

**CCC**

**Report on the activities of the Supervisory Board of  
CCC S.A.**



## 1. Introduction

The Supervisory Board of CCC S.A. (hereinafter: the "**Company**" and, together with its subsidiaries, the "**Group**"), acting based on Article 382 § 3(3) of the Code of Commercial Companies, the Articles of Association of the Company and the Regulations of the Supervisory Board of CCC S.A., as well as the provisions of the Best Practices of Companies Listed on the WSE 2021 (hereinafter: **the "DPSN"**), hereby submits to the Annual General Meeting of Shareholders the Report on the Activities of the Supervisory Board for the fiscal year from February 1, 2023 to January 31, 2024 (hereinafter: "**2023**").

In accordance with the rules of the DPSN, the Supervisory Board evaluated:

- 1) the situation of the Company on a consolidated basis, including an assessment of the systems of internal control, risk management, compliance and the internal audit function, together with with information on the actions taken by the Supervisory Board to make this assessment;
- 2) the Company's application of the principles of corporate governance and the manner of fulfilling the information obligations regarding their application set forth in the Rules of the WSE and the regulations on current and periodic information provided by issuers of securities, together with information on the actions the Supervisory Board took to make this assessment;
- 3) The reasonableness of the expenses incurred by the Company and its Group to support culture, sports, charitable institutions, the media, social organizations, trade unions, etc.;
- 4) information on the degree of implementation of the diversity policy regarding the Management Board and Supervisory Board;
- 5) of meeting the independence criteria for members of the Supervisory Board.

Within the framework of this report, the Supervisory Board, implementing the principles set forth in the DPSN, presents the assessment made and a detailed description of the activities in fiscal year 2023.

## 2. Information about the term of office of the Supervisory Board, the composition of the Supervisory Board and functions performed in it, as well as changes in the composition of the Board during the fiscal year

According to the Company's Articles of Association, the Supervisory Board consists of five to seven members appointed by the General Meeting of Shareholders for a joint three-year term. Members of the Supervisory Board are appointed and dismissed by the General Meeting of Shareholders.

The following table shows the composition of the Supervisory Board as of February 1, 2023.

**Table No. 1 Composition of the Supervisory Board as of February 1, 2023.**

L.p.	Name	Function performed	Holding period in 2023.
1.	Dariusz Miłek	Supervisory Board Member, Chairman of the Supervisory Board	01.02.2023 - 11.05.2023
2.	Wiesław Oleś	Supervisory Board Member, Vice Chairman of the Supervisory Board	01.02.2023 - 31.01.2024
4.	Filip Gorczyca	Supervisory Board Member, Chairman of the Audit Committee	01.02.2023 - 31.01.2024
5.	Zofia Dzik	Supervisory Board Member, Member of the Audit Committee	01.02.2023 - 31.01.2024

**6. Mariusz Gnych**

**Supervisory Board Member,  
Member of the Audit Committee**

**01.02.2023 - 31.01.2024**

On May 11, 2023, Mr. Dariusz Miłek resigned as Chairman of the Supervisory Board and as a member of the Company's Supervisory Board (resignation effective May 11, 2023). The reason for the resignation was that on May 11, 2023, Mr. Dariusz Miłek was appointed by the Supervisory Board to the Issuer's Management Board and entrusted with the position of President of the Management Board starting May 12, 2023.

On June 12, 2023. The Annual General Meeting of Shareholders passed a resolution to establish a six-member Supervisory Board and appointed two new members to it: Mr. Marcin Stanko and Mr. Piotr Kaminski.

From June 12, 2023 to the date of this report, the composition of the Supervisory Board was as follows:

**Table No. 2 Composition of the Supervisory Board for the ninth term as of January 31, 2024.**

<b>L.p. Name</b>	<b>Function performed</b>	<b>Holding period in 2023.</b>
<b>1. Wiesław Oleś</b>	<b>Supervisory Board Member, Chairman of the Supervisory Board</b>	<b>01.02.2023 - 31.01.2024</b>
<b>2. Mariusz Gnych</b>	<b>Supervisory Board Member, Vice Chairman of the Supervisory Board Member of the Audit Committee</b>	<b>01.02.2023 - 31.01.2024</b>
<b>3. Filip Gorczyca</b>	<b>Member of the Supervisory Board, Chairman of the Audit Committee</b>	<b>01.02.2023 - 31.01.2024</b>
<b>4. Zofia Dzik</b>	<b>Supervisory Board Member, Member of the Audit Committee</b>	<b>01.02.2023 - 31.01.2024</b>
<b>5. Marcin Stanko</b>	<b>Member of the Supervisory Board</b>	<b>12.06.2023 - 31.01.2024</b>
<b>6. Piotr Kaminski</b>	<b>Member of the Supervisory Board</b>	<b>12.06.2023 - 31.01.2024</b>

### **3. Information on the fulfillment of independence criteria by members of the Supervisory Board**

At least two members of the Supervisory Board should meet the independence criteria set forth in the Commission Recommendation of February 15, 2005 concerning the role of non-executive or supervisory directors of listed companies and committees of the board (supervisory) (2005/162/EC), considering the DPSN.

As of February 1, 2023, in the five-member composition, two members of the Supervisory Board met the independence criteria: Mr. Filip Gorczyca and Ms. Zofia Dzik.

Following the increase in the number of members and the appointment of two new members to the Supervisory Board by the Annual General Meeting of Shareholders on June 12, 2023, Supervisory Board, at its meeting on June 12, 2023, evaluated the statements submitted on meeting the independence criteria and adopted Resolution No. 02/06/2023/RN on determining the number of members of the Supervisory Board meeting the independence criteria, stating that in the six-member composition, four members of the Board meet the

independence criteria, i.e. Mr. Filip Gorczyca, Ms. Zofia Dzik, Mr. Marcin Stańko and Mr. Piotr Kaminski.

While remaining on the Supervisory Board in 2023, none of its members reported any change in independence status or personal, factual and organizational ties to CCC S.A. shareholders.

#### **4. Information on significant issues dealt with by the Supervisory Board, the number of meetings held and resolutions passed in the fiscal year ended January 31, 2024.**

The Supervisory Board exercises constant supervision over the Company's activities and performs its tasks based on the specific powers granted to the Supervisory Board by the Company's Articles of Association, the Supervisory Board Regulations and Resolutions of the General Meeting of Shareholders, considering the DPSN, performing its functions at meetings. In accordance with the Bylaws, the Board meets as needed, at least three times per fiscal year. Its meetings are convened by the Chairman of the Supervisory Board.

During the period from February 1, 2023 to January 31, 2024, the Board held eight formal meetings - on March 27, April 24, May 11, June 12, August 24, September 28, November 16, 2023, and January 18, 2024. An informal meeting of Board members was held on May 18. Meetings were held using direct remote communication and in a stationary format.

Within the scope of its activities, the Supervisory Board actively supported the Management Board in the implementation of the Company's strategic goals, considered the Management Board's proposals on issues requiring the Supervisory Board's approval, and reviewed the Company's and the Group's current economic and financial results, periodic financial statements, as well as the Company's Management Board's periodic information on current and planned activities. Board members held periodic meetings with the auditor.

The main issues dealt with by the Supervisory Board during the reporting period are listed below.

**Table No. 3 Main issues dealt with by the Supervisory Board in the fiscal year ended January 31, 2024.**

1.	Ongoing review and assessment of the Company's financial position, including liquidity situation.
2.	Discuss the recommendations of the FSC in its letter dated March 2, 2023.
3.	Half Price's development plans.
4.	Adoption of the statement of the Supervisory Board of CCC S.A. regarding the evaluation of the reports of CCC S.A. and CCC S.A. Capital Group for the period from 01.02.2022 to 31.01.2023.
5.	Adopt the statements of the Supervisory Board of CCC S.A. on the Audit Committee and the auditing firm conducting the audit of the annual separate and consolidated financial statements.
6.	Approval for the Company to enter into a transaction with Ultro S.à r.l., based in Luxembourg, which is a related party of the Company within the meaning of Article 90h of the Act on Offering
7.	Adoption by the Supervisory Board of resolutions on: 1) Evaluation of the Separate Financial Statements of CCC S.A. for the period from 01.02.2022 to 31.01.2023. 2) Evaluation of the Consolidated Financial Statements of the CCC S.A. Capital Group and the Management Report on the activities of the CCC S.A. Capital Group for the period from 01.02.2022 to 31.01.2023. 3) evaluation of the Board of Directors' proposal on covering the loss for the period from 01.02.2022 to 31.01.2023. 4) Recommendation to discharge the members of the Board of Directors for the period from 01.02.2022 to 31.01.2023.
8.	Adoption of Supervisory Board reports: 1) Report on the results of the evaluation of the individual and consolidated financial statements, the report on the activities of the Capital Group of CCC S.A. and the Board of Directors' motion to cover the loss for the period from 01.02.2022 to 31.01.2023. 2) Report on the activities of the Supervisory Board for the period from 01.02.2022 to 31.01.2023.
9.	Discussion and adoption of the 2022 Report on the Remuneration of Management and Supervisory Board Members.
10.	Discussion and adoption of the Report of the Chairman of the Supervisory Board on the tasks assigned to him for independent implementation.

11.	Discussion of amendments to the Remuneration Policy for members of the Management Board and Supervisory Board, and adoption of a resolution on the application of the provisions of the Remuneration Policy regarding short-term bonus.
12.	Determination of the consolidated text of the Company's Articles of Association.
13.	Appointment of the Chairman of the Board and determination of his remuneration.
14.	Adoption of resolutions on: 1/ appointment of the Vice Chairman of the Supervisory Board; 2/ determine the number of members of the Supervisory Board who meet the independence criteria;
15.	Meeting with the Chairman of the Board of Directors to assess the situation in the Company and the actions that will be taken after the changes in the Company's Board of Directors.
16.	Modivo - recovery plan.
17.	Discussing the details and key parameters of the in-kind contribution of CCC S.A. Logistics ZCP to CCC.eu, CCC Factory Logistics ZCP to CCC.eu and the merger of CCC Factory with CCC S.A. (including information on assets acquired, valuations, etc.) and adoption of a resolution to approve the transaction with a related party of the subsidiary.
18.	Discussion of GO.25 strategy update with proposed plan for its communication to stakeholders.
19.	Refinancing project 4.0 - meeting with a financial advisor.
20.	HR Strategy.
21.	Rotation (working capital) program overview.
22.	Roadmap of logistics development in the CCC Group.
23.	Technology/IT projects.
24.	Approval for the Company to enter into a transaction with CCC.eu, which is a related party of the Company, constituting a material transaction within the meaning of Article 90h of the Act on Offering.

## 5. Information on the adoption by the General Meeting of the Company of resolutions relating to the activities of the Supervisory Board

On June 12, 2023, at the Annual General Meeting of Shareholders, the Report on the activities of the Supervisory Board for the period from February 1, 2022 to January 31, 2023 was presented, as well as the Report of the Supervisory Board on the results of the evaluation of the separate and consolidated financial statements, the report on the activities of CCC S.A. and the CCC S.A. Capital Group, and the Management Board's proposal to cover the loss for the 12-month period beginning February 1, 2022 and ending January 31, 2023. In the amount of PLN 22,734,688.30 from supplementary capital.

The General Meeting of Shareholders also discharged all members of the Supervisory Board in 2022, through the adoption of appropriate resolutions.

The General Meeting of Shareholders, acting based on Article 90g (6) of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies of July 29, 2005, gave a positive opinion on the Reports on the Remuneration of Members of the Management Board and Supervisory Board of the Company for the period from February 1, 2022 to January 31, 2023.

## 6. Performance of duties by the Audit Committee

During the reporting period, the Audit Committee, appointed by the Supervisory Board on August 3, 2022, continued to carry out its duties with the following composition: Filip Gorczyca

- Chairman of the Audit Committee, Zofia Dzik - member of the Audit Committee, and Mariusz Gnych - member of the Audit Committee.

Mr. Filip Gorczyca is a member of the Audit Committee with knowledge and skills in accounting and auditing, while Mr. Mariusz Gnych has knowledge and skills in the Company's industry.

The independent members of the Audit Committee, according to the provisions of the Act on Statutory Auditors, Audit Firms and Public Supervision and Appendix II to the Commission Recommendation of February 15, 2005 on the role of non-executive or supervisory directors of listed companies and committees of the board (supervisory) and the requirements indicated in the DPSN, are Ms. Zofia Dzik and Mr. Filip Gorczyca.

While remaining on the Audit Committee during the reporting period, none of its members reported any changes in their independence status as defined in Article 129(3) of the Law on Auditors, Audit Firms and Public Supervision dated May 11, 2017.

The Audit Committee functioned during the reporting period in accordance with the generally applicable regulations and the Audit Committee Regulations of October 6, 2017, as amended to include the amendments adopted on May 28, 2020 and September 16, 2021.

According to the Bylaws, the Audit Committee's tasks include, in particular:

- 1) Supporting the Supervisory Board in carrying out its statutory control and supervisory duties and supervision in the following areas:
  - a) Monitoring of the financial reporting process at CCC S.A. and its Capital Group,
  - b) Monitoring the effectiveness of the CCC S.A. Group's internal control and risk management systems,
  - c) Monitoring the effectiveness of the internal audit function in the CCC S.A. Group, including in terms of financial reporting,
  - d) Monitoring the proper functioning of risk identification and management systems,
  - e) Monitoring the independence of internal and external auditors,
  - f) Monitoring of the financial audit process.
- 2) As part of its oversight activities regarding financial reporting, the Audit Committee in particular:
  - a) monitors the financial reporting process, including giving an opinion on the accounting policy adopted by the Company and the principles used in the preparation of financial statements,
  - b) Analyzes annual, semiannual and quarterly financial statements with the Company's authorities,
  - c) monitors the performance of auditing activities, in particular the audit firm's performance of the audit, considering any conclusions and findings of the Audit Oversight Committee arising from the audit conducted at the audit firm, including discussing the results of the audit of the annual separate and consolidated financial statements,
  - d) informs the Supervisory Board of the results of the audit and explains how the audit contributed to the integrity of financial reporting at CCC S.A., as well as the role of the Audit Committee in the audit process,
  - e) Submits recommendations to ensure the integrity of the financial reporting process at CCC S.A,
  - f) Reviews the Management Board's reports on its activities and makes recommendations to the Supervisory Board on their evaluation,
  - g) Reviews material financial information published by the Company;
- 3) As part of its supervisory activities concerning internal control, the Audit Committee in particular:

- a) examines the adequacy of the systems maintained by the Board of Directors for identifying, monitoring and mitigation of risks to the Company's operations,
  - b) monitors the effectiveness of the Company's internal control system, including the effectiveness of corrective actions taken,
  - c) Supervises the operation of internal audit, including by monitoring its work plans and the results of that work, and assessing resources,
  - d) monitors compliance of the Company's activities with laws and other regulations;
- 4) In overseeing risk management, the Audit Committee in particular:
- a) monitors the effectiveness of the system for managing risks that have a significant impact on the Company's operations,
  - b) Reviews draft principles of prudent and stable management and acceptable levels of risk in the Company's business areas,
  - c) Reviews drafts of significant regulations and amendments to the Company's regulations on compliance rules, including the compliance risk policy,
  - d) Evaluates the execution of the Company's whistleblowing procedure by the relevant units of irregularities in the Company;
- 5) As part of ensuring the independence of the external auditors, the Committee in particular:
- a) submits recommendations to the Supervisory Board on the selection of the Company's auditor, as well as its change and its remuneration,
  - b) controls and monitors the independence of the auditor and the auditing firm, particularly when services other than auditing are provided to CCC S.A. by the auditing firm,
  - c) Expresses opinions on the engagement of the external auditor to perform services other than auditing the Company's financial statements, and presents a position on the Company's policy in this regard,
  - d) assesses the auditor's independence and approves the auditor's performance of permitted non-audit services at CCC S.A. and entities controlled by CCC S.A.,
  - e) develops a policy for selecting an audit firm to conduct the audit,
  - f) develops a policy for the provision of permitted non-audit services by the auditing firm, by affiliates of the auditing firm, and by a member of the auditing firm's network,
  - g) Specifies the procedures for the selection of an audit firm by CCC S.A.,
  - h) reviews the effectiveness of the external audit process and the Board's response to the external auditor's recommendations.

During the period from February 1, 2023 to January 31, 2024, the Audit Committee held seven meetings which were held either in stationary form or using direct remote communication.

As part of its audit work, the Audit Committee reviewed the Company's 2023 financial statements, the independent auditor's report on the audit of the annual financial statements and the audit of the annual consolidated financial statements, as well as an additional report to the Audit Committee.

The Audit Committee monitored the financial reporting process, along with the Supervisory Board, met with the auditor and monitored the audit process. The Audit Committee conducted periodic monitoring of the auditor's independence, and based on the auditor's confirmation of independence received by the Audit Committee and the Company's Board of Directors, the Audit Committee assessed that the auditing firm, the auditors delegated to audit the financial statements of CCC S.A. and the consolidated financial statements of the CCC S.A. Group for the period from February 1, 2023 to January 31, 2024, are independent of the Group companies.

The Audit Committee systematically reported to the Supervisory Board on the results of its supervisory and monitoring activities regarding the financial reporting and audit processes.

The Audit Committee, based on its analysis of the financial statements, the information obtained from the Company and the results of the work and the auditor's opinion, concluded that the financial statements prepared by the Company contain reliable information about the Company's and the Group's operations and have been prepared in accordance with applicable requirements.

Thus, the Audit Committee recommended to the members of the Supervisory Board a positive opinion on the annual financial statements for the period from February 1, 2023 to January 31, 2024.

Regardless of the monitoring of the financial reporting process, the Audit Committee, within the scope of its powers and duties, exercised constant supervision over the Company's business areas, reviewing the information submitted by the Board of Directors and individual business units, among other things:

- 1) The Company's current performance and liquidity situation, as well as the CCC Group's financing activities;
- 2) Internal audit activities: implementation of ongoing internal audits in the CCC Group, along with the results of completed projects and monitoring of implemented recommendations;
- 3) ICT security in the CCC Group;
- 4) Risk management system - identification and assessment of key risks;
- 5) Compliance system, including a review of the most significant litigation issues;
- 6) Business partner verification rules;
- 7) HR strategy and action plan;
- 8) shareholder communications, CCC Group's IR strategy;
- 9) exploration of potentially lost sales due to fraud and/or employee/customer abuse;
- 10) anti-corruption compliance management system and whistleblower protection system;
- 11) tax function and tax risk management, review of the tax strategy and information on the implemented tax strategy before its publication;
- 12) ESG reporting;
- 13) Business continuity (disaster recovery) strategies
- 14) trends in the number of complaints;
- 15) organizational structure and division of responsibilities among Board members.

The Audit Committee's supervisory activities also included, as part of its periodic reporting, the activities of its subsidiaries.

## **7. Evaluation of the work of the Supervisory Board**

The Supervisory Board exercised constant supervision over the Company's operations and the work of the Management Board in accordance with the duties and powers set forth in the Commercial Companies Code and other laws, the provisions of the Company's Articles of Association and the Supervisory Board Regulations, considering the principles contained in DPSN.

Based on its evaluation, the Supervisory Board concludes that the Company has fulfilled the obligations imposed on it by the provisions of the Commercial Companies Code, other generally applicable laws pertaining to the operation of a public joint-stock company, as well as fulfilled its obligations under the statutory regulations.

All members of the Supervisory Board exercised due diligence in performing their duties on the Board, using their best knowledge and experience with dedication.



In addition, on August 3, 2022, for the duration of the ninth term, the Supervisory Board delegated the Chairman of the Supervisory Board - Mr. Dariusz Miłek - to independently perform certain supervisory activities in overseeing certain areas of the Company's operations. The Chairman independently performed supervisory activities until May 11, 2023. The delegated member of the Supervisory Board was authorized, in particular, to participate in meetings of the Company's Management Board and to obtain, through the Management Board and directly from the Company's employees, information concerning the Company's operations in the supervised area.

The information provided by the Chairman of the Supervisory Board, provided a source of reliable information on aspects of the activities of the areas he supervises. In addition, the delegation provided served both to use the knowledge and skills possessed by the Chairman of the Supervisory Board and to intensively develop the Company's activities in these areas, translating into the interests of the Company and its Shareholders.

In the opinion of the Supervisory Board, the duties imposed on the Supervisory Board by both generally applicable laws and the internal regulations of the CCC Group S.A. are carried out by the Supervisory Board in accordance with applicable laws and the DPSN. Accordingly, the Supervisory Board requests that its members be granted a discharge of their duties for the fiscal year ended January 31, 2024.

## **8. Results of the evaluation of the financial statements and the Management Board's report on operations For the fiscal year beginning February 1, 2023 and ending January 31 2024 r.**

### **1) Basic financial data with the results of the evaluation of the reports**

Sales revenues in the reported period amounted to PLN 9,440.3 million, an increase of PLN 317.1 million (+3.5%) over the previous year. The largest impact on the Group's revenue growth was the increase in sales revenue in the rapidly growing HalfPrice segment (+574.9 million PLN; +68.2%). The CCC segment recorded a decrease in sales revenue by PLN 175.1 million (-4.2%), eobuwie a decrease of PLN 240.4 million (-7.8 million PLN), in MODIVO an increase of 196.0 million PLN (+21.9%), while in DeeZee a decrease of 25.5 million PLN (-22.0%).

Consolidated gross profit on sales in the reported period amounted to PLN 4,394.1 million, up by PLN 128.7 million (+3.0%) compared to the previous year.

Consolidated segment profit (EBITDA) in the reported period amounted to PLN 778.4 million, up by PLN 247.5 million (+46.6%).

In the reported period, point-of-sale costs amounted to PLN 3,867.0 million and were higher by PLN 51.9 million (+1.4%), but the increase was slower than the rate of revenue growth (+3.5%). The most significant cost groups were salaries and benefits, advertising and depreciation, which accounted for 25.6% (+1.2% y-o-y), 24.2% (-2.9% y-o-y) and 13.9% (+0.8% y-o-y) of total POS costs, respectively.

General and administrative expenses amounted to PLN 384.9 million, down by PLN 14.6 million (-3.7%) y/y. The most significant cost groups were salaries and employee benefits and other costs, accounting for 44.0% (-9.4% y/y) and 24.4% (-1.5% y/y) of general and administrative expenses, respectively.

For more information on the analysis of the financial performance of CCC S.A. and the CCC S.A. Group, please refer to the Report of the Supervisory Board on the results of the evaluation of the separate and consolidated financial statements, the Report of the Management Board on the activities of the CCC S.A. Group and the proposal of the Management Board as to the distribution of profit for the 12-month period beginning February 1, 2023 and ending January 31, 2024.

The Supervisory Board, having analyzed the submitted reports and results of CCC S.A. and the CCC S.A. Capital Group in the fiscal year ended January 31, 2024, acting in accordance with Article 382 § 3<sup>1</sup>(1) of the Code of Commercial Companies, considering the existing challenges and external conditions, positively evaluates the Company's activities in the period from February 1, 2023 to January 31, 2024. At the same time, it draws attention to the need for ongoing monitoring of the financial and liquidity situation of the Company, as well as of the Group companies, and appropriate response to changing market circumstances. In the Board's opinion, a series of measures indicated by the Management Board, offsetting the negative impact of risks on financial performance, should adequately ensure the Group's liquidity.

The Supervisory Board notes that during the reporting period indicated, the Company has consistently pursued its chosen path of development and, despite unfavorable macroeconomic changes, flexibly adapted to the changing environment, taking effective measures to reduce costs and maintain financial liquidity. In the opinion of the Board and considering the auditor's comments contained in the auditor's report on the separate and consolidated financial statements, there are currently no other risks that could negatively affect the operation and implementation of investment intentions in the future.

## **9. Assessment of the Company's situation, including an evaluation of the systems of internal control, risk management, compliance and the internal audit function, together with information on the actions taken by the Supervisory Board to make this assessment**

### **1) Implementation of the Company's strategy**

The evaluation of the Company's situation was prepared based on the documents submitted by the Management Board, discussions held at the Supervisory Board meetings with the participation of the Management Board, the auditor, documents prepared by the internal auditor, the compliance officer, as well as considering the financial statements and the Management Board's report on operations for the fiscal year ended January 31, 2024, and based on the conclusions of the auditor's examination of the Company's books.

Considering the changes taking place within the Group, but also in its environment, and in particular the evolution of consumer behavior, in November 2021. The Company released its strategy GO.25 Everything Fashion. Omnichannel Platform. GO.25 follows on from its predecessor GO.22 and is a natural continuation of it, as a result of the apt definition of the industry's directions, reinforced in 2020-21 by the coronavirus pandemic. The strategy also includes numerous and precise targets from the Group's priority ESG area.

The year 2023, considering major macroeconomic and geopolitical changes (including the war in Ukraine) and the changes made to the bodies of Group companies, outlined the need to update the strategy. Ongoing work on operationalizing the strategy includes continuous adaptation to current challenges in a changing environment, continuous monitoring of progress and verification of decisions made based on realized results.

### **2) Evaluation of the internal control system**

The reporting process is covered by an internal control and risk management system, which contributes to maintaining the reliability and integrity of financial reporting, as well as compliance with laws and internal regulations.

In the process of preparing the Company's financial statements, one of the basic elements of control is the review of the financial statements by an independent auditor. The auditor's responsibilities include, in particular, the review of the semi-annual financial statements and the preliminary and fundamental audit of the annual reports. The Company has an Accounting Policy prepared in accordance with the International Financial Reporting Standards approved by the EU ("IFRS").

The internal control system includes:

- 1) control activities carried out by employees of CCC Group companies within the scope of their assigned tasks and duties,
- 2) Functional control implemented by supervision of subordinate organizational units by all employees in managerial positions,
- 3) control implemented by internal audit, the purpose of which is to make an independent and objective assessment of risk management and internal control systems.

Risk management in the process of preparing financial statements is based on identifying and assessing risks, together with defining and taking measures to minimize them or eliminate them completely. Supervision of the process of preparing the Company's financial statements is exercised by the Chief Accountant of the CCC Group and the person responsible for the area of finance in the CCC Group, to whom the financial and accounting services report.

### **3) Evaluation of the risk management system**

Risk management in the financial reporting process is based on identifying and assessing risks, together with defining and taking measures to minimize them. As part of the controlling activity, periodic management reporting is evaluated in terms of the reasonableness of the information contained therein, particularly in the context of analyzing deviations from the assumptions made in financial plans. The process of risk management begins at the lowest levels of the Group, so as to ensure that the objectives set are met. Risk management in the Group is a process overseen by the Board of Directors and management. In addition, independent internal audits of financial and accounting processes are conducted. The accuracy of the preparation of financial statements is also supervised by the Audit Committee. In order to confirm the compliance of the data contained in the financial statements with the actual state of affairs and the entries in the books of account kept by the Company, the statements are audited by an independent auditor, who issues opinions in this regard. All actions taken by the Company are aimed at ensuring compliance with legal requirements and facts, and timely identification and elimination of potential risks so that they do not affect the reliability and accuracy of the presented financial data.

The Supervisory Board also reviewed the Company's significant risks and threats, along with its exposure to them, as well as CCC's risk management system.

The main objectives of risk management are to ensure the safety of the Company's operations and to ensure the effectiveness of the decisions made, aimed at maximizing profits at an acceptable level of risk.

The Company has a formalized CCC Group Risk Management Policy, which sets out assumptions, principles, risk factors and ways to mitigate them so as to ensure maximum control over risks that could negatively affect the Group's operations. The policy is required and adhered to by all Group companies. The risk management policy is reviewed periodically and updated with detailed regulations covering specific areas of risk present in the Group.

The Supervisory Board and the Audit Committee exercise constant supervision over the Company's operations also in terms of evaluating the internal control and risk management system, and make decisions that affect the conduct of the Company's business in an effective and efficient manner to achieve its strategic goals.

The Supervisory Board notes that the Company monitors its liquidity on an ongoing basis, understood as the ability to pay its obligations on time and to raise funds to finance its current operations and investment needs, which meets the relevant functional needs.

## **4) Compliance**

At the Company, considering the need to ensure proper supervision of the compliance of its activities with the law, a Compliance Officer has been appointed. The responsibilities of the Compliance area include, among others:

- Developing, reviewing and updating compliance risk policies, standards and procedures,
- Identification and assessment of the Company's compliance risk,
- Analyzing and reviewing new or updated internal regulations for compliance with laws, internal regulations and market standards,
- organization of the process of reporting violations of the Code of Ethics and ensuring proper reporting,
- Supporting compliance risk management at Group companies,
- Developing and presenting compliance risk reports to the Management Board, Audit Committee and Supervisory Board.

The Company has internal regulations in the area of compliance, including the Compliance Policy, Whistleblower Procedure, Conflict of Interest Procedure, Anti-Money Laundering and Countering the Financing of Terrorism Procedure and the Code of Ethics. The obligation to comply with the above regulations is incumbent on all employees. The Audit Committee periodically held meetings with the Compliance Officer regarding the analysis of the compliance system, including a review of the most significant contentious issues and the compliance management system for anti-corruption and whistleblower protection.

## **5) Internal audit**

The Company has an internal audit function that independently and objectively evaluates the business processes carried out by Group companies for the implementation of effective and adequate risk management, control and corporate governance systems.

In the Group, internal audit carries out its tasks through long-term and annual audit plans covering the Company and other Group companies. The main objective is to plan and implement audit activities of an advisory nature. The basic functions and tasks of internal audit include: analyzing and evaluating the correctness and effectiveness of the financial and operational controls in place, implementing solutions to improve the quality and adequacy of the controls in place, operational improvements to ensure that proper controls are carried out at the companies, and communicating with employees and management at all levels to learn about and analyze the processes, and evaluate the effectiveness of the internal controls implemented as part of these processes.

Audit plans are prepared based on an analysis of risks that may be subject to modification in connection with ad hoc audits ordered by the Company's Board of Directors. The audit plan is submitted to the Audit Committee for approval. The results of the internal audit work in terms of the recommendations issued, as well as the status of their implementation, are periodically submitted to the Audit Committee. The head of the internal audit function submits an annual report on internal audit activities to the Audit Committee and the Supervisory Board.

In the opinion of the Supervisory Board, the control mechanisms in place at the Company provide an appropriate level of security for the Company's operations, and also allow for active management of risks, particularly those that may have a negative impact on the Group's operations.

## **10. Assessment of the implementation by the Management Board of its disclosure obligations to the Supervisory Board**

In addition to providing information on the current situation of the Company and the Group, the Management Board provides the Supervisory Board with periodic monthly reports that contain extensive information on:

- a) Resolutions adopted by the Board and their subject matter;;
- b) the situation of the Company, including its liquidity situation, assets, as well as important circumstances in the conduct of the Company's affairs, particularly in the operational, investment areas;
- c) progress in implementing the Company's designated business development directions;
- d) transactions and other events or circumstances that materially affect or may affect the Company's financial position, including its profitability or liquidity;
- e) changes to information previously provided to the Supervisory Board, if such changes materially affect or may affect the Company.

The aforementioned issues, including those related to personnel changes, were also discussed by the Management Board at meetings of the Supervisory Board. Considering the above circumstances, the Supervisory Board assesses that the Company's Management Board properly fulfilled the obligations referred to in Article 380<sup>1</sup> of the Commercial Companies Code. Considering the comprehensive scope of information and reports provided by the Company's Management Board, the Supervisory Board had no need to exercise its authority to request additional information, documents, reports or explanations pursuant to Article 382 § 4 of the Commercial Companies Code.

## **11. Information on the total remuneration payable by the Company for all studies commissioned by the Supervisory Board during the fiscal year pursuant to Article 382<sup>1</sup> of the Commercial Companies Code**

The Supervisory Board did not, in 2023, exercise the authority to examine, at the Company's expense, a specific matter relating to the Company's operations or assets, or to prepare certain analyses or opinions by a selected advisor (Supervisory Board Advisor) pursuant to Article 382<sup>1</sup> of the Commercial Companies Code.

## **12. Evaluation of the Company's application of the principles of corporate governance and the manner of fulfilling the information obligations regarding their application specified in the Stock Exchange Regulations and the regulations on current and periodic information provided by issuers of securities, together with information on the actions taken by the Supervisory Board to make this evaluation**

The Company is subject to the corporate governance principles set forth in the DPSN.

Obligations regarding the application of corporate governance principles are set forth in § 29 of the Rules and Regulations of the Warsaw Stock Exchange and § 91(5) of the Regulation of the Minister of Finance dated February 19, 2009 on current and periodic information (...). Regarding the DPSN, the Company filed a report on July 30, 2021, regarding the status of the Company's application of the rules contained in the DPSN set, reporting that all rules are applied by the Company. During 2023. The Company did not report any changes in the application of corporate governance principles.

In the opinion of the Supervisory Board, during the fiscal year ended January 31, 2024, the Company properly fulfilled its disclosure obligations relating to the application of corporate governance principles.

### **13. Evaluate the reasonableness of expenses incurred by the Company and its group to support culture, sports, charitable institutions, media, social organizations, labor unions, etc.**

The Company conducts sponsorship activities based on the adopted Sponsorship Policy, in accordance with the Group's strategic and marketing objectives. The purpose of the Policy is to build a positive image, increase brand awareness and popularize the trademark by targeting sponsorship activities to appropriate target groups. The implementation of sponsorship objectives contributes to ensuring mutual benefits, both for the sponsor and the sponsored entity.

In 2023, the CCC Group allocated more than PLN 607,000 for donations in the social area.

In the opinion of the Supervisory Board, during the reporting period, the Company rationally implemented the policy of its sponsorship activities, contributing to the growth of brand value and image benefits.

### **14. Information on the degree of implementation of the diversity policy regarding the Management Board and Supervisory Board.**

The Group has a CCC Group Diversity Policy, which includes 8 key principles that demonstrate the commitment of all employees to building an open and welcoming work environment. The goal of the Group's diversity management is to create a work environment where every person employed feels respected and appreciated, and where they can realize their full potential, thus contributing to the success of the company. The Company has implemented a Code of Ethics, which defines the Company's core values of superior quality and teamwork, values related to respect for others and openness to employee diversity. The Company provides employees with equal opportunities to access professional development and promotion regardless of skin color, religion, gender, age, nationality, sexual orientation, citizenship, marital status, having children, political views, disability or other legally protected status. Decisions regarding the employment of employees, as well as the selection of members of the Board of Directors and Supervisory Board, are made based on objective criteria.

The Company strives to ensure the versatility and diversity of the Company's bodies, especially in the areas of gender, fields of education, age and work experience, with the main criteria for selection being the candidate's high qualifications, professionalism and competence to perform a specific function. The Diversity Policy is aimed at eliminating discrimination in the workplace and building an organizational culture that is open to diverse employees, which leads to building market position and competitive advantage in the market.

Decisions regarding the selection of members of the Management Board and Supervisory Board are made based on objective criteria. In accordance with the Diversity Policy adopted for the Company's authorities and its key managers. As of January 31, 2024, 17% of the Supervisory Board members were women and 83% of the Supervisory Board members were men. 33% of the Supervisory Board members qualified for the age group in the range of 30-50 years, and the remaining 67% qualified for the age group above 50 years. Supervisory Board members do not belong to underrepresented social groups.

The Company makes every effort to ensure the comprehensiveness and diversity of the Company's bodies, especially in the areas of gender, fields of education, age and professional experience, with the main criteria for selection being the candidate's high qualifications,

professionalism and competence to perform a specific function. In selecting members of the bodies, the Company is guided by equality and inclusiveness.

In addition, a member of the Supervisory Board should have due education, professional experience and life experience, represent a high moral standard and be able to devote the necessary amount of time to enable him to properly perform his functions on the Supervisory Board. Candidates for Supervisory Board members should be proposed and justified in detail in a way that allows them to make an informed choice. In accordance with the Company's Articles of Association and the DPSN, at least two members of the Supervisory Board should meet the independence criteria. A candidate for a member of the Supervisory Board is also required to submit to the Company a written statement whether he or she meets the independence criteria set forth in applicable laws.

## **15. Evaluation in terms of CCC's non-financial report for the fiscal year ended January 31, 2024.**

The report was prepared in accordance with Article 49b of the Law of September 29, 1994 on Accounting for CCC S.A. and in accordance with Article 55 (2b-2c) for the CCC Group, and in accordance with Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on establishing a framework to facilitate sustainable investment. This report has been prepared based on the ESRS standards (introduced by Commission Delegated Regulation (EU) 2023/2772), which will be mandatory for the CCC Group as of fiscal year 2024.

The information, data and indicators and statements contained in the report relate to the parent company CCC S.A. and the CCC Capital Group. The report includes sustainability information on CCC S.A. and the CCC Capital Group for the period from February 1, 2023 to January 31, 2024.

The report was subjected to external verification. The verification was carried out by the auditing firm Grant Thornton Polska PSA in accordance with the National Standard for Assurance Services 3000 Assurance services other than audits or reviews of historical financial information.

In the opinion of the Supervisory Board, the information collected in the non-financial report can serve the Group's key stakeholders as a source of reliable information on the non-financial aspects of the CCC Group's operations.

### **Polkowice, May 16, 2024**

Chairman of the Supervisory Board	-	Wiesław Oleś
Vice Chairman of the Supervisory Board	-	Mariusz Gnych
Member of the Supervisory Board	-	Zofia Dzik
Member of the Supervisory Board	-	Filip Gorczyca

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- Member of the Supervisory Board - Marcin Stanko
- Member of the Supervisory Board - Piotr Kamiński