



S H O E S & B A G S

REMUNERATION POLICY

**Of MEMBERS OF THE MANAGEMENT BOARD AND MEMBERS OF
THE SUPERVISORY BOARD OF CCC S.A.**

I. Preliminary provisions

1. Legal basis

The General Meeting of the company CCC S.A., based in Polkowice (hereinafter: **the "Company"**, **"CCC"**), acting on the basis of Article 90c-90f of the Act of 29 July 2005 on Public Offering and the Conditions for Introducing Financial Instruments to the Organized Trading System and on Public Companies (Journal of Laws of 2019, item 623, as amended). - hereinafter referred to as the **"Act on Public Offering"**), adopts this remuneration policy for members of the Management Board and the Supervisory Board (**"Remuneration Policy"**, **"Policy"**).

The aforementioned provisions of the Act on Public Offering entered into force pursuant to the Act of 15.11.2019 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 (Journal of Laws of 2019, item. 2217), which implements Directive 2017/828 of the European Parliament and of the Council (EU) of 17 May 2017 amending Directive 2007/36/EC as regards encouraging long-term commitment of shareholders (Official Journal of the EU L 132 of 20 May 2017) (hereinafter: **"the Directive"**) into the Polish legal order.

2. Objectives for implementation of the remuneration policy

The remuneration policy is introduced due to the key role played by members of the Management Board and Supervisory Board in the Company. It aims to contribute to the implementation of the Company's business strategy, its long-term interests and the stability of the Company, inter alia, by motivating the members of the above mentioned bodies to work effectively for the benefit of the Company, encouraging their long-term cooperation and linking the interests of the Management Board members with the interests of the Company.

3. Principles of Policy preparation

The policy has been drawn up in accordance with the principles of clarity and transparency.

This Remuneration Policy has been prepared on the basis of existing financial and accounting data, taking into account the current situation of the Company and its development plans.

The draft Policy prepared by the Management Board has been reviewed by the Supervisory Board and presented to the shareholders during the Ordinary General Meeting on 24 June 2020. The shareholders positively commented on the content of the proposed Policy and adopted a resolution on its adoption.

The policy is valid from 24 June 2020. i.e. the date of adoption of the aforementioned resolution of the General Meeting and its entry into force (**"Resolution"**).

II. Remuneration of the Management Board and Supervisory Board members

The amount of remuneration of the members of the Management Board and the Supervisory Board should be sufficient to acquire, maintain and motivate people with competences necessary for proper management and supervision of the Company.

When determining the remuneration of the members of the Management Board and the Supervisory Board, the amount of work necessary for the proper performance of the functions of individual members of the above mentioned bodies, the scope of duties, responsibilities and competences related to the performance of these functions is taken into account.

The amount of remuneration corresponds to the size of the company and remains in a reasonable relation to the economic results of the Company.

In order to improve the quality and efficiency of work of the members of the Management Board, their remuneration is determined taking into account the motivational character and effective and smooth management of the Company, therefore it consists of fixed elements (basic remuneration) and variables (cash bonuses).

Remuneration consists of:

- fixed components of remuneration, including additional cash and non-monetary benefits;
- variable remuneration components (in the case of Management Board members).

1. Description of fixed and variable components of remuneration, as well as other cash and non-monetary benefits that may be granted to members of the Management Board and Supervisory Board

1) Fixed components of remuneration

The fixed remuneration is set at a level appropriate to the tasks entrusted to individual persons and related responsibilities, and takes into account the performance of additional functions, such as work in internal committees of the Supervisory Board.

1. Appointment fees

Management Board members receive basic remuneration for their appointment, paid in cash by the 10th day of each month (in arrears), in the amount determined by a resolution of the Supervisory Board.

The amount of monthly remuneration for appointment may differ between individual members of the Management Board due to their functions.

A member of the Management Board shall not be entitled to remuneration for the period during which he or she is suspended in the performance of his or her function.

The Supervisory Board members receive basic remuneration for their appointment, paid in cash by the 10th day of each month (in arrears), in the amount determined by a resolution of the General Meeting. No remuneration is payable for a given month if a Supervisory Board member has not participated at least once in that month for unjustified reasons in a properly convened meeting of the body.

The amount of basic monthly remuneration may vary between individual Supervisory Board members due to their functions.

2 Remuneration for additional functions in a separate committee

A member of the Supervisory Board performing an additional function in a separate committee shall receive additional fixed remuneration in the amount determined by a resolution of the General Meeting.

The amount of the above mentioned monthly additional remuneration may vary between the individual members of a given committee due to the functions they perform on that committee.

This remuneration is payable together with the basic remuneration referred to in point 1 above by the 10th day of each month (in arrears), provided that it is indicated in the above point.

3 Additional cash and non-monetary benefits

Additional benefits received by the members of the Management Board and the Supervisory Board may include, among others, the following

- private medical care, including for family members,
- the use of company cars for private purposes and covering their costs,
- the use of company telephones and other electronic devices for private use and covering the costs of their use,
- Financing of training, courses and studies, including postgraduate studies (in Poland and abroad),

- private security,
- covering the costs of the business apartment/subsistence,
- a package of additional health, property and personal insurance, including third party liability insurance for persons managing companies (D&O).

2) Variable components of remuneration

1. The members of the Management Board are awarded variable remuneration components in the form of
 - a) **Short-term individual bonus** - on the basis of individual short-term goals, granted for the first and second half of the year, which will be determined on the basis of **four times the monthly remuneration** to which a given member of the Management Board is entitled, payable for the second half of the year until 31.03 and for the first half of the year until 30.09 respectively.
 - b) **Short-Term Team Bonus** - on the basis of short-term goals, common for the entire Management Board, granted for annual periods, which will be determined on the basis of **four times the monthly remuneration** due to a given member of the Management Board, payable by 31.03.
 - c) **Long-term bonus** - based on the increase in value of CCC S.A. (understood as an increase in the share price), granted to each member of the Management Board for a 3-year period, in the amount calculated as: **100 000 x the difference between the average price of the Company's shares in the fourth quarter of 2022 and the issue price of shares of series I and J**, payable by 31.03.2023.
2. The amount of the cash bonus referred to in points 1a) and 1b) depends on the extent to which the objectives are achieved:
 - a) The premium is granted at a minimum of 80%;
 - b) The Supervisory Board determines the amount of the short-term bonus up to a maximum of 120% of the value of the base referred to in subsections 1a) and 1b) above.
3. In case:
 - a) of dismissal of a member of the Management Board by the Supervisory Board, after 30.06.2021, regardless of reasons
 - b) of not appointing an existing member of the Management Board for another term of office,The long-term bonus referred to in point 1c) shall be paid in proportion to the period of holding the position by a given member of the Management Board.

In the case of dismissal or suspension of a member of the Management Board before the date indicated in paragraph 3 (a) above, the bonus is not due.
4. If a member of the Management Board resigns from the function for which he or she was appointed, the long-term bonus referred to in point 1c) shall not be due.
5. In case of appointment of a new member of the Management Board, after 01.01.2020 the decision on granting the right to a long-term bonus referred to in point 1c) is made by the Supervisory Board.
6. The objectives referred to in points 1a) and 1b) shall be set out in the objectives sheets, a specimen of which is annexed to these Regulations.
7. The goals are approved by the Supervisory Board by way of a resolution adopted in time for 1st half until 31.03 and 2nd half until 30.09 for the individual short-term bonus and until 31.03 for the team short-term bonus.
8. The decision to grant a cash bonus to members of the Management Board is made by the Supervisory Board.
9. The members of the Supervisory Board do not receive such remuneration due to the nature of the functions performed by the members of this body.

2. Award criteria for variable remuneration components

1) Financial results

A. Performance criteria

The amount of variable remuneration components depends on the degree of implementation of the assumed financial goals, among others, in the scope of profitability and financial result of the Company.

B. Methods used to determine the extent to which the financial criteria are met

The determination of the extent to which individual financial criteria are met is based on the financial data presented by the Company in the separate or consolidated financial statements for the relevant period covered by the criterion or from financial and management accounting systems.

2) Non-financial performance

A. Non-financial performance criteria

These criteria include fulfilment of the tasks assigned individually or as a team to all members of the Management Board by the Supervisory Board resulting from the business strategy adopted by the Company, not based directly on financial criteria, in particular on strategic tasks corresponding to the current situation of the Company; including corporate social responsibility.

B. Methods used to determine the extent to which non-financial criteria are met

The determination of the extent to which individual non-financial criteria are met is based on data published by the Company in its annual non-financial report or contained in other documents and non-financial reports of the CCC Group.

- 3) The Supervisory Board is competent to specify the above criteria, under the authority of the General Meeting. Such authorisation shall include, in particular, the definition:
 - a. specific tasks and objectives, consistent with the business strategy adopted by the Company in force during a given period;
 - b. specific criteria appropriate for measuring the fulfillment of the above mentioned tasks and objectives, among those listed in the Remuneration Policy or similar, financial criteria and non-financial for each task and objective, to determine the extent to which the achievement of the objective/objective qualifies for a corresponding variable remuneration component; the criteria should be set in such a way that the expected performance is achievable while providing incentives to achieve long-term objectives and improve the business situation of the Company.

- 4) The criteria indicated in points 1 and 2 above should be clear, comprehensive, differentiated, and objective and measurable. Thus, on their basis, it will be possible to establish variable components of the remuneration of the members of the Management Board in such an amount and configuration that such remuneration meets its basic motivational goals, encourages long-term commitment to the Company and attracts reliable and highly qualified persons to the Company.

3. Proportion of fixed and variable remuneration

The Company shapes the remuneration system so that the share of variable remuneration is between 65% and 150% of the fixed remuneration (excluding the long-term share-based bonus).

4. One-off / extraordinary remuneration

The Company allows for one-off payments to members of the Management Board, granted, in extraordinary circumstances, which do not constitute remuneration for performing functions or providing services to the Company.

Among the benefits of this type may include, among others:

- 1) severance pay related to the termination of cooperation, including retirement and disability benefits,
- 2) bonuses paid once at the beginning of a cooperation (*sign-on fee*) or for the purpose of *retaining* a given member of the body (*retention bonus*),
- 3) compensation for relocation/removal due to taking up or changing positions.

The granting of one-off/additional remuneration is based on a resolution of the Supervisory Board.

5. Remuneration received from other CCC Group entities

Members of the Management Board, with the consent of the Supervisory Board, may establish cooperation on the basis of an employment contract, managerial contract or other civil law contract with another entity, in particular belonging to the CCC Capital Group.

The total remuneration received by the above mentioned Board members from other entities of the CCC Capital Group should not exceed 5% of the total remuneration received from CCC SA.

III. Taking into account the working and pay conditions of employees when establishing the remuneration policy

The amount of fixed remuneration of the members of the Management Board and the Supervisory Board remains reasonable in relation to the average remuneration of the Company's employees who are not members of the Management Board or the Supervisory Board.

The remuneration of the Company's employees is at the same time adjusted to the Company's situation and its financial results.

The Company makes every effort to ensure that the HR policy of the CCC is based on respect for the law, ethics and mutual respect for employees. Both the HR Policy and the Code of Ethics have been implemented in the CCC Group, which are observed by the employer and employees. The Company actively promotes equality in employment based on a consistent organizational culture, respect for diversity, cooperation and involvement of employees and implementation of innovative development projects.

IV. Terms and conditions of agreements concluded with members of the Management Board and Supervisory Board

Both members of the Management Board and the Supervisory Board cooperate with the Company on the basis of an appointment letter to perform their functions. There are no employment contracts, managerial contracts, contract of mandate or other civil law contracts connecting the Company with individual members of these bodies and regulating the principles of cooperation between the parties. However, the Company does not rule out concluding the aforementioned agreements with members of the bodies in the future.

Neither the members of the Management Board nor the Supervisory Board are covered by the work and remuneration regulations adopted by the Company.

V. Main features of supplementary pension schemes and early retirement schemes

The members of the Management Board are not covered by the Employee Capital Plan (PPK) in the Company - the Act on Employee Capital Plans does not provide for the inclusion in the plan of members of the Management Board remunerated for performing functions in the Management Board.

Members of the Supervisory Board may be covered by the Employee Capital Plan in accordance with the Act on Employee Capital Plans - participation in the plan is voluntary.

The Company has not yet introduced or is planning to introduce additional pension schemes or early retirement schemes for members of the Management Board or Supervisory Board.

VI. Description of the decision-making process carried out for the establishment, implementation and review of the remuneration policy

The decision-making process carried out to establish the Policy included:

1. regular verification of all issues of remuneration and rules of cooperation with members of the Management Board under the existing rules applicable in the Company, including monitoring of the achievements and level of execution of tasks by individual members of the Management Board by the Supervisory Board,
2. strategic, legal and economic analysis, based on consultations within the Company, consultations with the legal department and independent external advisors in the field:
 - 1) examining the current forms of remuneration of the members of the Management Board and the Supervisory Board, including verification whether the remuneration paid in this form meets the objectives set out in point I.2,
 - 2) examining alternative options for remuneration of the members of the Management Board and Supervisory Board,
 - 3) determining the consequences of the choice of the different remuneration options;
3. regular exchange of knowledge between the Supervisory Board and the Management Board in order to jointly develop the objectives and assumptions of this Policy,
4. consultations with selected shareholders at the stage of creating the remuneration policy,
5. development of this Policy by the Management Board on the basis of assumptions developed jointly with the Supervisory Board, taking into account the opinions of shareholders,
6. the Supervisory Board's opinion on the draft Policy,
7. discussing the resolution during the General Meeting,
8. submitting this Policy to the vote of the General Assembly,
9. adoption of the Policy by the General Meeting by way of a resolution.

The Supervisory Board will monitor on an ongoing basis the implementation of the Remuneration Policy, the compliance of the method of payment of remuneration with the assumptions of the Policy, as well as verify whether the adopted criteria for payment of remuneration actually contribute to the implementation of the Company's business strategy, its long-term interests and the stability of the Company.

If the need arises to revise the provisions of the Policy or its important assumptions, the same procedure as in the case of establishing the Policy (internal exchange of knowledge, consultations,

development of new assumptions of the Policy, submitting the Policy to the General Assembly's vote) will be conducted.

VII. Description of measures taken to avoid conflicts of interest relating to with the remuneration policy or the management of such conflicts of interest

There is a conflict of interest where a decision by an employee, associate or member of the governing bodies of the Company within the scope of their competence is made taking into account their own personal or financial interests or those of another person or entity, particularly a competitor, that is contrary to the interests of the Company or the CCC Group. There is also a conflict of interest where the interests of an employee, associate or body member of the Company, and their relatives, whether personal or financial, conflict with those of the Company or the Group.

Measures taken to avoid or manage conflicts:

- internal procedures,
- organization of training courses for employees and members of the Management Board and the Supervisory Board in identifying, escalating and managing conflicts of interest,
- implementation of detailed management processes governing the reporting and resolution of conflicts of interest,
- taking into account the shareholders' comments on the draft Policy submitted during the General Meeting,
- acceptance of possible deviations from the application of the Policy in case of exceptional circumstances referred to in Section IX.2 of the Policy,
- periodic comparative remuneration reviews and assessments of their effectiveness in achieving the objective set out in point I.2,
- if necessary, adoption of a resolution of the General Meeting to change the Policy or a resolution of the Supervisory Board to introduce a derogation from the Policy.

The Company may enter into non-competition agreements with members of the Management Board upon termination of the mandate. The maximum remuneration on this account may amount to 50% of the basic fixed remuneration.

VIII. How the Policy contributes to the objectives set out in I.2

The establishment of this Remuneration Policy, based on clear, transparent and objective principles, contributes to the implementation of the Company's business strategy, its long-term objectives and the stability of the Company, inter alia, through

- increase the confidence of shareholders in the Company and its managers,
- to increase the motivation and efficiency of the members of the Management Board and Supervisory Board who are remunerated according to clear criteria,
- partial dependence of the variable remuneration paid to members of the Management Board on the Company's and the Group's performance, which is directly affected by their actions,
- linking the interests of the Management Board members with those of the Company and its shareholders,
- appointing to the members of the Management Board specific, ambitious, but also within the scope of possibilities tasks consistent with the direction of the Company's business strategy, the fulfilment of which entitles the members of this body to receive an attractive variable remuneration,
- long-term relationship of the members of the Management Board and the Supervisory Board with the Company, which positively affects the effective and smooth management and stability of the Company,
- making the payment of variable components of remuneration dependent on the results obtained over longer periods of time, which is crucial for achieving long-term goals and ensuring stability of the Company's operations.

IX. Temporary withdrawal from the Policy

1. A temporary derogation from the application of the Policy may be made if necessary for that purpose:
 - 1) the pursuit of long-term interests of the Company and
 - 2) ensure the Company's financial stability or guarantee its profitability.
2. The Supervisory Board of the Company decides on a temporary withdrawal from the application of the Remuneration Policy by way of a resolution. A resolution of the Supervisory Board on withdrawal from the application of the Policy defines the period of withdrawal, as well as indicates the premises, procedure and justification.
3. Withdrawal from the Policy may not last longer than 2 consecutive financial years at a time.
4. Another withdrawal from the Policy may be introduced not earlier than 6 months after the end of the previous withdrawal period.

X. Empowerment of the Supervisory Board to specify the provisions of the Policy

The General Meeting authorizes the Supervisory Board, within the limits set forth in this Remuneration Policy, to specify the following elements of the Policy:

- 1) description of fixed and variable components of the remuneration of members of the Management Board, as well as bonuses and other cash and non-cash benefits that may be granted to members of the above-mentioned bodies,
- 2) financial and non-financial performance criteria for the allocation of variable remuneration components.

XI. Application of the Policy

1. The Company pays remuneration to individual members of the Management Board and the Supervisory Board only in accordance with this Remuneration Policy.
2. The Company shall immediately publish the Policy and the Resolution on the Policy together with the date of its adoption and the results of voting on its website. These documents remain available as long as they are applicable.