

**REPORT OF THE SUPERVISORY BOARD OF CPD S.A.  
ON THE REMUNERATION OF MEMBERS OF THE MANAGEMENT  
BOARD AND THE SUPERVISORY BOARD  
FOR THE PERIOD 2021-2022**

**A. DESCRIPTIVE PART**

**1. Introduction**

Fulfilling the obligation under Article 90g of the Act of 29 July 2005 on Public Offering and Conditions for Introducing Financial Instruments to an Organised Trading System and on Public Companies (i.e. Journal of Laws 2022, item 2554, as amended; hereinafter: the "**Act on Offering**"), the Supervisory Board of CPD S.A. (hereinafter: the "**Company**" or "**CPD**") prepares a remuneration report (the "**Report**") on an annual basis, providing a comprehensive overview of the remuneration, including all benefits, in whatever form, received or due (payable) to the individual members of the Management Board and Supervisory Board in the last financial year, in accordance with the Remuneration Policy for Members of the Management Board and Members of the Supervisory Board of CPD S.A. dated **27 May 2020**. (hereinafter: "**Remuneration Policy**").

This Report presents data for 2021 and 2022. For comparative purposes, certain data covering the years 2019 and 2020 are presented in this Report in accordance with the remuneration report for the members of the Management Board and Supervisory Board for 2019 and 2020.

All monetary amounts in the Report are presented in Polish zloty and in gross terms.

Based on Article 90e of the Offering Act, the assessment of the compliance of the remuneration paid with the Company's remuneration policy covers the period from 1<sup>st</sup> January .2021 to 31<sup>st</sup> December 2022.

The Supervisory Board summarises below the remuneration highlights for the financial years covered.

**2. Key events in the Company and its Group**

**2.1. Description of the Company's activities in 2021**

In the 2021 financial year, the Company continued its previous business activities consisting essentially of:

- realisation of revenue from the sale of land in Ursus;
- conducting development processes in a joint venture with the Unibep group;
- realisation of rental income from office premises in buildings indirectly owned by the Company.

In April 2021, the CPD Group sold its last owned residential plots in Ursus.

At the same time, the Company distributed to shareholders the proceeds from the disposal of assets by purchasing CPD S.A. shares for cancellation. In the opinion of the Supervisory Board, in 2021 the Company achieved all of its important economic objectives, in particular earning high revenues from the disposal of assets held for sale, which allowed it to make a significant distribution of funds to shareholders. The key financial parameters defining the Company's business activities in 2021 are:

- Consolidated sales revenue of: PLN 19 080 thousand
- Consolidated proceeds from the sale of investment properties amounting to: PLN 76 311 thousand
- Consolidated profit before tax from continuing operations of: PLN 31 783 thousand
- Total amount of distribution realised to shareholders: PLN 171,578 thousand

In 2021, the Company continued its previous line of business by focusing on the disposal of its investment properties, raising a total of PLN 76,311 thousand.

At the same time, the Company continued to realise income from the development activities carried out apart of the joint venture with the Unibep group. The share of joint venture profit amounted to PLN 27,005 thousand.

As the Covid-19 pandemic increased the risk with regard to the income realised from the rental of commercial premises in the office buildings owned by the Company, the Company's Management Board continued to take measures to safeguard the income and the value of these assets, as well as to maintain relations with the financial institutions involved in the lending of the various buildings. The process of changing the use of one of the buildings by converting it into residential units was underway.

The Company has not observed any significant problems or impediments to its business operations in 2021.

## **2.2. Description of the Company's activities in 2022**

In the 2022 financial year, the Company continued its previous business activities, focusing on the realisation of income from the development activities carried out in the joint venture with the Unibep group. Profits received in joint ventures amounted to PLN 11 604 thousand.

With a view to the ongoing or planned divestment of assets located in subsidiaries, CPD continued its efforts to significantly simplify its capital structure by eliminating redundant entities.

The company also continued the process, already initiated, of distributing the funds obtained from the sale of assets to shareholders through share buybacks.

The key financial parameters defining the Company's business in 2022 are :

- Consolidated sales revenue of: PLN 17,758 thousand (amount includes consolidated sales revenue from discontinued operations of PLN 17,010 thousand and from continuing operations of PLN 748 thousand)
- Consolidated proceeds from the sale of investment properties in the amount of: PLN 106 309 thousand
- Consolidated profit before tax from continuing operations of: PLN 17 590 thousand
- Total amount of distribution realised to shareholders: PLN 50,010 thousand

## **3. Supervisory Board and Management Board**

### **3.1. Company bodies in 2021**

#### **3.1.1. Supervisory Board**

In 2021, the composition of the Supervisory Board changed: on 22<sup>nd</sup> of September 2021 the Company received the resignation of Ms Gabriela Gryger from the position of member of the Supervisory Board, on 31<sup>st</sup> of October 2021 the Company received the resignation of Mr Alfonso Kalinauskas from the position of member of the Supervisory Board, and on 1<sup>st</sup> of November 2021 Mr Michael Haxby resigned from the position of Vice-Chairman of the Supervisory Board. The Extraordinary General Meeting of the Company on 18<sup>th</sup> of October 2021 appointed Ms Hanna Karwat-Ratajczak and Mr Krzysztof Laskowski to the Supervisory Board. Thus, the following persons were members of the Supervisory Board in 2021:

- Mr Andrew Pegge - Chairman of the Supervisory Board,
- Mr Michael Haxby - Deputy Chairman of the Supervisory Board (until 1.11.2021),
- Mr Wiesław Oleś - Secretary of the Supervisory Board,
- Mr Mirosław Gronicki - Member of the Supervisory Board (independent member),
- Ms Gabriela Gryger - Member of the Supervisory Board (independent member, until 22.09.2021),
- Mr Alfonso Kalinauskas - Member of the Supervisory Board (independent member, until 31.10.2021),

- Ms Hanna Karwat-Ratajczak - Member of the Supervisory Board (independent member, from 18.10.2021),
- Mr Krzysztof Laskowski - - Member of the Supervisory Board (independent member, from 18.10.2021),

In 2021, the Audit Committee comprised the following members:

- Mr Alfonso Kalinauskas - Chairman of the Committee until 31.10.2021. (independent member),
- Mr Mirosław Gronicki - Member of the Committee; Chairman of the Committee since 24.11.2021. (independent member),
- Mr Andrew Pegge - Member of the Committee,
- Mr Krzysztof Laskowski - Committee member as of 24.11.2021. (independent member).

The members of the Supervisory Board, including the members of the Audit Committee, received only fixed remuneration resulting from their appointment pursuant to resolution 4 of the Extraordinary General Meeting of the Company of 8<sup>th</sup> of May 2018 and pursuant to resolution 5 of the Extraordinary General Meeting of the Company of 18<sup>th</sup> of October 2021.

### **3.1.2. Management**

The composition of the Management Board remained unchanged in 2021, thus:

- Mr Colin Kingsnorth - Chairman of the Board,
- Ms Elżbieta Wiczowska - Member of the Management Board,
- Ms Iwona Makarewicz - Member of the Management Board,
- Mr John Purcell - Board Member.

The members of the Company's Management Board provided work for the Company on the basis of their appointment. At the same time, one member of the Company's Management Board, i.e. Mr John Purcell, rendered - with the approval of the Supervisory Board - services for a subsidiary of CPD receiving additional remuneration for this on a market basis.

The Supervisory Board, in accepting the provision of additional services by the members of the Management Board to CPD's subsidiaries, took into account the limitation of additional remuneration on this account so that it remained in proper relation to the total amount of benefits that CPD's shareholders received from the Company in a given year through the distribution of funds from the share buyback process.

## **3.2. Company bodies in 2022**

### **3.2.1. Supervisory Board**

In 2022, the composition of the Supervisory Board changed slightly: on 19<sup>th</sup> of April 2022, the Company received the resignation of Ms Hanna Karwat-Ratajczak from her position as a member of the Supervisory Board, effective as of the date of the Annual General Meeting (28<sup>th</sup> of June 2022). The Annual General Meeting of the Company on 28<sup>th</sup> of June 2022 set the number of members of the Supervisory Board of the Company at five persons and appointed the Supervisory Board for the fifth joint term of office, with Mr Emil Tomaszewski appointed as a member of the Supervisory Board in addition (in addition to the active members of the fourth term of office). Thus, the Supervisory Board comprised the following persons:

- Mr Andrew Pegge - Chairman of the Supervisory Board,
- Mr Wiesław Oleś - Secretary of the Supervisory Board,
- Mr Mirosław Gronicki - Member of the Supervisory Board (independent member),
- Mr Krzysztof Laskowski - Member of the Supervisory Board (independent member),
- Ms Hanna Karwat-Ratajczak - Member of the Supervisory Board (independent member, until 28.06.2022),
- Mr Emil Tomaszewski - Member of the Supervisory Board (independent member, from 28.06.2022).

In 2022, the Audit Committee comprised the following members:

- Mr Mirosław Gronicki - Chairman of the Committee (independent member),
- Mr Andrew Pegge - Member of the Committee,
- Mr Krzysztof Laskowski - Member of the Committee (independent member).

Members of the Supervisory Board received only fixed remuneration resulting from their appointment. In this respect, there was no change in either the amount or the principles of remuneration determination.

### **3.2.2. Management**

In 2022, the Management Board operated with an unchanged composition, thus comprising:

- Mr Colin Kingsnorth - Chairman of the Board,
- Ms Elżbieta Wiczowska - Member of the Management Board,
- Ms Iwona Makarewicz - Member of the Management Board,
- Mr John Purcell - Board Member.

The Management Board's remuneration arrangements were also not changed. Its members received a fixed remuneration by virtue of their appointment. In addition, all members received - with the approval of the Supervisory Board - additional remuneration for providing services to CPD subsidiaries.

## **4. Employment/remuneration rules for members of CPD bodies**

The rules under which the members of the Management Board and the Supervisory Board hold office in the Company and receive remuneration from CPD and its Group companies have been in force for several years, hence information on the rules in force for both 2021 and 2022 is presented below in a single section.

### **4.1. Remuneration principles of the Supervisory Board**

The members of the Supervisory Board elect from among their members the persons performing specific functions on the Supervisory Board (Chairman or Vice-Chairman of the Supervisory Board and Secretary of the Supervisory Board) on the basis of the Rules of Procedure of the CPD Supervisory Board adopted by them.

Since the adoption of the Remuneration Policy, the remuneration principles for the members of the Supervisory Board and the Audit Committee are defined by the provisions of this document. The General Meeting determines the amount of the fixed remuneration components for individual members of the

Supervisory Board, including members of the Audit Committee.

#### **4.2. Principles of employment and remuneration of the CPD Management Board**

The members of the Management Board perform their functions in the Company on the basis of an appointment to office (Member of the Management Board or President of the Management Board) adopted by the CPD Supervisory Board.

Since the adoption of the Remuneration Policy, the principles of remuneration of the members of the Management Board are defined by the provisions of this document.

The persons on the Management Board of CPD are not employees of the Company (no employment contracts with the Company have been entered into with them). The Company has not entered into any agreements with them providing for compensation in the event of their resignation or dismissal from their positions.

Members of the Management Board (or their affiliates) may provide services to CPD Group entities with the approval of the Supervisory Board. The Supervisory Board approves the amount of such benefits for individual members of the Management Board on a case-by-case basis.

#### **5. Summary of application of CPD remuneration policy**

Until the Company's Remuneration Policy was adopted, remuneration principles were set in resolutions of the CPD Supervisory Board (for members of the Management Board) and in resolutions of the CPD General Meeting (for members of the Supervisory Board).

The Remuneration Policy for the Members of the Management Board and the Members of the Supervisory Board of CPD was adopted by the General Meeting of CPD on 27 May 2020. The solutions contained in the Remuneration Policy comply with the requirements of the Act on Offerings and the SRD II Directive.

##### **5.1. Remuneration of members of the Supervisory Board**

The members of the Company's Supervisory Board (including the members of the Audit Committee) receive only fixed remuneration in accordance with the above Remuneration Policy.

The remuneration of the members of the Supervisory Board should be sufficient to attract, retain and motivate persons with the competences necessary for the proper supervision of the Company and its Group.

In determining the remuneration of individual members of the Supervisory Board, the General Meetings took into account the workload required for the proper performance of their functions, the scope of duties and responsibilities associated with the performance of these functions and the competences possessed due to the experience of these persons.

##### **5.2. Remuneration of members of the Management Board**

In accordance with the Remuneration Policy, the remuneration of the members of the Management Board is determined taking into account the motivational nature and the efficient and smooth management of the Company and consists of:

- fixed remuneration components, including additional cash and non-cash benefits;
- variable remuneration components (including, inter alia, cash bonuses).

The members of the Management Board in 2021-2022 received only fixed remuneration in CPD by virtue of their appointment to the Management Board in CPD. This remuneration was determined by resolutions of the Supervisory Board of the Company separately for each member of the Management

Board as a uniform amount per calendar year. The level of remuneration is appropriate to the tasks entrusted to the individuals and the related responsibilities.

Irrespective of this, members of the Management Board involved in providing services to Group companies received additional remuneration for such services, determined on the basis of their market value. This form of remuneration is closely linked to the Group's mode of operation, which, having significant assets at its disposal, directly employs a minimum number of people. Such a state of affairs requires the provision of a large number of professional services to targeted Group companies, which held the majority of the Group's assets. Each time the payment of remuneration for such services required the approval of the Supervisory Board.

## **6. Changes to and deviations from the remuneration policy**

The Remuneration Policy of CPD S.A. was introduced on 27<sup>th</sup> of May 2020 and was not subject to changes during the reported period. Furthermore, during the reported period, the Company did not apply deviations from both the procedure for the implementation of the Remuneration Policy and the deviations referred to in Article 90f of the Act on Offering.

## **7. Remuneration in the form of financial instruments**

In accordance with the Remuneration Policy, no remuneration in the form of financial instruments is currently awarded to members of the Management Board or Supervisory Board, and therefore no such instruments were awarded or offered during the reporting period.

## **8. Claiming back variable remuneration**

The Company did not grant variable remuneration to the members of the bodies during the reporting period and therefore does not provide for any reimbursement in this respect.

## **9. Previous Remuneration Report**

The last resolution giving an opinion on the Supervisory Board's reports on the remuneration of the members of the Company's Management Board and Supervisory Board, i.e. Resolution No. 23 of the Annual General Meeting of 28<sup>th</sup> of June 2022 (referred to in Article 90g(6) of the Offering Act), concerned the Supervisory Board's report on the remuneration of the members of the Company's Management Board and Supervisory Board for the years 2019 - 2020 (the "**Previous Remuneration Report**"). The aforementioned resolution was adopted unanimously, did not contain any comments on the Previous Remuneration Report, did not indicate any additional comments or recommendations for changes to the Remuneration Policy, and therefore there was no need to take action to implement them. Thus, in 2021-2022, the Company and its Group continued to apply the practices developed in respect of the remuneration of the members of the Company's Management Board and Supervisory Board.

## **10. Summary**

Neither in 2021 nor in 2022 were there any key changes either in the remuneration principles for the members of the Company's bodies, in the performance criteria applied or in the methodology or application of the remuneration policy compared to the previous financial year.

## **B. FINANCIAL DATA**

The chapter contains the total remuneration of the members of the Company's bodies, broken down into the components referred to in Article 90d(3)(1) of the Act on Public Offering ("description of fixed and variable remuneration components, as well as bonuses and other monetary and non-monetary benefits that may be awarded to members of the Management Board and the Supervisory Board"), and the mutual proportions between these remuneration components; the chapter takes into account the amount of remuneration from entities belonging to the same capital group within the meaning of the Accounting Act of 29 September 1994 (i.e. Journal of Laws 2023, item 120, as amended);

### **1. Remuneration of the Management Board**

#### **1.1. Board members' remuneration received from CPD**

Members of the Board in 2021-2022 only received fixed annual remuneration from CPD for their appointment to the Board in CPD as indicated in Table 1 below.

**Table 1 - Remuneration of members of the Management Board of CPD S.A. for the financial year 2021, 2022**

Name, function	Function performed	Year	1 Fixed wages			2 Variable components of remuneration		3 Other extraordinary benefits	4 Total remuneration	5 Proportion of fixed and variable remuneration
			Remuneration on appointment	Additional cash benefits	Additional benefits in kind	One-year	Many years			
Colin Kingsnorth	President of the Management Board	2022	706 195,86	0,00	D&O policy (1)	0,00	0,00	0,00	706 195,86	100% / 0%
		2021	690 035,49	0,00	D&O policy (2)	0,00	0,00	0,00	690 035,49	100% / 0%
Elżbieta Wiczowska	Member of the Management Board	2022	643 966,29	0,00	D&O policy (1)	0,00	0,00	0,00	643 966,29 (4)	100% / 0%
		2021	629 229,96	0,00	D&O policy (2)	0,00	0,00	0,00	629 229,96 (3)	100% / 0%
Iwona Makarewicz	Member of the Management Board	2022	413 177,29	0,00	D&O policy (1)	0,00	0,00	0,00	413 177,29 (6)	100% / 0%
		2021	403 722,26	0,00	D&O policy (2)	0,00	0,00	0,00	403 722,26 (5)	100% / 0%
John Purcell	Member of the Management Board	2022	46 330,90	0,00	D&O policy (1)	0,00	0,00	0,00	46 330,90	100% / 0%
		2021	45 270,63	0,00	D&O policy (2)	0,00	0,00	0,00	45 270,63	100% / 0%

(1) D&O insurance (the premium for the D&O insurance policy for directors and officers of CPD Group companies amounted in 2022 to: PLN 39,400.00)

(2) D&O insurance (the premium for the D&O insurance policy for directors and officers of CPD Group companies amounted in 2021 to: PLN 36,802.24)

(3) In 2021, Ms Elżbieta Wiczowska took part in the CPD S.A. share buyback programme, under which she resold the Company's shares - the total value of the sale price of CPD S.A. shares was PLN 289,697.58.

(4) In 2022, Ms Elżbieta Wiczowska participated in a share buy-back programme for CPD S.A. under which she resold the Company's shares - the total sale price of CPD S.A. shares was PLN 84,019.00.

(5) In 2021, Ms Iwona Makarewicz participated in CPD S.A.'s share buyback programme, under which she resold the Company's shares - the total value of the sale price of CPD S.A.'s shares was PLN 47,777.04.

(6) In 2022, Ms Iwona Makarewicz participated in CPD S.A.'s share buyback programme, under which she resold the Company's shares - the total value of the sale price of CPD S.A.'s shares was PLN 13,843.70.



## **1.2. Remuneration of Management Board members received from CPD Group entities**

The Supervisory Board, in accordance with section C.6. of the Remuneration Policy, approves the establishment or continuation of cooperation with a CPD Group entity and sets a limit on the remuneration to which individual members of the Management Board are entitled in this respect.

### **1.2.1. Remuneration for functions in company bodies**

The members of the Management Board received the remuneration indicated in Table 2a (financial year 2021) and Table 2b (financial year 2022) below for their functions on the bodies of CPD Group companies.

### **1.2.2. Remuneration for services provided to Group companies**

In 2021 and 2022, remuneration was paid to persons serving on the Management Board in connection with the provision of arm's-length advisory services in Polish and foreign CPD Group companies (remuneration on the basis of civil law contracts with a Group entity), carrying out individual investments within the limits set by the Supervisory Board. The amount of such remuneration is indicated in Table 2c (financial year 2021) and Table 2d (financial year 2022) below.

**Table 2a - Remuneration of members of the Management Board for the financial year 2021 from CPD Group companies**

Name	Company of the CPD S.A. Capital Group.	1 Fixed wages			2 Variable components of remuneration		3 Other extraordinary benefits	4	5 Proportion of fixed and variable remuneration	6 Total remuneration from CPD Group companies
		Remuneration on appointment	Additional cash benefits	Additional benefits in kind	One-year	Many years				
Colin Kingsnorth	-	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0%	0,00
Elżbieta Wiczowska	Smart City sp. z o.o. (Board member since 2018)	12 000,00	0,00	0,00	0,00	0,00	0,00	12 000,00	100% / 0%	24 956,16
	Gaston Investments sp. z o.o. (proxy since 2015)	0,00	0,00	12 956,16 (1)	0,00	0,00	0,00	12 956,16	100% / 0%	
Iwona Makarewicz	Smart City sp. z o.o. (Board member since 2018)	12 000,00	0,00	0,00	0,00	0,00	0,00	12 000,00	100% / 0%	21 006,21
	Gaston Investments sp. z o.o.	0,00	0,00	9 006,21 (1)	0,00	0,00	0,00	9 006,21	100% / 0%	
John Purcell	-	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0%	0,00

(1) Cost of medical package (private medical care)

**Table 2b - Remuneration of members of the Management Board for the 2022 financial year from CPD Group companies**

Name	Company of the CPD S.A. Capital Group.	1 Fixed wages			2 Variable components of remuneration		3 Other extraordinary benefits	4	5 Proportion of fixed and variable remuneration	6 Total remuneration from CPD Group companies
		Remuneration on appointment	Additional cash benefits	Additional benefits in kind	One-year	Many years				
Colin Kingsnorth	-	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0%	0,00
Elżbieta Wiczowska	Smart City sp. z o.o. (Board member since 2015)	12 000,00	0,00	0,00	0,00	0,00	0,00	12 000,00	100% / 0%	26 304,21
	Gaston Investments sp. z o.o. (proxy since 2015)	0,00	0,00	14 304,21 (1)	0,00	0,00	0,00	14 304,21	100% / 0%	
Iwona Makarewicz	Smart City sp. z o.o. (Board member from 2018 to 2 March 2022)	2 032,26	0,00	0,00	0,00	0,00	0,00	2 032,26	100% / 0%	11 975,58
	Gaston Investments sp.z o.o.	0,00	0,00	9 943,32 (1)	0,00	0,00	0,00	9 943,32	100% / 0%	
John Purcell	-	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0%	0,00

(1) Cost of medical package (private medical car)

**Table 2c - Remuneration of members of the Management Board for the financial year 2021 from CPD Group companies**

Name	Company of the CPD S.A. Capital Group.	1 Fixed wages			2 Variable components of remuneration		3 Other extraordinary benefits	4	5 Proportion of fixed and variable remuneration	6 Total remuneration from CPD Group companies
		Remuneration on contracts	Additional cash benefits	Additional benefits in kind	One-year	Many years				
Colin Kingsnorth	-	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0%	0,00
Elżbieta Wiczowska	-	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0%	0,00
Iwona Makarewicz	-	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0%	0,00
John Purcell	Challange Eighteen sp. z o.o. (service contract with 2 May 2019).	601 476,82	0,00	0,00	0,00	0,00	0,00	601 476,82	100% / 0%	601 476,82

**Table 2d - Remuneration of members of the Management Board for the 2022 financial year from CPD Group companies**

Name	Company of the CPD S.A. Capital Group.	1 Fixed wages			2 Variable components of remuneration		3 Other extraordinary benefits	4	5 Proportion of fixed and variable remuneration	6 Total remuneration from CPD Group companies
		Remuneration on contracts	Additional cash benefits	Additional benefits in kind	One-year	Many years				
Colin Kingsnorth	Belise Investments Sp. z o.o. (service agreement dated 1 March 2022).	328 500,00	0,00	0,00	0,00	0,00	0,00	328 500,00	100% / 0%	328 500,00
Wiczowska Elżbieta	Lakia Investments Sp. z o.o. (service agreement dated 26 April 2022).	3 469 005,00	0,00	0,00	0,00	0,00	0,00	3 469 005,00	100% / 0%	3 469 005,00
Iwona Makarewicz	Lakia Investments sp. z o.o. (consultation agreement of 28.04.2022)	1 329 503,00	0,00	0,00	0,00	0,00	0,00	1 329 503,00	100% / 0%	1 806 003,00
	Belise Investments sp. z o.o. (agency agreement of 22.11.2021)	476 500,00	0,00	0,00	0,00	0,00	0,00	476 500,00	100% / 0%	
John Purcell	Belise Investments Sp. z o.o.	467 000,00	0,00	0,00	0,00	0,00	0,00	467 000,00	100% / 0%	562 000,00
	Robin Investments sp. z o.o. (service agreement of 11.09.2022).	95 000,00	0,00	0,00	0,00	0,00	0,00	95 000,00	100% / 0%	

### **1.3. Other benefits of members of the Management Board received from CPD or CPD Group entities**

In 2021-2022, neither the Company nor CPD's subsidiaries paid any rewards or benefits to members of the Company's Management Board, including those arising from incentive or bonus schemes based on the issuer's (the Company's) capital, in particular those based on preemptive, convertible bonds, subscription warrants, in cash, in kind or in any other form. There were incidental cases of two members of the Management Board (Elżbieta Wiczowska, Iwona Makarewicz) being offered a medical package by one of CPD's subsidiaries.

### **2. Remuneration of members of the Supervisory Board**

For the years 2021-2022, the remuneration of the members of the Company's Supervisory Board comprised only the fixed remuneration components for their appointment to the CPD Supervisory Board and the remuneration for their additional functions on the separate Audit Committee. The amount of remuneration was determined by the General Meeting.

None of the members of the CPD Supervisory Board received a variable financial component or remuneration from other CPD Group entities.

The members of the Supervisory Board received the remuneration (remuneration amounts paid) indicated in Table 3 below for their functions on the Supervisory Board, including their functions on the Audit Committee.

**Table 3 - Remuneration of members of the Supervisory Board of CPD S.A. for the financial year 2021, 2022**

Name, function	Function performed	Year	1 Fixed wages				2 Variable components of remuneration		3 Other extraordinary benefits	4 Total remuneration	5 Proportion of fixed and variable remuneration
			Remuneration on appointment		Additional cash benefits	Additional benefits in kind	One-year	Many years			
			Supervisory Board	Audit Committee							
Andrew Pegge	Chairman of the Supervisory Board, Member of the Audit Committee	2022	10 008,00	5 004,00	0,00	D&O policy (1)	0,00	0,00	0,00	15 012,00	100% / 0%
		2021	71 668,00	40 834,00	0,00	D&O policy (2)	0,00	0,00	0,00	112 502,00	100% / 0%
Wieslaw Oleś	Secretary of the Supervisory Board	2022	10 008,00	0,00	0,00	D&O policy (1)	0,00	0,00	0,00	10 008,00	100% / 0%
		2021	51 668,00	0,00	0,00	D&O policy (2)	0,00	0,00	0,00	51 668,00	100% / 0%
Mirosław Gronicki	Member of the Supervisory Board, Member of the Audit Committee (Chairman of the Audit Committee from 24.11.2021).	2022	10 008,00	5 004,00	0,00	D&O policy (1)	0,00	0,00	0,00	15 012,00	100% / 0%
		2021	51 668,00	40 834,00	0,00	D&O policy (2)	0,00	0,00	0,00	92 502,00	100% / 0%
Michael Haxby	Vice-Chairman of the Supervisory Board (until 1.11.2021)	2022	0,00	0,00	0,00	D&O policy (1)	0,00	0,00	0,00	0,00	100% / 0%
		2021	50 000,00	0,00	0,00	D&O policy (2)	0,00	0,00	0,00	50 000,00	100% / 0%
Krzysztof Laskowski	Member of the Supervisory Board (from 18.10.2021), Member of the Audit Committee	2022	11 768,30	5 884,15	0,00	D&O policy (1)	0,00	0,00	0,00	17 652,45	100% / 0%
		2021	3 926,06	0,00	0,00	D&O policy (2)	0,00	0,00	0,00	3 926,06	100% / 0%
Emil Tomaszewski	Member of the Supervisory Board (from 28.06.2022)	2022	5 087,40	0,00	0,00	D&O policy (1)	0,00	0,00	0,00	5 087,40	100% / 0%
		2021	0,00	0,00	0,00	D&O policy (2)	0,00	0,00	0,00	0,00	100% / 0%
		2022	5 004,00	0,00	0,00	D&O policy (1)	0,00	0,00	0,00	5 004,00	100% / 0%

Hanna Karwat-Ratajczak	Member of the Supervisory Board (from 18.10.2021 to 28.06.2022)	2021	3 926,06	0,00	0,00	D&O policy (2)	0,00	0,00	0,00	3 926,06	100% / 0%
Gabriela Gryger	Member of the Supervisory Board (until 22.09.2021)	2022	0,00	0,00	0,00	D&O policy (1)	0,00	0,00	0,00	0,00	100% / 0%
		2021	43 666,66	0,00	0,00	D&O policy (2)	0,00	0,00	0,00	43 666,66	100% / 0%
Alfonso Kalinauskas	Member of the Supervisory Board, Chairman of the Audit Committee (until 31.10.2021).	2022	0,00	0,00	0,00	D&O policy (1)	0,00	0,00	0,00	0,00	100% / 0%
		2021	50 000,00	60 000,00	0,00	D&O policy (2)	0,00	0,00	0,00	110 000,00	100% / 0%

(1) D&O insurance (the premium for the D&O insurance policy for directors and officers of CPD Group companies amounted in 2022 to: PLN 39,400.00)

(2) D&O insurance (the premium for the D&O insurance policy for directors and officers of CPD Group companies amounted in 2021 to: PLN 36,802.24)

**3. Information on changes, on an annual basis, in the remuneration of members of the Management Board and Supervisory Board, the Company's results and the average remuneration of the Company's employees who are not members of the Management Board or Supervisory Board**

In accordance with Article 90g (3) of the Act on Offering, the data for 2018, for which the Supervisory Board was not required to prepare a remuneration report, have been omitted from the table below.

Data in thousand PLN	2019	2020	2021	2022
<b>Remuneration of the Management Board (in total, excluding remuneration paid by the Subsidiaries for the provision of services)</b>	1 618,34	2 299,83	1 768,26	1 809,67
Year-on-year change		681,49	-531,57	41,41
<b>Average remuneration of a Management Board Member (annual, excluding salaries paid by the Companies dependent for the provision of services)</b>	404,58	574,96	442,06	452,42
Year-on-year change		170,37	-132,9	10,36
<b>Total remuneration of the members of the Management Board (of remuneration paid by the Companies dependent for the provision of services)</b>	4 580,38	5 444,30	2 393,74	7 989,21
Year-on-year change		863,92	-3 050,56	5 595,47
<b>Remuneration of the Supervisory Board (total)<sup>[3]</sup></b>	552,00	552,00	468,19	67,78
Year-on-year change		0,00	-83,81	-400,41
<b>Average remuneration of a Supervisory Board member (annual)</b>	92,00	92,00	58,52	11,30
Year-on-year change		0,00	-33,48	-47,22
<b>Consolidated sales revenue</b>	46 834	18 559	19 080	(*) 17 758
Year-on-year change		-28 275	521	-1 322
(*) amount includes consolidated sales revenue from discontinued operations of PLN 17,010 thousand and from continuing operations of PLN 748 thousand.				
<b>Consolidated profit before tax from continuing operations</b>	61 833	23 862	31 783	17 590
Year-on-year change		-37 971	7 921	-14 193
<b>Funds distributed to shareholders</b>	43 010	74 383	171 578	50 010



Year-on-year change

31 373

97 195

-121 567

<b>Average remuneration of the Company's employees other than members of the Management Board and the Supervisory Board (for the financial year)</b> - data in PLN	141,658.2	171,181.08	102,915.68	105,773.21
Year-on-year change		29,522.88	-68,265.40	2,857.53

## **C. INFORMATION ON HOW THE REMUNERATION COMPLIES WITH THE REMUNERATION POLICY AND HOW THE REMUNERATION CONTRIBUTES TO THE LONG-TERM PERFORMANCE OF THE COMPANY**

### **1. Compatibility of remuneration with the Remuneration Policy**

The Remuneration Policy for members of the Management Board and members of the Supervisory Board of CPD was adopted by the General Meeting of CPD on 27 May 2020. The solutions contained in the Remuneration Policy have been established to contribute to the Company's business strategy and the interests of its shareholders. The means of achieving these objectives include, inter alia, adequate motivation of the members of the above-mentioned bodies to work effectively for the Company and its Group and linking their interests with the interests of the Company. The General Meeting of CPD S.A., as the body shaping the remuneration policy, assumed that it would be optimal to set appropriately high fixed remunerations in order to attract suitably qualified persons to the Company and motivate them to perform the tasks set before them.

From the Company's financial statements and the description contained in Section A. Report, it is apparent that in the years 2021 - 2022 the Company has been very successful in implementing its strategy by obtaining significant revenues from asset disposals and organising the distribution of significant funds to shareholders on an annual basis. The process of simplifying the Company's organisational structure, which began in 2020, is also not insignificant.

The financial performance of the Company and the CPD Group demonstrates that the members of the Management Board work effectively and manage the Company and its subsidiaries smoothly.

The amount of remuneration awarded and paid to the individual members of the Company's Management Board is appropriate to the tasks assigned to them, the workload incurred and the responsibility involved. The remuneration has had a positive effect on motivation and has had a positive impact on the quality and productivity of work.

Therefore, in the Supervisory Board's opinion, the payment of remuneration in 2021 - 2022 is in line with the adopted Remuneration Policy.

### **2. Criteria for achieving the Company's long-term performance**

The amount of remuneration awarded and paid to the individual members of the Company's Management Board is adequate to the tasks described above which were assigned to them, the workload incurred and the responsibility involved. This remuneration has had a positive effect on motivation and has had a positive impact on the quality and productivity of work. The additional remuneration paid to the members of the Management Board by CPD S.A.'s subsidiaries, on the other hand, was linked to the amount of funds distributed to shareholders.

The remuneration of the members of the Company's Supervisory Board in 2021 and 2022 was paid at a fixed amount. Its amount is adequate to attract, retain and motivate persons with the competence necessary for the proper supervision of the Company and its Group. In determining the remuneration of individual members of the Supervisory Board, account is taken of the workload necessary for the proper performance of the function of a member of the body, the scope of duties and responsibilities associated with this function and the competence possessed by virtue of the experience of these persons. Persons serving on the Audit Committee receive additional remuneration.

# Independent auditor's report on a reasonable assurance engagement on the assessment of a remuneration report

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For Shareholders and the Supervisory Board of CPD Spółka akcyjna

We have been engaged to assess the attached remuneration report of CPD Spółka akcyjna (Company) with its registered office in Warsaw, 7B Cybernetyki Street, for the year 2021 and 2022 as regards the completeness of the information included therein, required pursuant to Article 90g sections 1-5 and 8 of the Act of 29 July 2005 on public offering, conditions governing the introduction of financial instruments to organised trading and on public companies (consolidated text: Journal of Laws of 2022, item 2554) (Public Offering Act).

## *Identification of the criteria and description of the subject matter of the engagement*

The remuneration report was prepared by the Company's Supervisory Board in order to meet the requirements of Article 90g section 1 of the Public Offering Act. The applicable requirements for the remuneration report are set out in the Public Offering Act.

The requirements described in the preceding sentence set out the basis for the preparation of a remuneration report and, in our opinion, constitute appropriate criteria for us to make a conclusion that provides reasonable assurance.

In accordance with the requirements of Article 90g section 10 of the Public Offering Act, a remuneration report shall be assessed by a statutory auditor as regards the inclusion of information required under Article 90g section 1-5 and 8 of the Public Offering Act. This report fulfils the above requirement.

The statutory auditor's assessment which forms the basis for us to make a conclusion that provides reasonable assurance, as referred to in the preceding sentence, shall be understood as an assessment of whether the scope of information presented in the remuneration report is complete, in all material respects, and whether the information has been disclosed in sufficient detail required by the Public Offering Act.

## *Responsibility of the Supervisory Board Members*

In accordance with the Public Offering Act, Members of the Company's Supervisory Board are responsible for preparing a remuneration report in accordance with applicable laws, in particular for the completeness of the report and for the information contained there.

The Supervisory Board's responsibility also includes the design, implementation and maintenance of an internal control system ensuring the preparation of a complete remuneration report free from material misstatements due to fraud or error.

### *Auditor's responsibility*

Our objective was to assess the completeness of the information contained in the attached remuneration report against the criterion set out in the *Identification of the criteria and description of the subject matter of the engagement* section and to express, on the basis of the evidence obtained, an independent conclusion on the performed reasonable assurance engagement.

We completed the engagement in accordance with the regulations of the National Standard for Assurance Engagements other than Audits or Reviews 3000 (R) in the wording of International Standard on Assurance Engagements (ISAE) 3000 (revised) *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, adopted by resolution of the National Chamber of Statutory Auditors No 3436/52e/2019 of 8 April 2019, as amended (NSAE 3000 (R)).

The standard imposes on a statutory auditor an obligation to plan and perform procedures in such a manner as to obtain reasonable assurance that a remuneration report has been prepared in accordance with the specified criteria.

Reasonable assurance means a high level of assurance, but it does not guarantee that an engagement performed in accordance with NSAE 3000 (R) would always detect an existing material misstatement.

The selection of the procedures depends on the statutory auditor's judgement, including their estimation of the risks of material misstatement, whether due to fraud or error. When assessing the risk, the statutory auditor considers internal control associated with the preparation of a complete report in order to plan the relevant procedures which are to provide the auditor with sufficient and appropriate evidence. The assessment of the functioning of the internal control system was not conducted for the purpose of expressing a conclusion on the effectiveness of its operation.

### *Summary of work performed and limitations of our procedures*

The procedures planned and performed by us included in particular:

- reading the content of the remuneration report and comparing the information contained therein with the applicable requirements,
- reading the resolutions of the Company's General Meeting concerning the remuneration policy for Members of the Management Board and the Supervisory Board, as well as the Supervisory Board's resolutions that further specify the above resolutions,
- preparation (by comparison with corporate documents) of a list of persons for whom information is required to be included in the remuneration report and determining (by enquiring the persons responsible for preparing the report and, where we deemed it appropriate, also directly the persons subject to the requirement to include information) whether all information required in the criteria has been disclosed.

Our procedures were only aimed at obtaining evidence that the information provided by the Supervisory Board in the remuneration report complies (in terms of its completeness) with the applicable requirements. Our work was not intended to assess the sufficiency of the information contained in the remuneration report in terms of the purpose of preparation of remuneration report, nor to assess the correctness and accuracy of the information contained there, in particular as regards the amounts disclosed, including the previous years' estimates, figures, dates, inclusion in the breakdown, allocation methods, compliance with the adopted remuneration policy.

The remuneration report was not audited within the meaning of the National Auditing Standards. During our assurance procedures, we did not audit or review the information used to prepare the remuneration report and,

therefore, we are not responsible for issuing or updating any reports or opinions on the Company's historical financial information.

We believe that the evidence we have obtained provides sufficient and appropriate basis for us to express the following conclusion.

#### *Clarification with attention - no publication of the remuneration report for 2021 in 2022*

We draw attention to item 1 of the narrative part of the CPD SA Supervisory Board's report on the remuneration of members of the Management Board and Supervisory Board, regarding the obligation to prepare an annual remuneration report, in which the Supervisory Board indicates that this remuneration report is a report for 2021 and for 2022. Our opinion does not contain modifications regarding this matter.

We draw attention to item 9 of the narrative section of the CPD SA Supervisory Board's report on the remuneration of members of the Management Board and Supervisory Board, concerning the explanation of how the resolution giving an opinion on the previous report of the Supervisory Board was included in it, in which the Supervisory Board indicates that the last resolution giving an opinion on the reports of the Supervisory Board concerned the report of the Supervisory Board on the remuneration of members of the Management Board and Supervisory Board of the Company for 2019 - 2020. Our opinion does not contain any modification regarding this matter.

#### *Ethical requirements, including independence*

In performing the engagement, the statutory auditor and the audit firm complied with the requirements of independence and other ethical requirements set out in the *International Code of Ethics for Professional Accountants* (including the *International Independence Standards*) of the International Ethics Standards Board for Accountants, adopted by Resolution No 3431/52a/2019 of the National Chamber of Statutory Auditors of 25 March 2019 on the principles of professional ethics of statutory auditors (IESBA Code). The IESBA Code is based on fundamental principles relating to integrity, objectivity, professional competence and due diligence, confidentiality and professional conduct. We also complied with other independence and ethical requirements that apply to this assurance engagement in Poland.

#### *Quality management requirements*

The audit firm applies national quality control standards in the wording adopted by resolution of the Council of the Polish Audit Oversight Agency No 38/I/2022 of November 15, 2022, which requires the audit firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### *Conclusion*

The statutory auditor's conclusion is based on the considerations described above, therefore, the conclusion should be read in the light of these considerations.

In our opinion, the attached remuneration report contains, in all material respects, all the elements listed in Article 90g sections 1-5 and 8 of the Public Offering Act.

#### *Limitation of use*

This report has been prepared by Grant Thornton Polska Prosta spółka akcyjna (Grant Thornton) for the General Meeting of Shareholders and the Supervisory Board of the Company and is intended solely for the purpose described in the *Identification of the criteria and description of the subject matter of the engagement* section and should not be used for any other purposes.

Therefore, Grant Thornton assumes no liability associated with this report and arising out of any contractual or non-contractual relationship (including due to negligence) towards third parties in the context of this report. This does not release us from liability in situations where such release is excluded by operation of law.

Marcin Diakonowicz

Statutory auditor No. 10524 performing the engagement on behalf of  
Grant Thornton Polska Prosta spółka akcyjna,  
Poznań, ul. Abpa Antoniego Baraniaka 88 E, Audit Firm No. 4055

Warsaw, May 31, 2023

THIS IS TRANSLATION ONLY. The Polish language version of the report is the only valid and legally binding version. This translation into English is provided to facilitate understanding of the report.