

**RESOLUTION No. XI/19/23**  
***of the Supervisory Board of Grupa KĘTY S.A.***  
***of 17 April 2023***

Pursuant to Article 382 § 3.3 and § 3<sup>1</sup> of the Code of Commercial Companies and § 14.2 sub-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

1. There is approved and presented to the Annual General Meeting the Report on the activities of the Supervisory Board in the period from 1 January 2022 to 31 December 2022 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';
- results of evaluation of the Company financial statements, and the reports on the operations of the Company and the Capital Group;

- assessment of the Management Board's request on the distribution of profit for the reporting year 2022, from 1 January 2022 to 31 December 2022;
- assessment of the Management Board's performance of the duties referred to in Article 380<sup>1</sup> of the Code of Commercial Companies;
- assessment of the method of preparing and submitting by the Management Board of information, documents, reports and explanations requested by the Supervisory Board;
- information on the total remuneration due from the Company on account of all audits ordered by the Supervisory Board within the reporting year.

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 6 votes "for" the resolution, no votes "abstained", and no votes "against".

Wojciech Golał

Piotr Kaczmarek

Paweł Niedziółka

Przemysław Rasz

Piotr Stępniał

Anna Włoszek

Report on the activities of the Supervisory Board of Grupa KĘTY S.A. in 2022, in consideration of the internal control, risk management and compliance systems and the internal audit function, as well as evaluation of the financial statements and the report of the Management Board of Grupa KĘTY S.A. on the operations of the Company and the Capital Group in 2022.

Pursuant to Article 382 § 3.3 and § 3<sup>1</sup> of the Code of Commercial Companies and § 14.2 sub-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', adopted by Resolution No. 13/1834/2021 of the Board of the Warsaw Stock Exchange of 29 March 2021 ('DPSN2021'), the Supervisory Board of Grupa KĘTY S.A. in Kęty, with its registered office in Kęty (the 'Company') presents below the Report on its activities in 2022.

## **I. Information on the membership of the Supervisory Board and its internal committees in 2022**

### **1. Membership of the Supervisory Board and information on the Board activities**

The Supervisory Board membership changed owing to the resignation of the Company Supervisory Board Member on 10 February 2022, and following the resolution of the Extraordinary General Meeting of the Company of 17 March 2022.

In the period from 1 January to 10 February 2022, the Company Supervisory Board was composed of:

- Mr Piotr Stępnik – Chairman of the Supervisory Board,
- Mr Piotr Kaczmarek – Deputy Chairman of the Supervisory Board,
- Mr Wojciech Golał – Member of the Supervisory Board,
- Mr Paweł Niedziółka – Member of the Supervisory Board,
- Mr Przemysław Rasł – Member of the Supervisory Board,
- Ms Agnieszka Zalewska – Member of the Supervisory Board.

Following the resignation from the function of the Company Supervisory Board Member filed by Ms Agnieszka Zalewska on 10 February 2022, in the period from 10 February to 17 March 2022 the Audit Committee consisted of:

- Mr Piotr Stępnik – Chairman of the Supervisory Board,
- Mr Piotr Kaczmarek – Deputy Chairman of the Supervisory Board,
- Mr Wojciech Golał – Member of the Supervisory Board,
- Mr Paweł Niedziółka – Member of the Supervisory Board,
- Mr Przemysław Rasł – Member of the Supervisory Board.

On 17 March 2022, the Extraordinary General Meeting of the Company passed a resolution on appointing Ms Anna Włoszek Member of the Supervisory Board. Therefore, in the period from 17 March 2022 to 31 December 2022, the Supervisory Board consisted of:

- Mr Piotr Stępnik – 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 Anna Włoszek – Member of the Supervisory Board.

In the period from 31 December 2022 to the date of this report, the membership of the Supervisory Board has not changed.

As at 1 January 2021, in accordance with the declarations filed, the following Members of the Supervisory Board met the independence criteria referred to in Article 129.3 of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision (hereinafter referred to as the ‘Act on Statutory Auditors’) and in ‘The Best Practice for GPW Listed Companies 2021’: Mr Wojciech Golak, Mr Piotr Kaczmarek, Mr Paweł Niedziółka, Mr Przemysław Rasz, and Mr Piotr Stępnik.

Ms Agnieszka Zalewska, fulfilling the function of a Member of the Supervisory Board till 10 February 2022, had filed a declaration on 17 March 2021, stating that she had met the independence criteria for Supervisory Board Members specified by the European Commission in Annex II to the 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), or the additional requirements provided for in ‘The Best Practice for GPW Listed Companies’ annexed to Resolution No. 27/1414/2015 of the Board of the Warsaw Stock Exchange of 13 October 2015.

As at 17 January 2022, the following Members of the Supervisory Board met the independence criteria referred to in Article 129.3 of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision (hereinafter referred to as the ‘Act on Statutory Auditors’) and in ‘The Best Practice for GPW Listed Companies 2021’: Mr Wojciech Golak, Mr Piotr Kaczmarek, Mr Paweł Niedziółka, Mr Przemysław Rasz, Mr Piotr Stępnik, and Ms Anna Włoszek (fulfilling the function of a Member of the Supervisory Board since 17 March 2022).

Therefore, the following Members of the Supervisory Board did not have or, respectively, still do not have any actual or material relations with any shareholder who holds at least 5% of the total number of votes in the Company: Mr Wojciech Golak, Mr Piotr Kaczmarek, Mr Paweł Niedziółka, Mr Przemysław Rasz, Mr Piotr Stępnik, and Ms Anna Włoszek.

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, as at the date of preparing this report, there have been no actual or 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.

With regard to the above, in compliance with Principle 2.11.1 of the Best Practice, as at the date of preparing this report the Supervisory Board considered that in reference to the Members of the Supervisory Board there have been no relations or circumstances which could result in non-fulfilment of the independence criteria referred to in the Act on Statutory Auditors, or actual and significant relations with a shareholder holding at least 5% of the total number of votes in the Company.

In 2022, acting pursuant to the Code of Commercial Companies, the Company Articles of Association, and the Company Supervisory Board By-law, the Supervisory Board held 7 meetings, in which 18 resolutions were passed. Additionally, outside of the meetings, in the voting ordered by the Chairman of the Supervisory Board through the means of direct remote communication, 14 resolutions were passed. In the meetings and outside of them, the Supervisory Board passed the total of 32 resolutions.

In 2022, the Supervisory Board performed its basic duties with regard to constant supervision of the Company operations, and specifically analysis of the current financial results of the Company and its Capital Group, assessment of the execution of the consolidated and separate budget for 2022 adopted by the Management Board, assessment of the efficiency of operations of the business segments, analysis of the structure and value of costs and the generated margins, as well as the level of inventories, assessment of investment plans, and monitoring of financing availability and debt level.

Within its basic rights resulting from the Code of Commercial Companies and the Company Articles of Association, the Supervisory Board assessed the report of the Management Board on the operations of the Company and the Capital Group in 2021, and the financial statements of the Company and the Capital Group for the year 2021, as regards their compliance with the books of account, the evidence documents and the actual state of affairs.

Moreover, pursuant to 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 (the '**Regulation**'), the Supervisory Board determined that:

- (i) the audit firm carrying out the audit of the annual financial statements of the Company and the Capital Group for the reporting year 2021 had been selected in compliance with the legal regulations, including the policy and procedure of an audit firm selection;
- (ii) the audit firm and the members of the audit team had fulfilled all conditions precedent to prepare an objective and independent report on the audit of the annual financial statements of the Company and the Capital Group for the reporting year 2021, in compliance with the binding regulations, the professional standards, and the principles of professional ethics;
- (iii) the Company abides by the regulations related to the audit firm and key statutory auditor rotation, and the binding gap periods;
- (iv) the Company has implemented a policy on the selection of an audit firm and policy of providing the permitted non-audit services by the audit firm carrying out the audit, entities related to that audit firm or a member of the audit firm's network, as well as services conditionally exempt from the ban on providing services by the audit firm.

**In 2022 the Supervisory Board dealt with:**

- 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;
- assessment of the separate and consolidated financial statements of the Company and the Capital Group for the year 2021 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 2021;
- decision on amendment of the principles of remuneration of the Management Board Members and determination of incentive plan for 2022, in compliance with the guidelines comprised in the Remuneration Policy of the Grupa KĘTY S.A. Management Board and Supervisory Board Members;
- discussion of the status of application by the Company of the principles set out in the document entitled ‘The Best Practice for GPW Listed Companies 2021’;
- appointment of the new Member of the Supervisory Board a Member of the Audit Committee and the Nomination and Remuneration Committee;
- assessment of the Management Board’s proposal for 2021 profit distribution;
- 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 2021;
- 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;
- acceptance of the Report on Remuneration of the Management Board and Supervisory Board Members for the year 2021, and recommendation to the Annual General Meeting of the adoption of amendment to the Remuneration Policy of the Management Board and Supervisory Board Members of Grupa KĘTY S.A. as regards extension of the catalogue of the possible criteria on which the variable remuneration depends for the individual goals assigned to the Management Board Members, possibility of granting a discretionary award to the Management Board Members, update of the description of the incentive scheme for the Management Board Members in compliance with the principles of the Management Options Plan for the years 2020–2028, as adopted by Resolution No. 27/20 of the Annual General Meeting of the Company on 20 August 2020, granting to the Supervisory Board Members an additional monthly remuneration on account of the work on the Committees operating within the Supervisory Board, and issuing a declaration by the Supervisory Board with regard to the assurance service of the statutory auditor in the subject of the Report assessment;

- decision on approval of the updated By-law of the Company Management Board, and acceptance of the updates of the By-laws of the Audit Committee and the Nomination and Remuneration Committee;
- commencement of procedure for the possible extension of the Management Board membership, including meetings with the potential candidates;
- selection of the audit firm based on the recommendation of the Audit Committee for the purpose of carrying out the statutory audit of the financial statements of the Company and the selected companies of Grupa KĘTY S.A. (Aluprof S.A., Alupol Packaging S.A., Alupol Films Sp. z o.o., and Alupol Packaging Kęty Sp. z o.o.) for the years 2023-2025 as well as the reviews of interim condensed financial statements and interim condensed consolidated financial statements of the Company, and the reviews of the consolidation packages of the selected subsidiaries of Grupa KĘTY S.A. for the period of six months ending 30 June in the years 2023-2025, in compliance with the requirements of the procedure for the selection of an audit firm to carry out the financial statements audit binding at the Company;
- monitoring of the performance of goals comprised in the Strategy of the Company Capital Group for the years 2021-2025;
- decision on amending the policy on the provision of the permitted non-audit services by the audit firm carrying out the audit, the entities related to that audit firm or a member of the audit firm's network;
- acceptance, upon consideration of the Audit Committee recommendation, of the updated Policy of Grupa KĘTY S.A. with regard to the selection of and cooperation with an audit firm responsible for carrying out the statutory audit of financial statements;
- determination of a list of eligible persons being the Management Board Members to be assigned registered bonds of P series, with the pre-emptive right to take up I series ordinary bearer shares within the employee options plan of 2020, as well as review of the list of eligible persons who are not the Management Board Members with regard to the assignment of the bonds;
- approval of the 2023 budget of the Company and the Capital Group;
- approval of the Annual Internal Audit Plan for the year 2023 and the Long-term Internal Audit Plan for the years 2023-2025;
- 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 2021 and the first half of 2022;
- review of the quarterly information on the supervisory activities undertaken by the Audit Committee and the Nomination and Remuneration Committee and the activities results;
- other issues related to the current operations of the Company, including investment projects, possible further development directions, relations with financial institutions, position on the domestic and foreign markets, as well as the competences of the Company governing bodies.

## **2. Membership of the Audit Committee and information on the Committee activities**

The Audit Committee of the Supervisory Board of Grupa KĘTY S.A. operates in compliance with its By-law, abiding by the internal regulations of Grupa KĘTY S.A. (the 'Company'), and also follows the requirements of the legal regulations, particularly the Act on Statutory Auditors, Audit Firms and Public Supervision (Journal of Laws of 2022, item 1302, as amended – hereinafter referred to as the 'Act') and Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014. The Audit Committee consists of members appointed by the Supervisory Board. In exercising its competencies and duties, the Committee also follows the 'Recommendations for the functioning of the audit committees' issued by the Office of the Polish Financial Supervision Authority.

In accordance with the Act and the By-law of the Audit Committee of the Supervisory Board of Grupa KĘTY S.A., the Audit Committee consists of at least three members, with the majority of the Audit Committee Members, including its Chairman, being independent members. The Audit Committee Members possess knowledge and qualifications in accounting or auditing financial statements.

The Audit Committee membership has been changing along with the changes in the Supervisory Board membership owing to the resignation of the Company Supervisory Board Member on 10 February 2022, and following the resolution of the Extraordinary General Meeting of the Company of 17 March 2022.

In the period from 1 January to 10 February 2022, the Audit Committee of the Company Supervisory Board was composed of:

- Mr Piotr Kaczmarek – Chairman of the Audit Committee,
- Mr Wojciech Golak – Member of the Audit Committee,
- Mr Paweł Niedziółka – Member of the Audit Committee,
- Mr Przemysław Rasz – Member of the Audit Committee,
- Mr Piotr Stępnik – Member of the Audit Committee,
- Ms Agnieszka Zalewska – Member of the Audit Committee.

Following the resignation from the function of the Company Supervisory Board Member filed by Ms Agnieszka Zalewska on 10 February 2022, which automatically resulted in her resignation from the Audit Committee membership, in the period from 10 February to 17 March 2022 the Audit Committee consisted of:

- Mr Piotr Kaczmarek – Chairman of the Audit Committee,
- Mr Wojciech Golak – Member of the Audit Committee,
- Mr Paweł Niedziółka – Member of the Audit Committee,
- Mr Przemysław Rasz – Member of the Audit Committee,
- Mr Piotr Stępnik – Member of the Audit Committee.



Further, the Company Supervisory Board in its membership approved by resolution of the Extraordinary General Meeting of the Company on 17 March 2022, passed a resolution appointing Ms Anna Włoszek Member of the Audit Committee of the Supervisory Board. Therefore, in the period from 18 March to 31 December 2022, the Audit Committee consisted of:

- Mr Piotr Kaczmarek – Chairman of the Audit Committee,
- Mr Wojciech Golak – Member of the Audit Committee,
- Mr Paweł Niedziółka – Member of the Audit Committee,
- Mr Przemysław Rasz – Member of the Audit Committee,
- Mr Piotr Stępniaak – Member of the Audit Committee,
- Ms Anna Włoszek – Member of the Audit Committee.

In the period from 31 December 2022 to the date of this report, the membership of the Audit Committee has not changed.

The basis for appointing the Audit Committee has been provided in § 10 of the By-law of the Supervisory Board, available on the Company's corporate website at [www.grupakety.com](http://www.grupakety.com).

The principles of operation and the detailed duties of the Audit Committee are determined in the By-law of the Audit Committee of the Supervisory Board of Grupa KĘTY S.A., available on the Company's corporate website at [www.grupakety.com](http://www.grupakety.com).

The tasks of the Audit Committee include supporting the Supervisory Board in the performance of its control and supervisory duties, as well as performance of tasks specified in the generally binding laws, and specifically as regards:

- a) monitoring of the financial reporting process, which includes but is not limited to:
  - verification of financial statements as to the correctness and completeness of the information provided therein;
  - providing opinions on the principles of preparing financial statements and the accounting policy at the Company;
  - analysing the reports on the audit of financial statements;
- b) monitoring the effectiveness of internal control systems, risk management systems and internal audit, also with regard to financial reporting, which includes but is not limited to:
  - assessment of the effectiveness of the particular elements of the systems, including those related to financial reporting and safety of the applied information technologies, and presenting recommendations in that regard to the Supervisory Board;
  - analysis of the detected irregularities in the internal control systems and presentation of recommendations in that regard to the Supervisory Board;
  - examining reports and recommendations issued by the external regulatory or control authorities, applicable to the compliance of the Company activities with the legal regulations as well as schedules of removing the irregularities detected;
- c) monitoring the performance of financial audit activities, in particular carrying out of audits by an audit firm, taking into account any findings and conclusions of the Polish Agency of Audit Supervision arising from the audits carried out at an audit firm, which includes but is not limited to:
  - recommending to the Supervisory Board the selection of an audit firm to carry out the audit or review of the Company financial statements;

- providing opinions on the proposed terms of contract with an audit firm with regard to carrying out the audit or review, including the value and limit of remuneration;
- assessing the type and scope of services ordered with an audit firm and the remuneration paid on that account, or other considerations for the benefit of the audit firm, with regard to the risk of a conflict of interest occurrence;
- presenting to the Supervisory Board the conclusions and recommendations resulting from the report on the audit of the financial statements of the Company prepared by an audit firm;
- expressing opinions regarding the activities undertaken by the Company Management Board in relation to the reservations to the financial statements reported by an audit firm or otherwise reported comments with regard to the correctness of the financial statements or the accounting principles of the Company;
- assessing and providing opinions with regard to the information provided by the audit firm performing the financial audit activities at the Company in reference to major issues related to the activities, including major irregularities in the internal audit system at the Company as refers to the financial reporting;

- d) controlling and monitoring the independence of the statutory auditor and the audit firm;
- e) informing the Supervisory Board about the audit results and explaining how the audit contributed to the fairness of the Company financial reporting, and about the role of the Committee in the auditing process;
- f) assessing the independence of the statutory auditor and giving consent to the provision by them of the permitted non-audit services to the Company;
- g) developing a policy of selection of an audit firm to carry out the audit of the Company financial statements;
- h) developing a policy on the provision of the permitted non-audit services by the audit firm to carry out the audit, the entities related to that audit firm or a member of the audit firm's network;
- i) determining of the procedure of selection of an audit firm to carry out the audit of the Company financial statements;
- j) presenting recommendations to the Supervisory Board with regard to the selection of an audit firm;
- k) presenting recommendations to ensure the integrity of the Company financial reporting process;
- l) preparing opinions within the competencies of the Supervisory Board, subject that the generally binding laws and the internal regulations of the Company permit that;
- m) performing other tasks resulting from the generally binding laws or tasks entrusted by the Supervisory Board pursuant to Section 2.
- n) By way of a resolution, the Supervisory Board may entrust the Committee with the performance of activities other than those specified in Section 1, subject that it does not prejudice the generally binding laws.

As regards the Audit Committee, the majority of its members, including the Chairman must fulfil the criteria of independence set out in Article 129.3 of the Act on Statutory Auditors, and at least one member of the Audit Committee must possess knowledge and skills in accounting or auditing financial statements.

The Audit Committee Members must also have knowledge and qualifications related to the industry in which the Company operates. This condition is deemed fulfilled if at least one Audit Committee member has the knowledge and qualifications related to that industry, or the individual Members – within certain areas – have the knowledge and qualifications related to that industry.

The following Audit Committee Members have fulfilled the criteria of independence within in the meaning of Article 129.3 of the act on Statutory Auditors: Mr Wojciech Golak, Mr Piotr Kaczmarek, Mr Paweł Niedziółka, Mr Przemysław Rasz, Mr Piotr Stępniaak, and Ms Anna Włoszek.

The following Audit Committee Members possess knowledge and skills in accounting or auditing financial statements as well as the knowledge and qualifications related to the industry in which the Company operates: Mr Wojciech Golak, Mr Piotr Kaczmarek, Mr Paweł Niedziółka, Mr Przemysław Rasz, Mr Piotr Stępniaak.

The knowledge and skills in the above scope were acquired by the Audit Committee Members by way of graduating from university courses in economics and related fields, post-graduate courses, speciality training and professional experience related to the fulfilment of functions in governing and supervisory bodies of capital companies (which also included sitting at the Audit Committees of the supervisory bodies). The information on the education and professional experience of the Audit Committee Members has been provided on the Company's corporate website.

In 2022, the Audit Committee held 8 meetings, in which 12 resolutions were passed. Additionally, outside of the meetings, in the voting ordered by the Chairman of the Audit Committee through the means of direct remote communication, one resolution was passed.

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/Financial Director, Internal Audit Director, Compliance 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. In addition to plenary meetings, the Audit Committee Members also held consultations as part of the Committee's ongoing work.

**The main topics of the Audit Committee in 2022 included:**

- detailed analysis of the draft separate and consolidated financial statements, as part of the public disclosure in the form of the Company interim reports, obtaining from the Management Board of additional information and explanations regarding the statements, and identification of the necessity for any correction, additional explanations or comments;
- monitoring the scope, course and methods of work of the audit firm in relation to the audit of separate and consolidated financial statements of the Company, and audit of the financial statements of the selected subsidiaries of Grupa KĘTY S.A. for 2021, and also the review of interim condensed separate and consolidated financial statements of the Company, and review of consolidation packages of the selected subsidiaries of Grupa KĘTY S.A. for the first half of 2022;

- monitoring the scope, course and methods of work of the audit firm in relation to the audit of the separate financial statements of Grupa KĘTY S.A. for the year ended 31 December 2021, and consolidated financial statements of the Capital Group of Grupa KĘTY S.A. for the year ended 31 December 2021 (**‘financial statements’**), and audit of the financial statements of the selected subsidiaries of Grupa KĘTY S.A. for the year ended 2021, and also the review of interim condensed separate and consolidated financial statements of the Company, and review of consolidation packages of the selected subsidiaries of Grupa KĘTY S.A. for the first half of 2022;
- confirmation of the independence of the audit firm, the audit team and the statutory auditors delegated to carry out the audit of the financial statements of the Company for 2021 and the report on the operations of the Company and the Capital Group of Grupa KĘTY S.A. in 2021, and review of interim condensed financial statements of the Company for 6 months ending 30 June 2022, as well as review of the report on the operations of the Capital Group in the first half of 2022;
- analysis the results of the audit of the financial statements of the Company for 2021, and issue based thereon of a recommendation for the Supervisory Board of the Company with regard to acceptance of a positive opinion on the audit of the aforesaid financial statements, and a recommendation regarding the request of the Supervisory Board to the Annual General Meeting to approve the statements;
- following a positive assessment of the statutory auditor’s independence, consent (pursuant to Article 130.1.4 of the Act on Statutory Auditors) to the provision by the auditor of the permitted non-audit services to the Company, i.e. audit of the Report on the Remuneration of the Management Board and Supervisory Board Members of Grupa KĘTY S.A. for 2021;
- consent to the audit by the audit firm of the Report on the Remuneration of the Management Board and Supervisory Board Members for the years 2022-2025, in compliance with the requirements of the Act on Public Offering;
- passing of a resolution on recommending to the Company Supervisory Board the appointment of an audit firm to audit the financial statements and consolidated financial statements of Grupa KĘTY S.A. and the selected companies of Grupa KĘTY S.A. (Aluprof S.A., Alupol Packaging S.A., Alupol Films Sp. z o.o., and Alupol Packaging Kęty Sp. z o.o.) for the years 2023-2025 as well as the reviews of interim condensed financial statements and consolidated financial statements of Grupa KĘTY S.A., and the reviews of the consolidation packages of the selected subsidiaries of Grupa KĘTY S.A. for the period of six months ending 30 June in the years 2023-2025;
- repeal of the existing Grupa KĘTY S.A. policy of selection of an audit firm to carry out the statutory audit of financial statements, and recommendation to the Company Supervisory Board of the adoption of a new policy of Grupa KĘTY S.A. with regard to the selection of and cooperation with an audit firm responsible for carrying the statutory audit of financial statements, in consideration of the recommendations of the Polish Financial Supervision Authority concerning emergency procedures should the auditor lose the right to carry out the audit of the financial statements;

- passing of a resolution on amending the policy on the provision of the permitted non-audit services by the audit firm carrying out the audit, the entities related to that audit firm or a member of the audit firm's network;
- analysis of the findings post an inspection by the Polish Agency of Audit Supervision, the declaration with regard to administrative or disciplinary proceedings, and consideration of EY's declaration in that scope;
- analysis of the 'Transparency Report of EY Audyt Polska for the year 2021' and the 'Annual Report of the Polish Agency for Audit Supervision for the year 2021';
- monitoring of the performance of the compliance function at the Capital Group of Grupa KĘTY S.A. in the second half of 2022;
- passing of resolutions concerning the work plan of the Audit Committee for the years 2022 and 2023;
- cooperation and monitoring of the internal audit function within the Company organisational structure, and in particular:
  - issue of an opinion on the drafted 'Annual Audit Plan for 2023' and the 'Long-term Audit Plan for the years 2023-2025';
  - issue of opinion on the update of the Internal Audit Rules of Grupa Kęty S.A.;
  - analysis of the annual and semi-annual Report on Internal Audit Activities;
  - discussion of the post-audit conclusions and recommendations;
  - current communication with regard to compliance with the Internal Audit Rules.

### **3. Membership of the Nomination and Remuneration Committee and information on the Committee activities**

The Remuneration Committee of Grupa KĘTY S.A. was established by way of Resolution No. VI/4/05 of the Supervisory Board of 19 May 2005. On the basis of Resolution No. X/11/19 of 5 June 2019, the Supervisory Board changed the name of the Remuneration Committee into the Nomination and Remuneration Committee ('N&RC') and passed the Committee By-law. The main competencies of the Nomination and Remuneration Committee of Grupa KĘTY S.A. include the control and supervision of the system of remuneration of the Management Board of Grupa KĘTY S.A. as well as instigation and carrying out recruitment procedures with the aim to find candidates to act as the Management Board Members.

The Nomination and Remuneration Committee membership has been changing along with the changes in the Supervisory Board membership owing to the resignation of the Company Supervisory Board Member on 10 February 2022, and following the resolution of the Extraordinary General Meeting of the Company of 17 March 2022.

In the period from 1 January to 10 February 2022, the Nomination and Remuneration Committee of the Supervisory Board was composed of:

- Mr Piotr Stępnik – Chairman of the Nomination and Remuneration Committee,
- Mr Wojciech Golak – 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 Rasz – Member of the Nomination and Remuneration Committee,
- Ms Agnieszka Zalewska – Member of the Nomination and Remuneration Committee.

Following the resignation from the function of the Company Supervisory Board Member filed by Ms Agnieszka Zalewska on 10 February 2022, which automatically resulted in her resignation from the Nomination and Remuneration Committee membership, in the period from 10 February to 17 March 2022 the Audit Committee consisted of:

- Mr Piotr Stępnik – Chairman of the Nomination and Remuneration Committee,
- Mr Wojciech Golak – 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 Rasz – Member of the Nomination and Remuneration Committee.

Further, the Company Supervisory Board in its membership approved by resolution of the Extraordinary General Meeting of the Company on 17 March 2022, passed a resolution appointing Ms Anna Włoszek Member of the Nomination and Remuneration Committee of the Supervisory Board. Therefore, in the period from 18 March to 31 December 2022, the Nomination and Remuneration Committee consisted of:

- Mr Piotr Stępnik – Chairman of the Nomination and Remuneration Committee,
- Mr Wojciech Golak – 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 Rasz – Member of the Nomination and Remuneration Committee,
- Ms Anna Włoszek – Member of the Nomination and Remuneration Committee.

In the period from 31 December 2022 to the date of this report, the membership of the Nomination and Remuneration Committee has not changed.

The basis for appointing the Nomination and Remuneration Committee has been provided in § 10 of the By-law of the Supervisory Board, available on the Company's corporate website at [www.grupakety.com](http://www.grupakety.com).

The principles of operation and the detailed duties of the Nomination and Remuneration Committee are determined in the By-law of the Nomination and Remuneration Committee of the Supervisory Board of Grupa KĘTY S.A., available on the Company's corporate website at [www.grupakety.com](http://www.grupakety.com).

The tasks of the Nomination and Remuneration Committee include supporting the Supervisory Board in the performance of its control and supervisory duties, as well as performance of tasks specified in the generally binding laws, and specifically as regards:

- a) the Management Board members nominations:
- carrying out recruitment procedures with the aim to find candidates to act as the Management Board Members;
  - presenting recommendations to the Supervisory Board in reference to the structure, size and membership of the Management Board;
- b) remuneration:
- analysing the Management Board members' remuneration system, which includes analysing all components of the remuneration due and paid to the Management Board members, as well as carrying out a comparative analysis in reference to other entities operating on the market of similar scale and profile of operation (if available), and presenting recommendations in that regard to the Supervisory Board;
  - if the General Meeting authorises the Supervisory Board to specify the elements of the Remuneration Policy with more detail in accordance with the binding laws – presenting recommendations and proposals of the detailed scope to the Supervisory Board;
  - presenting recommendations and proposals to the Supervisory Board in reference to the data and information included in the annual report on remuneration prepared by the Supervisory Board in accordance with the applicable laws;
  - presenting recommendations and proposals to the Supervisory Board in reference to amending the Remuneration Policy or the principles of remuneration and the terms of employment specified for the particular Management Board Members;
  - if the Company has implemented an incentive scheme (e.g. Management Options Plan) – carrying out an analysis and presenting recommendations and proposals to the Supervisory Board in reference to the scheme assumptions and terms.

In 2022, the Nomination and Remuneration Committee held 2 meetings, in which 2 resolutions were passed. Additionally, outside of the meetings, in the voting ordered by the Chairman of the Nomination and Remuneration Committee through the means of direct remote communication, 5 resolutions were passed. Moreover, the Nomination and Remuneration Committee held three meetings within the recruitment procedure for the possible extension of the membership of the Management Board, in which the potential candidates participated.

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 Nomination and Remuneration Committee meetings were attended – apart from the Committee Members – by the invited guests: the Management Board Member/Financial Director, the representatives of the audit firm, and other invited employees of the Company. In addition to plenary meetings, the Nomination and Remuneration Committee Members also held consultations as part of the Committee's ongoing work.

The main topics of the Nomination and Remuneration Committee in 2022 included:

- discussion of the proposal of the 2022 bonus plan for the Management Board Members, in the context of the methods of awarding management boards at international and Polish corporations of the aluminium sector;
- update of the basic remuneration and determination of the incentive principles for the Management Board of Grupa KĘTY S.A. for 2022, including:
  - determination of financial criteria for the particular Management Board Members depending on the growth rate of EBITDA and net profit of the Capital Group of Grupa KĘTY S.A. and its particular operating segments;

- determination of bonus criteria for the Management Board on account of the performance of non-financial goals regarding the reduction of greenhouse gas emissions as a function of production size, performance of projects for the local communities, reducing the Total Recordable Incident Rate (TRIR);
- verification of the calculation of the annual incentive for the Members of the Management Board of Grupa KĘTY S.A. for 2021 and submission of the related recommendation to the Supervisory Board;
- recommendation to the Supervisory Board of the approval of the Report on the Remuneration of the Management Board and Supervisory Board Members of Grupa KĘTY S.A. for 2021, and adoption of amendments to the Remuneration Policy of the Management Board and Supervisory Board Members of Grupa KĘTY S.A. as regards:
  - extension of the catalogue of the possible criteria on which the variable remuneration depends for the individual goals assigned to the Management Board Members;
  - possibility of granting a discretionary award to the Management Board Members;
  - update of the description of the incentive scheme for the Management Board members in compliance with the principles of the Management Options Plan for the years 2020-2028, as adopted by Resolution No. 27/20 of the Annual General Meeting of the Company on 20 August 2020;
  - granting to the Supervisory Board Members an additional remuneration on account of the work on the Committees operating within the Supervisory Board.

#### **4. 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 2022. The Supervisory Board concludes that in 2022:

- despite economic slow-down, the challenges related to COVID-19 pandemic, the consequences of war in Ukraine, the energy crisis, inflation 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. The financial results achieved in 2022 were the highest in the history of Grupa KĘTY S.A.;
- 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 that amounted to PLN 2,292 million and PLN 5,931 million, respectively, and was higher by 39% and 29%, respectively, compared to the previous year's sales;
- consolidated EBITDA amounted to PLN 1,031 million (+15% y/y), and consolidated net profit attributable to owners of the parent reached PLN 678 million (+14%). In the separate statements the values were PLN 789 million (growth by 29% y/y) and PLN 699 million (growth by 34% y/y), respectively;



- the activities of the Company and the Capital Group concentrated on further organic development, and revenue growth was based on increases in product sales on the main markets, optimisation of the customer portfolio, export sales development, and strengthening of the position of foreign companies;
- owing to the economic slow-down observed in the second half of the year, the investment projects schedules were updated and, in effect, in the Extruded Products Segment, the commissioning of the 20 MN press will take place by the end of the first quarter of 2023 and the 40 MN press in late 2023 and early 2024. With regard to the construction of the new plant of the Aluminium Systems Segment in Złotów (under the Aluprof BIS project), the construction work will be completed by the end of 2023;
- high return on equity (ROE) and return on assets (ROA) were maintained both by the Company and the Capital Group, and amounted to 74% and 43%, respectively, for separate figures, and 35 % and 18 %, respectively, for consolidated figures;
- thanks to high positive cash flows on operating activities, the net debt of the Capital Group remained on safe level, and as at 31 December 2022 represented PLN 1,056 million, whereas the net debt of the Company equalled PLN 396 million.

With regard to the above, the Supervisory Board positively assesses both the financial standing and operations of the Company and the Capital Group of Grupa Kęty S.A., as well as their development perspectives in the subsequent years.

**Assessment of the internal control, risk management and compliance systems as well as the internal audit function, plus information on the measures taken by the Supervisory Board to perform such assessment**

The management model applied by Grupa KĘTY S.A. is based on ‘three lines of defence’. The model defines the roles and duties within risk management, internal control and compliance. The element supporting the efficiency of the systems is management staff supervision, i.e. exercised by the Management Board and the Supervisory Board of the Company.

Lines of defence:

- first line of defence – internal control;
- second line of defence – risk management, compliance;
- third line of defence – internal audit.

First line of defence – within the internal control system there were established and designed key organisational and process solutions, which make up the framework of the system. The current monitoring and assessment of the system solutions are carried out, including verification of the Capital Group procedures and policies at least once a year. In the review process, the integrity of the standards applied by the Capital Group or departures from the standards set out by Grupa KĘTY S.A. is confirmed, and also reasons are determined and justified. The OrangeBook platform, being a repository of the binding regulations, is an element of the internal control system supporting the proper performance of processes.

Second line of defence – within the risk management system the ERM Risk Management Policy has been implemented, which sanctions the roles and duties of the appointed system participants, including the formally appointed Risk and Compliance Committee. The defined framework for the system functioning represents a major factor for the further development of a system of the Company management support and value added creation.

The solutions defined within the compliance system are focused on ensuring compliance of the Company and the Capital Group processes with the provisions of the generally binding laws, as well as the adopted internal regulations (including compliance of the internal regulations with the provisions of the generally binding laws).

The system comprises solutions for informing the employees about changes in laws and regulations. As regards companies registered abroad, the verification of their operations compliance with the local regulations lies within their own duties, which is performed with the support of local law firms. Further, there is a possibility of reporting incidents of potential abuse within the defined channels available to the employees.

Third line of defence – internal audit supports the Company in achieving the set out goals by way of verification and ensuring the efficiency of risk management, control and organisational governance processes as well as consultancy and advice.

On a current basis, the Supervisory Board supervises the functioning of the internal control system, evaluating its relevance, effectiveness and efficiency through the Audit Committee, which also comprises supervision of the work of 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 also to indicate irregularities and departures as regards both the particular processes and the binding legal and internal regulations. For the identified irregularities and departures, recommendations are defined, which are subject to monitoring by internal auditors. Moreover, the Supervisory Board has monitored the method of performing the compliance function at the Capital Group of Grupa KĘTY S.A., and discussed the key risks and amendments made to the list in relation to the annual review.

Therefore, the Supervisory Board positively assesses the functioning of the internal control, risk management and compliance systems as well as the internal audit function of the Company and the Capital Group of Grupa KĘTY S.A.

##### **5. 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 2021 annual report, 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.

The Supervisory Board also discussed the status of application by the Company in 2022 of the principles set out in 'The Best Practice for GPW Listed Companies 2021', and specifically the principles regarding the Company's possession of a Diversity Policy, ensuring versatility of the Management Board and the Supervisory Board. In 2022, the Supervisory Board reconsidered the application of the Best Practice principles by Grupa KĘTY S.A. On 25 May 2022, the Company published its information on the status of the Best Practice application, confirming that as a result of passing by the Annual General Meeting of the Company of a resolution regarding the Remuneration Policy of the Management Board and Supervisory Board Members, which provides

for additional monthly remuneration for the Supervisory Board Members on account of work at the Audit Committee or the Nomination and Remuneration Committee, Principle 6.4 of the Best Practice 2021 has been fully applied by the Company. In compliance with the disclosed information, Grupa KĘTY has applied the Best Practice principles, except for:

Principle 2.1 regarding the possession of a diversity policy applicable to the Management Board and the Supervisory Board, approved by the Supervisory Board and the General Meeting, respectively. The diversity policy defines diversity goals and criteria, including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30% ;

Principle 2.2 stating that persons making decisions to elect Members of the Management Board or the Supervisory Board of the Company should ensure that the composition of those bodies is diverse, by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in Principle 2.1.

The Company has also informed that Principle 3.7 does not apply to it. At the same time, the Company published comments to the aforesaid principles.

#### Company Comments to Principle 2.1

Grupa KĘTY S.A. has not implemented a diversity policy with regard to the members of the Company managing and supervising bodies, which would be approved by the Supervisory Board and the General Meeting. The Company has not limited or discriminated the candidates to the said bodies in any respect, and specifically with regard to gender. The appointment of the Management Board and Supervisory Board Members is made particularly based on their subject-matter knowledge, competence and experience.

#### Company Comments to Principle 2.2

Owing to the fact that the Company has not implemented a diversity policy in reference to the Company managing and supervising bodies, the above principle has not been applied.

#### Company Comments to Principle 3.7 and Principles 3.4 to 3.6

The principles do not apply to the Company because at the companies of the Capital Group of major importance for its operations there have not been appointed persons responsible for managing the audit, compliance, risk management and internal control systems. Responsible for the maintenance of the functions efficiency within the whole Capital Group and management of the same are the persons employed by Grupa KĘTY S.A. who are functionally supported by the selected employees of the companies of major importance to the operations of the Capital Group. Grupa KĘTY S.A. carries out a periodical review of the systems operation within the Capital Group, considering the scale and specifics of its operations, among other things.

As a consequence, the Supervisory Board came to the conclusion that the Company had properly applied the corporate governance principles and fulfilled 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.

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

The Management Board of Grupa KĘTY S.A. decided to organise assistance for the employees of the Capital Group companies located in Ukraine (Alupol LLC, Aluprof System Ukraina LLC). The Company launched aid channels, including employee volunteering. The activities focused on logistic assistance (transport for people leaving Ukraine), help in finding accommodation, support in securing the basic means of living, as well as providing formal and legal assistance. In the most intensive aid period, the Capital Group companies assisted more than 400 people residing in Poland. At the end of the year the number decreased to 79 due to the return of people to Ukraine. Out of that number 39 people were given jobs at the Capital Group companies. As far as possible, humanitarian aid (medical supplies, food) was supplied to the employees of the companies located in Ukraine. The organisation allocated nearly PLN 1.7 million for those purposes in 2022.

Apart from providing humanitarian aid, the organisation has been consequently developing the social engagement directions adopted in the ESG strategy. The Capital Group of Grupa KĘTY engages in the communities of the areas where its companies are located – therefore, together with our employees but not only, it responds to challenges and needs and contributes to the development of local communities.

Within the ‘Together with the Group’ programme (a social programme comprising employee voluntary work and the organisation’s financial engagement) 42 projects were carried out. Cooperation within the ‘Ultrakrew’ nationwide campaign promoting blood donation was continued. Within the two editions of the action (in winter and summer), 1,658 litres of blood were collected across Poland, which translates into potentially 11,500 people saved. Within the ‘TooWhat’ project (devoted to the problem of mental health of children and youths), the Company together with the Office of the City of Bielsko-Biała and other partners developed a special prophylactic model. The campaign consisted in organising expert training courses for educators and the selected teachers, who further made dedicated lessons for children and youths at schools. The honorary patrons of the project are the Governor of the Province of Silesia and the Provincial Consultant in children and youth psychiatry. Also well known artists, such as Katarzyna Nosowska and Monika Brodka, engaged in the project. Only in 2022, as many as 9,500 children of the Bielsko-Biała schools and day care centres took part in mental health promoting activities within the project.

The ‘Grupa Kęty for the Children of the Podbeskidzie Region’ Foundation cooperates with and takes care of children from children’s homes and special educational establishments, for example by implementation of the ‘To ensure a better start’ action. This means helping the children to get education, expertise and qualifications, which, in consequence, will give them a better start in their independent adult lives. 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.

For many years, within its social activities, the organisation 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 (the Capital Group allocated PLN 226,500 to support the activities in 2022, including PLN 121,000 spent by Aluprof S.A. as a 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’, ‘Bike HELPS’, ‘A Book Supports the Hero’, or ‘70 thousand trees for the 70th anniversary of Grupa Kęty’.

The Company spent the total of PLN 3.2 million in 2022 on supporting culture, sports, charity institutions, media, social organisations and trade unions (including PLN 2,168,000 allocated to charity activities and aid related to the war in Ukraine, PLN 226,000 on sports activities, PLN 438,000 on cooperation with social organisations, PLN 195,000 on the ‘Together with the Group’ programme, PLN 124,000 on cooperation with trade organisations, and PLN 35,000 on cultural activities). Apart from the above mentioned activities, the Company did not carry out any other activities of similar nature in 2022.

The Supervisory Board has concluded that in 2022 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.

## **7. 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 implemented a diversity policy with regard to the members of the Company managing and supervising bodies, which would be approved by the Supervisory Board and the General Meeting. The appointment of the Management Board and Supervisory Board Members has been made particularly based on their subject-matter knowledge, competence and experience, which guarantee the development of the Company and its Capital Group, and no discriminatory limitations have been applied in these procedures.

## **8. Results of the assessment of the financial statements of Grupa KĘTY S.A. and the Capital Group of Grupa KĘTY S.A. in the period from 1 January 2022 to 31 December 2022, and the report of the Management Board of Grupa KĘTY S.A. on the operations of the Company and the Capital Group in 2022**

The Supervisory Board has read the report of an independent statutory auditor on the audit of the annual financial statements of Grupa KĘTY S.A., and the report on the audit of the consolidated financial statements of the Capital Group of Grupa KĘTY S.A., which confirm that:

- 1) the annual financial statements of Grupa Kęty S.A. (the ‘Company’):
  - present a true and fair view of the assets and financial standing of the Company as at 31 December 2022, as well as its results and cash flows for the period from 1 January 2022 to 31 December 2022, in accordance with the applicable International Financial Reporting Standards approved by the European Union and the assumed accounting principles (policy);
  - comply as to the form and contents with the legal regulations applicable to the Company as well as its Articles of Association;
  - had been prepared based on properly kept books of account, in compliance with the provisions of Chapter 2 of the Act of 29 September 1994 on Accounting;

- 2) the consolidated financial statements of the Grupa KĘTY S.A. Capital Group (the ‘Group’):
  - present a true and fair view of the consolidated assets and financial standing of the Group as at 31 December 2022, as well as its consolidated financial results and consolidated cash flows for the period from 1 January 2022 to 31 December 2022, in accordance with the applicable International Financial Reporting Standards approved by the European Union and the assumed accounting principles (policy);
  - comply as to the form and contents with the legal regulations applicable to the Group, as well as the parent company Articles of Association;
- 3) the Report of the Management Board of Grupa KĘTY S.A. on the Operations of the Company and the Capital Group in 2022 was prepared in compliance with Article 49 of the Accounting Act, and paragraphs 70 and 71 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodical 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 (‘Current Disclosure Regulation’), and complies with the information provided in the separate and consolidated financial statements, and also – considering the knowledge of the Company and the Capital Group as well as their environment gained during the audit of the financial statements and the consolidated financial statements – no significant distortions have been found in the Report of the Management Board of Grupa Kęty S.A. on the Operations of the Company and the Capital Group.

Upon carrying out the analysis of:

- the contents of the report on the audit of the financial statements of Grupa KĘTY S.A. and the report on the audit of the consolidated financial statements of the Capital Group of Grupa KĘTY S.A.;
- the information received during the meetings with the representatives of the audit firm;
- the information provided by the Audit Committee within the performance of the Committee’s tasks set out in the binding regulations as well as the conclusions and recommendations of the Audit Committee;
- the information presented to the Supervisory Board by the Management Board of Grupa KĘTY S.A.,

the Supervisory Board positively assesses the financial statements of Grupa KĘTY S.A. for the period from 1 January 2022 to 31 December 2022, the consolidated financial statements of the Capital Group of Grupa KĘTY S.A. for the period from 1 January 2022 to 31 December 2022, and the Report of the Management Board of Grupa KĘTY S.A. on the operations of the Company and the Capital Group in 2022 as regards their compliance with the books of account, the evidence documents and the actual state of affairs, and decides to submit this written report on the results of the assessment thereof to the Annual General Meeting.

## **9. Assessment of the Management Board’s request on the distribution of profit for the reporting year 2022, from 1 January 2022 to 31 December 2022**

Bearing in mind the requirements for the assessment of the Management Board’s request on the distribution of profit for the reporting year, and specifically that the result of the assessment needs to be included in the report of the Supervisory Board, the Supervisory Board positively assess the Management Board’s request on the distribution of profit generated by the Company in 2022 and the payment of dividend, as follows:

a) allocation of the net profit generated by the Company in 2022, amounting to PLN 699,108,590.46 (say: six hundred ninety nine million one hundred and eight thousand five hundred and ninety zlotys 46/100) in the following manner:

- the amount of PLN 603,134,500.00 (say: six hundred and three million one hundred and thirty four thousand five hundred zlotys 00/100) to be allocated to the payment of dividend to the shareholders;
- the amount of PLN 95,974,090.46 (say: ninety five million nine hundred and seventy four thousand ninety zlotys 46/100) to be allocated to the reserve capital increase;

b) payment of dividend to the shareholders in the amount of PLN 603,134,500.00 (say: six hundred and three million one hundred and thirty four thousand five hundred zlotys 00/100), i.e. PLN 62.50 per share, in reference to the number of shares of the Company as at the date of passing the resolution (9,650,152);

c) allocation of the actuarial gains related to revaluation of post-employment employee benefits, amounting to PLN 432,744.00 (say: four hundred and thirty two thousand seven hundred and forty four zlotys 00/100) to the reserve capital increase;

d) recommendation to the General Meeting the day of 22 August 2023 as a date on which the list of shareholders entitled to dividend shall be determined (dividend record day), and the dividend payment date as:

- 6 September 2023 – the amount of PLN 193,003,040.00 (say: one hundred and ninety three million three thousand forty zlotys 00/100);
- 8 November 2023 – for the amount of PLN 410,131,460.00 (say: four hundred and ten million one hundred and thirty one thousand four hundred and sixty zlotys 00/100).

## **10. Assessment of the Management Board's performance of the duties referred to in Article 380<sup>1</sup> of the Code of Commercial Companies**

Upon considering the notification of the Management Board regarding an update of the Code of Commercial Companies coming into force on 13 October 2022, in its resolution of 13 October 2022, the Supervisory Board decided that the scope of information about the Company which needs to be provided to the Supervisory Board by the Management Board based on Article 380<sup>1</sup> § 1 Sections 1-5, and Article 380<sup>1</sup> § 2 of the Code of Commercial Companies is covered by the system of periodic reporting of the Supervisory Board and the Supervisory Board Committees binding at the Company, and resulting from the internal regulations of the Company.

The Supervisory Board decided that any periodic information for the Supervisory Board, and specifically the information referred to in Article 380<sup>1</sup> of the Code of Commercial Companies, will be provided in the form, with the frequency and at the dates resulting from the previous system of reporting.

In 2022, accordingly to Article 380<sup>1</sup> of the Code of Commercial Companies, the Supervisory Board had been receiving periodic information from the Company Management Board in the form, with the frequency and at the dates compliant with the existing reporting system, which give the Supervisory Board insight into the interim financial results of the Capital Group, as well as other necessary reports and information.

**11. Assessment of the method of preparing and submitting by the Management Board of information, documents, reports and explanations requested by the Supervisory Board pursuant to Article 382.4 of the Code of Commercial Companies**

In the reporting period, the Supervisory Board had not requested preparing or submitting by the Management Board of any information referred to in Article 382.4 of the Code of Commercial Companies.

**12. Information on the total remuneration due from the Company on account of all audits ordered by the Supervisory Board within the reporting year**

In the reporting period, the Supervisory Board had not ordered audits related to the operations of the Company or had not availed of the services of an adviser in that account.

Wojciech Golak

Piotr Kaczmarek

Paweł Niedziółka

Przemysław Rasz

Piotr Stępnik

Anna Włoszek

Date prepared: 17 April 2023