

REPORT ON THE REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF CIECH S.A.

for 2022

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INTRODUCTION

This Report on the Remuneration of Members of the Management Board and Supervisory Board of CIECH S.A. outlines the structure and the level of remuneration along with similar benefits received by and due to the Members of the Management Board and the Supervisory Board of CIECH S.A. the "Company"). This report, which contains data for the financial years 2021 and 2022, has been prepared in accordance with the Act of 29 July 2005 on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organized Trading and Public Companies (consolidated text: Journal of Laws of 2022, item 2554), (the "Act"). In line with the Act, the General Meeting of CIECH S.A. adopted the Remuneration Policy for the Management Board and the Supervisory Board of CIECH S.A. (the "Remuneration Policy") defining the principles and a detailed framework for remunerating the Members of the Management Board and the Supervisory Board. The first version of the Remuneration Policy came into effect as of 1 May 2020, and subsequently, an updated version of the document has been in force since 1 May 2022. The main revisions concern:

- (i) the proportion of variable remuneration components to fixed remuneration components to which members of the Management Board are entitled,
- (ii) information on the length of the term of office of the Supervisory Board and
- (iii) information on the remuneration principles for members of the Supervisory Board.

The applicable Remuneration Policy document is available on the CIECH S.A. Group website in the "Investor Relations" section, in the "Remuneration Policy and Incentive Scheme" tab, under the link:

https://ciechgroup.com/fileadmin/Lad_korporacyjny/Polityka_01.03/Polityka_wynagrodzen_Czlonkow_Zarzadu_i_Rady_Nadzorczej.pdf

1 REMUNERATION OF THE MANAGEMENT BOARD

1.1 REMUNERATION POLICY FOR MEMBERS OF THE MANAGEMENT BOARD

Pursuant to the Remuneration Policy in force at the Company, Members of the Management Board are entitled to:

Fixed monthly	Remuneration specified under the employment contract for each of the Members of the Management Board.
Variable remuneration	Encompassing: <ul style="list-style-type: none"> • Annual bonuses • discretionary bonus (awards), • awards granted under the long-term incentive plan (see below)
Other non-wage benefits	Including: <ul style="list-style-type: none"> • the right to use the company vehicle for private purposes, • reimbursement of fuel expenses, the right to use the selected health benefits package, • life insurance • Employee Capital Plan. Non-wage benefits do not constitute a significant part of the total remuneration of Management Board Members.

The fixed monthly remuneration differs depending on the functions performed within the Management Board. The amount of the monthly fixed remuneration of Members of the Management Board is determined by the Supervisory Board, based on a recommendation of the Remuneration Committee of the Supervisory Board of CIECH S.A. ("Remuneration Committee").

In the contents of the Remuneration Policy, the Company's General Meeting authorised the Company's Supervisory Board to specify in more detail the elements of the Remuneration Policy with regard to the description of fixed and variable remuneration components, as well as bonuses and other monetary and non-monetary benefits that may be granted to members of the Management Board, and with regard to the indication of the financial and non-financial performance criteria for the granting of variable remuneration components.

Based on the aforementioned provision, the Company's Supervisory Board decides on the enhancement of the professional qualifications of the Company's Management Board Members, necessary to ensure the highest level of work provided by the Management Board Members, which benefits the Company and its shareholders. Funding for professional qualification programmes is based on the relevant contracts concluded with the members of the Management Board.

THE AMOUNT OF THE ANNUAL BONUS DEPENDS ON:

- the amount of the annual remuneration of a Member of the Management Board,
- the level of achievement of management objectives set in consultation with the Supervisory Board and defined in the employment contract binding the Board Member,
- individual assessment of performance of a Member of the Management Board carried out annually by the Supervisory Board.

The level of achievement of management objectives is determined by the Supervisory Board in relation to the level of implementation of the annual Financial Plan of CIECH S.A. The Supervisory Board acts on the recommendation of the Remuneration Committee in this respect.

In the event the Board Member's employment contract is terminated by the Company with notice, the Board Member is entitled to a compensation for refraining from competitive activity against the Company and companies from the Group in the period the non-compete clause is in effect, as well as other benefits to which he/she has become entitled during his/her employment, e.g. bonuses.

On 29 April 2022, the Supervisory Board of CIECH S.A. adopted a resolution on the settlement of the three-year Long-Term Incentive Plan of CIECH S.A. for 2019-2021 ("Incentive Plan 2019-2021" or "LTIP 2019-2021"), intended for key managers of the CIECH Capital Group ("Group", "CIECH Group"), in relation to the Members of the Management Board: Dawid Jakubowicz, Mirosław Skowron and Jarosław Romanowski. On 20 June 2022, the Supervisory Board of CIECH S.A. adopted a resolution on the settlement of the three-year Incentive Plan 2019-2021 in relation to Management Board Member, Kamil Majczak.

The bonus pool under LTIP 2019-2021 will be paid out in equal installments in three consecutive years after the end of the reference period. The vesting dates for each installment due shall be:

LTIP 2019-2021:	30 June 2022	30 June 2023	30 June 2024
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On 20 June 2022, the Supervisory Board adopted a resolution on the adoption of the three-year Long-Term Incentive Plan of CIECH S.A. for 2022-2024 ("Incentive Plan 2022-2024" or "LTIP 2022-2024"), intended for the Management Board, the Management Boards of subsidiaries and key managers of the CIECH Group.

Pursuant to the resolution, Members of the Management Board, may be enrolled in the Incentive Plan, based on a decision issued by the Supervisory Board separately for each Member of the Management Board. The Incentive Plan 2022-2024 covers all Board Members.

The award granted to a given Board Member under the Incentive Plan 2022-2024 depends on the value earned (the "Earned Value") by the CIECH Group for its shareholders in the reference period, starting on 1 January 2022 to 31 December 2024, and the achievement of the ESG Targets to be delivered by the end of 2024. The earned value is defined as the difference in the value of the CIECH Group ("CIECH Group Value"), earned at the end of the accounting period, compared to this value at the end of the base year (i.e. 2021).

The Value of the CIECH Group is measured by TSR (Total Shareholder Return), taking into account:

- the adjusted EBITDA of the CIECH Group;
- multiplier adopted for the adjusted EBITDA of the CIECH Group;
- consolidated net debt of the CIECH Group;
- value of dividends paid to the Company's shareholders during the reference period;
- cash inflows or outflows arising from the issue or cancellation of shares in the Company.

The actual Value of the CIECH Group is calculated at the end of the reference period adopted for the Incentive Plan, on the basis of financial data from the audited consolidated financial statements of the CIECH Group. If the earned value reaches the level of at least 20.5% of the base year (i.e. 2021), an initial pool in the amount of 12% of the earned value is established. If the CIECH Group generates an increase in value at a set level over the adopted reference period, compared to the base year, the pool will be 90% of the value of the initial pool. In addition, the Incentive Plan 2022-2024 provides for the possibility of increasing the pool of funds by up to 10% of the value of the initial pool if the set ESG targets are achieved by the end of 2024.

The bonus pool under LTIP 2022-2024 will be paid out in equal installments in three consecutive years after the end of the reference period. The vesting dates for each installment due shall be:

LTIP 2022-2024:	30 June 2025	30 June 2026	30 June 2027
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A member of the Management Board may be required by the Supervisory Board to return to the Company all or part of the amount paid in connection with participation in the Incentive Plan in cases provided for by the Regulations of the Long-Term Incentive Plan, namely in situations where:

- the Company, for whatever reason, misrepresented the CIECH Group's financial performance;
- an error was made in relation to the amount awarded from the bonus pool to a Member of the Management Board;
- there has been negligence in the risk management in CIECH S.A. or any other company in the CIECH Group, including but not limited to the liquidation of CIECH S.A., the Group or any company in the CIECH Group, or
- a Member of the Management Board has committed an act (or acts) constituting fraud or gross negligence or has otherwise damaged the reputation of CIECH S.A. or another company in the CIECH Group.

The fixed monthly remuneration of the Members of the Management Board is subject to annual adjustments for the index of real increase in the average remuneration compared to the previous year, announced by the President of the Central Statistical Office.

In 2022, three, out of the four Board Members were covered by the Employee Capital Plan ("ECP") under the terms of the Act of 4 October 2018 on Employee Capital Plans (consolidated text. Journal of Laws of 2023, item 46) (the "ECP Act"). A Member of the Management Board has the right to opt out of the ECP on the terms set out in the ECP Act.

In the period covered by this Report, the Members of the Management Board did not receive any:

- remuneration in form of financial instruments,
- benefits under retirement or disability pension schemes.

Pursuant to the Remuneration Policy in force, close relatives and partners of Members of the Management Board are not entitled to any monetary or non-monetary benefits within the meaning of Article 90g(5) of the Act on Public Offering.

The composition of the Management Board in 2018–2022 is presented in the table below.

TABLE 1. COMPOSITION OF THE MANAGEMENT BOARD OF CIECH S.A. IN THE YEARS 2018-2022

	Function performed	Appointment	Dismissal/ Resignation
Dawid Jakubowicz	President of the Management Board	05.12.2018	function still performed
Maciej Tybura	President of the Management Board	22.07.2015	10.09.2018
	Member of the Management Board	13.10.2014	22.07.2015
Artur Król	Member of the Management Board	26.10.2015	31.08.2018
Artur Osuchowski	Member of the Management Board	02.04.2008	25.10.2019
Dariusz Krawczyk	Member of the Management Board	28.05.2012	22.07.2015
Jarosław Romanowski	Member of the Management Board	20.04.2020	function still performed
Mirosław Skowron	Member of the Management Board	10.09.2018	31.01.2023
Krzysztof Szlaga	Member of the Management Board	12.03.2018	26.11.2018
Kamil Majczak	Member of the Management Board	01.06.2022	function still performed

1.2 EXPLANATION OF HOW THE TOTAL REMUNERATION COMPLIES WITH THE ADOPTED REMUNERATION POLICY, INCLUDING ITS CONTRIBUTION TO ACHIEVING LONG-TERM RESULTS BY CIECH S.A.

The remuneration of Members of the Management Board and of the Supervisory Board is consistent with the Remuneration Policy adopted by the Company.

In the period covered by this Report no derogation thereto was made.

The purpose of the Remuneration Policy is to ensure long-term growth of the CIECH Group through securing the stakeholders', owners', and employees' interests, inter alia, by adequately remunerating employees for the work performed and devising the remuneration system in such a way that it motivates them to effectively engage in the achievement of goals set forth under the long-term development strategy of the CIECH Group.

Implementation of the development strategy, security of the CIECH Group's long-term interests, and financial stability are to be favored, in particular, by the design and structure of the remuneration scheme for Members of the Management Board and Members of the Supervisory Board, which take into account the current financial situation of the CIECH Group, while properly reflecting the scope of duties and responsibilities assumed by the Members.

The remuneration scheme for Members of the Management Board covers fixed and variable remuneration. The fixed component of remuneration of the Management Board Members is determined by the Supervisory Board. The variable component of remuneration, encompassing annual bonuses, discretionary bonuses (awards) and payments for participation in long-term incentive plans depends in particular on the economic situation and financial results of the Group, along with the annual appraisal of the given Board Member's performance carried out by the Supervisory Board.

In addition, LTIP 2022-2024 sets ESG targets to be achieved by the end of 2024. The variable remuneration component takes into account both the Company's short-term and long-term operational perspective. The manner in which the remuneration of Management Board Members has been structured means that Management Board Members do not focus solely on the short-term financial performance of the CIECH Group. The awards granted under the long-term incentive plans relate to the achievement of multiannual goals (the reference periods under LTIP 2019-2021 and LTIP 2022-2024 are three years) and their handout is deferred in time to strengthen the link between the Board Members' individual goals and implementation of long-term strategic goals (including financial ones) pursued by the Company and the CIECH Group. The proportion of the variable remuneration paid to Members of the Management Board in 2022 to the fixed remuneration payable for that year does not exceed the ratio set out in the Remuneration Policy.

The remuneration of Members of the Supervisory Board is composed of fixed remuneration, which ensures independent control over the activities and economic situation of the Group by making the remuneration of the Supervisory Board Members independent of the Group's performance. Importantly, proper control and internal supervision fortify the Group's stable growth and implementation of its long-term business strategy.

Moreover, the adopted remuneration structure supports proper and effective risk management at the Company and contributes to the execution of the long-term business strategy, pursuing long-term interests and improved stability of the Group, taking into account shareholders' interests.

1.3 INFORMATION ON HOW THE CRITERIA RELATED TO THE COMPANY'S RESULTS ARE APPLIED

1.3.1. ANNUAL BONUS

The amount of the annual bonus granted under the Remuneration Policy to each Management Board Member for a given calendar year is determined by the Supervisory Board individually, in proportion to the period of service as a Management Board Member. The bonus is calculated taking into account the amount of the annual remuneration of the Member, the level of completion of the management goals set forth under the Member's employment contract, and the annual assessment of the Member's performance.

The amount of the annual bonus, to which every Member of the Management Board is entitled, remains dependent on the financial results achieved by the CIECH Group, which, in turn, rely on the following ratios and relations between them:

EBITDA (A)	Adjusted EBITDA on continuing operations of the CIECH Group, as determined in the audited, consolidated financial statements of the CIECH Group for the financial year, subject to unqualified opinion, but excluding the provision for costs of the Long-Term Incentive Plan
EBITDA (AP)	Adjusted EBITDA relating to continuing operations of the CIECH Group, set in the Annual Financial Plan of the CIECH Group for a given financial year, approved by the Supervisory Board of CIECH S.A., excluding the provision for future awards granted under the Long-Term Incentive Plan.

As at 31 December 2022, the amount of the annual bonus is calculated in the following manner:

ANNUAL BONUS = G + U, WHERE:
$G = 75\% \times MP$
$U = BB \times MP$
$MP = W \times R$
<p>BB – individual percentage ratio determined annually by the Supervisory Board of CIECH S.A. for each Member of the Management Board within 30 days from the date of approval by the Annual General Meeting of the audited consolidated financial statements of the CIECH Group prepared in accordance with International Financial Reporting Standards as endorsed by the European Union for the financial year in question, subject to unqualified opinion, which, however, cannot exceed 25%. In the event that the value of this ratio is not established within the above timeframe, a value of 25% is assumed.</p>
<p>W – the product of the gross remuneration of the Employee as defined in Clause 4.1 of the Agreement on the date of approval by the Annual General Meeting of the audited consolidated financial statements of the CIECH Group for the financial year for which the annual bonus is awarded and the multiplication factor of 12 (in words: twelve).</p>
<p>R – the degree of implementation calculated in line with the following:</p> <ul style="list-style-type: none"> • if EBITDA (A) is less than 90% of EBITDA (AP) – the degree of implementation is 0%; • if EBITDA (A) is between 90% and 120% of EBITDA (AP) - the degree of implementation will increase on a straight-line basis from 50% to 125%; • if EBITDA (A) is more than 120% of EBITDA (AP) – the degree of implementation is 125%.

1.3.2. INCENTIVE PLAN 2019-2021

On 31 December 2021, the reference period under the Incentive Plan 2019–2021 ended. The criterion for eligibility to receive payments under the Incentive Plan 2019–2021 was the achievement by the CIECH Group of an increase in value at a predetermined level during the assumed reference period, compared to the base year.

The increase in value depended on the following ratios:

EBITDA (A) Adjusted EBITDA from continuing operations of the CIECH Group	Determined in the audited, consolidated financial statements of the CIECH Group for the financial year, subject to unqualified opinion, but excluding the provision for costs of the Plan. For acquisitions completed in the last 12 months of the Reference Period, EBITDA (A) will be adjusted accordingly to reflect the performance of the acquired company for the full 4 quarters preceding the last day of the Reference Period.
"Consolidated net debt": net financial liabilities of the CIECH Group	Determined in the audited, consolidated financial statements of the CIECH Group for the respective year, subject to unqualified opinion.

“Total dividends paid to shareholders of the Company”	In accordance with the definitions in the generally applicable legislation and in accordance with the values derived from the audited consolidated financial statements of the CIECH Group for the year in question, subject to unqualified opinion, taking into account payments of interim dividends.
“Net proceeds from issue of shares and other equity instruments and capital contributions”	In accordance with the definitions in the generally applicable legislation and in accordance with the values derived from the audited consolidated financial statements of the CIECH Group for the year in question, subject to unqualified opinion, taking into account payments of interim dividends, with the value being reduced/adjusted for issue-related costs.
“Net outflows for cancelled/acquired shares of the Company”	In accordance with the definitions in the generally applicable legislation and in accordance with the values derived from the audited consolidated financial statements of the CIECH Group for the year in question, subject to unqualified opinion, taking into account payments of interim dividends, with the value being increased/adjusted for cancellation/acquisition-related costs.

The figures for 2018 (base year) and the reference period (2019-2021) were determined based on:

- 1) figures from the audited consolidated financial statements of the CIECH Group for the financial year 2019, approved by the Annual General Meeting of the Company, subject to unqualified opinion,
- 2) figures from the audited consolidated financial statements of the CIECH Group for the financial year 2021, approved by the Annual General Meeting of the Company, subject to unqualified opinion.

In view of the figures from the aforementioned financial statements, the condition referred to in the Incentive Plan 2019-2021, which was that during the reference period, the value generated by the CIECH Group for its shareholders would be at least equal to 11% of the initial value, was deemed to have been met. This resulted in the creation of a pool of funds, the calculation of the amount allocated in relation to each Member of the Management Board and the payment of the first tranche of the amount awarded.

The values of the ratio were as follows:

- PLN 3,011,185.5 thousand for the base year,
- PLN 3,914,586.0 thousand for the reference period.

The accretion was PLN 903,400.5 thousand, an increase by 30% compared to the required increase of at least 11% in accordance with the rules of the Incentive Plan 2019-2021.

1.4 REMUNERATION OF THE MANAGEMENT BOARD FOR 2021

The remuneration of Members of the Management Board of CIECH S.A. for 2021 received or due, broken down into separate remuneration components, is presented in the table below.

TABLE 2. REMUNERATION OF THE MANAGEMENT BOARD MEMBERS FOR 2021

<i>Figures in PLN thousand, on an annual basis</i>		Dawid Jakubowicz	Artur Osuchowski	Jarosław Romanowski	Mirośław Skowron	Total
a. Fixed component of remuneration	Gross remuneration	1,535	-	1,220	1,279	4,034
	Discretionary bonuses	-	-	-	-	-
b. Variable component of remuneration	Annual bonuses*	2,113	-	1,180	1,886	5,179
	Awards granted under LTIP 2019-2021**	-	-	-	-	-
	Total	2,113	-	1,180	1,886	5,179
c. Other benefits		60	-	42	53	155
I. Variable component, fixed component, and other non-wage benefits in total		3,708	-	2,442	3,218	9,368
d. Other	Severance payment	-	-	-	-	-
	Non-competition compensation	-	524	-	-	524

<i>Figures in PLN thousand, on an annual basis</i>	Dawid Jakubowicz	Artur Osuchowski	Jarosław Romanowski	Mirosław Skowron	Total
II. Total remuneration	3,708	524	2,442	3,218	9,892
Fixed component's share in the total remuneration (a./l.)	43%	0%	52%	41%	45%
Variable component's share in the total remuneration (b./l.)	57%	0%	48%	59%	55%

* Performance bonus for 2020, paid in 2021, costs included in 2020.

** In accordance with LTIP 2019-2021, the first payment was made in July 2022 and therefore LTIP benefits were not payable in 2021 and are thus not included in this statement. The cost of LTIP 2019-2021 is included in the results for 2019-2021.

In 2021, Mr. Mirosław Skowron received remuneration of PLN 56 thousand, on account of being a member of the Management Board of CIECH Salz Deutschland GmbH. In 2021, other Members of the Management Board did not receive any remuneration from other entities of the CIECH Group.

1.5 REMUNERATION OF THE MANAGEMENT BOARD FOR 2022

The remuneration of Members of the Management Board of CIECH S.A. for 2022 received or due, broken down into separate remuneration components, is presented in the table below.

TABLE 3. REMUNERATION OF THE MANAGEMENT BOARD MEMBERS FOR 2022

<i>Figures in PLN thousand, on an annual basis</i>	Dawid Jakubowicz	Jarosław Romanowski	Mirosław Skowron	Kamil Majczak*	Total
a. Fixed component of remuneration					
Gross remuneration	1,910	1,519	1,592	917	5,938
Discretionary bonuses	618	492	515	-	1,625
b. Variable component of remuneration					
Annual bonuses**	2,149	1,709	1,791	-	5,648
Awards granted under LTIP 2019-2021***	3,614	1,581	2,710	903	8,808
Total	6,381	3,782	5,016	903	16,082
c. Other benefits	92	86	91	4	273
I. Variable component, fixed component, and other non-wage benefits in total	8,383	5,387	6,699	1,824	22,293
d. Other					
Severance payment	-	-	-	-	-
Non-competition compensation	-	-	-	-	-
II. Total remuneration	8,383	5,387	6,699	1,824	22,293
Fixed component's share in the total remuneration (a./l.)	24%	30%	25%	50%	28%
Variable component's share in the total remuneration (b./l.)	76%	70%	75%	50%	72%

* Pursuant to the Resolution of the Supervisory Board dated 18 May 2022, Mr. Kamil Majczak was appointed a Member of the Management Board with effect as of 1 June 2022.

* Performance bonus for 2021, paid in 2022, costs included in 2021.

*** In accordance with LTIP 2019-2021, the first tranche was paid in July 2022. The cost of LTIP 2019-2021 is included in the results for 2019-2021.

In 2022, Mr Kamil Majczak received remuneration on account of his employment relationship with CIECH Ventures Sp. z o.o. in the amount of PLN 18 thousand. In 2022, other Members of the Management Board did not receive any remuneration from other entities of the CIECH Group.

In addition, Mr Kamil Majczak was funded to attend the 'Leading Change and Organisational Renewal Program' training course in 2022, worth USD 16.5 thousand, equivalent to PLN 76 thousand.

In addition, for the years 2019-2022, the following remunerations are potentially due:

TABLE 4. REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD POTENTIALLY DUE AS AT 31 DECEMBER 2022

<i>Figures in PLN thousand, on an annual basis</i>	Dawid Jakubowicz	Jarosław Romanowski	Mirosław Skowron	Kamil Majczak	Total
Annual bonuses for 2022*	2,861	2,275	2,384	1,498	9,018
LTIP 2019-2021**	6,316	2,763	4,737	1,579	15,395
LTIP 2022-2024***	1,764	1,323	1,323	1,323	5,733
Total remuneration potentially due	10,941	6,361	8,444	4,400	30,146

* Costs recognized in 2022.

** Costs recognized in 2019 - 2021, with income/costs due to changes in the discount rate and changes in estimates included in the costs of the year.

*** Costs recognized in 2022, amounts based on best estimate available in 2022.

1.6 CIECH S.A.'S SHARES HELD BY MEMBERS OF THE MANAGEMENT BOARD

In 2022, no financial instruments within the meaning of Article 90g(2)(6) of the Act on Public Offering were offered or granted to Members of the Management Board. The CIECH S.A.'s shares held by Members of the Management Board listed in the table below were purchased on their own account.

TABLE 5. CIECH S.A.'S SHARES HELD BY MEMBERS OF THE MANAGEMENT BOARD

	Function performed	Number of CIECH S.A.'s shares held	
		31 December 2021	31 December 2022
Dawid Jakubowicz	President of the Management Board	25,713	39,713
Mirosław Skowron	Member of the Management Board	11,854	21,554
Jarosław Romanowski	Member of the Management Board	7,550	17,550
Kamil Majczak	Member of the Management Board	0	0

2 REMUNERATION OF THE SUPERVISORY BOARD

2.1 REMUNERATION POLICY FOR THE SUPERVISORY BOARD

Pursuant to the Resolution of the Extraordinary General Meeting of CIECH S.A. dated 28 April 2022, the Members of the Supervisory Board are entitled to:

- fixed monthly remuneration due for the entire period of office (the term of office of a Member of the Supervisory Board is five years),
- supplementary fixed monthly gross remuneration for serving on Supervisory Board Committees, i.e. the Audit Committee, the Remuneration Committee and the Sustainability Committee,
- variable remuneration covering the right to a share in the Company's net profit and individual awards in the amount specified by the General Meeting of CIECH S.A.

Monthly remuneration of the Members of the Supervisory Board varies depending on the function performed. In accordance with the aforementioned resolution, the fixed monthly remuneration of the Supervisory Board Members is as follows:

- Chairman of the Supervisory Board – in an amount equal to 120% of the amount determined for a Member of the Supervisory Board,
- Member of the Supervisory Board – in the amount of PLN 45 thousand.

The amount referred to above will be subject to annual adjustments for the index of real increase in the average remuneration compared to the previous year, announced by the President of the Central Statistical Office.

Supplementary fixed gross remuneration for serving on Supervisory Board Committees is due to the Chairman of the Committee in the amount of 10% of the remuneration payable to a member of the Supervisory Board. Members of the Committee are entitled to an additional gross monthly remuneration amounting to 5% of the remuneration payable to a Member of the Supervisory Board.

Regardless of the monthly remuneration, the Members of the Supervisory Board are entitled to a share in the Company's net profit in the amount specified by the General Meeting when adopting a resolution on the distribution of net profit for a given financial year. The Company's General Meeting may also grant the Members of the Supervisory Board individual awards in the amount specified by resolution of the General Meeting of the Company. In the period covered by this Report, the General Meeting did not adopt any resolutions entitling the Members of the Supervisory Board to a share in the Company's net profit. On 28 April 2022, the Company's General Meeting passed resolutions entitling the Supervisory Board Members – each one of them separately – to receive individual awards.

In the period covered by this Report, the Members of the Supervisory Board did not receive any:

- remuneration in form of financial instruments,
- remuneration from entities of the CIECH Group,
- benefits under retirement or disability pension schemes (subject to participation in the Employee Capital Plan scheme).

Pursuant to the Remuneration Policy in force, close relatives and partners of Members of the Supervisory Board are not entitled to any monetary or non-monetary benefits within the meaning of Article 90g(5) of the Act on Public Offering.

The composition of the Supervisory Board, the Audit Committee, the Remuneration Committee and the Sustainability Committee in the period covered by this Report is presented in the tables below.

TABLE 6. COMPOSITION OF THE SUPERVISORY BOARD IN THE YEARS 2018-2022

	Function performed	Appointment	Dismissal/ Resignation
Sebastian Kulczyk	Chairman of the Supervisory Board	08.10.2015	function still performed
Artur Olech	Member of the Supervisory Board	07.07.2014	function still performed
Dawid Jakubowicz	Member of the Supervisory Board, acting President of the Management Board	10.09.2018	05.12.2018
	Member of the Supervisory Board	22.06.2018	10.09.2018
Dominik Libicki	Member of the Supervisory Board	07.03.2016	22.06.2018
Łukasz Rędziniak	Member of the Supervisory Board	23.01.2020	function still performed
Marek Koźnik	Member of the Supervisory Board	28.01.2019	function still performed
Mariusz Nowak	Member of the Supervisory Board	07.07.2014	22.01.2020
Martin Laudенbach	Member of the Supervisory Board	21.05.2020	function still performed
Piotr Augustyniak	Member of the Supervisory Board	07.07.2014	16.03.2021
Tomasz Mikołajczak	Deputy Chairman of the Supervisory Board	07.07.2014	20.05.2020
Natalia Scherbakoff	Member of the Supervisory Board	26.10.2021	function still performed

TABLE 7. COMPOSITION OF THE AUDIT COMMITTEE IN THE YEARS 2018-2022

Audit Committee	2018	2019	2020	2021	2022	Appointment	Resignation
Artur Olech	✓	✓	✓	✓	✓	30.10.2014	
Marek Koźnik			✓	✓	✓	24.02.2020	
Mariusz Nowak	✓	✓	✓			10.03.2016	22.01.2020
Piotr Augustyniak	✓	✓	✓	✓		07.07.2014	16.03.2021
Łukasz Rędziniak				✓	✓	30.03.2021	17.05.2022
Martin Laudенbach					✓	18.05.2022	

TABLE 8. COMPOSITION OF THE REMUNERATION COMMITTEE IN THE YEARS 2018-2022

Remuneration Committee	2018	2019	2020	2021	2022	Appointment	Resignation
Sebastian Kulczyk			✓	✓	✓	16.07.2020	
Marek Kośnik			✓	✓	✓	24.02.2020	
Mariusz Nowak	✓	✓	✓			07.07.2014	22.01.2020
Tomasz Mikołajczak	✓	✓	✓			07.07.2014	20.05.2020

TABLE 9. COMPOSITION OF THE SUSTAINABILITY (ESG) COMMITTEE IN THE YEARS 2018-2022

ESG	2022	Appointment	Resignation
Martin Laudenbach	✓	18.05.2022	
Łukasz Rędziniak	✓	18.05.2022	
Natalia Scherbakoff	✓	18.05.2022	

2.2 REMUNERATION OF THE SUPERVISORY BOARD FOR 2021

The remuneration of Members of the Supervisory Board received or due for 2021, broken down into separate components, is presented in the table below.

TABLE 10. REMUNERATION OF THE SUPERVISORY BOARD MEMBERS FOR 2021

<i>Figures in PLN thousand, on an annual basis</i>		Sebastian Kulczyk*	Artur Olech	Łukasz Rędziniak	Marek Kośnik	Martin Laudenbach	Piotr Augustyniak	Natalia Scherbakoff	Total
a. Fixed component of remuneration	Gross remuneration	-	203	207	212	209	44	39	914
	Supplementary gross remuneration**	-	244	161	264	-	64	-	733
	Total	-	447	368	476	209	108	39	1,647
b. Variable component of remuneration***		-	-	-	-	-	-	-	-
I. Total remuneration		-	447	368	476	209	108	39	1,647
Fixed component's share in the total remuneration (a./I.)		-	100%	100%	100%	100%	100%	100%	100%
Variable component's share in the total remuneration (b./I.)		-	0%	0%	0%	0%	0%	0%	0%

*From 1 April 2016, Chairman of the Supervisory Board, Mr. Sebastian Kulczyk does not receive any remuneration due to the waiver of the claim for remuneration for the position of the Chairman of the Supervisory Board.

** For serving at the Audit Committee.

***Variable component of remuneration encompasses the right to a share in the Company's net profit and individual awards. In 2021, Members of the Supervisory Board were not entitled to a share in the Company's net profit, nor to individual awards.

2.3 REMUNERATION OF THE SUPERVISORY BOARD FOR 2022

The remuneration of Members of the Supervisory Board received or due for 2022, broken down into separate components, is presented in the table below.

TABLE 11. REMUNERATION OF THE SUPERVISORY BOARD MEMBERS FOR 2022

Figures in PLN thousand, on an annual basis		Sebastian Kulczyk*	Artur Olech	Łukasz Rędziniak	Marek Koźnik	Martin Laudenbach	Natalia Scherbakoff	Total
a. Fixed component of remuneration	Gross remuneration	-	437	437	450	437	437	2,198
	Supplementary gross remuneration**	-	147	92	109	38	17	403
	Total	-	584	529	559	475	454	2,601
b. Variable component of remuneration***		-	1,000	639	972	528	56	3,195
c. Inne benefity		-	23	-	23	-	-	46
I. Total remuneration		-	1,607	1,168	1,554	1,003	510	5,842
Fixed component's share in the total remuneration (a./I.)		-	36%	45%	36%	47%	89%	45%
Variable component's share in the total remuneration (b./I.)		-	64%	55%	64%	53%	11%	55%

*From 1 April 2016, Chairman of the Supervisory Board, Mr. Sebastian Kulczyk does not receive any remuneration due to the waiver of the claim for remuneration for the position of the Chairman of the Supervisory Board.

*** For serving on Supervisory Board Committees.

***Variable component of remuneration encompasses the right to a share in the Company's net profit and individual awards. In 2022, Members of the Supervisory Board were not entitled to a share in the Company's net profit; they were entitled to individual awards.

2.4 CIECH S.A.'S SHARES HELD BY MEMBERS OF THE SUPERVISORY BOARD

In 2022, no financial instruments within the meaning of Article 90g(2)(6) of the Act on Public Offering were offered or granted to Members of the Supervisory Board.

TABLE 12. CIECH S.A.'S SHARES HELD BY MEMBERS OF THE SUPERVISORY BOARD

	Function performed	Number of shares held CIECH S.A.	
		2021	2022
Sebastian Kulczyk	Chairman of the Supervisory Board	26 952 052*	26 952 052*
Marek Koźnik	Member of the Supervisory Board	3,582	9,230

*Mr. Sebastian Kulczyk indirectly holds 26,952,052 shares in CIECH S.A., which represents approx. 51% of the Company's share capital.

3 REMUNERATION STRUCTURE AND RESULTS OF CIECH S.A. IN THE YEARS 2018-2022

3.1 REMUNERATION OF THE MANAGEMENT BOARD IN THE YEARS 2018-2022

The table below provides an overview of the remuneration received or due to Members of the Management Board in the years 2018–2022.

TABLE 13. REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD IN THE YEARS 2018-2022

Figures in PLN '000	Function performed	Appointment	Dismissal/ Resignation	2018	2019	2020	2021	2022
Dawid Jakubowicz	President of the Management Board	05.12.2018		450	1,440	2,979	3,708	8,383
			YOY, %	-	220%	106%	24%	126%
Artur Król	Member of the Management Board	26.10.2015	31.08.2018	3,041	1,438	-	-	-
			YOY, %	4%	(53%)	(100%)	-	-
Artur Osuchowski	Member of the Management Board	02.04.2008	25.10.2019	3,038	1,265	3,040*	524*	-
			YOY, %	4%	(58%)	140%	-83%	-
Dariusz Krawczyk	Member of the Management Board	28.05.2012	22.07.2015	81*	-	-	-	-
			YOY, %	(92%)	(100%)	-	-	-
Jarosław Romanowski	Member of the Management Board	20.04.2020		-	-	851	2,442	5,387
			YOY, %	-	-	-	187%	121%
Maciej Tybura	President of the Management Board	22.07.2015	10.09.2018					-
	Member of the Management Board	13.10.2014	22.07.2015	4,286	2,824*	458*	-	-
			YOY, %	4%	(34%)	(84%)	(100%)	-
Mirosław Skowron	Member of the Management Board	10.09.2018	31.01.2023	301	1,209	2,480	3,218	6,699
			YOY, %	-	302%	105%	30%	108%
Krzysztof Szlaga	Member of the Management Board	12.03.2018	26.11.2018	1,196	2,004*	325*	-	-
			YOY, %	-	68%	(84%)	(100%)	-
Kamil Majczak	Member of the Management Board	01.06.2022	-	-	-	-	-	1,824
Total			Total remuneration	12,393	10,187	10,153	9,892	22,293
			YOY, %	13%	(18%)	(0%)	(3%)	126%

* The remuneration includes termination payment and non-compete compensation.

3.2 AVERAGE REMUNERATION OF EMPLOYEES AND KEY RESULTS OF CIECH S.A. IN THE YEARS 2018–2022

The average remuneration of CIECH S.A. employees who are not members of the Management Board or the Supervisory Board, as well as the key results of the Company in 2018-2022 are presented in the tables below.

TABLE 14. AVERAGE ANNUAL REMUNERATION OF THE EMPLOYEES OF CIECH S.A. IN THE YEARS 2018-2022

Figures in PLN '000	2018	2019	2020	2021	2022
Average total employees' remuneration, including the remuneration paid to the Managing Director*	121	123	143	167	209
Change in the average remuneration, %	9%	2%	16%	17%	25%

* Average remuneration of the employees of Ciech S.A. is calculated as the sum of all individual remuneration (i.e. fixed remuneration, bonuses and other awards, and commissions excluding fringe benefits) paid out to employees in the given calendar year (i.e. in a 12 month period), divided by an average headcount (average FTEs) in the given year.

TABLE 15. KEY RESULTS OF CIECH S.A. IN THE YEARS 2018-2022 (CIECH S.A. GROUP CONSOLIDATED DATA)

Figures in PLN '000	2018	2019	2020	2021*	2022
Net sales revenues	3,672,658	3,241,862	2,975,733	3,483,713	5,415,459
Operating profit/(loss)	379,200	253,476	249,968	340,504	590,177
Net profit/(loss) for the period	112,503	109,081	128,030	281,085	564,701

Figures in PLN '000	2018	2019	2020	2021*	2022
Adjusted EBITDA from continuing operations	633,493	639,070	585,332	711,348	1,033,191
Debt ratio	2.3	2.8	2.9	1.8	1.3
Net cash from operating activities	453,938	535,433	767,186	1,263,651	842,301
Net cash from investing activities	(626,669)	(410,912)	(833,999)	(692,100)	(845,021)

*Restated data. For detailed information, see Note 1.5.1 to the Consolidated Financial Statements of the CIECH Group for 2022.

3.3 EXPLANATION OF HOW THE RESOLUTION RELATING TO THE PREVIOUS REMUNERATION REPORT WAS TAKEN INTO ACCOUNT IN THE REPORT

The Report of the Supervisory Board of CIECH S.A. on the remuneration of members of the Management Board and the Supervisory Board for 2021, together with the auditor's assessment of the Supervisory Board Remuneration Report for 2021, presented to the Shareholders of CIECH S.A. well in advance, was submitted to the Annual General Meeting of CIECH S.A. on 28 April 2022. Having familiarised themselves with the auditor's assessment, the shareholders of CIECH S.A., without making any additional comments to it, gave a positive opinion on the presented Supervisory Board Remuneration Report for 2021.

4 SUMMARY

The Supervisory Board performed a review of remuneration and benefits granted to individual Members of the Management Board and the Supervisory Board, against their compliance with the Remuneration Policy in force. As a result, the Supervisory Board found that:

- remuneration paid to Members of the Management Board is in compliance with the Remuneration Policy in force,
- no deviation from the Remuneration Policy has been identified,
- taking into account the long-term interest of the CIECH Group, the interests of shareholders and other Company's stakeholders, the Supervisory Board assessed the operation of the Remuneration Policy and its contribution to the achievement of operational and strategic goals as positive.