

REPORT ON THE REMUNERATION
OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD
OF MOSTOSTAL WARSZAWA S.A.
FOR 2021

Warsaw, 20 April 2022



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No. KRS 0000008820, NIP: 526-020-49-95, Regon: 012059053, Share capital: 20 000 000 PLN, Paid-in capital: 20 000 000 PLN

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I. INTRODUCTION

This Report on the remuneration of the Management Board and Supervisory Board of Mostostal Warszawa S.A. for 2021 (the "**Report**") provides a comprehensive overview of remuneration, including all benefits received or payable to individual Management Board members and Supervisory Board of Mostostal Warszawa S.A. (the "**Company**") during the period from 1 January to 31 December 2021.

The report was prepared on the basis 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 incentive for shareholders' long-term engagement;
- Article 90g of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of 29 July 2005 ("**Act on Public Offering**");
- §14 of the Remuneration Policy for Members of the Management Board and Supervisory Board of Mostostal Warszawa S.A. ("**Remuneration Policy**"), adopted by Resolution No. 19 of the General Meeting of the Company of 22 July 2020;

and taking into account the European Commission's guidance contained in the draft Guidance on the standard presentation of the remuneration report pursuant to Directive 2007/36/EC of the European Parliament and of the Council, as amended by Directive (EU) 2017/828, on incentivising long-term shareholder engagement.

II. COMPOSITION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD IN 2021

1. Composition of the Management Board

1.1. During 2021 the Company's Management Board fulfilled its duties in the following composition:

- | | |
|--------------------------------|--|
| 1. Miguel Angel Heras Llorente | – President of the Management Board |
| 2. Jorge Calabuig Ferre | – Vice-President of the Management Board |
| 3. Jacek Szymanek | – Member of the Management Board |
| 4. Carlos Enrique Resino Ruiz | – Member of the Management Board |

2. Composition of the Supervisory Board

2.1. From 1 January 2021 to 21 June 2021 the Company's Supervisory Board composition was as follows:

1. Antonio Muñoz Garrido – Chairman of the Supervisory Board
2. José David Márquez Arcos – Vice Chairman of the Supervisory Board
3. Neil Roxburgh Balfour – Member of the Supervisory Board
4. Javier Serrada Quiza – Member of the Supervisory Board
5. Javier Lapastora Turpín – Member of the Supervisory Board
6. Ernest Podgórski – Member of the Supervisory Board

2.2. In connection with the expiry of the Supervisory Board's ninth term of office, the General Shareholders Meeting on 21 June 2021 appointed a Supervisory Board for the tenth term of office with the following composition:

1. Antonio Muñoz Garrido – Member of the Supervisory Board (from 9 September 2021 Chairman of the Supervisory Board)
2. Javier Lapuente Sastre – Member of the Supervisory Board (from 9 September 2021 Vice-Chairman of the Supervisory Board)
3. Neil Roxburgh Balfour – Member of the Supervisory Board
4. Javier Serrada Quiza – Member of the Supervisory Board
5. Javier Lapastora Turpín – Member of the Supervisory Board
6. Ernest Podgórski – Member of the Supervisory Board

2.3. From 1 January 2021 to 21 June 2021, the composition of the Audit Committee functioning at the Company's Supervisory Board was as follows:

1. Javier Lapastora Turpín – Chairman
2. Ernest Podgórski – Member
3. José David Márquez Arcos – Member

2.4. In connection with the appointment of the Supervisory Board for the tenth term of office by the General Shareholders Meeting on 21 June 2021 the Supervisory Board, during its meeting on 9 September 2021, appointed an Audit Committee with the following composition:

1. Javier Lapastora Turpín – Chairman
2. Ernest Podgórski – Member
3. Javier Lapuente Sastre – Member

III. REMUNERATION OF MANAGEMENT BOARD MEMBERS

3.1. Table 1 on the following page indicates the total remuneration received by each Management Board Member in 2021, broken down into the following components:

- A. **Fixed remuneration**, which includes:
- (a) **Basic salary** - the basic salary received by a Board Member under his/her employment contract with the Company;
 - (b) **PPK** - the value of the contributions made by the Company to the Employee Capital Plan in which the Board Member participates;
 - (c) **Additional benefits** - benefits indicated in § 9, section 1, subsections a)-f) of the Remuneration Policy, such as life insurance, insurance dedicated to managers (so-called D&O insurance), a lump sum for the use of a company car for private purposes, a medical care package, a sports package, reimbursement for the cost of renting a flat/house, reimbursement for a child's day care.
- B. **Variable remuneration** - annual bonus awarded to individual members of the Management Board, in accordance with the provisions of the agreements binding them with the Company, depending on the degree of achievement of the objectives set by the Supervisory Board. The annual bonus for 2020 was awarded for achievement of the Company's annual objectives and individual annual objectives of the Management Board Members on the basis of resolutions of the Supervisory Board in April 2021, where the total amount of bonuses awarded amounted to PLN 445,000.00. In addition, annual bonuses for 2021 were awarded for achievement of the Company's annual objectives and individual annual objectives of the Management Board Members pursuant to resolutions of the Supervisory Board from 11 April 2022, where the total amount of bonuses awarded was PLN 621,700,000 zł – information on the 2021 bonus is in **Table 3**.

Table 1 Remuneration of the Members of the Management Board in 2021 (amounts in PLN gross)

Name and function	Fixed remuneration			Variable remuneration paid in 2021	Additional benefits related to dismissal from the Management Board	Total remuneration	Proportions Remuneration constant/variable ²
	Basic salary	PPK	Additional benefits ¹				
Miguel Angel Heras Llorente ³ President of the Management Board	—	—	—	—	—	—	—
Jorge Calabuig Ferre Vice-President of the Management Board	741.261,29	16.250,87	128.997,46	215.000,00	—	1.101.509,62	80,48%/19,52%
Jacek Szymanek Member of the Management Board	869.052,00	14.960,21	12.537,30	190.000,00	—	1.086.549,51	82,51%/17,49%
Carlos Enrique Resino Ruiz Member of the Management Board	347.536,56	—	273.204,42	40.000,00	—	660.740,98	93,95%/6,05%

Footnotes to Table 1:

- ¹ The item "additional benefits" includes, among others, cash and in kind benefits granted for the benefit of the immediate family Management Board members (i.e. medical care, kindergarten fees, airline tickets, flat rental fees for the Board Member and family, and additional social security [these fees were directly attributed to the Board Member in Table 1]) as summarised in **Table 2**:

Name of Board Member	Value of benefits granted to the next of kin of a Board Members (gross PLN amount)
Jorge Calabuig Ferre	2.267,30
Jacek Szymanek	2.267,30
Carlos Resino Ruiz	267.138,42

- ² Data indicated in the "Variable remuneration paid in 2021" column is classified as variable remuneration.
- ³ P. Miguel Angel Heras Llorente does not receive a salary.

Table 3. Variable remuneration of the Management Board members due for 2021 awarded in 2022 (gross PLN amount)

Name of Board Member	Variable remuneration for 2021 awarded in 2022 (gross PLN amount)	Proportions Basic salary in 2021 / variable remuneration for 2021 awarded in 2022 ¹
Miguel Angel Heras Llorente	—	—
Jorge Calabuig Ferre	222.000,00	29,95%
Jacek Szymanek	260.700,00	30,00%
Carlos Resino Ruiz	139.000,00	40,00%

- ¹ Data indicated basic salary is sourced from data in Table 1 in column „Basic salary”

- 3.2. In addition, the Company insures the members of the Management Board against liability for management (D&O Policy) without individualising the value of the insurance premium to specific individuals.

- 3.3. Pursuant to §7 item 3 of the Remuneration Policy, members of the Management Board employed in any of the companies belonging to the Acciona S.A. Capital Group of which Mostostal Warszawa S.A. is a part (including companies affiliated with Mostostal Warszawa S.A. but not belonging to Mostostal Warszawa S.A. (including a company affiliated with Mostostal Warszawa S.A., but not belonging to Mostostal Warszawa S.A. Group), on the basis of an employment contract or any other legal relationship (including the management contract), as a rule do not receive remuneration for performing their functions in the Management Board of the Company. Such persons may receive additional benefits pursuant to a resolution of the Company's Supervisory Board.

IV. REMUNERATION OF SUPERVISORY BOARD MEMBERS

- 4.1. Supervisory Board Members, including members who simultaneously serve on committees appointed by the Supervisory Board, receive fixed remuneration in the amount set out in a resolution of the General Meeting.
- 4.2. Pursuant to Resolution No. 4 of the Mostostal Warszawa S.A. Extraordinary General Meeting with its seat in Warsaw dated 12 October 2017 on changes to the principles of remuneration of the Company's Supervisory Board, as of 1 November 2017 the remuneration amounts to:
- a) 1.5 (one and a half) of the average monthly remuneration in the enterprise sector without payments of rewards from profit in the case of Supervisory Board Members entitled to receive remuneration for performing their functions;
 - b) 2.0 (two times) the average monthly remuneration in the enterprise sector without payments of rewards from profit in the case of Members of the Supervisory Board performing simultaneously functions in committees appointed by the Supervisory Board.
- 4.3. The Company has an Audit Committee appointed by the Supervisory Board by Resolution No. 270 of 6 November 2017. The composition of the Audit Committee in 2021 is indicated in sections 2.3 and 2.4.
- 4.4. The Company insures the Supervisory Board Members against management liability (D&O Policy) without individualising the value of the insurance premium to specific individuals.
- 4.5. Supervisory Board Members are entitled to reimbursement of travel expenses incurred in the performance of their duties.
- 4.6. Supervisory Board Members do not receive variable remuneration or benefits under pension schemes.

- 4.7. Pursuant to §10.3 of the Remuneration Policy, members of the Supervisory Board employed in any of the companies of the Acciona S.A. Capital Group of which Mostostal Warszawa S.A. is a part (including a company affiliated with Mostostal Warszawa S.A.), pursuant to employment contract or other legal relationship (including management contract), do not receive remuneration for performing their functions on the Supervisory Board of the Company. In the period covered by this Report, Mr Antonio Muñoz Garrido, Mr José David Márquez Arcos, Mr Javier Serrada Quiza, Mr Javier Lapuente Sastre did not receive remuneration for performing functions in the Supervisory Board.
- 4.8. Table 4 on the following page indicates the total remuneration received by each Supervisory Board Member in 2021.

Table 4 Remuneration of members of the Supervisory Board in 2021

Name and function	Fixed remuneration (in PLN gross)			Total remuneration (in PLN gross)
	Essential	PPK	Other benefits ¹ (in PLN gross)	
Antonio Muñoz Garrido Chairman of the Supervisory Board (Supervisory Board Member from 21 June until 9 September 2021)	—	—	—	—
Javier Lapuente Sastre Vice Chairman of the Supervisory Board and Audit Committee Member from 9 September 2021. (Supervisory Board Member from 21 June until 9 September 2021)	—	—	—	—
José David Márquez Arcos Vice-Chairman of the Supervisory Board and Audit Committee Member until expiry of his mandate on 21 June 2021.	—	—	—	—
Neil Roxburgh Balfour Member of the Supervisory Board	97.388,04	—	—	97.388,04
Javier Serrada Quiza Member of the Supervisory Board	—	—	—	—
Javier Lapastora Turpín Member of the Supervisory Board (Audit Committee Chairman until 21 June 2021 and reappointed as Audit Committee Chairman on 9 September 2021)	129.850,80	—	—	129.850,80
Ernest Podgórski Member of the Supervisory Board Member of the Audit Committee from 21 June 2021 and an appointed member of the Audit Committee from 9 September 2021.	129.850,80	1.947,72	743,86	132.542,38

Footnote to Table 4:

¹ Other benefits include: reimbursement of travel expenses related to the performance of duties as a Supervisory Board Member.

V. COMPATIBILITY OF THE REMUNERATION WITH THE ADOPTED REMUNERATION POLICY AND ITS IMPACT ON THE ACHIEVEMENT OF LONG-TERM RESULTS OF THE COMPANY

- 5.1. The Remuneration Policy was adopted in the Company by resolution of the General Shareholders Meeting of the Company on 22 July 2020. , i.e. within the timeframe prescribed by law.
- 5.2. The objective of the Remuneration Policy is to recruit, motivate and retain top class experts who will be responsible for the efficient management of both the current and long term operations of the Company and produce the best possible results of the Company. This objective is to be achieved through a remuneration system adequate to the involvement and responsibility of management bodies members.
- 5.3. Both the remuneration of the Management Board and the Supervisory Board members is determined taking into account the general conditions of work and remuneration applicable in the Company so as to ensure its synergy with the remuneration of other employees of the Company, while taking into account the differences in qualifications, duties and responsibilities of the members of the management and supervisory bodies, as well as taking into account market requirements and the need to attract and retain people with the highest qualifications and relevant experience in the Company.
- 5.4. The mechanism linking the activities of the Management Board and its remuneration to the effective management of the Company's risks and financial position is variable remuneration. In awarding it, the Supervisory Board takes into account both financial and non-financial criteria. In turn, all criteria are set taking into account, and contribute to, the business strategy, the long-term interests of the shareholders and the stability of the Company. The conditions for granting and the amount of the bonus contribute to the full involvement of the Management Board members in their assigned functions and motivate the Management Board members to develop the Company's business and strengthen its market position by achieving better results and financial condition.
- 5.5. The proportion between fixed and variable remuneration prevents the Management Board from focusing only on short-term performance. This remuneration structure, which is to a large extent dependent on the Company's financial performance, encourages the Management Board to take considered actions that affect the implementation of the business strategy and the long-term interests of the Company and ensure its stability in the market. The selection of bonus criteria set out in the Remuneration Policy applied by the Supervisory Board, i.e. product development and geographic diversification, limitation of the negative impact of the Company on the environment, promotion involvement in pro-ecological activities, involvement in research and development activities, aims to support the implementation of long-term goals and strategies. In the opinion of the Supervisory Board, the approach used constitutes an adequate remuneration system that ensures:

- hiring, motivating and retaining top-class experts who will be responsible for the efficient management of both the current and long-term operations of the Company and who will have adequate knowledge, skills and experience to achieve the Company's strategic goals, including long-term goals;
 - introducing mechanisms linking the activities of the Management Board and its remuneration with effective risk management and the financial situation of the Company;
 - an appropriate system of incentives to generate the best possible results for the Company, also in the long-term perspective;
 - the long-term and sustainable development of the Company.
- 5.6. The remuneration of the Members of the Management Board and Supervisory Board in 2021 was paid in the form and amounts provided for in the Remuneration Policy. In this the appropriate proportions between fixed and variable remuneration were maintained the annual bonuses of individual Board Members did not exceed 40% of their annual basic remuneration. Both the award conditions (financial and non-financial performance criteria) and the bonus amounts contributed to the Company's long-term performance.

VI. PERFORMANCE CRITERIA

- 6.1. The bonus criteria on which entitlement to an annual bonus depends consist of financial performance criteria (such as e.g. sales revenue, contracting, cost levels, EBITDA, profitability ratios or other financial indicators) and non-financial performance criteria (such as e.g. developing product diversification, geographic diversification, increasing organisational effectiveness, increasing employee motivation and involvement, limiting the Company's negative impact on the environment, reducing the nuisance of the Company's activities on local communities, promoting involvement in pro-environmental and charitable activities, involvement in research and development), including criteria concerning consideration of social interests, contribution to environmental protection, and undertaking activities aimed at preventing and eliminating the negative social effects of the Company's activities.
- 6.2. Payment of variable remuneration components (bonuses) depends on the level of achievement of both the Company's annual targets set by the Supervisory Board and the annual targets of the Management Board member set by the Supervisory Board.
- 6.3. The Supervisory Board determines the conditions for granting and the amount of the bonus individually, for each Management Board member the for a given financial year. It is also the exclusive responsibility of the Supervisory Board to assess whether these objectives and conditions for the payment of variable remuneration components are met.
- 6.4. In 2021 the Supervisory Board adopted Resolutions on the award of annual bonuses to the Management Board taking into account the achievement in the financial and non-financial targets set.

VII. CHANGE IN THE COMPANY'S REMUNERATION AND RESULTS FOR THE LAST FIVE FINANCIAL YEARS
A. Change in remuneration of the Members of the Management Board and Supervisory Board in the last financial year

7.1. **Table 5** below shows the percentage change in the total remuneration received by each Member of the Management Board and Supervisory Board who served in 2021 relative to 2020.

Name and function	Annualised change in total remuneration
Miguel Angel Heras Llorente President of the Management Board	—
Jorge Calabuig Ferre Vice-President of the Management Board	+21,02%
Jacek Szymanek Member of the Management Board	+12,85%
Carlos Enrique Resino Ruiz Member of the Management Board	+155,41% ¹
Antonio Muñoz Garrido Chairman of the Supervisory Board (Member of the Supervisory Board from 21 June 2021 until 9 September 2021)	—
Javier Lapuente Sastre Vice Chairman of the Supervisory Board and Member of the Audit Committee from 9 September 2021. (Member of the Supervisory Board until 21 June 2021 until 9 September 2021)	—
José David Márquez Arcos Vice-Chairman of the Supervisory Board and the Audit Committee Member until the expiry of his mandate on 21 June 2021.	—
Neil Roxburgh Balfour Member of the Supervisory Board	+4,69%
Javier Serrada Quiza Member of the Supervisory Board	—
Javier Lapastora Turpín Member of the Supervisory Board Chairman of the Audit Committee	+4,69%
Ernest Podgórski Member of the Supervisory Board Member of the Audit Committee	+4,66%

Footnote to Table 5:

¹ Carlos Enrique Resino Ruiz served as a member of the Management Board of Mostostal Warszawa S.A. from 1 August 2020.

B. Change in the Company's results over the last five financial years

7.2. **Table 5** below illustrates the change in the Company's performance over the last five financial years:

Year	2017	2018	2019	2020	2021
Net profit (in thousands PLN)	5.101	-38.200	-1.926	4.292	8.602
Change from previous financial year in %	-57,33%	-848,87%	+94,96%	+322,8%	+100,42%

C. Change in the average annual remuneration of the Company's employees (other than members of the Management Board and Supervisory Board) over the last five financial years

7.3. **Table 6** below illustrates the change in the average annual remuneration of employees (of the Company (other than members of the Management Board and Supervisory Board) over the last five financial years:

Year	2017	2018	2019	2020	2021
Average annual salary per person (in PLN gross)	105.118,32	105.169,68	108.917,64	118.992,72	129.892,12
Change from previous financial year in %	+2,81%	+0,05%	+3,56 %	+9,25 %	+9,16 %

VIII. REMUNERATION FROM ENTITIES BELONGING TO MOSTOSTAL WARSAWA CAPITAL GROUP

A. Management Board

8.1. In 2021 member of the Management Board Mr Jacek Szymanek received remuneration for his membership of the Management Board of Mostostal Płock S.A., which is a subsidiary of Mostostal Warszawa S.A., part of the Mostostal Warszawa S.A. Group. Mr Jacek Szymanek was appointed President of the Management Board of Mostostal Płock S.A. by Resolution No. 21 of the Supervisory Board of Mostostal Płock S.A. of 22 October 2019. The amount of remuneration for his functions received by Mr Jacek Szymanek from Mostostal Płock S.A. during 2021 is shown in **Table 7**:

Name	Remuneration from Mostostal Płock S.A. (in PLN gross) in 2021.
Jacek Szymanek	48.000,00

8.2. The other members of the Management Board did not receive any remuneration from entities belonging to Mostostal Warszawa S.A. Capital Group in the reported period.

B. Supervisory Board

8.3. In 2021 Supervisory Board members did not receive remuneration from entities belonging to the Mostostal Warszawa S.A. Group.

IX. INFORMATION ON THE NUMBER OF FINANCIAL INSTRUMENTS ALLOCATED OR OFFERED

9.1. The Company does not offer variable remuneration components in the form of financial instruments to the members of the Management Board and Supervisory Board.

X. INFORMATION ON THE POSSIBILITY OF CLAIMING BACK VARIABLE COMPONENTS OF REMUNERATION

10.1. The Company does not envisage the possibility of deferring the payment of variable remuneration components or claiming their reimbursement.

XI. DEVIATIONS FROM THE PROCEDURE FOR IMPLEMENTING THE REMUNERATION POLICY AND ITS APPLICATION

11.1. As indicated in section 5.1, the Remuneration Policy was adopted within the statutory deadline. No deviations from the procedure for implementing the Remuneration Policy have been noted.

11.2. In 2021, the Supervisory Board also did not pass resolutions to temporarily derogate from the Remuneration Policy.

XII. INFORMATION ON THE GENERAL SHAREHOLDERS MEETING OF THE COMPANY RESOLUTION CONCERNING TO THE PREVIOUS REMUNERATION REPORT

- 12.1. Mostostal Warszawa S.A. Supervisory Board in accordance with the requirements of the Act on Public Offering, prepared and adopted the Report on the remuneration of the Mostostal Warszawa S.A. Management Board and Supervisory Board of for the years 2019-2020.
- 12.2. On 21 June 2021 The Mostostal Warszawa S.A. Ordinary General Shareholders Meeting adopted the resolution with an opinion on the Mostostal Warszawa S.A. Management Board and Supervisory Board of for the years 2019-2020 Report. (Resolution No. 18 of the Ordinary General Meeting of Mostostal Warszawa S.A. of 21 June 2021).

XIII. ADOPTION OF THE REPORT AND THE AUDITOR'S ASSESSMENT

- 13.1. The Supervisory Board adopted the Report by Resolution No. 23/2022 of 20 April 2022.
- 13.2. The report was evaluated by a certified auditor with respect to the inclusion of the information required under the Act on Public Trading. The entity commissioned to evaluate the report is KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
- 13.3. The report will be made available on the Company's website.

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Antonio Muñoz Garrido

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Javier Lapuente Sastre

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Neil Balfour

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Javier Lapastora Turpín

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Ernest Podgórski

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Javier Serrada Quiza