



Report on the Remuneration of the Members of the Management Board and the Supervisory Board of Ciech S.A. for 2019 and 2020



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Introduction

This Remuneration Report 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. (hereinafter: “the Company”). This Remuneration Report covers two financial years, i.e. 2019 and 2020, and has been established 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*¹ (hereinafter: “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. (hereinafter: “the Remuneration Policy”) defining the principles and a detailed framework for remunerating the Members of the Management Board and the Supervisory Board. The Remuneration Policy came into force as of 1 May 2020. The current version thereof can be found on the Ciech S.A. Group’s website, in the ‘Investor Relations’ tab.

https://ciechgroup.com/fileadmin/relacje_inwestorskie/WZA/04_2020/Polityka_wynagrodzen.pdf

1. Remuneration of the Management Board

1.1 Remuneration Policy for the Members of the Management Board

Pursuant to the Remuneration Policy in force at the Company, the 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 annual bonus, discretionary bonus (awards) and awards granted under the long-term incentive plan (see below),
- **other non-wage benefits** including the right to use the company vehicle for private purposes, reimbursement of fuel expenses, the right to use the selected health benefits package, and the right to use sports cards and life insurance. Non-wage benefits do not constitute a

significant part of the total remuneration of the Management Board Members.

The **fixed monthly remuneration** differs depending on the functions performed within the Management Board as well as the scope of responsibilities and competencies of the given Board Member. The amount of the monthly fixed remuneration of the Members of the Management Board is determined by the Supervisory Board, based on a recommendation of the Remuneration Committee of the Supervisory Board. The Remuneration Committee’s recommendations are established by reference to market rates of remuneration for management board members, with special regard to entities with a similar business profile, as well as competences and experience of individual Board Members.

¹Journal of Laws of 2005 no.184, item 1539, i.e. Journal of Laws of 2020, item 2080

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.

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.

On 26 February 2019, the Supervisory Board of Ciech S.A. adopted a resolution, by which it approved a three-year *Long-Term Incentive Plan of Ciech S.A.* (hereinafter: "the Incentive Plan" or "the LTIP") for the period 2019-2021, intended for the key managerial staff of the Ciech S.A. Group (hereinafter: "the Group" or "the Ciech Group").

Pursuant to the resolution, the key managerial staff, including the Members of the Management Board, shall be enrolled in the Incentive Plan, based on a decision issued by the Supervisory Board separately for each Member of the Management Board.

The award granted to a given Board Member under the Incentive Plan depends on the value earned (hereinafter: "the Earned Value") by the Ciech Group for its shareholders in the reference period, starting on 1 January 2019 and ending on 31 December 2021. The Earned Value is calculated as the difference in the value of the Ciech Group (hereinafter: "the Value of the Ciech Group") achieved at the end of the settlement period, compared to such value at the end of the base year (i.e. 2018).

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

- normalized EBITDA² of the Ciech Group;
- assumed multiplier for normalized EBITDA of the Ciech Group;
- consolidated net debt of the Ciech Group;
- value of dividends paid in the period from 1 January 2019 to 31 December 2021,
- cash inflows/outflows arising from the issue/redemption of Company shares.

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 11% of the base year (i.e. 2018), a bonus pool in the amount of 12% of the Earned Value is established. The bonus pool 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:

- 30 June 2022,
- 30 June 2023,
- 30 June 2024.

² Normalized EBITDA is calculated as consolidated EBITDA less non-recurring, irregular and one-time items.

The main criterion for the granting of awards under the Incentive Plan is that the Ciech Group reports in the given settlement period a specified increase in value, compared to the base year.

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 and on the principles provided for by the Regulations of the Long-Term Incentive Plan, namely in situations where:

- the Company, for whatever reason, misrepresented the Group's financial results;
- 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 the Company or a member of the Group, including, without limitation, the liquidation of the Company, the Group, or any member thereof, or
- a Member of the Management Board awarded under the LTIP committed an act (or acts) of fraud or gross negligence or otherwise damaged the reputation of the Company or any member of the Ciech Group.

The entire 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.

The Members of the Management Board are covered by the Employee Capital Plan (hereinafter: "the ECP") according to the principles set out in the Act on Employee Capital Plans of 4 October 2018 (Journal of Laws of 2018, item 2215) (hereinafter: "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 the 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.

The composition of the Management Board in the period covered by this Report is presented in the table below.

Table 1. Composition of the Management Board of Ciech S.A. in the years 2015-2020

| | FUNCTION PERFORMED | APPOINTMENT | DISMISSAL/RESIGNATION |
|----------------------------|-----------------------------------|--------------------|---------------------------------|
| Dawid Jakubowicz | President of the Management Board | 2018-12-05 | <i>Function still performed</i> |
| Maciej Tybura | President of the Management Board | 2015-07-22 | 2018-09-10 |
| | Member of the Management Board | 2014-10-13 | 2015-07-22 |
| Artur Król | Member of the Management Board | 2015-10-26 | 2018-08-31 |
| Artur Osuchowski | Member of the Management Board | 2008-04-02 | 2019-10-25 |
| Dariusz Krawczyk | Member of the Management Board | 2012-05-28 | 2015-07-22 |
| Jarosław Romanowski | Member of the Management Board | 2020-04-20 | <i>Function still performed</i> |
| Mirosław Skowron | Member of the Management Board | 2018-09-10 | <i>Function still performed</i> |
| Krzysztof Szlaga | Member of the Management Board | 2018-03-12 | 2018-11-26 |

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 the 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 development 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 Company's long-term interests, and financial stability are to be favored, in particular, by the design and structure of the remuneration scheme for the Members of the Management Board and the 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 the **Members of the Management Board** covers fixed and variable remuneration. The fixed component of remuneration of the Members of the Management Board is determined by the Supervisory Board, taking into account the applicable market practice, i.e. by reference to market rates of remuneration for management board members, with special regard to entities with a similar business profile and scope of activities. In turn, the variable component of remuneration, encompassing annual bonuses and awards granted under the Long-Term Incentive Plan of the Ciech Group, depends 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. The variable remuneration component takes into account both the Company's short-term and long-term operational perspective. The amount of the annual bonus cannot exceed 125% of the annual fixed remuneration, which reduces willingness to undertake projects that may be particularly profitable in the short term but involve potentially excessively high risks in the long run. Under the adopted framework for granting bonuses, individuals taking management decisions do not draw supplementary benefits from it. Consequently, the focus of the Members of the Management Board goes beyond short-term financial results of the Ciech Group. The awards granted under the Incentive Plan relate to the achievement of multiannual goals 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.

1.3 Information on how the criteria related to the Company's results are applied

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, 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 (Z) - normalized EBITDA relating to continuing operations of the Ciech Group

The remuneration of the **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 results. 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.

determined in an audited financial statement of the Ciech Group for a given financial year, for which an unqualified opinion has been issued, however, excluding the provision for future awards granted under the Long-Term Incentive Plan;

- EBITDA (ZP) - normalized EBITDA relating to continuing operations of the Ciech Group, set under the Annual Financial Plan of the Ciech Group for a given financial year, approved by the Supervisory Board, excluding the provision for future awards granted under the Long-Term Incentive Plan.

As at 31 December 2020, the amount of the annual bonus is calculated in the following manner:³

Annual bonus = G + U, where:

G = 75% x MP

U = BB x MP

MP = W x R

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 Ordinary General Meeting of the audited consolidated financial statements of the Ciech Group, subject to unqualified opinion, which, however, cannot exceed 25%.

W – the product of the gross remuneration of the Management Board Member, specified in the employment contract, and the multiplication factor of 12.

R – the degree of implementation calculated in line with the following:

- if EBITDA (Z) is less than 90% of EBITDA (ZP) - the degree of implementation is 0%;
- if EBITDA (Z) is between 90% and 120% of EBITDA (ZP) - the degree of implementation is at the level between 50% and 125%;
- if EBITDA (Z) is more than 120% of EBITDA (ZP) - the degree of implementation is 125%.

1.4. Remuneration of the Management Board in 2019

The Table below presents the values of remuneration and fringe benefits received by and due to each Member of the Management Board in 2019.

Table 2. Remuneration of the Members of the Management Board in 2019

| <i>figures in PLN thousand, on an annual basis</i> | | Dawid Jakubowicz | Artur Król | Artur Osuchowski | Maciej Tybura | Mirosław Skowron | Krzysztof Szłaga | In total |
|--|--|---------------------|---------------|---------------------|------------------|---------------------|---------------------|---------------|
| Fixed component of remuneration | Gross remuneration | 1,440 | 657 | 1,260 | 899 | 1,200 | 768 | 6,224 |
| | Variable component of remuneration* | - | - | - | - | - | - | - |
| Other non-wage benefits** | | - | 1 | 5 | 1 | 6 | - | 13 |
| Variable component, fixed component, and other non-wage benefits in total | | 1,440 | 658 | 1,265 | 900 | 1,206 | 768 | 6,237 |
| Other benefits | Severance payment | - | 780 | - | 1,099 | - | 780 | 2,660 |
| | Non-competition compensation | - | - | - | 825 | - | 455 | 1,280 |
| | In total | - | 780 | - | 1,924 | - | 1,235 | 3,940 |
| Remuneration in total | | 1,440 | 1,438 | 1,265 | 2,824 | 1,206 | 2,004 | 10,177 |
| <i>Fixed component's share in the total remuneration***</i> | | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| <i>Variable component's share in the total remuneration</i> | | 0% | 0% | 0% | 0% | 0% | 0% | 0% |

* In 2019, the Members of the Management Board were not entitled to receive annual bonuses, discretionary bonuses and awards granted under the Long-Term Incentive Plan.

**See Section 1.1. of this Report

*** Total remuneration does not include severance payments or compensations paid

³In previous years, the conditions entitling the Members of the Management Board to receive an annual bonus were not standardized,

and the amount of the annual bonus was calculated based on the multiplied normalized EBITDA.

1.5. Remuneration of the Management Board in 2020

The remuneration of the Members of the Management Board of Ciech S.A. for 2020, broken down into separate remuneration components, is presented in the table below.

Table 3. Remuneration of the Members of the Management Board in 2020

| <i>Figures in PLN thousand, on an annual basis</i> | | Dawid Jakubowicz | Artur Osuchowski | Jarosław Romanowski * | Maciej Tybura | Mirosław Skowron | Krzysztof Szłaga | In total |
|--|-------------------------------|------------------|------------------|-----------------------|---------------|------------------|------------------|---------------|
| Fixed component of remuneration | Gross remuneration | 1,509 | 708 | 843 | - | 1,249 | - | 4,309 |
| Variable component of remuneration | Discretionary bonus | - | - | - | - | - | - | - |
| | Annual bonus | 1,426 | 654 | - | - | 1,188 | - | 3,267 |
| | Awards granted under the LTIP | - | - | - | - | - | - | - |
| | In total | 1,426 | 654 | - | - | 1,188 | - | 3,267 |
| Other benefits | - | 2 | - | - | 6 | - | 8 | |
| Variable component, fixed component, and other non-wage benefits in total | | 2,935 | 1,364 | 843 | - | 2,443 | - | 7,584 |
| Other benefits | Severance payment | - | 1,258 | - | - | - | - | 1,258 |
| | Non-competition compensation | - | 419 | - | 458 | - | 325 | 1,202 |
| Remuneration in total | | 2,935 | 3,040 | 843 | 458 | 2,443 | 325 | 10,044 |
| <i>Fixed component's share in the total remuneration</i> | | <i>51%</i> | <i>52%</i> | <i>100%</i> | <i>0%</i> | <i>51%</i> | <i>0%</i> | <i>57%</i> |
| <i>Variable component's share in the total remuneration</i> | | <i>49%</i> | <i>48%</i> | <i>0%</i> | <i>0%</i> | <i>49%</i> | <i>0%</i> | <i>43%</i> |

* Pursuant to the Resolution of the Supervisory Board dated 20 April 2020, Mr. Jarosław Romanowski was appointed a Member of the Management Board.

In 2020, Mr. Mirosław Skowron received remuneration of PLN 16 thousand, on the account of being a member of the Management Board of *CIECH Salz Deutschland GmbH*. In 2020, other Members of the Management

Board did not receive any supplementary remuneration from other entities belonging to the Ciech Group.

1.6 Shares of Ciech S.A. held by the Members of the Management Board in the years 2019-2020

In the years 2019-2020, no financial instruments within the meaning of Article 90g(2)(6) of the Act were offered or granted to the Members of the Management Board. The shares of Ciech S.A. held by

the Members of the Management Board listed in the table below were purchased on their own account.

Table 4. Shares of Ciech S.A. held by the Members of the Management Board

| | Function performed | Number of Ciech S.A. shares held (pcs.) | |
|---------------------|-----------------------------------|---|------------------|
| | | 31 December 2019 | 31 December 2020 |
| Dawid Jakubowicz | President of the Management Board | 5,713 | 21,713 |
| Mirosław Skowron | Member of the Management Board | 1,930 | 8,656 |
| Jarosław Romanowski | Member of the Management Board | 0 | 3,200 |

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 18 December 2017, 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 three years),
- **supplementary fixed monthly** gross remuneration for being a member of the Audit Committee. The Members of the Supervisory Board are not entitled to any supplementary remuneration for taking part in the Remuneration 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. According to the aforementioned Resolution, remuneration of the Supervisory Board is calculated as follows:

- Chair of the Supervisory Board – remuneration in the amount of 400% of the 'accrual basis' (see below),

- Deputy Chair of the Supervisory Board – remuneration in the amount of 350% of the 'accrual basis',
- Members of the Supervisory Board – remuneration in the amount of 300% of the 'accrual basis',

The 'accrual basis' means the average monthly remuneration in the enterprise sector, including distributions from profit for the month preceding the calculation, as announced by the President of the Central Statistical Office.

Supplementary fixed gross remuneration for participating in the Audit Committee is due to the Head of the Audit Committee in the amount of 150% of the remuneration granted to a Member of the Supervisory Board. Furthermore, the Members of the Audit Committee are entitled to a supplementary gross remuneration in the amount of 100% of the remuneration granted 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. 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 or 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 other entities belonging to the Ciech Group,

- benefits under retirement or disability pension schemes.

Pursuant to the Remuneration Policy in force, close relatives and partners of the 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.

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

Table 5. Composition of the Supervisory Board in the years 2015-2020

| | FUNCTION PERFORMED | APPOINTMENT | DISMISSAL/RESIGNATION |
|---------------------------|--|-------------|---------------------------------|
| Sebastian Kulczyk | Chairman of the Supervisory Board | 2015-10-08 | <i>Function still performed</i> |
| | Member of the Supervisory Board | 2015-08-26 | 2015-10-08 |
| Dr. Jan Kulczyk | Chairman of the Supervisory Board | 2014-07-10 | 2015-07-29* |
| Artur Olech | Member of the Supervisory Board | 2014-07-07 | <i>Function still performed</i> |
| | Member of the Supervisory Board p.p. | 2018-09-10 | 2018-12-05 |
| Dawid Jakubowicz | President of the Management Board | 2018-06-22 | 2018-09-10 |
| | Member of the Supervisory Board | | |
| Dominik Libicki | Member of the Supervisory Board | 2016-03-07 | 2018-06-22 |
| Łukasz Rędziniak | Member of the Supervisory Board | 2020-01-23 | <i>Function still performed</i> |
| Marek Koźnik | Member of the Supervisory Board | 2019-01-28 | <i>Function still performed</i> |
| Mariusz Nowak | Member of the Supervisory Board | 2014-07-07 | 2020-01-22 |
| Martin Laudенbach | Member of the Supervisory Board | 2020-05-21 | <i>Function still performed</i> |
| Piotr Augustyniak | Member of the Supervisory Board | 2014-07-07 | 2021-03-16 |
| Tomasz Mikołajczak | Deputy Chairman of the Supervisory Board | 2014-07-07 | 2020-05-20 |
| Wojciech Stramski | Member of the Supervisory Board | 2014-07-07 | 2016-03-06 |

* Dr. Jan Kulczyk deceased on 29 July 2015

Table 6. Composition of the Audit Committee in the years 2015-2020

| Audit Committee | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | Appointment | Resignation |
|-------------------|------|------|------|------|------|------|-------------|-------------|
| Artur Olech | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 2014-10-30 | |
| Marek Kośnik | | | | | | ✓ | 2020-02-24 | |
| Mariusz Nowak | | ✓ | ✓ | ✓ | ✓ | ✓ | 2016-03-10 | 2020-01-22 |
| Piotr Augustyniak | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 2014-07-07 | 2021-03-16 |
| Wojciech Stramski | ✓ | ✓ | | | | | 2014-07-07 | 2016-03-06 |

Table 7. Composition of the Remuneration Committee in the years 2015-2020

| Remuneration Committee | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | Appointment | Resignation |
|------------------------|------|------|------|------|------|------|-------------|-------------|
| Sebastian Kulczyk | | | | | | ✓ | 2020-07-16 | |
| Marek Kośnik | | | | | | ✓ | 2020-02-24 | |
| Mariusz Nowak | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 2014-07-07 | 2020-01-22 |
| Tomasz Mikołajczak | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 2014-07-07 | 2020-05-20 |

2.2. Remuneration of the Supervisory Board in 2019

The remuneration of the Members of the Supervisory Board for 2019, broken down into separate remuneration components, is presented in the table below.

Table 8. Remuneration of the Members of the Supervisory Board in 2019

| <i>figures in PLN thousand, on an annual basis</i> | | Sebastian Kulczyk* | Artur Olech | Marek Kośnik | Mariusz Nowak | Piotr Augustyniak | Tomasz Mikołajczak | In total |
|---|------------------------------------|--------------------|-------------|--------------|---------------|-------------------|--------------------|--------------|
| Fixed component of remuneration | Gross remuneration | - | 185 | 171 | 185 | 185 | 215 | 940 |
| | Supplementary gross remuneration** | - | 185 | - | 185 | 277 | - | 646 |
| | In total | - | 369 | 171 | 369 | 461 | 215 | 1,585 |
| Variable component of remuneration*** | | - | - | - | - | - | - | - |
| Remuneration in total | | - | 369 | 171 | 369 | 461 | 215 | 1,585 |
| <i>Fixed component's share in the total remuneration</i> | | - | 100% | 100% | 100% | 100% | 100% | 100% |
| <i>Variable component's share in the total remuneration</i> | | - | 0% | 0% | 0% | 0% | 0% | 0% |

* Since 1 April 2016, the Chairman of the Supervisory Board, Mr. Sebastian Kulczyk, has not received any remuneration due to waiving his right to remuneration for performing this function.

** By virtue of participating in the Audit Committee.

***Variable component of remuneration encompasses the right to a share in the Company's net profit and individual awards. In 2019, the 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 in 2020

The remuneration of the Members of the Supervisory Board in 2020, broken down into separate remuneration components,

Is presented in the table below.

Table 9. Remuneration of the Members of the Supervisory Board in 2020

| <i>Figures in PLN thousand, on an annual basis</i> | | Sebastian Kulczyk* | Artur Olech | Łukasz Rędziniak | Marek Kośnik | Mariusz Nowak | Martin Laudenbach | Piotr Augustyniak | Tomasz Mikołajczak | In total |
|---|------------------------------------|--------------------|-------------|------------------|--------------|---------------|-------------------|-------------------|--------------------|--------------|
| Fixed component of remuneration | Gross remuneration | - | 193 | 181 | 208 | 12 | 118 | 193 | 88 | 993 |
| | Supplementary gross remuneration** | - | 193 | - | 164 | 12 | - | 290 | - | 659 |
| | In total | - | 387 | 181 | 372 | 24 | 118 | 483 | 88 | 1,653 |
| Variable component of remuneration*** | | - | - | - | - | - | - | - | - | - |
| Remuneration in total | | - | 387 | 181 | 372 | 24 | 118 | 483 | 88 | 1,653 |
| <i>Fixed component's share in the total remuneration</i> | | - | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| <i>Variable component's share in the total remuneration</i> | | - | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |

* Since 1 April 2016, the Chairman of the Supervisory Board, Mr. Sebastian Kulczyk, has not received any remuneration due to waiving his right to remuneration for performing this function.

** By virtue of participating in the Audit Committee.

***Variable component of remuneration encompasses the right to a share in the Company's net profit and individual awards. In 2020, the Members of the Supervisory Board were not entitled to a share in the Company's net profit, nor to individual awards.

2.4 Shares of Ciech S.A. held by the Members of the Supervisory Board

In the years 2019-2020, no financial instruments within the meaning of Article 90g(2)(6) of the Act were

offered or granted to the Members of the Supervisory Board.

Table 10. Shares of Ciech S.A. held by the Members of the Supervisory Board

| | Function performed | Number of Ciech S.A. shares held | |
|-------------------|-----------------------------------|----------------------------------|-------------|
| | | 2019 | 2020 |
| Sebastian Kulczyk | Chairman of the Supervisory Board | 26,952 052* | 26,952 052* |

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

3. Remuneration structure and results of Ciech S.A. in the years 2015-2020

3.1. Remuneration of the Management Board in the years 2015-2020

The table below provides an overview of the remuneration granted to the Members of the Management Board in the years 2015-2020.

Table 11. Remuneration of the Members of the Management Board in the years 2015-2020

| <i>figures in PLN thousand</i> | FUNCTION PERFORMED | APPOINTMENT | DISMISSAL/ RESIGNATION | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--------------------------------|-----------------------------------|----------------------|-------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|
| Dawid Jakubowicz | President of the Management Board | 2018-12-05 %, YOY | | - | - | - | 450 | 1,440 | 2,935 |
| | | | | - | - | - | - | 220% | 104% |
| Andrzej Kopec | Member of the Management Board | 2012-07-09 %, YOY | 2014-07-07 | 246* ** | - | - | - | - | - |
| | | | | - | -100% | - | - | - | - |
| Artur Król | Member of the Management Board | 2015-10-26 %, YOY | 2018-08-31 | 246 | 1,381 | 2,927 | 3,041 | 1,438 | - |
| | | | | - | 462% | 112% | 4% | -53% | -100% |
| Artur Osuchowski | Member of the Management Board | 2008-04-02 %, YOY | 2019-10-25 | 2,755 | 2,811 | 2,929 | 3,038 | 1,265 | 3,040* |
| | | | | - | 2% | 4% | 4% | -58% | 140% |
| Dariusz Krawczyk | Member of the Management Board | 2012-05-28 %, YOY | 2015-07-22 | 3,880 | 5,004* | 969* | 81* | - | - |
| | | | | - | 29% | -81% | -92% | -100% | - |
| Jarosław Romanowski | Member of the Management Board | 2020-04-20 %, YOY | | - | - | - | - | - | 843 |
| | | | | - | - | - | - | - | - |
| Maciej Tybura | President of the Management Board | 2015-07-22 | 2018-09-10 | 1,993 | 3,711 | 4,129 | 4,286 | 2,824* | 458* |
| | Member of the Management Board | 2014-10-13 %, YOY | 2015-07-22 | - | 86% | 11% | 4% | -34% | -84% |
| Mirosław Skowron | Member of the Management Board | 2018-09-10 %, YOY | | - | - | - | 301 | 1,206 | 2,443 |
| | | | | - | - | - | - | 300% | 103% |
| Krzysztof Szlaga | Member of the Management Board | 2018-03-12 %, YOY | 2018-11-26 | - | - | - | 1,196 | 2,004* | 325* |
| | | | | - | - | - | - | 68% | -84% |
| TOTAL | | YOY | | 9,120 | 12,907 | 10,954 | 12,398 | 10,177 | 10,044 |
| | | %, YOY | | - | 42% | -15% | 13% | -18% | -1% |

* The remuneration covers a termination payment and the non-competition compensation.

** The remuneration covers a bonus awarded for the previous years.

3.2 Remuneration of the Supervisory Board in the years 2015-2020

The table below provides an overview of the remuneration granted to the Members of the Supervisory Board in the years 2015-2020.

Table 12. Remuneration of the Members of the Supervisory Board in the years 2015-2020

| <i>figures in PLN thousand</i> | FUNCTION PERFORMED | APPOINTMENT | DISMISSAL/ RESIGNATION | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--------------------------------|--|----------------------|-------------------------------|-------------|-------------|-------------|--------------|--------------|--------------|
| Sebastian Kulczyk | Chairman of the Supervisory Board | 2015-10-08 | 2015-10-08 | 46 | 38* | - | - | - | - |
| | Member of the Supervisory Board | 2015-08-26 %, YOY | | - | -17% | -100% | - | - | - |
| Dr. Jan Kulczyk** | Chairman of the Supervisory Board | 2014-07-10 %, YOY | 2015-07-29* | - | - | - | - | - | - |
| Artur Olech | Member of the Supervisory Board | 2014-07-07 | | 98 | 102 | 144 | 332 | 369 | 387 |
| | | %, YOY | | - | 4% | 41% | 131% | 11% | 5% |
| Dawid Jakubowicz | Member of the Supervisory Board p.p. President of the Management Board | 2018-09-10 | 2018-12-05 | - | - | - | 37 | - | - |
| | | 2018-06-22 %, YOY | 2018-09-10 | - | - | - | - | -100% | - |
| Dominik Libicki | Member of the Supervisory Board | 2016-03-07 | 2018-06-22 | - | 83 | 117 | 82 | - | - |
| | | %, YOY | | - | - | 41% | -30% | -100% | - |
| Łukasz Rędziniak | Member of the Supervisory Board | 2020-01-23 | | - | - | - | - | - | 181 |
| | | %, YOY | | - | - | - | - | - | - |
| Marek Kośnik | Member of the Supervisory Board | 2019-01-28 | | - | - | - | - | 171 | 372 |
| | | %, YOY | | - | - | - | - | - | 118% |
| Mariusz Nowak | Member of the Supervisory Board | 2014-07-07 | 2020-01-22 | 98 | 102 | 144 | 332 | 369 | 24 |
| | | %, YOY | | - | 4% | 41% | 131% | 11% | -93% |
| Martin Laudенbach | Member of the Supervisory Board | 2020-05-21 | | - | - | - | - | - | 118 |
| | | %, YOY | | - | - | - | - | - | - |
| Piotr Augustyniak | Member of the Supervisory Board | 2014-07-07 | 2021-03-16 | 98 | 102 | 158 | 411 | 461 | 483 |
| | | %, YOY | | - | 4% | 55% | 160% | 12% | 5% |
| Tomasz Mikołajczak | Member of the Supervisory Board | 2014-07-07 | 2020-05-20 | 123 | 128 | 144 | 200 | 215 | 88 |
| | | %, YOY | | - | 4% | 13% | 39% | 8% | -59% |
| Wojciech Stramski | Member of the Supervisory Board | 2014-07-07 | 2016-03-06 | 98 | 19 | - | - | - | - |
| | | %, YOY | | - | -81% | -100% | - | - | - |
| TOTAL | | YOY | | 561 | 574 | 707 | 1,394 | 1,585 | 1,653 |
| | | %, YOY | | - | 2% | 23% | 97% | 14% | 4% |

* Since 1 April 2016, the Chairman of the Supervisory Board, Mr. Sebastian Kulczyk, has not received any remuneration due to waiving his right to remuneration for performing this function.

** Dr. Jan Kulczyk deceased on 29 July 2015.

3.3 Average remuneration of employees and key results of Ciech S.A. in the years 2015– 2020

The average remuneration of Ciech S.A. employees are presented in the tables below. who are not members of the Management Board or the Supervisory Board, as well as the key results of the Company in 2015-2020

Table 13. Average annual remuneration of the employees of Ciech S.A. in the years 2015-2020

| <i>figures in PLN thousand</i> | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|------|------|------|------|------|------|
| Average total employees' remuneration, including the remuneration paid to the Managing Director* | 101 | 110 | 111 | 121 | 123 | 143 |
| Change in the average remuneration, % | - | 9% | 1% | 9% | 2% | 16% |

* 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 FTE) in the given year.

Table 14. Key results of Ciech S.A. in the years 2015-2020 (Ciech S.A. Group consolidated data)

| <i>figures in PLN thousand</i> | 2015 | 2016 | 2017 | 2018 | 2019* | 2020 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| Net sales revenue | 3,273,014 | 3,455,335 | 3,579,393 | 3,672,658 | 3,241,862 | 2,975,733 |
| Profit/loss on operating activities | 489,816 | 660,320 | 588,808 | 379,200 | 253,476 | 249,968 |
| Net profit/(loss) for the period | 346,005 | 594,136 | 393,975 | 112,503 | 109,081 | 128,030 |
| Normalized EBITDA for continuing operations* | 748,422 | 876,832 | 808,137 | 633,493 | 639,070 | 585,332 |
| Debt ratio | 1.9 | 1.4 | 1.1 | 2.3 | 2.8 | 2.9 |
| Net cash from operating activities | 457,090 | 836,871 | 628,832 | 453,938 | 535,433 | 767,186 |
| Net cash from investment activities | (486,100) | (445,582) | (389,137) | (626,669) | (410,912) | (833,999) |

* Restated figures

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 the 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.