Appendix to Resolution No. 188/X/2022
of the Supervisory Board of CIECH S.A.
of 12 April 2022

REPORT

ON THE ACTIVITIES OF THE SUPERVISORY BOARD OF

CIECH S.A.

for financial year 2021

Warsaw, April 2022

The Supervisory Board of CIECH S.A. herewith submits its report on its activities in financial year 2021 containing, among others, report on the results of the evaluation referred to in article 382 § 3 of the Code of Commercial Companies, i.e. on the evaluation of: Separate Financial Statements of CIECH S.A. for 2021, Consolidated Financial Statements of CIECH Group for 2021, the Report of the Management Board on the activities of CIECH Group and CIECH S.A. for 2021, together with the Non- Financial Report for 2021, and the Management Board's proposal regarding distribution of net profit for 2021.

The scope of this report includes:

1. Information on changes in the composition of the Supervisory Board of CIECH S.A. in 2021.
2. Discussion of the activities of the Supervisory Board of CIECH S.A. in the period from 1 January 2021 to 31 December 2021, including information on the issues discussed at the Supervisory Board's meetings.
3. Information on the activities of the Audit Committee of the Supervisory Board of CIECH S.A. in 2021.
4. Information on the activities of the Remuneration Committee of the Supervisory Board of CIECH S.A. in 2021.
5. Assessment of the Separate Financial Statements of CIECH S.A. for the financial year 2021 and the Consolidated Financial Statements of CIECH Group for the financial year 2021 in terms of compliance with the accounting books and documents, as well as the actual state of affairs.
6. Evaluation of the Report of the Management Board on the activities of CIECH Group and CIECH S.A. in 2021 in terms of compliance with the accounting books and documents, as well as the actual state of affairs, and the proposal of the Management Board of CIECH S.A. regarding the distribution of the net profit of CIECH S.A. for the financial year 2021.
7. Assessment of the situation of CIECH S.A. in 2021, including the assessment of the internal control system and the system to manage any risk which is significant for the company.
8. Recommendations to the Annual General Meeting of CIECH S.A.

1. INFORMATION ON CHANGES IN THE COMPOSITION OF THE SUPERVISORY BOARD OF CIECH S.A. IN 2021

As at 1 January 2021, the composition of the Supervisory Board of CIECH S.A. was as follows:

1. Sebastian Kulczyk - Chairman of the Supervisory Board,
2. Marek Kośnik - Deputy Chairman of the Supervisory Board,
3. Łukasz Rędziniak,
4. Piotr Augustyniak,
5. Artur Olech,
6. Martin Laudenbach.

With effect as of 16 March 2021, Mr Piotr Augustyniak resigned from his office as a member of the Supervisory Board, thus resigning from his membership in the Audit Committee of the Supervisory Board of CIECH S.A. and the performed function of the Chairman of the Audit Committee.
On 16 October 2021, the Extraordinary General Meeting of CIECH S.A. appointed Ms Natalia Scherbakoff as a member of the Supervisory Board.

As at 31 December 2021, the Supervisory Board exercised its functions in the following composition:

1. Sebastian Kulczyk - Chairman of the Supervisory Board,
2. Marek Kośnik - Deputy Chairman of the Supervisory Board,
3. Łukasz Rędziniak,
4. Artur Olech,
5. Martin Laudenbach,
6. Natalia Scherbakoff.

In 2021, two committees operated as part of the Supervisory Board of CIECH S.A., i.e.:

1) the Audit Committee of the Supervisory Board of CIECH S.A., and
2) the Remuneration Committee of the Supervisory Board of CIECH S.A.

Information on the activities of the aforementioned committees is presented in the subsequent parts of this Report.

2. DISCUSSION OF THE ACTIVITIES OF THE SUPERVISORY BOARD OF CIECH S.A. IN 2021

Acting on the basis of § 21 section 1 of the Articles of Association of CIECH S.A. and § 3 section 1 of the Regulations of the Supervisory Board, the Supervisory Board of CIECH S.A. exercised continuous supervision over the activities of the Company. In 2021, the Supervisory Board held 10 meeting, of all of which minutes were duly taken, and resolutions were adopted both at the meetings and using distant direct communication methods – without holding a meeting.

The following are some of the major issues dealt with by the Supervisory Board in financial year 2021.

FINANCIAL PLAN FOR 2021 AND 2022

The Financial Plan of the CIECH Group for 2021 (hereinafter referred to as the "**2021 Plan**") was approved at a meeting of the Supervisory Board on 14 December 2020. The Management Board of CIECH S.A. presented and then discussed in detail the 2021 Financial Plan with the Supervisory Board. The analysis included, among others, issues such as: impact of external factors (incl. the Covid-19 pandemic), developments in the prices of salt and soda, key development projects (Grain and Golden Eye), incl. the planned production launch by the new evaporated salt plant in Staßfurt (in May, the first batch of wet salt and salt tablets for water treatment was produced, the launch of subsequent products took place gradually as of Q3 2021), sources of investment financing, CAPEX, key company and operational indicators, as well as the level of net debt to EBITDA, raw material strategy, inventory

optimisation, fixed and variable expenses, emissions of production installation and CO_2 certificate policy.

The implementation of the 2021 Financial Plan was also discussed and analysed in terms of its compliance with the approved CIECH Group Strategy for 2019 – 2021.

The Financial Plan of the CIECH Group for 2022 (hereinafter referred to as the "**2022 Plan**") was approved at a meeting of the Supervisory Board on 24 February 2022. The Management Board of CIECH S.A. presented and discussed the draft 2022 Plan. Afterwards, the Supervisory Board analysed in detail the 2022 Plan, including such items as: CAPEX, net working capital, fixed costs, free cash flow, provisions for historical tax liabilities, and asked additional questions to the members of the Management Board, including those concerning, among others, the impact of the amount of CAPEX on the strategy and the level of EBITDA in 2022.

While analysing the assumptions of the 2022 Plan, the Supervisory Board also took into account the events in Ukraine and the degree of uncertainty related to the development of these events and their impact on the economy.

STRATEGY OF THE CIECH GROUP for 2019 - 2021

The Strategy of the CIECH Group for 2019 – 2021 was approved at a meeting of the Supervisory Board on 5 December 2018 (the "2019 – 2021 Strategy").

During 2021, the Supervisory Board discussed in detail the progress in the implementation of the 2019-2021 Strategy, including progress in the implementation of development projects in the soda and salt segments, with particular focus on the investment in the construction of the evaporated salt plant in Staßfurt, the commissioning of which, scheduled for the end of the first quarter 2021, was successfully completed. The first batch of wet salt and salt tablets were produced, used, among others, for water treatment. The achievement of the target production capacity of the salt plant, as well as the launch of a full range of salt products, has gradually taken place since the third quarter of 2021.
Development projects focused on the development of specialist businesses in other segments were also discussed, including the agro segment, in which in 2021 the innovative product "Halvetic" was placed on the market, containing 50% less glyphosate compared to conventional preparations, while ensuring comparable effectiveness of weed control and building the working environment, as well as strengthening the position of the CIECH Group as a reliable partner for local communities, caring for the natural environment.

The Supervisory Board concluded that the assumptions of the Strategy for 2019-2021 and the planned goals had been achieved, including the key projects - Grain, Golden Eye and BGT, despite the continuing serious pandemic situation and persisting restrictions in the economy.

PREPARATIONS FOR THE ANNUAL GENERAL MEETING OF CIECH S.A. FOR FINANCIAL YEAR 2020

At its meeting on 22 April 2021, the Supervisory Board assessed the reports and statements presented by the Company for approval at the Annual General Meeting, i.e.:

1. Separate Financial Statements of CIECH S.A. for financial year 2020, which was assessed by the Supervisory Board as prepared in accordance with the accounting books and records as well as the actual status, and meeting the requirements of the Accounting Act of 29 September 1994 (the "Accounting Act" – Journal of Laws of 2019, item 351, as amended).
2. Consolidated Financial Statements of CIECH Group for financial year 2020, which was assessed by the Supervisory Board as prepared in accordance with the accounting books and records as well as the actual status, and meeting the requirements of the Accounting Act of 29 September 1994 (the "Accounting Act" – Journal of Laws of 2019, item 351, as amended).
3. Report of the Management Board on the activities of CIECH Group and CIECH S.A. for 2020, together with the Non-Financial Report of CIECH Group for 2020, which was assessed by the Supervisory Board as exhaustively presenting the functioning of the Group and the Company in 2020 and as consistent with the financial data included in the Separate Financial Statements of CIECH S.A. for 2020 and the Consolidated Financial Statements of CIECH Group for 2020, and meeting the requirements provided for in article 49 of the Accounting Act of 29 September 1994 (Journal of Laws of 2019, item 351).

After the aforementioned assessments and evaluations, the Supervisory Board recommended to the Annual General Meeting of CIECH S.A. that the reports and statements indicated under points 1 to 3 above be approved.

In addition, the Supervisory Board also considered further issues to be discussed at the Annual General Meeting of CIECH S.A., including:

1) it considered the motion of the Management Board of CIECH S.A. concerning the proposed distribution of the net profit of CIECH S.A. generated by the Company in 2020, increased by the amount transferred from the supplementary capitals created from profit, which may be used for dividend payment, and then, after analysing and discussing the Company's financial situation, decided to recommend to the Annual General Meeting of CIECH S.A. that the net profit for 2020, increased by the amount transferred from the supplementary capitals created from profit, in the total amount of PLN 158 099 727,00, be allocated, in its entirety, to the payment of dividend;

2) it assessed positively its cooperation with the Management Board of the Company in the financial year 2020 and, taking into account the Company's results for the financial year 2020, decided to recommend to the Annual General Meeting of CIECH S.A. that the following individuals holding office of Members of the Management Board of the Company in financial year 2020, be discharged from their duties, i.e.:
   - Mr Dawid Jakubowicz with regard to performance of his duties as the President of the Management Board of CIECH S.A. in the period from 1 January 2020 to 31 December 2020,
   - Mr Mirosław Skowron with regard to performance of his duties as a Member of the Management Board in the period from 1 January 2020 to 31 December 2020,
   - Mr Jarosław Romanowski with regard to performance of his duties as a Member of the Management Board in the period from 20 April 2020 to 31 December 2020.

3) it adopted the Report of the Supervisory Board on the activities of the Supervisory Board in 2020 containing reports on the results of the assessment Report on the activities of the CIECH Group

and CIECH S.A. for 2020, together with the non-financial report of the CIECH Group for 2020, financial statements of CIECH S.A. and the CIECH Group for the financial year 2020, taking into account the assessment of the internal control system and the significant risk management system, as well as the results of the assessment of the Management Board's motion on the distribution of the net profit of CIECH S.A. for 2020.

ONGOING SUPERVISION OVER FINANCIAL SITUATION AND OPERATING ACTIVITIES

As part of supervision over the current operations of the Company, the financial situation and results of operating activities were the subject of regular analysis of the Supervisory Board.
The basis of analyses carried out by the Supervisory Board was the Financial Plan of CIECH Group for 2021 and the Strategy of the CIECH Group for 2019-2021.
Apart from those described in any other sections hereof, in 2021, the Supervisory Board also dealt with issues such as:

1) Continuation of the concept of reorganisation of the CIECH Group, including the transfer of rights and obligations related to the discussed areas of activity.
2) Construction, renovation and replacement investments with values exceeding the limit specified in § 21 section 2 point 10), in conjunction with point 16) of the Articles of Association of CIECH S.A., implemented in the companies of the CIECH Group.
3) Sureties for the liabilities of the CIECH Group companies provided by CIECH S.A.
4) Intra-group loans for the companies of the CIECH Group in the scope of extending loan repayment terms and contracting/granting new loans.
5) The ESG Strategy, also in the context of the Energy Strategy and the planned pace of reducing CO2 emissions.
6) Amendments to the regulations of the Management Board of CIECH S.A. Amendments to the regulations of the Management Board of CIECH S.A.
7) Amendments to the regulations of the Supervisory Board of CIECH S.A.
8) Amendments to the regulations of the Audit Committee of the Supervisory Board of CIECH S.A.
9) Amendments to the Articles of Association of CIECH S.A.
10) Amendments to the regulations of the General Meeting of CIECH S.A.
11) Amendments to the Policy and Procedure for selecting an audit firm.

MARKET RISK HEDGING

The Market Risk Hedging Strategy (hereinafter referred to as the “MRHS”) is in force, as adopted by Resolution No. 82/IX/2016 of the Supervisory Board of CIECH S.A. of 26.04.2016 and as amended for the last time on 5.10.2020 – by introducing collars to secure the maximum and minimum price levels and by changing the hedging periods from calendar year to monthly periods, to enable an approach to the conclusion of hedging transactions based on rolling forecasts.

PROJECTS RELATED TO THE GROWTH OF CIECH GROUP'S VALUE

The Supervisory Board analysed in detail and discussed with the Management Board the progress of work on the implementation of development and modernisation projects, including, among others, budgets of these projects, the current status of implementation, expenses incurred and their impact on the Group's cash flow, revenues, margin and EBITDA. In addition, new modernisation projects taken in the companies in 2021 were also discussed.
The Supervisory Board analysed, among others, the following projects:

- Grain (started at CIECH Soda Deutschland GmbH & Co. KG in Germany and continued at CIECH Salz Deutschland GmbH).

  The project aims to develop the salt segment of the CIECH Group, understood as increasing the production capacity and sales of salt products by building and commissioning new production capacities with a target capacity of 450 thousand tonnes/year. The production is dedicated to the segment of salt products such as: salt tablets, electrolysis salt, pharmaceutical grade salt, kitchen salt and granulated salt.

  The commissioning of the new evaporated salt plant in Staßfurt was successfully completed, however, the achievement of the salt plant's target production capacity, as well as the launch of a full range of salt products, has gradually taken place since the third quarter of 2021.

- Golden Eye project (implemented at CIECH Soda Deutschland GmbH & Co. KG in Germany).

  The project aims to increase the production capacity of sodium bicarbonate with a focus on the production of a high-margin dialysis-quality sodium bicarbonate product. The project is divided into 2 phases - 1) construction of a drying room to enable the production of dialysis grade soda and 2) construction of a new DCB column and crystalliser to increase the efficiency of the system and obtain the highest quality product.

- DCB installation (project implemented at CIECH Soda Polska S.A. – Inowrocław Plant)

  The DCB installation construction project and the expansion of the filtration installation aims at eliminating bottlenecks (filtration and calcinations) and increasing the level of sodium carbonate production and reducing production expenses.

- BGT project (implemented at CIECH R&D Sp. z o.o., and following that, at CIECH Sarzyna S.A.).

  The project aimed to develop an innovative product containing 50% less glyphosate compared to conventional market preparations, while ensuring its comparable effectiveness in weed control. Globally, glyphosate is the largest molecule in terms of sales value of all plant protection products.

  In 2021, the innovative product "Halvetic" appeared on the market, containing 50% less glyphosate, as effective in combating weeds as the preparations used so far, and above all, less harmful to people and the environment.

- Modernisation of the TG-1 turbine and heat recovery boiler (project implemented at CIECH Energy Deutschland GmbH).

  The project consists in converting the turbine and boiler in terms of their adaptation to the possibility of using a different fuel, i.e. to switch from the "A-Gas" to the "H-Gas" fuel and the simultaneous regeneration and replacement of some of the modernised devices. The investment is being implemented due to the depletion of the local "A-Gaz" field and in order to maintain the current steam and electricity production capacity by CIECH Energy Deutschland.

- Modernisation of the furnace for the production of glassy sodium silicate at the Żary Plant (project implemented at CIECH Vitrosilicon S.A.).
  A furnace modernisation project involving structural changes to the furnace in order to improve its energy efficiency and ensure production continuity in the long term.
- Construction of a gas and steam unit (project implemented at the CIECH Soda Polska S.A. Production Plant in Inowrocław)
  The investment is implemented as part of the energy strategy of the CIECH Group, consisting in the construction of a gas turbine with an electric capacity of approx. 16 MW and a heat recovery boiler with a capacity of approx. 32 t/h of steam in Inowrocław. The construction will ensure the stability of steam supplies as well as full demand for electricity at the Inowrocław plant.

3. INFORMATION ABOUT THE ACTIVITIES OF THE AUDIT COMMITTEE OF THE SUPERVISORY BOARD OF CIECH S.A. IN 2021

The report of the Audit Committee includes:

- information on the composition and tasks of the Audit Committee of the Supervisory Board of CIECH S.A. in 2021;
- discussion of the activities of the Audit Committee of the Supervisory Board of CIECH S.A. in 2021, including information on the issues raised at Committee meetings; and
- assessment of reports of CIECH S.A. and the CIECH Group for financial year 2021.

INFORMATION ON THE COMPOSITION AND TASKS OF THE AUDIT COMMITTEE IN 2021

As at 1 January 2021, the composition of the Audit Committee was as follows:

1) Piotr Augustyniak - Chairman of the Committee
2) Marek Kośnik - Member of the Committee
3) Artur Olech - Member of the Committee.

In 2021, the following changes to the composition of the Audit Committee took place:

- Mr Piotr Augustyniak - ceased to be a member of the Audit Committee in connection with his resignation from the office in the Supervisory Board of CIECH S.A. tendered on 16 March 2021,
- Mr Łukasz Rędziniak - was appointed to the Audit Committee on 30 March 2021,
- Mr Marek Kośnik - was elected as the Chairman of the Audit Committee on 20 April 2021, following which, on 8 July 2021, he tendered his resignation from the function of the Chairman of the Audit Committee,
- Mr Artur Olech - was elected as the Chairman of the Audit Committee on 21 September 2021.

As at 31 December 2021, the composition of the Audit Committee was as follows:

1) Artur Olech - Chairman of the Committee,
2) Marek Kośnik - Member of the Committee,
3) Łukasz Rędziniak - Member of the Committee.

Mr Artur Olech and Mr Marek Kośnik are members of the Audit Committee meeting the independence criterion.

The tasks of the Audit Committee in 2021 are defined by the Regulations of the Audit Committee, which were approved by Resolution No. 77/X/2020 of 21.02.2020, and subsequently amended and approved by Resolution No. 154/X/2021 of the Supervisory Board of CIECH S.A. of 20 August 2021.

In accordance with the Regulations of the Audit Committee, the tasks of the Audit Committee include in particular:

a) monitoring of:
   - financial reporting process,
   - effectiveness of internal control systems and risk management systems as well as internal audit, including financial reporting,
   - performing auditing activities, in particular conducting an audit by the audit firm, including all proposals and findings of the Polish Audit Oversight Agency resulting from inspections carried out in the audit firm;

b) controlling and monitoring the independence of the statutory auditor and the audit firm, in particular when other services than Auditing are provided to the Company by the auditor;

c) informing the Supervisory Board or any other supervisory body about the results of the audit and explaining how it contributed to the reliability of financial reporting of the Company and the role of the Audit Committee in the audit process;

d) assessing the independence of the auditor and consenting to the provision of permitted services that are not related to the Company's audit;

e) developing a policy of selecting an audit firm to conduct the Audit;

f) developing a policy of providing - by the auditing firm, by entities related to such auditing firm and by a member of the auditing firm's network, permitted non-audit services;

g) determining the procedure for the selection of an audit firm by the Company;

h) presenting to the supervisory board or any other supervisory or inspection body, or the body referred to in article 66 section 4 of the Accounting Act of 29 September 1994, the recommendation referred to in article 16 section 2 of Regulation 537/2014, in accordance with the policies referred to in points e) and f);

i) submitting recommendations aimed at ensuring the reliability of the financial reporting process in the Company.

DISCUSSION OF THE ACTIVITIES OF THE AUDIT COMMITTEE IN 2021

- In 2021, the Audit Committee of the Supervisory Board of CIECH S.A. held 6 meetings and due minutes were taken of each of them. Resolutions of the Audit Committee were adopted both at meetings and with the use of means of direct remote communication - without holding meetings.
- The main issue of work of the Audit Committee in 2021 was the analysis and evaluation of both annual and periodic financial statements of CIECH S.A. and the CIECH Group. The Remuneration Report for 2019 and 2020 was also dealt with, taking into account the compliance of the Report with the adopted Remuneration Policy for members of the Management Board and Supervisory

Board of CIECH S.A. and Report on the assessment of compliance with the arm's length condition of significant transactions of CIECH S.A. with related parties, taking into account the provisions of the Rules of Procedure in connection with significant transactions with related parties.

- In addition, in connection with the requirements imposed by the Act of 11 May 2017 on statutory auditors, audit firms and public supervision in connection with Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC, the Audit Committee, having assessed the threats and safeguards to the auditor's independence, decided to give its consent to the provision of other permitted non-audit services by the audit firm.
- The Audit Committee invited representatives of the management board and the auditor to its meetings, with whom it discussed periodic reports and the results of the audit of annual statements, including key aspects of the audit. In addition, other employees of the Company were also invited, depending on the issues that the Audit Committee planned to deal with during the meeting.
- An indispensable subject of the meetings was information on the status of work on the implementation of the 2021 audit plan, discussed with the Internal Audit Department Director.

The following are some of the major issues dealt with by the Audit Committee in 2021.

- **Cooperation with the statutory auditor, including commissioning additional services**

  In 2021, the Audit Committee held meetings with the statutory auditor of CIECH S.A., i.e. Deloitte Audyt Sp. z o.o. Sp. k., with whom he discussed on an ongoing basis the scope of planned audits and reviews of periodic reports of CIECH S.A. and the CIECH Group, including:

  - ✓ separate financial statements of CIECH S.A. for the financial year 2020 and the consolidated financial statements of the CIECH Group for the financial year 2020,
  - ✓ the extended consolidated quarterly report of the CIECH Group for the first quarter of 2021,
  - ✓ the extended consolidated report of the CIECH Group for the first half of 2021,
  - ✓ the extended consolidated quarterly report of the CIECH Group for the three quarters of 2021,

  with particular emphasis on issues that in the reporting period could have a significant impact on the achieved results.

  The Audit Committee also decided on giving its consent for the auditor of the Company, i.e. Deloitte Audyt Sp. z o.o. Sp. k. and its related parties, to provide other non-audit services to the companies of the CIECH Group.

  The Audit Committee, taking into account the provisions of the Policy and the procedures for selecting an audit company to examine the statutory financial statements of CIECH S.A. and the consolidated financial statements of the CIECH Capital Group, on 5 January 2022 decided to recommend to the Supervisory Board of CIECH S.A. selecting BDO Sp. z o.o. Sp. k. as the auditor of CIECH S.A., to whom it proposes to entrust the statutory audit of the financial statements of CIECH S.A. and the CIECH Group for the years 2022 - 2023.

- **Analysis of the letter of the statutory auditor to the Management Board of the Company**

  The Audit Committee reviewed the Letter to the Management Board of CIECH S.A. prepared by PwC - the auditor of CIECH S.A., containing observations on the procedures as well as operating and accounting systems assessed in terms of their importance for the proper functioning of the internal control systems within the Group, which the auditor drew attention to during the audit of the consolidated financial statements of the CIECH Group for the financial year ending 31 December 2020 together with the Company's comments on the observations.

- **CIECH Group's risk hedging strategy**

  In 2021, the Audit Committee analysed and discussed periodic reports submitted by the Company, taking into account the manner in which the Company managed financial risks, as described in the Market Risk Hedging Strategy (hereinafter referred to as the "MRHS") for the CIECH Group, adopted by the Supervisory Board of CIECH S.A. on 26 April 2016, as amended and updated on 05.10.2021, which defines, among others, the risks for which hedging instruments are used, the principles of their identification and quantification and the manner of dealing with market risks, including the maximum permissible values of hedging transactions.

- **Financing activities of the CIECH Group**

  When analysing and discussing periodic reports of CIECH S.A. and CIECH Group, the Audit Committee became also acquainted in detail with the sources of financing of CIECH Group's activities, including external debt and indebtedness resulting from the use of funds under the intercompany loans programmes, financial leasing and factoring agreements.

- **Financial Plan of the CIECH Group for 2021**

  The Audit Committee analysed the financial results from the point of view of the Financial Plan of the CIECH Group for 2021 and discussed with the Management Board of CIECH S.A. forecasts of results of CIECH S.A. and individual Business Units, taking into account EBITDA, gross margin, fixed costs, planned CAPEX, implemented developmental projects, external factors (including the Covid-19 pandemic), personnel costs and sales volumes for each type of activity.

- **Other information**

  The Audit Committee also dealt with issues related to the adopted audit plan for 2021. The results of the audits carried out in 2021 were presented by the Internal Audit Department Director in the form of reports which were subsequently discussed at meetings of the Audit Committee.

ASSESSMENT OF FINANCIAL STATEMENTS AND REPORTS OF CIECH S.A. AND THE CIECH GROUP FOR THE FINANCIAL YEAR 2021

At its meeting on 22 March 2022, the Audit Committee discussed reports and statements of CIECH S.A. and the CIECH Group presented by the Management Board of CIECH S.A. with regard to financial year 2021, i.e.:

1) Separate Financial Statements of CIECH S.A. for 2021, Separate Financial Statements of CIECH S.A. for 2021,
2) Consolidated Financial Statements of the CIECH Group for 2021,
3) Consolidated Report of the Management Board on the activities of CIECH Group and CIECH S.A. for 2021, together with the Non-Financial Report for 2021.

The Audit Committee, having met with the statutory auditor of the Group, and having familiarised itself with the abovementioned reports and statements, and the auditor's opinion on the separate and consolidated financial statements for 2021, as well as the auditor's information on the issues discussed with the Management Board of CIECH S.A. during the audit of the aforementioned reports and statements, did not make any comments to the reports that were submitted to, and for the assessment of, the Supervisory Board of CIECH S.A.

4. INFORMATION ON THE ACTIVITIES OF THE REMUNERATION COMMITTEE OF THE SUPERVISORY BOARD OF CIECH S.A. IN 2021

The Remuneration Committee of the Supervisory Board of CIECH S.A.:

- information on the composition and tasks of the Remuneration Committee in 2021
- information the activities of the Remuneration Committee in 2021.

INFORMATION ON THE COMPOSITION AND TASKS OF THE REMUNERATION COMMITTEE

The First Remuneration Committee of the Supervisory Board was established by Resolution No. 66/IV/2005 of the Supervisory Board of CIECH S.A. dated 16 March 2005.

In 2021, the composition of the Remuneration Committee did not change and was as follows:

1) Mr Sebastian Kulczyk – appointed on 16.07.2020.
2) Mr Marek Kośnik – appointed on 24.02.2020.

In accordance with the Regulations of the Remuneration Committee, adopted by Resolution No. 66/IV/2005 of the Supervisory Board of CIECH S.A. of 16 March 2005, the main task of the Committee is to advise the Supervisory Board on issues related to the determination of the rules for, and amount of, remuneration of members of the Management Board of CIECH S.A., and in particular:

1) presentation of proposals regarding the principles of remunerating members of the Management Board of CIECH S.A. to the Supervisory Board, which should include all forms of remuneration, in

particular in relation to: fixed remuneration, performance compensation system, pension system and severance pay,

2) presentation of proposals regarding the amount of remuneration of each member of the Management Board of CIECH S.A. to the Supervisory Board,
3) presentation of draft agreements governing performance of duties by members of the Management Board of CIECH S.A. to the Supervisory Board,
4) discussing (with or without the participation of the Company's Management Board) any problems or reservations that may arise in matters related to the remuneration of members of the Management Board of CIECH S.A.,
5) considering any other issues identified and emphasised by the Committee or the Supervisory Board, and
6) informing the Supervisory Board of any significant issues in the general context of the Committee's activities.

INFORMATION THE ACTIVITIES OF THE REMUNERATION COMMITTEE

In 2021, meetings of the Remuneration Committee were held in order to analyse the documents on the basis of which Members of the Management Board are entitled to the annual and discretionary bonuses and submit recommendations to the Supervisory Board regarding the award of the bonuses for 2020.

5. and 6. ASSESSMENT OF THE SEPARATE FINANCIAL STATEMENTS OF CIECH S.A. FOR 2021 AND THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2021, REPORT OF THE MANAGEMENT BOARD ON THE ACTIVITIES OF THE CIECH GROUP AND CIECH S.A. IN 2021, TOGETHER WITH THE NON-FINANCIAL REPORT FOR 2021 - IN TERMS OF THEIR COMPLIANCE WITH THE ACCOUNTING BOOKS AND RECORDS, AS WELL AS THE ACTUAL STATUS, AND OF THE PROPOSAL OF THE MANAGEMENT BOARD OF CIECH S.A. REGARDING THE DISTRIBUTION OF THE NET PROFIT OF THE COMPANY FOR 2021

Pursuant to article 382 § 3 of the Code of Commercial Companies and § 21 section 2 point 1) of the Articles of Association of CIECH S.A., the Supervisory Board of CIECH S.A. assessed the Separate Financial Statements of CIECH S.A. for 2021 and the Consolidated Financial Statements for 2021, the Report of the Management Board on the activities of CIECH Group and CIECH S.A. for 2021, together with the Non-Financial Report for 2021, in terms of their compliance with the accounting books and records, as well as the actual status, and the proposal of the Management Board of CIECH S.A. regarding the distribution of the net profit for 2021.

1. ASSESSMENT OF THE SEPARATE FINANCIAL STATEMENTS OF THE COMPANY FOR 2021

Pursuant to article 382 § 3 of the Code of Commercial Companies and § 21 section 2 letter a) of the Articles of Association of CIECH S.A., the Supervisory Board of CIECH S.A. assessed the Separate

Financial Statements of CIECH S.A. for 2021 in terms of its compliance with the books and records, as well as with the actual status.

The audit of the Financial Statement of CIECH S.A. for financial year 2021 was conducted by Deloitte Audyt sp. z o.o. sp.k. (hereinafter also referred to as "**Deloitte**").

The Supervisory Board familiarised itself with the Separate Financial Statements of CIECH S.A. for 2021 (the "**Financial Statements**") and the Report of the independent statutory auditor of the audit of the Separate Financial Statements, according to which the Financial Statements:

- presented a reliable and clear picture of the asset and financial situation of CIECH S.A. as at 31 December 2021 and its financial result and cash flows for the financial year ended on that day in accordance with applicable International Financial Reporting Standards approved by the European Union, and the adopted accounting principles (policy);
- complied, in terms of form and content, with the laws applicable to the Company and its Articles of Association;
- were prepared on the basis of correctly kept accounting books in accordance with the provisions of Chapter 2 of the Accounting Act of 29 September 1994 (the "Accounting Act" – Journal of Laws of 2021, item 217).

On 22 March 2022, the Audit Committee of the Supervisory Board of CIECH S.A., having familiarised itself with the Financial Statements and the auditor's report on the audit of the separate Financial Statements, did not submit any comments to the Separate Financial Statements of CIECH S.A. for the tax year 2021.

At its meeting on 24 March 2022, the Supervisory Board, having familiarised itself with the Separate Financial Statements of CIECH S.A. for 2021 and the auditor's report, concluded that the Separate Financial Statements had been prepared in accordance with the books and records as well as the actual status, presented an accurate and clear picture of the asset and financial position of the Company, and met the requirements provided for in the Accounting Act of 29 September 1994.

Upon assessment of the Separate Financial Statements of CIECH S.A. for the tax year 2021, the Supervisory Board of CIECH S.A. recommended to the Annual General Meeting that the Separate Financial Statements be approved.

2. ASSESSMENT OF CONSOLIDATED FINANCIAL STATEMENTS OF THE CIECH GROUP FOR 2021

According to article 382 § 3, in conjunction with article 395 § 5 of the Code of Commercial Companies and § 21 section 2 letter a) of the Articles of Association of CIECH S.A., the Supervisory Board of CIECH S.A. evaluated the Consolidated Financial Statements of the CIECH Group for 2021 in terms of its compliance with accounting books and records, as well as the actual status.

The Audit of the Consolidated Financial Statements of the CIECH Group for 2021 was carried out by Deloitte Audyt sp. z o.o. sp.k. (hereinafter referred to as "**Deloitte**").

The Supervisory Board familiarised itself the Consolidated Financial Statements of the CIECH Group for 2021 (the "**Financial Statements**") and the Report of the independent statutory auditor of the audit of the Consolidated Financial Statements, according to which the Financial Statements:

- whose parent entity is CIECH S.A., reflected a reliable and clear picture of the consolidated asset and financial position of CIECH Group as at 31 December 2021 and its consolidated financial result, and the consolidated cash flows for the financial year ended on that day in accordance with applicable International Financial Reporting Standards approved by the European Union, and the adopted accounting principles (policy);
- complied, in terms of form and content, with the laws applicable to CIECH Group and the Articles of Association of the Parent.

On 22 March 2022, the Audit Committee of the Supervisory Board of CIECH S.A., having familiarised itself with the Financial Statements and the auditor's report on the audit of the Consolidated Financial Statements, did not submit any comments to the Consolidated Financial Statements of the CIECH Group for the tax year 2021.

At its meeting on 22 March 2022, having familiarised itself with the Consolidated Financial Statements of the CIECH Group for 2021 and the auditor's opinion, the Supervisory Board concluded that the Consolidated Financial Statements of CIECH Group for 2021 had been prepared in accordance with the accounting books and records, as well as the actual status, and met the requirements provided for in the Accounting Act of 29 September 1994.

Having assessed the Consolidated Financial Statements of CIECH Group for 2021, the Supervisory Board of CIECH S.A. recommended their approval to the Annual General Meeting.

3. ASSESSMENT OF THE MANAGEMENT BOARD'S REPORT ON THE ACTIVITIES OF CIECH S.A. AND THE CIECH GROUP IN 2021

According to article 382 § 3 of the Code of Commercial Companies and § 21 section 2 letter a) of the Articles of Association of CIECH S.A., the Supervisory Board of CIECH S.A. evaluated the Management Board's Report on the Activities of the CIECH Group and CIECH S.A. for 2021, together with the Non-Financial Report of the CIECH Group for 2021, in terms of their compliance with the accounting books and records, as well as the actual status.

The Supervisory Board familiarised itself with the Management Board's Report on the Activities of the CIECH Group and CIECH S.A. for 2021 and the Report of the independent statutory auditor of the audit of the Consolidated Financial Statements of the CIECH Group and the Separate Financial Statements of CIECH S.A., which comprised: an opinion on the Report on the Activities, statement on the application of corporate governance and information on the non-financial information.

With reference to the Management Board's Report on the Activities of CIECH Group and CIECH S.A. for 2021 (hereinafter referred to as the "Report"), the auditor concluded that the Report had been prepared in accordance with the requirements of article 49 of the Accounting Act (Journal of Laws of 2021, item 217) and § 70 and § 71 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and conditions for recognising information required by the laws of a non-member state as equivalent (the "Regulation on current information" - Journal of Laws of 2018, item 757) and that it was consistent with the information contained in the audited separate and consolidated financial statements.

In addition, the auditor stated that in consideration of the knowledge about the Parent Company and the Group and their environment obtained during the audit, it had not identified any significant distortions in the Joint Activity Report.

On 22 March 2022, having reviewed the Report and the report of the auditor, the Audit Committee of the Supervisory Board of CIECH S.A. did not make any comments to the Management Board's Report on the activities of the CIECH Group and CIECH S.A. for 2021, including the Non-Financial Report of the CIECH Group for 2021.

At its meeting on 24 March 2022, the Supervisory Board concluded that the Management Board's Report on the activities of the CIECH Group and CIECH S.A. for 2021 presented in an exhaustive manner the functioning of the Company and CIECH Group in 2021. The Report complied with the financial data contained in the Separate and Consolidated Financial Statements for 2021 and with the requirements provided for in the Accounting Act of 29 September 1994.

Having assessed the Management Board's Report on the activities of the CIECH Group and CIECH S.A. for 2021, the Supervisory Board recommended its approval to the Annual General Meeting.

4. ASSESSMENT OF THE PROPOSAL OF THE MANAGEMENT BOARD OF CIECH S.A. ON THE DISTRIBUTION OF NET PROFIT FOR FINANCIAL YEAR 2021

The Supervisory Board of CIECH S.A., having reviewed with the recommendation of the Management Board of CIECH S.A. of 11 April 2022, submitted to the Annual General Meeting, regarding the allocate the net profit generated by the Company in 2021 in the amount of PLN 133 206 455,08 (in words: one hundred and thirty-three million two hundred and six thousand four hundred and fifty-five PLN and 08/100 groszy) entirely to the supplementary capital and having analysed the financial situation of the Company, the Supervisory Board of CIECH S.A. decided to recommend to the Annual General Meeting of CIECH S.A. that net profit for 2021 in the amount of PLN 133 206 455,08 (in words: one hundred and thirty-three million two hundred and six thousand four hundred and fifty-five PLN and 08/100 groszy) be allocated to the supplementary capital, as recommendation by the Management Board of CIECH S.A.

7. ASSESSMENT OF THE SITUATION OF CIECH S.A. IN 2021 BY THE SUPERVISORY BOARD OF CIECH S.A., TAKING INTO ACCOUNT THE INTERNAL CONTROL SYSTEM AND THE SYSTEM FOR THE MANAGEMENT OF RISKS SIGNIFICANT TO THE COMPANY

The Supervisory Board of CIECH S.A. submits to the Annual General Meeting of CIECH S.A. a concise evaluation of the Company's situation in 2021, including the assessment of the internal control system and the system for the management of risks significant to the company.

1. EVALUATION OF THE SITUATION OF THE COMPANY IN 2021[1]

In 2021, CIECH S.A. generated revenues of PLN 1,963.6 million (PLN 1,946.0 million in 2020), operating result of PLN - 37.6 million (PLN 64.1 million in 2020) and net profit from continued and discontinued operations of PLN 133.2 million (PLN 155.3 million in 2020), the balance sheet total was PLN 4,612.6 million (PLN 4,357.6 million at the end of 2020) and cash increased by PLN 202.2 million, to the level of PLN 467.5 million.

The operating result was influenced by the growing price pressure on the market of key energy resources (coal, gas, electricity), fuel (coke, anthracite) and CO2 emission allowances. The negative impact of growing variable costs was partially offset by the increase in contract prices in the fourth quarter of 2021, allowing the margin to be maintained. The creation of a provision for a long-term incentive programme in 2021 also had a significant impact on the result.

In 2021, sales revenues of CIECH S.A. amounted to 1,618.7 million and were lower (by 2%) compared to 2020. Mainly due to lower sales of raw materials for the production of plant protection chemicals, plastics and PUR foams, caused by a change in the business model, i.e. no intermediation in the process of purchasing raw materials for the AGRO and Foams segments.

In 2021, the gross profit on sales amounted to PLN 189.1 million, and in the same period of the previous year, PLN 244.2 million. The operating profit (EBIT) for 2021 was at the level of PLN -37.6 million and PLN 64.1 million for the comparative period, which gave the EBIT profitability for 2021 at the level of -2.3% (in the previous year - 3,9%). Adjusted EBITDA on continued and discontinued operations amounted to PLN -28.7 million for 2021 and PLN 84.3 million for 2020, with the resulting adjusted EBITDA profitability at the level of -1.8% for 2021 and 5.1% for 2020, respectively.

The net profit on continued and discontinued operations amounted to PLN 133.2 million (PLN 155.3 million in 2020). The change is related to a lower operating result (PLN -101.7 million). This decrease was partially offset by the profit on the sale of CIECH Żywice (PLN 41.7 million) and a lower input tax (PLN -37.2 million)

As at 31 December 2021, equity amounted to PLN 1,614.6 million (PLN 1,593.8 million at the end of 2020). Liabilities (long and short-term in total) of CIECH S.A. as at 31 December 2021, amounted to PLN 2,998 million, which means an increase in liabilities by PLN 234.1 million compared to the previous

[1] The presented information includes financial figures for continued and discontinued operations.

year's level. This increase resulted mainly from changes in the balance of trade and other liabilities by PLN 130.2 million and changes in the balance of other long-term liabilities by PLN 99.9 million.

Net debt of CIECH S.A., calculated as the total of long-term and short-term liabilities under loans, borrowings and other debt instruments, less cash and cash equivalents, amounted to PLN 1,783.7 million as at 31.12.2021, which means a decrease compared to the end of December 2020 by PLN 189.6 million.
Cash flows from operating activities in 2021 amounted to PLN 39.1 million and were PLN 27.2 million lower than the cash flows from this activity generated in 2020. The negative impact on the change in the value of cash flows was mainly due to a lower result on operating activities (PLN -101.7 million), a lower change in the balance of trade and other receivables (-PLN 98.5 million) and lower receiving inventory (PLN -23.1 million). The negative impact of the aforementioned factors was partially offset by a higher change in short-term liabilities (PLN 197.7 million).

In 2021, cash flows from investing activities amounted to PLN 289.4 million and were PLN 592.5 million higher than in the previous year. The greatest impact on the change in cash flows from investing activities was the balance of intercompany loans repayments/disbursements (a change by PLN 450.7 million) and proceeds from the sale of CIECH Żywice.

In 2021, cash flows from financial activities amounted to PLN -126.5 million and were PLN 454.3 million lower than in the previous year..
The greatest impact on the decrease in cash flows from investing activities was the balance of inflows/repayments on loans and borrowings (a change by PLN -281.3 million) and the payment of dividends (PLN -158.1 million).

2. ASSESSMENT OF THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEM

Within the CIECH Group, the internal control system consists of:

- institutional control - carried out by the Internal Audit Department of CIECH S.A.,
- operational and functional control carried out on a continuous basis by employees of all organisational units, by observing procedures, rules and regulations and other internal regulations in all phases of activity in the form of initial, ongoing and follow-up control.

In 2021, the Internal Audit Department of CIECH S.A., acting on the basis of the Organisational Regulations of CIECH S.A., carried out a series of inspections and audits on the basis of the approved Audit Plan, both at CIECH S.A. and at CIECH Group companies. The Department also carried out ad hoc audits at the request of the Management Board and Supervisory Board of CIECH S.A.

Audit and inspection reports, together with conclusions, are presented on an ongoing basis to the Management Board of CIECH S.A. and relevant organisational units, and their implementation is monitored.

Both the control and audit plan, as well as information on their implementation and results are presented and discussed at meetings of the Audit Committee of the Supervisory Board of CIECH S.A.

CIECH S.A. has an internal control system covering important areas of activity throughout the CIECH Group, which is adapted to the organisational structure of the Group and also includes its subsidiaries. It needs continuous improvement and adaptation due to the changing environment and business requirements. This is done, among others, through periodic audits and controls of areas identified as most prone to various types of irregularities.

3. ASSESSMENT OF THE SYSTEM FOR THE MANAGEMENT OF RISKS SIGNIFICANT FOR THE COMPANY

The CIECH Group maintains a formal Risk Management System, implemented in 2020. The system defines the scope, activities, participants and responsibilities for risk management within the CIECH Group. It is an organised set of general principles and guidelines in the form of the risk management strategy, policy and procedure in the CIECH Group. The system was implemented to enable the CIECH Group to achieve its strategic goals without excessive risk taking. For this reason, the system:

- identifies threats to the achievement of the objectives of the CIECH Group,
- defines proposed measures to minimise threats and their impact on the goals set by the Group,
- in the case of previously unidentified risks, it allows for their proper recognition and estimation.

The system is continuously developed and constitutes a comprehensive and corporate solution. It is an important element of supporting the Group's current operations.

The Supervisory Board of CIECH S.A. uses it in monitoring the effectiveness of internal control and internal audit systems.

The objectives of risk management in the CIECH Group are implemented through:

- systematic approach to identifying all risks,
- supporting the allocation of resources by prioritising risks,
- selecting and implementing the best risk management strategy, and
- monitoring, risk analysis and reporting, taking into account all the potential effects of existing risks.

Measures taken as part of the risk management process of the CIECH Group are carried out on an ongoing and regular basis. Risk management is carried out in a two-dimensional manner - vertically and horizontally, identifying risks not only occurring within the entity, organisational unit or process concerned, but also those risks whose effects affect various areas of the Group's operations, entities and processes from the point of view of the entire CIECH Group. Only such a comprehensive approach and understanding of risks enables effective and efficient risk management and tangible benefits for the Group.

In terms of responsibility for the risk management process, a special role in the process is played by its key participants, namely the Management Board of CIECH S.A., the Executive Committee, the executives and the Director of the Risk Department.

The correctness and effectiveness of the implemented risk management system is monitored by the Supervisory Board and the Audit Committee, among others, on the basis of information from the Management Board of CIECH S.A. on current risks and methods of their management.

The risk management process within the CIECH Group was defined and implemented in accordance with the "International Standard ISO 31000: 2018 Risk Management".

The goal of the CIECH Group is to ensure that it is perceived by its stakeholders as a transparent organisation with high awareness and understanding of the risks that may affect the achievement of its objectives.

The functioning risk management process, as one of the elements building the Group's value, focuses on the categories of risks presented below, which are of key importance from the point of view of achieving the objectives set for the Group:

- Risks related to loss of human health and life,
- Operational risks that may affect the continuity of production processes,
- Legal risks,
- Compliance risk,
- Regulatory risks,
- Strategic risks related to the impact of the environment on the CIECH Group,
- Risks related to loss of reputation,
- Financial risks,
- Risks related to loss of reputation.

The CIECH Group does not limit itself to the aforementioned risk categories. The Group makes every effort to identify and verify the key risk areas on an ongoing basis and effectively reduced them through its developed and implemented risk management process.

Financial risk management

The method of financial risk management has been defined in the Market Risk Hedging Strategy (hereinafter referred to as the "**MRHS**") for the CIECH Group, as adopted by the Supervisory Board, along with its subsequent updates (the last update of the MRHS was made on 5 October 2020), in which the procedures and the division of tasks in the area of management of currency risk, interest rate risk and the risk of changes in the prices of raw materials (coal, gas, electricity and CO2 emission certificates) are described and adopted. The document defines the purpose of market risk management, the risks for which hedging instruments are used, the principles of identifying, quantifying and determining the manner of dealing with market risks, including the maximum permissible values of hedging transactions. The MRHS specifies the instruments used for individual types of market risks and the rules of operation of the Market Risk Committee. Hedging transactions are concluded based on the recommendation of the Market Risk Committee, composed of the Management Board of CIECH S.A. and representatives of the executive staff.

Compliance System within the CIECH Group

The Compliance System, implemented by the CIECH Group in 2018, is a set of rules, processes, measures as well as formal and organisational activities the purpose of which is to avoid the risk of violating any type of compliance obligations applicable to CIECH Group. The Compliance System has been implemented in the CIECH Group in order to eliminate any risk of non-compliance with external and internal requirements by continuously examining the conduct of CIECH Group in terms of compliance obligations, understood as any laws, internal regulations and ethical standards applicable to all business processes existing within the CIECH Group in connection with its operations.

The Compliance System defines business areas (e.g. Divisions within CIECH S.A. or CIECH Group companies) depending on the scope and specificity of compliance obligations managed by members of their executive staff who are responsible for ensuring compliance of the operations of the CIECH Group with the requirements, among others, of: competition protection, environmental protection, product quality and safety, capital market law, occupational health and safety, counteracting fraud and corruption, preventing conflicts of interest, energy law, personal data protection, protection of company property, infringement of or bypassing accounting and financial reporting rules, preventing and combating discrimination, mobbing and harassment, as well as protection of intellectual and industrial property rights The Compliance System defines business areas (e.g. Divisions within CIECH S.A. or CIECH Group companies) depending on the scope and specificity of compliance obligations managed by members of their executive staff who are responsible for ensuring compliance of the operations of the CIECH Group with the requirements, among others, of: competition protection, environmental protection, product quality and safety, capital market law, occupational health and safety, counteracting fraud and corruption, preventing conflicts of interest, energy law, personal data protection, protection of company property, infringement of or bypassing accounting and financial reporting rules, preventing and combating discrimination, mobbing and harassment, as well as protection of intellectual and industrial property rights.

The following tools are used within the CIECH Group in order to ensure efficiency of the Compliance System:

1. The Code of Conduct of the CIECH Group, adopted by the Management Board on 11 May 2021, based on the 4 fundamental values of the CIECH Group: responsibility, reliability, team and development. The Code describes patterns of behaviour that are addressed to all employees and associates of our Group. The Code of Conduct of the CIECH Group is consistent with the ESG Strategy of the CIECH Group. From May to December 2021, during meetings with the management staff of the CIECH Group companies - from directors to managers and shift masters, the rules and patterns of behaviour described in the Code were discussed. Following these meetings, the management staff distributed printed copies of the Code to all Group employees.
2. Policies and procedures, i.e. any documents that specify in detail the rules governed by the Code of Conduct of the CIECH Group;
3. Training system. Training programmes are adapted to the risk profile of individual areas and positions. Due to the epidemics, the training is carried out using e-learning or remote communication methods.
4. A fully anonymous system for reporting questions and violations using a third-party platform, i.e. https://ciech.liniaetyki.com/. The anonymous reporting system enables contact with the

whistleblower without disregard for the principle of anonymity. The procedure for reporting irregularities defines situations in which the supervision over the clarification of selected notification, e.g. in relation to Members of the Management Board of CIECH S.A.), is performed by the Supervisory Board of CIECH S.A.

5. With regard to anti-corruption, the CIECH Group maintains a register of offered and accepted gifts. [Gifts may be offered as part of the advertising or promotional activities of the CIECH Group. Gifts may only be accepted as part of advertising or promotional activities carried out by the CIECH Group's counterparties. The Compliance Officer of the CIECH Group registers all offered and accepted gifts with a value exceeding PLN 200 gross. Offering or accepting a gift with a value exceeding PLN 200 gross requires the consent of the direct supervisor of the employee and the Compliance Officer of the CIECH Group].

Explanatory proceedings in cases of violations of regulations are carried out by the Compliance Officer of the CIECH Group, in cases of violations of ethical principles and conflicts of interest – by the Ethics Committee of the CIECH Group, and in cases of mobbing/discriminatory behaviour – by the Committee for Counteracting Unlawful Behaviour.

In terms of its interest and scope, the Compliance System of the CIECH Group also includes business partners of the CIECH Group

1. The Code of the Business Partner of the CIECH Group has been in force since 11 May 2021. This code sets out the minimum standards of conduct for: business partners of the CIECH Group companies, in particular: suppliers, contractors, distributors, recipients, sellers, service providers, any other counterparties and entities with the help of which business partners perform their business tasks in relation to the CIECH Group Companies ("Partners"). The condition for commencing and continuing the business relationship of a CIECH Group Company with a Partner is their confirmation and acceptance for application of the principles set out in the Code.

2. Since 1 October 2021 we have been verifying our suppliers using the KYC (Know Your Customer) Procedure. KYC verification complements, supplements, and at the same time confirms, the application of the standards of the CIECH Group. Through the KYC procedure, we verify and confirm that our Partners conduct their activities in line with the standards of the Code of the Business Partner of the CIECH Group, especially in the area of human rights, environmental protection and ethics. In the period between October 2021 and the end of February 2022, we verified approximately 100 Partners, and all of them received a positive KYC rating.

8. RECOMMENDATIONS OF THE SUPERVISORY BOARD OF CIECH S.A. TO THE ANNUAL GENERAL MEETING OF CIECH S.A.

The assessment of the Separate Financial Statements of CIECH S.A. for 2021 and the Consolidated Financial Statements of CIECH Group for 2021, the Report of the Management Board on the activities of the CIECH Group and CIECH S.A. for 2021, together with the CIECH Group's Non- Financial Report for 2021, made it possible to conclude that the information contained therein was consistent with the accounting books and records, as well as with the actual status, and that their content was consistent.

The Supervisory Board of CIECH S.A., having regard to the above assessment, ***recommends that the Annual General Meeting of CIECH S.A. approve:***

1) the Separate Financial Statements of CIECH S.A. for 2021,
2) the Consolidated Financial Statements of the CIECH Group for 2021,
3) the Report of the Management Board on the activities of the CIECH Group and CIECH S.A. for 2021,

and to allocate the entire net profit for 2021 in the amount of PLN 133,206,455.08 (one hundred thirty-three million two hundred six thousand four hundred fifty-five and 08/100 Polish zlotys) to the supplementary capital.

In addition, the Supervisory Board of CIECH S.A. recommends to the Annual General Meeting of CIECH S.A. that the following individuals holding office of Members of the Management Board of CIECH S.A in financial year 2021, be discharged from their duties:

1. Mr Dawid Jakubowicz with regard to performance of his duties as the President of the Management Board of CIECH S.A. in the period from 1 January 2021 to 31 December 2021,
2. Mr Mirosław Skowron with regard to performance of his duties as a Member of the Management Board in the period from 1 January 2021 to 31 December 2021,
3. Mr Jarosław Romanowski with regard to performance of his duties as a Member of the Management Board in the period from 1 January 2021 to 31 December 2021.

Signatures of members of the Supervisory Board of CIECH S.A.:

1. Sebastian Kulczyk	**- Chairman of the Supervisory Board**	……
2. Marek Kośnik	**- Deputy Chairman of the Supervisory Board**	……
3. Łukasz Rędziniak		……
4. Martin Laudenbach		……
5. Artur Olech		……
6. Natalia Scherbakoff		……..