



**Report of the Supervisory Board of ERBUD S.A. on remuneration of the
Management and the Supervisory Board members in 2023**

Dated 17 April 2024

Table of Contents

1. Introduction	3
2. Management and Supervisory Board compositions	3
3. Total remuneration of the members of Management Board and the Supervisory Board of ERBUD S.A. broken down by components and mutual proportions between these remuneration components, along with estimated values of variable pay in PLN for the members of the Management Board in 2023	4
4. An explanation of how total remuneration is consistent with the Remuneration Policy, including how it contributes to the achievement of the long-term performance by the Company	5
5. Information on how the performance criteria were applied.....	6
6. Information on the change, on an annual basis, in the remuneration, performance of the Company and the average remuneration of the Company's employees who are not members of the management or supervisory boards, in the period of at least the last five financial years.....	7
7. The remuneration paid by the Capital Group member companies.....	9
8. The number of financial instruments granted or offered and the major requirements for the exercise of the rights attached to those instruments, including the price and the date of exercise and changes thereto.....	9
9. Information on the use of the option to claim back variable pay items.....	9
10. Information on deviations from the procedure for implementing the Remuneration Policy and the deviations from the Remuneration Policy applied, including an explanation of the rationale and procedure and an indication of the elements from which deviations were applied	9

1. Introduction

This Report concerning remuneration of the members of the Management and the Supervisory Boards of ERBUD S.A. (the “Company”) for the accounting year 2023 (the “Report”) was drawn up pursuant to Art. 90g of the Act on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies of 29 July 2005 (Journal of Laws of 2022, item 2554) in conjunction with Art. 32(2) of the Act amending the Act on Public Offering And The Conditions For Introducing Financial Instruments To The Organised Trading System and On Public Companies and Certain Other Acts of 16 October 2019 (Journal of Laws of 2022, item 2554). This Report comprises a comprehensive review of the remuneration, including all benefits, received by or due and payable to individual members of the Management and Supervisory Boards in the accounting year 2023.

The Remuneration Policy for the Members of the Management Board and the Supervisory Boards of ERBUD S.A. was adopted pursuant to the Resolution No. 18/2020 of the Ordinary Annual General Meeting of Shareholders of the Company, dated 30 June 2020 on the adoption by ERBUD S.A. of Remuneration Policy for the Members of the Management Board and the Supervisory Boards of ERBUD S.A., with the last detailing of the Remuneration Policy for the Members of the Management Board and the Supervisory Board of ERBUD S.A., in accordance with the Resolution of the Supervisory Board No. 27/2023, dated 22 May 2023..

This Report is the fourth Report drawn up by the Supervisory Board of ERBUD S.A. pursuant to Article 90g, para 1 et seq. of the Company's Public Offering Act. The Supervisory Board's Report on the Remuneration of the Members of the Management and the Supervisory Boards for the 2022 financial year was reviewed positively by the Ordinary Annual General Meeting of Shareholders on 22 May 2023 - by virtue of Resolution No. 18/2023.

The remuneration contains the employer's portion paid for PPK, with the Issuer paying for the Employee Capital Plans (PPK) on a standard, non-enlarged basis. The remuneration of the members of the Management and Supervisory Boards does not include cash or non-cash benefits granted to close relatives and partners of the members..

2. Composition of the Management and Supervisory Boards.

During the period covered by the Report, the composition of the Management and Supervisory Boards was as follows:

Management Board composition

Name and surname	Function	Term of office in 2023
Dariusz Grzeszczak	President of the Management Board	1 Jan. 2023 – 31 Dec. 2023
Agnieszka Głowacka	Vice-President of the Management Board	1 Jan. 2023 – 31 Dec. 2023
Jacek Leczkowski	Vice-President of the Management Board	1 Jan. 2023 – 31 Dec. 2023

Supervisory Board composition

Name and surname	Function	Term of office in 2023
Roland Bosch	Chairman of the Supervisory Board	1 Jan. 2023 – 31 Dec. 2023
Gabriel Głowka	Deputy Chairman of the Supervisory Board	1 Jan. 2023 – 31 Dec. 2023
Albert Dürr	Member of the Supervisory Board	1 Jan. 2023 – 31 Dec. 2023
Michał Otto	Member of the Supervisory Board	1 Jan. 2023 – 31 Dec. 2023
Janusz Reiter	Member of the Supervisory Board	1 Jan. 2023 – 31 Dec. 2023
Beata Jarosz	Member of the Supervisory Board	1 Jan. 2023 – 31 Dec. 2023
Michał Wosik	Member of the Supervisory Board	1 Jan. 2023 – 31 Dec. 2023

3. Total remuneration amount of the members of the Management and the Supervisory Boards of ERBUD S.A., broken down by items and mutual proportions between these items along with estimated values of variable pay in PLN for the Management Board members for 2023.

During the period for which the Report was prepared, the Company paid remuneration to persons covered by the Remuneration Policy the following total amounts, broken down as follows:

Table No. 1

Management Board remuneration rounded up in PLN paid by ERBUD S.A.

		<u>2023</u>					
<u>Name and surname</u>	<u>Function</u>	<u>Fixed pay rounded up in PLN broken down by:</u>					
Dariusz Grzeszczak	President of the Management Board	Employment contract	Additional insurance	Health care	Membership in organisations	Education	Benefit system
		PLN 1,793,114	PLN 14,556	PLN 1,932	PLN 0	PLN 0	PLN 0
		<u>Variable pay rounded up in PLN broken down by:</u>					
		Bonus paid under Employment Contract	Awards	Bonuses	Fixed to variable pay ratio		
		PLN 439,787	PLN 2,800,000	PLN 0	Fixed pay: PLN 1,809,602 = 35.8%; variable pay: PLN 3,239,787 = 64.2%		
Estimated variable pay due for 2023 to be paid after approval of 2023 Financial Statements in PLN	*Resolution No. 37/2023 of 29 August 2023, the Supervisory Board of ERBUD SA decided to grant special awards to ERBUD SA Management Board Members, i.e. Mr. Dariusz Grzeszczak and Ms. Agnieszka Głowacka, in connection with the positive settlement of the dispute between ERBUD SA and Bank Millennium SA, as recommended by the ERBUD SA Remuneration Committee. Granting a special award to Mr. Dariusz Grzeszczak for his contribution during the overall process, active participation in drafting the lawsuit and participation in the preparation of all letters to the court, analysis of the expert reports of the appointed experts in the amount of 4% as per the employment contract on the net value of the amount won, i.e. PLN 2.8 million (in words: two million eight hundred thousand zlotys 00/100); The 2023 statutory bonus calculated on net profit will be reduced by the value of the above-mentioned award. In view of the 2023 consolidated net profit of the ERBUD Group in the amount of PLN 23,294,721, the value of the statutory bonus of the President of the Management Board accounting for 4% of the value of the consolidated net profit of the ERBUD Group is PLN 931,789. After taking into account the entry mentioned above (statutory bonus in 2023) the outstanding amount for the President of the Management Board in 2024 is PLN 0.						

		<u>2023</u>					
<u>Name and surname</u>	<u>Function</u>	<u>Fixed pay rounded up in PLN broken down by:</u>					
Agnieszka Głowacka	Vice-President of the Management Board	Management Contract	Additional insurance	Health care	Membership in organisations	Education	Benefit system
		PLN 678,000	PLN 2,760	PLN 1,932	PLN 0	PLN 0	PLN 0
		Bonus paid under Management Contract	Awards	Bonuses	Fixed to variable pay ratio		
		PLN 109,940	PLN 700,000 ²	PLN 0	Fixed pay: PLN 682,692 = 45,7%; variable pay: PLN 809,940 = 54.3%		
Estimated variable pay due for 2023 to be paid after approval of 2023 Financial Statements in PLN	By virtue of Resolution No. 37/2023 of 29 August 2023, the Supervisory Board of ERBUD SA decided to grant special awards to ERBUD SA Management Board Members, i.e. Mr. Dariusz Grzeszczak and Ms. Agnieszka Głowacka, in connection with the positive settlement of the dispute between ERBUD SA and Bank Millennium SA in accordance with the recommendation of the ERBUD SA Remuneration Committee. Granting a special award to Ms. Agnieszka Głowacka for her contribution during the overall process, active participation in drafting the lawsuit and participation in the drafting all letters sent to the court, analysis of the expert reports of the appointed experts accounting for 1% under her employment contract of the net value of the amount won, i.e. 0.7 million PLN (in words: seven hundred thousand PLN 00/100); Statutory bonus for 2023 calculated on net profit will be reduced by subtracting the value of the above-mentioned special award. In view of the 2023 consolidated net profit of the ERBUD Group in the amount of PLN 23,294,721, the value of the statutory bonus of Vice President Agnieszka Głowacka, accounting for 1% of the value of the consolidated net profit of the ERBUD Group, is PLN 232,947. After taking into account the entry mentioned above (statutory bonus for 2023) the outstanding payment to Vice President of the Management Board Agnieszka Głowacka in 2024 is PLN 0.						

for the period from 1 January 2023 to 31 December 2023

		2023					
Name and surname	Function	Fixed pay rounded up in PLN broken down by:					
Jacek Leczkowski	Vice-President of the Management Board	Management Contract	Additional insurance	Health care	Membership in organisations	Education	Benefit system
		PLN 990,000	PLN 2 760	PLN 1 932	PLN 0	PLN 0	PLN 0
		Variable pay rounded up in PLN broken down by:					
		Bonus paid under Management Contract	Awards	Bonuses	Fixed to variable pay ratio		
		PLN 349,700	PLN 0	PLN 0	Fixed pay: PLN 994,692 = 74%; Variable pay: PLN 349,700 = 26%		
Estimated variable pay due for 2023 to be paid after approval of 2023 Financial Statements in PLN	PLN 1,921,382 (the calculation rules applicable to the variable remuneration of the Management Board members are referred to the Table on pages 6 and 7 of this Report)						

Table No. 2

Remuneration of Supervisory Board members rounded up in PLN paid by ERBUD S.A.

2023		
Name and surname	Function	Fixed pay (* including Employee Capital Plan)
Roland Bosch	Chairman of the Supervisory Board	PLN 166,460*
Gabriel Główka	Deputy Member of the Supervisory Board	PLN 120,000
Albert Dürr	A Member of the Supervisory Board	PLN 108,605**
Michał Otto	A Member of the Supervisory Board	PLN 107,000
Janusz Reiter	A Member of the Supervisory Board	PLN 107,000
Beata Jarosz	A Member of the Supervisory Board	PLN 107,000
Michał Wosik	A Member of the Supervisory Board	PLN 107,000

*including Employee Capital Plan 2,460

**including Employee Capital Plan 1,605

4. An explanation of how total remuneration is consistent with the Remuneration Policy, including how it contributes to the Company's long-term performance.

Since the date of the Remuneration Policy coming into force, the Company has granted and paid remuneration to the Management and Supervisory Board members exclusively pursuant to the Remuneration Policy. The Remuneration Policy, within the scope regulated therein, has prevailed since then over other documents regulating the remuneration principles for the beneficiaries covered by the Remuneration Policy, effective at the Company.

Since the date of the Remuneration Policy coming into force, the remuneration of the individuals covered by the Remuneration Policy has considered the objective criteria provided for in the Remuneration Policy as well the wage and working conditions of other Company personnel in the manner provided for in the Remuneration Policy. The applied principles of remuneration of the Management and Supervisory Boards' members contributed to the implementation of the Company's strategy and the set long-term goals by providing: (i) full engagement in the performance of functions in the Company, (ii) incentivizing the individuals subject to the Remuneration Policy to implement the Company's strategy and long-term corporate goals, (iii) permanently binding the individuals subject to the Remuneration Policy with the Company, (iv) the amount of remuneration of the individuals subject to the Remuneration Policy, which is adequate to the financial and business performance of the Capital Group, including the Company and (v) attitudes which preclude the individuals subject to the Remuneration Policy from taking excessive risks in performing their functions.

Since the date of the Remuneration Policy coming into force, the Management Board members have been entitled to remuneration under the contracts concluded with individual Management Board members. The contracts in question specify the amount and other terms of the fixed pay determined by the Supervisory Board, as well as the non-cash benefits that may be granted to a Management Board member.

The Management Board members are entitled to an Annual Bonus, the award and amount of which depend on the financial performance generated in a certain year by the Company, the Capital Group or the companies, which are supervised by a particular Management Board member. The conditions for granting the Annual Bonus are set forth in employment /management contract. The contract between the Management Board member and the Company specifies the percentage of the specified financial performance and, if the contract provides so, the other conditions on which the award of the Annual Bonus depends¹.

During the aforementioned period, the Supervisory Board members were remunerated with effect from 1 June 2023 with a monthly flat-rate remuneration exclusively on the grounds of and in the amount provided for by virtue of Resolution No. 19/2023 of the Ordinary Annual General Meeting, adopted on 22 May 2023. This remuneration was commensurate with the scope of activities entrusted and functions performed, in proportion to the length of service. The Supervisory Board members did not receive remuneration (i) linked to the performance of the Company or the Group, (ii) in the form of financial instruments or other non-cash benefits.

5. Information on how the performance criteria were applied.

The variable pay of the Management Board members was awarded in connection with their fulfilment of the criteria for obtaining variable pay as set forth in the Supervisory Board's Resolution No. 27/2023 of 22 May 2023, originally in the Supervisory Board's Resolution No. 58/2020 of 04 September 2020, within the limits provided for in the Remuneration Policy.

Decisions regarding the award of variable pay to the Management Board members in the form of an annual bonus for 2022 paid after the approval of the Separate and Consolidated Financial Statements for 2023 were preceded by individual validation of the fulfilment of the criteria in respect of each Management Board member. The validation of the fulfilment of the criteria for receiving the variable remuneration in the form of an annual bonus for 2022 was based on data from the approved financial statements of the Company, Capital Group member companies or companies over which the respective member exercised supervision, drawn up for the financial year 2022, and formed the basis for the award of the variable pay to the respective Management Board member. The annual bonus was granted in connection with the achievement of a positive financial performance by the Company, Capital Group member companies or companies over which a respective member exercised supervision, and its amount was defined as a percentage of the financial performance, as agreed in the contract with the respective Management Board member.

NAME AND SURNAME	RULES FOR VARIABLE PAY CALCULATION (in 2021, 2022 and 2023)
Dariusz Grzeszczak – President of the Management Board	<p>Up to the amount of PLN 100 million of net profit of the Erbud Group - 4% of the net profit of the Erbud Group.</p> <p>Above PLN 100 million of net profit of the Erbud Group - 2% of net profit of the Erbud Group, on the exceeded amount.</p> <p>Pursuant to the Company's Remuneration Policy for members of governing bodies, variable remuneration may not exceed four times the fixed remuneration.</p> <p>If, as a result of a business event, the net result from such event does not appear in the consolidated result of the ERBUD Group as a result of consolidation adjustments, the Manager is entitled to additional remuneration on this net result, resulting from a one-off event not related to the ordinary course of business of the Company or companies for which the Manager is responsible, as long as this event will affect the cash flow of the Company/subsidiaries.</p> <p>¹Irrespective of the Annual Award and the Performance-Based Bonus, the Supervisory Board may decide, by virtue of resolution, to grant a Special Award to a Management Board Member for fulfilling a criterion for the award of Variable Pay for the successful attainment of specific objectives previously set for a given period by a Management Board member or for special achievements of a Management Board member, and such achievements have contributed to a faster or more effective Strategy implementation - in accordance with the Remuneration Policy for the Management and Supervisory Board Members adopted by the Supervisory Board on 22 May 2023 - Resolution No. 27/2024.</p>

¹ Pursuant to the provisions of §2 and §3 of the details of the Remuneration Policy for the Members of the governing bodies of the Company ERBUD SA - Supervisory Board Resolution No. 27/2023, dated 22 May 2023.

<p>Agnieszka Głowacka – Vice-President of the Management Board</p>	<p>Up to the amount of PLN 100 million of net profit of the Erbud Group - 1% of the net profit of the Erbud Group.</p> <p>Above PLN 100 million of net profit of the Erbud Group - 0.5% of net profit of the Erbud Group, on the exceeded amount.</p> <p>Pursuant to the Company's Remuneration Policy for members of governing bodies, variable remuneration may not exceed four times the fixed remuneration.</p> <p>In the case when, as a result of a business event, the net result from this event as a result of consolidation adjustments does not appear in the consolidated result of the ERBUD Group, the Manager is entitled to additional remuneration from this net result. resulting from a one-off event not related to the ordinary course of business of the Company or the companies for which the Manager is responsible, as long as this event will have an impact on the cash flow of the Company / subsidiaries</p> <p>²Irrespective of the Annual Award and the Performance-Based Bonus, the Supervisory Board may decide, by virtue of resolution, to grant a Special Award to a Management Board Member for fulfilling a criterion for the award of Variable Pay for the successful attainment of specific objectives previously set for a given period by a Management Board member or for special achievements of a Management Board member, and such achievements have contributed to a faster or more effective Strategy implementation - in accordance with the Remuneration Policy for the Management and Supervisory Board Members adopted by the Supervisory Board on 22 May 2023 - Resolution No. 27/2024.</p>
<p>Jacek Leczkowski – Vice-President of the Management Board</p>	<p>3% up to PLN 100 million of net profit generated jointly by construction segment in Poland and consolidated net profit of ONDE Group</p> <p>Over PLN 100 million of net profit generated jointly by construction segment in Poland and consolidated net profit of ONDE Group – 1.5% of net profit on the exceeded amount.</p> <p>Pursuant to the Company's Remuneration Policy for members of governing bodies, variable remuneration may not exceed four times the fixed remuneration.</p> <p>In the case when, as a result of a business event, the net result from this event as a result of consolidation adjustments does not appear in the consolidated result of the ERBUD Group, the Manager is entitled to additional remuneration from this net result. resulting from a one-off event not related to the ordinary course of business of the Company or the companies for which the Manager is responsible, as long as this event will have an impact on the cash flow of the Company / subsidiaries.</p>

During the period for which the Report was prepared, the Management Board members were awarded variable pay in the form of an annual bonus.

The 2022 bonus was paid after the approval of the 2022 Report by the General Meeting of Shareholders and is included under: Variable pay paid in 2023.

The Supervisory Board members are not paid any performance-based remuneration..

6. Information about changes, on an annual basis, in remuneration, the Company's performance and the average remuneration of the Company's employees who are not members of the management or supervisory boards, during at least the last five accounting years.

The amount of total remuneration (from ERBUD SA and ERBUD Group companies) paid to Members of the Management Board and the Supervisory Board of ERBUD SA 2019-2023

Remuneration of the Management Board members rounded up in PLN is presented on a cash basis (including remuneration received within the ERBUD Group). This applies in particular to the variable remuneration due for a given financial year, which is paid in the second half of the following year.

for the period from 1 January 2023 to 31 December 2023

Name and surname	Function	% change 2023/2022	2023	% change 2022/2021	2022	% change 2021/2020	2021	% change 2020/2019	2020	% change /2018	2019
Dariusz Grzeszczak	President of the Management Board	-30%	5 429 772	87%	7 713 326	10%	4 119 197	20%	3 735 798	43%	3 110 713
Agnieszka Głowacka	Vice-President of the Management Board	-23%	1 764 632	69%	2 298 905	8%	1 360 559	74%	1 263 938	-10%	724 332
Jacek Leczkowski	Vice-President of the Management Board	-66%	1 688 392	104%	5 013 784	-24%	2 453 545	not applicable	3 432 612	not applicable	not applicable
Radosław Górski	Management Board member until 27 Jun. 2022	not applicable	not applicable	76%	1 994 485	432%	1 133 650	not applicable	213 153	not applicable	not applicable
Gabriel Głowka	Deputy Chairman of Supervisory Board	39%	120 000	7%	86 400	12%	80 400	0%	72 000	0%	72 000
Udo Berner	Supervisory Board Chairman until 8 Sept. 2021	not applicable	not applicable	not applicable	not applicable	68%	63 000	-58%	37 500	-50%	90 000
Albert Dürr	Supervisory Board Member	49%	108 605	7%	73 080	12%	68 005	1%	60 900	0%	60 150
Piotr Kaczmarek	Supervisory Board Member until 11 May 2021	not applicable	not applicable	not applicable	not applicable	-58%	25 375	1%	60 900	61%	60 150
Michał Otto	Supervisory Board Member	37%	217 000	22%	158 000	115%	129 143	0%	60 000	0%	60 000
Janusz Reiter	Supervisory Board Member	49%	107 000	7%	72 000	12%	67 000	0%	60 000	0%	60 000
Michał Wosik	Supervisory Board member	49%	107 000	59%	72 000	not applicable	45 387	not applicable	not applicable	not applicable	not applicable
Roland Bosch	Supervisory Board Chairman	54%	166 460	932%	108 405	not applicable	10 500	not applicable	not applicable	not applicable	not applicable
Beata Jarosz	Supervisory Board Member	49%	107 000	929%	72 000	not applicable	7 000	not applicable	not applicable	not applicable	not applicable

Financial Performance of ERBUD Capital Group member companies rounded up in PLN in 2019-2023

Financial year	% change 2023/2022	2023	% change 2022/2021	2022	% change 2021/2020	2021	% change 2020/2019	2020	% change 2019/2018	2019
Net profit of ERBUD S.A.	-3,30%	28 347 375	-83,50%	29 300 019	551%	177 736 302	46%	27 308 332	253%	18 691 264
Consolidated net profit of ERBUD Group	111,90%	23 294 721	-48,50%	10 994 690	-58%	21 338 889	44%	50 372 830	266%	35 042 589

Average remuneration rounded up in PLN of the Company's employees who are not members of the Management and Supervisory Boards in 2019-2023

Financial year	% change 2023/2022	2023	% change 2022/2021	2022	% change 2021/2020	2021	% change 2020/2019	2020	2019
Total annual remuneration for other personnel members	6%	97 087 516	9%	91 830 085	-2%	83 956 466	19%	85 807 062	72 093 993
Average monthly remuneration for other personnel members	11%	11 129	6%	10 003	1%	9 403	23%	9 335	7 576

Taking into account the size of the criteria determining the amount of bonuses of individual Management Board members due for 2023, and under the Employment Contract paid after the approval of the Consolidated Financial Statements of the ERBUD Group by the Ordinary Annual General Meeting of Shareholders i.e. mid-2023, the estimated bonuses for 2022 of individual members of the Management Board of ERBUD S.A. will be as follows (rounded up in PLN):

<u>NAME AND SURNAME</u>	<u>FUNCTION</u>	<u>ESTIMATED LEVEL OF VARIABLE PAY IN PLN</u>
<u>Dariusz Grzeszczak</u>	<u>President of the Management Board</u>	<u>0 *</u>
<u>Agnieszka Głowacka</u>	<u>Vice-President of the Management Board</u>	<u>0 *</u>
<u>Jacek Leczkowski</u>	<u>Vice-President of the Management Board</u>	PLN 1 921 382
	<u>TOTAL</u>	PLN 1 921 382

*See Table 1 - Remuneration of the Management Board rounded up in PLN paid by ERBUD SA - Estimated variable pay due for 2023 to be paid following the approval of 2023 Financial Statements in PLN.

7. Remuneration paid by the Capital Group member companies.

For the period covered by the drawn up Report, the persons covered by the Remuneration Policy were paid the following consulting fees rounded up in PLN (under B2B contracts) by the Company's Group member companies and for their functions on the Supervisory Board of ONDE S.A. (in PLN):

2023			
Name and surname	Erbud Shared Services Sp. z o.o.	ONDE S.A.	TOTAL
Dariusz Grzeszczak	380 383	0	380 383
Agnieszka Głowacka	162 000	110 000	272 000
Jacek Leczkowski	210 000	134 000	344 000
Michał Otto	0	110 000	110 000

8. The number of financial instruments granted or offered and the fundamental terms and conditions for the exercise of the rights attached to those instruments, including the price and exercise date and changes thereto.

During the period covered by the Report, the Company did not operate an incentive scheme under which financial instruments of the Company were granted or offered to individuals covered by the Remuneration Policy.

9. Information on the use of the option to claim back variable pay items.

During the period covered by the Report, the Company did not address any requests for reimbursement of variable pay items to the individuals covered by the Remuneration Policy.

10. Information on deviations from the procedure for implementation of the remuneration policy and on the applied deviations from the Remuneration Policy, including an explanation of the rationale and procedure, and indication of the elements from which deviations were applied.

As at the date of this Report, the Supervisory Board is not aware of any waiver of the Remuneration Policy and, in particular, has not given its consent to the application of a waiver of the Remuneration Policy on the terms provided for therein.

Warsaw, dated 17 April 2024

/-/
Roland Bosch
Supervisory Board Chairman