

RESOLUTION No. 16/III/2014
of the Supervisory Board
of ENERGA Spółka Akcyjna with its seat in Gdańsk (Company)
of 7 March 2014

on: adoption of the Supervisory Board activity report in its capacity of the Company's body for the period from 1 January 2013 to 31 December 2013

Pursuant to Article 382 § 1 of the Code of Commercial Companies and § 17 (1) (2) of the Company's Articles of Association, the Supervisory Board hereby decides to:

§ 1

1. Adopt and present the ENERGA SA Annual General Meeting with the of the Supervisory Board activity report in its capacity of the Company's body for the period from 1 January 2013 to 31 December 2013.
2. The report referred to in subparagraph 1 is attached as an Appendix to this Resolution.

§ 2

This resolution shall come into effect on the day it is adopted.

Number of attendees: 7.

This resolution was adopted in an open voting, with the following number of votes:

7 for,
0 against
0 abstaining.

Signatures of the Members of the Supervisory Board present at the meeting:

1. Zbigniew Wtulich	<i>{illegible signature}</i>
2. Marian Gawrylczyk	<i>{illegible signature}</i>
3. Agnieszka Poloczek	<i>{illegible signature}</i>
4. Iwona Zatorska-Pańtak	<i>{illegible signature}</i>
5. Roman Kuczkowski	<i>{illegible signature}</i>
6. Mirosław Szreder	<i>{illegible signature}</i>
7. Bogusław Nadolnik	<i>{illegible signature}</i>

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REPORT ON THE ACTIVITIES OF THE SUPERVISORY BOARD OF ENERGA SPÓŁKA AKCYJNA

IN 2013

Gdańsk, March 2014

1. Information on the term of office of the Supervisory Board and the next year of activities during that term of office

At present, the ENERGA SA Supervisory Board operates in its third term of office, which lasts three years, in accordance with § 18 (4) of the Company's Articles of Association. Year 2013 was the third year of activities of the Supervisory Board of the current term of office.

2. Members of the Supervisory Board, functions performed in the Supervisory Board, changes in the composition of the Supervisory Board during the financial year

In the financial year of 2013 the Supervisory Board ENERGA SA consisted of:

- 1) Zbigniew Wtulich - Chairman of the Supervisory Board,
- 2) Marian Gawrylczyk - Deputy Chairman of the Supervisory Board,
- 3) Agnieszka Poloczek - Secretary,
- 4) Iwona Zatorska-Pańtak - Member of the Supervisory Board,
- 5) Roman Kuczkowski - Member of the Supervisory Board,
- 6) Mirosław Szreder - Member of the Supervisory Board.

On 16 January 2014 the Minister of Treasury issued a declaration appointing Mr. Bogusław Nadolnik as a member of the Supervisory Board.

3. Information on the number of meetings of the Supervisory Board and the number of resolutions adopted

In the period from 1 January 2013 to 31 December 2013 the ENERGA SA Supervisory Board convened 12 meetings and adopted 87 resolutions.

In 2013, meetings of the Supervisory Board took place on 17 January, 13 February, 21 February, 20 March, 8 April, 10 May, 17 June, 11 July, 20 September, 28 October, 13 November and 6 December.

In addition, the Supervisory Board adopted resolutions which were voted on via means of direct remote communications on 5 February, 8 March, 13 March, 15 May, 29 May, 26 July, 27 August, 28 August, 2 September, 12 November, 18 November and 20 December 2013.

4. Information on presence of Members of the Supervisory Board at the meetings and adopted resolution on excused or non-excused absence

On 2013 three meetings of the Supervisory Board took place with incomplete presence, namely on 13 February, 10 May and 6 December.

Each time, members of the Supervisory Board made the decision in the form of a resolution excusing the absence, based on the information supplied by Members of the Supervisory Board on the reasons for absence.

5. Major issues discussed by the Supervisory Board and inspections and investigations conducted

Some of the most important issues dealt with by the Supervisory Board in the financial year of 2013:

- 1) review of standalone and consolidated financial statements for the financial year of 2012 with the motion for appropriation of the profit,
- 2) approval of the plan of works and expenditures and analysis of the current economic and financial situation,
- 3) approval of the plan of sponsoring action in 2013 and the implementation analysis,
- 4) analysis of work related to the construction and implementation of the Sales Support System, which includes the billing system and the CRM system in the ENERGA Capital Group,
- 5) appointment of a statutory auditor to audit the financial statements of the Company and of the Group for the financial years of 2013 and 2014,

- 6) analysis of the salary levels in the ENERGA Group against the industry background, together with an analysis of salaries,
- 7) the purchase of shares in Iberdrola Renewables Poland Sp. z o.o. and onshore wind assets of DONG Energy Wind Power A/S in Poland,
- 8) analysis of ongoing and planned investment programmes in the ENERGA Capital Group,
- 9) analysis of benefits of the cost optimisation actions carried out in the ENERGA Group,
- 10) supervision over the Eurobond issue process,
- 11) reviewing the ENERGA Group's strategy for the period from 2013 to 2020,
- 12) approval of the "Long-Term Strategic Investment Plan of the ENERGA Group for 2013-2021",
- 13) approval of the Rules of the Management Board of ENERGA SA – Issue III
- 14) amendment of the Rules of the Supervisory Board,
- 15) determination of the conditions and economic parameters of presentation of the annual awards for the year 2013 to the Members of the Management Board of ENERGA SA and presentation of awards for the year 2012,
- 16) appointment of the Audit Committee and adoption of the rules which define its operating principles,
- 17) analysis of actions aimed at achieving the optimum structure of the ENERGA Capital Group, as well as improving the profitability of the Group,
- 18) analysis of changes in the bodies of subsidiaries of ENERGA SA,
- 19) analysis of the implementation status of the intelligent network components (AMI) in the ENERGA Group.

The Supervisory Board also reviewed motions submitted by the Management Board of the Company and addressed to the General Meeting.

In addition, in the year 2013 the Supervisory Board adopted the uniform text of the Company's Articles of Association, granted its consent to the Members of the Management Board of the Company to sit on in the bodies of other companies, described how the voting rights of ENERGA SA should be exercised at general meetings or meetings of shareholders of subsidiaries and learned current information regarding:

- 1) the process of privatisation of the Company,
- 2) implementation of the social dialogue in the Company and the Capital Group of ENERGA,
- 3) further directions of activities related to implementation of the project to build a new power unit in Ostrołęka.

In addition, the Supervisory Board reviewed on quarterly basis the resolutions adopted by the ENERGA SA Management Board and contracts concluded by the Company.

At its meeting on 6 December 2013, the Supervisory Board instructed the Audit Committee to audit, inter alia, the method of implementation of the contract of detecting illegal consumption of electricity and recovery of debts. Based on recommendations submitted by the Audit Committee, the Supervisory Board found no irregularities.

6. Information on the implementation of the resolutions of the General Meeting of Shareholders relating to the activities of the Supervisory Board

On 3 September 2013, the General Meeting adopted resolution under which the Supervisory Board was authorised to adopt the uniform text of the ENERGA Articles of Association, which incorporates changes introduced to the Articles of Association with these resolutions.

To this end, on 20 September 2013 the Supervisory Board passed Resolution 59/111/2013 on the adoption of a uniform text of ENERGA Articles of Association.

7. Information on the implementation of the strategic or reorganisation program

In 2013, with Resolution no. 46/III/13 of 17 June 2013, the Supervisory Board issued a positive opinion on the “ENERGA Group Strategy for the years 2013-2020” (Strategy), which assumed maintaining the leading position among the Polish public utility companies and a further increase in efficiency and quality of services offered, thanks to the joint efforts of the involved and dedicated employees. The Strategy is based on the three main pillars:

- 1) the development of distribution activities,
- 2) minimisation of the environmental impact and
- 3) constant focus on customer service.

In accordance with the updated Strategy, the priority of the Company’s distribution activities will be to improve its profitability, the quality and reliability of services and ensure further connection of new customers and renewable energy sources. These objectives will be achieved in particular through modernisation and expansion of the distribution network and improvement in the operational efficiency.

The ENERGA Group will limit its environmental impact through the development of environmental friendly energy sources, including investments in renewable energy sources and support for efficient energy consumption. For this purpose, the Group will use proven technologies and processes to reduce greenhouse gas emissions in the course of manufacture and distribution activities. The constant focus of the ENERGA Group on customer service will increase customer satisfaction with the quality of the services and preservation of strong long-lasting ties. The Group will provide its customers with high quality products and services, delivered in a way that is reliable and cost-efficient.

In addition, with Resolution No. 62/III/2013 of 20 September 2013, the Supervisory Board approved the “Long-Term Strategic Investment Plan of the ENERGA Group for 2013-2021”, which incorporates potential investments worth up to PLN 19.7 billion in the period from 2013 to 2021. Of this amount, approx. PLN 15.9 billion are investments in projects considered to be important from the viewpoint of implementation of the Strategy, which are slightly dependent on external factors such as, in particular, regulatory changes or market conditions.

In 2013, the Supervisory Board received and analysed quarterly reports on the progress of the most important investment programmes aimed at the implementation of strategic objectives. These include in particular:

- 1) the investment programme of ENERGA-OPERATOR SA, which consists in the expansion and modernisation of the distribution network
- 2) the project related to the construction of a dam and a hydroelectric power station on the Vistula River,
- 3) the construction of gas sources of electricity generation,
- 4) the project of combined heat and power generation sources,
- 5) the project to build wind farms.

8. Information on the suspended Members of the Management Board and delegation of members of the Supervisory Board to perform duties of Members of the Management Board

No Members of the ENERGA SA Management Board of were suspended and no members of the Supervisory Board were delegated to perform duties of Members of the Management Board in the financial year of 2013.

9. Information on decisions of the Supervisory Board on appointment of a statutory auditor, commissioned expert opinions, etc.

In accordance with Ordinance No. 34 of the Minister of Treasury of 29 September 2008 on the principles and process of appointing statutory auditors to audit the financial statements of companies with the participation of the Treasury as amended by Ordinance

No. 29 of the Minister of Treasury of 23 July 2009, in 2013 the Supervisory Board appointed KPMG Audit Sp. z o.o. limited partnership with its registered office in Warsaw, as the entity authorised to audit, inter alia, the standalone and consolidated financial statements for the years 2013 and 2014 and performance of additional tasks related to the process of privatization of the Company through public offering.

10. The committees operating within the Supervisory Board of the Company

The Audit Committee operates in the ENERGA SA Supervisory Board. The description of its operations in 2013 and the operating principles as set out in the "Report on the activities of the Audit Committee in 2013", attached to this report.

11. Assessment of the work of the Supervisory Board of the Company

All the Members of the Supervisory Board have the power to sit on in supervisory authorities of companies with the participation of the Treasury. In addition, the persons serving in the Supervisory Board are highly qualified in the field of economics, finance, law and the energy industry and have many years of experience in fulfilment of their duties in the management and supervisory bodies of companies.

Three members of the ENERGA SA Supervisory Board meet the independence criteria prescribed for an independent member of the Supervisory Board within the meaning of the Commission recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board (2005/162/EC) as well as the requirements arising out of Good Practices for WSE listed companies (the "Independent Members of the Supervisory Board"). They are: Mr Mirosław Szreder, Mr Roman Jacek Kuczkowski and Mr Marian Gawrylczyk.

Members of the Supervisory Board are involved in affairs dealt with by the Company and the ENERGA Group, and work closely with the Management Board of the Company, which is invited to each meeting of the Supervisory Board. The meetings are also attended by employees of the Company responsible for the issues being discussed.

Members of the Supervisory Board participate in person in the meetings and, if absent, submit explanations for the absence in advance. In addition, the Supervisory Board may also pass resolutions in writing or by means of direct remote communications in case of matters which require an urgent decision.

Members of the Supervisory Board perform their duties with utmost diligence, using their knowledge, broad competence and experience.

Report prepared on: 7 March 2014

Signatures of the Members of the Supervisory Board:

CHAIRMAN	Zbigniew Wtulich	<i>{illegible signature}</i>
DEPUTY CHAIRMAN	Marian Gawrylczyk	<i>{illegible signature}</i>
SECRETARY	Agnieszka Poloczek	<i>{illegible signature}</i>
MEMBER	Iwona Zatorska-Pańtak	<i>{illegible signature}</i>
MEMBER	Roman Kuczkowski	<i>{illegible signature}</i>
MEMBER	Mirosław Szreder	<i>{illegible signature}</i>
MEMBER	Bogusław Nadolnik	<i>{illegible signature}</i>

ENERGA

REPORT ON THE ACTIVITIES OF THE AUDIT COMMITTEE

IN 2013

Gdańsk, March 2014

1. Functioning of the Audit Committee

The rules for the functioning of the Audit Committee are described in the ENERGA SA Articles of Association and the Audit Committee Rules, approved by the Supervisory Board. The Audit Committee must follow the Good Practices for WSE listed companies, excluding the rules as to which the Management Board of the Company made a statement on non-application of such rules. The Audit Committee works on a collegial basis and serves an advisory and opinion making body for the Supervisory Board. The tasks of the Audit Committee shall be, in particular, to:

- 1) monitor the financial reporting process;
- 2) monitor the accuracy of the financial information presented by the Company;
- 3) monitor the effectiveness of the internal control, internal audit and risk management systems in the Company;
- 4) monitor performance of financial auditing activities;
- 5) monitor the independence and objectivity of the statutory auditor and the entity authorised to audit the financial statements, also if such entities provide services other than financial auditing;
- 6) recommend the entity authorised to audit the financial statements and carry out the financial auditing activities to the Supervisory Board.

2. Members of the Audit Committee and evaluation of its activities

In preparation for the introduction of ENERGA shares to official listing, which took place on 11 December 2013, the Supervisory Board of the Company at its meeting on 20 March 2013 decided to establish the Audit Committee and approve its Rules of procedure.

The following persons were appointed to the first Audit Committee:

- 1) Mr Mirosław Szreder,
- 2) Ms Iwona Zatorska-Pańtak,
- 3) Mr Marian Gawrylczyk.

Mr Mirosław Szreder was appointed the Chairman of the Audit Committee. As at 31 December 2013 and at the time this report was prepared, there were no changes in the composition of the Committee.

The Chairman of the Company's Supervisory Board does not sit on the Audit Committee. Members of the Audit Committee have knowledge and experience necessary to perform the duties entrusted to them. Mr Mirosław Szreder meets criteria of independence and has qualifications in the field of accounting as defined by of the Act of 7 May 2009 on statutory auditor and their self-government, entities authorised to audit financial statements and public supervision (Journal of Laws no. 77, item 649).

Mirosław Szreder is a graduate of the University of Gdańsk (Economic cybernetics and computer science) and professor of economics. From 2001 to 2008 he was Vice-President of the Presidium of the Main Council of the Polish Statistical Association. Acted as the Dean of the Faculty of Management of the University of Gdańsk from 2002 to 2008, in addition, from 2007 to 2012 he was also Secretary of the Scientific Committee of Statistics and Econometrics of the Polish Academy of Sciences. He was the editor-in-chief of the "Statistical Review" scientific quarterly (2008-2012). In 2012 he was elected Pro-Vice Chancellor, Development and Finance of the University of Gdańsk for the 2012-2016 term of office. A member of the International Association for Statistical Education. Mr. Szreder delivers lectures on statistical analysis, marketing and theory of probability. Delivered numerous lectures at the University of Leicester (United Kingdom). Mirosław Szreder has been a member of the Supervisory Board of the Company since February 2008.

Iwona Zatorska-Pańtak graduated from the Nicolaus Copernicus University in Toruń (Faculty of Economic Sciences and Management) and the Postgraduate European Studies at the University of Warsaw. Since 2000, an employee of the Minister of Treasury in the Department of Capital Funds, Department of Financial Institutions, Department of Corporate Governance and Privatization II and Department of Key Companies. Currently the division head of the Department of Strategic Projects. Has many years of experience in the supervisory boards of companies of the Treasury (such as Krajowa Spółka Cukrowa SA in

Toruń, Zakłady Chemiczne "ALWERNIA" SA in Alwernia, Górnośląskie Przedsiębiorstwo Wodociągów SA in Katowice, Zakłady Urządzeń Galwanicznych i Lakierniczych "ZUGIL" SA in Wieluń, Tomaszowskie Przedsiębiorstwo Budowlane "TOMBUD" SA in Tomaszów Mazowiecki). Currently, in addition to the Supervisory Board of ENERGA SA, also sits on the Supervisory Board of KGHM Polska Miedź SA.

Marian Gawrylczyk is a graduate of the University of Gdańsk (Faculty of Transport Economics). President of the Management Board of Odralogistics Sp. z o.o., worked for Warszawskie Zakłady Fotochemiczne FOTON SA (2000-2001), Polska Żegluga Śródlądowa Sp. z o.o. (2004-2005), Mistral energy Sp. z o.o. (2005-2006), ABBEYS Europejskie Doradztwo Finansowe Sp. z o.o. (2007-2008), Polskie Towarzystwo Ubezpieczeniowe SA as an advisor to the management board (2010-2011). From 1994 to 2013 served as Vice-President of the Management Board of the Foundation for the Promotion of Polish Gminas. Currently, President of the Management Board of Sigma Real Estate Sp. z o.o. (since 2009), Signum Corporate Finance Sp. z o.o. (since 2008), advisor to the President of the Management Board of the Polish Tourism Organisation, and attorney of the Management Board, Strategy and Development, of PKP Cargo SA. Sits on supervisory boards of EGESA Grupa Energetyczna SA (since August 2012), Vitosilicon SA (since 2012) and leadbulet SA (since 2010).

3. Information on the meetings of the Audit Committee

In 2013, the Committee held 4 meetings with all members present. The Committee issued recommendations and opinions, and adopted resolutions on the following matters:

- 1) election of the Chairman of the Audit Committee of ENERGA SA,
- 2) adoption of the annual work plan of the Audit Committee of ENERGA SA,
- 3) operating audit of ENERGA Trading SFIO investment fund,
- 4) risk register of the ENERGA Group,
- 5) analysis of the register of contracts concluded by ENERGA SA,
- 6) opinion on the Audit Policy in the ENERGA Capital Group.

4. Major affairs dealt with by the Audit Committee

The Audit Committee performed its duties in accordance with the scope of the powers conferred to it and the agreed work plan. The Audit Committee consulted the annual work plan of the Audit Committee with the members of the Supervisory Board, in particular with regard to the expectations of the Supervisory Board. In addition, the Chairman of the Committee, with the assistance of other members, delivered information on the implementation of the tasks of the Audit Committee at meetings of the Supervisory Board. Some of the most important issues dealt with by the Audit Committee in the financial year of 2013:

- 1) review and discussion of the interim and quarterly reports,
- 2) discussion of the audit results of the ENERGA Trading SFIO investment fund,
- 3) review of the results of the internal audit in the Company,
- 4) delivery of opinions on the Audit Policy in the ENERGA Capital Group
- 5) review of the risk register extract of the ENERGA Group,
- 6) review of the register of contracts concluded by ENERGA SA with costs attributed to them,
- 7) overview of the research strategy (relevant areas, methodologies applied, risks and audit dates), the principles of cooperation with the statutory auditor, including the issue of independence of the statutory auditor,
- 8) review and evaluation of the insurance policy,
- 9) the internal control system in the Company,
- 10) operating audit of the ENERGA Trading SFIO investment fund,
- 11) review of the Company documents, in particular:
 - a) the annual report on the activities of the Audit and Control Office in 2012,
 - b) the plan of audits and controls carried out in 2013 in the ENERGA Capital Group by the Audit and Control Office.

- c) The Risk Management Policy of the ENERGA Capital Group,
- d) The Accounting Policy of ENERGA SA,
- e) The Accounting Policy of the ENERGA Capital Group.

Depending on the scope of the matters discussed, the Audit Committee met with the representatives of the Company's auditor, members of the Management Board, as well as managers and key employees of the Company. The Committee is able to hold meetings with individual persons (including the statutory auditor, Head of the Audit and Control Office) without presence of the Management Board. In addition, the Audit Committee has access to the resources of the Company and may contact the employees.

Recommendations and other findings of the Audit Committee are implemented by the Company by the designated deadlines.

Report prepared on: 6 March 2014

Signatures of the Members of the Audit Committee:

CHAIRMAN	Mirosław Szreder	<i>{illegible signature}</i>
MEMBER	Iwona Zatorska-Pańtak	<i>{illegible signature}</i>
MEMBER	Marian Gawrylczyk	<i>{illegible signature}</i>