



**Report of the Supervisory Board of ENEA S.A.
for 2013 financial year**

Poznań, 19.03.2014

1. Information on the term of office of the Supervisory Board and another year of operations during the term of office.

Members of the Supervisory Board of ENEA S.A. for the 8th three-year term of office were appointed by the Ordinary General Meeting of Shareholders of the Company on 30 June 2012.

In 2013 the Supervisory Board of ENEA S.A. operated as the Supervisory Board of the 8th term.

2. Composition of the Supervisory Board, positions held, changes to the composition of the Supervisory Board during the financial year.

As at 1 January 2013 the Supervisory Board of the Company of the 8th term operated in the following composition:

1. Wojciech Chmielewski - Chairman of the Supervisory Board,
2. Jeremi Mordasewicz* - Vice-Chairman of the Supervisory Board,
3. Michał Kowalewski - Secretary of the Supervisory Board
4. Małgorzata Aniołek - Member of the Supervisory Board,
5. Sandra Malinowska - Member of the Supervisory Board,
6. Sławomir Brzeziński - Member of the Supervisory Board,
7. Michał Jarczyński* - Member of the Supervisory Board,
8. Przemysław Łyczyński - Member of the Supervisory Board,
9. Tadeusz Mikłosz - Member of the Supervisory Board,
10. Graham Wood* - Member of the Supervisory Board,

* Members of the Supervisory Board fulfilling the independence criterion mentioned in § 22 item 7 of the Company's Statute.

On 27 March 2013 Mr. Graham Wood resigned from the function of a Member of the Supervisory Board as of 24 April 2013, i.e. on the date of holding the Ordinary General Meeting of Shareholders of ENEA S.A. At the same time, as of 24 April 2013 Mrs. Małgorzata Aniołek filed a resignation from the position held. That day, the Ordinary General Meeting of Shareholders of ENEA S.A. nominated into the composition of the Supervisory Board of ENEA S.A. Mrs. Małgorzata Niezgodą and Mr. Torbjörn Wahlborg.

As of 24 June 2013 Mr. Michał Jarczyński filed a resignation from the position of a Member of the Supervisory Board of ENEA S.A.

On 22 January 2014 Mr. Torbjörn Wahlborg resigned from the function of a Member of the Supervisory Board of ENEA S.A. with immediate effect.

As at the date of preparation of this Report the Supervisory Board of the Company is composed of eight members and operates in the following composition:

1. Wojciech Chmielewski - Chairman of the Supervisory Board,
2. Jeremi Mordasewicz* - Vice-Chairman of the Supervisory Board,
3. Michał Kowalewski - Secretary of the Supervisory Board
4. Małgorzata Niezgodą - Member of the Supervisory Board,
5. Sandra Malinowska - Member of the Supervisory Board,
6. Sławomir Brzeziński - Member of the Supervisory Board,
7. Przemysław Łyczyński - Member of the Supervisory Board,
8. Tadeusz Mikłosz - Member of the Supervisory Board.

* Member of the Supervisory Board fulfilling the independence criterion mentioned in § 22 item 7 of the Company's Statute.

3. Operations of the Supervisory Board of ENEA S.A.

In 2013 the Supervisory Board of the 8th term held 17 meetings and adopted 128 Resolutions (including 4 Resolutions through email voting pursuant to § 6 item 6 of the Rules of the Supervisory Board of ENEA S.A.).

The supervisory and auditing activities of the Supervisory Board in 2013 financial year concerned, among others, the following issues:

1) Appointing a certified auditor to audit the financial statement,

Because of no such need, in 2013 the Supervisory Board did not appoint any certified auditor to audit financial statements for 2014.

On 20.12.2011 the Supervisory Board appointed KPMG Audyt Sp. z o.o. as a certified auditor to audit the non-consolidated report of ENEA S.A. and consolidated report of ENEA Capital Group prepared as at 31.03.2012, 30.06.2012, 30.09.2012, 31.03.2013, 30.06.2013, 30.09.2013, 31.03.2014, 30.06.2014 and 30.09.2014 according to IFRSs and audit the non-consolidated report of ENEA S.A. and consolidated report of ENEA Capital Group prepared as at 31.12.2012, 31.12.2013 and 31.12.2014 according to IFRSs with translations of reports, statements and opinions from the audit into English.

2) Approval the Company's long-term strategic plans:

On 18 October 2013 the Supervisory Board of ENEA S.A. approved the document titled: Corporate Strategy of ENEA Capital Group for 2014-2020.

3) Approval of annual material and financial plans, including investment plans:

- a) on 18 January 2013 the Supervisory Board approved the Material and financial plan of ENEA S.A. for 2013 and then on 14 May 2013 it approved the Material and financial plan of ENEA S.A. for 2013 after adjustments.
- b) on 18 January 2013 the Supervisory Board approved the Consolidated material and financial plan of ENEA CG for 2013 and then on 14 May 2013 it approved the Consolidated material and financial plan of ENEA CG for 2013 after adjustments.
- c) on 14 May 2013 the Supervisory Board approved the Investment Plan of ENEA S.A. for 2013-2015,
- d) on 18 December 2013 the Supervisory Board approved the Material and financial plan of ENEA S.A. for 2014,
- e) on 18 December 2013 the Supervisory Board approved the Material and financial plan of ENEA CG for 2014.

4) Issuing opinions on all the matters submitted by the Management Board to the General Shareholders Meeting for consideration:

- a) on 19 March 2013 the Supervisory Board issued a positive opinion on:
 - *Non-consolidated financial statement of ENEA S.A.* for the period from 1 January 2012 to 31 December 2012,
 - *Report of the Management Board on the operations of ENEA S.A. in 2012 financial year,*
 - *Consolidated financial statement of ENEA Capital Group* for the period from 1 January 2012 to 31 December 2012,
 - *Report of the Management Board on the operations of the ENEA Capital Group in 2012,*
- b) on 19 March 2013 the Supervisory Board
 - issued an opinion on the motion of the Company's Management Board regarding distribution of the net profit of ENEA S.A. for 2012 financial year,
 - recommended to the General Meeting of Shareholder adoption of a resolution regarding the distribution of the net profit in the amount of PLN 522,680,000.00 in the following way:

- PLN 211,892,437.44 for payment of the dividend for shareholders constituting PLN 0.48 of the profit per one share,
 - PLN 310,787,562.56 for raising reserve capitals with designation for investment financing.
- c) on 19 March 2013 the Supervisory Board
- recommended to the Ordinary General Meeting of Shareholders granting:
 - to the Member of the Management Board, Mr. Hubert Rozpędek, a discharge from liability in the performance of his duties for the period of 1 January 2012 to 31 December 2012,
 - to the Member of the Management Board, Mr. Janusz Bil, a discharge from liability in the performance of his duties for the period of 19 March 2012 to 31 December 2012,
 - did not recommend to the Ordinary General Meeting of Shareholders granting:
 - to the President of the Management Board, Mr. Maciej Owczarek, a discharge from liability in the performance of his duties for the period of 1 January 2012 to 1 October 2012,
 - to the Member of the Management Board, Mr. Krzysztof Zborowski, a discharge from liability in the performance of his duties for the period of 1 January 2012 to 31 December 2012,
- d) The Supervisory Board issued a positive opinion on:
- on 26 June 2013 draft changes in the Company's Statute, proposed by the Management Board of ENEA S.A. with Resolution No. 231/2013 of 28 May 2013,
 - on 15 November 2013 draft changes in the Company's Statute, proposed by the Management Board of ENEA S.A. with Resolution No. 519/2013 of 5 November 2013,
 - on 15 November 2013 the motion of the Management Board of ENEA S.A. to the General Meeting of Shareholders of ENEA S.A. relating to the sale of the Organised Part of the Enterprise of ENEA S.A. "Gospodarka Oświetleniowa" as a contribution in kind totalling to PLN 134,037,500 to Enefos Sp. z o.o. with its registered office in Poznań.

5) Setting guidelines to the Management Board regarding the Rules of the Management Board and approving the Rules of the Management Board:

On 26 August 2013 the Supervisory Board approved the amendments to the Rules of the Management Board of ENEA S.A.

6) Approval of the Company enterprise's organisational by-laws:

In 2013 the Supervisory Board of ENEA S.A. two times approved the amendments in the Organisational By-Laws of the Company (on: 26 June 2013 and 18 December 2013).

7) Granting consent for the Management Board concerning:

The Supervisory Board granted the Company's Management Board a consent to perform the following activities:

- a) conclusion of Annex No. 4 to the Agreement on cooperation within wholesale trade in electricity and proprietary interests concluded between ENEA S.A. and ENEA Trading Sp. z o.o.
- b) drawing by ENEA S.A. of liabilities exceeding the equivalent of EUR 5,000,000 connected with the conclusion of of B Financial Agreement between the European Investment Bank and ENEA S.A. and the Amending Letter to the Programme Implementation Agreement between the European Investment Bank, ENEA Operator Sp. z o.o. and ENEA S.A.,

- c) granting by the Board of ENEA S.A. of suretyships, including those exceeding in the period of 12 months the equivalent of EUR 5,000,000 for the account of a third party or third parties for the liabilities of ENEA Trading Sp. z o.o. relating to the wholesale trade in electricity and proprietary interests to certificates of origin of energy on the off-exchange market within the limits up to the maximum amount of PLN 150,000,000, with no necessity to obtain any additional consent of the Supervisory Board of ENEA S.A.,
 - d) conclusion of significant agreements with an Affiliate of ENEA Operator Sp. z o.o., creating on the side of ENEA S.A. a liability to guarantee by ENEA S.A. of subscription and purchase of bonds issued by ENEA Operator Sp. z o.o. up to the maximum amount of PLN 1,425,000,000 in the period commencing on the date of conclusion of the agreements and ending on 18 October 2014 and conclusion of a bond subscription guarantee agreement with an Affiliate of ENEA Operator Sp. z o.o.,
 - e) termination of the annuity agreement and conclusion of a scholarship agreement with Mrs. Magdalena Gajek,
 - f) prolongation of the term of the suretyship for IRGiT S.A. for liabilities of ENEA Trading Sp. z o.o. up to the amount of PLN 50 mln till 31 July 2014 and increasing the basic scope of security indicated in the Agreement for the guarantee facility for the liabilities of ENEA Trading Sp. z o.o. by title of transactions concluded on the Polish Power Exchange up to the amount of PLN 230 mln,
 - g) conclusion of an agreement of a Tax Capital Group, complaint with § 20 item 2(2) of the Statute of ENEA S.A. (as a significant agreement with an Affiliate, not constituting a typical agreement concluded by the Company under market conditions within the operating activity it performs),
 - h) increasing on the side of ENEA S.A. of a liability to guarantee by ENEA S.A. to subscribe for and purchase bonds issued by a subsidiary of ENEA Wytwarzanie S.A. – Elektrociepłownia Białystok S.A. from the amount of PLN 128,500,000 to the amount of PLN 158,500,000 i.e. by the amount of PLN 30,000,000,
 - i) conclusion of Annex No. 5 to the Agreement on cooperation within wholesale trade in electricity and proprietary interests concluded between ENEA S.A. and ENEA Trading Sp. z o.o.
 - j) conclusion of Annex No. 1 to the Agreement of sale of proprietary interests concluded between ENEA S.A. and ENEA Trading Sp. z o.o.
 - k) change of provisions of the Agreement on cooperation within the wholesale trade in electricity and proprietary interests of 19 July 2013, with no consents of the Supervisory Board,
 - l) conclusion with ENEA Operator Sp. z o.o. of a Memorandum of Understanding relating to the regulation of the legal status of identified assets, which were the subject of the contribution in kind to ENEA Operator Sp. z o.o., and which were not effectively transferred for the account of ENEA Operator Sp. z o.o. and are used by ENEA Operator Sp. z o.o.,
 - m) realisation of the investment exceeding the planned value in the annual Investment Plan for 2013, consisting in the contribution of the Organised Part of the Enterprise of ENEA S.A. "Gospodarka Oświetleniowa" as a contribution in kind to Eneos Sp. z o.o.,
 - n) Subscription of shares in ENEOS Sp. z o.o. in consideration for the contribution in kind in the form of the Organised Part of the Enterprise of ENEA S.A. "Gospodarka Oświetleniowa".
- 8) Granting consent for Management Board members to participate in the governing bodies of other companies:**

The Supervisory Board granted the following consents to:

- a) the President of the Board of ENEA S.A. – Mr. Krzysztof Zamasz to hold a position of a member of the Supervisory Board of ENEA Wytwarzanie S.A. and in the Supervisory Board of ENEA Operator Sp. z o.o.,

- b) Member of the Management Board of ENEA S.A. for Commercial Affairs - Mr. Janusz Bil* to hold a position of a member of the Supervisory Board of ENEA Trading Sp. z o.o.,
- c) Member of the Management Board of ENEA S.A. for Corporate Affairs - Mr. Paweł Orlof to hold a position of a member of the Supervisory Board of ENEA Operator Sp. z o.o., in the Supervisory Board of BHU S.A. and in the Supervisory Board of ENEA Wytwarzanie S.A.,
- d) Member of the Management Board of ENEA S.A. for Commercial Affairs - Mr. Grzegorz Kinelski to hold a position of a member of the Supervisory Board of ENEA Trading Sp. z o.o., in the Supervisory Board of ENEA Centrum S.A. and in the Supervisory Board of ENEA Wytwarzanie S.A.,
- e) Member of the Management Board of ENEA S.A. for Financial Affairs - Mrs. Dalida Gepfert to hold a position of a member of the Supervisory Board of ENEA Centrum S.A. and in the Supervisory Board of ENEA Operator Sp. z o.o.

* Member of the Board of ENEA S.A. till 11 March 2013.

Besides, the Supervisory Board conducted the following activities, among others:

1. on 24 January 2013 till 11 March 2013 it performed the qualification procedure for the positions of Members of the Board of ENEA S.A. The procedure ended with the nomination of the President of the Management Board of ENEA S.A., Member of the Management Board of ENEA S.A. for Commercial Affairs and Member of the Management Board of ENEA S.A. for corporate Affairs,
2. on 15 March 2013 till 9 April 2013 it performed the qualification procedure for the position of the Member of the Management Board of ENEA S.A. for Financial Affairs. The procedure ended with the nomination of the Member of the Management Board for Financial Affairs,
3. released the Vice-President of the Board of ENEA S.A. for Economic Affairs, Mr. Hubert Rozpędek, from the prohibition to pursue business activity, professional or other remunerated activity in the specified scope,
4. approved 2013 and 2014 Annual audit plans for ENEA CG in the part relating to ENEA S.A. and the Budget of the Control and Audit Office for 2013 and 2014,
5. concluded with Members of the Board of ENEA S.A. Service Agreements - Manager's contract and Non-competition agreement and determined the amounts of remunerations of Members of the Management Board of ENEA S.A.,
6. determined the number of members of the Board of ENEA S.A.,
7. approved the Report of the Supervisory Board of ENEA S.A. for the financial year of 2012 and decided to present it to the Ordinary General Meeting of Shareholders of the Company,
8. appointed members of the Supervisory Board's Audit Committee and Supervisory Board's Nominations and Remuneration Committee,
9. approved information on outstanding verification audits for 2010-2012 not included in the Audit Plans for ENEA CG in 2011-2013,
10. approved the realisation by the Company's Management Board of obligations resulting from the attachment to service agreements - manager's contracts in the part relating to the obligation of preparation by the Management Board of the plan of changing the method of management of ENEA CG,
11. read the *Follow-up Statement* of the Supreme Chamber of Control relating to the selection of the concept and course of the tender procedure for the implementation of a uniform billing system in ENEA S.A. and with the letter of the Supreme Chamber of Control constituting a reply to the appeal submitted by the Management Board of ENEA S.A. relating to the necessity of application of the Public Procurement Law,
12. accepted contents of replies to the letter of the Regional Prosecutor's Office in Poznań, conducting the investigation No. VI Ds. 32/12 relating to improper management of the assets of ENEA S.A. and causing a significant property damage to it during the period from 2010 to 2012, i.e. a deed of Article 296 § 1 of the Penal Code (Official Journal of Laws of 1997, No. 88, item 553, as amended),

13. in connection with the decision made in 2012 regarding performance of audits with the participation of Ernst&Young Advisory Spółka z o.o. i Wspólnicy Sp. k and Fraudit Mikołaj Rutkowski, regarding:
 - a. cross-border Poland-Belarus connection (110 kV power line connecting Wólka Dobryńska and Brest),
 - b. Windfarm Polska Sp. z o.o.,
 - c. Liszkowo Combined Heat and Power Biogas Plant,
 - d. co-operation with PBG DOM Sp. z o.o. (Skalar Office Center project),
 - e. delivery of biomass to ENEA Wytwarzanie S.A.,
 - f. co-operation of the Company with Ms. D. Uberman,
 - g. co-operation of the Company with Gateway Green Energy,
 - h. lobbying activities undertaken by the Company:
- accepted the contents of the Report of Ernst & Young Advisory Sp. z o.o. i Wspólnicy Sp. k. from forensic audits of the above areas of activity of ENEA Capital Group (excluding the forensic audit relating to the cooperation with PBG DOM Sp. z o.o. performed by Fraudit Mikołaj Rutkowski) and decided to apply to the Board of ENEA S.A. for preparation of the schedule of implementation of recommendations contained in the above Report. The Board of ENEA S.A., with the Resolution No. 255/2013 of 11 June 2013 approved the schedule of implementation of recommendations from forensic audits and consented to their implementation in ENEA S.A. In relation to the above Resolution of the Board, Control and Audit Office of ENEA S.A. performs monitoring of the implementation of the recommendations from forensic audits performed by Ernst & Young Advisory Sp. z o.o. i Wspólnicy Sp. k. As a result of conducted audit works it was determined that 34 out of 36 recommendations being results of forensic audits were implemented. One of the recommendations which was not implemented relates to the area connected with the Code of Ethics. The other to the area of investment. Presently, in ENEA S.A. works are in progress aiming at the implementation of the other two recommendations. Pursuant to the implementation schedule the recommendation relating to the area of investment will be implemented till 30 April 2014 through the implementation of the provisions of the project titled *Principles of performing new investments for ENEA Group* to the processes determining the operation of the Investment Committee. In the area of ethics the process of recommendation implementation will terminate till 31 March 2014 through making the tool available for reporting irregularities and unethical conduct in ENEA Capital Group.

At the same time in 2014 the Control and Audit Office will perform the planned audit task (according to the Audit Plan for 2014) aiming at checking how the recommendations implemented as a result of forensic audits affected the operations of ENEA S.A.
- decided to extend the scope of the forensic audit relating to the cooperation with PBG Dom Sp. z o.o. (Skalar Office Center project),
- accepted the content of the letter to the Regional Prosecutor's Office in Poznań relating to the submission of the "report from the forensic audit in the subject of cooperation of ENEA S.A. with PBG Dom Sp. z o.o. (Skalar Office Center project)" with a legal opinion prepared for internal needs of ENEA S.A.

The Supervisory Board acknowledged, among others, the following information from the Management Board:

1. analysis of reports of external consulting companies relating to the optimisation of the structure of ENEA Capital Group and the schedule of activities aiming at to its optimisation,
2. expenditures on consulting services incurred by ENEA Capital Group during 2009-2012,
3. marketing, sponsoring and public relations activities undertaken by the Company during previous years and estimation of the results of costs incurred within this scope,
4. engagement of ENEA S.A. in the construction of the atomic power plant and exploration of shale gas,
5. process of selecting the consulting company within support of the management of the "Programme of Customer Service Model Change" (ZMOK),

6. realisation of the agreement for the construction and implementation of the Information Customer Service System covering the billing and CRM system,
7. activities within Investor Relations of ENEA S.A. for 2012,
8. plans of future procedures of making decisions relating to the so called "soft promotional activity", including product placement, taking into account the impact of the above plans on the volume of sales in ENEA S.A.,
9. realisation of the material and financial plan of ENEA S.A. for 2013 with the investment plan,
10. level of progress of the disinvestment process in ENEA Capital Group,
11. insurance of the investment relating to the construction of the power unit No. 11 in Elektrownia Koźienice S.A. and results of the audit proceedings being in progress in this case,
12. renovation of the biomass co-firing installation in ENEA Wytwarzanie S.A.,
13. progress of works within the most important projects realised by the Board, including the presentation of the concept of implementation of the corporate governance in ENEA CG,
14. the process of purchasing shares of Elektrociepłownia Białystok S.A. realised by ENEA S.A. during 2008-2012,
15. plans of the Board of ENEA S.A. relating to the relocation of the Warsaw and Poznań seats of the Company,
16. analysis of provisions of long-term agreements for supply of coal to ENEA Wytwarzanie S.A.,
17. ultimate formula of operation of and ENEA Trading Sp. z o.o.,
18. results of works of the Team for Annacond Enterprises Sp. z o.o.,
19. completion of the process of building and implementation in ENEA S.A. of a system of monitoring of recommendations resulting from the internal audits performed in the Company,
20. assessment of the level of customer indebtedness and performed debt collection activities,
21. level of implementation in ENEA S.A. of recommendations resulting from forensic audits conducted in selected areas of operations of ENEA Capital Group,
22. report from the forensic audit within potential irregularities, which could occur during the period of acquisition by ENEA S.A. of 100% shares in Windfarm,
23. mode of selection of business consultants selected to support the process of purchasing shares in Miejskie Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o. seated in Białystok,
24. "Principles of conducting sponsoring activities in ENEA S.A. and ENEA Capital Group companies" and "Research methodology of selection, planning and reporting the efficiency of sponsoring activities", approved by the Board of ENEA S.A.,
25. review of organisations whose member is ENEA S.A. and ENEA Capital Group companies,
26. assumptions of the new system of remunerating managerial staff in ENEA S.A.,
27. process of establishment of the Shared Service Centre in ENEA Capital Group.

At its meetings, the Supervisory Board reviewed up-to-date information concerning:

- Report from the realisation of the Programme Agreement relating to the Bond Issue Programme up to the amount of PLN 4,000,000,000 prepared according to the state as at 31 March 2013,
- economic and financial results of the Company,
- course of the investment of construction of the power unit No. 11 in Elektrownia Koźienice S.A.,
- status of works within the implementation of the billing and CRM system (ICSS),
- current state of works over the project "Corporate Governance - ENEA Capital Group Management Plan".

The activities of the Supervisory Board of ENEA S.A. were documented in the minutes of the meetings of the Board in 2013.

4. Appointments, dismissals and suspensions of members of the Management Board by the Supervisory Board and delegating members of the Supervisory Board to perform the functions of Management Board members.

- a) on 24 January 2013 the Supervisory Board of ENEA S.A. decided to vest the duties of the Member of the Management Board of ENEA S.A. for Generation Affairs to Mr. Krzysztof Zamasz, within the duties performed by him of the President of the Board of ENEA S.A.
- b) on 11 March 2013 the Supervisory Board of ENEA S.A. dismissed from the composition of the Management Board of ENEA S.A.:
 - President of the Board of ENEA S.A. - Mr. Krzysztof Zamasz,
 - Member of the Management Board of ENEA S.A. for Economic Affairs – Mr. Hubert Rozpędek,
 - Member of the Management Board of ENEA S.A. for Commercial Affairs – Mr. Janusz Bil,
- c) on 11 March 2013 the Supervisory Board of ENEA S.A. nominated, as of 11 March 2013:
 - Mr. Krzysztof Zamasz to the position of the President of the Board in the Management Board of ENEA S.A. of another term of office,
 - Mr. Paweł Orlof to the position of the Member of the Management Board for Corporate Affairs in the Management Board of ENEA S.A. of another term of office,
 - Mr. Grzegorz Kinelski to the position of the Member of the Management Board for Commercial Affairs in the Management Board of ENEA S.A. of another term of office,
- d) on 9 April 2013 the Supervisory Board of ENEA S.A. nominated Ms. Dalida Gepfert to the position of the Member of the Management Board of ENEA S.A. for Financial Affairs, who commenced the work on 23 April 2013.

In 2013, the Supervisory Board did not suspend any members of the Company's Management Board from fulfilment of their duties and did not delegate its members to perform functions of Management Board members.

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

Activities of the Supervisory Board were supported by Committees acting as collective advisory and opinion-giving bodies of the Supervisory Board, appointed from among members of the Supervisory Board. In 2013, there were two permanent Committees of the Supervisory Board:

- Audit Committee,
- Nominations and Remuneration Committee.

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

As of 1 January 2013 the Audit Committee of the Supervisory Board of the Company of the 8th term was composed of the following members:

1. Graham Wood - Chairman,
2. Małgorzata Aniołek - Member,
3. Wojciech Chmielewski – Member,
4. Przemysław Łyczyński – Member.

During 2013 financial year the following changes were made to the composition of the Audit Committee:

- a) on 27 March 2013 Mr. Graham Wood resigned from the function of a Member of the Supervisory Board as of 24 April 2013,

- b) on 24 April 2013 Mrs. Małgorzata Aniołek filed a resignation from the position held as of the same date,
- c) in order to complete the composition of the Audit Committee, the Supervisory Board on 14 May 2013 nominated the following persons into its composition: Mrs. Małgorzata Niezgoda (nominated by the Ordinary General Meeting of Shareholders of ENEA S.A. as of 24 April 2013 to the Supervisory Board of ENEA S.A.), Mr. Sławomir Brzeziński and Mr. Michał Jarczyński.
- d) as of 24 June 2013 Mr. Michał Jarczyński filed a resignation from the position of a Member of the Supervisory Board of ENEA S.A.,
- e) on 10 July 2013 the Supervisory Board completed the composition of the Audit Committee with Mr. Jeremi Mordasewicz.

As of 31 December 2013 the Audit Committee of the Supervisory Board of the Company of the 8th term was composed of the following members:

1. Małgorzata Niezgoda - Chairman,
2. Sławomir Brzeziński – Member,
3. Wojciech Chmielewski – Member,
4. Przemysław Łyczyński – Member,
5. Jeremi Mordasewicz - Member.

** Member of the Supervisory Board fulfilling the independence criterion mentioned in § 22 item 7 of the Company's Statute.*

As at the date of drawing up this report, the composition of the Committee has not changed.

In 2013 the Audit Committee held 6 meetings and adopted 13 Resolutions regarding, e.g.

1. issuing a positive opinion on the documents:
 - Annual Audit plan for 2013 for ENEA CG (in the part relating to ENEA S.A.) and Budget proposal for the Control and Audit Office for 2013,
 - Annual Audit plan for 2014 for ENEA Group (in the part relating to ENEA S.A.) and Budget proposal for the Control and Audit Office for 2014,
2. positive assessment of methods for auditing financial statements of the Company for the financial year 2012,
3. election of the Chairman of the Audit Committee of the Supervisory Board of ENEA S.A.,
4. positive assessment of the methods of analysis of condensed interim financial statements the Company and ENEA Capital Group for the period of 1 January to 31 March 2013,
5. positive assessment of vesting the position of the Control and Audit Office Manager,
6. approval of information on occurring potential pressures on the content of reports from conducted audits,
7. approval of information on outstanding verification audits for 2010-2012 not included in the Audit Plans for ENEA CG in 2011-2013 and issuing an opinion on the amended Audit Plan for 2013.

Additionally, in 2013 the Audit Committee:

1. performed reviews of realised internal audits,
2. read the information on the current status of the implementation of the project Development and implementation of risk management system in the ENEA Capital Group,
3. audited the *Condensed semi-annual non-consolidated financial statement for the period from 1 January to 31 March 2013* and *Condensed semi-annual consolidated financial statement for the period from 1 January to 31 March 2013*,

4. audited the *Non-consolidated financial statement for H1 2013 and Consolidated financial statement for H1 2013*,
5. conducted a discussion on the report of Fraudit Mikołaj Rutkowski from the forensic audit performed in relation to the cooperation with PBG DOM Sp. z o.o. (Skalar Office Center project),
6. conducted a discussion regarding the *Follow-up Statement* of the Supreme Chamber of Control concerning selection of the concept and course of the tender procedure for the implementation of a uniform billing system in ENEA S.A.,
7. read the report from the operations of the internal audit in ENEA S.A. for 10 months of 2013 and reports from audits and schedules of implementation of recommendations realised by the Control and Audit Office in ENEA S.A. in 2013.

At the meeting in 19 March 2014, having heard the information and recommendations presented by the representatives of the auditor - KPMG Audyt Sp. z o.o., the Audit Committee issued a positive opinion and reported no reservations as to the adopted methods of auditing the *Non-consolidated financial statement of ENEA S.A. for the period from 1 January to 31 December 2013 and Consolidated financial statement of ENEA Capital Group for the financial year ending on 31 December 2013*.

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

As of 1 January 2013 the Nominations and Remuneration Committee of the Supervisory Board of the Company of the 8th term was composed of the following members:

1. Michał Kowalewski - Chairman of the Committee,
2. Sandra Malinowska - Member of the Committee,
3. Tadeusz Mikłosz - Member of the Committee,
4. Jeremi Mordasewicz - Member of the Committee.

In order to complete the composition of the Nominations and Remuneration Committee, the Supervisory Board on 26 June 2013 nominated the following persons into its composition: Mr. Torbjörn Wahlborg (nominated by the Ordinary General Meeting of Shareholders of ENEA S.A. as of 24 April 2013 to composition of the Supervisory Board of ENEA S.A.).

In relation to filing on 22 January 2014 by Mr. Torbjörn Wahlborg of a resignation from the position of the Member of the Supervisory Board of ENEA S.A. with immediate effect, the composition of the Nominations and Remuneration Committee as at the date of publication of this report is as follows:

1. Michał Kowalewski - Chairman of the Committee,
2. Sandra Malinowska - Member of the Committee,
3. Tadeusz Mikłosz - Member of the Committee,
4. Jeremi Mordasewicz - Member of the Committee.

In 2013 the the Nominations and Remuneration Committee held 5 meetings and adopted 19 Resolutions. The subject matter of the meetings of the Committee was e.g. development of a recommendation for the Supervisory Board regarding:

1. exempting the Vice-President of the Management Board for Economic Affairs from a prohibition to pursue economic activity, business or other remunerated activity within services connected with the held Security Worker licence/second grade,
2. granting consent to Members of the Management Board to hold a position of a member of a Supervisory Board of a company comprising ENEA Capital Group,
3. conclusion with Members of the Board of service agreements - managerial contract and Non-competition agreements and determining the principles of remunerating Members of the Board.

6. Information on the evaluation of non-consolidated and consolidated financial statements and the Report of the Management Board on the operations of, respectively, ENEA S.A. and ENEA Capital Group for 2013.

Acting pursuant to Art. 382 § 3 of the Commercial Companies Code, the Supervisory Board made an assessment of statements and reports referred to in Art. 395 § 2 item 1 and § 5, i.e.:

1. report of the Management Board on the operations of ENEA S.A. in 2013 financial year,
2. non-consolidated financial statement of ENEA S.A. for the financial year ending on 31 December 2013 covering the documents audited by the certified auditor:
 - non-consolidated statement of financial position as at 31 December 2013 showing a balance sheet amount of assets and liabilities equal to PLN 12,981,983 thou. (twelve billion nine hundred eighty one million and nine hundred eighty three thousand zloty),
 - non-consolidated statement of profit and loss and other comprehensive income for the period from 1 January 2013 to 31 December 2013 showing a net profit in the amount of PLN 833,465 thou. (eight hundred thirty three million four hundred sixty five thousand zloty) with the comprehensive income totalling to PLN 840,686 thou. (eight hundred forty million six hundred eighty six thousand zloty),
 - notes to the non-consolidated financial statement covering a description of key applied rules of accounting and other explanatory notes;
 - non-consolidated change in equity statement for the financial year from showing an increase in equity as of 31 December 2013 by PLN 681,767 thou. (six hundred eighty one million seven hundred sixty seven thousand zloty);
 - non-consolidated cash flow statement showing an increase in cash of PLN 445,635 thou. (four hundred forty five million and six hundred thirty five thousand zloty);
3. report of the Management Board on the operations of ENEA Capital Group in 2013 financial year;
4. consolidated financial statement of ENEA Capital Group from 1 January 2013 to 31 December 2013 covering the documents audited by the certified auditor:
 - consolidated statement of financial position as at 31 December 2013 showing a balance sheet amount of assets and liabilities totalling to PLN 16,322,024 thou. (sixteen billion three hundred twenty two million twenty four thousand zloty);
 - consolidated statement of profit and loss and other comprehensive income for the period from 01.01.2013 to 31.12.2013 showing a net profit in the amount of PLN 715,364 thou. (seven hundred fifteen million three hundred sixty four thousand zloty) with the comprehensive income totalling to PLN 732,454 thou. (seven hundred thirty two million four hundred fifty four thousand zloty), notes to the consolidated financial statement covering a description of key applied rules of accounting and other explanatory notes;
 - consolidated change in equity statement for the financial year from 01.01.2013 to 31.12.2013 showing an increase in equity of PLN 573,901 thou. (five hundred seventy three million nine hundred one thousand zloty);
 - non-consolidated cash flow statement showing an increase in cash of PLN 478,307 thou. (four hundred forty five million and six hundred thirty five thousand zloty).

After having reviewed the Opinion and Report of the auditor, KPMG Audyt Sp. z o.o., and after a thorough consideration of the above documents, the Supervisory Board decided the non-consolidated financial statements of ENEA S.A. for the year 2013, Report of the Management Board on the operations of ENEA S.A. in the financial year 2013 and the consolidated financial statement for the year 2013 and the Report of the Management Board on the operations of ENEA Capital Group for the financial year 2013 fully comply with the books of accounts and accounting records, as well as with the actual situation. The Supervisory Board recommended to the Ordinary Shareholders' Meeting of ENEA S.A. consideration and approval thereof.

7. Brief assessment of the Company's situation including evaluation of the internal control system and the system of management of significant risks run by the Company.

In 2013, ENEA S.A. generated a positive net financial result amounting to PLN 833,465 thou. which was higher than the profit generated in the previous year by PLN 328,328 thou. The net profitability ratio was 16.8% (in 2012: 8.8%), and return on equity was 7.5% (in 2012: 4.8%).

In 2013 the total sales of energy to retail end users amounted to 13.2 MWh, but the sales to the recipients connected to the grid of operators of the distribution systems other than those of ENEA Operator Sp. z o.o. totalled to ca. 2.3 TWh. The number of end customers as at 31 December 2013 was approximately 2.4 million and it is on a level comparable to previous years.

ENEA S.A. in 2013 had the financial resources ensuring support for all ongoing expenses associated to the Company's operations. The balance of available funds allowed the flexible implementation of current liabilities.

In 2013 the Company realising the investment tasks relating to the modernisation and extension of the distribution assets used the special-purpose credit from EIB (PLN 780 mln).

The reflection of the activities realised by the Company in 2013 is the description of the below business areas, within which the Company operates.

Area of Generation

1. Koźienice Power Plant (presently ENEA Wytwarzanie – Segment of System Power Plants):

- unit No. 9 modernisation was completed,
- 1st stage was continued of the construction of the installation of the catalytic denitrogenation of flue gases for OP-650 boilers No. 4 to 8 (the common part for the units No. 4-8 and SCR installation on the unit No. 6),
- the reconstruction of the flyover of hydraulic transport of ash and slag was completed, the construction of the Flue Gas Desulphurisation Plant, IOS IV, was commenced, with flue gas channels, auxiliary ventilators and modernisation of chimney No. 3,
- modernisation was performed of unit No. 8, including e.g. modernisation of the pressure part of the boiler, modernisation of the turbo set and block automatics.

2. Works realised in 2013 on the construction of the new 1,075 MW gross supercritical power unit:

- excavations under the main building and the installation of dehydrating deep excavations were made,
- piling and pile control programme under the foundations of the boiler house were completed,
- piling and pile control programme under the foundations of the Electrical Device Building were completed,
- piling and pile control programme under the foundations of the ash storage reservoir were completed,
- final fire protection and water supply and sewage system relocations were executed,
- piling under the foundations of the Machine Room on I and II platform as completed,
- reinforced concrete construction of communication pylons was completed with a slipform method was concluded,
- foundations under coal pulverisers were completed,
- assembly of 44 beams of the lower condensation ring of the evaporating tower was completed,
- realisation of the boiler water walls was commenced.

3. Białystok Heat and Power Plant (presently ENEA Wytwarzanie – Segment of Heat):

- construction of the heat recovery installation from K6 boiler flue gas was commenced,

- construction of deNOx installation on K7 and K8 boilers was commenced,
- works connected with the modernisation of the boiler house were realised.

4. Elektrownie Wodne (presently ENEA Wytwarzanie – Segment of RES):

- building permit was obtained and Specification of Essential Terms of a Contract was developed for the delivery and assembly of wind turbines for a 15 MW project,
- analysis was made within possibilities of increasing the efficiency parameters and preparatory works were commenced in the part connected with the grid connection of a 1.8 MW wind power plant project,
- the procedure of obtaining connection conditions was commenced on commercial rules of the designed 27.5 MW wind farm,
- elaboration of the construction design was commenced for a 1 MW photovoltaic farm,
- negotiation process was completed concerning the takeover of a 12 MW wind farm (change of the transaction formula, return to talks after the object was commissioned).

5. MEC Piła

- works connected with the investment in the cogeneration resources titled: "Development of the heating system in Piła through the installation of gas cogeneration aggregates in the regional boiler house Kr-Koszyce in Piła."

Moreover, within the adopted policy of employment the Board of ENEA Wytwarzanie undertakes numerous activities aiming at the employment optimisation in the Company. In relation to the above in 2013 the Company realised adopted assumptions e.g. through implementation of projects from within HR aiming at the optimisation of employment in ENEA Capital Group:

I. Integration of the wholesale in ENEA CG

- The project aiming at the consolidation of the wholesale in ENEA Capital Group – the operations of ENEA Wytwarzanie, Białystok Heat and Power Plant were transferred to ENEA Trading within the supply in production fuels.
- The takeover of parts of work places by the new employer was realised through the transfer, based on relevant agreements of 27 December 2013, of fixed assets and other assets needed to perform operations within supplies in production fuels belonging to ENEA Wytwarzanie and Białystok Heat and Power Plant to ENEA Trading and conclusion of agreements being in force from 27 December 2013 regarding rendering services within provision of production fuels by ENEA Trading for the account of ENEA Wytwarzanie and Białystok Heat and Power Plant.
- The undertaking resulted in the transfer as of 27 December 2013 of the organised part of the work place of ENEA Wytwarzanie and organised part of the work place of Białystok Heat and Power Plant to ENEA Trading in the meaning of Article 23¹ of the Labour Code.

II. Integration of the Area of Generation in ENEA CG

- Consolidating of the area of generation of ENEA Capital Group, i.e. merger of Białystok Heat and Power Plant, Elektrownie Wodne, Dobitt Energia and ENEA Wytwarzanie.
- On 28 December 2012 in relation to the agreement signed by ENEA and ENEA Wytwarzanie a holding structure managed by ENEA Wytwarzanie was established in ENEA Capital Group.
- The process of the Integration of the Generation Area was connected with e.g. takeover by ENEA Wytwarzanie of employees of Białystok Heat and Power Plant, Elektrownie Wodne and Dobitt Energia based on Article 23¹ of the Labour Code. On 31 December 2013 the companies were consolidated under the capital structure of ENEA Wytwarzanie and their employees taken over based on Article 23¹ of the Labour Code. On the takeover, ENEA

Wytwarzanie assumed by law the employment relationships with all the employees of the merged companies as the new employer.

III. Programme of Voluntary Redundancy

- The Board of ENEA S.A. on 17 December 2013 made a decision regarding the launching of the Programme of Voluntary Redundancy in companies of ENEA Capital Group,
- The Board of ENEA Wytwarzanie S.A., pursuant to the resolution No. 491/VII/2013 of 30 December 2013, regarding launching of the Programme of Voluntary Redundancy (PVR) in ENEA Wytwarzanie decided to launch the Programme of Voluntary Redundancy (PVR) in ENEA Wytwarzanie. The project will be realised in 2014.

Area of Sales

In 2013 in the Area of Sales the works within the adopted in 2012 "Sales Strategy of ENEA S.A. within retail trade for 2013-2016" were continued. The Strategy anticipates reversing the downward trend observed during 2009 and 2010.

The pillars of the strategy are:

- expansion of retail sales,
- customer service efficiency,
- wholesale efficiency.

Within the first strategy pillar the following initiatives were implemented:

- reorganisation of the Department of Sales was performed in order to increase operating efficiency,
- a project of development of the Indirect Sales Channel aiming at the launching of active sales to customers,
- two sales points of ENEA S.A. beyond the area of operations of ENEA Operator were opened,
- new products were implemented in order to expand to "external" markets serving loyalisation of G tariff group customers and customers in business segments,
- a project of ENEA S.A.'s organisation preparation to trade in natural gas was launched - with the goal of loyalisation of customers through the offer of combined sales of gas and electricity and achieving a growth in the competitiveness of the sales offer,
- the incentive scheme for the area of sales, was developed and implemented.

Within the second strategy pillar the following initiatives were implemented:

- widening of the Call Center,
- optimisation of the debt collection process,
- performance of the process of takeover of back-office servicing for Poznań by ENEA Centrum from ENEA Operator,
- transfer of the after-sale service of TPA (Third-party access) customers to ENEA Centrum from After-Sale Customer Service Point in ENEA,
- transfer of TPA agreements for the inclusion in the enPort information system and also extension of the registration of agreements in enPort with direct sales,

The indicated initiatives are elements of the Programme of Customer Service Model Change which in the mid 2013 was transferred to ENEA Centrum and transformed into the Customer Orientation Programme.

Area of Customer Service

In 2013 the following strategic activities were undertaken relating to the customer service area:

- the process of developing was commenced, based on the existing subsidiary ENEA Centrum, of the Shared Service Centre in ENEA CG,

- the implementation agreement for the new billing system and CRM concluded with Infovide – Matrix S.A. was withdrawn from.

The goal of establishment of SSC in the area of customer service is a growth in the professionalising and gradual standardisation of processes of common customers of trade and distribution. SSC will be the key organisational tool. The objective is to raise the professionalising and unification of selected process areas and implementation of a new model of organisation of the customer service area. The key business goals of the Customer Orientation Programme cover:

- designing and implementation of the customer service function common for the areas of trade and distribution,
- growth in the level of customer satisfaction measured with the annual growth of CSI ratio,
- implementation of IT solutions supporting the customer service,
- standardisation, raising the quality and efficiency of customer service process realisation,
- lowering of unit costs of mass customer service.

The effects of implementation of the above Programme from the customer perspective will be as follows:

- creation of one contact centre, in which a customer may handle all the matters connected with the service rendered by ENEA CG,
- launching remote channels of contact of customer with ENEA CG,
- improving and raising the service quality.

In 2013 works were realised connected with:

- defining detailed business strategies,
- defining the scope of particular programmes,
- creation of designing structures,
- nomination of managers of particular programmes and projects,
- preparation of work schedules.

Additionally, within the creation of SSC the following was concluded:

- Memorandum of Understanding relating to a common realisation of the process of creation of the Shared Service Centre in ENEA CG regulating the principles of co-funding by ENEA CG Companies of SSC construction,
- The Frame Agreement for rendering services by the Shared Service Centre of ENEA CG regulating the general principles of rendering services for the account of ENEA CG by ENEA Centrum in the areas covered with the process of SSC establishment,
- The accounting and financial services card concluded between ENEA Centrum and ENEA regulating detailed principles of rendering by ENEA Centrum accounting and financial services on order of ENEA,
- Customer Service Card - describing the way and principles of rendering by ENEA Centrum of servicing of ENEA's customers.

The above documents constitute basis on which the process of SSC development will be continued.

Area of Wholesale Trade

Works realised in 2013:

- strategy of functioning of the area of wholesale trade of ENEA CG for the subsequent three years was updated. The document, cyclically prepared in ENEA Trading, covers the mode of wholesale of electricity, proprietary interests and allowances for emissions of CO₂ for the needs of particular companies of ENEA CG,
- the process of preparations to new cooperation principles within the Group, extending the scope of ENEA Trading's competencies with direct access to the market of allowances to emissions of CO₂ both on the SPOT and futures market,

- the process of takeover of competencies connected with the trade in production fuels for the generating sources of the Group was completed. Centralisation in one entity, i.e. ENEA Trading, of the management of the first contribution margin in generation and managing commercial risk on the level of the wholesale market, enables optimisation of activities and business processes in the Group,
- support of ENEA Operator by ENEA Trading in the process of acquisition by ENEA Operator of electricity for covering own needs and the book-tax difference, in particular within preparation of market analyses constituting the support of decision making processes and within relations with contractors,
- development was commenced of an advanced IT tool aiding the fundamental model based on scenario based market price forecasting,
- works were realised connected with the preparation to trading in natural gas on the wholesale market. In February 2013 the company signed an agreement with Dom Maklerski TRIGON on its representation on the Polish Power Exchange.
- the first transaction was concluded on the gas market organised by the Polish Power Exchange, compliant with the requirements of the licence for Trading in Natural Gas (OPG),
- the process was commenced of searching for possibilities of purchasing gaseous fuel in Poland or on the Polish-German border from a reliable contractor from a gas industry possessing own extraction in the Western Europe. Presently, possibilities are analysed of purchasing natural gas on the Polish Power Exchange where sales will be shortly commenced by PGNiG S.A. within the realisation of the exchange obligation. Additionally, business negotiations are in progress within possibilities of cooperation with other state owned enterprises within wholesale of natural gas,
- works are being terminated aiming at obtaining a full access to the wholesale market of natural gas. In November 2013 ENEA Trading, as the second company in Poland was admitted to the Commodity Derivatives Market by PPE as a direct participant.
- the first frame agreement was concluded regulating wholesale trading in natural gas with a foreign entity, thanks to which ENEA Trading gained an indirect access to the possibilities of importing gaseous fuel abroad. Additionally, negotiations are in progress relating to the conclusion of frame agreements for trade in natural gas with the largest Polish and foreign concerns from "Oil&Gas" sector. Agreements are to diversify the risk and optimisation of costs of purchasing gaseous fuel.

In 2013 in ENEA S.A. in the opinion of the Supervisory Board, the Company undertook numerous activities, which in their assumption should contribute to the development of the systems of internal control and risk management. ENEA S.A. decided to, according to best market practices, assess the system of internal control. The basic goals of the realised project was cross-sectional look at the system of internal control on the level of the Company based on proven COSO I methods and generally adopted models of internal control.

In the opinion of the Supervisory Board there are numerous control mechanisms which are examples of best practices within internal control. Within the *internal control environment* it is worth mentioning e.g.:

- the organisational structure, indicating the main organisational units of the Company and the directions of reporting as well as the Organisational By-Laws setting out the scope of responsibilities of the individual units,
- introduction of ENEA Group Code and a new corporate governance based on the statutory mechanisms, which strengthens the role of ENEA S.A. in ENEA Group,
- the role of the Management Board in managing the organisation, the practice of regular meetings and engagement of the Management Board in the decisions of key importance for the organisation,
- Properly defined principles of granting, recording and revoking powers of attorney, discretions and limits in force in the Company, formal determination of the scope of responsibilities for particular positions,

- adoption of the Competence Model in ENEA S.A., which will allow for the system approach towards activities within human resources management,
- development and communicating to employees the ENEA Capital Group's Code of Conduct, which constitutes a set of basic and common for ENEA and the Group ethical values.

In order to ensure a more efficient operation of the internal control within the control environment works were commenced on the improvement of the operation of the stocktaking process and updating the delegated authorisations (power of attorneys) and thus ensuring updated data in HR Repository.

In the *risk assessment* area attention has been drawn to, among others:

- Corporate Strategy of ENEA Capital Group for 2014-2020 setting out the strategic objectives and methods of measurement of their implementation, as well as regular monitoring of the respective strategy implementation measures;
- development and implementation of the policies and procedures of management of credit risk, currency risk, loss of liquidity risk and interest rate risk, which cover regular measurements of the exposure to the above financial risks, measurement of the value and assessment of the undertaken securing activities.

For a more efficient operation of internal control in the area of risk management works are planned connected with e.g. implementation of an efficient channel of reporting incidents for each area of the Company operations, intensification of works within the identification of owners and development of plans of handling the corporate risk.

As regards *control activities*, attention has been drawn to, among others:

- implemented IT environment monitoring and incident management, which affect the Company's teleinformation security,
- sets of policies, procedures and instructions regulating key aspects of the Company business,
- properly determined rules regarding the issue of internal regulations and making amendments thereto,
- properly defined procedures regarding protection of classified information, personal data, confidential information of the Company,
- development and adoption of the Register Catalogue and management cockpit,
- control activities in particular business processes - process of trade, energy sales and receivables management, investment process, IT environment and sponsoring process.

In the area of *information and communication*, attention has been drawn to, among others:

- corporate communication principles, determining the main rules of internal and external communication,
- running a website including, among others, an Investor Relations (IR) section,
- communication channels for internal information (central repository of policies and procedures, newsletters for management and employees),
- maintaining a central register of resolutions passed by the Company's governing bodies and a register of agreements concluded by the Company.

As far as the last element of the COSO I model is concerned, i.e. monitoring and supervision, the following has been identified:

- formal determination of the principles of shareholders' supervision,
- operation of the Audit Committee of the Supervisory Board and co-operation with the internal audit function,
- monitoring the reliability of financial information by the Audit Committee, regular meetings of the Audit Committee with the certified auditor,

- including the internal audit function in the organisational structure (functional reporting to the Audit Committee of the Supervisory Board), regular meetings with the Control and Audit Office and the Management Board and the Audit Committee,
- audit activities based on the approved audit plan,
- structured and system monitoring of implementation of the recommendations from performed audits with reporting the status of recommendations to the Management Board of ENEA S.A.

In the opinion of the Supervisory Board, the operation of the Audit Committee is an important element of the internal control system. In the reporting period, the Audit Committee was responsible, among others, for monitoring of the financial reporting process and of the efficiency of the internal control systems, internal audit and the risk management system. In particular, the Audit Committee:

- held regular meetings with the external auditor and the Management Board, during which the following issues were discussed: annual and interim financial statements, consistency of the accounting policy followed by the Capital Group and its conformity with the International Financial Reporting Standards,
- held regular meetings with the internal auditor, during which decisions and recommendations made by the internal audit functions were discussed and the response of the Company's Management Board to those recommendations was monitored,
- participated in the process of development of the annual audit plan, recommending areas to be audited in a given year,
- issued opinions on the annual audit plan and internal audit budget plan and submitted the said documents for the Supervisory Board's approval.

In the Supervisory Board's opinion, the internal audit function, performed by the Control and Audit Office is an important element of the internal control system. Internal audit at ENEA S.A. functionally reports to the Audit Committee, at the same time reporting to the Management Board. In order to ensure the adequate level of independence of that function, the Supervisory Board approved of the annual audit plan, the annual budget of the audit unit and – if necessary – issued an opinion on electing, appointing or recalling the head of the internal audit office. In 2013, the internal audit function described the system of internal control, assessed the choice of the insurer in one the subsidiaries, and also performed control audits in the area of taxes and accounting. It also audited remunerations in the Capital Group.

The internal audit function additionally performed advisory functions to the managerial staff of the Company.

In the course of auditing the internal control system, the Company identified areas where the existing internal controls can be further improved.

As far as *risk management* is concerned, the Supervisory Board issued a positive opinion on the scope of conducted works, including in particular:

- implementation of procedures within credit risk, loss of liquidity risk, currency risk and interest rate risk,
- launching operating activities in the above mentioned areas, within which measurements are cyclically performed of the exposure to the above risks, measurements of the value of the risk and assessment of undertaken securing activities,
- launching of cyclical reporting from within risk management to the Risk Committee,
- launching the process of credit scoring of strategic customers of ENEA S.A. and related activities within the structuring of commercial contracts.

The risk management model in ENEA CG assumes a comprehensive coverage of the issue of risk management, specifying detailed rules of identification and assessment of risks, monitoring exposures to risks and preparation and monitoring of plans of procedure with risks significant for

the Company. Adopted rules are set based on the highest managerial standards and are compliant with best market practices being in force within this area.

In the course of auditing the internal control system, within the corporate risk management, the Company identified areas where the existing internal controls can be further improved. Identified areas of improvements were included in the work schedule approved by the Risk Committee within the risk management area, which are anticipated for realisation in 2014.

8. Comments of the Supervisory Board concerning co-operation with the Management Board.

After having evaluated the work of each of the Management Board Members of ENEA S.A. holding functions in the Management Board of the Company in 2013, the Supervisory Board recommends that the Ordinary General Meeting of Shareholders should discharge the following persons from liability in the performance of their duties in the financial year 2013:

- Mr. Krzysztof Zamasz,
- Mrs. Dalida Gepfert,
- Mr. Grzegorz Kinelski,
- Mr. Paweł Orlof.

As a result of the conducted voting, the Supervisory Board does not recommend that the Ordinary General Meeting of Shareholders discharge Mr. Krzysztof Zborowski, Mr. Janusz Bil and Mr. Hubert Rozpędek from the liability in the performance of their duties as Management Board Members in the financial year 2013.

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

- Wojciech Chmielewski - Chairman of the Supervisory Board
- Jeremi Mordasewicz - Vice-Chairman of the Supervisory Board
- Michał Kowalewski - Secretary of the Supervisory Board
- Sandra Malinowska - Member of the Supervisory Board
- Małgorzata Niezgoda - Member of the Supervisory Board
- Sławomir Brzeziński - Member of the Supervisory Board
- Przemysław Łyczyński - Member of the Supervisory Board
- Tadeusz Mikłosz - Member of the Supervisory Board

Poznań, dated 19.03.2014