently, upon adoption of this document, Recommendations VI.R.1 and VI.R.2 of the “Best Practice for WSE Listed Companies 2016” are not applied by the Company. In addition to the above, in connection with an amendment of the generally applicable law, the Company updated its explanation regarding its non-application of Recommendation IV.R.2 and Detailed Principle V.Z.5. of the Best Practice, which was also included in its representation on the application of corporate governance principles included in the annual report.

Accordingly, in 2020 the Company observed all the recommendations and detailed principles, except for those listed below:

- recommendations IV.R.2., VI.R.1. (not applied until 30 July 2020), VI.R.2. (not applied until 30 July 2020), VI.R.3., detailed principles II.Z.5, II.Z.7, II.Z.8, IV.Z.2., V.Z.5 of the collection of “Best Practice for WSE Listed Companies 2016” in effect as of 1 January 2016.

Following the analysis, the Supervisory Board has concluded that information provided in fulfillment of disclosure requirements related to the application of corporate governance principles correspond to the actual status of application of the Best Practice for WSE Listed Companies 2016 in ENEA S.A.

In view of the foregoing, the Supervisory Board of ENEA S.A. has issued a positive opinion on the fulfillment by the Company of the disclosure requirements concerning the application of corporate governance principles specified in the Stock Exchange Rules and Regulations pertaining to current and periodic information provided by securities issuers. The Supervisory Board shares the opinion of the Management Board that in line with the adequacy principle, at present it is no longer justified to follow some of the recommendations and detailed rules included in the Best Practice which the Company renounced.

## **10. Assessment of rationality of the company’s sponsorship and charitable activities.**

The Supervisory Board has been monitoring the sponsorship activities pursuant to the “Rules for conducting sponsorship activities in the ENEA Group” in effect in the Company (3rd edition, in effect since 12 September 2017), and pursuant to the “Best Practices for conducting sponsorship activities in State Treasury-owned companies” published on 15 June 2016. The Supervisory Board approves the plans for annual sponsorship activities and issues opinions on reports of such activities.

In 2020, a secondary regulation entitled the “ENEA Group Communication Policy” (first edition), effective as of 10 March 2020, was adopted, which supplements the internal regulations in line with the “Recommended standards for the compliance management system on counteracting corruption and the whistleblower protection system in companies listed on markets organized by the Warsaw Stock Exchange” in the sponsorship area.

With respect to the charitable activity, the Supervisory Board receives regular reports on the operation of the ENEA Foundation and also approves the donations made to the ENEA Foundation by ENEA S.A.

The Supervisory Board believes that the sponsorship and charitable activity serves the interests of the Company and its shareholders.

## 11. Evaluation of related party transactions

In performance of the provisions of Chapter 4b of the Act of 29 July 2005 on Public Offerings and the Terms and Conditions for Introducing Financial Instruments to an Organized Trading System and on Public Companies, the Supervisory Board of ENEA S.A. conducted a periodic assessment of significant transactions concluded with related entities. On the basis of an analysis conducted pursuant to a collective report, on 25 March 2021 the Supervisory Board issued its positive assessment of related party transactions in 2020, stating that:

- all material transactions had been concluded with related parties on an arm's length basis, as part of the ordinary core activity of ENEA Group companies, in the Mining, Generation, Distribution and Other Activities segments,
- the parties to the transactions shaped the terms and conditions of cooperation on typical market terms,
- the transactions were concluded on exchanges or followed tender proceedings/price negotiations; for some transactions a comparative analysis was carried out in order to confirm their market character.

## 12. Comments of the Supervisory Board on cooperation with the Management Board.

After having evaluated the work of each of the Management Board Members serving on the Company's Management Board in 2020, the Supervisory Board of ENEA S.A. hereby recommends that the Ordinary General Meeting grant a discharge on the performance of duties in the 2020 financial year to the following persons:

- Mr. Paweł Szczeszek delegated by the Supervisory Board as the acting President of the Management Board from 6 June 2020 to 29 June 2020 and serving as the President of the Management Board since 30 June 2020,
- Mr. Tomasz Szczegielniak, serving as the Management Board Member for Corporate Affairs since 7 August 2020,
- Mr. Tomasz Siwak, serving as the Management Board Member for Commercial Affairs since 17 August 2020,
- Mr. Marcin Pawlicki, serving as the Management Board Member for Commercial Affairs since 29 October 2020,
- Mr. Rafał Mucha, serving as the Management Board Member for Financial Affairs since 21 December 2020,
- Mr. Mirosław Kowalik, serving as the President of the Management Board until 5 June 2020;
- Mr. Piotr Adamczak, serving as the Management Board Member for Commercial Affairs until 10 August 2020,
- Mr. Zbigniew Piętka, serving as the Management Board Member for Corporate Affairs until 24 July 2020,
- Mr. Jarosław Ołowski, serving as the Management Board Member for Financial Affairs until 17 November 2020.

**Signatures of Members of the ENEA S.A. Supervisory Board:**

Rafał Włodarski – Supervisory Board Chairman \_\_\_\_\_

Roman Stryjski – Supervisory Board Deputy Chairman \_\_\_\_\_

Michał Jaciubek – Supervisory Board Secretary \_\_\_\_\_

Dorota Szymanek – Supervisory Board Member \_\_\_\_\_

Mariusz Fistek – Supervisory Board Member \_\_\_\_\_

Paweł Korobłowski – Supervisory Board Member \_\_\_\_\_

Ireneusz Kulka – Supervisory Board Member \_\_\_\_\_

Maciej Mazur – Supervisory Board Member \_\_\_\_\_

Piotr Mirkowski – Supervisory Board Member \_\_\_\_\_

Mariusz Pliszka – Supervisory Board Member \_\_\_\_\_

Poznań, 27 April 2021