

Polish Oil and Gas Company (PGNiG SA)
Head Office

Warsaw, July 30th 2019

**Draft resolution proposed by a shareholder for the Extraordinary General Meeting of
PGNiG S.A. to be held on
July 31st 2019**

Current Report No. 40/2019

The Management Board of Polskie Górnictwo Naftowe i Gazownictwo S.A. ("PGNiG") hereby publishes a draft resolution pertaining to item 7 of the agenda of the PGNiG Extraordinary General Meeting convened for July 31st 2019 on an amendment to the PGNiG Articles of Association, as per a proposal submitted by the State Treasury as the Company's entitled shareholder pursuant to Art. 401.4 of the Commercial Companies Code.

The amendment to the agenda of the Extraordinary General Meeting was published in Current Report No. 34/2019 of July 8th 2019. The other draft resolutions of the PGNiG Extraordinary General Meeting were published in Current Report No. 33/2019 of July 2nd 2019.

Legal basis:

Par. 19.1.4 of the *Minister of Finance's Regulation on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated March 29th 2018 (Dz.U. of 2018, item 757).*

Draft

RESOLUTION No./2019
of the Extraordinary General Meeting of
Polskie Górnictwo Naftowe i Gazownictwo S.A. of Warsaw
dated 2019

to amend the Articles of Association of Polskie Górnictwo Naftowe i Gazownictwo S.A.

Acting pursuant to Art. 430.1 of the Commercial Companies Code and Art. 56.4.6 of the PGNiG Articles of Association, the Extraordinary General Meeting of PGNiG S.A. resolves as follows:

Section 1

The Extraordinary General Meeting of PGNiG S.A. resolves to amend the Company's Articles of Association as follows:

1. Art. 22a.1 shall be amended to read as follows:

“1. Any disposal by the Company of non-current assets within the meaning of the Accounting Act of September 29th 1994 with a market value exceeding 0.1% of total assets, as determined based on the most recent approved financial statements, shall be effected by a tender or auction unless the market value of assets to be disposed of is below PLN 20,000.”

2. In the first sentence of Art. 22a.2, the words “or auction” shall be inserted after the words “without holding a tender”.

3. In paragraph 1) of Art.22a.2, the words “or auction” shall be inserted after the words “public tender”.

4. In Art. 22b.1, the words “or auction” shall be inserted after the word “tender”.

5. Art. 22b.2 shall be amended to read as follows:

“An auction or tender shall not be held earlier than after 14 days from its announcement.”

6. Art. 22b.3 shall be amended to read as follows:

“3. The following persons shall not participate in an auction or tender as bidders:

- 1) Members of the Company's Management and Supervisory Boards;
- 2) the business entity which conducts the auction or tender and members of its management and supervisory boards;
- 3) persons responsible for the actual carrying out of the auction or tender,
- 4) spouses, children, parents and siblings of any of the persons referred to in par. 1)– 3) above; and
- 5) persons whose legal or factual relationship with the entity conducting the auction or tender may raise reasonable doubts as to such entity's impartiality.”

7. In Art. 22b.4, the words “or auction” shall be inserted after the words “As a condition for participating in a tender”.
8. In Art. 22b.5, the words “or auction” shall be inserted after the words “Prior to the tender”.
9. Art. 22b.8 shall be amended to read as follows:

“8. The rules and procedures of conducting an auction or tender, the text of the relevant announcement, the bidding method, and the terms of the auction or tender shall be determined by the Company.”
10. Art. 22b.9 shall be amended to read as follows:

“9. The tender or auction organiser shall have the right to discontinue the tender or auction without selecting the winning bid and without specifying the reason for so doing.”
11. In Art. 22b.10, the words “or auction” shall be inserted after the word “The tender”.
12. Art. 23.4 shall be amended to read as follows:

“4. Along with the Directors’ Report on the Company’s operations in the previous financial year, the Management Board shall submit the following reports to the Supervisory Board:

 - a) a report on entertainment expenses, legal costs, marketing costs, public relations and social communication expenses, and costs of management advisory services,
 - b) a report on good corporate governance, social responsibility and sponsorship practices, as specified by the Prime Minister pursuant to Art. 7.3 of the Act on State Property Management.”
13. Paragraph 5) of Art. 33.1 shall be amended to read as follows:

“5) appointment of an audit firm to audit the financial statements.”
14. Paragraph 1) of Art. 33.2 shall be amended to read as follows:

“1) disposal of non-current assets within the meaning of the Accounting Act of September 29th 1994, classified as intangible assets, property, plant and equipment or long-term investments, including contribution thereof to a company or cooperative, if the market value of such assets exceeds PLN 20,000,000 or 5% of total assets within the meaning of the Accounting Act of September 29th 1994, as determined based on the most recent approved financial statements, as well as granting a third party the right to use such assets for a period of more than 180 days in a calendar year, on the basis of a legal transaction, if the market value of the assets covered by such legal transaction exceeds PLN 20,000,000 or 5% of total assets, with the proviso that if the right to use the assets is granted under:

- a) lease or rental agreements or other agreements for granting rights to use an asset for a consideration by a third party – the market value of the asset is the amount of the consideration for:
 - one year – if the right to use the asset has been granted under an agreement concluded for an indefinite term,
 - the entire term of the agreement – if the right to use the asset has been granted under an agreement concluded for a definite term,
- b) lending agreements or other agreements for granting rights to use an asset free of charge by a third party – the market value of the asset is the amount of the consideration which would have been payable if a lease or rental agreement had been concluded, for:
 - one year – if the right to use the asset is to be granted under an agreement concluded for an indefinite term,
 - the entire term of the agreement – if the right to use the asset is to be granted under an agreement concluded for a definite term,”

15. Paragraph 2) of Art. 33.2 shall be amended to read as follows:

“2) acquisition of non-current assets within the meaning of the Accounting Act of September 29th 1994 if the value of such assets exceeds PLN 2,000,000 or 5% of total assets within the meaning of the Accounting Act of September 29th 1994, as determined based on the most recent approved financial statements, unless the transaction is provided for in the plans referred to in Art. 33.1.6, approved by the Supervisory Board,”

16. After paragraph 2) of Art. 33.2, the following paragraphs 2a) and 2b) shall be added:

"2a) acquisition of or subscription for shares in another company, if the value of the shares exceeds PLN 20,000,000 or 10% of total assets within the meaning of the Accounting Act of September 29th 1994, as determined based on the most recent approved financial statements, subject to Art. 56.6,”

"2b) disposal of shares in another company, if the market value of the shares exceeds PLN 20,000,000 or 10% of total assets within the meaning of the Accounting Act of September 29th 1994, as determined based on the most recent approved financial statements, subject to Art. 56.6,”

17. Sub-paragraph c) of Art. 33.2.5 shall be amended to read as follows:

“c) any agreement for the provision of legal services, marketing services, public relations and social communication services, or management consultancy services, if the total fees for the services to be provided under such agreement or other agreements concluded with the same entity exceed PLN 500,000, exclusive of VAT, per year,”

18. Sub-paragraph e) in Art. 33.3.5 shall be deleted and the subsequent numbering shall be changed accordingly.

19. Paragraph 8) of Art. 33.3 shall be amended to read as follows:

“8) granting consent for the Company to form another company with a share capital exceeding the złoty equivalent of EUR 2,000,000,”

20. Paragraph 12) of Art. 33.3 shall be amended to read as follows:

“12) approval of how PGNiG S.A.’s representative should vote at the General Meetings of the distribution system operators with respect to:

- a) approval of those companies’ annual budgets,
- b) distribution of profit or coverage of loss,
- c) approval of performance of duties by members of those companies’ governing bodies,
- d) appointment or removal of members of the Supervisory and Management Boards of those companies.”

21. After Art. 33.3.14a.g), sub-paragraphs from h) to k) shall be added, reading as follows:

- “h) approval of those companies’ annual budgets,
- i) distribution of profit or coverage of loss,
- j) approval of performance of duties by members of those companies’ governing bodies,
- k) appointment or removal of members of the Supervisory and Management Boards of those companies.”

22. After Art. 33.3.15.m), sub-paragraphs from n) to r) shall be added, reading as follows:

- “n) approval of those companies’ annual budgets,
- o) distribution of profit or coverage of loss,
- p) approval of performance of duties by members of those companies’ governing bodies,
- r) appointment or removal of members of the Supervisory and Management Boards of those companies.”

23. Paragraph 17) of Art. 33.3 shall be amended to read as follows:

“17) giving opinions on the Management Board’s reports on entertainment expenses, legal costs, marketing costs, public relations and social communication expenses, and costs of management advisory services, as well as the reports on good corporate governance, social responsibility and sponsorship practices referred to in Art. 7.3 of the Act on State Property Management of December 16th 2016.”

24. In Art. 56.3, paragraphs 2)–3a) shall be deleted.

25. Art. 62 shall be amended to read as follows:

“Art. 62.

The Company's Management Board shall:

- 1) prepare the Company's financial statements and the Directors' Report on the Company's operations for the previous financial year within three months of each reporting date,
- 2) have the financial statements audited,
- 3) submit the documents referred to in Art. 62.1, along with the audit report, for assessment by the Supervisory Board,
- 4) present the documents referred to in Art. 62.1, alongwith the audit report and the Supervisory Board's report referred to in Art. 33.1.3, to the General Meeting,
- 5) prepare the Group's consolidated financial statements and the Directors' Report on the Group's operations within two months of the date prescribed for the preparation of the Company's financial statements, if required under the Accounting Act of September 29th 1994,
- 6) have the consolidated financial statements audited,
- 7) submit the documents referred to in Art. 62.5, along with the audit report, for assessment by the Supervisory Board,
- 8) present the documents referred to in Art. 62.5, alongwith the audit report and the Supervisory Board's report referred to in Art. 33.1.4, to the Annual General Meeting,
- 9) in companies having the Company as their parent within the meaning of Art. 4.3 of the Competition and Consumer Protection Act of February 16th 2007, in conjunction with Art. 17.7, Art. 18.2, Art. 20 and Art. 23, having regard to Art. 18a and Art. 23a, of the Act on State Property Management, introduce the rules provided for in the latter Act.”

Section 2

This Resolution shall come into force as of its date, with effect from the date when the amendments are entered in the business register of the National Court Register.