



ZESPÓŁ ELEKTROCIĘPŁOWNI WROCŁAWSKICH

KOGENERACJA SA

REPORT

ON THE OPERATIONS OF THE SUPERVISORY BOARD

AS THE COMPANY'S GOVERNING BODY

IN 2020

Wrocław, 20 May 2021

REPORT

**submitted by the Supervisory Board
of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A.**

Chairperson: Adam Lewandowski

Vice Chairperson: Radosław Woszczyk

Secretary: Roman Nowak

Members: Jacek Grzywacz

Hanna Mazurkiewicz

Radosław Pობol

Piotr Szczepiórkowski

1. Information on the term of office of the Supervisory Board and on the following year of activity

Pursuant to §13, section 1 of the Articles of Association, the Board shall consist of five to nine Members. As of 26 May 2014, in accordance with §13, section 4, of the Articles of Association, the Members of the Supervisory Board are appointed for a 3-year term of office. However, due to the amended wording of the Company's Articles of Association, resulting in the lack of a joint term, the terms of office of subsequent Members of the Board run individually.

On 9 June 2020, effective immediately, Maciej Jankiewicz resigned as Member of the Supervisory Board and Chairperson of the Audit Committee of KOGENERACJA S.A.

On 31 August 2020, effective immediately, Jakub Frejlich resigned as Member and Chairperson of the Supervisory Board of KOGENERACJA S.A. and Chairperson of the Audit Committee.

On 22 October 2020, Extraordinary General Meeting of KOGENERACJA S.A. appointed Mr. Jacek Grzywacz and Mr. Adam Lewandowski to the Company's Supervisory Board.

The Ordinary General Meeting of Shareholders held on 3 June 2020 granted a vote of acceptance to all Members of the Supervisory Board for discharging their duties in 2019.

2. Composition of the Supervisory Board, Audit Committee, and Remuneration Committee; functions held by their Members and changes to the composition in the financial year 2020

Composition of the Supervisory Board

In the period from 1 January 2020 to 21 February 2020, the Supervisory Board was composed of the following seven members:

Chairperson:	Jakub Frejlich
Vice Chairperson:	Radosław Woszczyk
Secretary:	Roman Nowak
Members:	Maciej Jankiewicz
	Hanna Mazurkiewicz
	Radosław Pobol
	Piotr Szczepiórkowski

On 21 February 2020, Supervisory Board seconded Radosław Woszczyk to temporarily perform the duties of the Member of the Management Board of the Company.

In the period from 21 February 2020 to 26 May 2020, Supervisory Board was composed of the following members:

Chairperson:	Jakub Frejlich
Vice Chairperson:	-----
Secretary:	Roman Nowak
Members:	Maciej Jankiewicz

Hanna Mazurkiewicz
Radosław Pobol
Piotr Szczepiórkowski
Radosław Woszczyk – Vice-Chairperson of the Supervisory Board seconded to temporarily perform the duties of the Member of the Management Board of the Company

As of 27 May 2020, Supervisory Board seconded Roman Nowak to temporarily perform the duties of the Member of the Management Board of the Company.

In the period from 27 May 2020 to 2 June 2020, Supervisory Board was composed of the following members:

Chairperson: Jakub Frejlich
Vice Chairperson: -----
Secretary: -----
Members: Maciej Jankiewicz
Hanna Mazurkiewicz
Radosław Pobol
Piotr Szczepiórkowski
Radosław Woszczyk - Vice-Chairperson of the Supervisory Board seconded to temporarily perform the duties of the Member of the Management Board of the Company
Roman Nowak - Secretary of the Supervisory Board seconded to temporarily perform the duties of the Member of the Management Board of the Company

On 2 June 2020, the resignations of Radosław Woszczyk and Roman Nowak from their positions as Members of the Company's Management Board were received, with effect from 2 June 2020, ending the secondment of Radosław Woszczyk and Roman Nowak to temporarily perform the duties of Members of the Company's Management Board.

In the period from 3 June 2020 to 8 June 2020, Supervisory Board was composed of the following seven members:

Chairperson: Jakub Frejlich
Vice Chairperson: Radosław Woszczyk
Secretary: Roman Nowak
Members: Maciej Jankiewicz
Hanna Mazurkiewicz
Radosław Pobol
Piotr Szczepiórkowski

On 8 June 2020, a written statement was received from Maciej Jankiewicz on his resignation from the position of Member of the Supervisory Board with immediate effect. Resignation from the position of the Member of Supervisory Board of KOGENERACJA S.A. was tantamount with the resignation from the position of the Chairman of Audit Committee.

In the period from 8 June 2020 to 31 August 2020, the Supervisory Board was composed of the following six members:

Chairperson: Jakub Frejlich
Vice Chairperson: Radosław Woszczyk
Secretary: Roman Nowak

Members: Hanna Mazurkiewicz
Radosław Pobol
Piotr Szczepiórkowski

On 31 August 2020, a written statement of Jakub Frejlich concerning his resignation from the position of the Supervisory Board Member with immediate effect was received. Resignation from the position of the Supervisory Board Member of KOGENERACJA S.A. was tantamount with the resignation from the position of the Supervisory Board Chairperson and from the position of the Remuneration Committee Chairperson.

In the period from 31 August 2020 to 22 October 2020, Supervisory Board was composed of the following five members:

Chairperson: -----
Vice Chairperson: Radosław Woszczyk
Secretary: Roman Nowak
Members: Hanna Mazurkiewicz
Radosław Pobol
Piotr Szczepiórkowski

On 22 October 2020, Extraordinary General Meeting of KOGENERACJA S.A. appointed Mr. Jacek Grzywacz and Mr. Adam Lewandowski to the Company's Supervisory Board.

In the period from 22 October 2020 to 3 November 2020, Supervisory Board was composed of the following seven members:

Chairperson: -----
Vice Chairperson: Radosław Woszczyk
Secretary: Roman Nowak
Members: Jacek Grzywacz
Adam Lewandowski
Hanna Mazurkiewicz
Radosław Pobol
Piotr Szczepiórkowski

On 3 November 2020, at its meeting, the Supervisory Board appointed Adam Lewandowski as Chairperson of the Board and until 31 December 2020, the Board was composed of the following seven members:

Chairperson: Adam Lewandowski
Vice Chairperson: Radosław Woszczyk
Secretary: Roman Nowak
Members: Jacek Grzywacz
Hanna Mazurkiewicz
Radosław Pobol
Piotr Szczepiórkowski

Composition of the Audit Committee

In the period between 1 January 2020 and 21 February 2020, Audit Committee was composed of the following three members:

Chairperson: Maciej Jankiewicz (independence criteria fulfilled)
Members: Piotr Szczepiórkowski (independence criteria fulfilled)
Radosław Woszczyk

On 21 February 2020, the Supervisory Board seconded Radosław Woszczyk to temporarily perform the duties of the Member of the Management Board of the Company.

On the same day, in connection with the above-mentioned secondment of Radosław Woszczyk, Supervisory Board appointed Hanna Mazurkiewicz to the Audit Committee.

In the period between 21 February 2020 and 2 June 2020, the Audit Committee was composed of the following Members:

Chairperson: Maciej Jankiewicz (independence criteria fulfilled)
Members: Hanna Mazurkiewicz (independence criteria fulfilled)
Piotr Szczepiórkowski (independence criteria fulfilled)
Radosław Woszczyk - Member of the Audit Committee seconded to temporarily perform the duties of the Member of the Management Board of the Company

On 2 June 2020, the resignation of Radosław Woszczyk from his position as Member of the Company's Management Board was received, with effect from 2 June 2020, ending the secondment of Radosław Woszczyk to temporarily perform the duties of Member of the Company's Management Board.

In the period between 3 June 2020 and 8 June 2020, Audit Committee was composed of the following four members:

Chairperson: Maciej Jankiewicz (independence criteria fulfilled)
Members: Hanna Mazurkiewicz (independence criteria fulfilled)
Piotr Szczepiórkowski (independence criteria fulfilled)
Radosław Woszczyk

On 8 June 2020, a written statement was received from Maciej Jankiewicz on his resignation from the position of Member of the Supervisory Board with immediate effect. Resignation from the position of the Member of Supervisory Board of KOGENERACJA S.A. was tantamount with the resignation from the position of the Chairman of Audit Committee.

In the period between 8 June 2020 and 5 August 2020, Audit Committee was composed of the following three members:

Chairperson: -----
Members: Hanna Mazurkiewicz (independence criteria fulfilled)
Piotr Szczepiórkowski (independence criteria fulfilled)
Radosław Woszczyk

On 5 August 2020, Supervisory Board appointed Radosław Pobol to the Audit Committee from among its members and entrusted him with the function of the Chairperson.

In the period between 5 August 2020 and 31 December 2020, Audit Committee was composed of the following four members:

Chairperson: Radosław Pobol (independence criteria fulfilled)
Members: Hanna Mazurkiewicz (independence criteria fulfilled)
Piotr Szczepiórkowski (independence criteria fulfilled)
Radosław Woszczyk

The members of the Audit Committee have knowledge and skills in accounting and in the industry in which the Company operates. By submitting the relevant statements, the members of the Audit Committee confirm the scope of their competence and the criterion of independence.

Composition of the Remuneration Committee

In the period between 1 January 2020 and 21 February 2020, Remuneration Committee was composed of the following four members:

Chairperson: Jakub Frejlich
Members: Radosław Woszczyk
Radosław Pobol
Roman Nowak, acting as a minutes-keeper

On 21 February 2020, the Supervisory Board seconded Radosław Woszczyk to temporarily perform the duties of the Member of the Management Board of the Company.

In the period between 21 February 2020 and 26 May 2020, the Remuneration Committee was composed of the following Members:

Chairperson: Jakub Frejlich
Members: Radosław Pobol
Roman Nowak, acting as a minutes-keeper
Radosław Woszczyk - Member of the Remuneration Committee seconded to temporarily perform the duties of the Member of the Management Board of the Company

As of 27 May 2020, Supervisory Board seconded Roman Nowak to temporarily perform the duties of the Member of the Management Board of the Company.

In the period between 27 May 2020 and 2 June 2020, Remuneration Committee was composed of the following Members:

Chairperson: Jakub Frejlich
Members: Radosław Pobol
Radosław Woszczyk - Member of the Remuneration Committee seconded to temporarily perform the duties of the Member of the Management Board of the Company
Roman Nowak - Member of the Remuneration Committee seconded to temporarily perform the duties of the Member of the Management Board of the Company

On 2 June 2020, the resignations of Radosław Woszczyk and Roman Nowak from their positions as Members of the Company's Management Board were received, with effect from 2 June 2020, ending the secondment of Radosław Woszczyk and Roman Nowak to temporarily perform the duties of Members of the Company's Management Board.

In the period between 3 June 2020 and 31 August 2020, Remuneration Committee was composed of the following four members:

Chairperson: Jakub Frejlich
Members: Radosław Woszczyk
 Radosław Pobol
 Roman Nowak, acting as a minutes-keeper

On 31 August 2020, a written statement of Jakub Frejlich concerning his resignation from the position of the Supervisory Board Member with immediate effect was received. Resignation from the position of the Supervisory Board Member of KOGENERACJA S.A. was tantamount with the resignation from the position of the Supervisory Board Chairperson and from the position of the Remuneration Committee Chairperson.

In the period between 31 August 2020 and 22 September 2020, Remuneration Committee was composed of the following three Members:

Chairperson: -----
Members: Radosław Woszczyk
 Radosław Pobol
 Roman Nowak, acting as a minutes-keeper

On 22 September 2020, at its meeting, Supervisory Board appointed Radosław Woszczyk as the Chairperson of the Remuneration Committee and until 31 December 2020, the Remuneration Committee was composed of the following three members:

Chairperson: Radosław Woszczyk
Members: Radosław Pobol
 Roman Nowak, acting as a minutes-keeper

3. Information on the meetings of the Supervisory Board, Audit Committee, and Remuneration Committee and on absences from the meetings of the Supervisory Board in the financial year 2020

Information on the meetings of the Supervisory Board

In 2020, six meetings of the Supervisory Board were held as follows:

- 1) 9 March 2020
- 2) 2 June 2020 (videoconference)
- 3) 22 September 2020
- 4) 6 October 2020
- 5) 03 November 2020 (videoconference)
- 6) 15 December 2020 (videoconference)

Three meetings of the Company's Supervisory Board on 2 June, 3 November, and 15 December 2020 were held via skype videoconference and using other electronic means of remote communication, as permitted by the Act of 16 April 2020 on special support instruments in connection with the spread of the SARS-CoV-2 virus (Dz. U. [Journal of Laws] of 2020, item 695), amending the Polish Code of Commercial Partnerships and Companies as of 18 April 2020

Thirty-six Supervisory Board votes by circulation were also conducted, on fourteen dates, using means of distance communication (electronic e-mail):

- | | | |
|-----|------------------|-------------------------|
| 1) | 23 January 2020 | (two voting sessions) |
| 2) | 21 February 2020 | (one voting session) |
| 3) | 21 February 2020 | (one voting session) |
| 4) | 18 March 2020 | (one voting session) |
| 5) | 4 May 2020 | (seven voting sessions) |
| 6) | 21 May 2020 | (six voting sessions) |
| 7) | 22 May 2020 | (one voting session) |
| 8) | 26 May 2020 | (two voting sessions) |
| 9) | 2 June 2020 | (one voting session) |
| 10) | 9 June 2020 | (six voting sessions) |
| 11) | 19 June 2020 | (three voting sessions) |
| 12) | 05 August 2020 | (one voting session) |
| 13) | 7 August 2020 | (three voting sessions) |
| 14) | 24 November 2020 | (one voting session) |

Information on the meetings of the Audit Committee

In 2020, eight meetings of the Audit Committee were held as follows:

- | | | |
|----|-------------------|------------------|
| 1) | 5 March 2020 | (teleconference) |
| 2) | 9 March 2020 | |
| 3) | 7 May 2020 | (teleconference) |
| 4) | 6 August 2020 | (teleconference) |
| 5) | 22 September 2020 | |
| 6) | 6 October 2020 | |
| 7) | 6 November 2020 | (teleconference) |
| 8) | 10 December 2020 | (teleconference) |

Information on the meetings of the Remuneration Committee

In 2020, three meetings of the Remuneration Committee were held as follows:

- | | | |
|----|----------------|-------------------|
| 1) | 29 April 2020 | (videoconference) |
| 2) | 1 June 2020 | (teleconference) |
| 3) | 5 October 2020 | (teleconference) |

(Excused) absences at the meetings of the Supervisory Board in 2020:

In 2020, all Members of the Supervisory Board of KOGENERACJA S.A. participated in all meetings.

4. Information on meeting the independence criteria by Members of the Supervisory Board

All members of the Supervisory Board provided the information on whether they meet the independence criteria or not (statements).

In accordance with the written statements submitted by the Supervisory Board members, the persons meeting the independence criteria in 2020, pursuant to Article 129, section 3 of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision (Dz. U. [Journal of Laws] item 1089), are the following: the Chairperson of the Audit Committee Maciej Jankiewicz (from 1 January to 8 June 2020), the Chairperson of the Audit Committee, and a Member of the Remuneration Committee Radosław Pobol, including the Members of the Audit Committee, i.e. Hanna Mazurkiewicz, Piotr Szczepiórkowski, and Jacek Grzywacz (from 22 October to 31 December 2020).

At the same time, they meet the independence criteria, in accordance with the recommendation of the European Commission (hereinafter: Annexe II) 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).

The independence criteria defined in the above documents are referred to by Best Practices for GPW Listed Companies 2016.

The Supervisory Board did not find any relationships or circumstances which might affect the compliance with the independence criteria by the above-mentioned members of the Supervisory Board.

The other Members of the Company's Supervisory Board, i.e. Jakub Frejlich (from 1 January to 31 August 2020), Adam Lewandowski (from 22 October to 31 December 2020), and Radosław Woszczyk represent the controlling shareholders of KOGENERACJA S.A. Roman Nowak is a representative in the Supervisory Board appointed by the employees pursuant to §13, section 1, item b) of the Articles of Association.

Résumés of all present Members of the Supervisory Board along with the information on meeting the independence criteria are available on the corporate website.

5. Information on the substantive operations of the Supervisory Board in 2020

The most important problems and issues discussed at the meetings in 2020 included the following:

- 1) Occupational Health and Safety in the Company
- 2) Reports on the current performance of the Company
- 3) Information on major events in the Company

- 4) Heat market and ongoing cooperation with energy suppliers, including relations with heat distributor Fortum S.A.
- 5) Progress of the "New Czechnica" project
- 6) Current cooperation with PPO Siechnice Sp. z o.o.
- 7) Current cooperation with OT Logistics S.A.
- 8) Financial plan of the Company for 2020
- 9) Audit plan of the Company for 2020
- 10) Approval of the adoption of the 2020 Risk Map
- 11) Adoption of the Risk Book and the Risk Profile for Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. in the perspective of 2021
- 12) Information about the agenda and resolutions of the General Meeting of the Company's Shareholders
- 13) Approval of the report on the activities of the Supervisory Board as the company's governing body in the financial year 2019
- 14) Approval of the report on review of KOGENERACJA S.A. documents, i.e.:
 - of the Financial Statements for the Financial Year 2019
 - of the Consolidated Financial Statements for the Financial Year 2019
 - Management Board's report on the operations of the Company and the Group for the Financial Year 2019
 - of the Management Board's Motion on the Distribution of Profit for the Financial Year 2019
- 15) Opinion on the motion of the Management Board regarding the distribution of profit generated by KOGENERACJA S.A. in the financial year 2019
- 16) Opinion on the Report on representation expenses, expenses on legal services, marketing services, public relations and social communication services, services related to the management of KOGENERACJA S.A. for 2019.
- 17) Opinion on the draft Remuneration Policy for the Members of the Management Board and the Supervisory Board
- 18) Opinion on the implementation of a new asset maintenance management model in KOGENERACJA S.A. as of 1 July 2020
- 19) Adoption of the Procedure for periodical assessment of transactions concluded by the Supervisory Board with related parties on an arm's length basis in the ordinary course of business
- 20) Granting consent to the conclusion of SLAs, including on-going legal support and covering legal support for the New Czechnica Project
- 21) Temporary additions to the composition of the Management Board – secondments from the Supervisory Board
- 22) Conducting full procedure to find a person for a vacancy – appointing Management Board Members, including President and Vice-President of the Company
- 23) Setting the remuneration for the President, Vice Presidents and Members of the Management Board of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A.
- 24) Granting consent to the Vice President of the Management Board of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. to serve in the Management Board of a subsidiary
- 25) Granting consent for a Member of the Management Board to sit on the Supervisory Board of a third party
- 26) Granting consent for the President of the Company to act as President of the Management Board of the Foundation
- 27) Granting consent for the Vice President of the Management Board to sit on the Foundation Board

- 28) Granting consent to the appointment of the Company's registered holders of a general commercial power of attorney
- 29) Convening the Extraordinary General Meeting of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A.
- 30) Opinion on a Shareholder's motion to amend the Company's Articles of Association and draft resolutions of the Extraordinary General Meeting
- 31) Changes and additions to the composition of the following: the Supervisory Board, Audit Committee, and Remuneration Committee, including:
 - election of the Chairperson of the Supervisory Board
 - appointment of the Chairperson of the Audit Committee
 - appointment of the Chairperson of the Remuneration Committee
- 32) Settlement of the Management Board's KPI targets for 2019
- 33) Objectives of the Company's Management Board for 2020
- 34) Consent to the adoption of the consolidated text of the Company's Articles of Association
- 35) Information on financial support and approval for the Company to enter into donation agreements in 2020
- 36) Amendment to the Regulations of the Supervisory Board of KOGENERACJA S.A.
- 37) Amendment to the Regulations of the Management Board of KOGENERACJA S.A.
- 38) Amendment to the Organisational Regulations of KOGENERACJA S.A.
- 39) Granting consent to the performance of additional services by the existing auditor Deloitte for 2020 and 2021 in respect of the evaluation of the Supervisory Board report on remuneration within the scope of information referred to in sections 1–5 and 8 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies
- 40) Granting consent to the purchase of up to 100% of shares in Elektrociepłownia "Zielona Góra" S.A. by way of squeeze-out of minority shareholders and giving consent to the merger of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. with Elektrociepłownia "Zielona Góra" S.A. by way of takeover of the sole shareholder company
- 41) Granting consent to the conclusion of an agreement with the Contractor Balcke-Dürr Polska Sp. z o.o. with its registered office at ul. Augustówka 24, 02-981 Warsaw, for the "Modernisation of electrostatic precipitators in the PGE EC Group in order to adapt dust emission to the requirements of the BAT Conclusions" within the scope of KOGENERACJA S.A.
- 42) Granting consent for the conclusion of Annex No. 4 to the Agreement No. 112/CRUS/DT/2014 for the "Provision of coal supply services and handling of coal storage sites and the Wet Flue Gas Desulphurisation System at KOGENERACJA S.A."
- 43) Granting consent for the conclusion of Annexes No. 1 and No. 2 to Contract No. 6510056600 of 15 November 2019 for the implementation of the task "Major overhaul of TG-2 turbine unit type 13UC108 together with modernisation of G-2 Generator in EC Wrocław" with contractor EthosEnergy Sp. z o.o.

In 2020, the Supervisory Board passed 72 resolutions:

1. Resolution of the Supervisory Board No. 1/757/2020 on granting consent the appointment of a registered holder of a general commercial power of attorney (the resolution was passed via e-mail voting)
2. Resolution of the Supervisory Board No. 2/758/2020 on approving the consolidated text of the Company's Articles of Association (the resolution was passed via e-mail voting)
3. Resolution No. 3/759/2020 of the Supervisory Board on delegating a Member of the Supervisory Board to temporarily perform the duties of the Management Board Member in Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. (the resolution was passed via e-mail voting)

4. Resolution No. 4/760/2020 of the Supervisory Board on: appointment of an Audit Committee Member (the resolution was passed via e-mail voting)
5. Resolution of the Supervisory Board No. 5/761/2020 on the evaluation of the Consolidated financial statements of the KOGENERACJA S.A. Group for the period from 1 January to 31 December 2019, the evaluation of the Separate financial statements of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. for the period from 1 January to 31 December 2019, the evaluation of the Report of the Management Board on the operations of the Group and the Company for the period from 1 January to 31 December 2019
6. Resolution of the Supervisory Board No. 6/762/2020 on the adoption of the statement of the Supervisory Board of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. ("Company") on the appointment of an auditing firm to audit the Separate Financial Statements of the Company and the Consolidated Financial Statements of the Company's Group for the financial year commenced on 1 January and ended on 31 December 2019, referred to in § 70, section 1, item 7) and § 71, section 1, item 7) of the Resolution of the Minister of Finances of 29 March 2018 on the current and interim information provided by the issuers of securities and the conditions for recognising as equivalent the information required by the laws of a non-Member State (Dz. U. [Journal of Laws] of 2018, item 757)
7. Resolution of the Supervisory Board No. 7/763/2020 on the adoption of the statement of the Supervisory Board of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. ("Company") on the Audit Committee, referred to in § 70, section 1, item 8) and § 71, section 1, item 8) of the Resolution of the Minister of Finances of 29 March 2018 on the current and interim information provided by the issuers of securities and the conditions for recognising as equivalent the information required by the laws of a non-Member State (Dz. U. [Journal of Laws] of 2018, Item 757)
8. Resolution of the Supervisory Board No. 8/764/2020 on the adoption of the statement of the Supervisory Board of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. ("Company") on the evaluation of the Report of the Management Board on the Group and Company's operations, Separate Financial Statements of the Company and the Consolidated Financial Statements of the Company's Group for the financial year commenced on 1 January and ended on 31 December 2019 with respect to their consistency with the documents and books and with the facts, which evaluation is referred to in § 70, section 1, item 14) and § 71, section 1, item 14) of the Resolution of the Minister of Finances of 29 March 2018 on the current and interim information provided by the issuers of securities and the conditions for recognising as equivalent the information required by the laws of a non-Member State
9. Resolution No. 9/765/2020 of the Supervisory Board on approval of conclusion of new agreements on provision of support services with PGE Energia Ciepła S.A.
10. Resolution No. 10/766/2020 on granting consent to the conclusion of an agreement with the Contractor Balcke-Dürr Polska Sp. z o.o. with its registered office at ul. Augustówka 24, 02-981 Warsaw, for the "Modernisation of electrostatic precipitators in the PGE EC Group in order to adapt dust emission to the requirements of the BAT Conclusions" within the scope of KOGENERACJA S.A. (the resolution was passed via e-mail voting)

11. Resolution No. 11/767/2020 of the Supervisory Board on the evaluation of the Management Board report on the operations of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. ("Company") and KOGENERACJA S.A. Group and the Financial Statements: Separate and Consolidated for the period from 1 January to 31 December 2019 (the resolution was passed via e-mail voting)
12. Resolution of the Supervisory Board No. 12/768/2020 on expressing an opinion on the proposal of the Management Board concerning the distribution of net profit for 2019 (the resolution was passed via e-mail voting)
13. Resolution No. 13/769/2020 of the Supervisory Board on the adoption of the Report of the Supervisory Board on its activities as a body of the Company in 2019 (the resolution was passed via e-mail voting)
14. Resolution No. 14/770/2020 of the Supervisory Board on the adoption of the Report on evaluation of documents of KOGENERACJA S.A. (the resolution was passed via e-mail voting)
15. Resolution of the Supervisory Board No. 15/771/2020 on providing an opinion on the Report on representation expenses, expenses on legal services, marketing services, public relations and social communication services, consulting services related to the management of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. for 2019 (the resolution was passed via e-mail voting)
16. Resolution No. 16/772/2020 of the Supervisory Board on providing an opinion on the draft resolutions of the General Meeting to grant the vote of approval to the members of the Management Board (the resolution was passed via e-mail voting)
17. Resolution No. 17/773/2020 of the Supervisory Board on the assessment of the remuneration policy for the members of the Management Board and Supervisory Board (the resolution was passed via e-mail voting)
18. Resolution No. 18/774/2020 of the Supervisory Board on granting consent to conclude donation agreements (the resolution was passed via e-mail voting)
19. Resolution No. 19/775/2020 of the Supervisory Board on delegating a Member of the Supervisory Board to temporarily perform the duties of the Management Board Member in Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. (the resolution was passed via e-mail voting)
20. Resolution No. 20/776/2020 of the Supervisory Board on the implementation of a new asset maintenance management model in KOGENERACJA S.A. as of 1 July 2020 (the resolution was passed via e-mail voting)
21. Resolution No. 21/777/2020 of the Supervisory Board on providing an opinion on the draft resolutions of the General Meeting of Shareholders, including the draft resolution on amendments to the Company's Articles of Association (the resolution was passed via e-mail voting)
22. Resolution No. 22/778/2020 of the Supervisory Board on the adoption of the Audit Plan of KOGENERACJA S.A. for 2020 (the resolution was passed via e-mail voting)
23. Resolution No. 23/779/2020 of the Supervisory Board on giving consent to the purchase of up to 100% of the shares of Elektrociepłownia "Zielona Góra" S.A. by way of a squeeze-out of minority shareholders and giving consent to the merger of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. with Elektrociepłownia "Zielona Góra" S.A. by way of a takeover of the sole shareholder company (the resolution was passed via e-mail voting)

24. Resolution of the Supervisory Board No. 24/780/2020 on granting consent to a Member of the Management Board to sit on the Supervisory Board of a third party (the resolution was passed via e-mail voting)
25. Resolution of the Supervisory Board No. 25/781/2020 on commencing and conducting the recruitment procedure for the President and Vice-President of the Management Board of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. (the resolution was passed via e-mail voting)
26. Resolution No. 26/782/2020 of the Supervisory Board on delegating a Member of the Supervisory Board to temporarily perform the duties of the Management Board Member in Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. (the resolution was passed via e-mail voting)
27. The Resolution No. 27/783/2020 of the Supervisory Board on the determination of the list of candidates to be interviewed as part of the recruitment procedure for the position of the President and Vice-President of the Management Board of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. (the resolution was passed via e-mail voting)
28. Resolution of the Supervisory Board No. 28/784/2020 on the selection of the best candidate for the position of President and Vice-President of the Management Board of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. (the resolution was passed at the meeting held via video conference)
29. Resolution No. 29/785/2020 of the Supervisory Board on determining the remuneration for Mr. Roman Nowak for the period when he was a Member of the Management Board of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. as a delegated member of the Supervisory Board (the resolution was passed at the meeting held through video conference)
30. Resolution No. 30/786/2020 of the Supervisory Board on appointing the President of the Management Board of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. (the resolution was passed at the meeting held via video conference)
31. Resolution No. 31/787/2020 of the Supervisory Board on appointing the Vice-President of the Management Board of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. (the resolution was passed at the meeting held via video conference)
32. Resolution No. 32/788/2020 of the Supervisory Board on determining the remuneration for the President, Vice Presidents and Members of the Management Board of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. (the resolution was passed via e-mail voting)
33. Resolution No. 33/789/2020 of the Supervisory Board on granting consent to the Vice President of the Management Board of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. to hold a position in the Management Board of the subsidiary (the resolution was passed via e-mail voting)
34. Resolution No. 34/790/2020 of the Supervisory Board on the determination of the remuneration of the President of the Management Board (the resolution was passed via e-mail voting)
35. Resolution No. 35/791/2020 of the Supervisory Board on the determination of the remuneration of the Vice President of the Management Board (the resolution was passed via e-mail voting)

36. Resolution No. 36/792/2020 of the Supervisory Board on the objectives for the Management Board of the Company for 2020 (the resolution was passed via e-mail voting)
37. Resolution No. 37/793/2020 of the Supervisory Board on approving the consolidated text of the Company's Articles of Association (the resolution was passed via e-mail voting)
38. Resolution No. 38/794/2020 of the Supervisory Board on granting consent for the conclusion of Annex No. 4 to the Agreement No. 112/CRUS/DT/2014 for the "Provision of coal supply services and handling of coal storage sites and the Wet Flue Gas Desulphurisation System at KOGENERACJA S.A." (the resolution was passed via e-mail voting)
39. Resolution No. 39/795/2020 of the Supervisory Board on granting consent to the Vice President of the Management Board of KOGENERACJA S.A. to sit on the Board of the Józef Pupka PGE Foundation for Development of Science (the resolution was passed via e-mail voting)
40. Resolution No. 40/796/2020 of the Supervisory Board on granting consent to the President of the Management Board of KOGENERACJA S.A. to become the President of the Management Board of Józef Pupka PGE Foundation for Development of Science (the resolution was passed via e-mail voting)
41. Resolution No. 41/797/2020 of the Supervisory Board on appointment of a Member of the Supervisory Board to the Audit Committee of the Supervisory Board of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. and appointing him as the Chairperson (the resolution was passed via e-mail voting)
42. Resolution No. 42/798/2020 of the Supervisory Board on granting consequential consent to the conclusion of Annex No. 1 to the Contract No. 6510056600 of 15 November 2019 to implement the project "Major overhaul of TG-2 turbine set of type 13UC108 together with modernisation of G-2 generator in EC Wrocław" with the Contractor EthosEnergy Sp. z o.o. (the resolution was passed via e-mail voting)
43. Resolution No. 43/799/2020 of the Supervisory Board on the adoption of the Financial Plan of the Company for 2020 (the resolution was passed via e-mail voting)
44. Resolution No. 44/800/2020 of the Supervisory Board on approving payment by the Company of costs of postgraduate studies of the President of the Management Board of KOGENERACJA S.A. – Mr. Mariusz Michałek (the resolution was passed via e-mail voting)
45. Resolution No. 45/801/2020 of the Supervisory Board on appointing a Member of the Supervisory Board as the Chairperson of the Remuneration Committee of the Supervisory Board of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A.
46. Resolution No. 46/802/2020 of the Supervisory Board on the appointment of the registered holder of a general commercial power of attorney
47. Resolution No. 47/803/2020 of the Supervisory Board on the appointment of the registered holder of a general commercial power of attorney
48. Resolution No. 48/804/2020 of the Supervisory Board on granting consent to the conclusion of SLA Agreement between PGE Energia Ciepła S.A. and KOGENERACJA S.A. for the ongoing legal services for the "Nowa Czechnica" Project with the total maximum value of PLN 1,800,000 net for the period from 1 January 2020 to 31 December 2024
49. Resolution No. 49/805/2020 of the Supervisory Board on the adoption by the Supervisory Board of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. of the "Procedure for periodic assessment (by the Supervisory Board) of transactions with related parties on arm's length basis in the ordinary course of business"

50. Resolution No. 50/806/2020 of the Supervisory Board on granting consent to the conclusion of Annex No. 2 to the Contract No. 6510056600 of 15 November 2019 to implement the project "Major overhaul of TG-2 turbine set of type 13UC108 together with modernisation of G-2 generator in EC Wrocław" with the Contractor EthosEnergy Sp. z o.o., which concerns execution of additional works and, as a consequence, an increase in the value of the contract by PLN 355,101.00 net
51. Resolution No. 51/807/2020 of the Supervisory Board on the settlement of KPI targets for 2019 for the Management Board of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A.
52. Resolution No. 52/808/2020 of the Supervisory Board on the initiation and conduct of the qualification procedure for the President of the Management Board
53. Resolution No. 53/809/2020 of the Supervisory Board on the initiation and conduct of the qualification procedure for the Member of the Management Board
54. Resolution No. 54/810/2020 of the Supervisory Board on convening the Extraordinary General Meeting of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A.
55. Resolution No. 55/811/2020 of the Supervisory Board on the amendment of Resolution No. 1/700/2019 of the Supervisory Board of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. of 22 January 2019 on the appointment of the auditor, with the extension of the scope of the audit in question to include the audit of the annual remuneration report and the attestation foreseen for the consolidated annual financial statements prepared in accordance with the ESEF format using the Inline XBRL standard specification
56. Resolution No. 56/812/2020 of the Supervisory Board on the adoption by the Supervisory Board of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. of the "Report on verification of the status of risk mitigation measures and the Final Report 2020"
57. Resolution No. 57/813/2020 of the Supervisory Board on determining the list of candidates to be interviewed for the position of President and Member of the Management Board of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A.
58. Resolution No. 58/814/2020 of the Supervisory Board on the adoption of a list of questions for interviews with candidates qualified for the second stage of the recruitment procedure for the position of the President of the Management Board and Member of the Management Board of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A.
59. Resolution of the Supervisory Board no. 59/815/2020 on the selection of the best candidate for the position of President and Member of the Management Board of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A.
60. Resolution No. 60/816/2020 of the Supervisory Board on appointing the President of the Management Board of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A.
61. Resolution No. 61/817/2020 of the Supervisory Board on appointing a Member of the Management Board of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A.
62. Resolution No. 62/818/2020 of the Supervisory Board on determination of remuneration of the President of the Management Board
63. Resolution No. 62/818/2020 of the Supervisory Board on determination of remuneration of a Member of the Management Board
64. Resolution No. 64/820/2020 of the Supervisory Board on appointment of the Chairperson of the Supervisory Board of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. (the resolution was passed at the meeting held via video conference)

65. Resolution No. 65/821/2020 of the Supervisory Board on granting consent to the conclusion of SLA Agreement between PGE Polska Grupa Energetyczna S.A. and KOGENERACJA S.A. for the ongoing legal services with the total maximum annual value of PLN 700,000 net, for the unspecified period of time starting from 1 January 2021 (the resolution was passed at the meeting held via video conference)
66. Resolution No. 66/822/2020 of the Supervisory Board on granting consent to conclude donation agreements with public benefit organisations (the resolution was passed at the meeting held via video conference)
67. Resolution No. 67/823/2020 of the Supervisory Board on providing opinion on the draft resolutions of the Extraordinary General Meeting of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. with its registered office in Wrocław (the resolution was passed via e-mail voting)
68. Resolution No. 68/824/2020 of the Supervisory Board on the appointment of Vice President of the Management Board of KOGENERACJA S.A. (the resolution was passed at the meeting held via video conference)
69. Resolution No. 69/825/2020 of the Supervisory Board on the adoption of the Risk Book (the resolution was passed at the meeting held via video conference)
70. Resolution No. 70/826/2020 of the Supervisory Board on the amendment to the Regulations of Supervisory Board of KOGENERACJA S.A. (the resolution was passed at the meeting held via video conference)
71. Resolution No. 71/827/2020 of the Supervisory Board on the amendment to the Regulations of the Management Board of KOGENERACJA S.A. (the resolution was passed at the meeting held via video conference)
72. Resolution No. 72/828/2020 of the Supervisory Board on amending the Organisational Regulations of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. (the resolution was passed at the meeting held via video conference)

6. Information on the discharge of the so-called special duties of the Supervisory Board resulting from the provisions of the Polish Code of Commercial Partnerships and Companies

The Supervisory Board acting pursuant to Article 382 §3 of the Polish Code of Commercial Partnerships and Companies, at its meetings held on 9 March and 4 May 2020 evaluated the following: Financial Statements, Consolidated Financial Statements, the Management Board's Report on the Company and Group's Operations, the Management Board's Motion on the Distribution of Profit for the Financial Year 2019, and drafted a written report on the results of this evaluation and on 03 June 2020 submitted it to the Ordinary General Meeting of Shareholders.

7. Information on the decisions made by the Supervisory Board concerning the composition of the Management Board

From 1 January 2020 to 21 February 2020, the Management Board of KOGENERACJA S.A. was composed of two Members:

- Paweł Szczeszek - President of the Management Board
- Paweł Strączyński - Vice-President of the Management Board

On 21 February 2020, Supervisory Board seconded Radosław Woszczyk from its composition to temporarily perform the duties of the Member of the Management Board of the Company

From 21 February 2020 to 23 February 2020, the Management Board of KOGENERACJA S.A. was composed of three Members:

- Paweł Szczeszek - President of the Management Board
- Paweł Strączyński - Vice-President of the Management Board
- Radosław Woszczyk - Acting Member of the Management Board

Also on 21 February 2020, a written declaration was received from Paweł Strączyński regarding his resignation from the position of the Vice President of the Management Board as of 23 February 2020.

From 24 February 2020 to 26 May 2020, the Management Board of KOGENERACJA S.A. was composed of two Members:

- Paweł Szczeszek - President of the Management Board
- Radosław Woszczyk - Acting Member of the Management Board

On 25 May 2020, a written declaration was received from Paweł Szczeszek regarding his resignation as the President of the Management Board as of 26 May 2020.

On 26 May 2020, Supervisory Board delegated from its composition Roman Nowak to temporarily perform the duties of a Member of the Management Board of the Company as of 27 May 2020.

From 27 May 2020 to 02 June 2020, the Management Board of KOGENERACJA S.A. was composed of two Members:

- Radosław Woszczyk - Acting Member of the Management Board
- Roman Nowak - Acting Member of the Management Board

On 2 June 2020, Supervisory Board, following the procedure to find a person for a vacancy, appointed Mariusz Michałek to the Management Board of KOGENERACJA S.A. as the President of the Management Board and Krzysztof Kwiecień to the Management Board of KOGENERACJA S.A. as the Vice-President of the Management Board.

On 2 June 2020, the Management Board of KOGENERACJA S.A. was composed of four members:

- Mariusz Michałek - President of the Management Board
- Krzysztof Kwiecień - Vice-President of the Management Board
- Radosław Woszczyk - Acting Member of the Management Board
- Roman Nowak - Acting Member of the Management Board

At the same time, on 2 June 2020, the resignations of Radosław Woszczyk and Roman Nowak from their positions as Members of the Company's Management Board were received, with effect from 2 June 2020, ending the secondment of Radosław Woszczyk and Roman Nowak to temporarily perform the duties of Members of the Company's Management Board.

From 3 June 2020 to 15 September 2020, the Management Board of KOGENERACJA S.A. was composed of two Members:

- Mariusz Michałek - President of the Management Board
- Krzysztof Kwiecień - Vice-President of the Management Board

On 15 September 2020, a written declaration was received from Mariusz Michałek regarding his resignation from the position of President of the Management Board as of 15 September 2020.

From 16 September 2020 to 6 October 2020, the Management Board of KOGENERACJA S.A. was composed of one Member:

- Krzysztof Kwiecień - Vice-President of the Management Board

On 6 October 2020, the Supervisory Board, following a procedure to find a person for a vacancy, appointed Andrzej Jedut to the Management Board of KOGENERACJA S.A. as the President of the Management Board and Krzysztof Kryg to the Management Board of KOGENERACJA S.A. as a Member of the Management Board.

From 6 October 2020 to 01 November 2020, the Management Board of KOGENERACJA S.A. was composed of three Members:

- Andrzej Jedut - President of the Management Board
- Krzysztof Kwiecień - Vice-President of the Management Board
- Krzysztof Kryg - Member of the Management Board

On 29 October 2020, a written declaration was received from Krzysztof Kwiecień regarding his resignation from the position of Vice President of the Management Board as of 1 November 2020.

From 2 November 2020 to 15 December 2020, the Management Board of KOGENERACJA S.A. was composed of two Members:

- Andrzej Jedut - President of the Management Board
- Krzysztof Kryg - Member of the Management Board

On 15 December 2020, the Supervisory Board entrusted Krzysztof Kryg with the function of the Vice President of the Management Board of KOGENERACJA S.A., effective as of 16 December 2020.

From 16 December 2020 to 31 December 2020, the Management Board of KOGENERACJA S.A. was composed of two Members:

- Andrzej Jedut - President of the Management Board
- Krzysztof Kryg - Vice-President of the Management Board

8. The assessment of the way the Company fulfils disclosure obligations in the area of the application of the corporate governance rules set out in the Stock Exchange Regulations and regulations on current and interim information provided by issuers of securities

The Supervisory Board reviewed the statement of the Company's Management Board on the application of "Good Practices of the Companies Listed on GPW" in 2020 (*the Management Board's Report on the KOGENERACJA S.A. group and Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. Operations for 2020* published by GPW on 23 March 2021; pp. 50–51) and stated that the Company fulfilled the disclosure obligations in terms of the "comply or explain" principle.

The first information on the state of application by the Company of the recommendations and principles specified in "Good Practices of the Companies Listed on GPW 2016" was published in the EBI Report 2/2016. According to the current state of application of the Good Practices (last update of 9 May 2019 EBI Report 1/2019), the Company does not apply 2 recommendations: IV.R.2, VI.R.3 and 4 detailed rules: I.Z.1.20., II.Z.7., IV.Z.2., V.Z.5.

In connection with the Law on Statutory Auditors, Audit Firms and Public Supervision, which regulates, among others, the activity of Audit Committees in public companies and defines the criteria of independence, the Company has adjusted the composition of the Supervisory Board and the Audit Committee to the requirements of the Law on Statutory Auditors.

From 1 January 2020 to 8 June 2020, four members of the Supervisory Board of KOGENERACJA S.A. have met the independence criteria, both in accordance with the provisions of the Law on Statutory Auditors and Appendix II.

On 8 June 2020, there was an incidental violation of the Good Practices of the Companies Listed on GPW 2016 (EBI report 4/2020 of 9 June 2020). The reason for the violation was the resignation of Mr. Maciej Jankiewicz from the position of Member of the Supervisory Board of 8 June 2020 with immediate effect (Current Report No. 17/2020 of 9 June 2020). Mr. Maciej Jankiewicz was also the Chairperson of the Audit Committee of KOGENERACJA S.A. Supervisory Board, meeting the criteria of independence.

The Company also informed that it would take necessary actions to appoint the Chairperson of the Audit Committee as soon as possible.

From 8 June 2020 to 22 October 2020, three members of the Supervisory Board of KOGENERACJA S.A. have met the independence criteria, both in accordance with the provisions of the Law on Statutory Auditors and Appendix II.

On 5 August 2020, the Company's Supervisory Board appointed Radosław Pobol, who met the independence criteria, from its composition to the Audit Committee and entrusted him with the function of the Chairperson. Thus, the Company, after the incidental violation of practice II.Z.7., resumed the above practice, and the Audit Committee again met the requirements of the Act on Statutory Auditors, Audit Firms and Public Supervision and those resulting from the Code of Best Practice for GPW Listed Companies 2016.

On 22 October 2020, the Extraordinary General Meeting of KOGENERACJA S.A. appointed Mr. Jacek Grzywacz and Mr. Adam Lewandowski to the Company's Supervisory Board.

From 22 October 2020 to 31 December 2020, four members of the Supervisory Board of KOGENERACJA S.A. have met the independence criteria, both in accordance with the provisions of the Law on Statutory Auditors and Appendix II.

Current and interim reports were submitted to the Warsaw Stock Exchange in accordance with the law. In 2020, the Company made public 35 current reports and 5 interim reports. The reports are available in Polish and English on the corporate website of the Company at <http://www.kogeneracja.com.pl/>, "Dla inwestora" [For Investors] tab.

9. Assessment of the Company's situation, including the assessment of the internal control systems, risk management and internal audit

On the basis of the *Security, Audit, and Internal Control Services Agreement* and the *Compliance, Risk, and Quality Management Services Agreement* (SLAs), in 2020 the supervision of the aforementioned functions was performed by the Internal Audit Department of PGE Energia Ciepła S.A. and the Risk Management Department of PGE Energia Ciepła S.A.

System of internal control

The system of internal control of KOGENERACJA S.A. comprises functional and institutional controls. Functional internal control is regularly monitored as part of institutional internal control, performed by the Internal Audit Department of PGE Energia Ciepła S.A. The Company performs an annual self-assessment of its internal control system, and the related work is also coordinated by the above-mentioned Department.

The 2020 Audit Plan for KOGENERACJA S.A. was prepared based on the Risk Map and the results of the self-assessment of the Company's internal control system and adopted by the Management Board of KOGENERACJA S.A. on 5 May 2020 and approved by the Supervisory Board by Resolution No. 22/778/2020 on 21 May 2020.

Risk management system

KOGENERACJA S.A. Group has implemented solutions in the area of architecture of integrated risk management – defined by a uniform standard for the whole PGE Energia Ciepła S.A. Group. The following are the primary objectives of the process, in the model currently used:

- protecting the current economic value of the Company;
- strengthening the Company's ability to achieve its business objectives while maintaining a balanced risk exposure;
- supporting decision-making processes in the Company.

In KOGENERACJA S.A., risk management is performed based on the GRC model (*Governance – Risk – Compliance*). This enables the alignment and integration of the process at all levels of management, in the individual business areas.

The risks of current operations are measured in a given year from the perspective of year n+1. In this way, using a reasonably pessimistic scenario, it is possible to identify and prepare an appropriate response to risk, in conditions of significant changes occurring in relation to the Company's key business functions.

On 10 November 2020, the Management Board of KOGENERACJA S.A. approved the Risk Book for 2021. The developed Book is a result of the process of identification, assessment and quantification of risks in the Company. On the basis of subsequent stages of risk quantification, a Risk Profile of KOGENERACJA S.A. was also developed, which is a synthetic summary of the implementation of this process.

The Supervisory Board of KOGENERACJA S.A. got acquainted with the Risk Book presented by the Management Board together with the Risk Profile for the Company and agreed to its adoption by Resolution No. 69/825/2020 on 15 December 2020.

The aforementioned bodies carried out independent and objective assessment of the internal control and verification of operations. The Internal Audit Department performed its tasks based on the Company's annual Audit Plan.

The Supervisory Board, through its supervisory activities, recognised that the internal audit, internal control and risk management function gave reasonable assurance of the effectiveness of the control and risk management mechanisms and supported the fulfilment of strategic and operational objectives of the Company.

10. Assessment of the reasonableness of the Company's sponsorship and charity policy

The Company's sponsorship and charitable activities include the following:

- support for the disabled, sick and those in difficult life situation,
- support of the education of the talented youth, particularly in a difficult economic or life situation;
- promotion of healthy and active lifestyles;
- activation of persons with disabilities;
- support for socially vulnerable customers;

The beneficiaries are most of all public benefit entities from the Lower Silesia region, mainly from Wrocław and nearby communes.

On 30 January 2018, the Board of KOGENERACJA S.A. adopted the General Procedure for Principles of Conducting Sponsoring Activities at PGE Polska Grupa Energetyczna S.A. and in other companies of the PGE Group.

As of 20 June 2018, each donation made on behalf of the Company requires a resolution of the Management Board (pursuant to § 12(2)(12) of the Company's Articles of Association), and entering into donation agreements or other agreements with a similar effect with a value exceeding PLN 20 thousand or 0.1% of total assets within the meaning of the Polish Accountancy Law of 29 September 1994, as determined

on the basis of the most recent separate financial statements, additionally requires the consent of the Supervisory Board in the form of a resolution to be adopted at the request of the Management Board of the Company (pursuant to § 17(4)(13) of the Company's Articles of Association).

The donations budget of KOGENERACJA S.A. for 2020 amounted to PLN 395 thousand and was lower than in 2016÷2019 by PLN 100 thousand. It has been completely executed.

On 21 May 2020, at the request of the Company's Management Board, the Supervisory Board by Resolution No. 18/774/2020 approved the conclusion of three donation agreements in the total amount of PLN 120 thousand.

On 3 November 2020, at the request of the Company's Management Board, the Supervisory Board by Resolution No. 66/822/2020 approved the conclusion of two donation agreements in the total amount of PLN 110 thousand.

The sponsorship and charity activities of KOGENERACJA S.A. have a positive impact on the environment and build the image of a socially responsible company operating in accordance with the Sustainable Development Policy, the Company's ethical values and the values of the PGE Group, such as Partnership, Development, Responsibility.

The Supervisory Board deems the Company's sponsorship and charity policy reasonable.