

Statement of reasons for amending the Articles of Association of Lubelski Węgiel Bogdanka S.A.

Due to the wide scope of amendments to the Company's Articles of Association, Enea S.A. requests to amend the Company's Articles of Association by replacing the entire existing wording of the Articles of Association with the new proposed wording, being the consolidated text thereof.

Most amendments to the Company's Articles of Association result from the implementation of the provisions of the Act on the Principles of State Property Management of 16 December 2016 (Dz.U. of 2016, item 2259) and the Act on Statutory Auditors, Audit Firms and Public Supervision of 11 May 2017 (Dz.U. of 2017, item 1089). In addition, amendments have been introduced that concern modification of the purpose of the Company's operations, the scope of application of the ENEA Group Code, extension of the competences of the Supervisory Board, and change in the employees' rights related to appointment of employees' representatives to the Supervisory Board by the General Shareholders Meeting.

The scope of the proposed amendments to the Articles of Association in relation to the existing wording of the Articles of Association is presented in the table below.

No.	Provision	Existing wording:	New wording:
1.	Article 4.1	1. The Company's purpose is to conduct operations in order to pursue the mission and strategy of the ENEA Group, which shall prevail for the benefit of the ENEA Group.	1. The Company's purpose is to carry out tasks related to energy security of the country by implementing its mission and strategy, while taking into account the mission and strategy of the ENEA Group.
2.	Article 4.2	2. The ENEA Group shall mean ENEA S.A. and other companies to which the ENEA Group Code applies.	Deleted
3.	ARTICLE 5.	The duration of the Company's activity is unlimited.	The duration of the Company is unlimited.
4.	Article 12.1.7	7) determination of the rules and amounts of remuneration of the Supervisory Board members;	7) determination of the rules for remuneration of Supervisory Board members and Management Board members;
5.	Article 12.1.14	14) adoption of the ENEA Group Code.	14) adopting or repealing the ENEA Group Code following a recommendation of the Management Board and opinion of the Supervisory Board.
6.	Article 12.2	2. Consent of the General Shareholders Meeting is not required in order for the Company to acquire or dispose of a real property, perpetual usufruct or interest in a real property.	2. Furthermore, the following issues shall require a resolution of the General Shareholders Meeting: 1) disposal of non-current assets, within the meaning of the Accountancy Act of 29 September 1994, recognized as intangible assets, tangible non-current assets or long-term investments, including contributions to a company or a cooperative, if the market value of such assets exceeds 5% of total assets, within the meaning of the Accountancy Act of 29 September 1994, as determined on the basis of the last approved financial statements, as well as transfer of such assets to another entity, for its use for a period longer than 180 days in a calendar year, based on a legal transaction, if the market value of the subject of that legal transaction exceeds 5% of total assets; 'transfer for use' in the case of: a) rent, lease and other agreements for the transfer of an asset for paid use to other entities – the market value of the subject of the legal transaction is understood as the value of considerations: – for a year – if the asset is transferred under an open-term agreement, – throughout the term of the relevant agreement – in the case of fixed-term agreements, b) lending and other agreements for the transfer of an asset for gratuitous use to other entities – the market value of the subject of the legal transaction is understood as the equivalent of considerations that would be due in the event of concluding a rent or lease agreement: – for a year – if the asset is transferred under an open-term agreement, – throughout the term of the relevant agreement – in the case of fixed-term agreements, c) acquisition of non-current assets, within the meaning of the Accountancy Act of 29 September 1994, the value of which exceeds: – PLN 100,000,000 (one hundred million zloty), or

			<ul style="list-style-type: none"> - 5% of total assets, within the meaning of the Accountancy Act of 29 September 1994, established on the basis of the last approved financial report, 2) acquisition of shares in another company the value of which exceeds: <ul style="list-style-type: none"> - PLN 100,000,000 (one hundred million zloty), or - 10% of total assets, within the meaning of the Accountancy Act of 29 September 1994, established on the basis of the last approved financial report, 3) disposal of shares in another company the value of which exceeds: <ul style="list-style-type: none"> - PLN 100,000,000 (one hundred million zloty), or - 10% of total assets, within the meaning of the Accountancy Act of 29 September 1994, established on the basis of the last approved financial report,
7.	Article 12.3	None	3. Consent of the General Shareholders Meeting is not required in order to acquire or dispose of a real property, perpetual usufruct or interest in a real property, subject to the provisions of Article 12.2.
8.	Article 14.6	None	6. To become a member of the Supervisory Board, a person must fulfil the requirements set out in the Act on the Principles of State Property Management of 16 December 2016, including in particular obtain a positive opinion of the Council for Companies with State Treasury Interest and State Legal Persons, referred to in Article 24(1) of the above Act, and, furthermore: <ul style="list-style-type: none"> 1) have a third-level degree or a foreign third-level degree recognised in the Republic of Poland, on the basis of separate regulations, and have at least a 5-year history of employment under a contract of employment, appointment, election, nomination, cooperative contract of employment, or provision of services based on another contract, or business activity as a sole trader, and, furthermore, meet at least one of the following requirements: <ul style="list-style-type: none"> a) hold a PhD in economics, law or technical sciences, b) hold a professional title of a legal counsel, advocate, statutory auditor, tax advisor, investment advisor or restructuring advisor, c) hold a Master of Business Administration (MBA), d) hold a Chartered Financial Analyst (CFA) certificate, e) hold a Certified International Investment Analyst (CIIA) certificate, f) hold a certificate of the Association of Chartered Certified Accountants (ACCA), g) hold a Certified in Financial Forensics (CFF) certificate, h) have a confirmation of taking an examination before a commission appointed by the Minister of Privatisation, Minister of Industry and Trade, Minister of Treasury, or a Selection Board appointed on the basis of Article 15.2 of the Act on National Investment Funds and their Privatisation of 30 April 1993, i) have a confirmation of taking an examination before a commission appointed by a minister for Treasury on the basis of Article 12.2 of the Act

			<p>on Commercialisation and Privatisation of 30 August 1996,</p> <ul style="list-style-type: none"> j) have taken an examination for candidates for members of Supervisory Boards before an examination board appointed by the Prime Minister; 2) not be in an employment relationship with the company or provide work or services to it on the basis of another legal relationship; 3) not hold any shares in any subsidiary, with the exception of shares admitted to trading on a regulated market, within the meaning of the Act on Trading in Financial Instruments of 29 July 2005; 4) not remain in an employment relationship with the company referred to in Article 14.6.3 or provide work or services to it on the basis of another legal relationship; 5) not perform any occupations that would be in conflict with his/her duties as member of the Supervisory Board or could give rise to suspicion of being partial or self-serving or give rise to a conflict of interests regarding the company's operations; 6) meet requirements for a member of the Supervisory Board other than those set out in Articles 14.6.1 to 14.6.5, specified in separate regulations.
9.	Article 14.7	None	7. The prohibition to remain in an employment relationship referred to in Article 14.6.2 does not apply to persons elected to the Supervisory Board by employees.
10.	Article 14.8	None	8. The restrictions referred to in Article 14.6.4 do not apply to membership in the Supervisory Board.
11.	Article 14.9	None	9. The occupations referred to in Article 14.6.5 include holding an elected position in the Company's trade union.
12.	Article 14.10	None	10. A person who meets at least one of the following conditions may not be a member of the Supervisory Board: <ul style="list-style-type: none"> 1) acts as social aide of an MP or is employed in the office of an MP, a senator, an MP and senator or an MEP on the basis of a contract of employment, or performs work under a contract of mandate or other contract of a similar nature; 2) is a member of a body of a political party which represents the political party outside and is entitled to incur liabilities, 3) is employed by a political party on the basis of a contract of employment, or provides work on under a contract of mandate or other contract of a similar nature.
13.	Article 15	<ul style="list-style-type: none"> 1. The Supervisory Board may include independent members, who meet the following criteria: <ul style="list-style-type: none"> a) they have no employment relationship or a similar legal relationship with the Company, any of its local offices or related entities; b) they are not Supervisory Board or Management Board 	<ul style="list-style-type: none"> 1. Independent members may be appointed to the Supervisory Board, provided that they meet the criteria set out in Article 129.3 of the Act on Statutory Auditors, Auditing Firms and Public Supervision of 11 May 2017, as well as the criteria included in the Code of Best Practice for WSE Listed Companies. 2. An independent Supervisory Board member should meet the independence criteria stipulated in Article 15.1 throughout the entire term of his/her office. If

		<p>members at any of the Company's related entities;</p> <p>c) they are not shareholders holding 5% or more of the total vote at the Company's General Shareholders Meeting or the Shareholders Meeting or General Shareholders Meeting of any of the Company's related entities;</p> <p>d) they are not employees or Supervisory Board or Management Board members of an entity holding 5% or more of the total vote at the Company's General Shareholders Meeting or the Shareholders Meeting or General Shareholders Meeting of any of the Company's related entities,</p> <p>2. they are not descendants or ascendants, spouses, siblings, parents of a spouse or adoptees of any of the persons listed in items a) to d) above.</p> <p>3. An independent Supervisory Board member should meet the independence criteria stipulated in Article 15.1 throughout the entire term of his/her office. If the Supervisory Board or Management Board becomes aware that an independent Supervisory Board member has ceased to meet the independence criteria during his/her term of office, steps should be taken to effect his/her early resignation or removal from office.</p> <p>4. An independent Supervisory Board member is obliged to immediately notify the Company in writing should he/she cease to meet the independence criteria stipulated in Article 15.1.</p> <p>5. The related entity referred to in Article 15.1 shall be understood as the Company's parent, subsidiary or a subsidiary of the Company's parent. The parent-subsidiary relation shall be determined in accordance with the relevant provisions of the Commercial Companies Code.</p>	<p>the Supervisory Board or Management Board becomes aware that an independent Supervisory Board member has ceased to meet the independence criteria during his/her term of office, steps should be taken to effect his/her early resignation or removal from office.</p> <p>3. An independent Supervisory Board member is obliged to immediately notify the Company in writing should he/she cease to meet the independence criteria stipulated in Article 15.1.</p>
14.	Article 16.1	<p>1. Two members of the Supervisory Board are appointed by the General Shareholders Meeting from among the candidates selected by the Company's employees. The provisions of the previous sentence shall not apply to electing Supervisory Board members by voting in separate groups, referred to in Articles 385.3 to 385.9 of the Commercial Companies Code initiated upon the request of an entity not related to the Company within the meaning of Article 15.4 of the Company's Articles of Association.</p>	<p>1. Two members of the Supervisory Board are appointed by the General Shareholders Meeting from among the candidates selected by the Company's employees.</p>

15.	Article 17.1.9	9) appointing and dismissing the Management Board members;	9) appointing and dismissing members of the Management Board, including the President of the Management Board, subject to the provisions of Article 17.2;
16.	Article 17.1.10	10) determination of the rules and amounts of remuneration of the Management Board members;	10) determination of the remuneration of Management Board members;
17.	Article 17.1.14	The existing Article 17.1.14 shall be now become Article 17.1.16, while Article 17.1.14 shall have the following new wording:	14) approval of material and financial plans, long-term development plans, and area strategies adopted by the Management Board;
18.	Article 17.1.15	The existing Article 17.1.15 shall be now become Article 17.1.17, while Article 17.1.15 shall have the following new wording:	15) granting consent for purchasing and disposing of fixed assets the value of which exceeds PLN 20,000,000 (twenty million zloty);
19.	Article 17.1.18	None	18) granting consent to enter into: <ul style="list-style-type: none"> a) a contract for legal services, marketing services, public relations and social communication services, and management consulting services, if the amount of the expected total remuneration for those services exceeds PLN 500,000 (five hundred thousand zloty) net annually, b) an amendment to a contract for legal services, marketing services, public relations and social communication services, and management consulting services which raises the remuneration above PLN 500,000 (five hundred thousand zloty) net annually, c) a contract for legal services, marketing services, public relations and social communication services, and management consulting services which does not stipulate the maximum remuneration, d) a donation agreement or other agreement with a similar effect the value of which exceeds PLN 20,000 (twenty thousand zloty), or 0.1% of total assets, within the meaning of the Accountancy Act of 29 September 1994, established on the basis of the last approved financial report, e) contract for release from a debt or other agreement of a similar effect, in excess of PLN 50,000 (in words: fifty thousand) or 0.1% of total assets within the meaning of the Accountancy Act of 29 September 1994, as determined on the basis of the last approved financial statements;
20.	Article 17.1.19	None	19) giving an opinion on the report on hospitality expenditure presented to the General Shareholders Meeting by the Management Board, as well as on expenses on legal services, marketing services, public relations and social communication services, and management consulting services.
21.	Article 17.2	None	2. The Supervisory Board appoints a member of a management body after completing a recruitment procedure, the purpose of which is to check and assess the qualifications of candidates and to select the best candidate for a member of the management body.
22.	Article 17.3	None	3. The Supervisory Board, by initiating the recruitment procedure for the position of member of a management body, determines, by way of resolution, the detailed rules and course of the recruitment procedure for member of a

			management body, including in particular: the position being the subject of the procedure, the date and place of receiving applications, the date and place of the interview, the scope of issues being the subject of the interview, the requirements, and the method of assessment of the candidate.
23.	Article 19.4	None	<p>4. A candidate for a member of the Company's Management Board must meet all of the following conditions:</p> <ul style="list-style-type: none"> a) have a third-level degree or a foreign third-level degree recognised in the Republic of Poland, on the basis of separate regulations, b) have at least a 5-year history of employment under a contract of employment, appointment, election, nomination, cooperative contract of employment, or provision of services based on another contract, or business activity as a sole trader, c) have at least 3 years of experience in managerial or independent positions, or resulting from carrying on business activity as a sole trader, d) meet requirements other than those listed in Articles 19.4.a to 19.4.c specified in separate regulations, and in particular not violate any restrictions or prohibitions on taking the position of a member of a management body in commercial companies.
24.	Article 19.5	None	<p>5. Furthermore, a person who meets at least one of the following conditions may not be a candidate for a member of the Company's Management Board:</p> <ul style="list-style-type: none"> a) acts as social aide of an MP or is employed in the office of an MP, a senator, an MP and senator or an MEP on the basis of a contract of employment, or performs work under a contract of mandate or other contract of a similar nature, b) is a member of a body of a political party which represents the political party outside and is entitled to incur liabilities, c) is employed by a political party on the basis of a contract of employment, or provides work on under a contract of mandate or other contract of a similar nature, d) holds an elected position in the Company's trade union or any Group company's trade union, e) his/her social or commercial activity raises a conflict of interests regarding the company's operations.
25.	Article 20.2	2. The Company's Management Board handles the Company's affairs in accordance with the ENEA Group Code, as approved by the General Shareholders Meeting.	2. The Company's Management Board handles the Company's affairs in accordance with the purpose and interests of the Company and the ENEA Group Code, with the exception of the regulations regarding the functioning of the Management Divisions specified in the Group Code.
26.	Article 23.3	None	3. At least once a year, the Management Board is obliged to submit to the General Shareholders Meeting a report on hospitality expenditure, as well as on expenses on legal services, marketing services, public relations and social communication services, and management consulting services, which report shall have first obtained an opinion of the Supervisory Board.

27.	<p>Article 28</p> <p>The existing Article 28 is moved to the chapter "Management of the Company's Resources" and is given a new wording.</p>	<ol style="list-style-type: none"> 1. Unless otherwise required by applicable laws, all announcements shall be published by the Management Board solely on the Company's website. 2. Announcements convening the General Shareholders Meeting shall also be displayed on the notice board at the Company's registered office. 3. During the period in which the Company is not part of the Enea Group, within the meaning of Article 4.2 of the Articles of Association, the Supervisory Board shall have the powers specified in Article 32 of the Company's Articles of Association in its version before the amendments referred to in Resolution No. 3 of the Extraordinary General Shareholders Meeting of 17 August 2016, while the General Shareholders Meeting shall have the powers specified in Article 52 of the Company's Articles of Association in its version before the amendments referred to in Resolution No. 3 of the Extraordinary General Shareholders Meeting of 17 August 2016. 4. Any matters not provided for in these Articles of Association shall be governed by the provisions of the Commercial Companies Code. 	<ol style="list-style-type: none"> 1. Disposal by the Company of any non-current assets, within the meaning of the Accountancy Act of 29 September 1994, the value of which exceeds 0.1% of total assets, as determined on the basis of the last approved financial statements, takes place by way of a tender, unless the value of the disposed asset does not exceed PLN 20,000 (twenty thousand zloty). 2. The Company may dispose of non-current assets without conducting a tender where: <ol style="list-style-type: none"> 1) the subject matter of the contract are shares or other financial non-current assets or licences, patents or other industrial property rights or know-how, if the conditions and the procedure for sale, other than a public tender, are determined in a resolution of the Supervisory Board, 2) the disposal takes place in liquidation proceedings on the terms specified in a resolution of the General Shareholders Meeting, subject to separate provisions, 3) the asset to be disposed of are residential premises owned by the company, and the sale takes place at a price not lower than 50% of their market value and is made to the tenant or to a close relative permanently residing with the tenant, within the meaning of Article 4.13 of the Act on Real Property Management of 21 August 1997; the price is determined taking into account that the asset to be sold are occupied premises; the value of any improvements made by the tenant counts towards the price of the premises, 4) in other justified cases at the request of the Management Board, at a price and under the terms determined by a resolution of the Supervisory Board, 5) the disposal takes place to any subsidiary or company in the ENEA Group, 6) the asset to be sold are CO2 emission rights and their equivalents. 3. The following procedure for disposal of fixed assets is established: <ol style="list-style-type: none"> 1) a tender notice is posted on the Company's website; 2) the tender may not be held earlier than 14 days from the day of the tender notice; 3) the following may not participate in the tender as bidders: <ol style="list-style-type: none"> a) management Board and Supervisory Board Members, b) the business entity conducting the tender at the request of the Company and members of its Management Board and Supervisory Board, c) persons entrusted with performing any activities related to the tender, d) the spouse, children, parents and siblings of the persons referred to in Articles 28.3.3.a to 28.3.3.c, e) persons who remain in such a legal or factual relationship with the organiser of the tender that may give rise to justified doubts as to the impartiality of the organiser. 4. The condition to take part in the tender is to submit a bid bond in the amount of at least 5% of the starting price of the non-current asset to be sold. The authorisation referred to in section 8 may provide for a higher bid bond. 5. Prior to the tender, the Company determines the starting price, which may not
-----	--	--	---

			<p>be lower than the current market value, as determined by experts; if this value cannot be determined, the starting price may not be lower than the net book value.</p> <p>6. The Company may refrain from the valuation of the non-current asset to be sold by an expert where:</p> <ol style="list-style-type: none"> 1) the cost of its valuation would obviously exceed the market value, 2) the non-current asset has a fixed market price. <p>7. A tender may be carried out in the form of:</p> <ol style="list-style-type: none"> 1) oral tender, 2) written tender. <p>8. The Rules defining the detailed manner of execution and conducting the tender are defined by the Company, taking into account the provisions of Article 28 hereof.</p> <p>9. The organiser of the tender has the right to close the tender without choosing any of the offers, without giving reasons.</p> <p>10. The bidder who offers the highest price wins the tender.</p>
28.	<p>Article 29</p> <p>The equivalent has previously been in located under Article 28</p>	None	<ol style="list-style-type: none"> 1. Unless otherwise required by applicable laws, all announcements shall be published by the Management Board solely on the Company's website. 2. Announcements convening the General Shareholders Meeting shall also be displayed on the notice board at the Company's registered office. 3. Pursuing the Mission and Strategy of the ENEA Group may not violate the interests of the Company. 4. Any matters not provided for in these Articles of Association shall be governed by the provisions of the Commercial Companies Code.