



***Report of the Supervisory Board of ENEA S.A.
on its activity in 2015.***

Poznań, 12 May 2016

1. Information on the term of office of the Supervisory Board and its activity in the following year of its term.

In 2015, the Supervisory Board of ENEA S.A. operated as the Supervisory Board of the 8th and 9th term.

On 30 June 2015, the Annual General Meeting of Shareholders of ENEA S.A. dismissed Members of the Supervisory Board of the 8th term with effect as at the end of that term of office of the Supervisory Board, i.e. as of 1 July 2015.

On the same date, the Annual General Meeting of Shareholders of the Company appointed Members of the Company's Supervisory Board of the 9th term effective as of 2 July 2015. On that date, the new 9th term of office of the Supervisory Board of ENEA S.A. commenced.

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

As at 1 January 2015, the composition of the Company's Supervisory of the 8th term was as follows:

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. Sandra Malinowska - Member of the Supervisory Board,
5. Małgorzata Niezgoda - 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 referred to in § 22 clause 7 of the Company's Statutes.*

In 2015, the following two changes in the composition of the Supervisory Board of ENEA S.A. took place:

- 1) On 30 June 2015, the Annual General Meeting of Shareholders of ENEA S.A. dismissed the following Members of the Supervisory Board with effect as at the date of expiry of the 8th terms of office, i.e. as of 1 July 2015: Sławomir Brzeziński, Wojciech Chmielewski, Michał Kowalewski, Przemysław Łyczyński, Sandra Malinowska, Tadeusz Mikłosz, Jeremi Mordasewicz and Małgorzata Niezgoda,
- 2) On 30 June 2015, the Annual General Meeting of Shareholders of ENEA S.A. appointed, as of 2 July 2015, the following Members of the Company's Supervisory Board of the 9th term of office: Sławomir Brzeziński, Wojciech Chmielewski, Marian Gorynia, Wojciech Klimowicz, Sandra Malinowska, Tadeusz Mikłosz, Małgorzata Niezgoda and Rafał Szymański,
- 3) On 22 July 2015, Wojciech Chmielewski resigned from the function and membership on the Supervisory Board,
- 4) On 23 July 2015, pursuant to a declaration of the State Treasury, Monika Macewicz was appointed Member of the Supervisory Board,
- 5) On 27 August 2015, the Extraordinary Shareholders' Meeting of ENEA S.A. appointed Radosław Winiarski as Member of the Supervisory Board and Małgorzata Niezgoda was entrusted with the function of the Chairwoman of the Company's Supervisory Board,
- 6) On 22 September 2015, Marian Gorynia resigned from the membership of the Supervisory Board,
- 7) On 21 October 2015, the Extraordinary General Meeting of Shareholders of ENEA S.A. appointed Tomasz Gołębiowski as Member of the Supervisory Board,
- 8) On 2 December 2015, pursuant to the declaration of the Minister of the State Treasury, Monika Macewicz was dismissed from the function of Member of the Company's Supervisory Board,

- 9) On 2 December 2015, pursuant to the declaration of the Minister of the State Treasury, Wiesław Piosik was appointed as Member of the Company's Supervisory Board,
- 10) On 7 December 2015, the Supervisory Board of ENEA S.A. delegated Member of the Supervisory Board, Wiesław Piosik, to temporarily perform the activities of President of the Management Board of ENEA S.A.,
- 11) On 30 December 2015, the Supervisory Board of ENEA S.A. decided to withdraw the delegation of Member of the Supervisory Board, Wiesław Piosik, to temporarily perform the activities of President of the Management Board of ENEA S.A.,
- 12) On 30 December 2015, the Supervisory Board of ENEA S.A. adopted a resolution on delegating, as of 7 January 2016, Member of the Supervisory Board Sławomir Brzeziński to temporarily perform the activities of Member of the Management Board for Commercial Affairs of ENEA S.A., until the appointment of a new Member of the Management Board for Commercial Affairs.

Besides:

1. On 7 January 2016, the Company received resignation of Mr Wiesław Piosik from the function of Member of the Supervisory Board effective as of 7 January 2016, The resignation was filed as a result of the appointment of Mr Piosik as Member of the Company's Management Board as of 7 January 2016,
2. On 15 January 2016, the Extraordinary Shareholders' Meeting of ENEA S.A. dismissed the following members of the Supervisory Board: Sandra Malinowska, Radosław Winiarski and Tomasz Gołębiowski, an independent member,
3. On 15 January 2016, the Extraordinary Shareholders' Meeting of ENEA S.A. appointed four new Members of the Supervisory Board: Piotr Kossak, an independent member, Rafał Bargiel, Piotr Mirkowski and Roman Stryjski.

As at the date of compiling of this Report, the Supervisory Board of the Company was composed of the following nine members:

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| 1. Małgorzata Niezgoda | - Chairwoman of the Supervisory Board, |
| 2. Piotr Kossak * | - Vice-Chairman of the Supervisory Board, |
| 3. Rafał Szymański | - Secretary of the Supervisory Board, |
| 4. Rafał Bargiel | - Member of the Supervisory Board, |
| 5. Sławomir Brzeziński | - Member of the Supervisory Board, |
| 6. Wojciech Klimowicz | - Member of the Supervisory Board, |
| 7. Tadeusz Mikłosz | - Member of the Supervisory Board, |
| 8. Piotr Mirkowski | - Member of the Supervisory Board, |
| 9. Roman Stryjski | - Member of the Supervisory Board. |

* *Member of the Supervisory Board fulfilling the independence criterion referred to in § 22 clause 7 of the Company's Statutes.*

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

In 2015, the Supervisory Board of the 8th and 9th term held 14 meetings and adopted 110 Resolutions (including 5 Resolutions adopted in a vote by electronic mail, this pursuant to § 6 item 6 of the By-Laws for the Supervisory Board of ENEA S.A).

The supervisory and control activities of the Supervisory Board in the financial year 2015 concerned, among others, the following issues:

1) Appointment of the chartered accountant to audit the year-end accounts:

In 2015, the Supervisory Board did not appoint the chartered accountant.

(On 18 December 2014, the Supervisory Board appointed KPMG Audyt Sp. z o.o. Sp. k. as the auditor of ENEA S.A. for the years 2015-2017).

2) Approval of the long-term strategic plans of the Company:

On 27 August 2015, the Supervisory Board approved of the document entitled: „Corporate Strategy for the ENEA Capital Group for the years 2014-2020. 2015 Revision.”

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

- a) On 17 December 2015, the Supervisory Board approved of:
- the Business and Financial Plan of ENEA S.A. for the year 2016,
 - the Business and Financial Plan of the ENEA Capital Group for the year 2016.

4) Issuing opinions on all matters submitted by the Management Board to be considered by the General Shareholders' Meeting:

- a) On 19 March 2015, the Supervisory Board issued a positive opinion on:
- Standalone financial statements of ENEA S.A. for the financial year ending on 31 December 2014,
 - Management Board's Report on the Business Activity of ENEA S.A. in 2014,
 - Consolidated Financial Statements of the ENEA Capital Group for the financial year ending on 31 December 2014.
 - Management Board's Report on the Business Activity of the ENEA Capital Group in 2014.
- b) On 19 March 2015, the Supervisory Board issued a position opinion on the recommendation of the Company's Management Board as to the allocation of the net profits of ENEA S.A. for a period from 1 January 2014 to 31 December 2014 in the following way:
- dividend payment to shareholders: PLN 207,478,011.66 accounting for approximately 30% of the net profits,
 - increasing the retained earnings to be used for investment financing: PLN 489,129,988.34.
- c) On 19 March 2015, the Supervisory Board recommended that the Annual General Meeting of Shareholders should:
- discharge President of the Management Board, Krzysztof Zamasz, from the fulfilment of his duties in the period between 1 January 2014 and 31 December 2014,
 - discharge Member of the Management Board, Grzegorz Kinelski, from the fulfilment of his duties in the period between 1 April 2014 and 31 December 2014,
 - discharge Member of the Management Board, Paweł Orlof, from the fulfilment of his duties in the period between 1 January 2014 and 31 December 2014,
 - discharge Member of the Management Board, Dalida Gepfert, from the fulfilment of her duties in the period between 1 January 2014 and 31 December 2014.

5) Issuing guidelines for the Management Board concerning the By-Laws for the Company's Management Board and approval of the By-Laws for the Company's Management Board:

In 2015, the Supervisory Board did not issue guidelines for the Management Board regarding the By-Laws for the Management Board of ENEA S.A. and did not consider motions concerning approval of amendments to the By-Laws for the Management Board of ENEA S.A.

6) Approval of the Organisational By-Laws for the Company's Enterprise:

On 23 July 2015, the Supervisory Board of ENEA S.A. approved amendments to the *Organisational By-Laws for the Company's Enterprise*.

7) Granting approvals to the Management Board:

In 2015, the Supervisory Board granted approval to the Company's Management Board for conducting the following actions:

- a) repealing the Social Engagement Policy of the ENEA Capital Group,

- b) conclusion of Annexe No. 2 to the Partners' Agreement No. CRUn/ZAM/DR RR/33/4299/2014 entered into on 3 September 2014 by and between ENEA S.A., PGE Polska Grupa Energetyczna S.A., KGHM Polska Miedź S.A. and Tauron Polska Energia S.A.,
- c) contracting by ENEA S.A. of liabilities to acquire bonds issued by companies, members of the ENEA Capital Group, within intragroup bonds issue programmes,
- d) contracting by ENEA S.A. of liabilities pursuant to a loan from the European Investment Bank,
- e) requesting by ENEA S.A. of the issue of bank guarantees in excess of EUR 5 million (under agreements concluded with banks) with regard to liabilities of subsidiary companies of the ENEA Capital Group up to the total maximum amount of PLN 450 million, granting by ENEA S.A. of sureties in excess of EUR 5 million with regard to liabilities of subsidiary companies of the ENEA Capital Group up to the total maximum amount of PLN 100 million and contracting liabilities due to the issue of bank guarantees in conjunction with the conclusion of a new guarantee facility agreement up to the total maximum amount of PLN 350 million,
- f) conclusion of Annexe No. 3 to the Programme Agreement up to an amount of PLN 3 billion dated 8 September 2012 and Annexe No. 3 to the Guaranteed Bond Acquisition Agreement dated 8 September 2012,
- g) contracting of a liability with a value in excess of EUR 5 million by ENEA S.A. in connection with the conclusion of a comprehensive gaseous fuel supply contract with Miejska Energetyka Ciepła Piła Sp. z o.o.,
- h) establishment of the Corporate Venture Capital Fund in the form of a limited partnership for the purpose of conducting innovative activity at the ENEA Capital Group,
- i) contracting of a liability by ENEA S.A. by concluding the Bond Issue Programme Agreement guaranteed by Bank Gospodarstwa Krajowego and issue of bonds within the frame of the Programme Agreement,
- j) writing off the interest portion of the debt of SP ZOZ [*Public Health Service Institution*] in liquidation in Kostrzyn n/Odrą,
- k) making equity contributions to ENEA Wytwarzanie Sp. z o.o. by ENEA S.A. to the extent determined pursuant to the *Business and Financial Plan of the ENEA Capital Group for the year 2016*.

8) Granting approval for Members of the Management Board to sit on governing bodies of other companies:

In 2015, the Supervisory Board granted approval:

- a) for Member of the Management Board of ENEA S.A. for Corporate Affairs, Paweł Orlof, to perform the function of Member of the Supervisory Board of PGE EJ 1 Sp. z o.o. and Member of the Supervisory Board of Lubelski „Węgiel Bogdanka” S.A.,
- b) for Member of the Management Board of ENEA S.A. for Financial Affairs, Dalida Gepfert, to perform the function of Member of the Supervisory Board of Lubelski „Węgiel Bogdanka” S.A.,
- c) for Member of the Management Board of ENEA S.A. for Commercial Affairs, Grzegorz Kinelski, to perform the function of Member of the Supervisory Board of PGE EJ 1 Sp. z o.o. and Member of the Supervisory Board of ENEA Operator Sp. z o.o.

Also, the Supervisory Board conducted the following activities:

1. requested that new elections be organised for Member of the Supervisory Board of ENEA S.A. appointed by the Company employees for the following term and appointed the Chief Electoral Committee of ENEA S.A.,
2. issued an opinion on the Annual Report on Sponsorship Activity of the ENEA Capital Group in 2014,
3. took a decision to amend the Resolution of the Supervisory Board of ENEA S.A. regarding approval of the KPIs set for Members of the Management Board of ENEA S.A. for the year 2014, approved the KPIs of Members of the Management Board of ENEA S.A. for the year 2015 and 2016 and concluded annexes to the service provision contracts/ management contracts with Members of the Management Board of ENEA S.A.,

4. confirmed fulfilment of the *KPIs set for Members of the Management Board of ENEA S.A. for the financial year 2014*,
5. adopted the Report of the Supervisory Board of ENEA S.A. for the financial year 2014 and decided to submit the same to the Annual General Meeting of the Company Shareholders,
6. conducted recruitment for the positions of Members of the Management Board of ENEA S.A.,
7. issued an opinion on the „*Sponsorship Rules at the ENEA Group*”,
8. approved of the amendments to the *By-Laws for the Supervisory Board of ENEA S.A. in Poznań*,
9. appointed the Vice-Chairman and Secretary of the Supervisory Board of ENEA S.A. of the 9th term,
10. appointed Members of the Audit Committee and the Appointments and Remuneration Committee of the Supervisory Board of ENEA S.A.,
11. issued a positive opinion on the Plan of Promotion for 2016,
12. approved of the Annual Audit Plan for 2016 for the ENEA Group and the Budget of the Audit Management Division for 2016,
13. appointed Members of Committees of the Supervisory Board of ENEA S.A.

The Supervisory Board received and reviewed the following information from the Management Board, in particular on matters concerning:

1. implementation of the Code of Ethics of the ENEA Capital Group,
2. rules for the calculation of the annual bonus for 2014 in companies belonging to the ENEA Capital Group,
3. evaluation of the internal control system at ENEA S.A.,
4. implementation progress of the „Strategy for the Generation Area of the ENEA Capital Group for the years 2014-2020”,
5. implementation progress of the „Strategy for the Distribution Area of the ENEA Capital Group for the years 2014-2020”,
6. progress of works in the process of building of an organisation open to innovation; the „Innovations at ENEA” project,
7. implementation progress of the „Strategy for the Wholesale Trade Area of the ENEA Capital Group for the years 2014-2020”,
8. implementation progress of the „Strategy for the Sales Area of the ENEA Capital Group for the years 2014-2020”,
9. review of the office space occupied by Poznań companies from the ENEA Capital Group, including information on future plans regarding the Company’s offices,
10. status of the „Shared Services Centre (SSC) Strategy of the ENEA Capital Group for the years 2014-2020”,
11. assumptions for the business and financial plan of the ENEA Capital Group for the year 2016,
12. implementation of the strategy in view of building a fuel and energy group,
13. wind farm acquisition projects – procedure, valuation principles, grounds for the decision, comparison of rejected and implemented projects, illustrated by the example of the Skoczylody Wind Farm,
14. so-far activities relating to the establishment of the Corporate Venture Capital Fund for the purpose of innovative activity of the ENEA Capital Group,
15. status of the following projects: ENEA Capital Group – activity summary in the years 2013-2015, acquisition of Lubelski Węgiel „Bogdanka” S.A., the concept of development of a strong fuel and energy concern, management of the renewable energy property rights portfolio and renegotiation of the long-term contracts for the purchase of property rights concluded by ENEA S.A.

At its meetings, the Supervisory Board received and reviewed the current information on:

- business and financial results of the Company and of the ENEA Capital Group,

- implementation of the project of „Construction of a hard coal fired supercritical parameters 1075 MWe power unit” by ENEA Wytwarzanie S.A.,
- status of implementation of the billing system,
- activity of the ENEA Foundation,
- composition of the governing bodies of subsidiary companies of ENEA S.A.

The activities of the Supervisory Board were documented in the minutes of the Board's meetings for 2015.

4. Appointments, dismissals and suspensions of Members of the Management Board by the Supervisory Board in relation to the fulfilment of their functions as well as appointing Members of the Supervisory Board to perform the functions of Members of the Management Board.

1. On 7 December 2015, the Supervisory Board of ENEA S.A. dismissed Krzysztof Zamasz, President of the Management Board, from the Management Board of ENEA S.A.,
2. On 7 December 2015, the Supervisory Board of ENEA S.A. dismissed Paweł Orlof, Member of the Management Board for Corporate Affairs, from the Management Board of ENEA S.A.,
3. On 7 December 2015, the Supervisory Board of ENEA S.A. delegated Member of the Supervisory Board, Wiesław Piosik, to temporarily perform the function of the President of the Management Board of ENEA S.A.,
4. On 30 December 2015, the Supervisory Board of ENEA S.A. adopted a resolution on dismissing, as of 7 January 2016, the following members of the Management Board of ENEA S.A.:
 - Dalida Gepfert – Member of the Management Board for Financial Affairs,
 - Grzegorz Kinelski – Member of the Management Board for Commercial Affairs,
5. On 30 December 2015, the Supervisory Board of ENEA S.A. adopted a resolution on withdrawal, as of 7 January 2016, of the delegation of Member of the Supervisory Board, Wiesław Piosik, to temporarily perform the function of President of the Management Board of ENEA S.A.,
6. On 30 December 2015, the Supervisory Board of ENEA S.A. adopted a resolution on appointing, with effect as of 7 January 2016, Mirosław Kowalik as President of the Management Board of ENEA S.A. for the next term of office of the Management Board of ENEA S.A. commencing on 7 January 2016,
7. On 30 December 2015, the Supervisory Board of ENEA S.A. adopted a resolution on appointing, with effect as of 7 January 2016, Wiesław Piosik as Member of the Management Board for Corporate Affairs for the next term of office of the Management Board of ENEA S.A. commencing on 7 January 2016,
8. On 30 December 2015, the Supervisory Board of ENEA S.A. adopted a resolution on delegating, with effect as of 7 January 2016, Member of the Supervisory Board, Sławomir Brzeziński, to temporarily perform the function of Member of the Management Board for Commercial Affairs until the appointment of the new Member of the Management Board for Commercial Affairs,
9. On 21 January 2016, the Company's Supervisory Board adopted resolutions on appointing, with effect as of 15 February 2016:
 - Piotr Adamczak as Member of the Management Board for Commercial Affairs,
 - Mikołaj Franzkowiak as Member of the Management Board for Financial Affairs.

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

The activity of the Supervisory Board was supported by Committees performing advisory and support functions, appointed from among Members of the Supervisory Board. In 2015, there were two permanent Committees operating within the Supervisory Board:

- the Audit Committee,
- the Remuneration and Appointments Committee.

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

As of the beginning of 2015, the composition of the Audit Committee of the Company's Supervisory Board of the 8th term was as follows:

1. Małgorzata Niezgoda - Chairwoman,
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 referred to in § 22 clause 7 of the Company's Statutes.*

As a consequence of the resignation from the function of Member of the Supervisory Board of ENEA S.A. filed by Wojciech Chmielewski on 22 July 2015, the appointment by the Annual General Meeting of Shareholders of ENEA S.A. of Members of the Company's Supervisory Board of the 9th term as of 2 July 2015 and the declaration of the Minister of the State Treasury on the appointment of Monika Macewicz as Member of the Supervisory Board of ENEA S.A. as of 23 July 2015, on 23 July 2015 the Supervisory Board appointed the following Members of the Audit Committee of the Supervisory Board of the 9th term:

1. Małgorzata Niezgoda - Chairwoman,
2. Monika Macewicz - Member,
3. Marian Gorynia* - Member,
4. Sławomir Brzeziński - Member.

* *Member of the Supervisory Board fulfilling the independence criterion referred to in § 22 clause 7 of the Company's Statutes.*

Besides, in 2015 and 2016, the following changes were made to the composition of the Audit Committee:

- on 27 August 2015, the Supervisory Board of ENEA S.A. appointed Radosław Winiarski (appointed as Member of the Supervisory Board on 27 August 2015 pursuant to a resolution of the Extraordinary Shareholders' Meeting of ENEA S.A.) as Member of the Audit Committee,
- on 22 September 2015, Marian Gorynia resigned from the function of Member of the Supervisory Board of ENEA S.A.,
- on 6 November 2015, the Supervisory Board of ENEA S.A. appointed the following Members of the Audit Committee: Wojciech Klimowicz (appointed as Member of the Supervisory Board as of 2 July 2015 pursuant to a resolution of the Annual General Meeting of Shareholders of ENEA S.A.) and Tomasz Gołębiowski, Member of the Supervisory Board fulfilling the independence criterion (appointed as Member of the Supervisory Board on 21 October 2015 pursuant to a resolution of the Extraordinary Shareholders' Meeting of ENEA S.A.),
- on 2 December 2015, pursuant to a declaration of the Minister of the State Treasury, Monika Macewicz was dismissed from the function of Member of the Supervisory Board of ENEA S.A.,
- on 20 January 2016, the following persons were appointed members of the Committee: Piotr Kossak, as Member of the Supervisory Board fulfilling the independence criterion and Roman Stryjski (appointed Member of the Supervisory Board on 15 January 2016 pursuant to resolutions of the Extraordinary Shareholders' Meeting of ENEA S.A.).

As a result of the foregoing changes, as at the date of drafting this Report the Audit Committee of the Company's Supervisory Board has been composed of the following five members:

1. Małgorzata Niezgoda - Chairwoman,
2. Sławomir Brzeziński - Member,
3. Wojciech Klimowicz - Member,
4. Piotr Kossak* - Member,
5. Roman Stryjski - Member.

* *Member of the Supervisory Board fulfilling the independence criterion referred to in § 22 clause 7 of the Company's Statutes.*

In 2015, the Audit Committee held 3 meetings and adopted 7 Resolutions, concerning but not limited to the following issues:

1. positive evaluation of the auditing methods applied to the standalone financial statements of ENEA S.A. for the financial year ending on 31 December 2014 and consolidated financial statements of the ENEA Capital Group for the financial year ending on 31 December 2014,
2. approval of and submission to the Supervisory Board of ENEA S.A. of Report No. 1/2015 on the audit concerning the evaluation of the internal control system at the ENEA Group,
3. approval of and submission to the Supervisory Board of ENEA S.A. of the *Report of the Audit Committee of the Supervisory Board of ENEA S.A. on its activity in 2014 and the Report of the Audit Committee of the Supervisory Board of ENEA S.A. on its activity in the first half of 2015*,
4. appointment of the Chairman of the Audit Committee of the Supervisory Board of ENEA S.A.,
5. positive opinion on the 2016 Annual Audit Plan for the ENEA Group and the Budget of the Audit Management Division for 2016.

The Audit Committee reviewed information provided by the Management Board, including in particular information concerning the following issues:

1. report on the internal audit activity at the ENEA Group for the year and 2014 and the report on the internal audit activity at the ENEA Group for the first half of 2015,
2. audit report no. 5/2014 regarding combustion by-products management at ENEA Wytwarzanie S.A. in Świerże Górne and in Białystok, at Miejska Energetyka Ciepła Sp. z o.o. in Piła and at Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o. in Oborniki,
3. summary of the results of inspection activities regarding the implementation of the outstanding audit recommendations from the years 2010-2012 and Q1 2013,
4. Report on the risk management area at the ENEA Group,
5. Audit Report No. 10/2014 regarding the purchasing process at the ENEA Group (general purchases) for ENEA S.A. and Audit Report No. 11/2014 on the audit carried out at Energetyka Poznańska Przedsiębiorstwo Usług Energetycznych ENERGObUD Leszno Sp. z o.o., concerning compliance with the purchasing procedures while ordering transformer station housing,
6. Final Audit Report No. 5/2015 regarding the SAIDI/SAIFI indicators at ENEA Operator Sp. z o.o. and Extract from that Report,
7. Final Audit Report No. 2/2015 regarding sales support through marketing activities,
8. Final Audit Report No. 12/2015 regarding commercial balancing services at the ENEA Capital Group.

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

As of the beginning of 2015, the composition of the Appointments and Remuneration Committee of the Company's Supervisory Board of the 8th term was 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,

Subsequently, as a result of appointment of Members of the Company's Supervisory Board of the 9th term by the Annual General Meeting of Shareholders of ENEA S.A., on 23 July 2015, the Supervisory Board appointed the following members of the Appointments and Remuneration Committee of the Supervisory Board of the 9th term:

1. Sandra Malinowska - Member of the Committee,
2. Rafał Szymański - Member of the Committee,
3. Tadeusz Mikłosz - Member of the Committee,
4. Marian Gorynia* - Member of the Committee.

** Member of the Supervisory Board fulfilling the independence criterion referred to in § 22 clause 7 of the Company's Statutes.*

The following changes with regard to the composition of the Appointments and Remuneration Committee of the Supervisory Board took place in 2015:

- On 22 September 2015, Marian Gorynia resigned from the function of Member of the Supervisory Board of ENEA S.A.,
- On 6 November 2015, the Supervisory Board of ENEA S.A. appointed Tomasz Gołębiowski, Member of the Supervisory Board fulfilling the independence criterion, as member of the Appointments and Remuneration Committee.

As at 31 December 2015, the composition of the Appointments and Remuneration Committee of the Company's Supervisory Board of the 9th term was as follows:

1. Sandra Malinowska - Chairwoman of the Committee,
2. Rafał Szymański - Member of the Committee,
3. Tadeusz Mikłosz - Member of the Committee,
4. Tomasz Gołębiowski* - Member of the Committee

** Member of the Supervisory Board fulfilling the independence criterion referred to in § 22 clause 7 of the Company's Statutes.*

On 15 January 2016, Extraordinary Shareholders' meeting of ENEA S.A. dismissed Sandra Malinowska and Tomasz Gołębiowski from the Supervisory Board of ENEA S.A..

As a result of appointment of Members of the Company's Supervisory Board of the 9th term by the Extraordinary Shareholders' Meeting of ENEA S.A., on 20 January 2016 the Supervisory Board appointed the following members of the Appointments and Remuneration Committee of the Supervisory Board of the 9th term: Rafał Bargiel and Piotr Kossak, independent member.

As at the date of drawing up this Report, the Appointments and Remuneration Committee of the Company's Supervisory Board was composed of the following five members:

1. Rafał Szymański - Chairman of the Committee,
2. Rafał Bargiel - Member of the Committee,
3. Tadeusz Mikłosz - Member of the Committee,
4. Piotr Mirkowski - Member of the Committee,
5. Piotr Kossak* - Member of the Committee.

** Member of the Supervisory Board fulfilling the independence criterion referred to in § 22 clause 7 of the Company's Statutes.*

In 2015, the Appointments and Remuneration Committee held 5 meetings and adopted 31 resolutions. During its meetings, the Committee developed, among others, recommendations for the Supervisory Board regarding:

1. amending the resolution concerning the approval of the *KPIs set for Members of the Management Board of ENEA S.A. for the year 2014* and conclusion of annexes to the service provision contracts/ management contracts with Members of the Management Board,
2. approval of the *KPIs set for Members of the Management Board of ENEA S.A. for the year 2015 and 2016* and conclusion of annexes to the service provision contracts/ management contracts with Members of the Management Board of ENEA S.A.,
3. confirmation of fulfilment of the *KPIs set for Members the Management Board of ENEA S.A. for the financial year 2014*,
4. granting approval for Members of the Management Board of ENEA S.A. to perform the function of Members of the Supervisory Board in ENEA Group companies.

6. Self-assessment of the Supervisory Board.

In the opinion of the Supervisory Board, in 2015 the Company's Supervisory Board fulfilled its statutory obligations concerning permanent supervision over the activity of the Company and the Capital Group in all business aspects in a reliable and efficient way. Members of the Supervisory Board included persons with different expertise and experience, with one Member fulfilling the independence criteria as determined pursuant to the "*Good Practices of Stock Exchange Listed Companies*".

The scope and mode of operation as well as the composition of the Supervisory Board complied with the Commercial Companies Code, the Company's Statutes and the By-Laws for the Supervisory Board.

The scope of issues analysed by the Supervisory Board in 2015 was very broad, with a special focus put on the financial results generated by the Company and by the Capital Group as well as on implementation of the major investment projects.

In view of the foregoing, the Supervisory Board requests that the Company's Shareholders' Meeting discharge it from the fulfilment of its duties in 2015.

7. Information regarding assessment of the „Standalone financial statements of ENEA S.A. for the financial year ending on 31 December 2015”, „Consolidated financial statements of the ENEA Capital Group for the financial year ending on 31 December 2015”, „Management Board's Report on the business activity of ENEA S.A. in 2015”, „Management Board's report on the activity of the ENEA Capital Group in 2015” and Management Board's request regarding coverage of the net loss of ENEA S.A. for the period from 1.01.2015 to 31.12.2015

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

1. Management Board's report on the business activity of ENEA S.A. for the financial year 2015;
2. Standalone financial statements of ENEA S.A. for the financial year ending on 31 December 2015, consisting of the following documents audited by the auditor:
 - standalone statement of the financial position as at 31 December 2015, which on the side of assets and liabilities shows the sum of PLN 16,847,310,000 (say: sixteen billion eight hundred and forty seven million three hundred and ten thousand Polish zloty);
 - standalone statement of profit, loss and other full income for the period from 1 January 2015 until 31 December 2015, showing a net loss of PLN 1,116,888,000 (say: one billion one hundred sixteen million eight hundred and eighty eight thousand Polish zloty) and full income of PLN - 1,107,043,000 (say: minus one billion one hundred and seven million forty three thousand Polish zloty);

- standalone statement of changes in the shareholders' equity, showing a decrease of equity as at 31 December 2015 by PLN 1,314,521,000 (say: one billion three hundred fourteen million five hundred and twenty one thousand Polish zloty);
 - standalone cash flow statement, showing an increase of cash of PLN 956,817,000 (say: nine hundred and fifty six million eight hundred seventeen thousand Polish zloty);
 - notes to the standalone financial statements, including the description of the major accounting principles applied and other explanatory information;
3. Management Board's report on the business activity of the ENEA Capital Group for the financial year 2015;
4. consolidated financial statements of the ENEA Capital Group for the financial year ending on 31 December 2015, consisting of the following documents audited by the auditor:
- consolidated statement of the financial position as at 31 December 2015, which on the side of assets and liabilities shows the sum of PLN 22,988,996,000 (say: twenty two billion nine hundred and eighty eight million nine hundred and ninety six thousand Polish zloty);
 - consolidated statement of profit, loss and other full income for the period from 1 January 2015 until 31 December 2015, showing a net loss of PLN 398,878,000 (three hundred ninety eight million eight hundred seventy eight thousand Polish zloty) and full income of PLN – 429,708,000 (say: minus four hundred twenty nine million seven hundred and eight thousand Polish zloty);
 - consolidated statement of changes in the shareholders' equity for the financial year from 01.01.2015 to 31.12.2015, showing an increase of equity as at 31 December 2015 by PLN 58,590,000 (fifty eight million five hundred and ninety thousand Polish zloty);
 - consolidated cash flow statement, showing an increase of cash of PLN 1,134,778,000 (one billion one hundred thirty four million seven hundred and seventy eight thousand Polish zloty);
 - notes to the consolidated financial statements, including the description of the major accounting principles applied and other explanatory information.

After having read the Opinion and Report on the audit conducted by the auditor, KPMG Audyt Sp. z o.o. Sp. k., and after a thorough examination of the aforementioned documents, the Supervisory Board concluded that the standalone financial statements ENEA S.A. for the year 2015, Management Board's report on the business activity of ENEA S.A. in the financial year 2015, consolidated financial statements for the year 2015 and the Management Board's report on the activity of the ENEA Capital Group for the financial year 2015 are in conformity with the books of account and accounting records and documents and that they truly reflect the actual situation. The Supervisory Board recommended that the Annual General Meeting of ENEA S.A. should consider and approve the same.

The Supervisory Board issued a negative opinion on the Company's Management Board's motion regarding the coverage of the net loss of ENEA S.A. amounting to PLN 1,116,888,000 (say: one billion one hundred sixteen million eight hundred eighty eight thousand Polish zloty) for the period from 01.01.2015 to 31.12.2015 from profits to be generated in future years. At the same time, the Supervisory Board recommended that the Annual General Meeting should adopt a resolution on covering the net loss of ENEA S.A. for the period from 01.01.2015 to 31.12.2015 amounting to PLN 1,116,888,000 (say: one billion one hundred sixteen million eight hundred eighty eight thousand Polish zloty) from the Company's retained earnings.

8. Evaluation of the Company's situation including assessment of the internal control system and the risk management system, the compliance and internal audit function.

ENEA S.A. ended the financial year 2015 with a net loss of PLN 1,116,888,000. The main reason underlying the incurred loss was the allowance for share value impairment made with regard to the shares of ENEA Wytwarzanie Sp. z o.o., amounting to PLN 2,089,754,000. It must be emphasized that the allowance is of a non-cash nature and it in no way affects the Company's liquidity situation. It should also be mentioned that the grounds for making the allowance included the situation of the Generation Segment, resulting from the increasingly worse prospects for wholesale electricity prices.

In 2015, total sales of electricity to retail end customers amounted to 16.1 TWh. As at 31 December 2015, the number of customers was close to 2.4 million, which is comparable to the level of previous years.

In 2015, ENEA S.A. had sufficient funds to finance all current expenditures relating to the Company's business activity. The cash balance enabled the Company to flexibly pay its current liabilities.

Activities carried out by the Company in 2015 are reflected in the major investment projects and initiatives in the individual areas of the Company's operation:

Generation Area:

- continuation of the following stages of the project of construction of a hard coal fired supercritical parameters 1075 MWe power unit at Kozienice Power Plant,
- upgrading and completion of the project of the flue gas denitrification (SCR) system for power unit No. 7 at Kozienice Power Plant,
- replacement/upgrading of power unit No. 1 including construction of the flue gas denitrification system (SCR) at Kozienice Power Plant,
- replacement/upgrading of power unit No. 2 including construction of the flue gas denitrification system (SCR) at Kozienice Power Plant,
- development of the Flue Gas Desulphurisation System (FGDS IV) for the capacity of approx. 800 MWe (for 200 MW power units No. 1 – No. 8) at Kozienice Power Plant,
- upgrading of the back-up rotor for 500 MW generators at Kozienice Power Plant,
- development of the nitric oxides catalytic reduction system (SCR) for boilers K7 and K8 at Elektrociepłownia Białystok.

Distribution Area:

- completion of a number of high and medium voltage projects relating to expansion, automation and upgrading of electrical substations and power grids:
 - construction of Worowo grid switchgear including the HV supply line,
 - construction of Chocicza grid switchgear including the HV supply line,
 - construction of Krzywiń transformer switching station including the HV supply line,
 - reconstruction of Rąbinek transformer switching station,
 - reconstruction of Chojnice Przemysłowa transformer switching station,
 - reconstruction of Śrem HCP transformer switching station,
 - reconstruction of Sulechów transformer switching station,
 - construction of overhead high voltage line Dolna Odra-Chlebowo,
 - reconstruction of an overhead high voltage line Międzychód-Sieraków,
 - reconstruction of an overhead high voltage line Załom-Goleniów,
 - reconstruction of overhead high voltage line Drezdenko-Drawski Młyn,
 - reconstruction of overhead high voltage line Września-Miłosław,
- improvement of grid connection processes and reduction of the negative environmental impact of the power engineering equipment used,
- increasing the effectiveness of the Distribution Area – streamlining of responsibilities of the companies providing support to Enea Operator with regard to the implementation of its major tasks; improvement of investment and maintenance processes,
- development of IT tools supporting grid management.

Trading Area:

1. Wholesale trade:

- entry to the German wholesale market (EPEX, EEX),
- implementation of TT trading support system (LuxTrade and MidOSS applications),
- development and implementation of tools supporting portfolio optimisation for electricity and related products managed by Enea Trading,
- continuation of implementation works for the Virtual Power Plant project, consisting in the implementation of a tool for efficient use of the potential of the fragmented generation sources of the ENEA Capital Group through optimization of service patterns based on the Polish or international day-ahead and intraday market,
- commencement of work on the project titled Trade and Fuels Logistics at the Enea Capital Group, consisting in the development and implementation of an optimum wholesale trade operation model in the trade and fuels logistics area at the ENEA Capital Group.

2. Retail trade:

- development of remote sales channels, including on-line sale of products in the households segment,
- extending the product portfolio with an additional offer for households and SME, including intensified promotional and communication activities aimed at mass customers,
- development of gaseous fuel sales,
- launch of the process of provision of comprehensive services to customers connected to grids managed by distribution system operators other than Enea Operator,
- development of analytical tools to support sales,
- regular measurement of the customer satisfaction level in the B2C and B2B segments.

3. Customer service:

- Launch of a new billing system for the Szczecin, Bydgoszcz, Poznań and Zielona Góra Branches,
- Launch of an Electronic Customer Service Office for customers from the Bydgoszcz and Szczecin regions,
- Opening of new Customer Service Offices in Poznań, Bydgoszcz, Gorzów Wielkopolski and Leszno,
- Opening of the first Customer Service Office at a shopping mall (Malta Shopping Gallery in Poznań),
- Extending the Contact Centre with 20 work stations and 2 telephone routes (60 channels),
- Providing the new internet service www.enea.pl with additional functionalities and including the Enea Trading sub-service it in the main service.

Major activities supporting the Strategy for the ENEA Capital Group which were completed in 2015 included:

- updating the Corporate Strategy for the ENEA Capital Group for the years 2014-2020,
- acquisition of Lubelski Węgiel „Bogdanka” S.A.,
- acquisition by Enea of 10% shares in PGE EJ1 Sp. z o.o., a company in charge of the preparation and implementation of the project of construction and operation of Poland's first nuclear power plant,
- expansion of the Personnel Policy of the ENEA Capital Group,
- restructuring of the non-core area companies,
- implementation of a new brand architecture.

In the opinion of the Supervisory Board, activities undertaken at ENEA S.A. in 2015 contributed to the strengthening of the internal control and risk management systems.

The internal control system in place at ENEA S.A. was evaluated in conformity with the best market practices. The major objective of the aforesaid evaluation was to review the internal control system at the Company level using the COSO I methodology and based on the generally applicable internal control and risk management standards.

In the Supervisory Board's opinion, the Company implemented mechanisms which represent the best practices in the internal control area.

As far as the internal control environment is concerned, a note should be made of:

- the organisational structure showing the main organisational units of the Company and their reporting as well as the organisational By-Laws, determining the scope of responsibilities of the individual units,
- the role of the Management Board in managing the organisation, the practice of regular meetings and the Management Board's involvement in making decisions of key importance for the organisation,
- predetermined rules for granting, registration and revocation of powers of attorney, discretion limits in force at the Company, formal determination of the scope of responsibilities for the individual posts,
- the Project „Competence Model – Development and Implementation of the Competence Management System at the ENEA Capital Group“. One of the major objectives of this Project is to determine the scope of competencies required to support the implementation of the Group's strategy, broken down to general company competencies, management and specialist competencies. This will enable, among others, making up for the competence gap, clear communication with regard to competence requirements by developing Job Descriptions, standardisation of human resources management, rationalization of training expenses incurred by the Company. It is planned that the Project would continue until 31 March 2017.
- establishment of the Code of Ethics of the ENEA Capital Group, which comprises a set of formal rules to be followed in order to behave ethically and the Code of Values of the ENEA Capital Group which describes common values such as fairness, reliability, competence, responsibility and security, and sets a model to be followed by employees of the ENEA Group,
- establishment of the Code of Ethics Committee of the ENEA Capital Group which supervises the compliance with ethical values,
- pending works on the implementation of the „Gifts giving and receiving guidelines at the ENEA Group“ – the draft guidelines are being consulted from the tax point of view; they are planned to be promulgated at the Company in the first quarter 2016,
- additionally, the standards of ethical behaviour in relations with customers and business partners of the Company have been defined in the Compliance Policy of the ENEA Group which has been in force since 1 January 2016,

In order to ensure more efficient internal control in the internal control area:

- the new organisational governance was formally determined at the ENEA Group as a result of implementation of the project titled „Corporate Governance – Management Plan of the ENEA Capital Group“,
- Management Boards of individual companies within the ENEA Group adopted the Code of the ENEA Group and assumed liability for its implementation,
- a number of activities were undertaken aimed at shortening the decision-making process, communication pathways and optimisation of labour within the ENEA Group, including the appointment of six Committees which implement tasks determined in their by-laws and perform the decision-making and opinion-making roles in the respective areas; five Management Divisions were established for the purpose of centralization of processes at the ENEA Group; the centralization also applied to non-key companies belonging to the ENEA Group – organizational units of those companies are charged with respective tasks within the Division in conformity with the responsibility

assignment matrix; legal services were standardized by implementing a uniform system of legal orders,

- Companies were provided with the knowledge on Corporate Governance through meetings and workshops that were organised. Workshop materials and documents relating to the Corporate Governance in force at the ENEA Group are available on the Corporate Intranet,
- Implementation of the shared services model at the ENEA Group - processes covered by the shared financial/ accounting and human resources services provided by the Shared Services Centre to the Group's Key Companies are implemented in non-key companies.

In the area of risk identification and assessment, attention was paid, among others, to the following issues:

- updating of the Corporate Strategy for the ENEA Capital Group, which took place in the third quarter 2015, and which resulted from the changes in the market and regulatory environment pertaining to the power sector in Poland,
- ongoing development of the organisational structure within the frame of corporate risk management at the ENEA Group: in 2015, Organisational By-Laws of Companies were standardised in terms of corporate risk management related tasks and implementation of respective standardised solutions,
- implementation of management reporting guidelines. Reports of Key and Critical Risk Owners are drawn up on a regular basis which enables monitoring of the key indicators of those risks. This facilitates implementation of risk mitigation plans approved by the Risk Committee in the first quarter 2015,
- commencement of works regarding post-implementation verification and periodic updating of documents regulating the corporate risk area, in conformity with the ERM Schedule approved by the Risk Committee,
- in order to ensure more efficient internal control in the risk management area, works are planned to be undertaken aimed, among others, at the development of a methodology supporting the ERM process in Key Companies of the ENEA Group, development of a consolidated Corporate Risk Map and allocation of Owners to Major Risks,
- specific Key and Critical Risks, such as liquidity risk, foreign currency risk, interest rate risk, credit risk and commodity risk were identified and assessed at the Company. Management of those risks is based on the dedicated internal regulations which are updated whenever it becomes necessary,
- in 2015, a detailed analysis of the credit risk management process was conducted with a conclusion that this risk was properly managed and that the Company was pursuing an active credit policy, including among others:
 - designing tools used for the purpose of customer credit worthiness assessment (including determination of credit limits, determination of a bonus for credit risk and contractual safeguards);
 - using the aforementioned solutions in practice;
 - in order to strengthen the control mechanisms in that area, it is planned to apply an individual credit risk assessment to commercial offers in the range between 10 GWh and 15 GWh (such offers are individually assessed by the Prices and Tariffs Office however they are not subject to credit scoring at the Risk Management Department due to the predetermined Significance Threshold);
 - it is also recommended to implement control mechanisms that will ensure each time performance of credit worthiness assessment for offers in the range from 1 GWh to 10 GWh addressed to customers who are debtors.

As far as control activities are concerned, attention was paid, among others, to the following issues:

- introduction of new system tools for purchasing purposes and with regard to approval of liability documents: in January 2015, an electronic purchase support platform (SAP SRM) and electronic liability document flow (EDF) were launched,

- improvement of solutions regarding registration and completeness of purchase orders - through automatic registration and numbering of purchase orders in the system and automatic validation of data such as price or quantity included in the purchase order,
- improvement of solutions regarding invoice flow and invoice approval – through the introduction of an automatic mechanism of matching purchase invoices with purchase orders in the system,
- improvement of solutions regarding settlement of business travels – by including business travel documents in the electronic documents flow,
- within the frame of the Business Continuity Management (BCM) Project carried out at ENEA S.A. the Management Board of ENEA S.A. approved of the Business Continuity Management Policy of the ENEA Group, Business Continuity Plan of ENEA S.A. including Emergency Procedures for Emergency Team, Result of the Business Impact Analysis and the Result of an Analysis of the Business Continuity Disruption Risk at ENEA S.A.,
- a test of the Business Continuity Plan was carried out at ENEA S.A. in the form of a staff game – test results, recorded in the Report, were approved by the Company's Management Board,
- sets of policies, procedures and instructions regulating key aspects of the Company's business,
- rules for issuing and amending internal regulations,
- development and approval of Registers Catalogue and Management Cockpit.

In order to ensure more efficient internal control in the control activities area, the following works are planned:

- strengthening the control mechanisms regarding purchase orders authorisation in SAP SRM (among others, by restricting the quantity/ type of orders created without a prior purchase demand, i.e. without a basket),
- strengthening the control mechanisms regarding automation of the process of matching invoices with purchase orders (among others, by restricting the quantity/ type of orders created „post factum”),
- strengthening the control mechanisms regarding management of payment dates with regard to liabilities (among others, by defining payments terms in the customer master file and in the purchase order),
- development of a detailed schedule for the implementation of the recommendations of the conducted test of the Business Continuity Plan at ENEA S.A. and monitoring the degree of implementation of the said recommendations,
- development of a schedule for comprehensive tests of the Business Continuity Plan at the Company for 2016 (including all types of tests determined in the Business Continuity Management Policy) and conducting such tests.

In the area of information and communication, attention was paid, among others, to:

- maintenance of the website, including *inter alia* the investor relations (IR) section,
- internal information communication channels (central repository of policies and procedures, newsletters for managers and employees),
- planned implementation of a new Organisation Management Application on the Share-Point platform, intended to ensure more efficient provision of management information on the degree of implementation of resolutions.

As regards the final element of the COSO I model, i.e. monitoring and supervision, the following were identified:

- assigning Compliance related tasks to the Operational Management Department,

- formal implementation of the Compliance Policy (approved by the Management Board of ENEA S.A. on 24 November 2015 with effect as of 1 January 2016) – it is recommended to continue the works in order to apply the principles defined therein in the course of the regular operational activity of the Company,
- formal determination of the shareholder supervision principles,
- operation of the Audit Committee of the Supervisory Board and co-operation with internal audit,
- monitoring of the reliability of financial information by the Audit Committee, Audit Committee meetings with the auditor,
- Incorporating the internal audit function in the organisational structure (functional reporting to the Audit Committee of the Supervisory Board), periodic meetings of the Control and Audit Office with the Management Board and Audit Committee,
- activity of the internal audit based on the approved audit plan; in 2015, the By-Laws for the Audit Management Division were updated and their provisions were matched with the amendments to the Organisational By-Laws of ENEA S.A. and Secondary Acts in force at the ENEA Group,
- structured and systematic monitoring of implementation of the audit recommendations, including reporting of the recommendation status to the Management Board of ENEA S.A.

In the opinion of the Supervisory Board, the activity of the Audit Committee is an important element of the internal control system. During 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, internal audit and risk management systems. In particular, the Audit Committee:

- held meetings with the external auditor and the Management Board to discuss annual and mid-term financial statements, consistency of the accounting policy applied by the Capital Group and its compliance with the International Financial Reporting Standards,
- held regular meetings with the internal auditor to discuss findings and recommendations made by the internal audit and monitored the response of the Company's Management Board thereto,
- participated in the process of development of the annual audit plan, submitting a recommendation of areas that need to be audited in a given year,
- issued opinions on the annual audit plans and budget of the audit unit and submitted them for the Supervisory Board's approval.

According to the Supervisory Board, an important element of the internal control system is also the internal audit function performed by the Control and Audit Office.

The internal audit function at ENEA S.A. functionally reported to the Audit Committee, reporting simultaneously to the Management Board and to the Audit Committee. In order to ensure the required degree of independence of that function, the Supervisory Board approved the annual audit plan, the annual budget of the audit unit and, if necessary, expressed an opinion on the selection, appointment or dismissal of the head of the internal audit function.

In the risk management area, the Supervisory Board positively assessed the scope of conducted activities, including in particular:

- approval of mitigation strategies for individual key and critical risks, including indicators used to monitor changes in exposure to a given risk,
- monitoring of and periodic reporting on corporate risks, in particular with regard to the status of implementation of mitigation activities and levels of the indicators used to monitor changes in exposure to a given risk,
- commencement of the informatisation of the risk management area (selection and launch of IT tools supporting the process of commodity risk management at the ENEA Group, development of tools based on a calculation spreadsheet to automate the corporate risk and credit risk management process),

- approval of the Commodity Risk Management Policy and Procedure at the ENEA Group, determination of the commodity risk limits and commencement of the test measurement of commodity risk,
- periodic reporting on financial risks – anticipative monitoring of financial measures and taking business decisions on their basis,
- expanding the scope of credit-scoring on the largest counterparties of ENEA (including debtors) to enable:
 - reduction of credit risk, i.e. probability of the Group incurring financial losses due to counterparties' failure to fulfil contractual obligations,
 - significant improvement of the level of consolidated overdue accounts receivable – 12.2% in 2015 vs 24.76 in 2014
- approval of the foreign currency risk management strategy at the ENEA Group concerning: management of the CO2 emission allowances portfolio and purchase of biomass fuel,
- approval of the set of documents regulating the business continuity risk management area: the business continuity management policy, BIA methodology and assessment of the business continuity disruption risk,
- conducting the BCM planning process at the ENEA Group (the BIA, an analysis of the risk of lack of availability of resources indispensable for critical processes, development and approval of Business Continuity Plans at ENEA S.A., ENEA Wytwarzanie, ENEA Centrum and ENEA Trading).

The risk management model implemented at the ENEA Capital Group provides for a comprehensive approach to risk management, determining the detailed rules of risk identification and assessment, monitoring of exposure to risks and preparing and monitoring of plans of handling risks of significance for the Company. The adopted principles are determined based on the best management standards and compliant with the best market principles applied in that area.

In the course of the internal control audit with regard to risk management and business continuity, the Company identified areas where the already existing internal control mechanisms may be further improved.

The following activities were undertaken in the compliance area:

In pursuance of the recommendations of the Internal Audit approved pursuant to Resolution No. 461/2013 of the Management Board of ENEA S.A. dated 1 October 2013, in 2015 works were carried out on the development and implementation of the Compliance Policy of the ENEA Group. Work on that document was conducted with the participation of representatives of the Operational Management Department of ENEA S.A., Risk Management Department of ENEA S.A. and Legal Department of ENEA Centrum Sp. z o.o. Within the frame of the project, the particular elements of the Compliance System were identified and structured. The supreme object of the Compliance Policy of the ENEA Group, approved by the Management Board of ENEA S.A. by its Resolution No. 317/2015 dated 24 November 2015, is to achieve and maintain such an organisational level to ensure the maximum degree of elimination of prospective threats that might affect the ENEA Group as a result of failure to comply with the legal regulations in force and applicable standards. The „*Compliance Policy of the ENEA Group*” as a Secondary Act of the ENEA Group took effect on 1 January 2016

9. Evaluation of compliance by the Company with information obligations regarding the application of the corporate governance principles determined pursuant to the Stock Exchange Regulations and legal provisions concerning current and periodic information provided by securities issuers.

In consideration of the requirement set out in Rule II.Z.10.3 of the „Best Practices for Warsaw Stock Exchange Listed Companies 2016” pursuant to which in addition to activities required under the law the Supervisory Board is obligated to draw up and submit to the Annual General Meeting of Shareholders once a year an assessment of the fulfilment by the company of information obligations regarding the application of the corporate governance principles determined in the Stock Exchange Regulations and of the legal

provisions concerning current and periodic information provided by securities issuers, the Supervisory Board made an analysis of fulfilment by ENEA S.A. in the years 2015 and 2016 (until the date of approval of this Report) of:

- information obligations to the extent of publication of current reports regarding the incidents of violation or renouncing of individual corporate governance principles in the Electronic Information Database,
- information obligations to the extent of publication of a statement of compliance with corporate governance within the frame of the annual Management Board Report on the Company's business activity,
- information obligations to the extent of disclosure of certain information on the corporate website of ENEA S.A.

Within the frame of the conducted analysis, the following documents, information and circumstances were taken into account:

- current report No. 1/2016 dated 2 March 2016 on the scope of application of the "Best Practices for Warsaw Stock Exchange Listed Companies 2016",
- annual reports for 2014 published in 2015 containing a statement of compliance with corporate governance principles laid down in the "Best Practices for Warsaw Stock Exchange Listed Companies 2012" as part of the Management Board reports,
- draft annual reports for 2015 containing a statement of compliance with corporate governance principles laid down in the "Best Practices for Warsaw Stock Exchange Listed Companies 2012" as part of the Management Board reports,
- information pertaining to corporate governance placed on the corporate website of ENEA S.A.,
- the actual status of compliance with the Best Practices for Warsaw Stock Exchange Listed Companies by ENEA S.A.

After having reviewed the aforementioned documents and information, the Supervisory Board confirmed that the Company had complied with (with regard to the Best Practices 2012) or complied (with regard to the Best Practices 2016) all recommendations and rules, except those mentioned below:

- recommendation I.9 rules II.1.7, IV.10, III.6 from the „Best Practices for Warsaw Stock Exchange Listed Companies 2012” , which was in force until 31 December 2015
and
- Rules II.Z.3., II.Z.5, II.Z.7, II.Z.8, IV.Z.2., V.Z.5 from the „Best Practices for Warsaw Stock Exchange Listed Companies 2016” in force as of 1 January 2016.

Following a thorough analysis, the Supervisory Board confirmed that information provided in fulfilment of the information obligations regarding compliance with the corporate governance rules reflects the actual status of application of the Best Practices for Warsaw Stock Exchange Listed Companies by ENEA S.A..

In view of the foregoing, the Supervisory Board of ENEA S.A. issued a positive opinion on the fulfilment by the Company of the information obligations regarding compliance with the corporate governance rules, as determined in the Stock Exchange Regulations and with provisions pertaining to current and periodic information provided by securities issuers. The Supervisory Board shares the Company's opinion that in line with the adequacy principle, currently there is no justification for complying by the Company with some of the Best Practices for Warsaw Stock Exchange Listed Companies, which the Company renounced.

10. Evaluation of the expediency of the sponsorship and charity activities carried out by the Company.

The Supervisory Board monitors the implementation of sponsorship activities in conformity with the „Rules for conducting sponsorship activities at the ENEA Group” in force at the Company and on the basis of the Model for regulation of sponsorship activities of companies with the State Treasury shareholding introduced pursuant to Ordinance No. 5 of the Minister of the State Treasury dated 13 February 2009 on rules governing sponsorship activities carried out by companies with the State Treasury shareholding. Consequently, the Supervisory Board issues opinions on the annual sponsorship activity plans and reports on implementation of those activities.

As far as charity activity is concerned, the Supervisory Board is provided with periodic information on the activity of the ENEA Foundation as well as it approves grants awarded to ENEA Foundation by ENEA S.A.

11. Comments of the Supervisory Board regarding co-operation with the Management Board.

After having assessed the activity of each Member of the Company's Management Board in 2015, the Supervisory Board of ENEA S.A. recommends that the Annual General Meeting should discharge the following Members of the Management Board from the fulfilment of their duties in the financial year 2015:

- Mr Krzysztof Zamasz,
- Ms Dalida Gepfert,
- Mr Grzegorz Kinelski,
- Mr Paweł Orłof,
- Mr Wiesław Piosik.

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

Małgorzata Niezgoda - Chairwoman of the Supervisory Board _____

Piotr Kossak - Vice-Chairman of the Supervisory Board _____

Rafał Szymański - Secretary of the Supervisory Board _____

Rafał Bargiel - Member of the Supervisory Board _____

Sławomir Brzeziński - Member of the Supervisory Board _____

Wojciech Klimowicz - Member of the Supervisory Board _____

Tadeusz Mikłosz - Member of the Supervisory Board _____

Piotr Mirkowski - Member of the Supervisory Board _____

Roman Stryjski - Member of the Supervisory Board _____

Poznań, 12 May 2016