



A justification for the draft resolutions to be considered and voted on by the Ordinary General Meeting of the company PGE Polska Grupa Energetyczna Spółka Akcyjna ("Company", "PGE") convened for 15 May 2019:

I. concerning the consideration and approval of the financial statements as well as the reports on the activities of the Company and the PGE Capital Group.

Pursuant to 395 § 2 item 1 and § 5 of the Commercial Companies Code, the agenda of the Ordinary General Meeting should include the consideration and approval of the Management Board's report on the Company's activities and its financial statements for the previous financial year as well as the consolidated financial statements. The necessity of the approval of these documents by the General Meeting results also from the Accounting Act. Pursuant to the Accounting Act, a report on the activities of a capital group can be prepared jointly with a report on the activities of a parent company as one document. The Company has taken advantage of this possibility.

On 8 March 2019 the Management Board adopted resolution no. 108/15/2019 concerning the approval of "The EU-IFRS-compliant standalone financial statements of the company PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2018 (in million zlotys)" "The EU-IFRS-compliant consolidated financial statements of the PGE Capital Group for the year ended 31 December 2018 (in million zlotys)" and the Management Board's report on the activities of the company PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group for the year ended 31 December 2018, as well as the motion to the Supervisory Board requesting an evaluation of the aforementioned documents.

On 12 March 2019 the Supervisory Board evaluated positively "The EU-IFRS-compliant standalone financial statements of the company PGE Polska Grupa Energetyczna S.A. for the year ended 31 December 2018 (in million zlotys)", "The EU-IFRS-compliant consolidated financial statements of the PGE Capital Group for the year ended 31 December 2018 (in million zlotys)", and the Management Board's report on the activities of the company PGE Polska Grupa Energetyczna S.A. and the PGE Capital Group for the year ended 31 December 2018.

II. concerning the granting of discharge to the members of the Company's governing bodies for the performance of their duties.

Pursuant to Article 395 § 1 item 3 of the Commercial Companies Code, the agenda of the Ordinary General Meeting should include the granting of discharge to the members of the Company's governing bodies for the performance of their duties in the previous financial year.

On 16 April 2019 the Supervisory Board recommended that the General Meeting grant discharge to the members of the Management Board and submitted a motion requesting discharge for the members of the Supervisory Board for the performance of their duties.

III. concerning the allocation of the Company's net loss for the financial year 2018.

On 2 April 2019 the Management Board made a decision to submit a motion to the Ordinary General Meeting proposing that the General Meeting allocate the Company's net loss for the financial year 2018 in the amount of PLN 202,768,919.52 (say: two hundred and two million seven hundred and sixty-eight thousand nine hundred and nineteen zlotys and fifty-two groszy) to profit to be achieved in the future years.

IV. concerning amendments to “The Statutes of the Company PGE Polska Grupa Energetyczna Spółka Akcyjna”.

On 24 April 2019 the Company received a letter from the shareholder – the State Treasury represented by the Minister of Energy – requesting that the agenda of the General Meeting contain an item concerning amendments to the Company Statutes. In the letter, the introduction of the amendments was justified by the amendment to the State Property Management Act of 16 December 2016 (“Act”).

The letter from the Minister of Energy contained only a justification for introducing the aforementioned item into the agenda of the Ordinary General Meeting without draft resolutions of the Ordinary General Meeting. Such draft resolutions are to be submitted without undue delay.

The presented justification indicates that the amended Act specifies more precisely some provisions causing interpretative doubts which have appeared since the Act came into force. This concerns, for example, Article 17 clause 2 item 1 of the Act, which clarifies that agreements for the provision of legal services, marketing services, public relations and social communication services, as well as advisory services connected with management require the consent of a supervisory body if the net amount of total remuneration to be paid for provided services under one agreement or more agreements entered into with the same entity is higher than 500,000 zlotys per year. This is to prevent avoiding entering into agreements exceeding the aforementioned threshold by dividing remuneration among a few agreements entered into with the same entity. Article 17 clause 4 of the Act concerning the principles of disposing of fixed assets under a tender or auction procedure and the exceptions to the obligation to follow such a procedure clarifies that the threshold of 20,000 zlotys applies to market value.

The aforementioned changes are reflected in § 18 clause 2 item 3 letter c of the Statutes and § 41¹ clause 1 of the Statutes.

Furthermore, the amended Act provides for the possibility of allocating the competence referred to in Article 17 clause 1 of the Act to the Supervisory Board. In view of the above, it is reasonable to make relevant changes in § 18 clause 2 of the Company Statutes with respect to the disposal of the company's fixed assets.

Additionally, the proposed changes are consistent with the Act's provision obliging the Management Board to draw up a report on the use of good practices specified by the Prime Minister on the basis of Article 7 clause 3 of the Act with respect to corporate governance, corporate social responsibility, and sponsoring. The amended Act provides for the possibility of submitting reports referred to in Article 17 clause 6 of the Act to a supervisory body instead of a general meeting.

The remaining changes are of an editorial character.

The aforementioned letter of the Minister of Energy is available on the Company's website at www.gkpge.pl in the tab dedicated to General Meetings.