

**ERBUD S.A.**

**REPORT ON THE SUPERVISORY BOARD ACTIVITIES  
FOR THE PERIOD FROM 1 JANUARY 2021  
TO 31 DECEMBER 2021**

ERBUD S.A.  
Report on the activities of the Supervisory Board  
for the period from 1 January 2021 to 31 December 2021

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**I. Composition of the Supervisory Board**

From 1 January 2021 to 11 May 2021, the composition of the Supervisory Board of ERBUD S.A. was as follows:

Udo Berner	- Chairman,
Gabriel Glówka	- Vice-Chairman of the Supervisory Board,
Albert Dürr	- A member of the Supervisory Board,
Michał Otto	- A member of the Supervisory Board,
Janusz Reiter	- A member of the Supervisory Board,
Piotr Kaczmarek	- A member of the Supervisory Board.

On 11 May 2021, the Ordinary General Meeting of Shareholders of ERBUD SA appointed the Supervisory Board of ERBUD SA for another joint three-year term with the following composition:

Udo Berner	- Chairman,
Gabriel Glówka	- Vice-Chairman of the Supervisory Board,
Albert Dürr	- A member of the Supervisory Board,
Michał Otto	- A member of the Supervisory Board,
Janusz Reiter	- A member of the Supervisory Board,
Michał Wosik	- A member of the Supervisory Board.

On 08 September 2021, Mr Udo Berner (The Chairman of the Supervisory Board) resigned from his position the Supervisory Board of ERBUD SA.

On 26 November 2021, the Extraordinary General Meeting of Shareholders appointed two additional members of the Supervisory Board, viz., Mr Roland Bosch and Ms Beata Jarosz, so that from 26 November 2021 to the this Report Date, the Supervisory Board of ERBUD S.A. acted with the following composition:

Roland Bosch	- Chairman of the Supervisory Board,
Gabriel Glówka	- Vice-Chairman of the Supervisory Board,
Albert Dürr	- A member of the Supervisory Board,
Michał Otto	- A member of the Supervisory Board,
Janusz Reiter	- A member of the Supervisory Board,
Beata Jarosz	- A member of the Supervisory Board,
Michał Wosik	- A member of the Supervisory Board.

The dependent Members of the Supervisory Board of ERBUD SA are:

Mr Roland Bosch and Mr Albert Dürr (representing the shareholder Wolff & Müller Baubeteiligungen GmbH & Co. KG and Wolff & Müller Holding GmbH & Co. KG) and Mr Gabriel Glówka, who became dependent after serving 12 years on the Supervisory Board of ERBUD SA, i.e. as of 15.11.2018.

The following Members of the Supervisory Board of ERBUD S.A. meet the criteria for independence specified in the Act on Statutory Auditors: Ms Beata Jarosz, Mr Michał Otto, Mr Janusz Reiter and Mr Michał Wosik.

Moreover, the following Members of the Supervisory Board of ERBUD S.A. have no actual or significant relations with a shareholder holding at least 5% of the total number of votes in ERBUD S.A: Ms Beata Jarosz, Mr Gabriel Glówka, Mr Michał Otto, Mr Janusz Reiter and Mr Michał Wosik.

The Supervisory Board consists of six men and one woman. The members of the Supervisory Board hold university degrees in economics (finance and banking, production economics, business economics, German studies and specialist knowledge in such areas as international relations, capital markets and strategy). The

composition of the Supervisory Board by age criterion is as follows: 0 Supervisory Board members aged under 30, 2 Supervisory Board members aged between 30 and 50 and 5 Supervisory Board members aged over 50.

The educational background, experience and specialist knowledge of the members of the Supervisory Board in the areas indicated above complement the competencies of the Management Board, which allows the Supervisory Board to exercise comprehensive and effective supervision over the Company's activities, including the activities of the Management Board also in highly specialised areas of the Company's economic activity.

Within the Supervisory Board of ERBUD S.A. there are two Committees, namely:

1. **Audit Committee (CA)**, which from 1 January 2021 to 11 May 2021 was composed of:

- Michal Otto - Chairman (independent Member of the Supervisory Board, on the Audit Committee since 28 April 2016),
- Gabriel Główka - Committee Member (dependent Member of the Supervisory Board, in the Audit Committee since 15 November 2006),
- Janusz Reiter - Committee Member (independent Member of the Supervisory Board, on the Audit Committee since 29 May 2018),
- Piotr Kaczmarek - Committee Member (independent Member of the Supervisory Board, on the Audit Committee since 3 December 2018).

On 11 May 2021, the Supervisory Board appointed an Audit Committee for a further joint three-year term of office with the following composition:

- Michał Otto - Chairman
- Gabriel Główka - A member of the Audit Committee
- Janusz Reiter - A member of the Audit Committee

On 1 April 2022, the Supervisory Board appointed two new members to the Audit Committee, namely Mr Roland Bosch and Mr Michal Wosik.

In view of the above, as of the Report Date, the Audit Committee of ERBUD SA was composed of five members:

- Michal Otto - Chairman
- Gabriel Główka - A member of the Audit Committee
- Janusz Reiter - A member of the Audit Committee
- Roland Bosch - A member of the Audit Committee (a dependent member of the Supervisory Board, sitting on the Audit Committee since 1 April 2022)
- Michal Wosik – A member of the Audit Committee (independent Member of the Supervisory Board, in the Audit Committee since 1 April 2022)

In the Company's Audit Committee as of 31 December 2021, Mr. Michal Otto, Mr. Janusz Reiter met the criteria for independence within the meaning of Article 129 section 3 of the Act on Statutory Auditors.

In addition, as of 1 April 2022, Mr Michal Wosik joined the independent members of the Audit Committee of ERBUD SA.

Mr. Gabriel Główka fulfils the conditions of the Act on Statutory Auditors concerning accounting or auditing knowledge and skills. Mr. Gabriel Główka graduated from the Warsaw School of Economics, Faculty of Production Economics, specialization in construction and investment economics. His knowledge in this area is also evidenced by obtaining a Habilitated Doctor of Science degree in the area of economic science, discipline finance. This is the highest degree awarded in the field of economic sciences. Obtaining the degree of Habilitated

Doctor of Science in the discipline of finance is a confirmation of knowledge in a wide area of this subject, including financial verification of enterprises, assessment of their financial condition etc. The competences of Mr. Gabriel Główka are also confirmed by his experience gained, among others:

- (i) in the Credit Department at ING Bank Śląski, (ii) in the position of the chairman of the Credit Committee of the Warsaw Region of ING Bank Śląski, the most important task of which was to assess and verify the financial capacity of enterprises to contract credit obligations and make decisions on granting them working capital and investment loans, (iii) while holding the position of President of the Management Board of Śląski Mortgage Bank - later ING Mortgage Bank, where he managed the finances - in the position of Financial Director, (iv) while acting in the State Qualification Committee for property value assessment – where he has acquired the knowledge and skills in the area of enterprise assets valuation.

The conditions of the Act on Statutory Auditors concerning possession of knowledge and skills in the industry in which the Issuer operates are fulfilled by Mr Gabriel Główka, who graduated from the Warsaw School of Economics, Faculty of Production Economics, specialisation: construction and investment economics. For over 30 years he has been a researcher and lecturer at the Warsaw School of Economics - currently he is also the director of the Institute of Corporate Finance and Investments and the dean of the College for Enterprise Sciences. In the years 2002-2004 and again since 2009 he has been a member of the State Qualification Committee - Subcommittee for granting professional certification in the area of property value assessment.

As a result, the Issuer meets the requirements referred to in Art. 129 sections 1, 3 and 5 of the Act on Auditors.

In 2021 the Audit Committee held 5 meetings convened by the Chairman of the Audit Committee, (on: 15 Feb. 2021, 29 Mar. 2021, 17 Jun. 2021, 30 Aug.2021, 26 Nov. 2021), in which the participation of other Members of the Supervisory Board as well as of managers of: the Legal Division and the Department of Audit and Internal Control was possible.

On 14 Dec. 2020, by Resolution No. 14/2020, the Audit Committee of ERBUD S.A. issued a recommendation to the Supervisory Board on the selection of an auditor (PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k) to review the interim financial statements and audit the annual financial statements of the Company and the Company's Capital Group for the years 2021-2023.

By Resolution No. 2/2021 of 7Jan. 2021 the Supervisory Board of ERBUD S.A. agreed to extend the agreement with PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. for the review of interim financial statements and the audit of annual financial statements of the Company and the Company's Capital Group for the years 2021-2023, in accordance with the recommendation of the Audit Committee of ERBUD S.A.

2. **The Remuneration Committee (RC)** from 1 January 2021 to 08 September 2021 was composed as follows:

- Udo Berner - Chairman of the Remuneration Committee
- Michal Otto - Member of the Remuneration Committee
- Janusz Reiter - Member of the Remuneration Committee

On 8 September 2021 Mr Udo Berner (Chairman of the Supervisory Board) resigned from the Supervisory Board of ERBUD SA, thus the Remuneration Committee from 9 September 2021 to 25 November 2021 consisted of:

- Michal Otto - Member of the Remuneration Committee
- Janusz Reiter - Member of the Remuneration Committee

On 26 November 2021, by Resolution No. 84/2021, the Supervisory Board appointed Mr Roland Bosch as a member of the Remuneration Committee with the function of Chairman.

In view of the above, the composition of the Remuneration Committee from 26 November 2021 is as follows:

- Roland Bosch - Chairman of the Committee
- Michal Otto - Member of the Committee
- Janusz Reiter - Member of the Committee

In 2021, the Remuneration Committee held 1 meeting (on 14 June 2021) convened by the Chairman of the Remuneration Committee,

In the opinion of the Supervisory Board, there is no need to set up any committees other than those currently functioning on the Supervisory Board.

## II. Supervisory Board Activities

In the period from 1 January 2021 to 31 December 2021 6 meetings of the Supervisory Board of ERBUD S.A. were held (22 Jan. 2021, 19 Feb.2021, 11May 2021, 16Sept. 2021, 26. Nov. 2021). Apart from the meetings indicated above, the Supervisory Board adopted resolutions in writing or by means of direct remote communications - pursuant to §5, section 3 of the By-Laws of the Supervisory Board of ERBUD SA<sup>1</sup> .

The year 2021, due to the change in the strategy of the ERBUD Group approved by the resolution of the Supervisory Board No. 13/2021 of 19 February 2021, was a period of very intensive work for both the Management Board and the Supervisory Board. Funds obtained from the sale of 7,704,200 shares in ONDE SA (as part of the IPO offer) enabled the Group to further develop by increasing its activity in the RES and modular construction segments.

During the meetings of the Supervisory Board in 2021, the Supervisory Board reviewed the current financial results and participated in the development of the ERBUD Group's activities. The members of the Supervisory Board analysed in detail the cash - flow of the company and the ERBUD Group in connection with planned large investments.

In view of the prevailing COVID 19 outbreak, the Supervisory Board monitored the impact of the outbreak on the company's production activities on an on-going basis.

In 2021, the Supervisory Board adopted 88 resolutions, both at meetings - including online - and in writing or by means of direct remote communication, including, but not limited to

- It appointed the Management Board of ERBUD SA for another joint three-year term;
- It issued a recommendation to the Remuneration Committee on amending the terms of remuneration of the Members of the Management Board of ERBUD SA;
- It gave its consent to the Management Board of the Company to purchase its own shares for the purpose of redemption;
- It gave its consent to transactions under two buy-backs of ERBUD SA's own shares (i) worth PLN 20 million and (ii) worth PLN 50 million;

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<sup>1</sup> *By-Laws of the Supervisory Board of ERBUD S.A. were amended on 09.04.2021 - Resolution No 5/2021 of EGM of 09.04.2021, consolidated text of the By-Laws of the Supervisory Board - Resolution No 6/2021 of EGM of ERBUD S.A. of 09.04.2021*

ERBUD S.A.  
Report on the activities of the Supervisory Board  
for the period from 1 January 2021 to 31 December 2021

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- It issued an assessment on the compliance of the ERBUD SA's 2020 report on operations and annual financial statements, with the books, documents and facts;
- It provided the Supervisory Board's assessment of the compliance of the report on the activities of ERBUD SA for 2020 and the annual financial statements, with the books, documents and facts;
- It issued a statement on the appointment and activities of the Audit Committee of ERBUD SA;
- It adopted a resolution on the appointment of an auditing firm to carry out an audit of the annual financial statements in accordance with the provisions in force;
- It adopted the report on the remuneration of Members of the ERBUD SA bodies for 2019 and 2020;
- It considered and evaluated the Management Board's proposal for the distribution of profit for 2020.
- It assessed transactions with related parties of ERBUD SA on two occasions;
- It gave opinions on draft resolutions for the OGM and EGM;
- It approved the merger of ERBUD Operations sp. z o. o. with ERBUD International sp. z o. o.
- It adopted new regulations in relation to the Best Practices of Companies Listed on the Stock Exchange (giving an opinion on the adoption of the ESG strategy and the adoption of the Diversity Policy of the Management Board of ERBUD SA);
- It approved the issue of series D bonds with a nominal value of up to PLN 75 million;
- It gave its consent for ERBUD SA to submit bids worth more than EUR 30 million;
- It agreed to incur liabilities with financial institutions;
- It agreed to provide guarantees to ONDE and GWI Bauunternehmung GmbH (now MOD21 GmbH);
- It approved the material and financial plan and the investment plan of ERBUD SA and the ERBUD Group for 2022.

The Company has a procedure for selecting an audit firm, a policy for selecting an audit firm to conduct an audit and a policy for the provision of permitted non-audit services by the audit firm conducting the audit, by entities related to the audit firm and by a member of the audit firm's network. The main principles of the policy developed for the selection of an audit firm to carry out statutory audit and the policy for the provision of non-audit services by the audit firm carrying out the audit shall be in compliance with the rules relating to the audit: (i) maintaining the statutory auditor's independence, (ii) avoiding conflicts of interest, (iii) proper preparation of the documentation in the bidding process, (iv) a non-discriminatory selection process for the audit firm during the bidding process, (v) a fair assessment of the experience of the audit firm and the audit team and the key statutory auditor, (vi) determining the appropriate remuneration of the audit firm for the services provided, (vii) ensuring appropriate rotation of audit firms. 2021, ERBUD S.A. selected an audit firm to conduct an audit on the basis of the procedures adopted in this respect. The selection of the audit firm for the statutory audit for the 2021 financial year, which concerned the renewal of the agreement, was made on the basis of a resolution of the Audit Committee adopted on 14 December 2020, which made a recommendation to the Supervisory Board regarding the selection of the audit firm. The recommendation of the Audit Committee met the applicable conditions, i.e.: (i) it identified the audit firm proposed to be entrusted with the statutory audit, (ii) it contained a statement that the recommendation was free from third-party influence and (iii) it stated that ERBUD S.A. did not enter into agreements containing clauses referred to in Article 66.5a of the Accounting Act of 29 September 1994 (Journal of Laws of 2021, item 217). Subsequently, on 7 January 2021, the Supervisory Board adopted a resolution to extend the agreement with the audit firm Pricewaterhousecoopers Polska spółka z ograniczoną odpowiedzialnością Audyt Sp. k. for statutory audit services for 2021 - 2023, i.e. for auditing the annual separate financial statements of ERBUD S.A. and the annual consolidated financial statements of the ERBUD Group, as well as reviewing the interim separate financial statements of ERBUD S.A. and the interim consolidated financial statements of the ERBUD Group.

Pricewaterhousecoopers Polska spółka z ograniczoną odpowiedzialnością Audyt Sp. k. is entered in the register of audit firms, kept by the Polish Agency for Audit Supervision, under no. 144.

Moreover, the Audit Committee, acting pursuant to Article 130 section 1 item 4) of the Act on Auditors, Audit Firms and Public Supervision (Journal of Laws of 2020, item 1415), adopted a resolutions on the assessment of the auditor's independence and consent to the provision by the auditor of permitted non-audit services, i.e.:

- ✓ review services of the financial statements of ERBUD S.A. for the first half of 2021 and the consolidated financial statements of the ERBUD Group for the first half of 2021;

- ✓ support services for the drafting of the prospectus of ONDE SA and the audit of the financial statements of ONDE SA for the purposes of the prospectus;
- ✓ assurance services on selected non-financial indicators for the year 2021;
- ✓ assessment services for the 2021 report on the remuneration of company bodies;
- ✓ services to prepare an audit report on the compliance of the 2021 financial statements in XBRL format with ESMA standards.

On 11 May 2021, the Supervisory Board of ERBUD SA of the new term appointed the Management Board of ERBUD SA for another joint three-year term with unchanged composition, i.e.:

Dariusz Grzeszczak -	President of the Management Board
Agnieszka Głowacka -	Vice-President of the Management Board
Jacek Leczkowski -	Vice-President of the Management Board
Radosław Górski -	Member of the Management Board

The Management Board is composed of three men and one woman. The members of the Management Board hold degrees in construction and finance and economics and have specialist knowledge resulting from years of experience in managing capital groups. The composition of the Management Board in terms of age is as follows: no Management Board members aged under 30, three Management Board members aged between 30 and 50 and one Management Board member aged over 50.

Important matters and financial data were analysed and discussed by the Audit Committee and the Supervisory Board together with the Management Board of ERBUD S.A., both by telephone and during the meetings of the Supervisory Board.

In addition, the Supervisory Board received from the Management Board of ERBUD S.A. monthly reports describing the current financial and economic situation of the Company and the ERBUD Group, as well as regular information on the implemented procedures to prevent the spread of the COVID-19 virus.

The Management Board kept the members of the Supervisory Board informed of special events. The Management Board also notified the members of the Supervisory Board in advance of all important events and significant decisions to be taken.

### **III. Assessment of the Company's situation, including assessment of internal control systems, risk management, compliance and internal audit function.**

The Supervisory Board confirms that in the ERBUD S.A. Group there is an audit and internal control unit, which directly reports to the Management Board of ERBUD SA.

The Audit and Internal Control Department creates independent work places focused on planning and coordinating audit and control undertakings.

The tasks of the Audit and Internal Control Department include:

- Supervision of processes in the company in terms of economy, legality, purposefulness, reliability, as well as transparency and openness of applied solutions.
- Identification of risk areas and initiation of corrective and preventive actions to eliminate irregularities that may occur in the future, by making recommendations for specific solutions and standards.
- Submitting of proposals of changes in the organisation of implemented projects and changes aimed at lowering the costs of implementation or increasing the competitiveness of ERBUD S.A.'s offer.



- Examination of the correctness of the performance of tasks belonging to the scope of activity of the Company's organisational units - presentation of protocols, reports, post-control speeches and recommendations.
- Disclosing of financial irregularities and ensuring compliance of activities with the binding legal order, rules of expertise and established internal standards and procedures.
- Determination of the actual state of implementation of the tasks belonging to the scope of activity of the controlled entities, documenting it, comparing it with the required state and assessing the established facts in terms of legality, economy, purposefulness and reliability. Identification of persons responsible for irregularities.
- Preparation and implementation of an annual audit and control plan, as well as ad hoc audits and controls commissioned by the Company's Management Board.
- Monitoring of the implementation of recommendations from audit / control proceedings and providing support in implementing the recommendations.
- Close cooperation with the controlling department with regard to the correctness of the valuation of long-term contracts as of the date of control (including the balance sheet date); joint monthly analysis of results on individual projects taking into account potential risks.

The Audit Department carries out its activities on the basis of audits and controls planned and commissioned by the Management Board.

In the opinion of the Supervisory Board, the obligations relating to financial reporting and operating activities are fulfilled by the units appointed to that effect in a proper manner.

The Supervisory Board, after reviewing the reports and activity reports of the Audit and Internal Control Department, positively assesses the control mechanisms in place at the Company.

#### **IV. Assessment by the Supervisory Board of the compliance of the report on the operations of ERBUD SA and the annual financial statements with the books, documents and facts.**

During 2021 both the Supervisory Board and the Audit Committee of ERBUD SA held meetings, the purpose of which was to analyse the separate and consolidated financial documents for the period 01.01.2021 - 31.12.2021.

On 05 April 2022, acting on the basis of §70 section 1 item 14 and §71 section 1 item 12 of the Regulation of the Minister of Finance of 29 March 2018 on periodic information provided by issuers of securities and the conditions for recognising as equivalent the information required by the laws of a non-member state, the Supervisory Board of ERBUD SA adopted a resolution stating that the report on the operations of ERBUD S.A. and the ERBUD S.A. capital group and the annual financial statements of ERBUD S.A. and the consolidated financial statements of the ERBUD S.A. capital group are consistent with the books, documents and facts.

The Supervisory Board justified its assessment as follows:

ERBUD S.A. keeps the books of account in a proper manner and economic events are correctly reflected in the accounting records. The report on operations and the financial statement prepared on their basis properly reflect the formal and factual state of ERBUD S.A. and the capital group.

The Management Board of the Parent Company is responsible for preparing the Consolidated Report on Operations in accordance with the law.

The Management Board of the Parent Company and members of the Supervisory Board are obliged to ensure that the Consolidated Report on Operations together with the separated parts meet the requirements provided in the Accounting Act.



ERBUD S.A.  
Report on the activities of the Supervisory Board  
for the period from 1 January 2021 to 31 December 2021

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In its opinion of 06 April 2022, the certified auditor assured that the consolidated financial statements of the ERBUD capital group in which ERBUD SA is the parent company:

- gives a true and fair view of the consolidated asset and financial conditions of the group Erbud S.A. (the “Group”), in which Erbud S.A. is the parent company (the “Parent Company”), as of 31 December 2020 and its consolidated financial result and consolidated cash flows of the Group for the financial year then ended, in accordance with applicable International Financial Reporting Standards (IFRS) as adopted by the European Union and with adopted accounting policies;
- is consistent in form and content with the legal regulations binding on the Group and the Statutes of the Parent Company.

This opinion is consistent with the additional report for the Audit Committee that was issued by PwC on 5 April 2022.

The Management Board of ERBUD SA also stated that the financial statements of ERBUD SA for 2021 had been prepared in accordance with the applicable accounting principles and reflect, in a true, fair and clear manner, the asset and financial situation of the company ERBUD SA.

The Supervisory Board of ERBUD SA, having familiarized itself with the documents submitted by the Management Board:

- 1) Separate financial statements of ERBUD Spółka Akcyjna for the year ended on 31 December 2021, including:
  - a) the Company's Management Board's report on the operations of ERBUD SA in the financial year ended on 31 December 2021.
  - b) the balance sheet as of 31 December 2021, with total assets and liabilities of PLN 897,132,132.15 (eight hundred ninety seven million one hundred thirty two thousand one hundred thirty two 15/100 Zloty),
  - c) the profit and loss statement for the period from 1 January to 31 December 2021, showing a net profit of PLN 177,736,302.25 (one hundred seventy seven million seven hundred thirty six thousand three hundred two 25/100 Zloty),
  - d) the cash flow statement showing an increase in cash during the financial year ended on 31 December 2021 by PLN 96,172,030.30 (ninety six million one hundred seventy two thousand thirty 30/100 Zloty),
  - e) the Statement of Changes in Equity showing an increase in equity during the accounting year ended on 31 December 2021 by PLN 107,736,352.25 (one hundred seven million seven hundred thirty six thousand three hundred fifty two 25/100 Zloty),
  - f) notes on adopted accounting policies and other explanatory notes.
- 2) Consolidated Financial Statements of the ERBUD S.A. Capital Group for the year ended on 31 December 2021, including:
  - a) Report on the Operations of the ERBUD Capital Group in the accounting year ended on 31 December 2021
  - b) Consolidated Balance Sheet of the ERBUD Capital Group as of 31 December 2020, with total assets and liabilities of PLN 1,833,189,213.21 (one billion eight hundred thirty three million one hundred eighty nine thousand two hundred thirteen 21/100 Zloty),
  - c) the Consolidated Profit and Loss Account of the ERBUD Capital Group for the period from 1 January to 31 December 2021, showing a net profit of PLN 21,338,889.07 (twenty one million three hundred thirty eight thousand eight hundred eighty nine 07/100 Zloty),

- d) the ERBUD Capital Group's Consolidated Cash Flow Statement showing an increase in cash during the accounting year ended on 31 December 2021 by PLN 70,621,815.28 (seventy million six hundred twenty one thousand eight hundred fifteen 28/00 Zloty),
- e) the Statement of Changes in Consolidated Equity showing an increase in equity during the financial year ended on 31 December 2021 by PLN 374,237,879.14 (three hundred seventy four million two hundred thirty seven thousand eight hundred seventy nine 14/00 Zloty),
- f) Notes on adopted accounting policies and other explanatory notes.

3) The Auditor's Report and Opinion of 5 April 2022.

made a positive assessment of the above-mentioned documents as regards their compliance with the Company's books and documents, as well as with the actual state of affairs. Therefore, the Supervisory Board of ERBUD SA decides to submit this assessment to the Ordinary General Meeting of ERBUD SA.

The Supervisory Board recommends that the General Meeting of ERBUD SA approve:

- Separate Financial Statements of ERBUD Spółka Akcyjna for the accounting year ended on 31 December 2021,
- Consolidated Financial Statements of the ERBUD Capital Group for the accounting year ended on 31 December 2021,
- Management Board's reports on the operations of the ERBUD Capital Group including the report on the operations of ERBUD S.A. in 2021,
- Integrated Annual Report on the operations of the ERBUD GROUP containing non-financial data.

**V. Evaluation of the Management Board's proposal on the allocation of net profit of ERBUD SA for the year ended 31 December 2021.**

In connection with the planned adoption by the Ordinary General Meeting of Shareholders of ERBUD S.A. of a resolution on authorizing the Management Board of the Company to acquire own shares of the Company for the purpose of their redemption, as well as in connection with the geopolitical situation (armed conflict in Ukraine), the Supervisory Board positively assesses the proposal of the Management Board of ERBUD SA to the Ordinary General Meeting of ERBUD SA of the allocation of net profit of ERBUD SA for 2021 in the amount of PLN 177,736,302.25, dividing it as follows:

- the amount of PLN 77,736,302.25 (seventy seven million seven hundred thirty six thousand three hundred two Zloty 25/00) - to be allocated to the Company's reserve capital set up to finance the acquisition of the Company's own shares for redemption;
- the remaining amount of PLN 100,000,000 (one hundred million Zloty 00/00) - to be allocated to the Company's supplementary capital.

**VI. Self-Assessment of the Supervisory Board's Activities**

The Supervisory Board made a self-assessment of its activities in 2021. Five Members of the Supervisory Board, in accordance with the established custom, filled in a self-assessment questionnaire and the answers were analysed by the Chairman of the Supervisory Board, who then presented his conclusions to the Supervisory Board. The questionnaire was not filled in by two newly elected Members who joined the Supervisory Board of ERBUD S.A. on 26 November 2021.

The Supervisory Board maintained its independence as regards the assessment of the work of the Management Board and the Company's activity also in the area of its functioning as a public interest entity. With regard to the composition of the Supervisory Board, it can be stated that the Company's Supervisory Board is distinguished by its composition, which has diverse knowledge and experience. The members of the Supervisory Board represent a high level of preparation and are prepared in terms of their merits, taking into account the specific nature of the Company's and the Capital Group's operations. All Members of the Supervisory Board have exercised due diligence in performing their duties, using their knowledge, qualifications and skills.

All members of the Supervisory Board have a good understanding of the risks associated with the Company's operations. In performing its duties, the Supervisory Board used the information and documents presented by the Management Board of the Company, as well as by the Company's appointed employees, in particular in the area of internal audit or legal department. The Supervisory Board actively cooperates with the committees of the Supervisory Board and positively assesses the activities of these committees. In the opinion of the Supervisory Board, the cooperation with the Company's Management Board was very efficient and there were no cases of the Supervisory Board taking over the competences. Members of the Supervisory Board were involved in the work of the Board, usually participating in its deliberations in full composition. Few cases of absence were always justified. Activities to which the Supervisory Board is obliged were performed on time and with the utmost care. Decisions were made after detailed discussions, listening to the Management Board's arguments, not infrequently intensified by expert opinions and opinions prepared by external advisors. Significant observations and opinions of the Supervisory Board members were reflected in the minutes of the Board meetings. All Members of the Supervisory Board performed their functions in an active way, showing the necessary level of involvement in the work of the entire Supervisory Board. Members of the Supervisory Board devoted the necessary amount of time to perform their duties resulting from sitting on the supervisory body, including the committees of the Supervisory Board, in particular the Audit Committee. In light of the obligations arising from the provisions of law and the Company's Statutes, the Supervisory Board duly fulfilled its obligations arising from permanent supervision over the Company.

In the opinion of the members of the Board, the Supervisory Board of the Company properly fulfilled its obligations arising from the provisions of law, the Statutes and the Supervisory Board Rules..

#### **VII. Assessment of the manner in which the Company fulfils its information obligations concerning the application of corporate governance rules specified in the Rules of the Warsaw Stock Exchange and the regulations concerning current and periodic information provided by issuers of securities**

The Supervisory Board evaluated the way in which the Company fulfils its information obligations related to the application of corporate governance rules specified in the Rules of the Warsaw Stock Exchange – Giełda Papierów Wartościowych w Warszawie S.A. and regulations concerning current and periodical information provided by issuers of securities.

The Supervisory Board positively assesses the fulfilment of the obligations referred to above by the Company ERBUD S.A.

Since 30 July 2021, ERBUD S.A. has been following the guidelines developed by the Stock Exchange Council in the set of corporate governance principles called “Best Practices of WSE Listed Companies 2021”. In order to verify the correctness of ERBUD S.A.'s performance of obligations arising from the Best Practices, the Supervisory Board reviewed the list of principles applied by the Company and documents and information published on the Company's website in the execution of the Best Practices 2021 principles. Moreover, the Supervisory Board reviewed the Company's explanations as to non-application of particular principles of the Best Practices.

The Supervisory Board positively assesses the fulfilment by ERBUD S.A. of obligations resulting from the Best Practices principles applied by the Company and assesses the Company's explanations regarding non-application of individual Best Practices principles as coherent and satisfactory.

The Supervisory Board is aware of the regulations applicable to ERBUD S.A. concerning current and periodic information provided by issuers of securities and internal regulations developed by ERBUD S.A. regulating the flow of confidential information in ERBUD S.A. and identifying the types of events subject to qualification in ERBUD S.A. for recognition as confidential information subject to reporting.

### VIII. Assessment of the rationality of the Company's policy on charity, sponsoring or other activities or information about the lack of such policy

The Supervisory Board assessed the rationality of the Company's policy on charity and sponsorship activities.

2021, despite the COVID-19 epidemics, the Company focused strongly on supporting the activities of Eryk Grzeszczak Foundation "ERBUD - Common Challenges", the aim of which is to help the pupils of orphanages and foster care in the process of becoming independent.

2021, for the first time, friends of the Foundation were able to donate 1% of their taxes to support the wards of the Foundation. In total, **as much as PLN 415,000** was raised in this way. Payments, combined with 99% of the heart, give the strength and capacity to help those who have faced exceptionally great difficulties - to children brought up in orphanages, of which there are over 200 under the Foundation's care.

2021 was another year marked by a pandemic that hit the young particularly hard. A priority for the ERBUD Common Challenges Foundation has been the continuation of mental health support for children and young people, primarily in the form of online and telephone consultations. The Foundation's psychologists were always ready to help. In total, several hundred hours of support were provided. Projects implemented in 2021 by the ERBUD Foundation:

Name of the Programme	Implementation Period	Description
TOGETHER	permanently since 2015	The programme consists of individual cooperation between a mentor (our employee) and a mentee - a person between 17 and 20 years of age in closed care. Experienced mentors in 2021 mainly helped remotely - not only in the form of tutoring or assistance in writing a CV, but also in conversations on issues that are of concern to young people.
SUCCESS RECIPE	permanently since 2018	This is one of the few programmes in Poland providing comprehensive psychological support for children's homes - the wards, but also their carers. We provide a diagnosis of the needs of young people and practical techniques for increasing their motivation, perseverance and commitment. We support the staff in strengthening their psychological and professional competences. Due to the pandemic, most activities in 2021 took the form of remote consultations with therapists.
RESILIENT INTERNET USERS	pilot 2021; full scope - since 2022	The programme takes the form of a competition with challenges for teams from children's homes. In the pilot in 2021, 12 teams from 5 institutions competed. The competition tasks are to strengthen creativity, independence, efficiency and cooperation with others. Attractive awards await the winners (trips, equipment for institutions).
TUTORING	since November 2021; full scope - since 2022	The programme is designed to level the playing field and provide greater opportunities for

ERBUD S.A.  
Report on the activities of the Supervisory Board  
for the period from 1 January 2021 to 31 December 2021

		development and choice of educational path for wards of children's homes. Tutors support children in learning Polish, English and mathematics. Motivation to learn is to be increased by a token system. An educational and entertainment trip/voyage will be awarded to the outstanding institution.
DREAMS	pilot 2021; full scope since 2022	We invite young people (11-20 years old) to take part in a journey, the final of which - for the winners - will be a trip to London. During the 3-month work on the competition video-presentation, the participants will strengthen their English and public speaking skills, but also other values useful in adult life - curiosity about the world, creative creation of the future, seeing perspectives, turning failures into springboards.

The ERBUD Group treats sponsorship and social activities as one of the tools to implement a long-term development strategy. The Group's sponsorship activity aims to build the image of the Group of Companies achieving good economic results, but also friendly and socially responsible. Sponsorship activities are understood as activities for the benefit of the sponsored entity.

These activities are performed in exchange for the performance of activities aimed at creating a positive image of the Group's brands, popularising the trademarks and increasing the prestige of the sponsoring entities.

Examples of sponsorship activities implemented in 2021 by ERBUD Group companies:

- Sports in Toruń (speedway, basketball)
- Concert for Hope
- ERBUD University Esports EDU
- PGA Golf Tour
- PZPB "Good for Christmas"
- 101 health and safety practices
- Book "Healthy architecture, the new standard for sustainable construction"
- Company Rescue Team Championships 2021
- ERBUD Film Fest - construction film festival

#### IX. Evaluation of the degree of implementation of the diversity policy.

The Company pursues the objectives of the adopted diversity policy for the Supervisory Board and the diversity policy for the Management Board by ensuring the comprehensiveness of competencies, knowledge, education and professional experience in the Company's bodies.

The criterion of gender diversity in the bodies was met at the level of 25% in the Management Board and at the level of 14% in the Supervisory Board. The Company aims to achieve a level of gender diversity in the bodies at 30%, taking first of all into account the need to ensure competence, skills and taking into account the characteristics and factors of the candidates for the members of the bodies that justify the conviction that they will properly perform the duties associated with their functions in the given body. In selecting from among the candidates for members of the bodies, the Company will be guided by the need to ensure gender diversity at the level indicated, apply the criteria referred to above, and make its selection taking into account the facts of the available and proposed candidates.

#### X. Dividend

The Company did not pay a dividend in 2021.

ERBUD S.A.  
Report on the activities of the Supervisory Board  
for the period from 1 January 2021 to 31 December 2021

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On 06.04.2020, by current report No. 16/2020, the Company announced that due to the COVID-19 coronavirus pandemic, the Management Board decided to suspend the application of the profit distribution rules.

Warsaw, 21 April 2022

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**Roland Bosch**  
Chairman of the Supervisory Board