



**Remuneration Report
of the Management Board and Supervisory Board Members of Prochem S.A.
for the year 2024**

1. Introduction

This Supervisory Board Report on the remuneration of the Management Board and Supervisory Board members (hereinafter referred to as the "Remuneration Report") has been prepared in accordance with the requirements of Article 90g of the Act of 29 July 2005 on Public Offering and the Conditions Governing the Introduction of Financial Instruments to Organised Trading and on Public Companies, as amended.

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

In accordance with § 5 of the Policy, the Supervisory Board prepares an annual Remuneration Report to provide the General Meeting with a comprehensive overview of remuneration, including all benefits received, regardless of their form, by each Member of the Management Board and the Supervisory Board in the preceding financial year. The report is subject to certification by a statutory auditor.

Pursuant to Article 36(2) of the Act of 16 October 2019 amending the Act on Public Offering and the Conditions Governing the Introduction of Financial Instruments to Organised Trading and on Public Companies, and certain other acts (Journal of Laws 2019, item 2217), the Supervisory Board prepared its first remuneration report covering the years 2019 and 2020. Subsequent reports were prepared for 2021, 2022 and 2023. This report concerns the year 2024.

2. Composition of the Management Board and Supervisory Board.

2.1 Management Board

During the reporting period from 1 January 2024 to 31 December 2024, the Management Board of Prochem S.A. was composed of:

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

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

According to the resolution of the Supervisory Board, the term of office of the Company's management board in the above composition began on June 25, 2021.

2.2 Supervisory Board

In the reporting period from January 1, 2024 to December 31, 2024, the composition of the Supervisory Board changed as a result of the appointment of the Supervisory Board of Prochem S.A. for the next term of office. Steven Tappan, associated with Prochem S.A. since 1994, was appointed to replace Paweł Bielski, having been a member of the Supervisory Board in 1994-2001, 2008-2010 and 2014-2016. Jarosław Stępniewski was elected chairman of the new term of office of the Supervisory Board.

The Supervisory Board of Prochem S.A. consisted of:

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| • Marek Garliński – Chairman of the Supervisory Board | until 24 June 2024 |
| • Marek Garliński – Member of the Supervisory Board | from 24 June 2024 |
| • Jarosław Stępniewski – Chairman of the Supervisory Board | from 24 June 2024 |
| • Jarosław Stępniewski – Member of the Supervisory Board | until 24 June 2024 |
| • Paweł Bielski – Member of the Supervisory Board | until 24 June 2024 |
| • Wiesław Kiepiel – Member of the Supervisory Board | |
| • Steven Tappan – Member of the Supervisory Board | from 24 June 2024 |
| • Karol Żbikowski – Member of the Supervisory Board | |

3. Components of remuneration of the Management Board and Supervisory Board in the financial year 2024

3.1 Management Board

In 2024, the remuneration of the Members of the Management Board of Prochem S.A. consisted of the following elements:

- The remuneration under the employment contract

The remuneration under the employment contract consists of:

- fixed monthly salary
- variable component

The variable component of the remuneration is determined individually for each Management Board member as a specified percentage of the net profit achieved by the Company in a given financial year. The variable component 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 includes a clause stating 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 monetary benefit equal to six months' base salary along with the functional allowance, except in cases where the termination results from reasons clearly attributable to the employee's fault.

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

Remuneration for serving on the Management Board consists of:

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

The Supervisory Board of Prochem S.A. decides on the award and the amount of the bonus in the form of a resolution. In the event that the Supervisory Board awards the bonus, it is payable after the approval of the financial report of the Prochem S.A. Capital Group for the previous year by the General Meeting of Shareholders of Prochem S.A.

- Non-monetary benefits

Remuneration in the form of a non-monetary benefit granted to Members of the Management Board is 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 press, additional non-wage benefits in the form of private medical care, life insurance and the possibility of participating in training.

Table 1 - Total remuneration of the Members of the Management Board of Prochem S.A. in 2024, broken down into components referred to in Article 90d section 3 item 1 of the Act on Public Offering and the mutual proportions between these remuneration components (in thousands PLN)

Name and surname	Fixed components		Variable components		Total salaries	% share of fixed and variable components in total remuneration	PPK Employee capital plans	Non-monetary benefits	Total remuneration with non-monetary benefits and PPK
	Salary under the employment contract	Remuneration for appointment	Variable component under the employment contract	Bonus for appointment					
Marek Kiersznicki President of the Management Board, General Director	542,9	144,0	0	0	686,9	100/0	10,5	12,8	710,2
Krzysztof Marczak Vice President of the Management Board, Financial Director	449,3	115,2	0	0	564,5	100/0	8,6	11,5	584,6
Michał Dąbrowski Member of the Management Board, Sales and Marketing Director	415,0	95,0	0	0	510,0	100/0	7,7	5,3	523,0

3.2 Supervisory Board

In 2024, the remuneration of the Members of the Supervisory Board of Prochem S.A. consisted of the following elements:

- fixed cash remuneration based on appointment as Chairman of the Supervisory Board or Member of the Supervisory Board.

Members of the Supervisory Board receive remuneration in the amount and under the terms specified in the Rules of Procedure of the Supervisory Board of Prochem S.A., as adopted by the General Meeting of Shareholders of Prochem S.A. A Member of the Board receives remuneration for performing their duties in the supervisory body in the form of a fixed monthly gross amount, as specified in the Rules of Procedure of the Supervisory Board. The Chair of the Board receives higher remuneration than the other Board Members, taking into account the additional workload associated with the function.

Chair of the Supervisory Board, Jarosław Stępniewski, is employed in Prochem S.A. under an employment contract for 0.50 FTE in the position of Development Projects Specialist, for which he receives remuneration, as presented in Table 3.

Marek Garliński, Member of the Supervisory Board, is employed in Prochem S.A. under an employment contract for 0.25 FTE in the position of Valuation Specialist, for which he receives remuneration, as presented in Table 3.

Table No. 2 - the total remuneration of the Members of the Supervisory Board of Prochem S.A. in 2024, broken down into components referred to in Article 90d section 3 item 1 of the Act on Public Offering (in thousands PLN)

Name and surname	Fixed components	Variable components	Total salaries	PPK Employee capital plans	Non-monetary benefits	% share of fixed and variable components in total remuneration
	Salary	They do not occur				
Jarosław Stępniewski Chairman of the supervisory board	105	0	105	0	0	100/0
Paweł Bielski Member of the supervisory board (until 24 June 2024)	46,4	0	46,4	0	0	100/0
Wiesław Kiepiel Member of the supervisory board	96	0	96	0	0	100/0
Marek Garliński Member of the supervisory board	105	0	105	0	0	100/0
Steven Tappan Member of the supervisory board (from 24 June 2024)	49,9	0	49,9	0	0	100/0
Karol Żbikowski Member of the supervisory board	96	0	96	1,4	0	100/0

Table No. 3 - Amount of remuneration achieved in Prochem S.A. by the President of the Supervisory Board and a Member of the Supervisory Board in 2024 employed under an employment contract in Prochem S.A.

Name and surname	Salary under the employment contract	Non-monetary benefits	Total remuneration with non-monetary benefits
Marek Garliński	24,0	4,8	28,8
Jarosław Stępniewski	96,0	12,1	108,1

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

The total compensation of the Members of the Management Board and the Members of the Supervisory Board is in line 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 by the Company, the basis for determining the total compensation of the Members of the Management Board and the Members of the Supervisory Board for 2024 was the assessment of the performance of the individual and the respective organizational unit in relation to the financial results of the Company or the Group. Additionally, the compensation paid to the Members of the Management Board and the Members of the Supervisory Board took into account the current situation of the Company.

The link to financial results pertains to the results of the Company or the Capital Group. Detailed rules for determining, calculating, and paying variable compensation are set by the Supervisory Board in the agreement with the Member of the Management Board and in the resolution determining the compensation of the Member of the Management Board resulting from their appointment.

In 2024, no variable part of the compensation dependent on the Company's results was paid, as it is payable after the approval of the Company's Financial Statements for the previous year by the General Meeting of Shareholders. Additionally, no variable part dependent on the Group's results was granted, which is payable after the approval of the Prochem S.A. Group's financial statements, based on a resolution of the Supervisory Board.

Fixed compensation is the primary component of remuneration, ensuring the implementation of the Company's and Group's strategy by the Members of the Management Board, while variable compensation is motivational and encourages the effective achievement of strategic goals.

The compensation of the Members of the Management Board and the Members of the Supervisory Board considered the objectives set out in the Remuneration Policy. When determining the compensation amounts, the implementation of the business strategy adopted by the Company, the long-term interests set by the Company, and the maintenance of the Company's stability were taken into account.

When assessing the individual performance of the Members of the Management Board, not only financial criteria were considered, but also the completion of tasks that brought additional and unplanned revenues or savings, taking into account the risks associated with the execution of such tasks. The criteria also included participation in activities impacting the Company's reputation, the timeliness of task completion by individual Members of the Management Board, their approach to risk, and the implementation of the strategy in the areas under their supervision.

5. Information on the annual change in the remuneration of the Management Board Members, the Company and Group results, and the average remuneration of employees of the Company who are neither Members of the Management Board nor the Supervisory Board in the period from 2019 to 2024.

The information in this category is presented for the financial years 2019–2024, taking into account the provisions of Article 90g(3) of the Act on Public Offering, pursuant to which information relating to financial years for which the Supervisory Board was not obliged to prepare a remuneration report may be provided based on estimates or omitted, provided this is indicated in the remuneration report.

Table 4 – Comparison of changes in remuneration of Management Board Members in the years 2019 – 2024

Change in remuneration of Management Board Members in years 2019 - 2024	2019	2020	2021	2022	2023	2024
Jarosław Stępniewski President of the Board until 23 June 2021	455,70	549,40	627,80	-	-	-
Change from previous year	-	20,60 %	14,30 %	-	-	-
Marek Kiersznicki President of the Board	459,60	540,70	709,60	662,80	953,90	710,20
Change from previous year	-	17,6 %	31,20 %	-6,60 %	43,92%	-25,55%
Krzysztof Marczak Vice President of the Management Board	412,10	493,20	633,50	548,70	810,80	584,60
Change from previous year	-	19,70 %	28,40 %	-13,40 %	47,77%	-27,90%
Michał Dąbrowski Member of the Management Board	-	-	188,50	392,90	671,10	523,00
Change from previous year	-	-	-	-	70,80%	-22,07%

The decrease in the remuneration of the President of the Management Board, the Vice President of the Management Board, and the Member of the Management Board results from a significant decrease in the financial result for the year 2023 compared to 2022 (Table 5), which serves as the basis for calculating the variable component of the Management Board's remuneration.

Table 5 – Comparison of the results of the Company and the Group in the financial years 2019 - 2024 and presentation of the change that has occurred.

Year	2019	2020	2021	2022	2023	2024
Prochem S.A. net profit/loss in thousands PLN	3 698	10 076	2 713	26 256	-19 591	-28 454
Change from previous year	-	172,5 %	- 73,07 %	967,78%	-174,61%	-45,24%
Prochem S.A. Group net profit/loss in thousands PLN	8 043	14 008	6 280	526	-24 348	-25 593
Change from previous year	-	74,2 %	- 55,17 %	- 91,63 %	-4728,90%	-5,11%

Table 6 – Comparison of changes in the average remuneration of the company's employees who are not members of the Management Board or Supervisory Board in the years 2019–2024.

Year	2019	2020	2021	2022	2023	2024
Average monthly remuneration of Prochem S.A. employees	7473	7982	8299	9155	9492	8839
Change from previous year	-	+ 6,8 %	+3,97 %	10,31 %	3,68 %	-6,88 %

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

6. Amount of 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 on the Management Boards and Supervisory Boards of companies belonging to the Prochem S.A. Capital Group in the years 2019, 2020, 2021, 2022, 2023, 2024.

6.1 Management

Remuneration presented in thousands PLN

Member of the Management Board	Subsidiary company	Position held	2019	2020	2021	2022	2023	2024
Krzysztof Marczak	Elektromontaż Kraków S.A.	Member of the supervisory board	68	72	78	87,6	96	108
Krzysztof Marczak	Irydion Sp. z o.o.	President of the Management Board	-	-	-	45	-	-

6.2 Supervisory board

Remuneration presented in thousands PLN.

Member of the Supervisory board	Subsidiary company	Position held	2019	2020	2021	2022	2023	2024
Marek Garliński	Elektromontaż Kraków S.A.	Member of the supervisory board	68	72	78	87,6	97,5	108,0
Jarosław Stępniewski	Elektromontaż Kraków S.A.	Member of the supervisory board	-	-	46	103,5	115,3	127,6
Marek Garliński	Predom Sp. z o.o.	Member of the supervisory board	17	18	14	-	-	-

7. Number of financial instruments granted or offered.

In 2024, no financial instruments were granted by Prochem S.A.

8. Information on the use of the option to request a refund of variable remuneration components.

The practice implemented in the company and the remuneration policy adopted do not provide for the possibility of requesting reimbursement of variable remuneration components by management board members.

9. Information on deviations from the remuneration policy implementation procedure and deviations applied in accordance with Article 90f, including an explanation of the premises and procedure and an indication of the elements from which deviations were applied.

In the reporting period, there were no deviations from the remuneration policy implementation procedure. There were also no decisions made regarding deviations either in terms of the remuneration policy assumptions or in relation to individual elements of this policy applied in the Company.

10. Information on benefits for the next of kin of members of the Management Board and members of the Supervisory Board.

No such benefits were granted in the Company.

The remuneration report was prepared by the Supervisory Board in order to meet the requirements specified in Article 90g section 1 of the Act on Public Offering

11. Adoption of the remuneration report and the assessment of the auditor.

The report for 2023 was assessed by a certified auditor in terms of including the information required under art. 90g sec. 1-5 and sec. 8 of the Act on Public Trading. The entity commissioned to assess the report is Misters Audytor Adviser limited liability company.

Pursuant to Resolution No. 17 of the Ordinary General Meeting of Prochem S.A. of June 24, 2024, the Report of the Supervisory Board on the remuneration of the Members of the Management Board and Supervisory Board for 2023 was given a positive opinion, the company continues its current remuneration policy with respect to the Members of the Management Board and Supervisory Board.

The report for 2024 was assessed by a certified auditor in terms of including the information required under art. 90g sec. 1-5 and sec. 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.