

**Rationale of the Management Board of CIECH S.A.**

**to the resolutions covered by points 16-20, being the subject matter of the Annual General Meeting of Shareholders of CIECH SA on 21 May 2020**

**Adoption of a resolution on the adoption of the Remuneration Policy for the Members of the Management Board and Supervisory Board.**

The amended provisions of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and on Public Companies (consolidated text: Journal of Laws of 2019, item 623, as amended) (hereinafter referred to as the "Act") require a public company to adopt a remuneration policy for members of its management and supervisory boards.

According to the Act, the remuneration policy is adopted by the General Meeting of Shareholders and applies only to the remuneration of members of the management and supervisory boards.

The submitted draft Remuneration Policy for the Management Board and Supervisory Board Members of CIECH S.A. complies with the requirements of Article 90c section 1 and Article 90d of the aforementioned Act and contains the issues required by the Act.

The Remuneration Policy of CIECH S.A. provides that the solutions adopted in the policy are to contribute to the implementation of the business strategy, long-term interests and stability of the Company.

Furthermore, the Remuneration Policy of CIECH S.A. includes authorisation for the Supervisory Board to specify the principles of remuneration of the Management Board members, in accordance with the provisions of the Act.

**Granting consent (i) to establish a registered pledge on a collection of CIECH S.A. movables and property rights or to change the existing registered pledge, and (ii) to obtain debt financing and incurring liabilities related to such financing in an amount not exceeding PLN 500,000,000.**

The CIECH S.A. Group intends to obtain additional debt financing (the "Financing") of up to PLN 500 million (or its equivalent in the currency).

The purpose of obtaining the Financing is to enable the CIECH Group to diversify its sources of financing, extend the debt maturity and obtain long-term financing for the implementation of investment projects, including, in particular, the construction of a salt installation in Germany.

Financing is considered in the form of bonds to be issued on international or Polish markets, bank loans or other borrowings, or in any other form, or by combining various Financing instruments. The optimum form of Financing will be determined depending on the offers received and the conditions of available Financing. The establishment of collateral for the Financing, in the form of, among others, a registered pledge on a set of movables and property rights of CIECH S.A., is also being considered.

### **Changes in the composition of the Supervisory Board of CIECH S.A.**

An item placed at the request of a shareholder in connection with the planned changes in the composition of the Supervisory Board. There are no changes to the 6-person composition of the Supervisory Board of CIECH S.A. of the current term of office, as determined by the Annual General Meeting of Shareholders of CIECH S.A. on 22 June 2018.

### **Adopting a resolution to authorise the Management Board to carry out the buy-back of own shares. Adoption of a resolution on creating a reserve capital for the repurchase of shares in order to acquire own shares.**

Bearing in mind the Company's interest, the Company's Management Board considers it necessary to create a mechanism and basis for the acquisition of own shares in the Company. Pursuant to Article 362 § 1 point 8 of the Commercial Companies Code, the General Meeting's competence includes decisions to authorise the Management Board to buy back its own shares. The Management Board shall request such authorisation in the form of a relevant resolution of the General Meeting. The Management Board's intention has its justification in the assessment and analysis of the Company's share price trends on the Warsaw Stock Exchange.

According to the Management Board, the scope of such authorisation is compliant with Article 362 § 1 point 8 of the Commercial Companies Code. The purpose of the share buy-back allows for the redemption of shares by way of reduction in the Company's share capital, for a paid sale or use for the acquisition or exchange of shares or stocks in other companies. The amounts of the share buy-back proposed in the resolution take into account the Company's financial capabilities. The implementation of the programme will not affect the Company's further development or the adopted strategy of its development. The repurchase itself and its parameters require the prior consent of the Company's Supervisory Board.

In order to repurchase own shares, it is necessary to create a reserve capital on the basis of a separate resolution.

**Management Board of CIECH S.A.**