

Current report 3/2018_EBI

Subject: Incidental breach of Code of Best Practice for WSE Listed Companies 2016

Acting pursuant to Section 29.3 of the Warsaw Stock Exchange Rules, with reference to content of the EBI report 2/2018 published on 13th March 2018, regarding information on adoption in Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. ("Company") of the corporate governance principle II.Z.3. contained in Best Practices for GPW Listed Companies 2016, the Management Board of the Company informs, that incidental breach of the above-mentioned principle has occurred.

The incidental breach of the principle resulted from the resignation of Mr. Krzysztof Skóra from the post of member of the Issuer's Supervisory Board as from April 9th, 2018., Mr. Krzysztof Skóra was one of the two members of the Company's Supervisory Board, meeting the requirements of independence defined in principle II.Z.3.

To the knowledge of the Management Board of the Company, the Company's Supervisory Board - upon receipt the letter of the resignation - at the meeting held on 9th April 2018, has paid attention to the fact the Audit Committee is incomplete in the light of the Act dated 11th May 2018 on certified auditors, audit firms and public supervision.

In the view of the Company's Supervisory Board in its composition there are no persons that could complete the Audit Committee (it means that in the Company's Supervisory Board there are no persons that have the competences required in accordance with the above mentioned Act and are independent also). Therefore, the Management Board of the Company and the Company's Supervisory Board shall give the Company's General Meeting the recommendation to initiate measures aimed at ending observed breaches.

In the opinion of the Management Board of the Company, this issue should be take into account at the Company's General Meeting convened on 23rd April 2018 which agenda includes the adoption of the resolution on changes in the composition of the Company's Supervisory Board.