

**Report on representation expenses, as well as 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.**

2020

Contents

1. Legal basis	3
2. Information on the expenses	3
2.1. Representation costs	3
2.2. Marketing services	3
2.2.1. Sponsorship of sport and culture	3
2.2.2. Advertising activities	4
2.2.3. Social communication activities (CSR)	4
2.3. Advisory services	4
2.3.1. Activities in the area of legal services	4
2.3.2. Activities in the area of management services	5
2.4. Donations	5
3. Approval of the Report on expenses	5

1. Legal basis

Pursuant to § 12(4)(4) of the Company's Articles of Association, the Company's Management Board is required to prepare and submit to the Company's General Meeting, together with the Supervisory Board's opinion, a Report on representation expenses, as well as expenses on legal services, marketing services, public relations and social communication services, and consulting services related to the management.

2. Information on the expenses

The report covers the year 2020. The information is prepared on an accrual basis.

		2020
PLN thousand		Operating expenses
2.1	Representation expenses	65
2.2	Marketing services	91
2.2.1.	Sponsorship of sport and culture	-
2.2.2.	Advertising activities	76
2.2.3.	Public Relations activities	-
2.2.4.	Social communication activities (CSR)	15
2.3	Advisory services	598
2.3.1.	Legal services	-
2.3.2.	Management consulting services	598
	Total	754
2.4	Donations	395

2.1. Representation costs

The costs associated with the representation were aimed at representing, building prestige and creating a positive image of Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. In 2020, the Company incurred costs for this purpose in the amount of PLN 65 thousand.

2.2. Marketing services

As part of its marketing activities, KOGENERACJA S.A. incurred expenditure on advertising activities, including image and sales advertising campaigns and other forms of brand promotion. In 2020, the Company spent PLN 91 thousand on marketing services.

2.2.1. Sponsorship of sport and culture

The sponsorship activity of KOGENERACJA S.A. covers the areas of culture sponsorship. The Company supports recognised sports and cultural initiatives at the local level.

Through sponsoring activities, KOGENERACJA S.A. brand and its product, network heat, are promoted, their level of knowledge, recognition and range of impact is increased. The costs related to the sponsorship

of cultural activities are carried out under the agreement with PGE Energia Ciepła S.A. for the provision of communication services and include joint projects related to cultural activities in the PGE Energia Ciepła group.

2.2.2. Advertising activities

The objective of advertising activities is to build a positive perception of the network heat, retain existing customers (loyalty measures), acquire new customers and build positive relationships with a network heat distributor. The value of costs incurred for advertising activities in 2020 amounted to PLN 76 thousand.

The advertising activity of KOGENERACJA S.A. in 2020 focused on the development of the heat market in Wrocław, where the Company is the only producer of network heat, and in the Zawidów area, where the Company also has its own heat distribution network and is a heat distributor. Within the Siechnice commune, the Company is a producer and distributor of heat. The main objectives pursued by the Company in the area of advertising were to attract new heat network customers.

In 2020, due to the pandemic, KOGENERACJA S.A. reduced direct meetings with customers in favour of contacts via telephone, communicators and the Internet portal.

In 2020, an educational platform project was implemented – an interactive map of Siechnice, and network heat was promoted by broadcasting a radio advertising spot.

2.2.3. Social communication activities (CSR)

In 2020, the Company spent PLN 15 thousand on social communication activities.

KOGENERACJA S.A. was one of the partners of the family educational online game – Ekoeksperymentarium, which teaches ecology and promotes a healthy lifestyle.

2.3. Advisory services

Consultancy services include costs of legal services, costs of management services, including consulting services, performed for the benefit of activities supporting corporate bodies of the Company in matters related to the management of the Company and activities serving the implementation of key projects within the strategic objectives.

2.3.1. Activities in the area of legal services

As part of the activity supporting the current operational activity of the Company, costs were incurred for legal services related to the service of corporate bodies of the Company and activities related to the production of electricity, heat and related products, which were incurred outside transactions with the PGE Group. In 2020, no legal costs other than transactions with the PGE Group were incurred. Since 2019, legal services have been provided by PGE Energia Ciepła S.A. The value of costs on this account incurred in 2020 amounted to PLN 680.3 thousand.

2.3.2. Activities in the area of management services

In 2020, the advisory costs incurred for the provision of management services amounted to PLN 598 thousand. Services related to the audit of financial statements in 2020 conducted by Deloitte Audyt Sp. z o.o. sp. k. amounted to PLN 314 thousand.

Other support services were related to consulting services, including: personal data protection consulting and expert opinions and audits.

2.4. Donations

In 2020, the Company made donations in the amount of PLN 395 thousand. The beneficiaries were most of all public benefit entities from the Lower Silesia region, mainly from Wrocław and nearby communes.

The funds were transferred to the following as a donation:

- counteracting exclusion,
- promotion of healthy and active lifestyles;
- pro-environmental activities,
- support to external actors in the fight against the COVID-19 pandemic.

3. Approval of the Report on expenses

This Report on representation expenses, as well as 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 2020 was approved by the Management Board of KOGENERACJA S.A. on 11 May 2021.

Wrocław, 11 May 2021

.....
Andrzej Jedut
President of the Management Board

.....
Krzysztof Kryg
Vice-President of the Management Board