

**REPORT OF THE SUPERVISORY BOARD**  
**of PRZEDSIĘBIORSTWO PRZEMYSŁU SPOŻYWCZEGO „PEPEES” S.A.**  
**ON REMUNERATION**

Łomża, on 26.04.2021

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## Introduction

This remuneration report was prepared in accordance with the requirements of Art. 9Gg sec. 15 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies dated 29 July 2005 (Journal of Laws of 2020, item 2080, as amended). ("the Act")

The General Rules of Remuneration of the Members of the Management Board and the Supervisory Board of Przedsiębiorstwo Przemysłu

Spożywczego "PEPEES" S.A. with its registered office in Łomża ("the Company") are sets forth the POLICY OF REMUNERATION OF THE MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD OF PRZEDSIĘBIORSTWO PRZEMYSŁU SPOŻYWCZEGO "PEPEES" S.A

A. adopted under Resolution No. 17 of the Ordinary General Meeting of Shareholders of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A. with its registered office in Łomża of 21 April 2020 and applicable from its adoption date. This report is the first report on remuneration of the Members of the Management Board and the Supervisory Board

The Members of the Management Board and Supervisory Board of "PEPEES" S.A.

The Management Board and the Supervisory Board of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" SA. act on the basis of the applicable legal regulations. the Articles of Association. the Supervisory Board Regulations and the Management Board Regulations.

#### The Management Board

In the reporting period from 1 January 2019 to 31 December 2020 the composition of the Management Board of "PEPEES" S.A. did not change:

- Wojciech Faszczeniowski - President of the Management Board
- Tomasz Rogala - Member of the Management Board.

#### The Supervisory Board

*In the reporting period from 1 January 2019 to 31 December 2020 the composition of the Supervisory Board of "PEPEES" S.A. did not change:*

- Maciej Jacek Kaliński - Chairman of the Supervisory Board.
- Tomasz Nowakowski - Deputy Chairman of the Supervisory Board.
- Robert Malinowski — Secretary of the Supervisory Board
- Piotr Taracha - Member of the Supervisory Board
- Krzysztof Stankowski - Member of the Supervisory Board
- Agata Czerniakowska - Member of the Supervisory Board

## II Total remuneration of the Management Board and Supervisory Board members

The remuneration of Members of the Management Board consists of fixed remuneration components, including additional ones

The Members of the Supervisory Board receive remuneration on the basis of a resolution of the General Meeting, which consists exclusively of fixed remuneration components.

The remuneration components for the Management Board Members in 2019 and 2020.

- *Fixed salary elements*

In the reporting period, the Company paid remuneration to all Management Board Members for the performance of their functions under the management contracts concluded. Additionally, two Management Board Members had a possibility to use the company car for private purposes and the costs of the use was partially paid.

- *variable elements of remuneration*

The Members of the Company's Management Board in the reporting period could receive a cash award, so called discretionary bonuses, for exercising their functions *in* the Company's Management Board with utmost care, continuously ensuring the highest quality of the Company's operations, thus contributing to increase of the value of the Company and the entire Capital Group *during* their term in the Company's Management Board.

Remuneration of the Management Board Members in 2019 by components (PLN)

Full name	Period for the performance of functions for the year in the 01.01.2019- 31.12.2019	IOW	Fixed remuneration	Variable remuneration bonus for budget implementation, according to the resolution of the Supervisory Board	Holiday pay	Contribution	Other non- cash benefits
Wojciech Faszczeński	01.01.2019-	354.47	480 000.00	480	25 768.65	18 638.67	38 174.40
Tomasz Krzysztof Rogala	31.12.2019	774 966.05	360 000.00	333 961.50	31 548.76	14 152.89	35 282.90
Total		1 819 520.52	840 000.00	814 954.25	58 317.41	32 791.56	73 457.30

The relative proportions between the fixed and variable components of the remuneration for 2019

	Variable remuneration	Fixed remuneration	Proportions between fixed and variable remuneration
Name and surname	1	2	1/2
Wojciech Faszczeński	482 972.75	563 581.72	85.34%
Tomasz Krzysztof Rogala	333 981.50	440 984.55	75.24%

#### Remuneration of the Management Board Members in 2020 by components (PLN)

	Period of the office in year	Total remuneration	Fixed remuneration	Remuneration Variable remuneration - bonus for budget implementation, according to the	Holiday pay	Employee capital scheme	Other non-cash benefits
Full name							
Wojciech Faszczeński	31.12.2020						
	31.12.2020	745 853.30	480 000.00	217 093.00		25 222.30	23 544.00
Tomasz Krzysztof Rogala	01.01.2020-						
	31.12.2020	568 516.48	360 000.00	157 985.00		19 225.19	31 306.29
Total		1 314 375.78	840 000.00	375 078.00	0.00	44 447.49	54 850.29

The relative proportions between the fixed and variable components of the remuneration for 2019

	Variable remuneration	Fixed remuneration	Proportion between variable and fixed remuneration
Name and surname	1	2	1/2
Wojciech Faszczeński	217 093.00	528 766.30	41.06%
Tomasz Krzysztof Rogala	157 985.00	410 531.48	38.48%

The amount of monthly fixed remuneration was determined by the Supervisory Board. The variable remuneration depended on execution of the budget approved for a given year by the Supervisory Board and constituted in 2020 28.5% of the total remuneration. The Supervisory Board assessed the level of achievement of particular indicators based on

periodic financial statements. The Members of the Management Board were also entitled to payment of contributions for the Employee Pension Scheme, equivalent for unused holiday leaves and use of company cars for travelling from their place of residence to the Company's office and for private purposes.

#### Rules of remuneration of the Supervisory Board

The General Meeting of Shareholders determines the amount of remuneration of members of the Supervisory Board in a resolution. The General Meeting of Shareholders determines the various amounts of remuneration of members of the Supervisory Board depending on the function performed, taking into account the degree of involvement of the Supervisory Board Members in the performed duties and the principles of responsibility of a Member of the Supervisory Board of a listed company.

Resolution of the Ordinary General Meeting No. 30 of 28 June 2019 sets out the principles for remuneration of members of the Supervisory Board. Detailed information on the amount of remuneration of the Supervisory Board members is presented in the table below

#### Remuneration of the Supervisory Board Members in 2019 by components (PLN)

Full name	Period of the function	Total Fixed	Remuneration remun	contributions Emp	Other -allowances
Maciej Kaliński	01.01.2019-31.12.2019	205 957.87	200	5141.59	
Tomasz Nowakowski	01.01.2019 -	138 783.50	138 783.50		
Piotr Marian Taracha	01.01.2019-31.12.2019	96 076.38	94 672.73		1403.65
Krzysztof Stankowski	01.01.2019 31.12 2019	93 356.51	92 456.99		899.52
Robert Malinowski	01.01.2019-31.12.2019	113 729.92	113 729.92		
Agata Czerniakowska	01.01.2019 31.12.2019	91 458.06	51 458.06		2 303.1
<b>Total</b>		<b>739 362.24</b>	731 917.48	5 141.59	

#### Remuneration of the Supervisory Board Members in 2020 by components (PLN)

Full name	Period of the function	Total Fixed	Remuneration remun	Contribution	Other - Allowances
Maciej Kaliński	01.01.2020-31.12.2020	270 487.47	261 352.02	9135.45	
Tomasz Nowakowski	01.01.2020-31.12.2020	208 095.36	201 243.77	6 351.59	
Piotr Marian Taracha	01.01.2020 31.12.2020	106 141.63	105 823.78		317.85
Krzysztof Stankowski	01.01.2020-31.12.2020	105 759.38	105 645.38		114.00
Robert Malinowski	01.01 2020-31 12.2020	170 952.47	170 952.47		
Agata Czerniakowska	01.01.2020-31.12.2020	107 146.20	107 146.20		
<b>Total</b>		<b>968 582.51</b>	952 163.62	15 987.14	431.85

The principles of remuneration for Supervisory Board Members were applied in the Company in accordance with the resolution of the General Meeting of Shareholders of 27 June 2003, as amended with Resolution No. 36 of 11 May 2018 and Resolution No. 30 of 28 June 2019. In the period covered by this report, the Members of the Supervisory Board received remuneration on the basis of their appointment to the Supervisory Board by the General Meeting of Shareholders, determined as the average gross remuneration in the sector of enterprises plus profit distributions for the last month of the quarter preceding the payment multiplied by:

- for the Chairman of the Supervisory Board -4
- for the Deputy Chairman of the Supervisory Board -3
- for the Secretary of the Supervisory Board - 2.5
- for other Supervisory Board Members - 1.6

Members of the Supervisory Board were also entitled to payment of contributions for participation *in the* Employee Pension Scheme and to use of company cars.

### III. Compatibility of the remuneration of Members of the Management Board and the Supervisory Board with the Remuneration Policy

The remuneration of Members of the Management Board and the Supervisory Board complied with the adopted Remuneration Policy. In the opinion of the Supervisory Board, the adopted structure of division of remuneration of the Management Board between fixed and variable components contributes to the achievement of long-term objectives and results of the Company, and thus to an increase in its value in the long term. Achievement of the management objectives set by the Supervisory Board entails periodic bonus to be granted to the Management Board Members.

The amount of the fixed remuneration of the Members of the Company's Management Board has not changed in recent years. The fixed remuneration depends on the scope of responsibility of each Member of the Management Board. The amount of monthly fixed remuneration has been set by the Board. The Members of the Management Board were also entitled to payment of contributions for the Employee Pension Scheme, equivalent for unused holiday leaves and use of company cars for travelling from their place of residence to the Company's office and for private purposes.

Board taking into account the financial results achieved and the extent to which the goals set by the Supervisory Board have been achieved. Objectives are determined by the Supervisory Board based on the current operational and strategic goals of the Company for a given period along with the measures of their implementation, including the performance of the planned sales budget, the achievement of planned profit or EBIDTA level. The Supervisory Board assessed the level of achievement of particular indicators based on the periodical financial statements.

The fixed remuneration of the Supervisory Board Members has been determined by the General Meeting and is diversified depending on the function performed and scope of responsibilities.

#### IV. Performance criteria

In accordance with the Company's remuneration policy, the Members of the Management Board received variable remuneration in the form of quarterly and annual bonuses. The quarterly bonus was paid, if planned sales has been executed. In addition, the Management Board could receive a bonus if the planned netprofit was exceeded. Upon approval of the report for the financial year. The Management Board received an annual bonus for execution of the sales plan and for exceeding of the planned net profit level.

The condition for receipt of both the so-called sales and performance bonus for the next three quarters of each year and the annual bonus was to exceed the planned EBIDTA result.

#### V. Change of remuneration of the Management Board and Supervisory Board members the Company's results and the average remuneration of employees

of the Company	2019 in PLN thousand	2020 in PLN thousand		Change (%)
Total remuneration of the Management Board	1819.50	1 314.40	-535.10	-27.76%
Total remuneration of the Supervisory Board Members	739.43	968.60	229.20	31.00%
Receipts from sales of the company	172 934	155 182	-17 752.00	-10.27%
Net profit of the Company	19 182	5 530	-13 652.00	-71.17%
average remuneration*	61.4	61.5	0.10	0.16%

\* The average annual remuneration of employees who are not members of the Management Board and the Supervisory Board was calculated as the sum of remuneration paid for the financial year divided by the average number of FTEs\* in the given financial year.

In this information, on the basis of the exemption referred to in Article 90g sec. 3 of the Act on Public Offering, a decision was taken to omit information for the financial years, for which the Supervisory Board was not obliged to prepare the Remuneration Report.

In both 2019 and 2020, the Supervisory Board did not change the fixed remuneration of the members of the Management Board and the rules regarding variable remuneration, which depends on the level of achievement of the set goals in the Company's budget planned for the given year.

## VI. Remuneration from entities belonging to the Group

### Remuneration received in subsidiaries in 2019 (in PLN)

Company	President of the Management Board Wojciech Fasczewski Rogala		Member of the Management Board Tomasz Rogala	
	Fixed remuneration	Remuneration Variable	remuneration Fixed	Remuneration variable
PPZ BRONISŁAW S.A.	136 202.54	138 000.00		
ZPZ Lublin Sap. Z o.o.	52 184.87			
CHP Energia Sp. z o.o.	8 400.00			6 000.00
Total	206 737.41	198 000.00		6 000.00 0. 00

### Remuneration received in subsidiaries in 2020 (in PLN)

Company	President of the Management Board Wojciech Fasczewski Rogala		Member of the Management Board Tomasz Rogala	
	Fixed remuneration	Remuneration Variable	remuneration Fixed	Remuneration variable
PPZ BRONISŁAW S.A.	141 524.58	24 000.00		
ZPZ Lublin Sap. Z o.o.	64 059.21			
CHPEnergia Sp. z o. o.	8 400.00	6000.		00
Total	223 983.79	24 000.00		6 000. 00 0.00

Remuneration in subsidiaries of PEPEES S.A. was paid to Management Board Members for held position of the President of the Management Board of PPZ BRONISŁAW by Mr Wojciech Fasczewski and in other companies for performed functions of the Members of the Board.

Supervisory

### Remuneration received in subsidiaries in 2019 (in PLN) for performed functions in the Supervisory Boards

Full name	Total	PPZ BRONISŁAW	ZPZ Lublin
Tomasz Nowakowski	44 229.60	19 792.04	24 437.55
Piotr Marian Taracha	113 634.88	57 718.47	55 966.41
Robert Malinowski	58 814.24	27 721.76	31092.48
Agata Czerniakowska	78 810.95	47 718.47	31 092.48
Total	295 539.67	152 950.74	142 588.93

Remuneration received in subsidiaries in 2020 (in PLN) for performed functions in the  
Supervisory Boards

Full name	Total	PPZ BRONISŁAW	ZPZ Lublin
Tomasz Nowakowski	103 269.00	52 021.52	51 247.38
Piotr Maran Taracha	102 773.51	•15 120.20	57 653.31
Robert Malinowski	73 445.54	41 415.92	32 029.62
Agata Czerniakowska	103 028.28	70 953.66	32 029.62
<b>Total</b>	382	209 556.40	172 959.93

## VII. Granted or offered financial instruments

In the reporting period no financial instruments were granted or offered to the Members of the Management Board. Also, no pecuniary or non-pecuniary benefits were granted to the immediate family members of the Management Board Members

## VIII. Reimbursement of variable components of remuneration

The terms of payment of variable components of remuneration do not provide for deferment of payment or the possibility of repayment.

## IX. Information on deviations from the procedure on implementation of the remuneration policy and deviations from the application of the remuneration policy

The Supervisory Board did not make any decisions on temporary withdrawal from application of the implemented Remuneration Policy and exemptions applied pursuant to Article 90f of the Act on Public Offering

## X. Summary.

The Supervisory Board has reviewed the remuneration and all benefits received by individual members of the Management Board and Supervisory Board for compliance with the applicable resolutions of the General Meeting of Shareholders and the Supervisory Board<sup>and</sup> the Remuneration Policy.

In the opinion of the Supervisory Board, the remuneration paid to the Members of the Management Board both with regard to fixed



the remuneration of Members of the Management Board and the Supervisory Board with the Remuneration Policy in force in the Company. The remuneration report was prepared by the Supervisory Board in order to fulfil the requirements defined in Article 90g sec. 1 of the Act on Public Offering.

1 Maciej Kaliński

2 Tomasz Nowakowski

3. Robert Malinowski

4. Krzysztof Stankowski

5. Agata Czerniakowska

6. Piotr Taracha