

SUPERVISORY BOARD REPORT  
ON REMUNERATIONS OF MEMBERS  
OF THE MANAGEMENT BOARD  
AND THE SUPERVISORY BOARD OF ZUE S.A.  
FOR THE FINANCIAL YEAR 2022

Cracow, 9 May 2023

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## Introduction

Acting pursuant to Article 90g item 1 *et seq.* of the Polish Act on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organised Trading and on Public Companies of 29 July 2005 (uniform text, Journal of Laws of 2022, item 2554) (the "Act"), the Supervisory Board of ZUE S.A. with registered office in Cracow ("ZUE," the "Company") hereby submit this report on remunerations of Members of the Management Board and the Supervisory Board of ZUE to the Ordinary General Meeting of ZUE for opinion.

Pursuant to Article 90g item 1 of the Act, the report has been prepared for the financial year 2022.

The Remuneration Policy for Members of the Management Board and the Supervisory Board of ZUE was adopted on the basis of the resolution no. 16 passed by the Ordinary General Meeting on 30 July 2020 (the "Remuneration Policy"). The Remuneration Policy sets out the principles for determining, calculating and paying out remunerations to Members of the Management Board and the Supervisory Board of ZUE and was developed following the amendment of 30 November 2019 to the Polish Act on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organised Trading and on Public Companies of 29 July 2005 (uniform text, Journal of Laws of 2022, item 2554).

The Ordinary General Meeting of ZUE S.A. gave favourable opinion on the Supervisory Board Report on remunerations of Members of the Management Board and the Supervisory Boards of ZUE S.A. for the financial year 2021 by passing the Resolution no. 28 of 31 May 2022. No suggestions or reservations were made.

The following tables contain the compositions of the Management Board and the Supervisory Board of ZUE S.A. in 2022.

COMPOSITION OF THE MANAGEMENT BOARD IN 2022		
Wiesław Nowak	Management Board President, CEO	Term of office: 2022
Jerzy Czeremuga	Management Board Vice-President	Term of office: 2022
Marcin Wiśniewski	Management Board Vice-President	Term of office: 2022
Anna Mroczek	Management Board Vice-President	Term of office: 2022
Maciej Nowak	Management Board Vice-President	Term of office: 2022

COMPOSITION OF THE SUPERVISORY BOARD IN 2022		
Mariusz Szubra	Supervisory Board Chairperson	Term of office: until 23.05.2022
Barbara Nowak	Supervisory Board Vice-Chairperson	Term of office: 2022
Bogusław Lipiński	Supervisory Board Member	Term of office: until 31.05.2022
Piotr Korzeniowski*	Supervisory Board Member	Term of office: 2022
Michał Lis	Supervisory Board Member	Term of office: until 12.01.2022
Agnieszka Klimas	Supervisory Board Member	Term of office: from 12.01.2022
Irena Piekarska-Konieczna	Supervisory Board Member	Term of office: from 31.05.2022
Maciej Szubra	Supervisory Board Member	Term of office:

\*Mr. Piotr Korzeniowski was appointed the Chairperson of the Supervisory Board as of 31 May 2022 on the basis of the Resolution no. 26 passed by the Company's Ordinary General Meeting on 31 May 2022.

## Report on remunerations for each Member of the Management Board and the Supervisory Board of ZUE

The remuneration for 2022 was paid by the Company to Members of the Management Board of ZUE ("Members of the Management Board") according to the valid employment contracts and the Remuneration Policy adopted under the Resolution no. 19 passed by the Ordinary General Meeting of ZUE Spółka Akcyjna with registered office in Cracow on 30 July 2020.

A Member of the Management Board was paid monthly remuneration composed of:

- a) Basic pay;
- b) Management allowance; and
- c) Variable remuneration (annual bonus).

The gross amount of basic pay is determined by the Supervisory Board of ZUE (the "Supervisory Board") on the basis of the Remuneration Policy, comparison of remunerations paid out to the board members of similar public companies and the scope of responsibility of individual Members of the Management Board. The management allowance is connected with the position held by a Member of the Management Board of ZUE.

Other benefits are paid to individual Members of the Management Board on the basis of a relevant resolution passed by the Supervisory Board.

Each Member of the Management Board (who has held the position of a Member of the Management Board for the entire preceding financial year) is paid a one-time bonus by the Supervisory Board. It is a variable remuneration paid according to the employment contract and the annexes and appendices thereto entered into with Members of the Management Board of ZUE.

The amount of variable remuneration depends on the achievement of specific management objectives by a Member of the Management Board. A general scope of the management objectives is provided in § 4.6 of the Remuneration Policy.

The variable remuneration for 2022 is paid to Members of the Management Board following the assessment of their achievement of management objectives as set out in the Resolution no. 1/2022 passed by the Supervisory Board of ZUE Spółka Akcyjna with registered office in Cracow on 28 February 2022.

According to the Remuneration Policy, the variable remuneration is paid to Members of the Management Board by the end of June for the preceding year but not before the publication of the Group's annual report for the preceding year.

### ***Use of the results criteria in the payment of variable remuneration to Members of the Management Board***

The variable remuneration of Members of the Management Board for 2021 (annual bonuses) was determined and paid in 2022 according to the Company's Remuneration Policy. The Supervisory Board considered such issues as the achievement of sales volume and financial result, the Company's financial standing, backlog, development prospects for ZUE and the involvement of each Member of the Management Board in the achievement of the Company's objectives.

In 2022, Members of the Supervisory Board of ZUE were only paid a fixed lump-sum gross remuneration. Chairperson of the Supervisory Board received the remuneration in the amount higher than the remuneration paid to other Members of the Supervisory Board. Remunerations were paid to Members of the Supervisory Board in 2022 according to the Resolution no. 28 passed by the Ordinary General Meeting of ZUE Spółka Akcyjna with registered office in Cracow on 6 June 2019.

***Total remuneration of Members of the Management Board of ZUE broken into components and proportions among them***

2022								
Management Board	Fixed component (PLN)	Share %	Variable component (PLN)	Share %	Other benefits (PLN)	Share %	Total paid out remuneration and benefits (PLN)	Remuneration payable for 2022 (PLN)
Jerzy Czeremuga	450,000.00	68.73%	190,000.00	29.02%	14,744.14	2.25%	654,744.14	220,000.00
Anna Mroczek	499,472.92	62.45%	295,200.00	36.91%	5,068.10	0.63%	799,741.02	295,000.00
Wiesław Nowak	960,000.00	60.79%	615,000.00	38.94%	4,318.10	0.27%	1,579,318.10	576,000.00
Maciej Nowak	480,000.00	63.59%	270,000.00	35.77%	4,800.00	0.64%	754,800.00	288,000.00
Marcin Wiśniewski	529,095.96	65.79%	270,000.00	33.58%	5,068.10	0.63%	804,164.06	270,000.00

Legend:

- Fixed components: basic pay, management allowance, sick pay and sickness benefit.
- Variable components: annual bonus.
- Other benefits: km allowance, medical care, employees' pension schemes.
- Variable remuneration (annual bonus) for 2021 (paid in 2022) for the Management Board President in the gross amount of PLN 615,000.00 was reduced in March 2023 to the gross amount of PLN 576,000 (calculation error).
- The reward for 2022 in the gross amount of PLN 45,000.00 was paid to Ms. Anna Mroczek, the Management Board Vice-President.

***Total remuneration of Members of the Supervisory Board of ZUE broken into components and proportions among them***

2022				
Supervisory Board	Remuneration Supervisory Board	Remuneration Employment contract	Other benefits	Total remuneration and benefits

Piotr Korzeniowski	59,718.00	0.00	0.00	0.00
Bogusław Lipiński	20,795.00	0.00	0.00	0.00
Michał Lis*	1,475.77	3,605.26	110.84	5,191.87
Barbara Nowak	49,908.00	0.00	0.00	0.00
Mariusz Szubra	26,336.71	0.00	0.00	0.00
Agnieszka Klimas	48,432.23	0.00	0.00	0.00
Irena Piekarska-Konieczna	29,247.16	0.00	0.00	0.00
Maciej Szubra	29,247.16	0.00	0.00	0.00

\*In 2022, Michał Lis was employed with ZUE on the basis of the employment contract for the position other than Member of the Supervisory Board of ZUE.

### ***Compliance of total remuneration with the adopted remuneration policy and its contribution to the achievement of the Company's long-term objectives***

As specified above, remuneration for 2022 was paid by the Company to Members of the Management Board according to the Remuneration Policy adopted by the Company.

Total remuneration of Members of the Management Board encourages them to become fully engaged in their work at the Company's governing bodies, motivates them to achieve certain economic objectives and, first of all, to strengthen the Company's position. The amount of their remuneration is proportionate to the position they hold and the tasks they are expected to perform, and the scope of responsibility associated with the position of the Management Board Member.

Members of the Management Board are paid both fixed and variable remuneration whose payment is conditional upon their involvement in the work, contribution to the Company's development and effective performance of the tasks they have been entrusted with.

In addition, a link between the amount of variable component and the achievement of objectives encourages the Management Board to become more involved in strengthening the Company's market position and improving the Company's financial results as well as its financial and equity condition.

Fixed remuneration of Members of the Supervisory Board guarantees independent control of the Company's economic condition because its amount does not depend on the Company's performance. At the same time, proper control guarantees the stable and safe activity of both the Company and the Supervisory Board, which directly contributes to the achievement of ZUE's long-term economic objectives.

### ***Change in remunerations, the Company's results and average pay of the Company's employees other than Members of the Management Board or the Supervisory Board in the past five years***

Management Board	Annual remunerations (PLN)*				
	2018	2019	2020	2021	2022
Jerzy Czeremuga	568,000.00	680,000.00	706,565.78	759,520.64	640,000.00
Anna Mroczek	636,755.08	746,011.12	812,912.37	835,127.07	794,672.92
Wiesław Nowak	1,334,000.00	1,460,000.00	1,490,000.00	1,540,000.00	1,575,000.00
Maciej Nowak	618,000.00	710,000.00	720,000.00	815,000.00	750,000.00

Marcin Wiśniewski	544,056.10	680,156.56	690,195.70	850,000.00	799,095.96
<b>Total</b>	<b>3,700,811.18</b>	<b>4,276,167.68</b>	<b>4,419,673.85</b>	<b>4,799,647.71</b>	<b>4,558,768.88</b>

\*Remuneration components: basic pay, management allowance, sick pay, sickness benefit and variable remuneration (annual bonus).

<b>Supervisory Board</b>	<b>Annual remunerations (PLN)*</b>				
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Piotr Korzeniowski	12,000.00	30,954.00	49,908.00	49,908.00	59,718.00
Bogusław Lipiński	12,000.00	30,954.00	49,908.00	49,908.00	20,795.00
Michał Lis	12,000.00	30,954.00	49,908.00	49,908.00	1,475.77
Barbara Nowak	12,000.00	30,954.00	49,908.00	49,908.00	49,908.00
Mariusz Szubra	12,000.00	39,324.00	66,648.00	66,648.00	26,336.71
Agnieszka Klimas	-	-	-	-	48,432.23
Irena Piekarska-Konieczna	-	-	-	-	29,247.16
Maciej Szubra	-	-	-	-	29,247.16
<b>Total</b>	<b>60,000.00</b>	<b>163,140.00</b>	<b>266,280.00</b>	<b>266,280.00</b>	<b>265,160.03</b>

Financial year	Payroll (PLN)	Average employment	Average monthly pay of employees other than Members of the Management Board or the Supervisory Board (PLN)	ZUE net profit (PLN '000)	ZUE EBITDA* (PLN '000)
2022	92,348,639.92	788	9,766.14	10,241	21,852
2021	85,925,588.33	810	8,844.45	12,141	13,710
2020	82,670,785.46	836	8,237.56	4,362	22,919
2019	77,936,232.55	818	7,938.45	3,135	19,312
2018	63,542,607.36	704	7,525.68	-64,049	-69,213

\* Operating profit + depreciation and amortisation.

### **Remuneration from other entities within the Capital Group**

Wiesław Nowak, Maciej Nowak and Anna Mroczek, Members of the Management Board, have served on the Supervisory Board of another entity within the Capital Group since 09.12.2022 and each of them should receive PLN 1,671.94 (gross) for 2022. The amount will be added to the remuneration for their service on the Supervisory Board in the first quarter of 2023. No remuneration from any entity within the Capital Group other than ZUE was paid to Members of the Management Board or the Supervisory Board of ZUE in 2022.

### **Refund of variable components of remuneration**

The Remuneration Policy does not provide for any refund of variable components of the remuneration paid out to Members of the Management Board of ZUE according to the said Remuneration Policy.

Members of the Supervisory Board of ZUE are only paid fixed remuneration.

### ***Cash or non-cash benefits paid to the close ones of Members of the Management Board and the Supervisory Board***

No cash or non-cash benefits were paid to any close ones of Members of the Management Board or the Supervisory Board of ZUE in 2022. Remuneration paid to Members of the Management Board and the Supervisory Board of ZUE does not include any cash or non-cash benefits paid to close ones of Members of the Management Board or the Supervisory Board of ZUE. There are two people at the Company who meet the criteria of close ones of Members of the Management Board and the Supervisory Board of ZUE. They are paid remuneration under separate employment contracts.

### ***In addition, the Supervisory Board of ZUE S.A. state that:***

There is no incentive scheme at the Company whereby the Company's financial instruments would be offered or granted to any Members of the Management Board or the Supervisory Board. No financial instruments were offered or granted to any Members of the Management Board or the Supervisory Board in the financial year 2022.

No demand of refund of any variable remuneration components by any Members of the Management Board or the Supervisory Board was made by the Company in the reporting period.

No deviations from the Remuneration Policy referred to in Article 90f of the Act were made at the Company.

## **Conclusions**

The Supervisory Board of ZUE reviewed remunerations and all benefits received by individual Members of the Management Board and the Supervisory Board in terms of the compliance thereof with the Remuneration Policy for Members of the Management Board and the Supervisory Board of ZUE). The Supervisory Board state that:

- 1) The remuneration paid out to Members of the Management Board complies with the valid contracts and meets all legal requirements.
- 2) After they have considered careful and stable management of risk, capital and liquidity as well as long-term interests of the Company and its shareholders, the Supervisory Board give positive opinion on the Remuneration Policy for Members of the Management Board and the Supervisory Board of ZUE S.A. and the compliance of remunerations paid out to Members of the Management Board and the Supervisory Board of ZUE S.A. in 2022 with concluded contracts and relevant resolutions.
- 3) The adopted Remuneration Policy for Members of the Management Board and the Supervisory Board of ZUE S.A. is a tested tool for the management of remunerations.

This report has been prepared and approved by the Supervisory Board.

Piotr Korzeniowski - Supervisory Board Chairperson .....

Barbara Nowak - Supervisory Board Vice-Chairperson .....

Agnieszka Klimas - Supervisory Board Member .....

Irena Piekarska-Konieczna - Supervisory Board Member .....

Maciej Szubra - Supervisory Board Member .....