

Report  
of the MOSTOSTAL WARSZAWA S.A. Supervisory Board  
for 2021

## I. Supervisory Board Activities in 2021.

Information about the Members of the Supervisory Board and its Committees, Including Indication of Those Supervisory Board Members Who Fulfil the Criteria of Being Independent Referred to in the Act of 11 May 2017 on Auditors, Audit Firms And Public Supervision and Those Supervisory Board Members Who Have No Actual and Material Relations with Any Shareholder Who Holds at Least 5% of the Total Vote in the Company, and Information About the Members of the Supervisory Board in the Context Of Diversity;

During the financial year 2021, there was a change in the Company's Supervisory Board term of office. From 1 January 2021 to 21 June 2021, the Mostostal Warszawa S.A. Supervisory Board of the 9<sup>th</sup> term worked in the following composition:

- Antonio Muñoz Garrido - Chairman of the Supervisory Board
- José David Márquez Arcos - Vice Chairman of the Supervisory Board
- Neil R. Balfour - Member of the Supervisory Board
- Javier Serrada Quiza - Member of the Supervisory Board
- Javier Lapastora Turpín - Member of the Supervisory Board in accordance with the declaration of independence criteria
- Ernest Podgórski - Member of the Supervisory Board in accordance with the declaration meeting the independence criteria.

On 21 June 2021 the Annual General Meeting of Shareholders appointed the following to the Supervisory Board of the 10<sup>th</sup> term of office:

- Antonio Muñoz Garrido - Member of the Supervisory Board (Chairman of the Supervisory Board as of 9 September 2021)
- Javier Lapuente Sastre - Member of the Supervisory Board (Vice Chairman of the Supervisory Board as of 9 September 2021)
- Neil R. Balfour - Member of the Supervisory Board
- Javier Serrada Quiza - Member of the Supervisory Board
- Javier Lapastora Turpín - Member of the Supervisory Board in accordance with the declaration of independence criteria
- Ernest Podgórski - Member of the Supervisory Board in accordance with the declaration meeting the independence criteria.

Two members of the Supervisory Board of the ninth and two members the tenth terms met the independence criteria set out in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision.

In the case of two members of the Supervisory Board of both the 9<sup>th</sup> and 10<sup>th</sup> terms, there were no real and significant relations with a shareholder holding at least 5% of the total number of votes in the Company.



Audit Committee operated with the Company's Supervisory Board. Information on the Audit Committee activities are covered in section II: *Audit Committee activities* below.

In 2021 the Company did not have a diversity policy implemented and therefore these principles were not applicable.

### **Information on the Management Board of Mostostal Warszawa S.A.**

From 1 January to 31 December 2021, the composition of the Company's Management Board of the 8<sup>th</sup> term was as follows:

- Miguel Angel Heras Llorente President of the Management Board
- Jorge Calabuig Ferre Vice-President of the Management Board
- Jacek Szymanek - Member of the Management Board
- Carlos Enrique Resino Ruiz - Member of the Management Board

### **Supervisory Board's Evaluation of the Composition and Management of the Company's Management Board**

The Supervisory Board assesses that the composition of the Mostostal Warszawa S.A. Management Board of during the financial year 2021 ensured professional and effective management of the Company and corresponded to the strategy adopted by the Company.

### **Supervisory Board's Assessment of the Company's Situation**

During 2021 The Supervisory Board systematically assessed the Company's situation on the basis of the financial statements and information materials submitted by the Management Board as well as on the basis of the reports of the independent auditor - KPMG Audyt spółka z ograniczoną odpowiedzialnością sp.k. with its seat in Warsaw, selected by the Supervisory Board for the audit the 2021 financial statements.

### **Work of the Supervisory Board in 2021.**

The Mostostal Warszawa S.A. Supervisory Board performed its duties on the basis of the Commercial Companies Code, Best Practices of Companies Listed on the Warsaw Stock Exchange 2016 replaced from July 2021 Best Practices of Companies Listed on the Warsaw Stock Exchange 2021 and on the basis of the Company's Articles of Association and the Company's Supervisory Board Regulations.

The specific tasks of the Company's Supervisory Board include:

1. Examination of the Company's and the Capital Group's financial statements, both as to their compliance with the books and documents and with the facts, examination of the Management Board's report on the Company's activities, conclusions as to the distribution of profits or coverage of losses, and submission of a written report on the results of the examination to the General Meeting;
2. Issuing opinions on motions submitted by the Company's Management Board for consideration by the General Meeting;
3. Appointment and dismissal of the Company's Management Board members.

### **Supervisory Board Activity**

The work of the Supervisory Board of Mostostal Warszawa S.A. was managed by its Chairman, or in his absence by the Vice-Chairman of the Supervisory Board or another person elected from among the present members of the Supervisory Board.

Resolutions of the Supervisory Board were adopted by an absolute majority of votes in the presence of at least half the members of the Supervisory Board. The meetings of the Supervisory Board were minuted and the minutes were signed by all its members present at the meeting.

Four meetings of the Supervisory Board were held in the 2021 financial year. All resolutions passed by the Supervisory Board were passed with the quorum required by law. In the year 2021, the Supervisory Board adopted a total of 33 resolutions.

At the meeting held on 14 April 2021, resolutions were passed on the following matters:

- the Company's separate financial statements for 2020 and the Management Board's report on the Company's activities for 2020.
- the consolidated financial statements for 2020 and the management report on the Group's activities for 2020.
- distribution of the Company's profit for 2020
- discharging the members of the Company's Management Board on their activities in 2020
- approval of the Supervisory Board's report on its activities for 2020
- statement by the Supervisory Board on the appointment, composition and operation of the Audit Committee
- statements of the Supervisory Board on the selection of the Auditor for the review of the financial statements
- adoption of a resolution to consider and give its opinion on the matters to be discussed at the General Meeting of the Company, in accordance with the principles of Corporate Governance
- adoption of a resolutions awarding annual bonuses to members of the Management Board of Mostostal Warszawa S.A.
- adoption of the Rules of Procedure of the Supervisory Board

At its meeting on 20 May 2021 the Supervisory Board discussed the results of the first quarter 2021 and discussed the offers for the selection of an auditor to review the separate and consolidated financial statements for the years 2021-2022.

At the meeting held on 9 September 2021, resolutions were passed on the following matters:

- appointment of the Supervisory Board Chairman
- appointment of the Supervisory Board Vice-Chairman
- appointment of the Audit Committee for a new term
- condensed separate interim financial statements of Mostostal Warszawa S.A. for the period 1 January 2021 - 30 June 2021 and the Statement of Activities of Mostostal Warszawa S.A. for the period 1 January 2021. - 30 June 2021
- condensed interim consolidated financial statements of Mostostal Warszawa Capital Group for the period 1 January 2021 - 30 June 2021 and the Report on the Group's activities to the condensed interim consolidated financial statements for the period 1 January 2021 - 30 June 2021.

At its meeting on 4 November 2021 the Supervisory Board discussed the results of the third quarter of 2021.

In the reporting period, the Supervisory Board adopted 8 resolutions in writing among others on the following issues: expressing consent to conclude a transaction with a related entity, defining the terms and conditions of the contract of the Management Board Vice President Board and the Member, appointing the entity authorised to audit the Company's financial statements and the Capital Group's consolidated statements, and expressing the Supervisory Board's opinion on the Mostostal Warszawa S.A. and the Capital Group Policy Book.

In addition, the Supervisory Board on 19 April 2021 took note of the Auditor's Report evaluating the financial statements and the Management Board's report for 2020 and the consolidated financial statements for 2020 and the report on the Group's activities in 2020, which did not find any irregularities in the Company's Management Board activities.

On 19 May 2021 the Supervisory Board adopted its report on the remuneration of the Mostostal Warszawa S.A. Management Board and Supervisory Board for 2019-2020.

Having analysed the Company's activities and reports, taking into account the Auditor's opinion, the Supervisory Board decides to recommend to the General Meeting acknowledgement of the fulfilment of duties by the members of the Management Board in 2021: Miguel Angel Heras Llorente, Jorge Calabuig Ferre, Jacek Szymanek, Carlos Enrique Resino Ruiz.

The Supervisory Board decides to recommend to the General Meeting that members of the Supervisory Board Antonio Muñoz Garrido, José David Márquez Arcos, Javier Lapuente Sastre, Neil Roxborough Balfour, Ernest Podgórski, Javier Lapastora Turpín and Javier Serrada Quiza discharge their duties in 2021.

### **Evaluation of the work of the Mostostal Warszawa S.A. Supervisory Board for 2021**

In the 2021 financial year, 4 Supervisory Board meetings were held. During the meetings, which were duly convened and prepared, all relevant and important matters for the Company were discussed. The agendas of the individual Board meetings took into account the motions put forward by the Management Board of the Company. The subject of the Supervisory Board meetings were the current affairs of the Company, including, among others: the financial situation of the Company, analysis of the strategy and operational tactics of the Company, examination of the Company's financial statements, examination of the Management Board's report on operations and other matters falling within the competence of the Supervisory Board resulting directly from the provisions of law, its Regulations and the Articles of Association of the Company.

Association of the Company.

In the opinion of the Supervisory Board, the most important risk and threat factors for the Company include:

- in the financial field: price, currency, credit and liquidity risks
- in terms of employees: risk of increased employment costs, risk of accidents at work
- in the organisational scope: risk of untimely performance of works by subcontractors, risk of low quality of subcontractor's works, risk of failure of equipment, machines
- in intellectual terms: risks of having to modify contracts in terms of works and/or technology
- in the social field: risks of lack of or delays in obtaining administrative approvals/decisions, risks of lengthy procedures for awarding public tenders

- in the natural scope: risks of adverse environmental conditions, weather, land, natural disasters
- The Supervisory Board has taken appropriate measures to verify and agree on management principles covering: interest rate risk, currency risk, commodity price risk, credit risk, liquidity risk, in particular consisting in:
- ongoing monitoring of the market situation,
  - negotiating the terms of hedging derivatives in such a way that they correspond to the terms of the hedged item and ensure maximum effectiveness of the hedge,
  - monitoring of prices and centralisation of purchases of basic building materials,
  - the formulation of contractual agreements taking into account the possibility of changing contractual deadlines and the introduction of indexation clauses taking into account the possibility of changing remuneration depending on market prices of labour factors,
  - concluding transactions with companies with a creditworthiness that guarantees commercial security,
  - continuous monitoring of the status of payables and receivables,
  - formal, legal and financial verification of counterparties.

**An Assessment of the Company's Standing on a Consolidated Basis, Including Assessment of the Internal Control, Risk Management And Compliance Systems and the Internal Audit Function, and Information About Measures Taken by the Supervisory Board to Perform Such Assessment; Such Assessment Should Cover All Significant Controls, in Particular Reporting and Operational Controls.**

In the opinion of the Supervisory Board, Mostostal Warszawa S.A. maintains effective internal control, risk management and compliance systems, as well as organisational units which, within the scope of their activities, perform functions corresponding in essence to those of internal audit. All the aforementioned elements enable the Supervisory Board to exercise permanent supervision over the Company's operations and perform an on-going assessment of its situation.

The internal control system consists of comprehensive internal procedures and instructions.

Risk management takes place in the Company at the strategic and operational levels and covers, inter alia, the following areas: financial, legal, human resources, contractual, technological, environmental and other.

Risk assessment is a process used throughout the Company's core business: at the stage of winning an bid, after signing a contract, during planning and execution. The results of risk assessment are documented in the Risk Assessment Sheet, while the risk control plan including: risk avoidance / risk transfer / risk reduction / risk acceptance is documented in the Risk Control Plan.

The internal audit function is carried out, among others, by the Management Systems Department.

As part of the Integrated Management System operating in the Company, internal and external audits are conducted. As a result of the audits, preventive, correctional and corrective actions are taken, resulting from the identified observations and non-compliances. All these activities are aimed at ensuring compliance with the requirements of the standards: ISO 9001 (Quality Management Systems), ISO 14001 (Environmental Management Systems) and PN-N-18001 and BS OHSAS (Occupational Health and Safety Management Systems).

From 1 February 2021, following recertification of the Integrated Management System by TÜV Nord, a new certificate for compliance is in force: ISO 9001:2015, ISO 14001:2015, PN-ISO 45001:2018 valid till 31.01.2024.

The Supervisory Board systematically monitors compliance risk management. All significant risks associated with the Company's operations are discussed and monitored by both the Audit Committee of the Supervisory Board and the Supervisory Board.

The Board of Directors, at its regular meetings, provides comprehensive oversight of the day-to-day operation of the compliance and reputation risk management process by analysing, assessing and controlling the Company's compliance with legal regulations and regulatory guidelines. Key information on non-compliance is communicated and discussed with the Supervisory Board.

The results of the systems assessments are reported to the Company's Management Board, which presents them to the Supervisory Board.

*On the basis of the results of its activities, the Supervisory Board assesses the internal control system and the compliance risk management system as appropriate to the risk profile and size of the Company and as constituting adequate, but not unconditional, security against the occurrence of undesirable events. The Supervisory Board does not see a need to separate a unit performing the internal audit function in the organisational structure.*

In conclusion, the Mostostal Warszawa S.A. Supervisory Board Members ensure that they have made every effort to fulfil effectively the duties entrusted to them within the scope of their functions.

**Assessment of the Company's Compliance with the Corporate Governance Principles and the Manner of Compliance with the Disclosure Obligations Concerning Compliance with the Corporate Governance Principles Defined in the Exchange Rules and the Regulations on Current and Periodic Reports Published by Issuers of Securities, and Information About Measures Taken by the Supervisory Board to Perform Such Assessment.**

During the period from 31 January to 30 June 2021 the Company has adhered to the set of corporate governance principles covered by the document entitled "Best Practices for Companies Listed on the WSE 2016" ("DPSN 2016"). During that period of the DPSN 2016, the Company complied with these principles. These principles continued to be implemented despite the entry into force of the new "Best Practices" principles.

In connection with the entry into force of the document entitled "Best Practice for GPW Listed Companies 2021" ("DPSN 2021"), from 1 July to 31 December 2021, the Company applied an extended set of principles. The DPSN 2021 rules are available on the website of the Warsaw Stock Exchange S.A. ("GPW") (<https://www.gpw.pl/dobre-praktyki>).

Information on the Company's implementation of the DPSN 2021 Rules is available on the Company's website in the Investor Relations/Corporate Governance section (<https://www.mostostal.waw.pl/relacje-inwestorskie/lad-korporacyjny>) and on the GPW's website at <https://www.gpw.pl/dpsn-skaner>.

The following summary presents the policies that the Company did not apply during the period from 1 July till 31 December 2021.:

No.	DPSN 2021 Principle	The Company's rationale for deviating from the principle
<b>Section 1: Information policy and communication with investors</b>		
1.1	Companies maintain efficient communications with capital market participants and provide fair information about matters that concern them. For that purpose, companies use diverse tools and forms of communication, including in particular the corporate website where they publish all information relevant for investors.	The Company communicates with investors in line with the expectations indicated by stakeholders. The website is adapted to the signalled needs and requests received from the market. Due to the inconsiderable interest from the market, meetings with investors are held according to the reported demands and direct enquiries from investors. Thus, the Company does not produce dedicated result presentations and numerical data in an editable format. The Company intends to expand the range of information and materials made available as needs arise and as new expectations from investors appear.
1.3.1	Environmental factors, including measures and risks relating to climate change and sustainable development.	The Company is working on an ESG policy which will be agreed and adopted by the relevant authorities.
1.3.2	Social and employee factors, including among others actions taken and planned to ensure equal treatment of women and men, decent working conditions, respect for employees' rights, dialogue with local communities, customer relations.	The Company is working on a policy covering social and labour issues, which will be agreed and adopted by the relevant authorities. As soon as the Company adopts the policy, the key ESG elements will be incorporated into Mostostal Warszawa S.A.'s strategy. Currently the Company applies the principles of the adopted Mostostal Warszawa S.A. and Mostostal Warszawa Group Code of Conduct.
1.4.1	Explain how the decision-making processes of the company and its group members integrate climate change, including the resulting risks;	The Company is working on ESG policy assumptions that will be incorporated into its strategy. The strategy assumptions after taking into account ESG topics will be made public on the Company's website.
1.4.2	Present the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target.	The Company is working on ESG policy assumptions that will be incorporated into its strategy. The strategy assumptions after taking into account ESG topics will be made public on the Company's website.



1.5	Companies disclose at least on an annual basis the amounts expensed by the company and its group in support of culture, sports, charities, the media, social organisations, trade unions, etc. If the company or its group pay such expenses in the reporting year, the disclosure presents a list of such expenses.	Due to its small size, the Company has not yet collected data on such expenses incurred by Group companies. However, from 2022 onwards, the Company will comply with Rule 1.5.
1.6	Companies participating in the WIG20, mWIG40 or sWIG80 index hold on a quarterly basis and other companies hold at least on an annual basis a meeting with investors to which they invite in particular shareholders, analysts, industry experts and the media. At such meetings, the management board of the company presents and comments on the strategy and its implementation, the financial results of the company and its group, and the key events impacting the business of the company and its group, their results and outlook. At such meetings, the management board of the company publicly provides answers and explanations to questions raised.	The Company communicates with investors in accordance with the relevant rules adopted for public companies and the expectations indicated by stakeholders, by holding individual meetings with investors according to their needs. As a rule, members of the Management Board are present at meetings with investors and are available to answer questions put forward by investors.
<b>Section 2: Management Board and Supervisory Board</b>		
2.1	Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and	The Company will soon initiate work on development of its diversity policy, which will ultimately be subject to agreements within its bodies. The structure of the Company's Management Board and Supervisory Board does not currently meet the criteria of this principle.



	the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.	
2.2	Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.	The Company will soon initiate work on developing its diversity policy that will facilitate the comprehensiveness of the bodies by selecting persons ensuring diversity in their composition. At present, the structure of the Company's Management Board and Supervisory Board ensures its efficient and effective functioning, even though at present it does not meet the criteria of the diversity principle. At present, the key criteria for selection of candidates for the Management Board and Supervisory Board are professional experience and education. The diversity factors were not taken into account due to the fact that the proposed candidates for certain positions in the Company's bodies did not grant the possibility for application of this principle. The Company will take steps in the near future to bring the Company in line with the diversity policy. When the diversity policy is drawn up, the Company will request the Supervisory Board and the General Meeting to approve appropriate resolutions regarding the adoption and application of the diversity principles.
2.11.3	Assessment of the company's standing on a consolidated basis, including assessment of the internal control, risk management and compliance systems and the internal audit function, and information about measures taken by the supervisory board to perform such assessment; such assessment should cover all significant controls, in particular reporting and operational controls.	The Supervisory Board makes its assessment on the basis of the information provided by the Company. Nevertheless, the information provided to the Supervisory Board does not include detailed information on data and information on internal control systems until modifications are made in this area.
2.11.5	assessment of the rationality of expenses referred to in principle 1.5.	Due to the small size of such expenses, the Company has not yet collected data on expenses incurred by Group companies. However, from 2021 onwards, the Company will comply with principle 1.5.

2.11.6	Information regarding the degree of implementation of the diversity policy applicable to the management board and the supervisory board, including the achievement of goals referred to in principle 2.1.	The Company will shortly commence work on a diversity policy, which will be subject to agreement with its bodies prior to adoption. Once the diversity policy is adopted, the Board will report accordingly in its report.
<b>Chapter 3: Internal systems and functions</b>		
3.5	Persons responsible for risk and compliance management report directly to the president or other member of the management board.	The person responsible for risk management reports the Management Board member, while the person responsible for compliance management does not report to the President or a Management Board member, but functionally reports directly to the Vice-President.
3.7	Principles 3.4 to 3.6 apply also to members of the company's group which are material to its activity if they appoint persons to perform such tasks.	Within the Group companies, due to their respective size, the systems and functions referred to in principle 3.1 are carried out by different organisational units where as their subordination does not necessarily correspond to principles from 3.4 to 3.6.

In the opinion of the Supervisory Board, withdrawal from the principles described above results both from the Company's and Group Companies profile and scale of operations. At the same time, the Management Board of the Company took steps to ensure further compliance with the principles of DPSN 2021.

The Company shall include a corporate governance statement in its published stand-alone and consolidated annual report.

**Information on Expenses Incurred by the Company and Its Group in order to Support Culture, Sport, Charitable Institutions, Media, Social Organisations, Trade Unions.**

Neither the Company nor the Group had a sponsorship policy in place in 2021. In the period since July 2021, i.e. since the entry into force of the Best Practices of Companies Listed on the Warsaw Stock Exchange 2021, the Company has not undertaken any activities aimed at supporting culture, sport, charitable institutions, the media, social organisations or trade unions.

**Information on the Degree of Implementation of the Diversity Policy with Regard to the Management Board and the Supervisory Board**

The Company in 2021 did not have a diversity policy in place in relation to the Management Board and the Supervisory Board.

**II. Activities of the Audit Committee**

During the period from 1 January 2021 to 21 June 2021, the Audit Committee ("AC") of the Supervisory Board operated with the following composition:

- Javier Lapastora Turpín - AC Chairman
- Ernest Podgórski - AC Member
- José David Márquez Arcos - AC Member

With the expiry of the 9<sup>th</sup> term Mostostal Warszawa S.A. Supervisory Board mandate, the mandate of AC expired on 21 June 2021,

In connection with the constitution of the 10<sup>th</sup> term Supervisory Board on 9 September 2021, the Supervisory Board appointed AC for a new term with the following composition:

- Javier Lapastora Turpín - AC Chairman
- Ernest Podgórski - AC Member
- Javier Lapuente Sastre - AC Member

During 2021, 5 Audit Committee meetings were held.

At its meeting held on 14 March 2021 the AC met with the Company's auditor to discuss the Company's and the Group's 2020 financial statements. At the meeting, the AC presented its conclusions and recommendations from the assessment of the financial statements to the Board. In addition, the Committee approved the report on its activities for 2020.

At its meeting on 20 May 2021 the AC reviewed and discussed the financial statements of the Company and the consolidated financial statements of the Group for the first quarter of 2021. In addition, during the meeting, the Committee reviewed the bids for the audit of the Company's financial statements and the Group's consolidated financial statements for 2021-2022.

At its meeting held on 9 September 2021 the AC met with the Company's auditor to discuss the Company's financial statements and the Group's consolidated financial statements for the first half of 2021 and presented the conclusions and recommendations from the Board's evaluation of the financial statements.

At its meeting on 4 November 2021 the AC reviewed and evaluated the financial statements of the Company and the Group for the third quarter of 2021, and presented its conclusions and recommendations from the evaluation of the financial statements to the Supervisory Board. In addition, following discussion, it adopted the Audit Committee's work schedule for 2021.

At its meeting on 30 November 2021 the Audit Committee met with the Company's Auditor to discuss the scope of work for the 2021 financial statements.

The Audit Committee adopted resolutions on the approval of the Audit Committee to provide an attestation service regarding the Report of the Supervisory Board on the implementation of the Remuneration Policy of the Management Board and Supervisory Board of Mostostal Warszawa S.A. for the years 2019 and 2020 and regarding the recommendation of the Audit Committee on the selection of the entity authorised to audit the financial statements of the Company and the consolidated statements of the Capital Group.

The specific tasks of the Audit Committee of the Company's Supervisory Board include:

1. supporting the Supervisory Board in the performance of its statutory control and supervisory duties, in particular with regard to:

- a) the proper implementation and control of financial reporting processes within the Company and its group,
  - b) the effectiveness of the Company's internal controls,
  - c) the proper functioning of risk identification and management systems,
  - d) ensuring the independence of internal and external auditors,
  - e) monitoring the Company's relationship with related parties;
2. monitoring:
    - a) the financial reporting process,
    - b) the effectiveness of internal control and risk management systems and internal audit, including on financial reporting,
    - c) the performance of the auditing activities, in particular the conduct of the audit by the audit firm;
  3. developing a policy for the selection of the audit firm to carry out the audit;
  4. determining the procedure for the selection of the audit firm by the Company;
  5. developing a policy on the provision of permitted non-audit services by the audit firm carrying out the audit, by entities affiliated with that audit firm and by a member of the audit firm's network;
  6. making recommendations to the Supervisory Board on the appointment of statutory auditors or audit firms (referred to in Article 16(2) of Regulation No. 537/2014);;
  7. assessing the auditor's independence and approving the provision of permitted non-audit services by the auditor to the Company;
  8. controlling and monitor the independence of the statutory auditor and audit firm, in particular where services other than audit are provided to the Company by the audit firm;
  9. informing the Supervisory Board of the results of the audit and explaining how the audit contributed to the integrity of the Company's financial reporting and the Audit Committee's role in the audit process;
  10. making recommendations to ensure the integrity of the Company's financial reporting process.

In this respect, the Audit Committee carries out the following activities belonging to the key elements of the internal control system:

- evaluation of the current financial situation of the Company and the prospects for its operations in the coming years, through the analysis of financial statements, economic indicators and the size of its order portfolio.
- holding annual meetings with the Company's independent auditor in order to obtain direct information on the correctness, reliability and verifiability of the accounts and on phenomena noted during the audit that could have a significant impact on the audited financial statements.

The audit of the statements is a mandatory audit within the meaning of Article 64 of the Accounting Act.

The subject of the audit was the separate financial statements of Mostostal Warszawa S.A. including:

1. statement of financial position as at 31.12.2021 showing both on the assets and liabilities side the amounts: PLN 770,916 thousand;
2. profit and loss account for 2021 showing a net profit of PLN 8,602 thousand;
3. statement of changes in equity showing an increase in equity by PLN 8,602 thousand (total equity amounts to PLN 27.307 thousand);

4. the cash flow statement, showing a net increase in cash during the financial year of PLN 37,786 thousand;
5. additional information.

The Auditor considered the audited financial statements, comprising figures and verbal explanations, as:

- reliably presenting all information significant for the assessment of the financial and asset situation as well as the financial result of the Company for the period covered by the audit,
- prepared, in all material respects, in accordance with the provisions set out in the opinion on the audited financial statements and on the basis of properly maintained accounting records,
- in accordance with the legal provisions and the articles of association affecting the content of the financial statements.

Also for the assessment of the Management Board's Report on the activities of Mostostal Warszawa S.A. for the period from 1 January 2021 to 31 December 2021 the Audit Committee has relied on the documents prepared by the auditing firm. The Audit Committee shares the Auditor's assessment expressed in the opinion, which states that this report meets the requirements of Article 49 of the Accounting Act.

The subject of the audit was also the consolidated financial statements of the Mostostal Warszawa S.A. Capital Group including:

1. consolidated statement of financial position as at 31.12.2021, which on the assets and liabilities side shows a total of PLN 922,151 thousand;
2. consolidated profit and loss account for the financial year 2021, which shows net profit attributable to the Parent Company and non-controlling shareholders in the amount of PLN 24,708 thousand;
3. statement of changes in total consolidated equity showing an increase in equity by PLN 24,448 thousand (total equity amounts to PLN 80,711 thousand);
4. consolidated cash flow statement, showing an increase in net cash during the financial year 2021 by the sum of: PLN 57,472 thousand;
5. additional information.

The Auditor considered the audited consolidated financial statements, comprising the figures and verbal explanations, as:

- giving a true and fair view of all the information relevant to the assessment of the financial position and financial performance for the period under review,
- in accordance with the legal provisions and the articles of association affecting the content of the financial statements.

The Audit Committee also reviewed the opinion and report supplementing the audit opinion on the 2021 financial statements, which also includes an assessment of the operation of the internal control system.

The Audit Committee supervised the appropriate actions taken by the Management Board in verifying and agreeing on management principles covering: interest rate risk, foreign exchange risk, commodity price risk, credit risk, liquidity risk, in particular consisting of:

- ongoing monitoring of the market situation,
- negotiating the terms of hedging derivatives in such a way that they correspond to the terms of the hedged item and ensure maximum effectiveness of the hedge,
- monitoring prices of the most frequently purchased building materials,

- the formulation of contractual agreements taking into account the possibility of changing the deadlines for the execution of the contract and the introduction of indexation clauses taking into account the possibility of changing the remuneration depending on the market prices of labour factors,
- concluding transactions with companies with a creditworthiness that guarantees commercial security,
- continuous monitoring of the status of payables and receivables,
- formal, legal and financial verification of counterparties.

Having read the opinion and the report supplementing the audit opinion on the consolidated financial statements for 2021 and having heard the Auditor's information, the Audit Committee shares the Auditor's assessment and concludes that the consolidated financial statements of the Group for 2021 comply, in form and content, with the regulations applicable to the Group and are consistent with the consolidation documentation.

Warsaw, 11 April 2022

.....  
Antonio Muñoz Garrido

.....  
Javier Lapuente Sastre

.....  
Neil Balfour

.....  
Javier Lapastora Turpín

.....  
Ernest Podgórski

.....  
Javier Serrada Quiza