

Draft

**RESOLUTION NO. [●]
of the Extraordinary General Meeting of
“PGE Polska Grupa Energetyczna Spółka Akcyjna”
of 14 December 2016**

*concerning the principles of determining the amount of remuneration for
members of the Management Board.*

Acting pursuant to Article 2 clause 2 item 1, Article 4, Article 5, Article 6, Article 7 and Article 8 of the Act of 9 June 2016 *on the principles of determining the amount of remuneration for people managing certain companies* (Journal of Laws of 2016, item 1202), the Extraordinary General Meeting of the company “PGE Polska Grupa Energetyczna Spółka Akcyjna” with its registered office in Warsaw (“Company”) adopts as follows:

§ 1

1. With a member of the Management Board, the Company enters into an agreement for the provision of managerial services for the duration of appointment (“Agreement”). A member of the Management Board is obliged to provide such services in person.
2. The content of the Agreement is determined by the Supervisory Board pursuant to the conditions specified in the Act of 9 June 2016 *on the principles of determining the amount of remuneration for people managing certain companies* (“Act”) and pursuant to the provisions of this resolution.

§ 2

1. The total remuneration of a member of the Management Board consists of a fixed part constituting a basic monthly remuneration (Fixed Remuneration) and a variable part constituting a supplementary remuneration for the Company's financial year (Variable Remuneration).
2. The amount of the monthly Fixed Remuneration of members of the Management Board will be determined by the Supervisory Board, subject to the following conditions:
 - a) The Fixed Remuneration of the President of the Management Board will be determined within the range from to times the average remuneration in the business sector exclusive of profit-based bonuses in the fourth quarter of the previous year as announced by the President of the Chief Statistical Office,
 - b) The Fixed Remuneration of members of the Management Board will be determined within the range from to times the average remuneration in the business sector exclusive of profit-based bonuses in the fourth quarter of the previous year as announced by the President of the Chief Statistical Office,
3. The General Meeting authorises the Supervisory Board to determine the amounts of the Fixed Salary for the particular members of the Management Board in accordance with the provisions of clause 2.

§ 3

1. The Variable Remuneration depends on the degree to which Managerial Objectives have been achieved and may not exceed % of the Fixed Remuneration.

2. The General Meeting establishes the following general catalogue of Managerial Objectives:
 - a)
 - b)
 - c)
3. The General Meeting established the following additional Managerial Objectives to be accomplished by 30 June 2017:
 - a) implementing the principles of remunerating members of the management and supervisory bodies in all companies belonging to the Capital Group in accordance with the provisions of the Act,
 - b) determining the composition of the supervisory boards in all companies belonging to the Capital Group in such a manner that their members hold qualifications required of members of supervisory boards, such qualifications being confirmed by a positive result of the examination for candidates for members of supervisory boards referred to in Article 12 clause 2 of the Act of 30 August 1996 on the commercialisation and privatisation, or hold qualifications exempting them from the obligation to pass the examination and specified in § 5 items 2 and 3 of the Regulation of the Council of Ministers of 7 September 2004 on training courses and examinations for candidates for members of supervisory boards of companies in which the State Treasury is the sole shareholder, i.e. hold a doctoral degree in economic sciences or law, or are entered in the list of legal counsels, attorneys, expert auditors or investment advisers. An exemption from the obligation to hold the aforementioned qualification is allowed if the performance of the function of a member of a supervisory board in a company belonging to a capital group is connected with the discharge of duties of an employee of the parent company with respect to subsidiary or affiliated companies.
4. The General Meeting authorises the Supervisory Board to establish detailed Managerial Objectives, their respective weights, as well as objective and measurable criteria of their accomplishment and settlement (KPI - key performance indicators), subject to the following conditions:
 - a) a given member of the Management Board is entitled to the Variable Remuneration after the approval of the Management Board's report on the Company's activities and the Company's financial statements for the previous financial year and after the acknowledgement of their discharge of duties by the General Meeting,
 - b) the payment of a part of the Variable Remuneration may be delayed for up to 36 months depending on the fulfilment of conditions, by a specified deadline, in accordance with the established Managerial Objectives; then such a part of the Variable Remuneration may be paid in full or in part at the end of the settlement period,
 - c) the Variable Remuneration is calculated on a pro rata basis; the proportion will depend on the number of days on which members of the Management Board are to provide their services in a given financial year.
 - d) the Management Board ascertains the fulfilment of the conditions of the Variable Remuneration by particular members of the Management Board for whom Managerial Objectives have been established for a given financial years and who have performed their functions in the year under assessment, determining the due amount on the basis of financial statements verified by expert auditors as well as other documents, depending on established Objectives.
5. The expiry of the mandate after the end of the financial year assessed with respect to the accomplishment of Managerial Objectives does not result in the loss of the right to receive the Variable Remuneration under the conditions specified in items 1-4 above. The expiry

of the mandate during the course of the financial year does not result in the loss of the right to receive a part of the Variable Remuneration under the conditions specified in items 1-4 provided that the duration of performing a function in the financial year was longer than months.

§ 4

1. The Agreement obliges members of the Management Board to notify the Company of any intention to perform functions in the governing bodies of any other commercial company or to acquire shares in such a company; the Agreement may provide for a prohibition against performing functions in the governing body of any other commercial company or it may impose other restrictions concerning additional activities of members of the Management Board.
2. A member of the Management Board may not receive remuneration for performing the function of a member of a governing body in companies subsidiary to the Company within the capital group within the meaning of Article 4 item 14 of the Competition and Consumer Protection Act of 16 February 2007.
3. The General Meeting authorises the Supervisory Board to determine prohibitions and restrictions referred to in items 1 and 2 above, relevant reporting obligations as well as sanctions for any improper fulfilment of such obligations.

§ 5

1. In the Agreement, the Supervisory Board will determine the scope of principles of providing a member of the Management Board with technical equipment and resources constituting the Company's assets and necessary for the performance of the function; the Supervisory Board may also determine limits or a manner of determining limits concerning costs incurred by the Company in connection with providing a member of the Management Board with such equipment and resources as well as a member's using such equipment and resources for business purposes.

§ 6

1. In the event of the expiry of the mandate, in particular in consequence of a member's death, dismissal or resignation, the Agreement will terminate on the last day of a member's performing the function without any necessity of additional activities.
2. Either Party has the right to terminate the Agreement with immediate effect in the event of the other Party's material breach of the provisions of the Agreement.
3. The Company has the right to terminate the Agreement for reasons other than those specified in clause 2 with a maximum notice period of 3 (three) months subject to the condition that if during the notice period there occurs an event referred to and clause 1 and resulting in the termination of the Agreement caused by the discontinuation in the performance of the function, the Agreement will be terminated pursuant to clause 1.
4. If the Agreement is terminated by notice or otherwise by the Company for reasons other than those specified in clause 2, a member of the Management Board may be granted a severance pay in the amount not higher than 3 (three) times the Fixed Remuneration provided such a member has performed the function for a period of at least 12 (twelve) months before the termination of the Agreement.
5. A member of the Management Board is not entitled to the severance pay referred to in clause 4 if:
 - a) the Agreement is terminated by notice or otherwise, or amended in consequence of a change in the function performed by a member in the Management Board,

- b) the Agreement is terminated by notice or otherwise, or amended in consequence of appointing a member for another term of office of the Management Board,
- c) a member is appointed as a member of the management board in a company belonging to the Capital Group,
- d) a member resigns from their function.

§ 7

1. The Supervisory Board and a member of the Management Board may enter into a non-competition agreement binding and effective after the discontinuation in the performance of the function; such a non-competition agreement may be entered into only if a member of the Management Board has performed their function for a period of at least 3 (three) months.
2. Entering into a non-competition agreement after the termination of the agreement for the provision of managerial services is unacceptable.
3. The period of the prohibition against competition may not exceed 6 (six) months from the discontinuation of the performance of the function of a member of the Management Board.
4. Should a member of the Management Board fail to perform, or improperly perform, a non-competition agreement, such a member will be obliged to pay the Company a contractual penalty in the amount not lower than the amount of compensation due for the whole non-competition period.
5. In a non-competition agreement, the Supervisory Board is obliged to determine at least activities competitive to those of the Company, the amount of compensation for complying with the prohibition against competition, the deadline for the payment of such compensation, information provision obligations of a member of the Management Board as well as cases in which the prohibition against competition becomes ineffective. The Supervisory Board may determine the Company's right to withdraw from a non-competition agreement or the Parties' rights to terminate a non-competition agreement.

§ 8

The resolution becomes effective as at the day of its adoption.

The total number of valid votes cast: [●]

The number of votes cast for the resolution: [●]

The number of votes cast against the resolution: [●]

The number of abstaining votes: [●]

The resolution has been adopted in an open ballot.

Draft

**RESOLUTION NO. [●]
of the Extraordinary General Meeting of
“PGE Polska Grupa Energetyczna Spółka Akcyjna”
of 14 December 2016**

*concerning the principles of determining the amount of remuneration for
members of the Supervisory Board.*

Acting pursuant to Article 2 clause 2 item 1, Article 10 of the Act of 9 June 2016 *on the principles of determining the amount of remuneration for people managing certain companies* (Journal of Laws of 2016, item 1202), the Extraordinary General Meeting of the company “PGE Polska Grupa Energetyczna Spółka Akcyjna” with its registered office in Warsaw (“Company”) adopts as follows:

§ 1

1. The General Meeting determines the monthly remuneration for members of the Supervisory Board as a product of the average remuneration in the business sector exclusive of profit-based bonuses in the fourth quarter of the previous year as announced by the President of the Chief Statistical Office and the following factor:
 - a) for the Chairperson of the Supervisory Board –
 - b) For the Vice Chairperson of the Supervisory Board and the Secretary of the Supervisory Board –
 - c) for the other members of the Supervisory Board –
2. Members of the Supervisory Board are entitled to the remuneration referred to in clause 1 irrespective of the number of convened meetings of the Supervisory Board.
3. A member of the Supervisory Board is not entitled to the remuneration for a month in which a member has not been present at any correctly convened meeting and such absences have not been justified. The Supervisory Board decides whether a particular absence of a member of the Supervisory Board has been justified or unjustified by way of a resolution.

§ 2

The resolution becomes effective as at the day of its adoption.

The total number of valid votes cast: [●]

The number of votes cast for the resolution: [●]

The number of votes cast against the resolution: [●]

The number of abstaining votes: [●]

The resolution has been adopted in an open ballot.