



ZESPÓŁ ELEKTROCIĘPŁOWNI WROCŁAWSKICH

**KOGENERACJA SA**

# **COMPANY'S ARTICLES OF ASSOCIATION**

## **Consolidated text**

***Amendments adopted on 3 June 2020 by the Ordinary General Meeting  
(Notarial Register Rep. A No. 1748/2020 – Resolution No. 10/2020)***

***The consolidated text as adopted under the Supervisory Board's Resolution  
No. 37/793/2020 of 9 June 2020.***

## I. GENERAL PROVISIONS

### § 1

#### **Company's Business Name and Seat**

1. The Company shall operate *as a Polish joint-stock company* under the business name of *Zespół Elektrociepłowni Wrocławskich KOGENERACJA Spółka Akcyjna*.
2. The Company may use the abbreviated business name of KOGENERACJA S.A. and its distinctive logo.
3. Wrocław, Poland, shall be the Company's seat.

### § 2

#### **Establishment of the Company, PGE Group of Companies**

1. The Company was established as a result of transformation of a former state-owned enterprise, Zespół Elektrociepłowni Wrocław.
2. PGE Polska Grupa Energetyczna S.A. and the companies for which PGE is the parent company (*spółka dominująca*) within the meaning of Article 4 § 1(4) of the Polish Commercial Companies Code, including companies that are members of the PGE Group in accordance with the PGE Group Code, are hereinafter jointly referred to as the "Group Companies".

### § 3

#### **Area of Operation**

1. The Company may operate in Poland and abroad.
2. In the area of its operation, the Company may open or close branches and representative offices, establish or join other companies.

### § 4

#### **Objects of the Company's Business**

The objects of the Company's business comprise:

- 1) Mining of hard coal (PKD 05.10.Z);
- 2) Manufacture of lime and plaster (PKD 23.52.Z);
- 3) Manufacture of metal structures and parts of structures (PKD 25.11.Z);
- 4) Treatment and coating of metals (PKD 25.61.Z);
- 5) Machining of metal elements (PKD 25.62.Z);
- 6) Repair and maintenance of fabricated metal products (PKD 33.11.Z);
- 7) Repair and maintenance of machinery (PKD 33.12.Z);
- 8) Repair and maintenance of electronic and optical equipment (PKD 33.13.Z);
- 9) Repair and maintenance of electrical equipment (PKD 33.14.Z);
- 10) Repair and maintenance of other transport equipment (PKD 33.17.Z);
- 11) Installation of industrial machinery and equipment (PKD 33.20.Z);
- 12) Production of electricity (PKD 35.11.Z);
- 13) Transmission of electricity (PKD 35.12.Z);
- 14) Distribution of electricity (PKD 35.13.Z);
- 15) Trade of electricity (PKD 35.14.Z);

- 16) Generation and supply of steam, hot water, and air for air condition systems (PKD 35.30.Z);
- 17) Water collection, treatment, and supply (PKD 36.00.Z);
- 18) Collection and treatment of sewage (PKD 37.00.Z);
- 19) Collection of hazardous waste (PKD 38.12.Z);
- 20) Treatment and disposal of non-hazardous waste (PKD 38.21.Z);
- 21) Dismantling of wrecks (PKD 38.31.Z);
- 22) Recovery of sorted materials (PKD 38.32.Z);
- 23) Development of building projects (PKD 41.10.Z);
- 24) Construction of residential and non-residential buildings (PKD 41.20.Z);
- 25) Construction of railways and underground railways (PKD 42.12.Z);
- 26) Construction of bridges and tunnels (PKD 42.13.Z);
- 27) Construction of distribution pipelines and distribution networks (PKD 42.21.Z);
- 28) Construction of telecommunication and power lines (PKD 42.22.Z);
- 29) Construction of other civil engineering projects n.e.c. (PKD 42.99.Z);
- 30) Demolition (PKD 43.11.Z);
- 31) Site preparation (PKD 43.12.Z);
- 32) Electrical installation (PKD 43.21.Z);
- 33) Plumbing, heat, gas, and air-conditioning installation (PKD 43.22.Z);
- 34) Other construction installation (PKD 43.29.Z);
- 35) Other specialised construction activities n.e.c. (PKD 43.99.Z);
- 36) Maintenance and repair of motor vehicles, excluding motorcycles (PKD 45.20.Z);
- 37) Agents specialised in the sale of other particular products (PKD 46.18.Z);
- 38) Agents involved in the sale of a variety of goods (PKD 46.19.Z);
- 39) Wholesale of fuels and related products (PKD 46.71.Z);
- 40) Wholesale of hardware, plumbing, and heating equipment and supplies (PKD 46.74.Z);
- 41) Wholesale of waste and scrap (PKD 46.77.Z);
- 42) Non-specialised wholesale trade (PKD 46.90.Z);
- 43) Retail sale in non-specialised stores with food, beverages, or tobacco predominating (PKD 47.11.Z);
- 44) Other retail sale not in stores, stalls, or markets (PKD 47.99.Z);
- 45) Freight rail transport (PKD 49.20.Z);
- 46) Other passenger land transport n.e.c. (PKD 49.39.Z);
- 47) Freight transport by road (PKD 49.41.Z);
- 48) Transport of gaseous fuels via pipeline (PKD 49.50.A);
- 49) Transport services via pipeline of other goods (PKD 49.50.B);
- 50) Warehousing and storage of other goods (PKD 52.10.B);
- 51) Cargo handling in other cargo handling places (PKD 52.24.C);
- 52) Hotels and similar accommodation (PKD 55.10.Z);

- 53) Holiday and other short-stay accommodation (PKD 55.20.Z);
- 54) Other accommodation (PKD 55.90.Z);
- 55) Other food service activities (PKD 56.29.Z);
- 56) Publishing of journals and periodicals (PKD 58.14.Z);
- 57) Wired telecommunications activities (PKD 61.10.Z);
- 58) Wireless telecommunications activities, excluding satellite telecommunications activities (PKD 61.20.Z);
- 59) Other telecommunications activities (PKD 61.90.Z);
- 60) Computer programming activities (PKD 62.01.Z);
- 61) Information technology consultancy activities (PKD 62.02.Z);
- 62) Computer facilities management activities (PKD 62.03.Z);
- 63) Other information technology and computer service activities (PKD 62.09.Z);
- 64) Data processing, hosting, and related activities (PKD 63.11.Z);
- 65) Activities of holding companies (PKD 64.20.Z);
- 66) Financial leasing (PKD 64.91.Z);
- 67) Other credit granting (PKD 64.92.Z);
- 68) Other financial service activities n.e.c., excluding insurance and pension funds (PKD 64.99.Z);
- 69) Security and commodity contracts brokerage (PKD 66.12.Z);
- 70) Other activities auxiliary to financial services, excluding insurance and pension funds (PKD 66.19.Z);
- 71) Renting and operating of own or leased real property (PKD 68.20.Z);
- 72) Management of real property on a fee or contract basis (PKD 68.32.Z);
- 73) Accounting, bookkeeping, and auditing activities; tax consultancy (PKD 69.20.Z);
- 74) Activities of head offices and holding companies, excluding financial holding companies (PKD 70.10.Z);
- 75) Public relations and communication activities (PKD 70.21.Z);
- 76) Other business and management consultancy activities (PKD 70.22.Z);
- 77) Architectural activities (PKD 71.11.Z);
- 78) Engineering activities and related technical consultancy (PKD 71.12.Z);
- 79) Other technical testing and analysis (PKD 71.20.B);
- 80) Research and experimental development on other natural sciences and engineering (PKD 72.19.Z);
- 81) Research and experimental development on social sciences and humanities (PKD 72.20.Z);
- 82) Market research and public opinion polling (PKD 73.20.Z);
- 83) Other professional, scientific, and technical activities n.e.c. (PKD 74.90.Z);
- 84) Renting and leasing of cars and light motor vehicles (PKD 77.11.Z);
- 85) Renting and leasing of other motor vehicles, excluding motorcycles (PKD 77.12.Z);

- 86) Renting and leasing of construction machinery and equipment (PKD 77.32.Z);
- 87) Renting and leasing of office machinery and equipment (including computers) (PKD 77.33.Z);
- 88) Renting and leasing of other machinery, equipment, and tangible goods n.e.c. (PKD 77.39.Z);
- 89) Activities of employment placement agencies (PKD 78.10.Z);
- 90) Other human resources provision (PKD 78.30.Z);
- 91) Combined facilities support activities (PKD 81.10.Z);
- 92) Combined office administrative service activities (PKD 82.11.Z);
- 93) Photocopying, document preparation, and other specialised office support activities (PKD 82.19.Z);
- 94) Organisation of conventions and trade shows (PKD 82.30.Z);
- 95) Other business support service activities n.e.c. (PKD 82.99.Z);
- 96) Sports and recreation education (PKD 85.51.Z);
- 97) Cultural education (PKD 85.52.Z);
- 98) Other education n.e.c. (PKD 85.59.B);
- 99) Educational support activities (PKD 85.60.Z);
- 100) Archives activities (PKD 91.01.B);
- 101) Other service activities n.e.c. (PKD 96.09.Z).

## **II. SHARE CAPITAL AND SHARES**

### **§ 5**

#### **Share Capital Amount**

- 1. The Company's share capital amounts to PLN 74,500,000 (say: seventy-four million five hundred thousand zlotys).
- 2. The Company's share capital is divided into 14,900,000 (say: fourteen million nine hundred thousand) bearer shares of the nominal value of PLN 5.00 (say: five zlotys) each, including:
  - 1. A Series bearer shares numbered from A 000 000 001 to A 010 900 000;
  - 2. B Series bearer shares numbered from B 000 000 001 to B 004 000 000.
- 3. The Company's shares are bearer shares.

### **§ 6**

#### **Redemption of Shares**

The shares may be redeemed in the manner and under the conditions set forth in a resolution of the General Meeting. A resolution of the General Meeting shall require a three-fourths majority of votes.

### III. COMPANY'S CORPORATE BODIES

#### § 7

##### Company's Corporate Bodies

The Company's corporate bodies comprise:

- 1) Management Board;
- 2) Supervisory Board;
- 3) General Meeting.

#### A. MANAGEMENT BOARD

#### § 8

##### Management Board's Composition and Term of Office

1. The Company's Management Board shall be comprised of from two (2) to six (6) Members, including the President of the Management Board and the Vice-President, appointed and dismissed by the Supervisory Board. The Supervisory Board shall appoint Members of the Management Board after conducting a selection procedure, the purpose of which is to verify and assess the qualifications of nominees and to select the best nominee for a Member of the Management Board.
2. Members of the Management Board serves a three-year term of office.
3. The term of office of a Member of the Management Board shall end on the date of approval by the General Meeting of the financial statements for the last full financial year in which such Member of the Management Board was in office.
4. A person who meets collectively all of the following conditions may serve as a Member of the Management Board:
  - a) holds a university degree or a university degree obtained abroad and recognised in the Republic of Poland under separate regulations;
  - b) has been employed for at least five (5) years under a contract of employment, appointment, election, nomination, cooperative contract of employment, or for provision of services under another contract, or as a sole trader (self-employed);
  - c) has at least three (3) years of experience in managerial or independent positions, or as a sole trader (self-employed);
  - d) meets the requirements set forth under separate regulations other than as listed above, including without limitation is not in violation of restrictions or prohibitions on serving as a member of a management body of commercial companies.
5. A person who meets at least one of the following conditions may not serve as a Member of the Management Board:
  - a) is a voluntary assistant or is employed in a parliamentary, senatorial, parliamentary-senatorial office, or in an office of a Member of the European Parliament under a contract of employment or a contract of mandate (*umowa zlecenie*) or any other similar contract;
  - b) is a member of a body of a political party that represents such political party before third parties and is authorised to make commitments;

- c) is employed by a political party on under a contract of employment or a contract of mandate or any other similar contract;
  - d) is an elected member of a trade union of a company or of a trade union of the group's company;
  - e) their voluntary activities or employment gives rise to a conflict of interest with the Company's business.
6. When initiating the selection procedure for a Member of the Management Board, the Supervisory Board shall determine by resolution the detailed rules and procedures for the process, including without limitation: the function to be performed by the nominee, the date and place of receiving applications, the date and place of the interview, the scope of issues to be discussed during the interview, requirements and procedure for the assessment of the nominee.

#### § 9

##### **Management Board Procedures**

1. Resolutions of the Management Board shall be adopted by a simple majority of votes (subject to other provisions of the Articles of Association and the Polish Commercial Companies Code), provided that at least one half of the Members of the Management Board attend the meeting and that all the Members of the Management Board have been invited to participate in the meeting.
2. The detailed Management Board's procedures are set forth under the Management Board's Rules of Procedure (*Regulamin Zarządu*). Such Rules of Procedure are adopted by the Management Board and approved by the Supervisory Board.

#### § 10

##### **Representation of the Company**

Two Members of the Management Board acting jointly or one Member of the Management Board acting jointly with a commercial representative (*prokurent*) are authorised to make statements and sign documents on behalf of the Company.

#### § 11

##### **Agreements with Members of the Management Board**

Any agreements with the President, Vice-President, and the other Members of the Company's Management Board shall be entered into on behalf of the Company by the Chairman of the Supervisory Board or a Member of the Supervisory Board acting under an authorisation granted in a resolution of the Supervisory Board and in compliance with the terms thereof. The same procedure shall apply to other legal transactions between the Company and a Member of the Management Board.

#### § 12

##### **Powers of the Management Board**

1. General obligations:
  - 1) The Management Board shall manage the Company's affairs and represent the Company.
  - 2) All the matters related to the management of the Company's affairs that have not been assigned to the General Meeting or the Supervisory Board fall within the remit of the Management Board.

2. All matters that exceed the ordinary course of the Company's business shall require a resolution of the Management Board. These matters including without limitation:
  - 1) Adoption of rules of procedure regulating the organisation of the Company's activities.
  - 2) Adoption of the Company's strategic plan and development areas, adoption of the Company's budget and plans (profit and loss account and balance sheet, cash flow plan, annual production plan, investment plan, maintenance plan, authorisation/risk management policy), as well as risk maps, risk tables, and internal audit reports.
  - 3) Sale and purchase of real property, perpetual usufruct, or share in real property.
  - 4) Disposal of fixed assets exceeding PLN 2,000,000 (two million zlotys) in value.
  - 5) Taking out credit facilities and loans, granting loans, guarantees, and sureties, issuing promissory notes, issuing bonds, and commercial paper.
  - 6) Purchase or sale of commercial paper of Group Companies for an amount exceeding each time PLN 40,000,000 (forty million zlotys).
  - 7) Purchase or redemption of investment fund units exceeding each time PLN 40,000,000 (forty million zlotys) in value.
  - 8) Purchase or sale of commercial paper or bonds of other issuers.
  - 9) Granting consent to the conclusion of forward foreign exchange (FX forward) transactions exceeding each time PLN 10,000,000 (ten million zlotys) in value, except for forward foreign exchange (FX forward) transactions hedging CO<sub>2</sub> allowance purchase/sale transactions entered into within the Group Companies.
  - 10) Making commitments and entering into agreements for disposal, sale or purchase of electricity, heat, fuel, and transport of fuel, CO<sub>2</sub>, CER, and certificates of origin exceeding PLN 30,000,000 (thirty million zlotys) in value, with the exception of transactions with the Group Companies.
  - 11) Conducting one or more of other related transactions exceeding PLN 4,000,000 (four million zlotys) in value or performing other activities resulting in the Company incurring financial liabilities exceeding PLN 4,000,000 (four million zlotys) in value, with the exception of:
    - a) opening and closing of bank deposit accounts; and
    - b) sale or purchase of treasury bills and bonds.
  - 12) Making a donation on behalf of the Company.
  - 13) Acquisition of and/or subscription for any rights, shares, and/or other units in any kind of entities (including without limitation companies or partnerships).
  - 14) Performing the activities referred to in these Articles of Association that require prior consent of the Supervisory Board or the General Meeting.
3. Obligations with regard to the annual financial statements:
  - 1) The Company's Management Board shall:
    - a) prepare the financial statements together with the Management Board's report on the Company's operations for the relevant financial year within three (3) months from the balance sheet date;
    - b) commission an audit of the financial statements by an auditor designated by the Supervisory Board;



- c) submit the documents referred to under a) above, together with the auditor's opinion and report, and a proposal for distribution of profits or coverage of losses, to the Supervisory Board for evaluation.
  - 2) The documents referred to above and the Supervisory Board's report on the evaluation thereof shall be submitted by the Management Board to the Ordinary General Meeting for approval.
4. Reporting obligations of the Management Board:
  - 1) The Management Board shall inform the Supervisory Board in writing of any material transaction not provided for in the budget approved by the Company's Supervisory Board that may have a significant impact on the Company's profitability or liquidity. Such information shall be provided to the Supervisory Board sufficiently in advance to enable it to opine on the transaction before it is made.
  - 2) The Management Board shall inform the Supervisory Board in writing of the appointment of nominees to the corporate bodies of companies, including the Company's subsidiaries, providing that such appointments are in compliance with the applicable rules/policies.
  - 3) The Management Board shall ensure that the managing bodies of the Company's subsidiaries have the same reporting obligations towards their supervisory bodies (Supervisory Board or General Meeting) as the Management Board has towards the Company's Supervisory Board, as provided for under 1 above.
  - 4) The Company's Management Board shall prepare annually a report on entertainment expenses and on expenditures on legal services, marketing services, public relations and social communication services, and management consulting services, as well as a report on the application of good practices (*dobre praktyki*) referred to in the Act on Principles of Management of State Property of 16 December 2016 and shall submit said reports to the Ordinary General Meeting together with the opinion of the Supervisory Board.
5. Other powers and obligations of the Management Board requiring a resolution of the Management Board:
  - 1) Appointment of commercial representatives (*prokurenci*).
  - 2) Determining the procedure for exercising voting rights at the general meetings/meetings of shareholders of companies in which the Company is a shareholder.
  - 3) Granting consent to the appointment of nominees to the corporate bodies of subsidiaries of the companies, if the Company is authorised to do so.
  - 4) Any matters in relation to which the Management Board refers to the General Meeting or the Supervisory Board.
  - 5) Ensuring that the Company's subsidiaries are subject to and apply the same corporate governance procedures as those applied by the Company, including without limitation ensuring that the process of managing the subsidiaries complies with the regulations laid down under the Articles of Association/Rules of Procedure of such companies.
  - 6) The Management Board is authorised to pay to the shareholders interim dividend at the end of the financial year if the Company has sufficient funds to make such payment. Payment of interim dividend requires the consent of the Supervisory Board.

6. Matters that do not require a resolution of the Management Board:
  - 1) Without prejudice to the matters requiring a resolution of the Management Board pursuant to these Articles of Association or applicable laws, any Member of the Management Board may, without a prior resolution of the Management Board, manage the affairs of the Company.
  - 2) However, if—before the matter referred to under 1) above is dealt with—at least one of the other Members of the Management Board objects to handling thereof, a prior resolution of the Management Board shall be required.
7. Meetings of the Management Board: Meetings of the Management Board may be conducted using direct communication technology in a manner that enables all the attending Members to communicate with one another, including without limitation by way of video conferencing. The procedures for conducting such meetings shall be laid down under the Management Board's Rules of Procedure.

**B. SUPERVISORY BOARD**

**§ 13**

**Composition of the Supervisory Board**

1. The Supervisory Board shall be comprised of from five (5) to nine (9) Members. The rules of appointing and dismissing Members of the Supervisory Board are as follows:
  - a) the General Meeting shall appoint from four (4) to seven (7) Members of the Supervisory Board;
  - b) the Company's employees, on the basis of a written notification addressed by the Election Committee to the Company, shall appoint and dismiss one (1) Member of the Supervisory Board;
  - c) the State Treasury, represented by the Minister of State Assets, shall have the right to appoint and dismiss one (1) Member of the Supervisory Board by submitting a written statement to the Company;
  - d) the General Meeting may dismiss Members of the Supervisory Board, except for the Member appointed under the procedure of c) above.
2. Members of the Supervisory Board serves a three-year term of office.
3. The Supervisory Board shall adopt the election rules specifying the detailed procedure for the election and dismissal of the Member of the Supervisory Board by the Company's employees.
4. The election referred to under 1(b) above shall be direct election conducted by secret ballot, subject to the principle of universality. The election shall be conducted by the Election Committee appointed by the Supervisory Board from amongst the Company's employees employed in the relevant branch/plant. Neither a candidate for a Member of the Supervisory Board nor a former Member of the Supervisory Board elected by the employees may sit on the Election Committee.
5. The Supervisory Board shall make an announcement of the election of the Member of the Supervisory Board appointed by the Company's employees for the next term of office not later than two (2) months from the end of the last financial year in which such Supervisory Board's Member holds office. In the event of dismissal, death, or resignation of the Member of the

Supervisory Board appointed by the employees, the re-election shall be held. The Supervisory Board shall announce the re-election within one (1) month from the date of becoming aware of the circumstances providing the grounds for holding the re-election. The re-election shall be held within one (1) month from the announcement thereof by the Supervisory Board. However, any resolutions adopted by the Supervisory Board before the vacancy on the Supervisory Board with regard to the Member appointed by the employees is filled in are valid.

6. A person who meets the following conditions may serve as a Member of the Supervisory Board:
- 1) holds a university degree or a university degree obtained abroad and recognised in the Republic of Poland under separate regulations, has been employed for at least five (5) years under a contract of employment, appointment, election, nomination, cooperative contract of employment, or for provision of services under another contract, or as a sole trader (self-employed), as well as meeting at least one of the following requirements:
    - a) holds a doctoral degree in economics, law, or engineering;
    - b) holds a professional title of a legal advisor (*radca prawny*), advocate, auditor, tax adviser, investment adviser, or restructuring adviser;
    - c) is a graduate of the Master of Business Administration (MBA) post-graduate course of studies;
    - d) holds the Chartered Financial Analyst (CFA) qualification;
    - e) holds the Certified International Investment Analyst (CIIA) qualification;
    - f) holds the Association of Chartered Certified Accountants (ACCA) qualification;
    - g) holds the Certified in Financial Forensics (CFF) qualification;
    - h) holds a certificate that confirms having passed the examination before a board appointed by the Minister for Ownership Transformations, the Minister of Industry and Trade, the Minister of State Treasury, or a Selection Board appointed pursuant to Article 15.2 of the Act on National Investment Funds and Privatisation Thereof of 30 April 1993 (Journal of Laws item 202, as amended<sup>7)</sup>);
    - i) holds a certificate that confirms having passed the examination before a board appointed by the minister with jurisdiction over the State Treasury pursuant to Article 12.2 of the Act on Commercialisation and Privatisation of 30 August 1996 (Journal of Laws of 2018, item 2170, and of 2019, item 492);
    - j) has passed an examination for candidates for members of supervisory bodies before an examination board appointed by the Prime Minister;
  - 2) is not in an employment relationship with the Company and does not perform work or provide services to the Company under any other legal relationship;
  - 3) does not hold shares in a subsidiary, except for shares admitted to trading in a regulated market (*rynek regulowany*) as defined in the Act on Trading in Financial Instruments of 29 July 2005;
  - 4) is not in an employment relationship with a subsidiary and does not perform work or provide services to a subsidiary under any other legal relationship;
  - 5) does not perform any activities that would be in conflict with his or her duties as a Member of the Supervisory Board or that could give rise to a suspicion of partiality or self-interest or that could give rise to a conflict of interest with the Company's business;

- 6) meets the requirements for a Member of the Supervisory Board set forth under separate regulations other than as listed in 1)-5) above.
7. The restrictions referred to under 6.4) above do not apply to membership of the supervisory bodies.
8. A person who meets at least one of the following conditions may not serve as a Member of the Supervisory Board:
  - 1) is a voluntary assistant or is employed in a parliamentary, senatorial, parliamentary-senatorial office, or in an office of a Member of the European Parliament under a contract of employment or a contract of mandate (*umowa zlecenie*) or any other similar contract;
  - 2) is a member of a body of a political party that represents such political party before third parties and is authorised to make commitments;
  - 3) is employed by a political party on under a contract of employment or a contract of mandate or any other similar contract;
9. A candidate for a Member of the Supervisory Board shall hold a positive opinion of the Council for companies in which the State Treasury holds an interest and state legal persons referred to in the Act on Principles of Management of State Property of 16 December 2016 and meet the requirements set forth under 6 and 8 above.
10. The requirement to hold a positive opinion of the Council for companies in which the State Treasury holds an interest and state legal persons referred to in article 24.1 of the Act on Principles of Management of State Property of 16 December 2016, the requirement to meet the conditions set forth under 6 above, and the prohibition on being in an employment relationship referred to under 6.2) and 4) above does not apply to the nominees appointed to the supervisory body by the employees.
11. The Supervisory Board may operate committees of the Supervisory Board, established by resolution of the General Meeting or under the Supervisory Board's Rules of Procedure.
12. The body or entity entitled to appoint and dismiss Members of the Supervisory Board shall immediately take actions aimed at dismissing a Member of the Supervisory Board who does not meet the requirements referred to under 9 above, except for the Members of the Supervisory Board appointed by the Company's employees.

#### **§ 14**

##### **Positions of Members of the Supervisory Board**

1. The Supervisory Board shall appoint and dismiss the Chairman of the Supervisory Board from amongst the Members thereof by secret ballot.
2. The Supervisory Board shall appoint and dismiss the Vice-Chairman from amongst the Members thereof by secret ballot. Under the same procedure, the Supervisory Board may appoint and dismiss the Secretary.
3. Meetings of the Supervisory Board shall be convened and chaired by the Chairman of the Supervisory Board, and if the Chairman is unable to convene the meeting, the meeting shall be convened by the Vice-Chairman or by a person designated by the Chairman.

## § 15

### Meetings of the Supervisory Board

1. The Supervisory Board shall meet at least three (3) times during each financial year.
2. The Chairman of the Supervisory Board shall convene a meeting of the Supervisory Board upon a written request of a Member of the Supervisory Board or the Company's Management Board, such request to include the proposed agenda. The Chairman of the Supervisory Board shall convene the meeting within two weeks of receiving the request.
3. Meetings of the Supervisory Board may be conducted using direct communication technology in a manner that enables all the attendees to communicate with one another, including without limitation by way of video conferencing. The provision of the third sentence of § 16.3 shall apply accordingly. The procedures for conducting meetings using direct communication technology shall be laid down under the Supervisory Board's Rules of Procedure.

## § 16

### Resolutions of the Supervisory Board

1. The Supervisory Board shall adopt resolutions by a simple majority of votes, provided that at least one half of the Members of the Supervisory Board attend the meeting, and all the Members thereof have been invited. In the case of equal number of votes, the Chairman of the Supervisory Board shall have the casting vote.
2. The Members of the Supervisory Board may participate in adopting resolutions of the Supervisory Board by casting their votes in writing through another Member of the Supervisory Board, providing that voting in writing shall not apply to:
  - a) matters placed on the agenda at the meeting of the Supervisory Board;
  - b) appointment and dismissal of the Chairman, Vice-Chairman, and Secretary;
  - c) suspension from official duties of the Chairman and Vice-Chairman of the Supervisory Board; or
  - d) appointment, dismissal, or suspension of a Member of the Management Board.
3. The Supervisory Board may adopt resolutions in writing or by email, or using direct communication technology, including without by way of video conferencing. A resolution shall be valid if all the Members of the Supervisory Board have been notified of the content of the draft resolution. This procedure for adopting resolutions shall not apply in the case of election of the Chairman, Vice-Chairman, and Secretary of the Supervisory Board, or suspension of such persons from official duties, or in the case of appointment, dismissal, or suspension of a Member of the Management Board.
4. The Supervisory Board shall adopt the Rules of Procedure defining organisation and procedures thereof.

## § 17

### Powers of the Supervisory Board

1. Principal obligations: ongoing supervision over all the areas of the Company's business.

2. Obligations with regard to the annual financial statements:
  - 1) Evaluation of the Management Board's reports on the Company's operations and the Management Board's requests for the distribution of profits or coverage of losses submitted to the General Meeting.
  - 2) Assessment of compliance of the financial statements with both the books and documents, as well as the facts.
  - 3) Submitting to the General Meeting a written report on the results of the evaluations and assessments referred to under 1) and 2) above.
  - 4) Appointment of an auditor to audit the financial statements.
  - 5) Adoption of the Company's budget.
  - 6) Adoption of the Company's strategic plan and development areas.
3. Obligations with regard to the Management Board and Members of the Management Board:
  - 1) Appointment and dismissal of the Members of the Management Board.
  - 2) Suspension of a Member or all the Members of the Management Board from their official duties for important reasons by secret ballot.
  - 3) Delegating a Member or Members of the Supervisory Board to act on a temporary basis as a Member of the Company's Management Board if a Member or all the Members of the Management Board are dismissed or suspended or if the Members of the Management Board are unable to perform their duties for any other reason.
  - 4) Approval of the Rules of Procedure of the Management Board and opining on the organisational regulations governing the organisation of the Company.
  - 5) Setting the amount of remuneration for Members of the Management Board under the terms set forth by the General Meeting, and entering into and terminating management agreements with Members of the Management Board, as well as representing the Company in agreements with Members of the Management Board and in disputes with them.
  - 6) Granting consent, at the request of the Management Board, to the Members of the Management Board sitting on the governing bodies of companies in which the Company is a shareholder and receiving remuneration therefor.
4. The following issues related to the management of the Company's affairs shall require the consent of the Supervisory Board in the form of a resolution, to be granted at the request of the Management Board:
  - 1) Sale and purchase of real property, perpetual usufruct, or share in real property for an amount exceeding PLN 1,000,000 (one million zlotys).
  - 2) Disposal of fixed assets exceeding PLN 20,000,000 (twenty million zlotys) in contractual value.
  - 3) Taking out credit facilities and loans, granting loans, guarantees, and sureties, issuing promissory notes, issuing bonds, and commercial paper, exceeding each time PLN 40,000,000 (forty million zlotys) in value, also in the event that the amount of the Company's liability arising from one or all such transactions with a single entity exceeds PLN 40,000,000 (forty million zlotys) in value.

- 4) Approving implementation of development projects generating new fixed assets exceeding PLN 10,000,000 (ten million zlotys) in value.
- 5) Purchase or sale of commercial paper and bonds exceeding each time PLN 40,000,000 (forty million zlotys) in contractual value, and if the amount of the Company's liability arising from one or all such transactions with a single entity exceeds PLN 40,000,000 (forty million zlotys) in value.
- 6) Granting consent to entering into forward foreign exchange transactions (FX forward) exceeding each time PLN 20,000,000 (twenty million zlotys) in contractual value, as well as in the event when the amount of the Company's liability arising from one or all such transactions exceeds PLN 80,000,000 (eighty million zlotys), except for forward foreign exchange transactions (FX forward) hedging CO<sub>2</sub> allowance purchase/sale transactions entered into within the Group Companies.
- 7) Making commitments and entering into agreements for disposal, sale, or purchase of electricity, heat, fuel, and transport of fuel, CO<sub>2</sub>, CER, and certificates of origin exceeding PLN 50,000,000 (fifty million zlotys) in value, with the exception of transactions with the Group Companies.
- 8) Conducting one or more of other related transactions exceeding PLN 20,000,000 (twenty million zlotys) in value and performing other activities resulting in the Company incurring financial liabilities exceeding PLN 20,000,000 (twenty million zlotys) in value, requiring a resolution of the Management Board, with the exception of:
  - a) purchase or sale of commercial paper of Group Companies;
  - b) purchase or redemption of investment fund units.
- 9) Acquisition of and/or subscription for any rights, shares, and/or other units in any kind of entities (including without limitation in companies and partnerships).
- 10) Entering into an agreement for provision of legal services, marketing services, public relations and social communication services, and management consulting services, if the fee agreed for provision of the services exceeds annually, in aggregate under such agreement or other agreements concluded with the same entity, PLN 500,000 exclusive of VAT.
- 11) Amending an agreement for provision of legal services, marketing services, public relations and social communication services, and management consulting services in a way that increases the fee over the cap referred to under 10) above.
- 12) Entering into an agreement for provision of legal services, marketing services, public relations and social communication services, and management consulting services that provide no cap on the fee amount.
- 13) Entering into donation agreements or other agreements with a similar effect exceeding PLN 20,000 (twenty thousand zlotys) in value or 0.1% of the total assets (*suma aktywów*) within the meaning of the Act on Accounting of 29 September 1994, determined on the basis of the most recently approved separate financial statements.

- 14) Entering into debt release agreements or other agreements with a similar effect exceeding PLN 50,000 (fifty thousand zlotys) in value or 0.1% of the total assets (*suma aktywów*) within the meaning of the Act on Accounting of 29 September 1994, determined on the basis of the most recently approved separate financial statements.
5. Additional obligations related to managing the Company's affairs and representing the Company:
    - 1) At the request of the Management Board, granting consent to the establishment or winding up other companies and partnerships or foreign branches of the Company.
    - 2) Authorising the Company, at the request of the Management Board, to institute court or arbitration proceedings or to enter into a settlement, provided that such proceedings and settlements relate to matters involving the aggregate value of claims in excess of PLN 2,000,000 (two million zlotys).
    - 3) Granting consent, at the request of the Management Board, for the Company to purchase or sell shares in companies, and specifying the terms and conditions and procedures for such transactions.
    - 4) Granting consent, at the request of the Management Board, for the Management Board to effect payment of interim dividend.
    - 5) Granting consent, at the request of the Management Board, to exercise voting rights attached to shares or other rights in the relevant entity vested in the Company, including without limitation at meetings of shareholders/general meetings of shareholders of other companies, if it involves disposing of a right or entering into a commitment for the relevant company to provide services exceeding PLN 20,000,000 (twenty million zlotys) in value and in the case of development investments generating new fixed assets exceeding PLN 10,000,000 (ten million zlotys) in value.
    - 6) Granting consent, at the request of the Management Board, to enter into a social agreement/to adopt a social plan and other regulations formulating a social policy and providing for the Company's obligations exceeding PLN 20,000,000 (twenty million zlotys) in value.
  6. Other obligations of the Supervisory Board:
    - 1) Opining on all the requests of the Management Board submitted to the General Meeting.
    - 2) Adoption, by way of resolution, of the consolidated text of the Company's Articles of Association drawn up by the Management Board for the Company's internal purposes.
    - 3) Granting consent, at the request of the Management Board, to adopt the audit plan, risk maps and risk tables. In justified cases, the Supervisory Board is authorised to appoint an expert to audit certain aspects of the Company's operations.
    - 4) Granting consent, at the request of the Management Board, to appoint commercial representatives (*prokurent*) and/or grant powers of attorney for management of the Company's business or part thereof.
    - 5) Opining on the Management Board's report on entertainment expenses and on expenditures on legal services, marketing services, public relations and social



communication services, and management consulting services, as well as a report on the application of good practices (*dobre praktyki*) referred to in the Act on Principles of Management of State Property of 16 December 2016.

7. Obligations of the Members of the Supervisory Board
  - 1) Members of the Supervisory Board shall exercise their rights and perform their duties in person, subject to the provisions of the Articles of Association and applicable laws.
  - 2) A Member of the Supervisory Board may not be employed by the Company or provide work or services to the Company on any other legal basis. The prohibition on employment at the Company does not apply to a Member of the Supervisory Board elected by the Company's employees.
  - 3) A member of the Supervisory Board may not take any actions that would be in conflict with his or her duties or that could give rise to a suspicion of partiality or self-interest. Such actions are deemed to include taking an elected position at a trade union organisation.

## C. GENERAL MEETING

### § 18

#### General Meeting

1. The General Meeting can be held as an ordinary or extraordinary meeting.
2. Ordinary General Meetings shall be convened by the Company's Management Board to in a manner that enables examination and approval, within six (6) months from the end of the relevant financial year, of the Management Board's report on the Company's operations and of the financial statements for the previous financial year, and adoption of resolutions on the distribution of profit or coverage of loss, and acknowledgement of satisfactory fulfilment of duties by Members of the Company's corporate bodies.
3. Extraordinary General Meetings shall be convened by the Company's Management Board:
  - a) on its own initiative;
  - b) at the request of shareholders representing at least one-twentieth of the share capital.
4. The Supervisory Board shall convene the General Meeting:
  - a) if the Company's Management Board has not convened the Ordinary General Meeting within the prescribed period of time;
  - b) if the Supervisory Board deems it advisable to convene an Extraordinary General Meeting.

### § 19

#### Agenda for the General Meeting

1. The General Meeting may only adopt resolutions in matters included in the agenda, subject to the provisions of Article 404 § 2 of the Polish Commercial Companies Code.

2. The agenda shall be drawn up by the body convening the General Meeting.
3. Shareholders representing at least one-twentieth of the share capital may request that matters proposed by them be included in the agenda for the next General Meeting. The request shall be submitted to the Management Board not later than twenty-one (21) days prior to the agreed date of the General Meeting.

## **§ 20**

### **Venue of the General Meeting**

The General Meeting shall be held either at the Company's seat or in Warsaw, Poland.

## **§ 21**

### **Opening of the General Meeting**

The General Meeting shall be opened by the Chairman of the Supervisory Board or a person designated by him or her; the persons entitled to attend the General Meeting elect from amongst themselves the Chairman of the General Meeting.

## **22**

### **Quorum and Majority of Votes**

1. The General Meeting shall be valid regardless of the number of shares represented at it unless the applicable laws or these Articles of Association provide otherwise.
2. The General Meeting shall adopt resolutions by an absolute majority of votes unless the applicable laws or these Articles of Association provide otherwise.

## **§ 23**

### **Voting**

The voting shall be open. A secret ballot shall be held in the case of elections, requests to dismiss Members of the Company's bodies or the Company's liquidators, or requests to hold them liable, as well as in other personnel matters. A secret ballot shall also be held at the request of at least one of the attendees entitled to vote.

## **§ 24**

### **Powers of the General Meeting**

1. The following matters shall require a resolution of the General Meeting:
  - 1) Approval of the Management Board's report on the Company's operations and the financial statements as at the end of the Company's financial year, as well as acknowledgement of satisfactory fulfilment of duties by Members of the Company's corporate bodies.
  - 2) Distribution of profit or coverage of loss.
  - 3) Changing the Company's objects of business.
  - 4) Amendments to the Articles of Association.

- 5) Increasing or reducing the share capital.
  - 6) Procedure and terms and conditions of share redemption.
  - 7) Merger, division, or transformation of the Company.
  - 8) Dissolution and liquidation of the Company.
  - 9) Issuance of convertible and senior bonds.
  - 10) Sale or lease of the enterprise or an organised part thereof and establishment of a limited property right on them.
  - 11) All decisions involving claims for redress of damage caused on the establishment of the Company or in the exercise of management or supervision.
  - 12) Establishment or release of the Company's capital funds.
  - 13) Granting consent to acquire or dispose of the ownership of real property or a share in the ownership of real property or the right of perpetual usufruct of land where the value of the liability exceeds the PLN equivalent of EUR 5,000,000.00 or 5% of the total assets (*suma aktywów*) within the meaning of the Act on Accounting of 29 September 1994, determined on the basis of the most recently approved separate financial statements.
  - 14) Formulating the remuneration policy for members of the Company's management and supervisory body.
  - 15) Establishment of another company or partnership by the Company.
2. The rights and obligations referred to in 1 above, with the exception of 11) and 14), and in 4 below shall be exercised and performed by the General Meeting based on a request of the Company's Management Board submitted together with a written opinion of the Supervisory Board or based on a request of the shareholders, opined on by the Company's Management Board and the Supervisory Board. The absence of the opinion of the Company's Management Board and/or the Supervisory Board does not affect the validity of resolutions of the General Meeting.
3. The Company's objects of business may be changed without an obligation to redeem shares subject to the provisions of Article 416 of the Polish Commercial Companies Code.
4. The consent of the General Meeting shall also be required for:
- 1) disposal of fixed assets, subject to the provisions of 3) and 5) below, within the meaning of the Act on Accounting of 29 September 1994 (Journal of Laws of 2016, items 1047 and 2255), classified as intangible assets, tangible fixed assets, or long-term investments, including contribution to a company or cooperative, if the market value of such assets exceeds 5% of the total assets (*suma aktywów*) within the meaning of the Act on Accounting of 29 September 1994, determined on the basis of the most recent approved separate financial statements, and lending such assets for use to another entity for a period of more than 180 days in a calendar year, as part of a legal transaction, if the market value of the subject of such legal transaction exceeds 5% of the total assets, providing that in the case of lending for use under the terms of:
    - a) lease, rental, and other agreements for lending an asset for use for consideration to other entities, the market value of the subject of such legal transaction is understood as the value of payments:
      - over a period of one year, if the asset has been lent for use under agreements entered into for an indefinite term;

- throughout the term of the agreement, in the case of fixed-term agreements;
- b) agreements for lending for use and other gratuitous agreements for lending an asset for use to other entities, the market value of the subject of such legal transaction is understood as the equivalent of payments that would be due in the event of entering into a lease or rental agreement:
  - over a period of one year, if the asset has been lent for use under an agreement entered into for an indefinite term;
  - throughout the term of the agreement, in the case of fixed-term agreements;
- 2) subject to the provisions of 4) below, the acquisition of fixed assets (*składniki aktywów trwałych*) within the meaning of the Act on Accounting of 29 September 1994, the value of which exceeds each time:
  - a) PLN 10,000,000 (ten million zlotys); or
  - b) 5% of the total assets (*suma aktywów*) within the meaning of the Act on Accounting of 29 September 1994, determined on the basis of the most recently approved separate financial statements;
- 3) subject to the provisions of 5) below, disposal of fixed assets (*składniki aktywów trwałych*) within the meaning of the Act on Accounting of 29 September 1994, the value of which exceeds each time:
  - a) PLN 10,000,000 (ten million zlotys); or
  - b) 5% of the total assets (*suma aktywów*) within the meaning of the Act on Accounting of 29 September 1994, determined on the basis of the most recently approved separate financial statements;
- 4) acquisition or purchase of shares in another company, the value of which exceeds:
  - a) PLN 15,000,000 (fifteen million zlotys); or
  - b) 10% of the total assets (*suma aktywów*) within the meaning of the Act on Accounting of 29 September 1994, determined on the basis of the most recently approved separate financial statements;
- 5) disposal of shares in another company, the market value of which exceeds:
  - a) PLN 15,000,000 (fifteen million zlotys); or
  - b) 10% of the total assets (*suma aktywów*) within the meaning of the Act on Accounting of 29 September 1994, determined on the basis of the most recently approved separate financial statements.
- 5. In the event of conflict between the provisions on caps triggering the requirement to obtain the consent of the Supervisory Board or the General Meeting for the relevant transaction, the stricter provisions shall apply. If granting consent is the responsibility of both the Company's Supervisory Board and the Company's General Meeting, the consent of both bodies is required for the relevant transaction.

#### IV. MANAGING THE COMPANY

##### § 25

##### Financial Year of the Company

The Company's financial year shall coincide with the calendar year.

##### § 26

##### Company's Capital Funds

1. The Company shall establish the following capital funds:
  - a) share capital;
  - b) supplementary capital;
  - c) revaluation reserve;
  - d) other reserve capital funds.
2. The Company may establish and release other capital funds at the beginning and during the financial year by resolution of the General Meeting.
3. Disposal by the Company of fixed assets (*składniki aktywów trwałych*) within the meaning of the Act on Accounting of 29 September 1994, the market value of which exceeds 0.1% of the total assets, determined on the basis of the most recently approved separate financial statements, shall follow the tender or auction procedure unless the market value of the asset being disposed of does not exceed PLN 20,000 (say: twenty thousand zlotys).
4. The Company may dispose of fixed assets without a tender or auction procedure when:
  - 1) the agreement provides for shares or other financial fixed assets or licences, patents, or other industrial property rights or know-how, providing that the terms and conditions and the procedure for disposal other than public tender or auction is set forth in a resolution of the Supervisory Board;
  - 2) the disposal takes place in the course of liquidation proceedings on terms and conditions set forth in a resolution of the General Meeting, subject to separate regulations;
  - 3) the disposal involves residential premises owned by the Company, and the sale is made at a price not lower than 50% of the market value thereof, to the tenant or a close relative (*osoba bliska*) permanently residing with the tenant, within the meaning of Article 4(13) of the Act on Management of Real Property of 21 August 1997; the price is set taking into account that the premises being disposed of are occupied; the value of any improvements made by the tenant is counted towards the price of the premises;
  - 4) in other justified cases at the request of the Management Board, at the price and on terms and conditions set forth in a resolution of the Supervisory Board;
  - 5) the disposal is made to PGE Polska Grupa Energetyczna S.A. and companies for which PGE Polska Grupa Energetyczna S.A. is the parent company (*przedsiębiorca dominujący*) within the meaning of Article 4(3) of the Act on Protection of Competition and Consumers of 16 February 2007;
  - 6) CO<sub>2</sub> allowances and their equivalents are being disposed of.

5. The procedure for disposal of fixed assets shall be as follows:
- 1) an announcement of the tender or auction is posted on the Company's website, in a visible and publicly accessible place at the Company's seat, and at other venues that are customary for posting notices;
  - 2) the tender or auction shall not take place earlier than 14 days after the date of the announcement of the tender or auction;
  - 3) the following shall not take part in the tender or auction as tenderers:
    - a) Members of the Management Board and Supervisory Board;
    - b) the economic entity conducting the tender or auction and Members of its Management Board and Supervisory Board;
    - c) individuals appointed to carry out activities with respect to the tender or auction procedure;
    - d) spouse, children, parents, and siblings of the individuals referred to in a)–c) above;
    - e) individuals whose legal or factual relationship with the entity conducting the tender or auction is such that it may give rise to reasonable doubts as to the impartiality of the entity conducting the tender or auction;
  - 4) taking part in the tender or auction is conditional upon payment of the tender security of at least 5% of the initial price of the fixed asset being disposed of. The Regulations referred to in 8) below may provide for a higher tender security amount;
  - 5) before commencing the tender or auction, the Company shall set the starting price, which shall not be lower than the market value determined by appraisers; if such amount cannot be established, the price shall not be lower than the net book value;
  - 6) the Company may waive the valuation of the fixed asset being disposed of by an appraiser if:
    - a) the cost of its valuation would be evidently higher than the market value;
    - b) the fixed asset has a fixed market price;
  - 7) the tender shall be conducted as:
    - a) oral auction;
    - b) written tender;
  - 8) the Company shall draw up Regulations laying down the procedure for the tender or auction, as well as the content of the announcement, the format, and the terms and conditions of the tender or auction;
  - 9) the organiser of the tender or auction shall have the right to close the tender or auction without choosing any of the bids, without giving reasons;
  - 10) the contract shall be awarded to the participant of the tender or auction who has offered the highest price.

**§ 27**

**Distribution of Profit**

1. The decision on the distribution of net profit disclosed in the Company's financial statements shall be made by resolution of the General Meeting.
2. The General Meeting shall allocate part of the profit to the supplementary capital in accordance with the provisions of Article 396 § 1 of the Polish Commercial Companies Code.
3. The General Meeting may allocate part of the profit to:
  - a) other capital funds or for other purposes as may be specified by resolution of the General Meeting;
  - b) dividend.
4. The dividend record date and the dividend payment date shall be set by the Ordinary General Meeting of in a resolution on allocation of the annual profit for distribution among the shareholders. The dividend record day may be set within three (3) months from the date of adoption of the resolution on the distribution of the annual profit among the shareholders.

**V. FINAL PROVISIONS**

**§ 28**

**Company's Announcements**

1. The General Meeting of a public company is convened by an announcement made on the company's website and in the manner prescribed for the disclosure of day-to-day information in accordance with the regulations on public offering and the conditions for introducing financial instruments to an organised trading system and on public companies.
  2. The announcement shall be made at least twenty-six (26) days prior to the date of the General Meeting.
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