



***Report of the Supervisory Board of ENEA S.A.  
on its activity in 2021.***

Poznań, 27 April 2022

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

In 2021, the Supervisory Board of ENEA S.A. operated as the Supervisory Board of the 10th term of office.

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

As at 1 January 2021, the Company's Supervisory Board of the 10th term operated in the following composition:

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

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

- 1) on 4 January 2021, the Company received a resignation tendered by Ms. Izabela Felczak-Poturnicka from the position of Supervisory Board Chairwoman and from her membership in the ENEA S.A. Supervisory Board as of 5 January 2021,
- 2) on 7 January 2021, the Extraordinary General Meeting of ENEA S.A. appointed Mr. Rafał Włodarski as Chairman of the ENEA Spółka Akcyjna Supervisory Board,
- 3) on 7 January 2021, the Company's Extraordinary General Meeting adopted a resolution by the power of which Ms. Dorota Szymanek was appointed to the ENEA S.A. Supervisory Board of the 10th term of office.
- 4) on 15 September 2021 the Company received the letter of resignation tendered by Mr. Ireneusz Kulka from serving in the capacity of a member of the ENEA S.A. Supervisory Board and in the capacity of the Chairman of the Audit Committee as of 16 September 2021,
- 5) on 18 November 2021, the Company's Extraordinary General Meeting adopted a resolution by the power of which Mr. Tomasz Lis was appointed to the ENEA S.A. Supervisory Board of the 10th term of office,
- 6) on 21 December 2021 the Company received a letter of resignation tendered by Mr. Mariusz Fistek from serving in the capacity of a Supervisory Board member as of 22 December 2021.

In connection with the above changes, as at 31 December 2021, the composition of the Supervisory Board was as follows:

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

On 10 March 2022, the Extraordinary General Meeting adopted a resolution by the power of which Mr. Radosław Kwaśnicki was appointed to the ENEA S.A. Supervisory Board of the 10th term of office.

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

1. Rafał Włodarski – Supervisory Board Chairman,
2. Roman Stryjski – Supervisory Board Deputy Chairman,
3. Michał Jaciubek – Supervisory Board Secretary,

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| 4. Paweł Korobłowski  | – Supervisory Board Member, |
| 5. Radosław Kwaśnicki | – Supervisory Board Member, |
| 6. Tomasz Lis         | – Supervisory Board Member, |
| 7. Maciej Mazur       | – Supervisory Board Member, |
| 8. Piotr Mirkowski    | – Supervisory Board Member, |
| 9. Mariusz Pliszka    | – Supervisory Board Member, |
| 10. Dorota Szymanek   | – Supervisory Board Member. |

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

In 2021, the Supervisory Board of the 10th term held 12 meetings and adopted a total of 98 resolutions.

The supervisory and oversight activities of the Supervisory Board in the 2021 financial year covered, among others, the following issues:

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

On 28 January 2021, the Supervisory Board selected PricewaterhouseCoopers spółka z ograniczoną odpowiedzialnością Audyt sp.k. as the audit firm for ENEA S.A. for 2021-2022.

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

The Material and Financial Plan of ENEA S.A. for 2021 and the Material and Financial Plan of ENEA Group for 2021 were approved by the Supervisory Board on 25 March 2021.

On 22 December 2021, the ENEA S.A. Supervisory Board approved the Material and Financial Plan of ENEA S.A. for 2022 and the Material and Financial Plan of ENEA Group for 2022.

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

a) On 25 March 2021, the Supervisory Board issued a positive assessment of:

- The Standalone Financial Statements of ENEA S.A. for the financial year ended 31 December 2020 and the Consolidated Financial Statements of the ENEA Group for the financial year ended 31 December 2020,
- The Management Board Report on the Activity of ENEA S.A. and the ENEA Group in 2020.

b) On 21 April 2021, the Supervisory Board issued a positive opinion and recommended that the Ordinary General Meeting grants a discharge to all the ENEA S.A. Management Board Members on the performance of their duties in the financial year 2020.

c) On 21 April 2021, the Supervisory Board issued a positive opinion on:

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

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

In November 2021, the Supervisory Board of ENEA S.A. approved four rounds of amendments to the Organizational Rules and Regulations of ENEA S.A. and adopted their consolidated versions.

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

In 2021, the Supervisory Board granted approvals to the Company's Management Board for, among others, the following:

- entering into the Share Sale Agreement for shares in PGE EJ1 sp. z o.o., Memorandum of Agreement to Terminate the Shareholder Agreement in PGE EJ1 sp. z o.o. and an Annex to the Memorandum of Agreement in the Worley Parsons case,

- entering into an agreement for the procurement of public relations services for ENEA S.A. with contractors selected as a result of a procurement procedure,
- entering into an Annex to the Agreement of 22 December 2020 with ENERGA S.A. and Elektrownia Ostrołęka Sp. z o.o. on cooperation in dividing Elektrownia Ostrołęka Sp. z o.o.,
- extending a corporate Deed of Guarantee by ENEA S.A to Citigroup Global Markets Europe AG for liabilities of ENEA Trading Sp. z o.o.,
- entering into master agreements with contractors to be selected in a procurement procedure for the selection of an agency supporting ENEA S.A. in the area of advertising services,
- entering into master agreements with contractors to be selected in a procurement procedure for the selection of an agency supporting ENEA S.A. in the area of sponsoring marketing and event activities,
- purchase of shares in Miejska Energetyka Ciepła Piła sp. z o.o. from ENEA Wytwarzanie sp. z o.o.,
- to enter into donation agreements for the benefit of the ENEA Foundation,
- entering into an agreement for the procurement of media purchasing services for ENEA S.A. by a media house.

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

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

On 28 January 2021, the ENEA S.A. Supervisory Board adopted a resolution to grant consent to members of the ENEA S.A. Management Board to sit on the Supervisory Boards of ENEA Group companies. It also granted consent to members of the ENEA S.A. Management Board to sit on the governing bodies of other companies and foundations.

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

- approved the *ENEA Group Development Strategy until 2030 with an outlook to 2040*,
- adopted a resolution regarding the size of the ENEA S.A. Management Board for the term of office commencing on the date of the Ordinary General Meeting approving the financial statements for 2018,
- conducted the recruitment procedure for the position of the ENEA S.A. Management Board Member for Strategy and Development,
- approved Management Objectives (KPIs) for Management Board Members of ENEA S.A. in 2021,
- approved Representations required for the publication of ENEA S.A.'s annual reports prepared in accordance with requirements of the Minister of Finance's Regulation of 29 March 2018 on current and periodic information disclosed by issuers of securities and conditions for considering the information required by laws of a non-member state as equivalent,
- issued an opinion on the Report on implementation of the Promotion Plan for the ENEA Group in 2020,
- took note of the Reports of the Audit Committee of the ENEA S.A. Supervisory Board on its activity in 2020 and in H1 2021, the Report of the Supervisory Board Nominations and Remuneration Committee on its activity in 2020, and the Report of the ENEA S.A. Supervisory Board Strategy and Investment Committee on its activities in 2020,
- adopted the Report of the Supervisory Board of ENEA S.A. on its activity in 2020 and decided to submit it to the Ordinary General Meeting,
- adopted the *Report on remuneration of ENEA S.A. Management Board and Supervisory Board Members in 2019-2020* and decided to present it to the Ordinary General Meeting of ENEA S.A.,
- adopted a resolution on setting remuneration of Management Board Members of ENEA S.A.,

- adopted resolutions on the execution of management contracts as well as Annexes to the management contracts with the Management Board Members of ENEA S.A.,
- adopted a resolution on the achievement of Management Objectives in 2020 and set the amount of the due Variable Remuneration to be paid out to the Management Board of ENEA S.A.,
- approved the amended Internal Audit Policy of the ENEA Group (edition 4),
- accepted the terms of the D&O insurance of ENEA Group companies for 2022,
- approved the Annual Audit Plan for 2022 and the Budget of the Group's Audit and Control Department for 2022,
- approved the ENEA Group's Promotion Plan for 2022.

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

- economic and financial results of the Company and ENEA Group,
- composition of the governing bodies of ENEA S.A.'s subsidiaries,
- costs of the Management Board and Supervisory Board of ENEA S.A. and of consulting in the Company,
- costs of Management Boards, Supervisory Boards and consulting in the ENEA Group Companies,
- social situation in the ENEA Group companies.

The activities of the Supervisory Board of ENEA S.A. were documented in the minutes of the meetings of the Supervisory Board in 2021.

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

On 29 November 2021 the Company's Supervisory Board adopted a resolution to appoint Mr. Lech Adam Żak to the position of ENEA S.A. Management Board Member for Strategy and Development for the joint term of office commenced on the date of holding the Company's Ordinary General Meeting which approved the financial statements for 2018.

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

In its activities, the Supervisory Board was assisted by Committees acting as collective advisory and opinion-giving bodies of the Supervisory Board, appointed from among members of the Supervisory Board. In 2021, there were two permanent Committees of the Supervisory Board:

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

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

As at 1 January 2021, the composition of the Company's Supervisory Board Audit Committee of the 10th term was as follows:

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

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

<sup>2)</sup> A member having knowledge and skills in the area of accounting or auditing financial statements.

<sup>3)</sup> A member having knowledge and skills in the industry in which the issuer operates.

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

- on 28 January 2021, the ENEA S.A. Supervisory Board appointed Ms. Dorota Szymanek as a Member of the Audit Committee for the period of the 10th joint term of office,
- on 15 September 2021 the Company received the letter of resignation tendered by Mr. Ireneusz Kulka from serving in the capacity of a member of the Supervisory Board and in the capacity of the Chairman of the Audit Committee as of 16 September 2021,
- on 24 November 2021, the ENEA S.A. Supervisory Board appointed Mr. Tomasz Lis as a Member of the ENEA S.A. Supervisory Board Audit Committee for the period of the 10th joint term of office,
- On 24 November 2021, Audit Committee Members elected Mr. Tomasz Lis as Chairman of the Company's Supervisory Board Audit Committee for the period of the 10th joint term of office.

Given the above changes, as at 31 December 2021, the Company's Supervisory Board Audit Committee of the 10th term was composed of:

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

<sup>1)</sup> An independent member within the meaning of Article 129(3) of the Act of 11 May 2017 on certified auditors, audit firms and public supervision and within the meaning of the corporate governance principles included in the Best Practice for WSE Listed Companies 2021.

<sup>2)</sup> A member having knowledge and skills in the area of accounting or auditing financial statements.

<sup>3)</sup> A member having knowledge and skills in the industry in which the issuer operates.

As of the date of preparing this Report, the composition of the Company's Supervisory Board's Audit Committee has not changed.

In 2021, the Audit Committee held 7 meetings and adopted 16 Resolutions, regarding, among others:

- approval of the report on the proceeding to appoint an audit firm for ENEA S.A. and the ENEA Group subsidiaries for 2021-2022, issue of recommendations, approval of provision of acceptable services other than audit, and delivery of the approved report along with a recommendation to the ENEA S.A. Supervisory Board so that the ENEA S.A. Supervisory Board could make a decision on selection of an audit firm,
- granting consent to the provision of permitted non-audit services by PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k. (formerly: PricewaterhouseCoopers Sp. z o.o.) to Lubelski Węgiel "Bogdanka" S.A.,
- consent to the provision of permitted non-audit services by PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k. to ENEA S.A.,
- approval of information for the Supervisory Board on the results of the audit of the financial statements of ENEA S.A. and the ENEA Group for the financial year ended 31 December 2020,
- approval, by the ENEA S.A. Supervisory Board Audit Committee, of final report no. 1/2021 on the audit, entitled "General assessment of the internal control system at ENEA S.A.", for adoption and provision of management information on the assessment of the internal control system at ENEA S.A. to the ENEA S.A. Supervisory Board,
- adoption of the *Report of the ENEA S.A. Supervisory Board Audit Committee on its activities in 2020*,
- issuing an opinion on the amended Derivative Document entitled *Internal Audit Policy of the ENEA Group* (4th edition) by the Audit Committee of the ENEA S.A. Supervisory Board and provision of this document to the ENEA S.A. Supervisory Board for approval,
- evaluation of the methods of auditing the Condensed Interim Standalone Financial Statements of ENEA S.A. for the period from 1 January 2021 to 30 June 2021 and the Condensed Interim Consolidated Financial Statements of the ENEA Group for the period from 1 January 2021 to 30 June 2021,
- adoption of the *Report of the ENEA S.A. Supervisory Board Audit Committee on its activities in H1 2021*,
- an opinion on the Annual Audit Plan for 2022 and submission thereof to the ENEA S.A. Supervisory Board for approval,

- an opinion on the Budget of the Group's Audit and Control Department for 2022 and submission thereof together with an opinion to the ENEA S.A. Supervisory Board for approval.

In 2021, the Audit Committee reviewed the information received from the Management Board, relating in particular to cases concerning final reports on completed audit and control.

In addition, in 2021, the Audit Committee held meetings with:

1. representatives of the external auditor PricewaterhouseCoopers Polska Sp. z o.o. Audyt Sp.k., which were devoted to:
  - preliminary results and methodology of the audit of the consolidated financial statements of the ENEA Group and the Standalone Financial Statements for 2020,
  - discussion of the key issues and a summary of the audit of the 2020 financial statements of ENEA S.A. and the ENEA Group,
  - discussion of the methods of auditing the Condensed Interim Standalone Financial Statements of ENEA S.A. for the period from 1 January 2021 to 30 June 2021 and the Condensed Interim Consolidated Financial Statements of the ENEA Group for the period from 1 January 2021 to 30 June 2021.
2. the Director of the Group Audit and Control Department at ENEA S.A., which included discussions of the findings and recommendations resulting from the conducted inspections and audits.

Moreover, in 2022 the Audit Committee:

- held a meeting with representatives of the external auditor PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k. to discuss the key issues and summarize the audit of the 2021 financial statements of ENEA S.A. and the ENEA Group,
- on 22 March 2022, the Audit Committee adopted a resolution to approve information for the Supervisory Board on findings of the audit of financial statements of ENEA S.A. and the ENEA Group for the financial year ended 31 December 2021, in which it reported the results of the audit, explained how the audit contributed to the reliability of financial reporting in the Company and specified the role of the Audit Committee in the audit process.

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

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

As of 1 January 2021, the composition of the Company's Supervisory Board Nominations and Remuneration Committee of the 10th term was as follows:

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

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

In 2021, the following changes were made to the composition of the Nominations and Remuneration Committee:

- on 4 January 2021, the Company received a letter of resignation of 4 January 2021 tendered by Ms. Izabela Felczak-Poturnicka from serving in the capacity of a Member of the ENEA S.A. Supervisory Board and therefore also a Member of the Nominations and Remuneration Committee, effective as of 5 January 2021,
- on 28 January 2021, the ENEA S.A. Supervisory Board appointed Mr. Rafał Włodarski as a Member of the Nominations and Remuneration Committee for the period of the 10th joint term.

- on 21 December 2021 the Company received a letter of resignation tendered by Mr. Mariusz Fistek from serving in the capacity of a Member of the ENEA S.A. Supervisory Board and therefore also a Member of the ENEA S.A. Supervisory Board Nominations and Remuneration Committee, effective as of 22 December 2021.

In connection with the above changes, as at 31 December 2021 the composition of the Company's Supervisory Board Nominations and Remuneration Committee of the 10th term was as follows:

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

<sup>1)</sup> An independent member within the meaning of the corporate governance principles included in the Best Practice for WSE Listed Companies 2021.

On 23 March 2022, the ENEA S.A. Supervisory Board appointed Mr. Radosław Kwaśnicki as a Member of the Nominations and Remuneration Committee for the period of the 10th joint term.

As at the date of publication of this Report, the Nominations and Remuneration Committee is composed of 6 members and operates in the following composition:

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

<sup>1)</sup> An independent member within the meaning of the corporate governance principles included in the Best Practice for WSE Listed Companies 2021.

In 2021, the Nominations and Remuneration Committee held 6 meetings and adopted 18 resolutions. The Committee's meetings focused mainly on drafting recommendations for the Supervisory Board regarding:

- proposals for Management Objectives for the ENEA S.A. Management Board Members for 2021,
- execution of management contracts with Members of the ENEA S.A. Management Board and annexes to management contracts with Members of the ENEA S.A. Management Board,
- the achievement of Management Objectives in 2020 and setting the amount of the due Variable Remuneration to be paid out to ENEA S.A. Management Board Members,
- adoption of a resolution on setting remuneration of Management Board Members of ENEA S.A.

In the period under discussion, the Supervisory Board's Nominations and Remuneration Committee also held meetings to open envelopes with applications submitted in the recruitment procedure for the position of the ENEA S.A. Management Board Members for Strategy and Development and to assess the applications in terms of satisfaction of the formal requirements defined in the advertisement on initiating the recruitment procedure.

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

As at 1 January 2021, the composition of the Company's Supervisory Board Strategy and Investment Committee of the 10th term was as follows:

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

In 2021 the following changes in the composition of the Strategy and Investment Committee took place:



- on 4 January 2021, the Company received a letter of resignation of 4 January 2021 tendered by Ms. Izabela Felczak-Poturnicka from serving in the capacity of a Member of the ENEA S.A. Supervisory Board and therefore also a Member of the Strategy and Investment Committee, effective as of 5 January 2021,
- on 28 January 2021, the ENEA S.A. Supervisory Board appointed Ms. Dorota Szymanek a Member of the Strategy and Investment Committee for the period of the 10th joint term,
- on 15 September 2021 the Company received the letter of resignation tendered by Mr. Ireneusz Kulka from serving in the capacity of a member of the ENEA S.A. Supervisory Board and therefore also the Chairman of the Strategy and Investment Committee, effective as of 16 September 2021,
- on 24 November 2021, the ENEA S.A. Supervisory Board appointed Mr. Tomasz Lis as a Member of the ENEA S.A. Supervisory Board Strategy and Investment Committee for the period of the 10th joint term of office.

Given the above changes, as at 31 December 2021, the composition of the Company's Supervisory Board Strategy and Investment Committee of the 10th term was as follows:

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

As of the date of preparing this Report, the composition of the Company's Supervisory Board's Strategy and Investment Committee has not changed.

In 2021, the Strategy and Investment Committee held 6 meetings and adopted 10 Resolutions, among others in the following matters:

- an opinion on the Investment Plan of ENEA S.A. for 2021, being an integral part of the Material and Financial Plan of ENEA S.A. for 2021,
- an opinion on the Investment Plan of the ENEA Group for 2021, being an integral part of the Material and Financial Plan of the ENEA Group for 2021,
- adoption of the *Report of the ENEA S.A. Supervisory Board Strategy and Investment Committee on its activities in 2020*,
- an opinion on the draft of the document titled “*ENEA Group Development Strategy until 2030 with an outlook to 2040*”,
- an opinion on the Investment Plan of ENEA S.A. for 2022, being an integral part of the Material and Financial Plan of ENEA S.A. for 2022,
- an opinion on the Investment Plan of the ENEA Group for 2022, being an integral part of the Material and Financial Plan of the ENEA Group for 2022.

During its meetings in 2021, the Strategy and Investment Committee also reviewed regular information from the Management Board on:

- the execution of material investment projects in the ENEA Group, the degree of their progress and completion in relation to the Investment Plan,
- the monitoring of the implementation of the “*ENEA Group Development Strategy until 2030 with an outlook to 2035*” and the “*ENEA Group Area Strategies until 2030 with an outlook to 2035*”.

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

In the opinion of the Company's Supervisory Board, in 2021, the Supervisory Board fulfilled its statutory obligations concerning permanent supervision of the activity of the Company and the Group in all business areas in a reliable and efficient way. The Supervisory Board was composed of people with various competences and experience as well as members elected by employees. Compliance with the requirement that at least one Supervisory Board Member should be an independent member was ensured within the meaning of the corporate governance principles included in the Best Practice for WSE Listed Companies

2021 and within the meaning of Article 129 sec. 3 of the Act of 11 May 2017 on certified auditors, auditing firms and public supervision.

The scope and procedure of operation as well as the composition of the Supervisory Board were compliant with the Commercial Company Code, the Company's Articles of Association and the Supervisory Board Rules and Regulations. The scope of issues handled by the Supervisory Board in 2021 was very broad, with a special emphasis placed on the financial results earned by the Company and the Group as well as the implementation of the critical investment projects.

In view of the above, the Supervisory Board hereby moves to the Company's General Meeting to grant a discharge to its Members on the performance of their duties in 2021.

## **7. Information on assessment of: the Standalone Financial Statements of ENEA S.A. for the financial year ended 31 December 2021, the Consolidated Financial Statements of ENEA Group for the financial year ended 31 December 2021, the Management Board Report on the Activity of ENEA S.A. and ENEA Group in 2021", and the motion of the Management Board on the proposed distribution of the net profit for the period from 1 January 2021 to 31 December 2021.**

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

1. the Management Board Report on the Activity of ENEA S.A. and ENEA Group in 2021;
2. the Standalone Financial Statements of ENEA S.A. for the financial year ended 31 December 2021, including the following statements reviewed by the certified auditor:
  - the standalone statement of financial position as at 31 December 2021 showing a balance of assets and liabilities in the amount of PLN 20,438,185 thousand (twenty billion four hundred thirty eight million one hundred eighty five thousand Polish zloty),
  - the standalone statement of comprehensive income for the period from 1 January 2021 to 31 December 2021 showing a net profit of PLN 460,409 thousand (four hundred sixty million four hundred nine thousand Polish zloty) and comprehensive income of PLN 676,273 thousand (six hundred seventy six million two hundred seventy three thousand Polish zloty),
  - the standalone statement of changes in equity showing an increase in equity as at 31 December 2021 by PLN 676,273 thousand (six hundred seventy six million two hundred seventy three thousand Polish zloty),
  - the standalone statement of cash flows, showing a decrease in cash by PLN 477,864 thousand (four hundred seventy seven million eight hundred sixty four thousand Polish zloty),
  - notes to the standalone financial statements including a description of key accounting policies applied and other explanations;
3. the Consolidated Financial Statements of the ENEA Group for the financial year ended 31 December 2021, including the following statements reviewed by the certified auditor:
  - the standalone statement of financial position as at 31 December 2021 showing a balance of assets and liabilities in the amount of PLN 34,627,647 thousand (thirty four billion six hundred twenty seven million six hundred forty seven thousand Polish zloty),
  - the consolidated statement of comprehensive income for the period from 1 January 2021 to 31 December 2021 showing a net profit of PLN 1,786,470 thousand (one billion seven hundred eighty six million four hundred seventy thousand Polish zloty) and comprehensive income of PLN 2,083,741 thousand (two billion eighty three million seven hundred forty one thousand Polish zloty),
  - the consolidated statement of changes in equity for the financial year from 1 January 2021 to 31 December 2021 showing an increase in equity of PLN 2,083,655 thousand (two billion eighty three million six hundred fifty five thousand Polish zloty),
  - the consolidated statement of cash flows, showing an increase in cash by PLN 2,211,999 thousand (two billion two hundred eleven million nine hundred ninety nine thousand Polish zloty),
  - notes to the consolidated financial statements including a description of key accounting policies applied and other explanations.

After having read the certified auditor's Audit Report drawn up by PricewaterhouseCoopers Polska Sp. z o.o. Audyt Sp.k., and having thoroughly examined the above documents, the Supervisory Board concludes that the Standalone Financial Statements of ENEA S.A. for the financial year ended 31 December 2021, the Management Board Report on the Activity of ENEA S.A. and ENEA Group in 2021 and the Consolidated Financial Statements of the ENEA Group the financial year ended 31 December 2021 are in conformity with the books of account and accounting records and documents of the Company and the facts and therefore it hereby issues a positive assessment of the Reports and recommends that the Ordinary General Meeting of ENEA S.A. should examine and approve them.

The Supervisory Board of ENEA S.A. has issued a positive opinion on the motion from the Company's Management Board on the distribution of the net profit for the financial year ended 31 December 2021 in the amount of PLN 460,408,613.85 as follows:

- to allocate PLN 442,110,040.96 to increase reserve capital to execute planned investment projects;
- to allocate PLN 18,298,572.89 to reduce the negative value of other capital accounts.

## **8. Evaluation of the Company's standing in the consolidated approach with evaluation of the internal control system and the risk management system, compliance system and internal audit functions, with information on actions taken by the supervisory board to carry out the evaluation.**

The ENEA Group, in spite of still difficult market environment and challenging changes on the electricity market (including growing prices of CO<sub>2</sub> emission allowances, the COVID-19 pandemic), achieved good results in 2021. Independent external financial institutions confirm good financial standing of the Group. In a press release of 1 December 2021, Fitch Ratings affirmed the Company's long-term foreign- and local-currency issuer default ratings at 'BBB' with a stable outlook.

In 2021, the ENEA Group obtained a positive net result of PLN 1,786,470 thousand, which was higher compared to 2020 by PLN 4,020,807 thousand. A significant deviation from the net financial result is mainly caused by recognition in 2020 a material value of impairment losses on non-financial non-current assets, with the simultaneously higher operating result.

In 2021, EBITDA of the ENEA Group increased by PLN 334,819 thousand compared to the corresponding period of the comparative year, from PLN 3,301,958 thousand to PLN 3,636,777 thousand. In each segment of the ENEA Group's activity, the change in EBITDA was as follows:

- The Mining Segment – growth of EBITDA by PLN 328,138 thousand (to PLN 798,275 thousand), which was mostly influenced by increased sales of coal (including also higher gross extraction), partly compensated by an increase in costs of operating activities;
- The Distribution Segment – an increase in EBITDA by PLN 79,622 thousand (up to PLN 1,392,928 thousand), driven mainly by larger margins on licensed activities coupled with greater operating expenses and a lower result on other operating activities;
- The Generation Segment – an increase in EBITDA by PLN 72,392 thousand (up to PLN 1,602,468 thousand), resulting primarily from the growth of EBITDA in the RES segment by PLN 121,377 thousand (the result was higher in the Wind and Hydro Areas and in the Green Unit) and in the Heat Segment by PLN 80,693 thousand (mainly due to a higher unit margin). At the same time, a decline in EBITDA was recorded in the System Power Plants Segment by PLN 129,678 thousand, which was driven by the lower margin on generation and the margin on trading and the Balancing Market, partially offset by revenue earned on the Capacity Market;
- The Trading Segment – a decline in EBITDA by PLN 109,703 thousand (down by PLN -124,538 thousand), mainly due to the change in provisions related to onerous contracts; this decline was partially offset by higher margins realized on the retail market.

In 2021, the Return on Assets and Return on Equity ratios improved. In 2021, the Return on Assets (ROA) was 5.2% (-7.5% in 2020) and the Return on Equity (ROE) was 11.8% (-17.1% in 2020).

Last year, Lubelski Węgiel "Bogdanka" S.A. (hereinafter referred to as LWB) belonging to the ENEA Group, recorded a significant increase in both production and sales of coal. It was influenced by an increased demand for electricity in Poland, and consequently for steam coal. Commercial coal production in LWB was 9.9 million tons and commercial coal sales reached over 10 million tons. This meant an increase of both these figures by over 30% y/y.

Nearly 47 thousand renewable sources, including microinstallations, were connected to the distribution grid of ENEA Operator Sp. z o.o. (hereinafter referred to as ENEA Operator) in 2021. At the end of 2021, the total number of RES sources connected to the ENEA Operator distribution grid was nearly 109 thousand. Sales of distribution services to end users amounted to 20.3 TWh.

Last year, the ENEA Group's total net production of energy was 26.4 TWh, which was nearly 1/5 above the production in 2020. The total volume of energy generated from renewable sources reached over 2.4 TWh, growing by 1%, or 23 GWh.

In 2021, the sales volume of electricity and gaseous fuel to retail customers was 24.5 TWh, and was about 16% (or 3.4 TWh) higher compared to 2020. Sales of electricity was higher by 3.2 TWh y/y, i.e. by approx. 16% (mainly an increase of 3.1 TWh, i.e. by approx. 21% in the business customer segment). The sales volume of gaseous fuel also increased by 236 GWh, or approx. 18%.

The Net Debt/EBITDA ratio is at a safe level of 0.75. The ENEA Group achieved a higher year-on-year EBITDA with a simultaneous decrease in the net debt value. The lower net debt level was impacted by a drop in the gross debt level, with the simultaneous growth of the value of cash and its equivalents.

In 2021, the ENEA Group made capital expenditures of PLN 1,980,367 thousand, of which PLN 155,953 thousand was spent on projects related to environmental protection, including primarily modernizations and projects to adapt the Group's power plants to the BAT conclusions and construction of a co-generation source in Piła.

In 2021, ENEA S.A. generated a positive net result of PLN 460,409 thousand. Compared to 2020, the net financial result was higher by PLN 3,817,159 thousand. The net loss recorded in 2020 resulted mainly from recognition of impairment losses on the value of shares and financial assets at amortized cost (associated mainly with the impairment loss on the value of shares in ENEA Wytwarzanie Sp. z o.o.).

In 2021, ENEA S.A. generated a loss of PLN -297,056 thousand on operating activities. Compared to 2020, the loss on operating activities was higher by PLN 105,947 thousand.

In 2021, total sales of electricity to retail end users were 22.9 TWh and was about 16% higher against the previous year. As at 31 December 2021, the number of end users was about 2.6 million and was close to the level in the previous years.

In 2021, ENEA S.A. earned PLN 48,337 thousand less of dividend income from its subsidiaries (in 2020, PLN 593,694 thousand; in 2021, PLN 545,357 thousand).

In 2021, the net return on sales was 6.2% (-54.2% in 2020) and the return on equity was 4.3% (-33.1% in 2020).

In accordance with the "Corporate Governance Principles for Supervised Institutions" <sup>1</sup> and "Best Practice for WSE Listed Companies 2021", <sup>2</sup> ENEA S.A. carried out the annual review of internal control, risk management and compliance systems and the internal audit function. The goal was to verify adequacy and effectiveness of these systems and internal audit functions implemented at the Company level. The review was carried out based on the key elements of the internal control system defined in the COSO I model.

In 2021, the ENEA S.A. Supervisory Board, through the Audit Committee, familiarized itself, among others, with information on internal control results, reports from audits conducted in ENEA S.A. and ENEA Group Companies, activity report from the Audit Management Division in the Group (for 2020), the Final Report on Internal Control System Assessment at ENEA S.A., report on risk management area in the ENEA Group (in 2020), information on analysis of maximum acceptable level of risk values identified in the ENEA Group. In the opinion of the Supervisory Board, the above actions undertaken in 2021 in ENEA S.A. contributed to the strengthening of the internal control, risk management and compliance systems and the internal audit function.

In the area of **internal control environment**, the activities worth mentioning are efforts to improve the compliance system, including implementation of operational procedures aiming to ensure anonymity of Business Partners who report violations and protect them against possible retaliation.

In the prevailing "Policy for Reporting Violations and Protecting Whistleblowers", updated in 2021, transparent solutions were introduced to define:

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

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

- 3 channels for reporting violations by Business Partners, i.e. to the ENEA Group Compliance Committee, to the President of the ENEA S.A. Management Board and to the Chairperson of the ENEA S.A. Supervisory Board,
- a track for handling reports submitted by Business Partners,
- providing Business Partners with protection against retaliation to which whistleblowers are entitled.

Business Partners are informed through the ENEA Group's website about possible ways of reporting violations and may report a potential violation through a dedicated form.

In 2022, works are planned to be continued on the system for reporting violations, including:

- consultations with an external advisor on adjusting the system for reporting violations to changes in the legal environment (also with respect to protective mechanisms providing whistleblowers with protection against retaliation),
- continuation of the educational and information campaign on signaling irregularities in the organization,
- supplementing, on an ongoing basis, information on the ENEA Group's website concerning available channels for reporting violations.

In the area of **enterprise risk management**, there was a positive assessment of important changes introduced in the organization of the process aiming to improve it, which ultimately are to make it possible:

- to identify enterprise risks which threaten to the greatest extent the achievement of the Company's objectives (assessed as having the highest probability and consequences of realization),
- to identify risks resulting from factors affecting "the natural environment",
- to define estimated cost of risks for key Companies of the ENEA Group, including ENEA S.A.,
- to monitor, on an ongoing basis, the scope and time frame for completing mitigation measures for all the risks (including ad hoc mitigation measures for critical risks),
- to update, on an ongoing basis, the risk register for key Companies of the ENEA Group, including ENEA S.A. (instead of quarterly updates carried out to date) and to increase the role of Risk Owners (while maintaining information flow to management board members about changes in risks).

Changes in the organization of the process of enterprise risk management have been described in two documents updated in 2021: "Policy of Enterprise Risk Management in the ENEA Group" and "Methodology of Enterprise Risk Management in the ENEA Group".

Amendments to the documents resulted mainly from a practical approach to the functioning of the enterprise risk management process in the key Companies of the ENEA Group, post-audit recommendations, recommendations of the Audit Committee and a further integration with the business continuity management system in the ENEA Group. The amended documents came into force on 15 November 2021 and in December, an assessment of all the categories of enterprise risk was performed aiming to make adjustments to the regulations in force.

In order to assess the risks related to the state of epidemic in an accurate and complete fashion, the company analyzed the increase in probability that the credit risk would materialize in ENEA S.A. in the conditions of the COVID-19 pandemic, while taking into account the analysis of the ENEA S.A. customer portfolio structure in 2021, by industry.

In 2021, the risks were identified, monitored on an ongoing basis and reviewed regularly. In December 2021, the first assessment of all the enterprise risks managed in the Company was conducted based on the above new assumptions for the process.

The Risk Management Department Director of the Group reported on enterprise risks to the Company's Management Board and to the ENEA Group Risk Committee, which facilitated making the right management decisions.

In H1 2022, a review of the "Register of Enterprise Risks at ENEA S.A." was planned with respect to strategic objectives resulting from the "ENEA Group Development Strategy until 2030 with an outlook to 2040", updated in December 2021.

The enterprise risk management process was synchronized with the business continuity management process, whereas risk mitigation measures for the threat of epidemic were carried out, among others, as part

of the operation of the appointed Crisis and Coordination Team. The above solution strengthened the work to ensure continuity of processes during the epidemic.

With regard to **control mechanisms**, it is worth pointing out the prepared and implemented solutions which made it more efficient to monitor correctness and completeness of data recorded in the system of the "Central Register of Agreements", including data on the payment condition resulting from an agreement with a Business Partner.

The implemented solutions make it possible:

- to identify, on an ongoing basis, persons responsible for completeness and correctness of data in the system (i.e. Coordinators of agreements),
- to provide access to documents in the system (scans of agreements / annexes) necessary to verify consistency of data entered into the "Central Register of Agreements",
- to create purchase orders referring to agreements (based on the payment condition defined in the system).

The operation of entering source data to the "Central Register of Agreements", including data on the payment condition, remains to be done manually; the Coordinator of an agreement is responsible for the correctness of the operation.

In connection with the above, it was planned for 2022:

- to perform comprehensive verification of data on the Company's outgoing agreements (independently of current verification to which Coordinators of agreements are obligated).
- to define a track for proceeding in a situation when the payment condition following from the wording of the agreement is different from payment conditions available in the system, which will ensure further improvement and automation of system solutions.

In the area of **information and communication**, a positive assessment was given to the performance of the Company's reporting duties following from the Rules and Regulations of Warsaw Stock Exchange.

ENEA S.A., meeting the deadline (i.e. by the end of July 2021), provided the Stock Exchange, via the "Electronic Information Base" system, with the first Information on the status of the application of corporate governance principles by the Company resulting from the Collection of "Best Practice of WSE Listed Companies 2021". The information was simultaneously published on the Corporate Governance tab on ENEA S.A.'s website.

The Information satisfies the quality requirements defined in the regulations and instructions of the Stock Exchange as well as recommendations of the European Commission on corporate governance reporting:

- For each principle of corporate governance, the Company determined its status of application (the application of 54 principles was confirmed, 7 principles were shown not to have been applied),
- required comments were included to specify the circumstances and reasons for not applying the 7 principles,
- optional comments were also included to explain the manner of applying 3 corporate governance principles (regarding the Company's strategy in the ESG area).

In the area of **monitoring and supervision**, there was a positive assessment of the solutions implemented in 2020 and applied in practice in 2021 regarding the obligation:

- for the ENEA S.A. Management Board to perform a Management Review of the "Business Continuity Management System" in the Company (i.e. periodic assessment of the System's suitability and efficiency);
- for the Coordinator of the "Business Continuity Management System" of ENEA S.A. to monitor the status of implementation of the so called Improvement Measures (or activities aiming to improve the System, adopted by the Company's Management Board).

In the "Methodology of Business Continuity Management in the ENEA Group", tools were specified to make it possible to perform the duties in practice, namely:

- Report from the Management Review of the "Business Continuity Management System",
- form – Monitoring of implementation of mitigation and improvement measures in the BCM area.

It was confirmed that the operation of the above tools / documents implemented in 2021 was effective.

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

- the Supervisory Board Audit Committee,
- Internal Audit.

**In 2021, the Audit Committee** implemented in particular the following tasks:

1. Monitored the financial reporting process.
2. Monitored effectiveness of the internal control, risk management and Compliance systems and the internal audit function.
3. Within the risk management system review, issued recommendations for estimating the total value of risks identified in the ENEA Group.
4. Held meetings with the certified auditor and monitored the certified auditor's independence.
5. Monitored reliability of the financial information presented by the Company, in particular by reviewing consistency of the accounting policies applied in the ENEA Group and its conformity to the International Financial Reporting Standards.
6. Notified the Supervisory Board of the results of the audit of financial statements of ENEA S.A. and the ENEA Group for the financial year ended 31 December 2020, explaining how the audit contributed to the reliability of financial reporting in the Company and the role of the Audit Committee in the auditing process.
7. Participated in the process of developing the Annual Audit Plan for 2022 by issuing opinions on it and submitting it to the Supervisory Board for approval.
8. Issued opinions on and submitted the annual budget of the Group's Audit and Control Department for 2022 to the Supervisory Board for approval.
9. Issued opinions on and submitted the amended "Internal Audit Policy of the ENEA Group" to the Supervisory Board for approval.
10. Held regular meetings with the internal auditor, during which it discussed decisions, including recommendations and suggestions made by the internal audit function, and monitored the response of the Company's Management Board to the above.

**Internal Audit functioning at ENEA S.A.** and performed by the Group Audit and Control Department, in 2021:

1. Reported functionally to the Audit Committee, formally to the President of the Company's Management Board, providing audit and internal control results concurrently to the Audit Committee and the Management Board, which ensured independence of the internal audit function.
2. Contributed to the improvement of operational activities of ENEA Group Companies, including ENEA S.A., by:
  - performance of audit and inspection tasks and advisory activities,
  - monitoring the status and effectiveness of implementation of recommendations.
3. Coordinated the course of two external inspections in ENEA S.A., one conducted by the Supreme Audit Office (NIK) and the other by the District Sanitary and Epidemiological Station in Poznań.

The Group Audit and Control Department also took measures to raise effectiveness and improve the internal audit and internal control functions, including:

- carried out a review of regulations pertaining to the operation of internal audit and control in the ENEA Group, as a result of which two documents were updated: "Internal Audit Policy in the ENEA Group" and "Rules and Regulations of Internal Audit in the ENEA Group". The documents were adjusted to the requirements defined in the *International Standards for the Professional Practice of Internal Auditing* (hereinafter referred to as the "International Standards") and the *Best Practice of WSE Listed Companies 2021*. Changes were also introduced in order to improve and increase the effectiveness of internal audit;

- the following documents were prepared and introduced for application: “Program for Ensuring and Improving Internal Audit Quality for the ENEA Group”, “Manual of Internal Auditor” and “Manual of Internal Controller”.

In 2022, it is planned to have an external entity carry out an assessment of the internal audit function in the ENEA Group.

The **Compliance System**, implemented and consistently developed in the ENEA Group, aims to achieve and maintain an organizational level ensuring that employees and managerial staff of the ENEA Group conduct business activities in a fair, ethical manner, coherent and compliant with legal and regulatory duties as well as adopted internal regulations.

In 2021, the tasks performed in the Compliance area by the Compliance Officer of the ENEA Group and the Compliance Office at ENEA S.A. in the Legal and Organizational Management Department of the Group concerned, to a greater extent, continuation of works on optimizing the system for reporting violations in the ENEA Group. In the course of the works, covering improvement of the system for reporting violations and ensuring protection to persons reporting violations in the ENEA Group, measures were taken to resign from the dual system for reporting violations and introduce a single system with one team designated to receive and handle reports on both legal and ethical issues. Accordingly, in 2021, the ENEA S.A. Management Board appointed the ENEA Group Compliance Committee as a dedicated team of persons reviewing legal and ethical reports and decided to liquidate the Ethics Committee of the ENEA Group.

Considering that awareness of the Compliance system in the ENEA Group among employees of the ENEA Group makes it easier for them to make the right decisions in situations where they have doubts if they act in compliance with generally applicable laws, internal regulations and ethical principles, the Compliance Office at ENEA S.A. carried out numerous activities to increase efficiency of the Compliance system, while placing emphasis on developing corporate culture promoting ethical and lawful conduct among employees and business partners of the ENEA Group. The tasks were carried out, among others, by continuing the mandatory training program, consolidating the knowledge issues included in the ENEA Group Compliance Policy and other related regulations as well as information campaigns aiming to continue to extend knowledge and grow awareness of the ENEA Group’s employees while doing work to ensure compliance of activity not only with legal and market requirements but also with ethical standards. In 2021, on the enea.pl website, on the ENEA Group tab, another tab was added devoted to the Compliance issues, covering information on:

- the Compliance System functioning in the ENEA Group;
- basic expectations prevailing in the ENEA Group with respect to business partners and compliance of their activity with generally applicable laws, market and ethical standards;
- the system for reporting violations adopted in the ENEA Group with a form for reporting violations making it possible to provide information in a confidential manner, ensuring anonymity.

In 2021, the Compliance Office at ENEA S.A. also started a cycle of ENEA News articles about the EU Whistleblower Directive. The cycle of the articles aimed to familiarize the ENEA Group’s employees with the essential information, reasons for establishment and legal assumptions of the whistleblower institution, the composition and role of the ENEA Group Compliance Committee and a chart presenting the process of reporting violations in force in the ENEA Group.

In 2021, apart from activities connected with development of the Compliance System of the ENEA Group, current activities were performed within the operation of the Compliance System of the ENEA Group, including first of all active participation in drafting internal regulations and issuing opinions on internal regulations with regard to Compliance, cooperation with persons dedicated to the Compliance area in each entity of the ENEA Group, identification and assessment of potential compliance risks, detection of potential violations as well as ongoing monitoring of amendments to law in the Compliance area.

The ENEA S.A. Supervisory Board assessed that the system for disseminating knowledge among employees adopted in the Company and the ENEA Group operates correctly with respect to the area connected with ensuring compliance of activities carried out by the ENEA Group with the applicable standards set forth in the provisions of generally applicable law and internal regulations as well as ethical norms through e-learning courses, articles published in the press and on websites and the Intranet.

According to the ENEA S.A. Supervisory Board, the system for reporting violations adopted in the Company and the ENEA Group has been adjusted to the currently binding laws.



The ENEA S.A. Supervisory Board believes that Compliance System in force in the Company and the ENEA Group addresses both internal and external expectations, while constituting an important element of responsible governance.

In connection with the performed supervisory activities, the ENEA S.A. Supervisory Board assessed favorably the measures and mechanisms adopted in the Company and the ENEA Group ensuring transparency and clarity of its activities, functioning in compliance with the law and promoting positive ethical models.

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

Considering the requirement set forth in Rule 2.11.4 of the "Best Practice for WSE Listed Companies 2021" (DPSN 2021), under which, in addition to activities resulting from the provisions of law, once a year the supervisory board should prepare and submit to the general meeting of shareholders an assessment of the company's application of corporate governance principles and its manner of fulfillment of the disclosure obligations concerning compliance with these principles defined in the Stock Exchange Rules and Regulations and regulations on current and periodic reports published by issuers of securities, in 2021 and in 2022 (by the date of approving this report) the Supervisory Board analyzed the application of the corporate governance principles defined in DPSN 2021 and the manner of performance of the following obligations by ENEA S.A.:

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

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

- current reports: no. 1/2016 of 2 March 2016 and no. 1/2019 of 26 February 2019 on the scope of application of the "Best Practice for WSE Listed Companies 2016", and current report no. 1/2021 of 29 July 2021 on information on the status of application of the principles included in the collection of "Best Practice for WSE Listed Companies 2021",
- annual reports for 2020 published in 2021, which included, in the Management Board Report, a representation of the ENEA S.A. Management Board on the application of corporate governance principles as laid down in the "Best Practice for WSE Listed Companies 2016",
- published annual reports for 2021, which included, in the Management Board Report, a representation of the ENEA S.A. Management Board on the application of corporate governance principles as laid down in the "Best Practice for WSE Listed Companies 2021",
- corporate governance information published on ENEA S.A.'s website,
- the actual status of application of the "Best Practice for WSE Listed Companies" in ENEA S.A.

During the 2021 financial year, amendments were introduced to corporate governance principles defined by the Stock Exchange.

On 29 March 2021, the Supervisory Board of the Warsaw Stock Exchange by adopting Resolution no. 13/1834/2021, introduced new corporate governance principles for companies listed on the primary WSE market – "Best Practice for WSE Listed Companies 2021", which became effective as of 1 July 2021. Pursuant to the above resolution, Resolution no. 26/1413/2015 of the Supervisory Board of Giełda Papierów Wartościowych w Warszawie (Warsaw Stock Exchange) S.A. of 13 October 2015 on adopting "Best Practice for WSE Listed Companies 2016" was repealed.

In view of the above, on 29 July 2021, ENEA S.A. published current report no. 1/2021 on information on the status of application of the principles included in the collection of the "Best Practice for WSE Listed Companies 2021". This means that in 2021, ENEA S.A., until 1 July 2021, was governed by the principles of

the “Best Practice for WSE Listed Companies 2016”, and since 1 July 2021, it has applied the principles of the “Best Practice for WSE Listed Companies 2021”.

Having read the above documents and information, the Supervisory Board concluded that in 2021, there had been no events (apart from the above amendment to the corporate governance principles by the Stock Exchange) significantly affecting the scope of application, previously communicated by the Company, of corporate governance principles defined by the Stock Exchange.

In 2021 (starting from 1 July last year), the Company complied with all the principles included in the collection of the “Best Practice for WSE Listed Companies 2021”, except for principles 1.4.2., 2.1., 2.2., 4.1., 4.3., 4.8. and 4.9.1.

In the previous reporting period, until 1 July 2021, the Company complied with most of the corporate governance principles set out in the “Best Practice for WSE Listed Companies 2016” except for recommendations IV.R.2. and VI.R.3. and detailed principles II.Z.5, II.Z.7, II.Z.8, IV.Z.2. and V.Z.5.

Following an analysis, the Supervisory Board has concluded that information provided in fulfillment of disclosure requirements related to the application of corporate governance principles correspond to the actual status of application in ENEA S.A. of the principles in the “Best Practice for WSE Listed Companies 2016” and “Best Practice for WSE Listed Companies 2021”. Furthermore, the information is exhaustive and includes to a sufficient extent, substantive details on the application of corporate governance principles by ENEA S.A.

In view of the foregoing, the ENEA S.A. Supervisory Board has issued a positive opinion on the Company’s observance of corporate governance principles and fulfillment of the disclosure requirements concerning the application of corporate governance principles specified in the Stock Exchange Rules and Regulations pertaining to current and periodic information provided by securities issuers. The Supervisory Board shares the opinion of the Management Board that in line with the adequacy principle, at present it is no longer justified to follow some of the DPSN 2021 rules included in the Best Practice which the Company renounced.

## **10. Assessment of reasonability of the Company’s sponsorship and charitable activities.**

The Supervisory Board has been monitoring the sponsorship activities pursuant to the “Rules for conducting sponsorship activities in the ENEA Group” (4th edition) in effect in the Company since 7 May 2021 and pursuant to the “Best Practices for conducting sponsorship activities in State Treasury-owned companies” published on 15 June 2016. The Supervisory Board approves the Promotion Plan for the ENEA Group and issues an opinion on Annual Information on the performance of the Promotion Plan for the ENEA Group.

The Promotion Plan includes a sponsorship plan, plan of marketing activities and plan of CSR activities for the ENEA Group. Sponsorship projects performed in the ENEA Group are evaluated in terms of effectiveness of funds involved in accordance with the rules defined in the “Research methodology of selecting, planning, analyzing and reporting effectiveness of sponsorship activities” (4th edition), in effect since 7 May 2021. The ENEA Group follows a policy of sponsorship activities which involves achievement of assumed objectives in accordance with the best market practice and in compliance with principles of business ethics. The portfolio of sponsorship projects includes projects in the field of sports, culture and community engagement

The procedure for approval, by the relevant authorities of ENEA S.A., of the annual sponsorship report, which is a part of the report on the Promotion Plan, is defined by the “Procedure for preparing, performing and reporting the Promotion Plan for the ENEA Group” (2nd edition), in effect since 7 May 2021.

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

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

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

## **11. Evaluation of related party transactions**

In performance of the provisions of Chapter 4b of the Act of 29 July 2005 on Public Offerings and the Terms and Conditions for Introducing Financial Instruments to an Organized Trading System and on Public Companies, the Supervisory Board of ENEA S.A. conducted a periodic assessment of significant transactions concluded with related entities. Based on the analysis of related party transactions presented by the Management Board on the basis of a collective report on significant transactions, on 23 March 2022 the Supervisory Board issued its positive assessment of related party transactions in 2021, stating that:

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

## **12. Comments of the Supervisory Board concerning cooperation with the Management Board.**

After having evaluated the work of each of the Management Board Members serving on the Company's Management Board in 2021, the Supervisory Board of ENEA S.A. hereby recommends that the Ordinary General Meeting grant a discharge on the performance of duties in the 2021 financial year to the following persons:

- to Mr. Paweł Szczeszek – President of the Management Board in the period from 1 January 2021 to 31 December 2021,
- to Mr. Tomasz Szczegieliński – the Management Board Member for Corporate Matters in the period from 1 January 2021 to 31 December 2021,
- to Mr. Tomasz Siwak – the Management Board Member for Commercial Matters in the period from 1 January 2021 to 31 December 2021,
- to Mr. Marcin Pawlicki – the Management Board Member for Operational Matters in the period from 1 January 2021 to 31 December 2021,
- to Mr. Rafał Marek Mucha – the Management Board Member for Financial Matters in the period from 1 January 2021 to 31 December 2021,
- to Mr. Lech Adam Źak – the Management Board Member for Strategy and Development in the period from 29 November 2021 to 31 December 2021.

## **13. Information on the implementation of the diversity policy with regard to the Management Board and the Supervisory Board**

According to "Information on the status of the company's application of the recommendations and rules laid down in the Best Practice for GPW Listed Companies 2021", at present the Company has no Diversity Policy adopted by the Supervisory Board or the General Meeting. However, diversity principles are applied within the Company. Currently, there are no women in the Company's Management Board. However, the Supervisory Board is composed of both women and men. The current gender mix in the Company's corporate bodies does not ensure differentiation at a level of at least 30%. However, it should be emphasized that the election of members for the Company's corporate bodies is based on the generally applicable provisions of law and the Company's Statute, in consideration of pertinent recruitment documents. Members of the Company's Management Board and Supervisory Board are selected based on a variety of criteria, including gender, education, age and professional experience. Recruitment activities are carried out by the Company's bodies authorized to appoint such individuals.

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

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

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

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

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

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

Radosław Kwaśnicki – Supervisory Board Member \_\_\_\_\_

Tomasz Lis – Supervisory Board Member \_\_\_\_\_

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

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

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

Poznań, 27 April 2022