



**Report on remuneration**  
**Members of the Management Board and the Supervisory Board**  
**of Prochem S.A.**  
**for 2023**

PROCHEM S.A.

Report of Supervisory Board of Prochem S.A. on remuneration of Members of the Management Board and Supervisory Board for 2023

## 1. Introduction

Hereby report of the Supervisory Board on the remuneration of Members of the Management Board and the Supervisory Board (referred to as the Report on Remuneration) has been prepared in accordance with the requirements of Art. 90g. of the Act of July 29, 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies, as amended.

The applicable version of the Remuneration Policy for Members of the Management Board and Members of the Supervisory Board of Prochem S.A. ("Policy") was approved by Resolution No. 23 of the General Meeting of Shareholders of Prochem S.A. on August 25, 2020.

Pursuant to § 5 of the Policy, the Supervisory Board prepares an annual remuneration report in order to present to the General Meeting a comprehensive review of remuneration, including all benefits, regardless of their form, received by individual Members of the Management Board and Supervisory Board in the previous financial year. The report is subject to certification of a certified auditor.

Pursuant to Article 36 sec. 2 of the Act of 16 October 2019. amending the Act on Public Offering and conditions for introducing financial instruments to organized trading system and on public companies and certain other acts (Journal of Laws of 2019, item. 2217) the Supervisory Board have prepare the first report on the total remunerations for 2019 and 2020. The next report was prepared for 2021 and 2022. Remuneration report hereby relate to 2023.

## **2. Composition of the Management Board and Supervisory Board**

### **2.1 The Management Board**

In the reporting period from January 1, 2023 to December 31, 2023, the Management Board of Prochem S.A. acted in the following composition:

- Marek Kiersznicki – President of the Management Board
- Krzysztof Marczak – Vice President of the Management Board
- Michał Dąbrowski – Member of the Management Board

The aforementioned composition of the Management Board of Prochem S.A. was appointed on May 26, 2021.

Pursuant to the resolution of the Supervisory Board, the term of office of the Management Board of the Company in the above-mentioned composition started on June 25, 2021.

### **2.2 The Supervisory Board**

During the reporting period from 1 January 2023 to 31 December 2023, the composition of the Supervisory Board changed, Andrzej Karczykowski was dismissed and a new member, Paweł Bielski, was appointed.

The Supervisory Board of Prochem S.A. operated in the following composition:

- Marek Garliński – Chairman of the Supervisory Board
- Paweł Bielski – Member of the Supervisory Board since 14 June 2023
- Andrzej Karczykowski – Member of the Supervisory Board until 14 June 2023
- Wiesław Kiepiel – Member of the Supervisory Board
- Jarosław Stępniewski – Member of the Supervisory Board
- Karol Żbikowski – Member of the Supervisory Board

### **3. Components of the remuneration of the Management Board and Supervisory Board in financial year 2023**

#### **3.1 The Management Board**

In 2023 the remuneration of Members of the Management Board of Prochem S.A. consisted of the following elements:

- remuneration under the employment contract

The remuneration under the employment contract consists of:

- fixed monthly salary
- movable remuneration

The movable part of the remuneration is determined individually for each member of the management board with a specific percentage of the net profit achieved by the Company in a given financial year. The movable part of the remuneration is payable after the approval of the Company's Financial Statement for the previous year by the General Meeting of Shareholders of Prochem S.A.

The employment contract also contains an item that in the event of termination of the employment contract, regardless of the reasons for termination, the employer undertakes to pay the employee an additional one-time cash benefit in the amount of six months' basic salary with a functional bonus, except when the contract is terminated for reasons that are clearly the employee's fault.

- remuneration for serving in the Management Board (due to appointment )

Remuneration for performing functions in the Management Board consists of:

- fixed monthly salary
- awards calculated as a percentage of the net profit of the Capital Group of Prochem S.A.

The Supervisory Board of Prochem S.A. decides about the award and the amount of the award in the form of a resolution. In the case of granting the award by the Supervisory Board, it is payable after the approval of the financial statements of the Capital Group of Prochem S.A. for the previous year by the General Meeting of Shareholders of Prochem S.A.

- non-cash benefits

The remuneration in the form of a non-cash benefit granted to Members of the Management Board is a remuneration that is also available to other employees of the Company and includes, among others, the possibility of using the Company's equipment, including a company car, computer, telephone, access to literature and the press, and also additional non-wage benefits in a form of private medical care, life insurance and training opportunities.

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Table 1 - The amount of total remuneration of Members of the Management Board of Prochem S.A. in 2023, broken down into the components referred to in Art. 90d section 3 item 1 of the Act on Public Offering and the mutual proportions between these components of remuneration (in PLN thousands)

Name and surname	Fixed components		Variable components	Appointment award	Total remunerations	% Share of fixed and variable components in total remuneration	PPK Employee Capital Plans	Non-cash benefits	Total remuneration and non-cash benefits and PPK
	Remuneration under the employment contract	Remuneration due to appointment	Movable part under the employment contract						
Marek Kiersznicki President of the Management Board, CEO	505,2	134,0	288,8		928,0	68.88/31.12	13,9	12,0	953,9
Krzysztof Marczak Vice President of the Management Board Financial Director	420,0	105,3	262,5		787,8	66.68/33.32	11,7	11,3	810,8
Michał Dąbrowski Management Board Member Sales and Marketing Director	359,1	88,4	210,0		657,5	68.06/31.93	8,4	5,2	671,1

### 3.2 The Supervisory Board

In 2023, the remuneration of Members of the Supervisory Board of Prochem S.A. consisted of the following elements:

- fixed cash remuneration based on appointment to the position of the Chairman of the Supervisory Board or a Member of the Supervisory Board.

Members of the Supervisory Board receive remuneration in the amount and on the terms specified in the Bylaws of the Supervisory Board of Prochem S.A. resolved by the General Meeting of Shareholders of Prochem S.A. A member of the Supervisory Board receives remuneration for performing a function in a supervisory body in the form of a fixed monthly gross amount determined in the Bylaws of the Supervisory Board. The Chairman of the Supervisory Board receives a salary greater than that of other members of the Supervisory Board, taking into account the additional workload for the functions performed. Additionally, since 6 June 2019, the Chairman of the Supervisory Board has been employed at Prochem S.A. under a 0.25 full-time employment contract and receives remuneration for this, which is presented in Table 3.

Member of the Supervisory Board Jarosław Stępniewski, whose mandate as President of the Management Board expired on 23 June 2021, was appointed to the Supervisory Board on 24 June 2021. Additionally, since 25 June 2021, Jarosław Stępniewski has been employed at Prochem S.A. under an employment contract as a specialist in developers projects. This information was included in the reports for 2021 and 2022, but we repeat it in the report for 2023, because under the employment contract Jarosław Stępniewski receives remuneration, which is presented in Table 3.

Table No. 2 - Total remuneration of the Members of the Supervisory Board of Prochem S.A. in 2023, broken down by components referred to in Article 90d section 3 item 1 of the Act on Public Offering (in PLN thousands)

Name and surname	Fixed components	Variable components	Total remuneration	PPK Employee Capital Plans	Non-cash benefits	% Share of fixed and variable components in the total remuneration
	Remuneration	do not occur				
Marek Garliński Chairman of the Supervisory Board	93	0	93	0	0	100/0
Paweł Bielski Member of the Supervisory Board	50,8	0	50,8	0	0	100/0
Andrzej Karczykowski Member of the Supervisory Board	27,3	0	27,3	0	0	100/0
Wiesław Kiepiel Member of the Supervisory Board	78	0	78	0	0	100/0
Jarosław Stępniewski Member of the Supervisory Board	78	0	78	0	0	100/0
Karol Żbikowski Member of the Supervisory Board	78	0	78	1,2	0	100/0

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Table No. 3 - Amount of remuneration achieved in Prochem S.A. by the Chairman of the Supervisory Board and a Member of the Supervisory Board in 2023 employed under an employment contract in Prochem S.A.

Name and surname	Remuneration under an employment contract	Non-cash benefits	Total remuneration with non-cash benefits
Marek Garliński	24,0	4,8	28,8
Jarosław Stępniewski	96,0	11,9	107,9



#### **4. Compliance of the Remuneration of Members of the Management Board and Members of the Supervisory Board with the Remuneration Policy and the performance criteria**

The total remuneration of Members of the Management Board and Members of the Supervisory Board is in accordance with the Remuneration Policy adopted by the Company on August 25, 2020. The solutions adopted in the Policy contribute to the implementation of the business strategy, long-term interests and stability of the Company.

In accordance with the Policy adopted in the Company, the basis for determining the total amount of remuneration of Members of the Management Board and Supervisory Board in 2023 was the assessment of the effects of the work of a given person and organizational unit in relation to the financial results of the Company or the Group. Moreover, the remuneration paid to Members of the Management Board and of the Supervisory Board took into account the current situation of the Company.

Dependence on financial performance relates to the performance of the Company or the Capital Group. Detailed rules for determining, calculating and paying variable remuneration are specified by the Supervisory Board in an agreement concluded with a Member of the Management Board and in the resolution establishing the remuneration of a Member of the Management Board for the appointment of.

The variable part of the remuneration dependent on the Company's performance was payable after the Company's General Meeting of Shareholders had approved the Company's Financial Statements for the previous year. The variable part depending on the results of the Group was payable after the approval of the financial statements of the Capital Group of Prochem S.A. on the basis of a Resolution of the Supervisory Board.

Fixed remuneration is the basic component of remuneration, which guarantees the implementation of the Company's and Group's strategy by the Members of the Management Board, while the variable remuneration is motivating and stimulates effective achievement of strategic goals.

The remuneration of the Members of the Management Board and Members of the Supervisory Board took into account the goals set out in the Remuneration Policy. When determining the amount of remuneration, the implementation of the business strategy adopted by the Company, long-term interests assumed by the Company and the Company's stability were taken into account.

When assessing the results of individual members of the Management Board, not only financial criteria were taken into account, but also the performance of tasks generating additional and unplanned revenues or savings, taking into account the risk related to the implementation of such tasks. Criteria that were taken into account when assessing individual results were also participation in activities influencing the Company's reputation, timely implementation of tasks assigned to individual Management Board Members, approach to risk and implementation of strategies in the supervised areas.

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**5. Information on the annual change in the remuneration of Members of the Management Board, the results of the Company and of the Group and the average remuneration of employees of the Company who are not members of the Management Board or Supervisory Board in the period 2019 - 2023**

Information in this category is presented for the financial years 2019 - 2023, given the content of Article 90g section 3 of the Act of Public Offering, according to which information on financial years for which the Supervisory Board was not obliged to prepare a remuneration report, may be provided on the basis of estimates, or omitted if it is indicated in the remuneration report.

Table 4 – Comparison of changes in the remuneration of Management Board Members in 2019 - 2023

Change in the remuneration of Management Board members in 2019 - 2022	2019	2020	2021	2022	2023
Jarosław Stępniewski President of the Management Board until June 23, 2021	455,70	549,40	627,80	-	-
Change in relation to the previous year	-	+ 20.60 %	+ 14.30 %	-	-
Marek Kiersznicki President of the Management Board	459,60	540,70	709,60	662,80	953,90
Change in relation to the previous year	-	+ 17.6 %	+31.20 %	-6.60 %	+43.92%
Krzysztof Marczak Vice President of the Management Board	412,10	493,20	633,50	548,70	810,80
Change in relation to the previous year	-	+ 19.70 %	+28.40 %	-13.40 %	+47.77%
Michał Dąbrowski Member of the Management Board	-	-	188,50	392,90	671,10
Change in relation to the previous year	-	-	-	-	+70.80

The increase in the remuneration of the President of the Management Board, Vice President of the Management Board and Member of the Management Board results from a significant increase in the financial result for 2022 compared to 2021 (Table 5), from which the variable part for the Management Board is calculated.

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Table 5 – Comparison of the results of the Company and the Group in the financial years 2019 – 2023 and showing the change that took place

Change in the results of the Company and the Group in 2019 - 2023	2019	2020	2021	2022	2023
Net profit of Prochem S.A. in PLN thousands	3 698	10 076	2 713	26 256	-19 591
Change in relation to the previous year	-	+ 172.5 %	- 73.07 %	967.78%	-174.61%
Net profit of the Group of Prochem S.A. in PLN thousands	8 043	14 008	6 280	526	-24 348
Change in relation to the previous year	-	+ 74.2 %	- 55.17 %	- 91.63 %	-4087.71%

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Table 6 – Comparison of changes in the average remuneration of employees of the company who are not members of the Management Board or Supervisory Board in 2019 - 2023

Change in the average remuneration of the Company's employees in 2019 - 2022	Average monthly remuneration 2019	Average monthly remuneration 2020	Average monthly remuneration 2021	Average monthly remuneration 2022	Average monthly remuneration 2023
Average monthly remuneration of employees of the company Prochem S.A.	7473	7982	8299	9155	9492
Change in relation to the previous year	-	+ 6.8 %	+3.97 %	10.31 %	3.68 %

The average remuneration of the Company's employees is the average monthly total remuneration (base salary, bonuses, awards, allowances, non-cash benefits and all other components) paid to employees in a given calendar year (over a period of 12 months).

## 6. The amount of the remuneration from entities belonging to the Prochem S.A. Capital Group

The table below contains information on the amount of remuneration paid to the Members of the Management Board for performing functions in the Management Boards and Supervisory Boards of companies belonging to the Prochem S.A. Capital Group in the years h 2019, 2020, 2021, 2022, 2023.

### 6.1 The Management Board

Remuneration presented in PLN thousands

Member of the Management Board	subsidiary	Function performed	2019	2020	2021	2022	2023
Krzysztof Marczak	Elektromontaż Kraków S.A.	Member of the Supervisory Board	68	72	78	87,6	96
Krzysztof Marczak	Irydion Sp. z o.o.	President of the Management Board	-	-	-	45	-

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## 6.2 The Supervisory Board

Remuneration presented in PLN thousands

Member of the Supervisory Board	subsidiary	Function performed	2019	2020	2021	2022	2023
Marek Garliński	Elektromontaż Kraków S.A.	Member of the Supervisory Board	68	72	78	87,6	97,5
Jarosław Stępniewski	Elektromontaż Kraków S.A.	Member of the Supervisory Board	-	-	46	103,5	115,3
Marek Garliński	Predom Sp. z o.o.	Member of the Supervisory Board	17	18	14	-	-

## 7. Number of granted or offered financial instruments

In the company Prochem S.A. no financial instruments were granted in 2023.

## 8. Information on the use of the possibility of requesting a refund of variable remuneration components

The practice in the company as well as the remuneration policy adopted do not provide for the possibility to demand from members of the management board return of variable remuneration components.

## 9. Information on deviations from the procedure of implementing the remuneration policy and deviations applied pursuant to Art. 90f, including an explanation of the premises and mode and an indication of the elements from which the deviations were applied.

In the reporting period, there were no deviations to the remuneration policy implementation procedure. Also, no decisions were made regarding deviations from the assumptions of the remuneration policy, as well as in relation to individual elements of this policy applied in the Company.

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## **10. Information on benefits for close persons for members of the Management Board and for members of the Supervisory Board**

No such benefits were granted in the Company.

The remuneration report was drawn up by the Supervisory Board in order to meet the requirements set out in Art. 90 g section 1. of the Act on public offering

## **11. Adoption of the remuneration report and certified auditor evaluation**

The report for 2022 was subject to assessment by a certified auditor in terms of including the information required under Art. 90 g of section 1-5 and section 8 of the Act on Public Trading. The entity commissioned to evaluate the report is Misters Audytor Adviser, limited liability company.

Pursuant to Resolution No. 16 of the Ordinary General Meeting of Prochem S.A. of June 14, 2023, the Report of the Supervisory Board on the remuneration of Members of the Management Board and Supervisory Board for 2022 received a positive opinion, the company continues its current remuneration policy with regard to Members of the Management Board and Supervisory Board.

The report for 2023 was subject to assessment by a certified auditor in terms of including the information required under Art. 90 g section 1-5 and section 8 of the Act on Public Trading. The entity commissioned to evaluate the report is Misters Audytor Adviser, limited liability company.

The report will be made available on the Company's website.