

**SUPERVISORY BOARD'S REPORT OF  
PRZEDSIĘBIORSTWO PRZEMYSŁU SPOŻYWCZEGO "PEPEES" S.A.  
ON REMUNERATION FOR THE  
FINANCIAL YEAR OF 2022**

Łomża, 24/03/2023

## Table of contents

I.	Introduction.....	3
II.	Total remuneration of the Management Board and Supervisory Board Members .....	4
III.	Compliance of the remuneration the Management Board and the Supervisory Board Members with the Remuneration Policy .....	8
IV.	Performance criteria .....	9
V.	Change in the remuneration of the Management Board and Supervisory Board Members, the Company's performance and the average remuneration of the Company's employees .....	9
VI.	Remuneration from entities belonging to the Group .....	10
VII.	Granted or offered financial instruments .....	11
VIII.	Reimbursement of variable remuneration components .....	11
IX.	Information on deviations from the procedure on the implementation of the remuneration policy and deviations from the application of the remuneration policy .....	11
X.	Summary. ....	12

## I. Introduction

This remuneration report was prepared in accordance with the requirements of Article 90g(1)-(5) of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of 29 July 2005 ("Act").

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 in the REMUNERATION POLICY FOR THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD MEMBERS OF PRZEDSIĘBIORSTWO PRZEMYSŁU SPOŻYWCZEGO "PEPEES" S.A., adopted by way 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 and is applicable as of the date of adoption.

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

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

#### **Management Board**

In the reporting period from 1 January 2022 to 31 December 2022, 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**

As at 31 December 2022, the Supervisory Board consisted of:

- Maciej Jacek Kaliński – Chairperson of the Supervisory Board,
- Robert Malinowski – Secretary of the Supervisory Board,
- Agata Czerniakowska – Member of the Supervisory Board,
- Jacek Okoński – Member of the Supervisory Board,

- Kajetan Rościszewski – Member of the Supervisory Board.

During the period covered by the Remuneration Report, there were changes in the composition of the Supervisory Board:

Until 14 April 2022, the composition of the Supervisory Board presented itself as follows:

Maciej Kaliński – Chairperson of the Supervisory Board,  
Tomasz Nowakowski – Deputy Chairperson of the Supervisory Board, Robert Malinowski – Secretary of the Supervisory Board,  
Krzysztof Stankowski – Member of the Supervisory Board,  
Piotr Marian Taracha – Member of the Supervisory Board,  
Agata Czerniakowska – Member of the Supervisory Board.

On 14 April 2022, the Annual General Meeting appointed the Supervisory Board in the following composition: Maciej Kaliński, Tomasz Nowakowski, Jacek Okoński, Kajetan Rościszewski, Agata Czerniakowska, Robert Malinowski.

Tomasz Nowakowski passed away on 3 December 2022; he served on the Supervisory Board as Vice Chairperson of the Supervisory Board.

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

The remuneration of the Management Board Members consists of fixed remuneration components, including additional cash and non-cash benefits, and variable remuneration components. 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 principles for the incentive scheme for the Management Board Members were established by the Supervisory Board in Supervisory Board Resolution X/99/2022 of 13 April 2022.

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

### **Remuneration components for the Management Board Members in 2021-2022.**

#### *- Fixed remuneration elements*

In the reporting period, the Company paid remuneration to all the Management Board Members for their functions on the Management Board based on the management contracts executed.

Additionally, both the Management Board Members were allowed to use the company car for private purposes and to partially cover the costs of the use thereof.

*- variable remuneration components*

The Company's Management Board Members during the reporting period were eligible to receive a cash award – referred to as the discretionary bonus – for their diligence in performing their function on the Company's Management Board.

Detailed information on the terms and conditions and level of remuneration of the Management Board Members are contained in the tables below.

**Remuneration of the Management Board Members in 2021 by components (PLN)**

	Period of the office in year	Total remuneration	Fixed remuneration	Variable remuneration – bonus for budget implementation, according to the resolution of the Supervisory Board	Holiday pay	Employee pension scheme	Other non-cash benefits
Full name							
Wojciech Faszczeński	01/01/2021-31/12/2021	799,139.47	480,000.00	200,000.00	68,571.43	27,024.04	23,544.00
Tomasz Krzysztof Rogala	01/01/2021-31/12/2021	601,920.94	360,000.00	150,000.00	40,000.00	20,354.79	31,566.15
<b>Total</b>		<b>1,401,060.41</b>	<b>840,000.00</b>	<b>350,000.00</b>	<b>108,571.43</b>	<b>47,378.83</b>	<b>55,110.15</b>

Relative proportions between the fixed and variable components of the remuneration for 2021

	Variable remuneration	Fixed remuneration	Proportions between variable and fixed remuneration
Full name	1	2	1/2
Wojciech Faszczeński	200,000.00	599,139.47	33.38%
Tomasz Krzysztof Rogala	150,000.00	451,920.94	33.19%

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

	Period of the office in year	Total remuneration	Fixed remuneration	Variable remuneration – bonus for budget implementation, according to the resolution of the Supervisory Board	Holiday pay	Employee pension scheme	Other non-cash benefits
Full name							
Wojciech Faszczeński	01/01/2022-31/12/2022	774,142.75	480,000.00	244,420.00		26,178.75	23,544.00
Tomasz Krzysztof Rogala	01/01/2022-31/12/2022	584,183.58	360,000.00	172,947.00		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

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

The amount of monthly fixed remuneration has been set by the Supervisory Board. The variable remuneration depended on implementing the budget approved for a specific year by the Supervisory Board and represented 30.73% of total remuneration in 2022. The Supervisory Board assessed the level of achievement of respective indicators based on the periodical financial statements. The Management Board Members were also entitled to the payment of contributions for the Employee Pension Scheme, equivalent for unused holiday leaves and use of company cars for travelling from their places of residence to the Company's registered office and for private purposes.

### Remuneration principles of the Supervisory Board

The General Meeting adopts the resolution to determine the remuneration of the Supervisory Board Members. The General Meeting determines the remuneration of the Supervisory Board Members as variable

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.

Until 14 April 2022, the remuneration principles for the Supervisory Board Members were defined by the Resolution of the Annual General Meeting No. 30 of 28 June 2019. On 14 April 2022, the 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. 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 2021 by components (PLN)

Full name	Period of the function	Total remuneration	Fixed remuneration	Contributions paid to the employee pension scheme
Maciej Kaliński	01/01/2021-31/12/2021	293,166.48	283,276.98	9,889.50
Tomasz Nowakowski	01/01/2021-31/12/2021	222,505.06	215,087.98	7,417.08
Piotr Marian Taracha	01/01/2021-31/12/2021	114,248.62	114,248.62	
Krzysztof Stankowski	01/01/2021-31/12/2021	114,870.27	114,870.27	
Robert Malinowski	01/01/2021-31/12/2021	178,552.61	178,552.61	
Agata Czerniakowska	01/01/2021-31/12/2021	114,068.00	114,068.00	
<b>Total</b>		<b>1,037,411.04</b>	<b>1,020,104.46</b>	<b>17,306.58</b>

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

Full name	Period of the function	Total remuneration	Fixed remuneration	Contributions paid to the employee pension scheme
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>

The principles of remuneration the for Supervisory Board Members were applied in the Company from 14 April 2022 pursuant to the resolution of the General Meeting of 27 June 2003, as amended by Resolution No. 36 of 11 May 2018 and Resolution No. 30 of 28 June 2019 and as of 14 April 2022 with Resolution No. 30 of 14 April 2022.

In the period until 14 April 2022, the Supervisory Board Members collected remuneration based on their appointment to the Supervisory Board by the General Meeting, 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 Chairperson of the Supervisory Board – 3
- for the Secretary of the Supervisory Board – 2.5
- for the other Supervisory Board Members – 1.6

The Supervisory Board Members were also entitled to the payment of fees due to participation in the Employee Pension Scheme and the use of company cars.

From 14 April 2022, in accordance with General Meeting Resolution No. 30, the remuneration per month is:

Chairperson of the Supervisory Board – PLN 20,000.00,

Deputy Chairperson of the Supervisory Board – PLN 13,000.00, Secretary of the Supervisory Board – PLN 12,000.00,

Member of the Supervisory Board – PLN 7,500.00.

### 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. Achievement of the management objectives set by the Supervisory Board involves periodic bonus to be granted to the Management Board Members.

The amount of the fixed remuneration of the Company's Management Board Members has not changed in recent years. The fixed remuneration is dependent on the responsibilities of the respective Board Members. The amount of monthly fixed remuneration has been set by the Supervisory Board. The Management Board Members were also entitled to the payment of contributions for the Employee Pension Scheme, equivalent for unused



holiday leaves and use of company cars for travelling from their places of residence to the Company's registered office and for private purposes.

The variable part of the Board Members' remuneration in the form of quarterly and annual bonuses is dependent on the level of achievement of key targets on a basis determined by the Supervisory Board taking into account the financial results achieved. Such targets 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 remuneration of the Supervisory Board Members was defined by the General Meeting and varies depending on the role and responsibilities.

#### 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. The quarterly bonus was paid subject to the completion of planned sales. Additionally, the Management Board could receive a bonus if the level of planned net profit was exceeded. Following the approval of the report for the financial year, the Management Board received an annual bonus for the execution of the sales plan and for exceeding the planned net profit level.

The condition for receiving both so-called sales bonus and performance bonus for the next three (3) quarters of each year and the annual bonus was to exceed the planned EBIDTA result.

#### 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

	2018 in thousands of PLN	2019 in thousands of PLN	2020 in thousands of PLN	2021 in thousands of PLN	2022 in thousands of PLN
Total remuneration of the Management Board	1,378	1,819.50	1 314,4	1,401	1,358.3
Total remuneration of the Supervisory Board	412	739.4	968.6	1,037.5	916.86
Revenues from the Company's sales	175,798	172,934	155,182	163,943	186 512
Company's net profit (loss)	17,442	19,182	5,530	-2,343	8,474
Average employee remuneration (excluding Management Board and Supervisory Board)*	51,4	61,2	61,50	68,00	68,95

\*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 mean number of FTEs in a specific financial year.

	Change (%)	Change (%)	Change (%)	Change (%)
	2019-2018	2020-2019	2021-2020	2022-2021
Total remuneration of the Management Board Members	32.04%	-27.76%	6.59%	-3.05%
Total remuneration of the Supervisory Board	79.47%	31.00%	7.11%	-11.63%
Revenues from the Company's sales	-1.63%	-10.27%	5.65%	13.77%
Company's net profit (loss)	9.98%	-71.17%	-142.37%	-461.67%
Average salary employees (excluding the Management Board and the Supervisory Board)	19.07%	0.49%	10.57%	0.68%

In 2020, 2021 and 2022, the Supervisory Board did not change the fixed remuneration of the Management Board Members and the rules concerning variable remuneration, which depends on the level of achievement of the targets set in the Company's budget planned for a specific year.

## VI. Remuneration from entities belonging to the Group

### Remuneration of the Management collected in subsidiaries in 2021 (PLN)

Company	President of the Board – Wojciech Faszczewski		Member of the Board – Tomasz Rogala	
	Fixed remuneration	Variable remuneration	Fixed remuneration	Variable remuneration
PPZ BRONISŁAW S.A.	145,125.54	96,000.00		
ZPZ Lublin Sp. z o.o.	69,042.63			
<b>Total</b>	<b>175,904.91</b>	<b>70,969.46</b>		<b>0.00</b>

### Remuneration of the Management collected in subsidiaries in 2022 (PLN)

Company	President of the Board – Wojciech Faszczewski		Member of the Board – Tomasz Rogala	
	Fixed remuneration	Variable remuneration	Fixed remuneration	Variable remuneration
PPZ BRONISŁAW S.A.	146,700.00	360,000.00		
ZPZ Lublin Sp. Z o.o.	77,583.57			
<b>Total</b>	<b>224,283.57</b>	<b>360,000.00</b>	<b>0.00</b>	<b>0.00</b>

Remuneration in subsidiaries of PEPEES S.A. was paid to the Management Board Members for acting as President in ZPZ Lublin by Mr Wojciech Faszczewski, and in other companies as the Supervisory Board Members.

**Remuneration collected in subsidiaries in 2021 (PLN) for performed functions in the Supervisory Boards**

Full name	Total	PPZ BRONISŁAW	ZPZ Lublin
Tomasz Nowakowski	129,645.63	74,411.52	55,234.11
Piotr Marian Taracha	62,138.37		62,138.37
Robert Malinowski	77,928.12	43,406.76	34,521.36
Agata Czerniakowska	108,932.88	74,411.52	34,521.36
<b>Total</b>	<b>378,645.00</b>	<b>192,229.80</b>	<b>186,415.20</b>

**Remuneration collected in subsidiaries in 2022 (PLN) for performed functions in the Supervisory Boards**

Full name	Total	PPZ BRONISŁAW	ZPZ Lublin
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>

## VII. Granted or offered financial instruments

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

## VIII. Reimbursement of variable components of remuneration

The terms and conditions of payment of variable remuneration components do not provide for the deferred payment or repayment.

## IX. Information on deviations from the procedure on the implementation of 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. 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 members of the Management Board, both as regards fixed and variable components, is compliant with the applicable Remuneration Policy. The Supervisory Board positively evaluates the operation of the Remuneration Policy and the compliance of the remuneration of the Management Board and the Supervisory Board Members with the Remuneration Policy in force at the Company. 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 .....