

RESOLUTION No. XI/9/22
of the Supervisory Board of Grupa KĘTY S.A.
of 24 March 2022

Pursuant to § 14.2 clauses 4 and 5 of the Company Articles of Association, and based on the Principle 2.11 of 'The Best Practice for GPW Listed Companies 2021', the Supervisory Board resolves as follows:

§ 1

There is approved and presented to the Annual General Meeting the Supervisory Board Report for the period from 1 January 2021 to 31 December 2021 comprising:

- information on the membership of the Supervisory Board and its Committees, including indication of those Supervisory Board Members who fulfil the independence criteria referred to in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision and those Supervisory Board Members who have no actual and significant relations with a shareholder holding at least 5% of the total number of votes in the Company, and information on the membership of the Supervisory Board in the context of diversity, as referred to in Principle 2.11.1 of the 'The Best Practice for GPW Listed Companies 2021';
- summary of the activities of the Supervisory Board and its Committees, as referred to in Principle 2.11.2 of the 'The Best Practice for GPW Listed Companies 2021';
- assessment of the Company standing on a consolidated basis, including assessment of the internal control, risk management and compliance systems and the internal audit function, and information about measures taken by the Supervisory Board to perform such assessment, as referred to in Principle 2.11.3 of the 'The Best Practice for GPW Listed Companies 2021';
- assessment of the Company's compliance with the corporate governance principles and the manner of fulfilment of the disclosure obligations related to abiding by the corporate governance principles set out in the Warsaw Stock Exchange By-law and in the regulations on the current and interim information disclosed by the issuers of securities, and information about measures taken by the Supervisory Board to perform such assessment, as referred to in Principle 2.11.4 of the 'The Best Practice for GPW Listed Companies 2021';
- assessment of the rationality of expenses incurred by the Company to support culture, sports, charity institutions, the media, social organisations, trade unions, etc., as referred to in Principle 2.11.5 of the 'The Best Practice for GPW Listed Companies 2021';
- information on the degree of implementation of the diversity policy in reference to the Management Board and the Supervisory Board, including the achievement of goals, as referred to in Principle 2.11.6 of the 'The Best Practice for GPW Listed Companies 2021'.

2. The Report referred to in § 1 has been appended to this Resolution.

§ 2

The resolution comes into force on the date of its passing.

There were 6 votes cast, including 5 votes “for” the Resolution, 1 vote “abstained”, and no votes “against”.

.....
Wojciech Golak

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Piotr Kaczmarek

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Paweł Niedziółka

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Przemysław Rasz

.....
Piotr Stępnia

.....
Anna Włoszek

1. Legal basis for preparing the Supervisory Board Report

This Report of the Supervisory Board of Grupa KĘTY S.A. (hereinafter referred to as the 'Company') for the period from 1 January 2021 to 31 December 2021 (hereinafter referred to as the 'Report') was prepared for the purpose of fulfilling the duties set out in the Code of Commercial Companies, the Company Articles of Association, the Company Supervisory Board By-law and 'The Best Practice for GPW Listed Companies 2021' (hereinafter referred to as the 'Best Practice').

The Report comprises in particular:

- information on the membership of the Supervisory Board and its Committees, including indication of those Supervisory Board Members who fulfil the independence criteria referred to in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision and those Supervisory Board Members who have no actual and significant relations with a shareholder holding at least 5% of the total number of votes in the Company, and information on the membership of the Supervisory Board in the context of diversity, as referred to in Principle 2.11.1 of the 'The Best Practice for GPW Listed Companies 2021';
- summary of the activities of the Supervisory Board and its Committees, as referred to in Principle 2.11.2 of the Best Practice;
- assessment of the Company standing on a consolidated basis, including assessment of the internal control, risk management and compliance systems and the internal audit function, and information about measures taken by the Supervisory Board to perform such assessment, as referred to in Principle 2.11.3 of the Best Practice;
- assessment of the Company's compliance with the corporate governance principles and the manner of fulfilment of the disclosure obligations related to abiding by the corporate governance principles set out in the Warsaw Stock Exchange By-law and in the regulations on the current and interim information disclosed by the issuers of securities, and information about measures taken by the Supervisory Board to perform such assessment, as referred to in Principle 2.11.4 of the Best Practice;
- assessment of the rationality of expenses incurred by the Company to support culture, sports, charity institutions, the media, social organisations, trade unions, etc., as referred to in Principle 2.11.5 of the Best Practice;
- information on the degree of implementation of the diversity policy in reference to the Management Board and the Supervisory Board, including the achievement of goals, as referred to in Principle 2.11.6 of the Best Practice.

2. Membership of the Supervisory Board and information on the Board activities

In 2021 there were no changes in the membership of the Supervisory Board of Grupa KĘTY S.A., and as at 1 January 2021, the Supervisory Board consisted of:

- Mr Piotr Stępniaak – Chairman of the Supervisory Board,
- Mr Piotr Kaczmarek – Deputy Chairman of the Supervisory Board,
- Mr Wojciech Golak – Member of the Supervisory Board.
- Mr Paweł Niedziółka – Member of the Supervisory Board,
- Mr Przemysław Rasz – Member of the Supervisory Board,
- Ms Agnieszka Zalewska – Member of the Supervisory Board.

As at 1 January 2021, in accordance with the declarations filed, all Members of the Supervisory Board fulfilled the independence criteria referred to in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision and in the 'The Best Practice for GPW Listed Companies 2016'.

On 17 March 2021 Ms Agnieszka Zalewska filed a declaration stating that she did not fulfil the independence criteria for Supervisory Board Members specified in Annex II to the European Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board (EU OJ L 05.52.51), as well as the additional requirements provided for in 'The Best Practice of GPW Listed Companies' annexed to Resolution No. 27/1414/2015 of the Board of the Warsaw Stock Exchange of 13 October 2015.

Moreover, to the best knowledge of the Supervisory Board, none of its Members is an employee of the Company, its subsidiary or associate, or is related to the companies by any agreement of similar nature. To the best knowledge of the Supervisory Board, there are no actual and significant relations with a shareholder holding at least 5% of the total number of votes in the Company as regards all of the Supervisory Board Members, except Ms Agnieszka Zalewska.

With regard to the above, in compliance with Principle 2.11.1 of the Best Practice, the Supervisory Board considered that in reference to the Members of the Supervisory Board, except for Ms Agnieszka Zalewska, there are no relations or circumstances which could result in non-fulfilment of the independence criteria referred to in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision, or actual and significant relations with a shareholder holding at least 5% of the total number of votes in the Company.

In 2021, acting pursuant to the Code of Commercial Companies, the Company Articles of Association, and the Company Supervisory Board By-law, the Supervisory Board held 17 (say: seventeen) meetings. In the meetings and outside of them, the Supervisory Board passed the total of 30 (say: thirty) resolutions.

The activities of the Supervisory Board in 2021 focused on the following issues:

- monitoring the process of auditing the separate and consolidated annual financial statements as well as reviews of the separate and consolidated semi-annual financial statements of the Company and the Capital Group by an independent auditor, for the purpose of detecting the possible major irregularities, including omissions in the process of financial reporting;
- monitoring and analysis of the financial results for the particular periods of the reporting year as well as the financial standing of the Company and the Capital Group, including its financial liquidity and indebtedness;
- selection of an audit firm to audit the separate and consolidated financial statements of the Company and the Capital Group for the years 2021 and 2022;
- assessment of the separate and consolidated financial statements of the Company and the Capital Group for the year 2020 as audited by the statutory auditor, as well as assessment of the Report of the Management Board on the Operations of the Company and the Company Capital Group for the year 2020;
- acceptance of the Report of the Supervisory Board and the Reports of the Audit Committee and the Nomination and Remuneration Committee on the activities in 2020;

- acceptance and submission to the General Meeting of the assessment of the Company standing, the assessment of the fulfilment of disclosure obligations, abiding by the corporate governance principles, and the rationality of the Company policy with regard to sponsoring and charity;
- approval of amendment to the Company Management Board By-law and adoption of the By-laws of the Supervisory Board and the Audit Committee;
- adoption of the Rules of Participation in the General Meeting of Grupa Kęty S.A. with the use of electronic communication means;
- review of the list of transactions concluded on arm's length basis within the normal business between the Company or its subsidiaries with related companies in the second half of 2020 and the first half of 2021;
- monitoring of the project of valuation of and checking of the investors interest in the Flexible Packaging Segment of the Capital Group of Grupa KĘTY S.A.;
- passing of an amendment to the principles of remuneration and the terms of employment of the Management Board Members;
- appointment of Mr Dariusz Mańko President of the Management Board of the 11th term, as well as Messrs Rafał Warpechowski, Piotr Wysocki, and Tomasz Grela Members of the Management Board of the 11th term;
- assessment of the Management Board's proposal for 2020 profit distribution;
- discussion of the status of application by the Company of the principles set out in document entitled 'The Best Practice for GPW Listed Companies 2021';
- determination of a list of Eligible Persons being the Management Board Members to be assigned registered bonds of O series, with the pre-emptive right to take up I series shares, and review of the list of Eligible Persons who are not the Management Board Members, as submitted by the Management Board, to be assigned registered bonds of O series, with the pre-emptive right to take up I series shares;
- approval of the 2022 budget of the Company and the Company Capital Group;
- approval of the Annual Internal Audit Plan for the year 2022 in reference to risk analysis, and the Long-term Internal Audit Plan for the years 2022–2024;
- other issues related to the current operations of the Company, including investment directions, relations with financial institutions, position on the domestic and foreign markets, as well as the competences of the Company governing bodies.

As regards the above listed tasks, the Supervisory Board of Grupa KĘTY S.A. passed the following resolutions:

- selection of the audit firm to carry out the audit of the financial statements of the Company and the consolidated financial statements of the Company Capital Group for the years 2021 and 2022 (Resolution No. XI/1/21 of 27 January 2021);
- consent to the conclusion of an agreement with Rothschild & Co Polska for the provision of advisory services in the process of identifying interest among potential investors as regards the Flexible Packaging Segment of the Capital Group of Grupa KĘTY S.A., and the potential sale of the segment of operations (Resolution No. XI/2/21 of 9 February 2021);
- consent to the conclusion of an agreement between the Company and the law firm of CLIFFORD CHANCE, JANICKA, KRZEWski, NAMIOtkIEWICZ I WSPÓłNICY SPÓłKA KOMANDYTOWA for the provision of legal services in the process of identifying interest among potential investors as regards the Flexible Packaging Segment of the Capital Group of Grupa KĘTY S.A., and the potential sale of the segment of operations (Resolution No. XI/3/21 of 4 March 2021);
- acceptance of the Report of the Audit Committee on the activities in 2020 (Resolution No. XI/4/21 of 26 March 2021);
- acceptance of the Report of the Nomination and Remuneration Committee on the activities in 2020 (Resolution No. XI/5/21 of 26 March 2021);

- acceptance of a statement on the selection of an audit firm in accordance with the binding regulations, the professional standards, and the principles of professional ethics, which also refers to the selection and procedure of selection of the audit firm (Resolution No. XI/6/21 of 26 March 2021);
- acceptance of a statement on the functioning of the Audit Committee in relation to the publication of separate and consolidated financial statements for the year 2020 (Resolution No. XI/7/21 of 26 March 2021);
- acceptance of the report on the audit of the annual financial statements of Grupa KĘTY S.A., the report on the audit of the annual consolidated financial statements of the Capital Group of Grupa KĘTY S.A., and the auditor's opinions without reservations, as well as positive assessment of the same (Resolution No. XI/8/21 of 26 March 2021);
- acceptance and presentation to the Annual General Meeting of the Report on the Activities of the Supervisory Board for the period from 1 January 2020 to 31 December 2020 (Resolution No. XI/9/21 of 26 March 2021);
- awarding to the Members of the Management Board of the annual incentive for the year 2020 (Resolution No. XI/10/21 of 26 March 2021);
- adoption of the Rules of Participation in the General Meeting of Grupa KĘTY S.A. with the use of electronic communication means (Resolution No. XI/11/21 of 8 April 2021);
- acceptance of the Report on the Remuneration of the Management Board and Supervisory Board Members of Grupa Kęty S.A. for the years 2019 and 2020 (Resolution No. XI/12/21 of 8 April 2021);
- appointment of Dariusz Mańko President of the Management Board of the 11th term (Resolution No. XI/13/21 of 8 April 2021);
- appointment of Rafał Warpechowski Member of the Management Board of the 11th term (Resolution No. XI/14/21 of 8 April 2021);
- appointment of Piotr Wysocki Member of the Management Board of the 11th term (Resolution No. XI/15/21 of 8 April 2021);
- appointment of Tomasz Grela Member of the Management Board of the 11th term (Resolution No. XI/16/21 of 8 April 2021);
- issue of an opinion on the Management Board proposal with regard to profit distribution and dividend payment (Resolution No. XI/17/21 of 8 April 2021);
- review of the list of transactions concluded on arm's length basis within the normal business between the Company or its subsidiaries with related companies in the second half of 2020 and the first half of 2021, as submitted by the Company (Resolution No. XI/18/21 of 20 April 2021);
- adoption of an amendment to the principles of remuneration and the terms of employment defined for the Members of the Management Board (Resolution No. XI/19/21 of 23 April 2021);
- approval of the By-law of the Company Management Board (Resolution No. XI/20/21 of 28 July 2021);
- repealing of the prior By-law of the Audit Committee of the Supervisory Board and adoption of a new By-law of the Audit Committee of the Supervisory Board (Resolution No. XI/21/21 of 28 July 2021);
- repealing of the prior Supervisory Board By-law and adoption of a new Supervisory Board By-law (Resolution No. XI/22/21 of 28 July 2021);
- repealing of the prior procedure of periodical assessment of intercompany transactions and adoption of a new procedure of periodical assessment of intercompany transactions (Resolution No. XI/23/21 of 28 July 2021);
- approval of amendment to the investment plan within the Strategy of Grupa Kęty S.A. Capital Group for the years 2021–2025 (Resolution No. XI/24/21 of 30 July 2021);
- review of the list of transactions concluded on arm's length basis within the normal business between the Company or its subsidiaries with related companies in the first half of 2021, as submitted by the Company (Resolution No. XI/25/21 of 28 September 2021);
- consent to the conclusion of agreement with the brokerage house recommended by the Management Board with regard to acting as a trustee for the issue of N, O, and P series bonds with the pre-emptive right to take up I series shares (Resolution No. XI/26/21 of 19 October 2021);

- determination of a list of Eligible Persons being the Management Board Members to be assigned registered bonds of O series, with the pre-emptive right to take up I series shares, and acceptance without reservations of the list of Eligible Persons who are not the Management Board Members to be assigned registered bonds of O series, with the pre-emptive right to take up I series shares, as presented by the Management Board (Resolution No. XI/27/21 of 19 October 2021);
- approval of amendment to the investment plan of the Extruded Products Segment (Resolution No. XI/28/21 of 25 October 2021);
- approval of the Annual Internal Audit Plan for the year 2022, and the Long-term Internal Audit Plan for the years 2022–2024 (Resolution No. XI/29/21 of 8 December 2021);
- adoption of the budget of the Company and the Capital Group for the year 2022 (Resolution No. XI/30/21 of 14 December 2021);

3. Membership of the Audit Committee and information on the Committee activities

In 2021 there were no changes in the membership of the Audit Committee of the Supervisory Board of Grupa KĘTY S.A., and as at 1 January 2021, the Committee consisted of:

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| • Mr Piotr Kaczmarek | – Chairman of the Audit Committee, |
| • Mr Wojciech Gola | – Member of the Audit Committee, |
| • Mr Paweł Niedziółka | – Member of the Audit Committee, |
| • Mr Przemysław Rasz | – Member of the Audit Committee, |
| • Mr Piotr Stępiak | – Member of the Audit Committee, |
| • Ms Agnieszka Zalewska | – Member of the Audit Committee. |

Acting pursuant to the Code of Commercial Companies, and the Act on Statutory Auditors, Audit Firms and Public Supervision, as well as the Company Articles of Association and the Company Audit Committee By-law, the Audit Committee of the Supervisory Board held 8 meetings in 2021, performing the tasks provided by the legal regulations, and specifically monitoring the process of financial reporting and financial audit, the independence of the auditor, and the effectiveness of the internal control systems as well as risk management and internal audit systems functioning at the Company. The Audit Committee Members maintained standing contacts with the Company. Moreover, there were held meetings and consultations outside of the formal sessions. The Audit Committee meetings were attended – apart from the Committee Members – by the invited guests: the Management Board Member in charge of Finance, Internal Audit Director, President of the Management Board of Dekret Centrum Rachunkowe, the representatives of the E&Y audit firm, and the invited employees of the Company.

The activities of the Audit Committee in 2021 focused on the following issues:

- discussion of offers within the process of auditor selection for the financial statements of Grupa KĘTY S.A., approval of the report on the procedure of audit firm selection and recommendation to the Company Supervisory Board of an audit firm to audit the separate and consolidated financial statements of the Company and its Capital Group in the years 2021 and 2022 and to review the interim condensed separate and consolidated financial statements of the Company and its Capital Group for the periods of 6 months ending 30 June 2021 and 30 June 2022;
- discussion and acceptance of the offer for the services of assessment by an audit firm of the Report on the Remuneration of the Management Board and Supervisory Board Members of Grupa Kęty S.A. for the years 2019 and 2020, in compliance with the Act on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organised Trading, and on Public Companies, and confirmation of the independence of the statutory auditor acting on behalf of the audit firm of Ernst & Young Audyt Polska with regard to the service of assessment of the said report;
- discussion of the conclusions from the audit task entitled ‘The Process of Selection and Management of Insurance at the Capital Group of Grupa KĘTY S.A.’;
- discussion with the representatives of the audit firm of the results of the audit of the separate and consolidated financial statements of the Company and its Capital Group for the year 2020, as well as conclusions from the audit of the said statements and the Additional Report for the Audit Committee, plus confirmation of the independence from the Company and its Capital Group companies of the audit team and the company of E&Y during the audit carried out;

- discussion of the results of the review of the interim condensed separate and consolidated financial statements of the Company and its Capital Group for 2021, and confirmation of the independence of the audit firm and the statutory auditors delegated to carry out the review of the said statements;
- discussion of the results and conclusions from the review of IT infrastructure security and crisis management, including IT incidents management carried out by independent experts, and consideration of the information of the Management Board with regard to the actions taken and planned in reply to the recommendations comprised in the 'Test of Infrastructure Immunity to Attacks – Conclusions and Recommended Actions' report;
- discussion of the annual Internal Audit Plan for 2022, the assumed methods of selecting the audit tasks, and the number of hours needed to carry out the tasks, plus consideration of the long term Internal Audit for the Year 2022-2024;
- discussion of the functioning of internal control, risk management and compliance systems at Grupa Kęty S.A., and assumptions for a systematic assessment of their efficiency.

4. Membership of the Nomination and Remuneration Committee and information on the Committee activities

In 2021 there were no changes in the membership of the Nomination and Remuneration Committee of the Supervisory Board of Grupa KĘTY S.A., and as at 1 January 2021, the Committee consisted of:

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| • Mr Piotr Stępnia | – Chairman of the Nomination and Remuneration Committee, |
| • Mr Wojciech Gola | – Member of the Nomination and Remuneration Committee, |
| • Mr Piotr Kaczmarek | – Member of the Nomination and Remuneration Committee, |
| • Mr Paweł Niedziółka | – Member of the Nomination and Remuneration Committee, |
| • Mr Przemysław Ras | – Member of the Nomination and Remuneration Committee, |
| • Ms Agnieszka Zalewska | – Member of the Nomination and Remuneration Committee. |

In 2021, acting pursuant to the Code of Commercial Companies, as well as the Company Articles of Association and the Nomination and Remuneration Committee By-law, the Nomination and Remuneration Committee of the Supervisory Board held 8 meetings. The Nomination and Remuneration Committee Members maintained standing contacts with the Company. Moreover, there were held meetings and consultations outside of the formal sessions.

The activities of the Nomination and Remuneration Committee in 2021 focused on the following issues:

- discussion of changes in the bonus system for the Management Board Members, in relation to the adopted Strategy of Grupa KĘTY S.A. Capital Group development for the years 2021–2025, and the coming appointment of the Management Board Members for the 11th term;
- verification of the calculation of the annual incentive for the Members of the Management Board of Grupa KĘTY S.A. for 2020 and submission of a recommendation to the Supervisory Board;
- recommendation of the Supervisory Board with regard to adoption of the Report on Remuneration of the Management Board and Supervisory Board members for the years 2019 and 2020;
- consideration of the Company competence with regard to acquisitions and mergers with other companies;
- discussion and recommendation to the Supervisory Board of the adoption of amendments in the 2021 principles of remuneration and the terms of employment specified for the particular Management Board Members and appointment of the Management Board Members for the 11th term;

- discussion of the status of application by the Company of the principles set out in document entitled 'The Best Practice for GPW Listed Companies 2021', including the principles regarding the Company's possession of a Diversity Policy, ensuring versatility of the Management Board and the Supervisory Board, as well as the principles regarding remuneration of the Supervisory Board Members, including the Members of the Supervisory Board Committees;
- discussion of the proposal of the 2022 bonus plan for the Management Board Members.

5. Assessment of the Company standing on a consolidated basis, in consideration of the assessment the internal control, risk management and compliance systems and the internal audit function

Assessment of the standing of the Company and the Capital Group of Grupa KĘTY S.A.

The Supervisory Board reviewed and analysed on a current basis the financial standing of the Company and its Capital Group, as well as the operating activities in 2021. The Supervisory Board concludes that in 2021:

- Despite the challenges related to COVID-19 pandemic and high volatility of raw materials prices, as well as limitations in the materials availability, the Company and its Capital Group proved their strong market position and, thanks to appropriate investment decisions, diversification of deliveries, and quick reactions to the changes in the business environment, the Company Capital Group generated record results again, exceeding the 2021 goals: sales revenue was higher by PLN 977 million (growth by 27%); EBITDA was higher by PLN 276 million (growth by 44%), and consolidated net profit was higher by PLN 227 million (growth by 62 %).
- The activities of the Company and the Capital Group concentrated on further organic development, improvement of their strong position on the domestic market, and export sales development in all operating segments.
- The Supervisory Board issued a positive opinion on the plan of increasing expenditures within the Strategy of Grupa Kęty S.A. Capital Group for the years 2021–2025 by PLN 256 million, to the total amount of PLN 1.3 billion, out of which roughly 50% will be allocated to development projects.
- The Company also carried out the project of valuation of and checking of the investors interest in the Flexible Packaging Segment. The offers received have confirmed the valuation of the Segment but have not guaranteed the shareholders a premium over the value generated by the Segment within the Capital Group, specifically considering the costs related to the transaction conclusion.
- The Company and the Capital Group generated higher sales both with regard to volume and value, which resulted in higher separate and consolidated sales revenue, which amounted to PLN 1,646 million and PLN 4,598 million, respectively, and were higher by 43% and 30%, respectively, from the previous year sales.
- In 2021, the Capital Group reported PLN 900 million of consolidated EBITDA (growth by 34% y/y) and PLN 595 million of consolidated net profit (growth by 38% y/y). In the separate statements the values were PLN 613 million (growth by 67% y/y) and PLN 523 million (growth by 77% y/y), respectively.
- High return on equity (ROE) and return on assets (ROA) were maintained both by the Company and the Capital Group, and amounted to 69% and 36%, respectively, for separate figures, and 34% and 17%, respectively, for consolidated figures.
- Thanks to high positive cash flows on operating activities, the net debt of the Capital Group grew by 52%, to PLN 853 million, whereas the net debt of the Company grew slightly, by 23%, to PLN 422 million.

Therefore, the Supervisory Board has positively assessed the standing of the Company and the Capital Group of Grupa KĘTY S.A., both as regards finance and operations, as well as development perspectives in the following year.

Assessment the internal control, risk management, compliance systems, and the internal audit function

The Supervisory Board supervises the operation of the internal control system, evaluating its relevance, effectiveness and efficiency through the Audit Committee and the Internal Audit Department, whose objective is to systematically review and monitor the control mechanisms, and identify risk in the areas of operation of the Capital Group of Grupa Kęty S.A., and to indicate irregularities and departures as regards both the particular processes and the binding legal and internal regulations. As regards the identified irregularities and departures, recommendations are defined, which are subject to monitoring by internal auditors.

Based on the 2021 report of the Internal Audit Department entitled ‘Assessment of the level of development and efficiency of the corporate governance, risk management, compliance and internal control systems’, it may be concluded that within:

a) the internal control system

there were established and designed key organisational and process solutions, which make up the framework of the internal control system in compliance with the Best Practice. The organisational structure was defined, the organisational rules prepared, and the major functions within the organisation allocated, and also the formal requirements for preparing internal regulations were adopted. Within the organisation there is a system of management reporting and the economic and financial results reporting. There has also been implemented monitoring and assessment of solutions making up the internal control system;

b) risk management

there were basically planned solutions important for the proper system functioning. The company is also going to update in the subsequent year the Enterprise Risk Management Policy [ERM]. The Company prepared and accepted Risk Management Cards, within which solutions will be developed to report to the Risk Management Committee the results of monitoring and analysis of the Key Risk Indicators [KRI] trends. This confirms that the Company has implemented a framework for the system functioning, which is a major factor for the further development of a system to support the Company management and create value added;

c) compliance

actions were taken to ensue compliance of the Company activities and the established internal regulations with the generally binding legal regulations. Moreover, the Company has cared for compliance of the actually undertaken activities with the requirements defined in the internal regulations binding within the organisation. The accountability for ensuring the operation of the organisation in compliance with the legal regulations was formally allocated on the level of business areas, following the instructions of the Company Management Board. Additionally, a solution available to the Company employees is reporting of the incidents of potential abuse within the defined channels.

Assessment of the internal audit function of Grupa Kęty S.A.

The internal audit function operates on the basis of the Internal Audit Rules of Grupa Kęty S.A. adopted on 13 November 2020 by the Management Board of Grupa Kęty S.A. The Internal Audit Rules determine the purpose, rights, responsibility and principles of operation of the Internal Audit Department at the Capital Group of Grupa Kęty S.A. In accordance with the provisions of the Rules, the Internal Audit Department is functionally subordinated to the Supervisory Board of the Company, and organisationally to the President of the Management Board.

The areas and tasks covered with the audit activities in 2021 were defined in the Annual Audit Plan for 2021. The Internal Audit Department reviewed and monitored the control mechanisms, and identified risks in the areas of operation of the Capital Group of Grupa Kęty S.A., and also indicated irregularities and departures as regards the particular processes and the binding legal and internal regulations. As regards the identified irregularities and departures, recommendations were defined, which were subject to monitoring by internal auditors.

In accordance with the provisions of the Internal Audit Rules, there were also provided advisory services with regard to the Risk Management System at the Capital Group of Grupa Kęty S.A. as well as a review of IT tools used in managing the Governance, Risk and Compliance systems [GRC]. The basis for the services provided was the approval by the Supervisory Board and the Management Board of the Company in that regard.

In the analysed reporting period the activities of the Internal Audit Department at the Capital Group of Grupa Kęty S.A. were independent of any other issues threatening the objective performance of the duties and tasks (which included the selection of the audit subjects, scope of tasks, procedures as well as frequency and schedule of works, or the contents of report on the tasks performed). The internal audit activities were also presented in detail in the Report on Internal Audit Activities in the year 2021.

Therefore, the Supervisory Board has positively assessed the efficiency of the internal audit function within the periodical assessment of the Company standing.

6. Assessment of the Company's compliance with the corporate governance principles and the manner of fulfilment of the disclosure obligations related to abiding by the corporate governance principles set out in the Warsaw Stock Exchange By-law and in the regulations on the current and interim information disclosed by the issuers of securities

The Supervisory Board reviewed the corporate governance statement included in the annual report for 2020, which is a separate part of the report on the issuer's activities, prepared in accordance with the requirements of the Regulation of the Minister of Finance of 29 March 2018 on current and interim information disclosed by the issuers of securities and conditions of considering equivalent the information required by the laws of a country other than a member state. This statement describes in detail the corporate governance issues and contains the information defined in the aforesaid Regulation. In the opinion of the Supervisory Board, the disclosure made in the statement is complete and reflects the actual status.

Along with the entrance into force on 1 July 2021 of a new document entitled 'The Best Practice for GPW Listed Companies 2021' (Resolution No. 13/1834/2021 of the Board of the Warsaw Stock Exchange of 29 March 2021), Grupa Kęty S.A. published a report on the status of the Company abiding by the principles set out in 'The Best Practice for GPW Listed Companies 2021', and displayed the information on its website.

The Supervisory Board also discussed the status of application by the Company of the principles set out in document, and specifically the principles regarding the Company's possession of a Diversity Policy, ensuring versatility of the Management Board and the Supervisory Board.

As a consequence, the Supervisory Board has come to a conclusion that the Company properly applies the corporate governance principles and properly fulfils the disclosure obligations with regard to abiding by the corporate governance principles set out in the Warsaw Stock Exchange By-law and the regulations regarding the current and interim information disclosed by the issuers of securities.

7. Assessment of the rationality of expenses incurred by the Company to support culture, sports, charity institutions, the media, social organisations, trade unions, etc.

For many years the Company has been implementing the provisions of the Corporate Social Responsibility Policy. The charity and social activities concentrate mainly within the 'Grupa Kęty for the Children of Podbeskidzie Region' Foundation. The systematic solution adopted several years ago at the entire Capital Group contributes to a clear and legible message, and brings about palpable effects of the financial and substantive involvement in the local community. The Foundation is active in the region of Podbeskidzie, in the districts of Bielsko-Biała, Oświęcim, Cieszyn, Pszczyna, and Żywiec. It supports nearly 300 children and young people (in 2021 the Foundation allocated PLN 480,000 to its statutory activities, out of which PLN 300,000 originated from the companies of the Capital Group).

The Foundation activities have intertwined with the activities and projects of the Capital Group. The Company integrates communities by way of organising common sports events, ecological actions, and engaging the employees in voluntary work within the 'Together with the GROUP' programme. In 2021 already the seventh edition of the programme was held. Despite the pandemic, there were carried out 31 projects with the financial commitment of the Company of PLN 60,000. For many years, within its social activities, Grupa KĘTY S.A. has promoted the idea of educating through sport, by way of engaging in all kinds of sports projects with the main objective to motivate children and young people to practise sports, and to prevent obesity – the 21st century disease. For that part of the activities, the Capital Group allocated roughly PLN 160,000 in 2021 (including PLN 102,000 by Aluprof S.A. within the continuation of the sponsoring agreement with BTS Rekord Bielsko-Biała football club).

Grupa KĘTY S.A. has also engaged in other projects with social organisations, a majority of which focus on environmental protection. The activities in that regard comprise the following recurring initiatives: 'Let's Clean the Beskids', 'Green Hand', 'Bike HELPS', 'A Book Supports the Hero', or a new project of '70 thousand trees for the 70th anniversary of Grupa Kęty' and the new 'Ultrakrew' campaign promoting blood donation. The Company allocated PLN 250,000 for the activities in 2021.

| Type of expense | Value in PLN |
|--|-------------------|
| Charity activities | 300,000.00 |
| Sports support | 160,000.00 |
| Cooperation with social organisations | 250,000.00 |
| 'Together with the Group' social programme | 60,000.00 |
| Expenses on labour unions | 150,000.00 |
| Total | 920,000.00 |

Apart from the above mentioned activities, the Company did not carry out any other activities of similar nature in 2021.

The Supervisory Board has concluded that in 2021 the Company and its Capital Group incurred expenses to support culture, sports, charity institutions, the media, social organisations, and trade unions in a rational and effective manner.

8. Information on the degree of implementation of the diversity policy in reference to the Management Board and the Supervisory Board

Grupa Kęty S.A. has not developed or applied any diversity policy with regard to the Company managing and supervisory bodies. Therefore, the Company has not ensured a balanced proportion of men and women within the Management and Supervisory Boards. The four-person Management Board consists of men only. In the six-person Supervisory Board of the 11th term there was one woman as at 31 December 2021. The Supervisory Board Members have been appointed by the General Meeting from among the candidates proposed by the Company shareholders.

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Wojciech Gólak

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Piotr Kaczmarek

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Paweł Niedziółka

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Przemysław Rasz

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Piotr Stępnik

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Anna Włoszek

Prepared on 24 March 2022