

REPORT ON THE REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD OF EUROCASH S.A.

The report on the remuneration of the members of the Management Board and the Supervisory Board of Eurocash S.A. (hereinafter referred to as "Eurocash" or "the Company") was drawn up by the Supervisory Board on the basis of:

- (i) Article 90g of the POND of 29 July 2005 on the public offer and conditions for the introduction of financial instruments into an organised trading venue and on public companies;
- (ii) Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of shareholders to engage in the long term.

The rules for the remuneration of the members of the Management Board and the Supervisory Board of Eurocash S.A. are laid down in the Remuneration Policy of the Members of the Management Board and the Supervisory Board of Eurocash S.A. adopted by resolution of the Ordinary General Meeting of 25 August 2020.

The information contained in the report is the responsibility of the members of the Company's Supervisory Board.

1. The amount of the total remuneration broken down by component referred to in Article 90d sec. 3 p.1 and the proportions between those components of remuneration

Information on remuneration in 2021

The remuneration of the members of the Management Board of the Company consists of fixed remuneration, variable remuneration and supplementary benefits.

Fixed remuneration is received in connection with the employment of members of the Management Board at Eurocash S.A. as well as in connection with the performing a function in the Management Boards in other companies belonging to the Eurocash Group.

Other cash benefits included amounts received by members of the Management Board as part of car for business and private use, a package of medical care for members of the Management Board and their families, supplementary life insurance, civil liability insurance. Benefits for the members of the Management Board families include the value of the family medical care package in the amount of PLN 19 195,00 per year and are included in column B of Tables 1 and 2 in relation to the Management Board Members: Arnaldo Guerreiro, Pedro Martinho, Jacek Owczarek and Przemysław Ciał. In addition, members of the Management Board Arnaldo Guerreiro and Pedro Martinho received a jubilee award for employees of the Company employed for at least 25 years in the amount of PLN 25,000 gross.

Two members of the Management Board pursuant to the resolution of the Supervisory Board of August 25, 2020. is entitled to receive additional benefits to cover the expenses related to traveling home and maintaining a place of residence in Poland, in the amounts of EUR 220,000 per year - Luis Amaral and EUR 60,000 per year - Rui Amaral,

whereby the amounts not used in a given year may be used in the following years. Table 1 presents the amount actually paid by the Company to cover the costs incurred by the members of the management board in 2021.

The variable part of the remuneration of the members of the Management Board in the form of an annual bonus depends on the level of implementation of the Company's budget and the achievement by individual members of the Management Board of additional annual objectives set for them separately. The objectives set for each evaluation period are both qualitative and quantitative and relate to the Company's objectives set out in the annual budget. In 2020 Members of the Management Board decided that in order to better prepare the Company for the challenges and opportunities in the uncertain post-covid period of restoring the functioning of the economy, in which the Company was conducting the cost reduction process, the Members of the Management Board would participate in the reduction of costs and for this purpose proposed to the Supervisory Board to suspend the bonus program for members of the Management Board for 2020, which was accepted by the Supervisory Board. Therefore, in 2021, members of the Management Board did not receive the annual bonus for 2020.

The remuneration of members of the Supervisory Board consists exclusively of fixed remuneration for performing function fixed at a fixed annual rate, payable on a quarterly basis. The higher amount of remuneration paid to a member of the Supervisory Board, Mr. Przemysław Budkowski, results from the accession of a member of the Supervisory Board to the Employee Capital Plan and recognition of the basic payment made to the PPK by the Company in the amount of remuneration.

Table 1 - Remuneration of Management Board members received in 2021

Name	Fixed salary at Eurocash S.A. (PLN)	Other cash benefits at Eurocash S.A. (PLN)	Other cash benefits at Eurocash S.A. (travel expenses) (PLN)	Variable remuneration at Eurocash S.A. (annual bonus) (PLN)	Total salary in Eurocash S.A. (PLN)	Fixed remuneration in other entities belonging to the Eurocash S.A. Capital Group (PLN)	Total remuneration in the Eurocash S.A. Capital Group (PLN)	Ratio between variable and fixed remuneration in Eurocash S.A. Capital Group (columns B, D,F/C)
	A	B	C	D	E	F	G	H
Luis Amaral	36 000,00	17 574,66	691 337,68	0,00	744 912,34	0	744 912,34	0%
Rui Amaral	480 000,00	18 002,66	221 455,88	0,00	719 458,54	1 370 000,00	2 089 458,54	0%
Arnaldo Guerreiro	300 000,00	54 515,74	0,00	0,00	354 515,74	910 000,00	1 264 515,74	0%
Pedro Martinho	300 000,00	54 515,74	0,00	0,00	354 515,74	1 060 000,00	1 414 515,74	0%
Katarzyna Kopaczewska	300 000,00	17 574,66	0,00	0,00	317 574,66	900 000,00	1 217 574,66	0%
Jacek Owczarek	300 000,00	34 458,48	0,00	0,00	334 458,48	930 000,00	1 264 458,48	0%
Przemysław Ciał	240 000,00	36 003,44	0,00	0,00	276 003,44	750 000,00	1 026 003,44	0%
Noel Collett	480 000,00	73 364,58	0,00	0,00	553 364,58	1 500 000,00	2 053 364,58	0%

Table 2 - Remuneration of Supervisory Board members received in 2021

Name	Fixed salary at Eurocash S.A. (PLN))
Renato Arie	229 907,50
Przemysław Budkowski	232 493,67
Dr Hans Joachim Koerber	229 907,50
Jorge Mora	229 907,50
Francisco José Valente Hipólito dos Santos	229 907,50

2. Clarification of how the total remuneration is consistent with the remuneration policy adopted, including how it contributes to the company's long-term performance.

The company's Remuneration Policy is intended to m.in:

- a) ensuring the employment of highly qualified managers involved in the implementation of the company's and group's business strategy and the achievement of the assumed business goals, long-term interests, including an increase in the market value of shares;
- b) the creation of a sustainable and competitive remuneration system, based on transparent rules for its determination and criteria taking into account the Company's financial results.

The level of remuneration of the Members of the Management Board and the Supervisory Board in 2021 was adequate to ensure the possibility of obtaining and maintaining an adequate level of motivation of persons with the highest competences, which are necessary for the optimal management and supervision of the Company. The amount of the remuneration corresponded both to the competence, experience and to the tasks of individuals and the related responsibilities.

3. Information on how the performance criteria have been applied

According to the information contained in point 1 of this report, in 2020 Members of the Management Board decided that in order to better prepare the Company for the challenges and opportunities in the uncertain post-covid period of restoring the functioning of the economy, in which the Company was conducting the cost reduction process, the members of the Management Board would participate in the reduction of costs and for this purpose proposed to the Supervisory Board to suspend the bonus program for Members of the Management Board for 2020, which was accepted by the Supervisory Board. Therefore, in 2021, Members of the Management Board did not receive the annual bonus for 2020.

4. Information on the change, on an annual basis, of the remuneration, performance of the company and of the average remuneration of its employees who are not members of the management or supervisory board during at least the last five financial years, on a cumulative basis, in such a way as to make it possible to compare

Table 1 – Comparison of the remuneration of members of the Management Board on an annual basis

	2017	2018	2019	2020	2021
Luis Amaral	1 415 035	1 443 316	1 434 186	1 364 613	744 912
change	-116 586	28 281	-9 130	-69 573	-619 701
change in %	-8%	2%	-1%	-5%	-45%
Rui Amaral	2 920 111	1 835 736	2 512 826	3 844 488	2 089 458
change	565 838	-1 084 375	677 090	1 331 662	-1 755 030
change in %	24%	-37%	37%	53%	-46%
Arnaldo Guerreiro	1 405 957	1 048 836	1 183 836	1 828 943	1 264 515
change	-1 521	-357 121	135 000	645 107	-564 428
change in %	0%	-25%	13%	54%	-31%
Pedro Martinho	1 229 402	1 229 326	1 318 836	1 227 153	1 414 515
change	-1 366	-76	89 510	-91 683	187 362
change in %	0%	0%	7%	-7%	15%
Katarzyna Kopaczewska	1 148 437	977 316	1 157 316	1 817 357	1 217 574
change	-169 590	-171 121	180 000	660 041	-599 783
change in %	-13%	-15%	18%	57%	-33%
Jacek Owczarek	1 449 062	1 108 836	1 199 658	1 903 777	1 264 458
change	82 584	-340 226	90 822	704 119	-639 319
change in %	6%	-23%	8%	59%	-34%
Przemysław Ciał	1 033 370	810 302	946 501	1 452 438	1 026 003
change		-223 068	136 199	505 938	-426 435
change in %		-22%	17%	53%	-29%
Noel Collett				1 726 958	2 053 364
change					326 406
change in %					19%

Table 2.
Financial results of Eurocash S.A. and eurocash group during the last five financial years

	2017	2018	2019	2020	2021
Gross profit of the Group					
Zysk brutto Grupy	20 312 674,24	155 551 249,52	113 422 815,89	89 206 420,83	-939 706,64
change in million	-215 606 085,08	135 238 575,28	-42 128 433,63	-24 216 395,06	-90 146 127,47
change in %	-91%	666%	-27%	-21%	-101%
Group net profit					
Zysk netto Grupy	-29 559 705,11	111 652 270,32	79 125 592,65	49 359 199,95	-99 342 435,18
change in million	-219 576 451,61	141 211 975,43	-32 526 677,67	-29 766 392,70	-148 701 635,13
change in %	-116%	-478%	-29%	-38%	-301%
Gross profit of EC S.A.					
Zysk brutto EC S.A.	-29 745 444,74	194 006 583,49	207 878 033,50	143 018 777,65	174 406 060,85
change in million	-154 755 639,00	223 752 028,23	13 871 450,01	-64 859 255,86	31 387 283,20
change in %	-124%	-752%	7%	-31%	22%
Net profit of EC S.A.					
Zysk netto EC S.A.	-71 713 088,16	149 621 055,49	174 612 455,12	110 220 623,15	137 013 492,01
change in million	-174 327 161,47	221 334 143,65	24 991 399,63	-64 391 831,97	26 792 868,85
change in %	-170%	-309%	17%	-37%	24%

Table 3
Average salary of employees employed on an employment contract at Eurocash S.A. in 2017 - -2021

Year	Average salary (without management) (PLN)	Increase in average salary year-on-year (without board)
2017	4 926,65	
2018	5 319,02	8%
2019	5 650,36	6%
2020	5 990,20	6%
2021	5 867,41	- 2 %

5. Amount of remuneration from entities belonging to the same group within the meaning of the Accounting Act of 29 September 1994 (Journal of Laws of 2019, item 351, 1495, 1571, 1655 and 1680 and 2020, item 568)

The amount of remuneration received by the Members of the Management Board from entities belonging to the Eurocash Group is indicated in column F of the table set out in point 1 above.

6. Number of financial instruments awarded or offered and main conditions for exercising the rights of those instruments, including the price and date of implementation and their amendment

In 2021, neither the members of the Management Board nor the Supervisory Board were granted or offered financial instruments.

7. Information on how to use the possibility to request reimbursement of variable remuneration components

The Remuneration Policy does not, as a general rule, provide for the possibility for the Company to demand reimbursement of paid variable remuneration components unless exceptional circumstances arise. In 2021, there were no circumstances justifying the request for reimbursement of the variable remuneration components paid and the Company did not make use of this possibility.

8. Information on deviations from the procedure for implementing remuneration policies and derogations applied in accordance with Article 90f, including an explanation of the conditions and procedures, and an indication of the elements from which derogations have been applied.

In 2020 Members of the Management Board decided that in order to better prepare the Company for the challenges and opportunities in the uncertain post-covid period of restoring the functioning of the economy, in which the Company was conducting the cost reduction process, the Members of the Management Board would participate in the reduction of costs and for this purpose proposed to the Supervisory Board to suspend the bonus program for members of the Management Board for 2020, which was accepted by the Supervisory Board. Therefore, in 2021, members of the Management Board did not receive the annual bonus for 2020.

9. Explanation of how the resolution of the General Meeting on the report for the years 2019-2020 was included in the report

By Resolution No. 20 of April 27, 2021 the General Meeting expressed a positive opinion on the Report on the remuneration of members of the Management Board and Supervisory Board of Eurocash S.A. for the years 2019-2020, therefore, due to the lack of comments and objections regarding the form and content of the report submitted to the opinion of the General Meeting, this report was prepared according to the same assumptions and principles as the report for the years 2019-2020.

Conclusions:

The Supervisory Board has reviewed the remuneration and other benefits received by individual members of the Management Board and the Supervisory Board for compliance with the applicable Remuneration Policy and concludes that:

1. remuneration and other benefits paid to members of the Management Board and the Supervisory Board comply with the applicable Remuneration Policy and comply with the requirements laid down by law,
2. the current Remuneration Policy is an effective tool for managing remuneration and enables a flexible policy for the allocation of variable remuneration components.