

REPORT OF THE SUPERVISORY BOARD OF PRZEDSIĘBIORSTWO  
PRZEMYSŁ SPOŻYWCZEGO "PEPEES" S.A.  
ON REMUNERATION FOR 2023

Łomża, 28.03.2024.

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## I. Introduction

This remuneration report was prepared in accordance with the requirements of Article 90g of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of 29 July 2005 (the "Act").

The general remuneration principles for the Management Board and the Supervisory Board Members of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A., with its registered office in Łomża (the "Company"), are set out the Remuneration Policy for the Management Board and the Supervisory Board Members of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A., adopted by way of Resolution No. 17 of the Annual General Meeting of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A., with its registered office in Łomża, of 21 April 2020 (the "Remuneration Policy") and is applicable as of the date of adoption.

### **Personal composition of the Management Board and the Supervisory Board of "PEPEES" S.A.**

The Management Board and the Supervisory Board of Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" SA. act under applicable legal provisions, the Company's Articles of Association, the Regulations of the Supervisory Board, as well as the Regulations of the Management Board.

#### **Management Board**

In the reporting period from 1 January 2023 to 31 December 2023, the composition of the Management Board of "PEPEES" S.A. operated in the same composition:

- Wojciech Faszczewski – President of the Management Board
- Tomasz Rogala – Member of the Management Board

#### **Supervisory Board**

During the reporting period from January 1, 2023 to December 31, 2023, the composition of the Supervisory Board included:

- Maciej Jacek Kaliński – Chairperson of the Supervisory Board.
- Robert Malinowski – Deputy Chairperson of the Supervisory Board.
- Agata Czerniakowska – Secretary of the Supervisory Board.

- Jacek Okoński – Member of the Supervisory Board.
- Kajetan Rościszewski – Member of the Supervisory Board.

## II. Total remuneration of the Management Board and Supervisory Board Members

### **Remuneration principles for the Management Board Members from 2022 to 2023.**

The general principles for the remuneration of the Company's Management Board Members are specified in the Remuneration Policy. The remuneration of the Management Board Members is determined by the Supervisory Board based on resolutions of the Supervisory Board and managerial contracts. The remuneration of the Management Board Members consists of fixed remuneration, variable remuneration and fringe benefits.

According to the above documents, the remuneration of the Management Board Members may consist of:

- fixed remuneration
- variable remuneration (bonus)
- compensation for leave not taken
- remuneration for the non-performance of duties
- remuneration for not engaging in competitive activities
- right to participate in the Employee Pension Scheme (EPP)
- additional benefits

Fringe benefits may consist of the following components in the form of:

- company car, including the driver, for business or private use,
- personal computer and a business telephone,
- medical care package, including for immediate family members,
- business accommodation granted when the permanent place of work is significantly distant from the place of permanent residence,
- participation in training funded by the Company,
- civil liability insurance for the company authorities,
- other benefits in accordance with the Company's regulations granting the benefits to the

general workforce (e.g. accident insurance)

The fixed remuneration and fringe benefits to which the members of the Management Board are entitled are determined on the basis of their individual management contracts. On 27 September 2023, the Supervisory Board amended the fixed part of the remuneration of the Company's Management Board Members by way of Resolution No. XI/39/2023.

For the period up to 27 September 2023, the fixed remuneration of the Management Board Members was monthly:

- President of the Management Board – PLN 40,000.00
- Member of the Management Board – PLN 30,000.00

From 27 September 2023, in accordance with Supervisory Board Resolution No. XI/39/2023, the fixed remuneration of the Management Board Members was monthly:

- President of the Management Board - PLN 52,000.00
- Member of the Management Board – PLN 39,000.00

The variable remuneration principles, in the form of bonuses, for the Management Board Members were established by the Supervisory Board based on the Supervisory Board's Resolution No. X/99/2022 of 13 April 2022. The above resolution established the bonus rules for the Management Board Members for the period from 2022 to 2024.

Detailed information on the terms and level of remuneration of the Management Board Members at the Company are included in the tables below.

#### Remuneration of the Management Board Members in 2022 by components (data in PLN)

Full name	Period of the office in year	Total remuneration	Fixed remuneration	Variable remuneration	Holiday remuneration	Contributions to Employee Pension Scheme	Other benefits
Wojciech Faszczewski	01/01/2022-31/12/2022	774,142.75	480,000.00	244,420.00	0.00	26,178.75	23,544.00
Tomasz Krzysztof Rogala	01/01/2022-31/12/2022	584,183.58	360,000.00	172,947.00	0.00	19,755.02	31,481.56
<b>Total</b>		<b>1,358,326.33</b>	<b>840,000.00</b>	<b>417,367.00</b>	<b>0.00</b>	<b>45,933.77</b>	<b>55,025.56</b>

#### Relative proportions between the fixed and variable components of the remuneration for 2022

Full name	Fixed remuneration (PLN)	Variable remuneration (PLN)	Proportions between variable and fixed remuneration
	1	2	21
Wojciech Faszczewski	529,722.75	244,420.00	46.14%
Tomasz Krzysztof Rogala	411,236.58	172,947.00	42.06%

## Remuneration of the Management Board Members in 2023 by components (data in PLN)

Full name	Period of the office in year	Total remuneration	Fixed remuneration	Variable remuneration	Holiday remuneration	Contributions to Employee pension scheme	Other benefits
Wojciech Faszczewski	01/01/2023-31/12/2023	926,781.54	528,000.00	292,519.94	50,727.15	31,340.45	24,194.00
Tomasz Krzysztof Rogala	01/01/2023-31/12/2023	713,978.93	396,000.00	209,345.96	51,855.23	24,144.21	32,633.53
Total		1,640,760.47	924,000.00	501,865.90	102,582.38	55,484.66	56,827.53

## Relative proportions between the fixed and variable components of the remuneration for 2023

Full name	Fixed remuneration (PLN)	Variable remuneration (PLN)	Proportions between variable and fixed remuneration
	1	2	21
Wojciech Faszczewski	634,261.60	292,519.94	46.12%
Tomasz Krzysztof Rogala	504,632.97	209,345.96	41.48%

Remuneration principles for the Supervisory Board Members from 2022 to 2023.

In accordance with the Remuneration Policy, the remuneration of the Supervisory Board Members is determined by the General Meeting. The General Meeting adopts the resolution to determine the remuneration of the Supervisory Board Members. The remuneration of the Supervisory Board Members consists of fixed remuneration and fringe benefits. The Supervisory Board Members are not entitled to variable remuneration.

According to the above documents, the remuneration of the Supervisory Board Members may consist of:

- fixed remuneration
- right to participate in the Employee Pension Scheme (EPP)
- fringe benefits

Fringe benefits may consist of the following components in the form of:

- company car, including the driver, for business or private use,
- personal computer and a business telephone,
- medical care package, including for immediate family members,

- business accommodation granted when the permanent place of work is significantly distant from the place of permanent residence,
- participation in training funded by the Company,
- civil liability insurance for the company authorities,
- other benefits in accordance with the Company's regulations granting the benefits to the general workforce.

The principles for determining the fixed remuneration of the Supervisory Board Members until 14 April 2022 were defined in Resolution of the Annual General Meeting No. 30 of 28 June 2019. On 14 April 2022, the Annual General Meeting, by way of Resolution No. 30, amended the remuneration principles for the Supervisory Board, granting fixed remuneration rates for the various functions held on the Supervisory Board. With effect from 25 May 2023, the rates of remuneration for the Supervisory Board Members were amended pursuant to Resolution No. 20 of the Annual General Meeting of the same day.

In the period up to 14 April 2022, the Supervisory Board Members received a fixed remuneration determined as the product of the average gross remuneration in the corporate sector including profit distributions for the last month of the past quarter preceding payment and a coefficient:

- Chairperson of the Supervisory Board – 4
- Deputy Chairperson of the Supervisory Board – 3
- Secretary of the Supervisory Board – 2.5
- Member Supervisory Board – 1.6

As of 14 April 2022, in accordance with Resolution No. 30 of the Annual General Meeting, the fixed remuneration of the members of the Supervisory Board was monthly:

- Chairperson of the Supervisory Board – PLN 20,000.00
- Deputy Chairperson of the Supervisory Board – PLN 13,000.00
- Secretary of the Supervisory Board – 12.000,00
- Member of the Supervisory Board – PLN 7,500.00

From 25 May 2023, pursuant to Resolution No. 20 of the Annual General Meeting, the fixed remuneration of the Supervisory Board Members was monthly:

- Chairperson of the Supervisory Board – PLN 22.000,00
- Deputy Chairperson of the Supervisory Board – PLN 14.000,00

- Secretary of the Supervisory Board – 13.000,00
- Member of the Supervisory Board – PLN 8.500,00

Detailed information on the amount of remuneration of the Supervisory Board Members is contained in the table below.

#### Remuneration of the Supervisory Board Members in 2022 by components (data in PLN)

Full name	Period of the function	Total remuneration	Fixed remuneration	Contributions to the Employee Pension Scheme	Other benefits
Maciej Kaliński	01/01/2022-31/12/2022	274,347.40	265,155.72	9,191.68	-
Tomasz Nowakowski	01/01/2022-03/12/2022	174,380.11	168,541.01	5,839.10	-
Piotr Marian Taracha	01/01/2024-14/04/2022	36,870.07	36,870.07	-	-
Krzysztof Stankowski	01/01/2024-14/04/2022	36,870.07	36,870.07	-	-
Robert Malinowski	01/01/2022-31/12/2022	163,421.11	163,421.11	-	-
Agata Czerniakowska	01/01/2022-31/12/2022	101,221.22	101,221.22	-	-
Jacek Okoński	14/04/2022-31/12/2022	65,499.39	65,499.39	-	-
Kajetan Rościszewski	14/04/2022-31/12/2022	64,250.00	64,250.00	-	-
<b>Total</b>		<b>916,859.37</b>	<b>901,828.59</b>	<b>15,030.78</b>	<b>0.00</b>

#### Remuneration of the Supervisory Board Members in 2023 by components (data in PLN)

Full name	Period of the function	Total remuneration	Fixed remuneration	Contributions to the Employee Pension Scheme	Other benefits
Maciej Kaliński	01/01/2023-31/12/2023	267,426.05	258,111.41	8,919.64	395.00
Robert Malinowski	01/01/2023-31/12/2023	159,132.68	158,737.68	-	395.00
Agata Czerniakowska	01/01/2023-31/12/2023	127,884.84	127,489.84	-	395.00
Jacek Okoński	01/01/2023-31/12/2023	99,348.94	98,953.94	-	395.00
Kajetan Rościszewski	01/01/2023-31/12/2023	99,323.53	98,928.53	-	395.00
<b>Total</b>		<b>753,116.04</b>	<b>742,221.40</b>	<b>8,919.64</b>	<b>1,975.00</b>

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

The remuneration of the Management Board and the Supervisory Board Members was compliant with the Remuneration Policy. In the opinion of the Supervisory Board, the adopted structure of remuneration distribution of the Management Board between fixed and variable components contributes to the achievement of long-term objectives and results of the Company and, therefore, to the increased goodwill in the long term. The achievement of the management objectives set by the Supervisory Board involves periodic bonus to be granted to the Management Board Members.

The fixed remuneration is dependent on the duties and responsibilities of the respective Management Board Members. The amount of monthly fixed remuneration has been specified by the Supervisory Board.

The variable part of the remuneration of the Management Board Members, in the form of quarterly and annual bonuses, depends on the level of achievement of the key objectives under the rules established by the Supervisory Board, taking into account the financial results 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 respective indicators based on the periodical financial statements. The variable remuneration represented 30.73% in 2022 and 30.59% in 2023 of the total remuneration of the Management Board Members.

The remuneration of the Supervisory Board Members was defined by the Annual General Meeting. The remuneration of the Supervisory Board Members varies depending on the function performed, taking into account the degree of involvement of the Supervisory Board Members in duties performed and the principles of responsibility of the Supervisory Board Member of a listed company.

#### IV. Performance criteria

In accordance with the Company's Remuneration Policy, the Management Board Members collected variable remuneration in the form of quarterly and annual bonuses. Pursuant to the Supervisory Board's resolution of 13 April 2022 No. X/99/2022, the quarterly and annual bonus consists of a "sales" part and a "performance" part. The sales bonus is paid subject to the achievement of the planned sales revenue budget. The performance bonus, on the other hand, is paid on the condition that the planned net profit is exceeded. The condition for receipt of both the "sales and performance bonus" for the next three (3) quarters of each year and the annual bonus was to exceed the planned EBIDTA result.

In accordance with the Remuneration Policy, the maximum total amount of remuneration components constituting a bonus for the Company's Management Board Member may depend on the level of generated profit and constitute a percentage share in the net profit generated above the planned net profit, taking into account the functions performed.

#### V. Change in the remuneration of the Management Board and the Supervisory Board Members, the Company's performance and the average remuneration of the Company's employees

(data in PLN)

Specification	2019	2020	2021	2022	2023
Revenues from the Company's sales	172,934	155,182	163,943	186,512	169,273
Company's net profit (loss)	19,182	5,530	-2,343	9,204	7,778
Total remuneration of the Management Board Members	1,819.5	1,314.4	1,401.1	1,358.3	1,640.8
Total remuneration of the Supervisory Board	739.4	968.6	1,037.4	916.9	753.1
	61.2	60.4	68.0	68.9	76.1

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

Specification	Change (%)			
	2020-2019	2021/2020	2022-2021	2023/2022
Revenues from the Company's sales	-10.27%	5.65%	13.77%	-9.24%
Company's net profit (loss)	-71.17%	-142.37%	-492.83%	-15.49%
Total remuneration of the Management Board Members	-27.76%	6.60%	-3.05%	20.79%
Total remuneration of the Supervisory Board	31.00%	7.11%	-11.62%	-17.86%
Average employee remuneration *	-1.21%	12.57%	1.35%	10.49%

In 2023, the Supervisory Board revised the fixed remuneration of the Management Board Members. This was done by way of Resolution No. XI/39/2023 of the Supervisory Board of 27 September

2023. In the past year, the Supervisory Board did not change the rules concerning the variable remuneration of the Management Board Members, which remuneration depends on the level of achievement of the set targets.

In 2023, the Company's Annual General Meeting amended the fixed remuneration of the Supervisory Board Members. This occurred by way of Resolution No. 20 of the AGM of 25 May 2023.

## VI. Remuneration from entities belonging to the same capital group

Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A. is the parent company of the PEPEES Capital Group. The Group comprises the following entities:

- Przedsiębiorstwo Przemysłu Spożywczego "PEPEES" S.A. – parent company
- Przedsiębiorstwo Przemysłu Ziemniaczanego „Bronisław” S.A. – subsidiary
- Zakłady Przemysłu Ziemniaczanego "Lublin" Sp. z o.o. – subsidiary
- Gospodarstwo Rolne „Ponary” Sp. z o.o. – subsidiary
- PEPEES Inwestycje Sp. z o.o. – subsidiary

The selected Members of the Management Board and the Supervisory Board of PEPEES S.A. serve on the Management Boards and the Supervisory Boards of the subsidiary companies.

### Remuneration of the Management Board Members received in the subsidiaries in 2022

(PLN)

Full name	TOTAL	PPZ Bronisław	ZPZ Lublin
Wojciech Faszczewski	260,283.57	182,700.00	77,583.57
Tomasz Krzysztof Rogala	0.00	-	-
<b>Total</b>	<b>260,283.57</b>	<b>182,700.00</b>	<b>77,583.57</b>

**Remuneration of the Management Board Members received in the subsidiaries in 2023  
(data in PLN)**

<b>Full name</b>	<b>TOTAL</b>	<b>PPZ Bronislaw</b>	<b>ZPZ Lublin</b>
Wojciech Faszczewski	296,770.15	209,858.08	86,912.07
Tomasz Krzysztof Rogala	0.00		
<b>Total</b>	<b>296,770.15</b>	<b>209,858.08</b>	<b>86,912.07</b>

Mr Wojciech Faszczewski received remuneration for acting as the Management Board President at PPZ Bronislaw S.A. and in ZPZ Lublin Sp. z o.o. for acting as a Member of the Supervisory Board.

Detailed information on the amount of remuneration received by the Supervisory Board Members of PEPEES S.A. for serving as supervisory board members at subsidiaries is provided in the tables below.

**Remuneration of the Supervisory Board Members received in the subsidiaries in  
2022 (data in PLN)**

<b>Full name</b>	<b>TOTAL</b>	<b>PPZ Bronislaw</b>	<b>ZPZ Lublin</b>
Tomasz Nowakowski	124,888.13	68,210.56	56,677.57
Piotr Marian Taracha	69,825.24	-	69,825.24
Robert Malinowski	82,849.68	44,057.88	38,791.80
Agata Czerniakowska	114,319.44	75,527.64	38,791.80
<b>Total</b>	<b>391,882.49</b>	<b>187,796.08</b>	<b>204,086.41</b>

**Remuneration of the Supervisory Board Members received in the subsidiaries in  
2023 (data in PLN)**

<b>Full name</b>	<b>TOTAL</b>	<b>PPZ Bronislaw</b>	<b>ZPZ Lublin</b>
Maciej Kaliński	31,004.81	31,004.81	-
Robert Malinowski	109,408.03	44,057.88	65,350.15
Agata Czerniakowska	118,983.69	75,527.64	43,456.05
<b>Total</b>	<b>259,396.53</b>	<b>150,590.33</b>	<b>108,806.20</b>

## VII. Number of financial instruments granted or offered and the main conditions for the exercise of the rights attached to these instruments

In the reporting period, no financial instruments were granted or offered to the Management Board and the Supervisory Board Members.

## VIII. Reimbursement of variable remuneration components

In accordance with the Remuneration Policy and the resolutions of the Annual General Meeting and the Supervisory Board, only members of the Management Board are entitled to variable remuneration. The Remuneration Policy does not provide for deferral periods or the option for the Company to claim back variable remuneration components (bonuses).

## IX. Information on deviations from the procedure for implementing the Remuneration Policy and deviations from the application of the Remuneration Policy

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

## X. Information on the value of pecuniary and non-pecuniary benefits granted to the immediate family of the Management Board and the Supervisory Board Members

The Company's Remuneration Policy does not provide for the remuneration of the Management Board and the Supervisory Board Members to include pecuniary or non-pecuniary benefits granted to their immediate family members. Immediate relatives are defined as a spouse, ascendant, descendant, sibling, relative in the same line or degree, a adopted person and their spouse, and a person in cohabitation.

**XI. Explanation of how the resolution giving an opinion on the previous remuneration report was included in the report**

On 25 May 2023, the Annual General Meeting of PEPEES S.A. adopted Resolution No. 19 on giving its opinion on the Report on the remuneration of the Company's Management and Supervisory Boards Members for 2022. The Annual General Meeting resolved to give a favourable opinion on the Remuneration Report. The resolution in question did not comment on the substance or form of the 2022 Remuneration Report.

**XII. Summary**

The Supervisory Board has reviewed remuneration and all benefits collected by the respective Members of the Management Board and Supervisory Board for compliance with the applicable resolutions of the General Meeting and the Supervisory Board and the Remuneration Policy.

In the opinion of the Supervisory Board, remuneration paid to the Management Board Members, both as regards fixed and variable components, is compliant with the applicable Remuneration Policy. The Supervisory Board positively assesses the functioning of the Remuneration Policy. The remuneration report was prepared by the Supervisory Board in order to fulfil the requirements defined in Article 90g(1) of the Act on Public Offering.

**Signatures of the Supervisory Board Members**

- 1. Maciej Kaliński.....
- 2. Robert Malinowski.....
- 3. Agata Czerniakowska.....
- 4. Jacek Okoński.....
- 5. Kajetan Rościszewski .....