

POLISH FINANCIAL SUPERVISION AUTHORITY

Current Report No.

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Date:

August 17th 2021

Abbreviated issuer name:

FAMUR S.A.

Subject:

Resolutions passed by FAMUR Extraordinary General Meeting on August 17th 2021

Legal basis:

Art. 56.1.2 of the Public Offering Act – Current and periodic information

Text of the report:

The Management Board of FAMUR S.A. of Katowice (the “Company”) publishes, attached to this report, the resolutions passed by the Company’s Extraordinary General Meeting on August 17th 2021.

Legal basis: Par. 19.1.6 of the Minister of Finance’s Regulation on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated April 20th 2018.

| | | | |
|-----------------------------------|-------------------------|--|--|
| FAMUR Spółka Akcyjna | | (full issuer name) | |
| FAMUR S.A. | Electromechanical (ele) | (sector according to the WSE) | |
| (abbreviated issuer name) | | | |
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| (Tax Identification Number – NIP) | | | |

Appendices:

| File: | Description |
|---|---|
| Treść uchwał.pdf | Text of the resolutions passed by the Extraordinary General Meeting on August 17th 2021 |
| Sprawozdanie Rady Nadzorczej FAMUR S.A. o wynagrodzeniach Zarządu i Rady Nadzorczej za rok 2020.pdf | Report of the Supervisory Board of FAMUR S.A. on the remuneration of the Management and Supervisory Boards for 2020 |

SIGNATURES OF AUTHORISED REPRESENTATIVES

| Date | Full name | Position | Signature |
|------------------|-------------------|---|-----------|
| August 17th 2021 | Tomasz Jakubowski | Vice President / COO - Underground Segment | |
| August 17th 2021 | Beata Zawiszowska | Vice President / CFO | |

RESOLUTIONS PASSED BY FAMUR EXTRAORDINARY GENERAL MEETING

HELD ON AUGUST 17TH 2021

RESOLUTION NO. 1
of the Extraordinary General Meeting of FAMUR S.A.,
dated August 17th 2021

to appoint the Chairperson of the Extraordinary General Meeting. -----

Section 1

Pursuant to Art. 409.1 of the Commercial Companies Code, the Extraordinary General Meeting of FAMUR S.A. of Katowice appoints Ms Karolina **Blacha-Cieřlik** as Chairperson of the General Meeting.-----

Section 2

This Resolution shall become effective as of its date. -----

411,275,368 valid votes were cast in favour of the resolution in a secret ballot by shareholders holding a total of 411,275,368 shares, from which valid votes were cast and which represented 71.56% of the share capital and carried the right to 411,275,368 valid votes. The votes cast in favour of the resolution represented 100% of the votes cast as there were no votes against the resolution or abstentions. The resolution was passed unanimously. -

RESOLUTION NO. 2
of the Extraordinary General Meeting of FAMUR S.A.,
dated August 17th 2021

to appoint the Ballot Counting Committee -----

1. The Extraordinary General Meeting of FAMUR S.A. of Katowice decides not to appoint a Ballot Counting Committee. -----
2. This Resolution shall become effective as of its date. -----

In an open ballot, 409,279,032 valid votes were cast in favour of the resolution by shareholders holding a total of 411,275,368 shares, on which valid votes were cast and which represented 71.56% of the share capital and carried the right to 411,275,368 valid votes. The votes cast in favour of the resolution represented 99.51% of the votes cast as there were no votes against the resolution and 1,996,336 abstentions. The Chairperson declared the resolution to have been passed by the required majority. -----

RESOLUTION NO. 3
of the Extraordinary General Meeting of FAMUR S.A.,
dated August 17th 2021

to grant consent to a buyback of outstanding Famur shares for cancellation and to the creation of a capital reserve to finance the buyback-----

Section 1

1. Acting pursuant to Art. 362.1.5 of the Commercial Companies Code, the Extraordinary General Meeting of FAMUR S.A. of Katowice (the "Company") hereby resolves to grant consent to, and authorise the Company's Management Board to effect, a buyback of outstanding shares in the Company traded under ISIN PLFAMUR00012 and representing no more than 5% of the Company's share capital, i.e. 28,700,000 shares of any series in the Company with a par value of PLN 0.01 per share (the "Company Shares"), subject to the following terms and conditions: -----

- a) the Management Board's authorisation to buy back Company Shares shall be effective from the date of this Resolution to grant consent to a buyback of outstanding Famur shares for cancellation and to the creation of a capital reserve to finance the buyback until the earlier of (i) October 31st 2021 and (ii) exhaustion of the funds allocated for the buyback (the "Buyback Period"); -----
- b) the Company shall buy back Company Shares for consideration whose amount shall be specified by the Company's Management Board in one or more offers to buy back Company Shares made to all Company shareholders (the "Buyback Offer"), with the Buyback Price per Company Share in a single Buyback Offer to be the same for all Shareholders; -----

- c) only Company Shares that have been fully paid up shall be bought back; -----
 - d) the Buyback Price per Company Share shall not be lower than PLN 2.50; -----
 - e) the consideration for the bought back Company Shares shall be paid from the “Capital Reserve for the Buyback of Company Shares” that shall be created pursuant to Section 2 hereof from the Company’s statutory reserve funds created from its retained earnings, with the proviso that the total amount allocated by the Company for the buyback, including any buyback costs, shall not exceed PLN 70,000,000.00; -----
 - f) company Shares shall be bought back outside a regulated market under one or more offers to buy back Company Shares made to all Company shareholders (the “Buyback Offer”); -----
 - g) where the number of Company Shares tendered by Shareholders in response to a Buyback Offer exceeds the target number of Company Shares intended for buyback as specified by the Company's Management Board in the Buyback Offer, the number of Company Shares to be bought back from each of the tendering Shareholders shall be reduced on a pro rata basis and rounded down to the nearest integer, and where as a result of such reduction the total number of tendered Company Shares eligible for buyback falls below the target number of Company Shares intended for buyback as specified in the Buyback Offer, the Company shall keep buying back Company Shares one by one from the tendering Shareholders, starting from the one who has tendered the largest number of Company Shares, until the target number of Company Shares intended for buyback as specified in the Buyback Offer is reached; -----
 - h) company Shares may be bought back through an investment firm; -----
 - i) company Shares shall be bought back for cancellation with a view to decreasing the Company's share capital in accordance with Art. 359 of the Commercial Companies Code;-----
 - j) in order to promptly cancel the bought back Company Shares following the expiry of the Buyback Period, the Company's Management Board shall convene a General Meeting with an agenda including at least voting on resolutions to cancel the bought back Company Shares, to decrease the Company's share capital as a result of such cancellation, and to amend the Company's Articles of Association. -----
2. The Company's Management Board is hereby authorised to:-----

- a) define the procedure for and terms of the buyback of Company Shares for cancellation, -----
- b) specify the rules for the buyback of Company Shares to the extent not provided for in this Resolution, -----
- c) pay the consideration for the bought back Company Shares to the selling shareholders from the Capital Reserve for the Buyback of Company Shares as created pursuant to Section 2 hereof,
- d) take such other measures, including executing such other legal transactions, as may be necessary to effect the buyback of Company Shares in accordance with this Resolution, -----
- e) if appropriate, determine, subject to the prior consent of the Supervisory Board, an increase in the Buyback Price for Company Shares, with the proviso that the total amount allocated by the Company for the buyback, including any buyback costs, must not exceed PLN 70,000,000.00, -----
- f) resolve to terminate the Company Shares Buyback Programme in whole or in part at any time for good cause, with each such termination to be announced by the Company in a current report. -----

Section 2

1. Acting pursuant to Art. 345.4 of the Commercial Companies Code, the Extraordinary General Meeting of FAMUR S.A. of Katowice (the "Company") hereby resolves to create a "Capital Reserve for the Buyback of Company Shares" to finance the buyback of Company Shares for cancellation and to allocate PLN 70,000,000.00 (seventy million zloty) to the reserve from the Company's statutory reserve funds created from its retained earnings. -----
2. Following termination of the Company Shares Buyback Programme, any unused balance of the Capital Reserve referred to in Section 2.1 hereof shall, on the date of termination of the Company Shares Buyback Programme as specified in the Management Board's resolution terminating the Programme but in any case no later than on the date immediately following the expiry date of the authorisation granted under Section 1 hereof, be automatically transferred back to the Company's statutory reserve funds from which the Capital Reserve was created, and the Capital Reserve shall be reversed without the General Meeting having to pass any separate resolution.-----

Section 3

This Resolution shall become effective as of its date. -----

410,783,596 valid votes were cast in favour of the resolution in an open ballot by shareholders holding a total of 411,275,368 shares, from which valid votes were cast and which represented 71.56% of the share capital and carried the right to 411,275,368 valid votes. The votes cast in favour of the resolution represented 99.88% of the votes cast as there were 491,772 votes against the resolution and no abstentions. The Chairperson declared the resolution to have been passed by the required majority. -----

RESOLUTION NO. 4

of the Extraordinary General Meeting of FAMUR S.A.,

dated August 17th 2021

to provide an opinion on the Supervisory Board's Report on remuneration of members of the Management and Supervisory Boards of FAMUR S.A. -----

Section 1

Acting pursuant to Art. 90g.6 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies, and having considered the auditor's assessment, the Extraordinary General Meeting of FAMUR S.A. of Katowice (the "Company") hereby resolves to give a favourable opinion on the Supervisory Board's Report on remuneration of members of the Management and Supervisory Boards of FAMUR S.A. for 2020, attached as an appendix hereto. -----

Section 2

This Resolution shall become effective as of its date. -----

411,212,534 valid votes were cast in favour of the resolution in an open ballot by shareholders holding a total of 411,275,368 shares, from which valid votes were cast and which represented 71.56% of the share capital and carried the right to 411,275,368 valid votes. The votes cast in favour of the resolution represented 99.98% of the votes cast as there were 62,834 votes against the resolution and no abstentions. The Chairperson declared the resolution to have been passed by the required majority. -----

**REPORT ON REMUNERATION OF THE
MANAGEMENT AND SUPERVISORY BOARDS**



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FAMUR

INTRODUCTION



INTRODUCTION

FAMUR S.A. (the “Company”) has in place the ‘**Remuneration policy for Members of the Management and Supervisory Boards of FAMUR S.A.**’ (the “**Remuneration Policy**” available at <https://famur.com/walnezgromadzenie#2020>), adopted by way of a resolution of the Company’s Annual General Meeting of June 29th 2020 (Resolution No. 23), which sets out the principles used to determine the fixed and variable components of the remuneration paid to persons covered by that policy. Its purpose is to properly determine the remuneration of persons serving as Members of the Management and Supervisory Boards, while ensuring that decisions taken in respect of such persons encourage them to further the best interests of the Company in the long term and to avoid excessive risk exposure.

This Report on Remuneration of the Management and Supervisory Boards of FAMUR S.A. has been prepared by the Supervisory Board of FAMUR S.A. in accordance with the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of July 29th 2005 (also referred to as the “Act”) and covers the year **2020**.

The Supervisory Board of FAMUR S.A. has prepared this Report in accordance with the Act and the Remuneration Policy, and is responsible for its completeness, reliability and accuracy.

In addition to the Act, this Report has been prepared by reference to the provision of Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement (“Shareholder Rights Directive II”, also referred to as “SRD II”) and, as an auxiliary document, draft guidelines on the standardised presentation of the remuneration report under Directive 2007/36/EC amended by Directive (EU) 2017/828 (draft guidelines of the European Commission, second version – hereinafter referred to as the “Draft Guidelines”), developed by reason of the authorisation contained in Art. 9b of SRD II, given that they set out non-binding guidelines and do not create new legal obligations and their purpose is to provide balanced and flexible data presentation guidance for remuneration reporting in order to ensure transparent, uniform and clear data reporting.

This Remuneration Report has been structured according to Art. 90 g of the Act and sections of the Draft Guidelines, with the proviso that where no data relating to a given aspect is available, this is clearly stated, without omission.

All remuneration disclosed in this Report is presented in gross amounts.

Pursuant to Art. 90g.3 of the Act, this Report omits data for periods when the Remuneration Policy was not in effect, in this case data for 2019.

Such interpretation of the applicable laws and the Company’s position are further supported by the official position of the Ministry of Finance received by the Company on June 2nd 2021 in response to a request for interpretation of Art. 36.2 of the Act Amending the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies, and Certain Other Acts, dated October 16th 2019. It explicitly stated that:

“if a remuneration policy was adopted by the company still in 2019, the first remuneration report should in our opinion cover the part of 2019 in which the policy was in effect and the entire year 2020. However, if a company did not adopt a remuneration policy until 2020, the first remuneration report should only cover the year 2020. In such a case, the supervisory board will be able to omit from the remuneration report all data relating to 2019 (and possibly also mention that no remuneration policy was in place at the company in 2019).”

Appendix 1 to this Report contains a copy of the request to the Ministry of Finance concerning the periods to be covered by the report.

Appendix 2 contains the response from the Ministry of Finance.

The table below provides the composition of the Management Board:

| Full name |
|--|
| Composition of the Management Board in January 1st–December 31st 2020 |
| 1) Mirosław Bendzera |
| 2) Beata Zawiszowska |
| 3) Dawid Gruszczyk |
| 4) Adam Toborek |
| 5) Tomasz Jakubowski |
| 6) Ireneusz Kazimierski |

The table below provides the composition of the Supervisory Board:

| Full name |
|---|
| Composition of the Supervisory Board in January 1st–December 31st 2020 |
| 1) Tomasz Domogała |
| 2) Czesław Kisiel |
| 3) Jacek Leonkiewicz |
| 4) Dorota Wyjadłowska |
| 5) Magdalena Zajączkowska-Ejsymont |
| 6) Tomasz Kruk |

a) FAMUR Group in 2020

The year 2020, particularly the second quarter, saw a strong adverse impact of the COVID-19 pandemic on the global economy, leading to a global slowdown in the mining industry. During the year, the FAMUR Group took a range of measures to improve safety and optimise costs and the operating model in order to mitigate market risks to the extent possible and ensure continuous functioning of the organisation and, most importantly, safety of its employees, customers and trading partners. Low coal prices across global markets and the COVID-19 pandemic led to a significant drop in orders on the OEM market and for aftermarket services. In addition, as a result of the COVID-19 pandemic, mining companies in Poland declared force majeure, notifying their trading partners of temporary suspension of some of the deliveries of already ordered machinery and equipment and some contracts for the lease of shearer loaders and roadheaders.

Cross-border travel and administrative restrictions in the countries where FAMUR Group subsidiaries operate (Russia, Kazakhstan and South Africa) forced the subsidiaries to temporarily suspend their operations and significantly impeded the acquisition of new contracts and orders for aftermarket services.

Despite restrictions on cross-border traffic imposed after the COVID-19 pandemic outbreak, the FAMUR Group successfully delivered a MIKRUS system to China. The on-site assembly, start-up and testing in the customer's mine were performed remotely. Remote completion of the entire process was made possible thanks to the involvement of our and our customer's staff and the use of cutting-edge automation and IT solutions. The MIKRUS system was presented by China Energy as one of the most innovative projects recently launched in China.

Owing to the orders acquired in 2020, mainly in Russia and, to a lesser extent, in other markets, as at the end of December 2020, the total value of the FAMUR Group's backlog (supplies of machinery and equipment and leases in accordance with the contract terms) was approximately PLN 850m.

The outbreak of the global COVID-19 crisis and the difficult situation in the coal market required the Group to immediately adjust its operating resources and cost structure to meet current and expected market needs. As a first step, measures were taken to optimise workforce in central support functions. However, deteriorating demand and no prospect of improvement in the short- and medium-term in the scraper conveyor, belt conveyor, railways and routes segments forced us to close down our branches in Rybnik and Piotrków Trybunalski and transfer their technical and technological capabilities to other plants of the Group. These efforts will help to retain the existing know-how and will enable effective use of the capacities of all FAMUR branches while maintaining manufacturing and technical capacities so that production of scraper conveyors, belt conveyors, railways and routes is continued to fulfil any secured orders.

b) Financial performance in 2020

Revenue fell 47% year on year in 2020. The largest year-on-year decline was recorded in revenue from the supply of machinery and equipment (down 54%), with recurring revenue down 28%. Revenue generated in foreign markets represented 33% of total revenue.

Despite the significant drop in revenue, the Group delivered EBITDA of PLN 416m and net profit of PLN 190m. The achieved profitability confirms the high effectiveness of the flexible business model developed over the years by the FAMUR Group, which enabled fast implementation of cost optimisation plans, which in turn helped the Group to quickly adapt to the changing economic environment. EBITDA posted by the Group, combined with effective management of working capital, including in particular the monitoring of receivables collection, translated into a record-high operating cash flow of PLN 640m in 2020. This led to the recognition of a PLN 420m surplus of cash over debt at the end of December 2020. The reported performance and strong financial position give us a solid foundation for implementing our business profile diversification projects.

In the following quarters, we expect pressure on profitability to rise as the challenging economic conditions continue, affecting particularly the thermal coal mining industry in Poland, which is to undergo a major transformation in the coming years. Leveraging its operational flexibility, FAMUR will adapt the Group's operations to changing demand and the characteristics of the markets where it operates as needed. Given the continued softening of demand for hydraulic actuators, a decision to optimise the production capacity in the segment and to close down the branch was made in February 2021.

Changes taking place in the FAMUR Group's business environment, combined with the growing importance of diversification projects for the FAMUR Group's future development, will require a revision of objectives and update of the strategic plan.

FAMUR

**TOTAL REMUNERATION OF MEMBERS OF
THE MANAGEMENT AND SUPERVISORY
BOARDS OF FAMUR S.A.**



Total remuneration of Members of the Management and Supervisory Boards

In accordance with the Remuneration Policy, the following benefits may be granted to a Management Board Member:

- fixed remuneration – determined on an individual basis for each Management Board Member;
- variable remuneration depending on the level of achievement of individual targets (i.e. performance-related, budget-related, task-related and discretionary targets) – determined on an individual basis for each Management Board Member;
- cafeteria system benefits – determined on an individual basis for each Management Board Member;
- additional award and the right to use the Company's property that may be granted subject to the rules provided for in this Remuneration Policy.

Pursuant to the Remuneration Policy, Supervisory Board Members receive single-component fixed monthly remuneration in the amount defined in a resolution of the General Meeting. Remuneration of Supervisory Board Members does not represent a material item of the Company's operating expenses.

Since 2020, Members of the Management and Supervisory Boards of FAMUR S.A. have been remunerated on the basis of appointment. Provided below is a comprehensive overview of remuneration, including all benefits, regardless of their form, received by or due to individual Members of the Management Board and the Supervisory Board in 2020 in accordance with the Remuneration Policy.

a) REMUNERATION OF MANAGEMENT BOARD MEMBERS (gross amounts)

| Full name/function on the Management Board and period of service | | | |
|--|--|---|---|
| (PLN) | | | |
| 2020 | Mirosław Bendzera | Beata Zawiszowska | Dawid Gruszczyk |
| Fixed remuneration | 604,200 fixed remuneration to total remuneration (%): 77% | 490,200 fixed remuneration to total remuneration (%): 86% | 433,200 fixed remuneration to total remuneration (%): 86% |
| Cafeteria system benefits | 11,873 cafeteria benefits to total remuneration (%): 1% | 11,680 cafeteria benefits to total remuneration (%): 2% | 12,450 cafeteria benefits to total remuneration (%): 2% |
| Fringe benefits | 92,917 including : - Company car with fuel card 4,800 - Mobile phone - Computer (laptop) - Medical package - PLN 517 - Accommodation - 87,600 fringe benefits to total remuneration (%): 12% | 5,339 including : - Company car with fuel card - 4,800 - Mobile phone - Computer (laptop) - Medical package - PLN 539 fringe benefits to total remuneration (%): 1% | 4,800 including : - Company car with fuel card 4,800 - Mobile phone - Computer (laptop) fringe benefits to total remuneration (%): 1 |
| Variable remuneration | 76,071 part of the 2019 bonus paid in 2020 * performance and task-related bonus for 2019 was paid in advance in 2019 variable remuneration to total remuneration (%): 10% | 62,323 part of the 2019 bonus paid in 2020 * performance and task-related bonus for 2019 was paid in advance in 2019 variable remuneration to total remuneration (%): 11% | 55,449 part of the 2019 bonus paid in 2020 * performance and task-related bonus for 2019 was paid in advance in 2019 variable remuneration to total remuneration (%): 11% |
| Total remuneration | 785,061 | 569,542 | 505,899 |

| Full name/function on the Management Board and period of service | | | |
|--|---|---|--|
| (PLN) 2020 | Adam Toborek | Tomasz Jakubowski | Ireneusz Kazimierski (from November 2019) |
| Fixed remuneration | 433,200 fixed remuneration to total remuneration (%): 85% | 433,200 fixed remuneration to total remuneration (%): 88% | 133,091 fixed remuneration to total remuneration (%): 100% |
| Cafeteria system benefits | 11,988 cafeteria benefits to total remuneration (%): 2% | | 1,000 |
| Fringe benefits | 9,853 including: - company car with fuel card – 4,800 - mobile phone - computer (laptop) - Employee Capital Plan (PPK) – 1,453 - Russian language course – 3,600 fringe benefits to total remuneration (%): 2% | 4,800 including: - Company car with fuel card 4,800 - Mobile phone - Computer (laptop) fringe benefits to total remuneration (%): 1% | - Company car with fuel card - mobile phone - computer (laptop) - accommodation No data is presented for 2020 as the time from Mr Kazimierski's appointment as Vice President of the Management Board, Development, was very short (appointed December 14th 2020). In 2020, Mr Kazimierski was employed at Famak S.A. under a contract of employment and these costs were covered by Famak S.A. |
| Variable remuneration | 55,449 part of the 2019 bonus paid in 2020 * performance and task-related bonus for 2019 was paid in advance in 2019 variable remuneration to total remuneration (%): 11% | 55,449 part of the 2019 bonus paid in 2020 * performance and task-related bonus for 2019 was paid in advance in 2019 variable remuneration to total remuneration (%): 11% | |
| Total remuneration | 510,490 | 493,449 | 134,091 |

Explanations and discussion:

1) Base salary is fixed monthly remuneration paid for service on the Management Board, awarded individually by way of a resolution of the Supervisory Board (ranging between PLN 10,000 and PLN 75,000). In 2020, the base salaries of Management Board Members, as shown in the table above, were within the range provided for in the Remuneration Policy.

2) When the Company benefited from public assistance in the form of the 'anti-COVID shield' and employees had their salaries reduced (due to reduced working time) from May to July 2021, the Management Board resolved to also take a pay cut. Therefore, as per the Management Board's proposal, the Supervisory Board temporarily reduced the amount of fixed remuneration paid to the Management Board Members.

3) ‘Cafeteria system benefits’ are provided by enabling a Management Board Member to use an online platform (“the System”). Via the System, a Management Board Member may select – from a package granted to them individually by the Supervisory Board – benefits, vouchers or subscription packages specified in the System, for themselves or their close persons, by redeeming Points (1 point equalling PLN 1.00) to purchase or order benefits, vouchers or subscription packages in the System. The gross value of a package that can be granted to a Management Board Member under this Remuneration Policy is between PLN 12,000 and PLN 36,000 per year. The Supervisory Board will determine, in a separate resolution, the type of package allocated in the System to a given Management Board Member, specifying its annual value, i.e. the value for the entire year of serving on the Management Board, converted in the System into Points for purchasing or ordering benefits, vouchers or subscription packages.

4) As regards fringe benefits, in order to facilitate proper performance of duties by Management Board Members, FAMUR S.A. may provide them with the following property:

- a company car and a fuel card, or coverage of the cost of travel by other means of transport,
- a mobile phone,
- a computer (laptop),
- dwellings/accommodation – to be used free of charge or rented at below-market prices. Decisions in this respect are made by the Supervisory Board depending on the Company’s needs and capacities.

The choice of property is made by the Supervisory Board, with the proviso that the total gross amount spent on using such property may not exceed PLN 450,000 per year.

The Company may decide to give its consent for a Management Board Member to improve their qualifications and cover, in whole or in part, the costs of training and studies, including postgraduate or foreign language courses. The Supervisory Board may give its consent to the foregoing by way of a resolution. The annual amount of allowances for those purposes is not be capped as, due to their nature, decision-making depends on the Company’s needs, which are fast-changing and difficult to predict.

The Company may also finance medical packages for a Management Board Member on the terms applicable to the Company’s employees (i.e. with the same value as those granted to the Company’s employees). A decision in this respect is made by the Supervisory Board by way of a resolution.

In 2020, five Members of the Management Board used basic benefits such as a company car with a fuel card. The Supervisory Board resolved on the use residential accommodation free of charge. One Member of the Management Board took a foreign language course. Two Management Board Members use a medical package on the terms applicable to the Company’s employees.

5) Variable remuneration depending on the level of achievement of individual targets set for Management Board Members (i.e. performance-related, budget-related, task-related and discretionary targets). Variable remuneration is granted to Management Board Members for a full calendar year. The targets and tasks assigned during a calendar year are valid until the end of that year (year n). A final assessment of the achievement of the performance-related, budget-related, task-related targets and/or targets subject to discretionary evaluation is made by the Supervisory Board within one month of the Supervisory Board’s receipt of the target achievement report from a Management Board Member and the Company’s audited financial statements for the previous financial year. The Management Board Member’s right to variable remuneration (each component thereof) is at all times conditional upon their holding of the office as at September 30th of year n. The maximum annual variable remuneration for a Management Board Member may reach up to 100%

of the annual fixed remuneration, provided that all targets and tasks have been achieved in 100%, and, additionally, when performance- or budget-related targets are achieved in more than 100%, the variable remuneration of a Management Board Member may exceed the maximum amount specified above, but may not exceed 150% of the Management Board Members' annual fixed remuneration. The rules concerning the proportion of fixed remuneration to variable remuneration did not apply to variable remuneration for 2019, which was paid in parts in 2019 and 2020, as it was granted in accordance with the remuneration rules for Management Board Members in force at the time.

In 2020, total variable remuneration to fixed remuneration was 127.30% for all Members of the Management Board, but it should be noted that a significant portion of the performance and task-related bonus for Management Board Members was paid as an advance in 2019. The calculations illustrating the proportion of variable remuneration to fixed remuneration include the advance payment made in 2019.

In 2020, targets were set for the Management Board as the basis of eligibility of Management Board Members to earn variable remuneration. As at the date of this Report, achievement of the targets has already been evaluated and variable remuneration for the period has been awarded to the Management Board. It will be paid in 2021 and disclosed in the remuneration report for 2021.

6) Additional bonus. Pursuant to the Remuneration Policy, as a reward for outstanding achievements, including for significant commitment to the Company's operations or transactions of particular importance to the Company, or for vital contribution to the implementation of the Company's strategy, a Management Board Member may receive a one-off bonus ranging from 50% to 250% of their fixed gross annual remuneration. The aggregate amount of bonuses granted in a given year to a Management Board Member may not exceed 250% of their fixed gross annual remuneration. No additional awards were granted in 2020.

7) When a Management Board Member resigns or is removed from the office, they are entitled to severance pay, in accordance with the Remuneration Policy.

The relative proportions of these components are consistent with the Remuneration Policy, which provides that

– the proportion of variable remuneration depending on a Management Board Member's performance and achievement of targets relative to the remuneration due to such Management Board Member (fixed remuneration plus variable remuneration, as described in Section V.3 of the Remuneration Policy) may not exceed 150% of their fixed gross annual remuneration, and its amount may not lead to such Management Board Member becoming financially dependent on that component.

– the proportion of variable remuneration (as described in Section V.3 of the Remuneration Policy) to fixed remuneration may not exceed 150% of a Management Board Member's fixed annual remuneration.

b) REMUNERATION OF SUPERVISORY BOARD MEMBERS (gross amounts)

2020 PLN

| Full name of Supervisory Board Member | Fixed remuneration in 2020 |
|---------------------------------------|--|
| Tomasz Domogała | 6,000 + 42.31 reimbursement of contributions |
| Czesław Kisiel | 6,000 + 60.78 reimbursement of contributions |
| Jacek Leonkiewicz | 12,000 |
| Dorota Wyjadłowska | 12,000 |
| Magdalena Zajączkowska-Ejsymont | 6,000 |
| Tomasz Kruk | 12,000 + 260.17 reimbursement of contributions |

Supervisory Board Members perform their duties on the basis of appointment made in accordance with the Commercial Companies Code and the Articles of Association of FAMUR S.A. They are not employed by the Company under employment or civil-law contracts, including in any other capacity, in order to ensure their impartiality and avoid any conflict of interest. Supervisory Board Members receive single-component fixed monthly remuneration in the gross amount defined in a resolution of the General Meeting, ranging between PLN 250 and PLN 2,500.00. The amount of remuneration does not depend on the number of Supervisory Board meetings in a given month or a Supervisory Board Member's presence at such meetings.

c) REMUNERATION FROM OTHER GROUP COMPANIES (gross amount in PLN)

| Full name and function on the Management Board | Remuneration, including company name and remuneration type and amount | 2020 |
|--|--|--------|
| Beata Zawiszowska | Member of the Supervisory Board of Elgór+Hansen S.A. (from January 1st 2020) | 24,000 |
| | Member of the Management Board of Famur Finance Sp. z o.o. | 2,400 |
| | Member of the Supervisory Board of Mining Equipment Finance Sp. z o.o. | 2,400 |
| | Member of the Supervisory Board of FAMAK S.A. (formerly FAMUR FAMAK S.A., an associated company from February 25th 2020) | 200 |
| Mirosław Bendzera | Chairman of the Supervisory Board of Elgór+Hansen S.A. (from January 1st 2020) | 24,000 |
| | Chairman of the Supervisory Board of Primetech S.A. | 6,000 |
| | Chairman of the Supervisory Board of Mining Equipment Finance Sp. z o.o. | 2,400 |
| | Member of the Supervisory Board of FAMAK S.A. (formerly FAMUR FAMAK S.A., an associated company from February 25th 2020) (from January 1st to February 25th 2020) | 200 |
| Tomasz Jakubowski | Member of the Supervisory Board of Elgór+Hansen S.A. (from January 17th 2020) | 24,000 |
| Dawid Gruszczyk | Secretary of the Supervisory Board of Elgór+Hansen S.A. (from January 1st 2020) | 24,000 |
| | Member of the Supervisory Board of Primetech S.A. | 6,000 |
| Adam Toborek | Deputy Chairman of the Supervisory Board of Elgór+Hansen S.A. (from January 1st 2020) | 24,000 |
| | Deputy Chairman of the Supervisory Board of Primetech S.A. | 12,000 |
| | Chairman of the Supervisory Board of PMG S.A. | 1,200 |
| | President of the Management Board of Mining Equipment Finance Sp. z o.o. | 2,400 |
| Ireneusz Kazimierski | President of the Management Board of FAMAK S.A. (formerly FAMUR FAMAK S.A., an associated company from February 25th 2020) (from November 12th 2019 to February 25th 2020) | 30,000 |
| Dorota Wyjadłowska | Member of the Supervisory Board of Primetech S.A. | 12,000 |
| Tomasz Kruk | Member of the Supervisory Board of Primetech S.A. | 12,000 |

Pursuant to the Remuneration Policy, Members of the Company's Management and Supervisory Boards may, subject to and to the extent permitted by applicable laws, serve on the governing bodies of other FAMUR Group companies and enter into contracts with such companies, as and when needed. This, however, must not adversely affect the performance of their duties as a Member of the Company's Management Board or Supervisory Board. The Group means all subsidiaries of FAMUR S.A. and their respective subsidiaries.

d) VALUE OF BENEFITS GRANTED TO CLOSE PERSONS OF MANAGEMENT OR SUPERVISORY BOARD MEMBERS (INCLUDED IN THE REMUNERATION OF THE MANAGEMENT OR SUPERVISORY BOARD MEMBERS)

No such benefits were granted in 2019 or 2020.

e) OLD AGE AND DISABILITY PENSION SCHEMES AND EARLY RETIREMENT PROGRAMMES

FAMUR S.A. does not operate any additional old age and disability pension schemes or early retirement programmes for Members of the Management or Supervisory Boards.

III. REMUNERATION IN THE FORM OF OTHER FINANCIAL INSTRUMENTS

The Remuneration Policy does not provide for remuneration of Management or Supervisory Board Members in the form of financial instruments, and no such remuneration was awarded in 2019 or 2020.

IV. USE OF THE OPTION TO RECLAIM VARIABLE REMUNERATION

In 2019 and 2020, the option to reclaim variable remuneration components from a Management or Supervisory Board Member was not used as there was no need and no grounds for doing so.

V. DEVIATIONS FROM THE PROCEDURE FOR IMPLEMENTATION OF THE REMUNERATION POLICY AND DEROGATIONS UNDER ART. 90F

The Remuneration Policy applied by FAMUR S.A. was adopted in accordance with the Act. Having analysed the above data, it should be concluded that the Company paid remuneration to the Management and Supervisory Board Members fully in compliance with the Remuneration Policy, discharging its obligation under Art. 90e.1 of the Act. No measures were taken that could be considered derogations under Art. 90f of the Act.

VI. ASSESSMENT OF THE APPLICATION OF PERFORMANCE CRITERIA

The performance criteria provided in the table pertain to the targets set for 2019, for which remuneration was paid in 2019 as an advance payment and in 2020.

| 2020 (PLN) | | Scope of performance criteria | | | | Result (actual performance) and actual award | Notes |
|---|--|-------------------------------|--|--|---------|--|--------|
| Full name | Description of the performance criteria and type of applicable remuneration* | Relative weighting | Minimum target/threshold performance and corresponding award | Maximum target/threshold performance and corresponding award | | | |
| Function and position | | | | | | | |
| Mirosław Bendzera President of the Management Board | Task-related targets strategic to the organisation | 35% | | 100% | 445,500 | * In 2019, 821,540 was paid as an advance payment. In 2020, 76,071 was paid. | |
| | Task-related organisational targets | 65% | | 100% | | | |
| | Task-related budget implementation targets | 100% | | 200% | 374,579 | | |
| | Performance-related targets 2019 (main part and suspended parts) | | | | | | |
| | Discretionary targets | | | | | | 77,532 |
| Beata Zawiszowska Vice President of the Management Board | Task-related targets strategic to the organisation | 25% | | 100% | 364,500 | * In 2019, 649,561 was paid as an advance payment. The amount paid in 2020: 62,323 | |
| | Task-related organisational targets | 75% | | 100% | | | |
| | Task-related budget implementation targets | 100% | | 200% | 306,884 | | |
| | Performance-related targets 2019 (main part and suspended parts) | | | | | | |
| | Discretionary targets | | | | | | 40,500 |
| Dawid Gruszczyk Vice President of the Management Board | Task-related targets strategic to the organisation | 40% | | 100% | 324,000 | * In 2019, 577,587 was paid as an advance payment. The amount paid in 2020: 55,449 | |
| | Task-related organisational targets | 60% | | 100% | | | |
| | Task-related budget implementation targets | 100% | | 200% | 273,036 | | |
| | Performance-related targets 2019 (main part and suspended parts) | | | | | | |
| | Discretionary targets | | | | | | 36,000 |
| Adam Toborek Vice President of the Management Board | Task-related targets strategic to the organisation | 55% | | 100% | 324,000 | * In 2019, 577,587 was paid as an advance payment. The amount paid in 2020: 55,449 | |
| | Task-related organisational targets | 45% | | 100% | | | |
| | Task-related budget implementation targets | 100% | | 200% | 273,036 | | |
| | Performance-related targets 2019 (main part and suspended parts) | | | | | | |
| | Discretionary targets | | | | | | 36,000 |
| Tomasz Jakubowski Vice President of the Management Board | Task-related targets strategic to the organisation | 25% | | 100% | 324,000 | * In 2019, 577,587 was paid as an advance payment. The amount paid in 2020: 55,449 | |
| | Task-related organisational targets | 75% | | 100% | | | |
| | Task-related budget implementation targets | 100% | | 200% | 273,036 | | |
| | Performance-related targets 2019 (main part and suspended parts) | | | | | | |
| | Discretionary targets | | | | | | 36,000 |

The Company applies both financial and non-financial performance criteria set out in the Remuneration Policy to variable remuneration for Members of the Management Board. The Policy specifies:

- ✓ minimum expected net profit of the Company or the Group (depending on the decision of the Supervisory Board),
- ✓ actual net profit (as disclosed in the audited financial statements of the Company or the Group in which a Management Board Member serves on the Management Board), adjusted for non-recurring, extraordinary or non-operating items.
- ✓ net debt of the Company

In 2020, the following tasks were assigned to Management Board Members:

- ✓ achievement of targets and tasks important to the Company, assigned to the Management Board on an ad hoc basis, other than performance-related, budget-related and task-related targets associated with the variable remuneration component, contribution to the implementation of the Company's strategy,
- ✓ Management Board Member's attitude in the light of the following values:
- ✓ achievement of targets and tasks important to the Company, assigned to the Management Board on an ad hoc basis, other than performance-related, budget-related and task-related targets associated with the variable remuneration component.

In evaluating task performance, account was taken of the extraordinary and unpredictable event of the COVID-19 epidemic outbreak in 2020.

As regards the discretionary component of variable remuneration, the following were evaluated:

1. achievement of targets and tasks important to the Company, assigned to the Management Board on an ad hoc basis, other than performance-related, budget-related and task-related targets associated with the variable remuneration component,
2. contribution to the implementation of the Company's strategy,
3. Management Board Member's attitude in the light of the following values:

a) faith – understood as:

- having faith that a common vision can be accomplished,
- acting in accordance with the adopted value system,
- focus on the future,
- faith in investing in development and education.

b) responsibility – understood as:

- making brave and informed decisions,
- taking responsibility for one's own and the team's decisions and actions,
- taking initiative,
- always acting in the Company's best interest,
- making brave and informed decisions.

c) cooperation – understood as:

- making brave and informed decisions,
- taking responsibility for one's own and the team's decisions and actions,
- taking initiative,
- always acting in the Company's best interest.

d) openness – understood as:

- loyalty and open and frank communication,
- respect for diversity of views and opinions,
- being open to change and innovation,
- willingness to discuss errors and learn from them.

e) reliability – understood as:

- keeping one's word in all circumstances,
- being reliable and honest,
- respecting the principles of fair play,
- fulfilling one's obligations.

VII. Information about the annual change in remuneration, company's performance and the average remuneration of the company's employees who are not members of the management or supervisory boards, for at least five most recent financial years, in aggregate

- a) Information about the annual change in remuneration, the Company's performance and the average remuneration of the Company's employees who are not Members of the Management or Supervisory Boards, for at least five most recent financial years, in aggregate**

As data is presented for incomplete periods, a percentage presentation could be misleading to the user, therefore a year-on-year comparison of the remuneration is presented.

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|---------|-----------|---------|---------|---------|---------|
| Average remuneration of a Management Board Member in the years stated. | 499,155 | 1,161,732 | 638,513 | 666,174 | 434,813 | 424,827 |

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|-------|-------|-------|-------|-------|--------|
| Average remuneration of a Supervisory Board Member in the years stated. | 9,084 | 8,510 | 7,568 | 2,387 | 6,004 | 14,683 |

| | Information pertaining to 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|--------------------------------|-------|-------|-------|-------|-------|
| Average remuneration of full-time employees of the Company other than Management and Supervisory Board Members | 6,718 | 5,204 | 5,524 | 5,314 | 4,945 | 3,707 |
| NET PROFIT (PLNm) | 169 | 161 | 153 | 41 | 59 | 37 |
| Revenue (PLNm) | 965 | 1,588 | 1,384 | 941 | 776 | 668 |
| EBITDA | 396 | 515 | 366 | 208 | 192 | 164 |

Given the relatively immaterial impact of the other Group companies on the Company's key performance figures, the Company has only presented data for FAMUR S.A. in this Report on Remuneration of the Management and Supervisory Boards.

b) ASSESSMENT OF THE REMUNERATION POLICY

In the Supervisory Board's opinion, remuneration in 2020 was awarded and paid in accordance with the Remuneration Policy. Based on the data contained in this Report, the Supervisory Board of FAMUR S.A. has determined that the Company is pursuing a stable remuneration policy that promotes the Company's growth and security, and that the existing practices with respect to variable remuneration management meet the criteria set out in the Policy. The Remuneration Policy is effective and meets the objectives set out below:

- enabling the recruitment of top-class specialists and managers to serve on the Company's Management and Supervisory Boards, who will ensure the Company's continued business success and stability;
- adapting to the growing demand for high managerial competencies, which go hand in hand with financial expectations;
- implementing an efficient and effective remuneration system motivating Board Members to develop the Company and pursue its objectives and strategies, by linking (the variable) part of remuneration to the Company's performance and achievement of individual targets (KPIs);
- supporting sound and effective risk management and discouraging Board Members from taking excessive risks beyond accepted limits.

The fixed and variable remuneration as well as other benefits comprising total remuneration of Management and Supervisory Board Members are reasonable in relation to the Company's financial performance and its total costs and expenses.

c) FINAL REMARKS

This Report will be submitted for an opinion to a statutory auditor in accordance with Art. 90g.10 of the Act in order to determine whether it contains all data required by law, and subsequently it will be submitted for consideration to the General Meeting of FAMUR S.A. for the purpose of passing a resolution (advisory in nature) providing an opinion on this Report. Next, this Report will be published on the Company's website and will remain available free of charge for at least ten years from the date of closing of that General Meeting.

Signatures of the Supervisory Board Members who have prepared this Report:

Katowice, May 24th 2021

**Ministry of Finance
Financial Market Development Department
ul. Świętokrzyska 12
00-916 Warsaw**

Dear Sir or Madam,

Acting on behalf of FAMUR S.A., I wish to inform you that – given the differing practices and opinions – we are in considerable doubt as to how Art. 36 of the Act of **October 16th 2019** Amending the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies, and Certain Other Acts, should be interpreted. In the statement of reasons for the draft Act (available at <https://www.sejm.gov.pl/Sejm8.nsf/druk.xsp?nr=3755>), the following reference is made to the proposed wording of Art. 33:

Art. 33 sets a deadline of June 30th 2020 for the corporate bodies of public companies to adopt their first remuneration policy. At most companies, a single general meeting is held during a financial year, i.e. the annual general meeting, which must take place by June 30th of each year. In the absence of any transitional period or a period of several months only, the obligation to pass a resolution on the remuneration policy for members of the management board and supervisory board would in fact result in the need to convene an additional general meeting for the sole purpose of voting on that single resolution. On the date of entry into force of the remuneration policy provisions, i.e. June 10th 2019, some companies would have already held an annual general meeting for 2018 and the other companies would only have three weeks to pass such a resolution, which – given its import to the company and the scope of information to be disclosed – would make it unlikely for them, due to time constraints, to pass it at the annual general meeting for 2018. On the other hand, the deadline of June 30th 2020 would allow all companies to draw up a carefully designed remuneration policy and to adopt it at the annual general meeting held for 2019, without the need to convene an additional meeting during the year.

It would also be possible to prepare the first remuneration report jointly for 2019 and 2020. Given that the transitional provision allows companies to prepare their first remuneration policy also in 2020, it is reasonable to conclude that the first remuneration report at most companies would only cover the year 2020. Art. 29.2, however, allows companies electing to adopt a remuneration policy already in 2019 not to report such a short period.

In the final version of the Act, Art. 33 has become Art. 36, but still maintained its original wording, i.e.:

1. The general meeting of a company referred to in Art. 90c.1 of the Act as amended by Art. 1 shall pass a resolution on the remuneration policy for members of the management board and supervisory board referred to in Art. 90d.1 of the Act as amended by Art. 1 by June 30th 2020.

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Entry No. in the National Court Register (KRS): 0000046716
Industry Identification Number (REGON): 270641526
Tax Identification Number (NIP): 634026246
Waste Management Database Number (BDO): 000019423

District Court for Katowice-Wschód in Katowice,
8th Commercial Division of the National Court Register
Share capital: PLN 5,747,632.12, paid in full.
PLN account: BNP Paribas Bank Polska SA
27 1750 1035 0000 0000 0036 4862


FAMUR

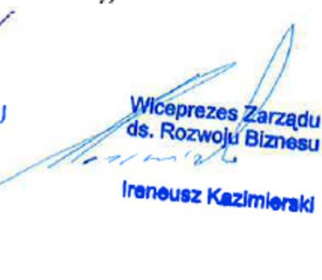
2. The supervisory board of a company referred to in Art. 90c.1 of the Act as amended by Art. 1 shall draw up the first remuneration report referred to in Art. 90g of the Act as amended by Art. 1 jointly for 2019 and 2020.

This raises the following question: if a company elects to adopt a remuneration policy referred to in Art. 90d of the Act of July 29th 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies in 2020, rather than in 2019, may a report on the actual remuneration policy prepared by the supervisory board only cover the data for 2020 or (according to the literal wording of the aforementioned Art. 36 of the Act) must it additionally cover the data for 2019 (although no remuneration policy was then in place and there was no legal basis for collecting such data as would be necessary to draw up a remuneration report for 2019)?

We look forward to learning your position on the matter, which is important not only to us, but to all companies faced for the first time with the task of drawing up a remuneration report.

Yours faithfully,


PREZES ZARZĄDU
Mirosław Bendzera


Wiceprezes Zarządu
ds. Rozwoju Biznesu
Ireneusz Kazimierski

Appendix 2



MINISTERSTWO FINANSÓW
Departament Rozwoju Rynku
Finansowego

FN3.701.25.2021

Warsaw, June 2nd 2021

FAMUR S.A.
Ul. Armii Krajowej
40-698 Katowice

Dear Sir or Madam,

Further to your letter of May 24th 2021 concerning the interpretation of Art. 36 of the Act of October 16th 2019 Amending the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies, and Certain Other Acts (dz. I. item 2217, as amended), please accept the following explanations:

In the opinion of the Financial Market Development Department of the Ministry of Finance, the time period to be covered by the first remuneration report drawn up by a company will depend on when that company adopted its first remuneration policy. According to the statement of reasons for the Act, the lawmakers' intention behind the transitional provision was that the first remuneration report should cover the period from the adoption of the first remuneration policy until the end of 2020.

Accordingly – if a remuneration policy was adopted by the company still in 2019, the first remuneration report should in our opinion cover the part of 2019 in which the policy was in effect and the entire year 2020. However, if a company did not adopt a remuneration policy until 2020, the first remuneration report should only cover the year 2020. In such a case, the supervisory board will be able to omit from the remuneration report all data relating to 2019 (and possibly also mention that no remuneration policy was in place at the company in 2019).

At the same time, I kindly inform you that the position presented above is not a universally applied interpretation of the law and is not binding on legal entities.

Yours faithfully,

Head of the Financial Market Development Department

Katarzyna Przewalska

(Signed with qualified electronic signature)