

TIRE COMPANY DEBICA S.A.

Supervisory Board's report on compensations of Members of the Management Board and Supervisory Board for 2023



Prepared pursuant to Article 90g of the Act of 29 July 2005 on Public Offering and the Conditions for Introducing Financial Instruments to an Organized Trading System and on Public Companies (Journal of Laws of 2022, item 2554).

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This report has been prepared on the basis of Article 90g of the Act of 29 July 2005. on Public Offering and the Conditions for Introducing Financial Instruments to an Organized Trading System and on Public Companies, Journal of Laws of 2022, item 2554 (the "Act").

On June 27, 2023, the Ordinary General Meeting of Tire Company Dębica S.A., acting pursuant to Article 90g(6) of the Act, issued a positive opinion on the report on the remuneration of members of the Company's Management Board and Supervisory Board for 2022.

I. Basic principles of remunerating members of the Management Board and Supervisory Board

The level of remuneration of the members of the Management Board reflects the professional experience and the scope of organizational responsibility associated with the position. Remuneration includes the base salary, the variable part and the long-term part of the remuneration, which may be subject to performance conditions. It may also include other fixed remuneration benefits in accordance with the Labour Code.

The Remuneration Policy for Members of the Management Board and the Supervisory Board (the "Policy") contributes to the performance of Tire Company Dębica S.A. (the "Company") by offering the possibility of taking into account the performance of the Company and/or the Goodyear Group when calculating the variable and long-term components of the remuneration of its management. In particular, in the decision-making process for establishing and reviewing this Policy, it was decided to allow the use of variable compensation and long-term compensation programs for executives of the Goodyear group of companies.

Members of the Supervisory Board are entitled to a monthly basic salary for performing their functions, except when a member of the Supervisory Board:

- waives expressly his or her rights to remuneration due to his or her appointment to the Supervisory Board of the Company or
- is employed by the companies from the Goodyear group, with the exception of the Company.

The basis for determining the remuneration of a member of the Supervisory Board is the average monthly remuneration in the Company, calculated for the period of the previous calendar quarter.

The policy was adopted on 25 August 2020 and entered into force on the same day.

All the principles described in the Policy were applied to the compensations of the Management Board and Supervisory Board Members in the year 2023.

Members of the Management Board are entitled to a monthly base salary under their employment contract. Payment of remuneration was made on the last working day of the month for which it was due until February 2023, and starting from March 2023 by the 8th day of the following month in accordance with the Work Regulations of the Debica Tire Company in force since August 2017, with further changes. Remuneration is paid with the Employee's written consent, in the form of a bank transfer to a bank account indicated by the Employee.

The Policy allowed the members of the Supervisory Board to apply the variable compensation programs for the executives of the Goodyear group of companies to the Members of the Company's Management Board, namely:

- Executive Annual Incentive Plan ("EAIP") and
- Long-Term Incentive Plan ("LTIP").

The EAIP and LTIP plan designs, performance metrics and payout potential may be changed or modified from time to time in accordance with decisions made within the Goodyear group.

The components and form of the LTIP award are subject to change and may consist of other types of rewards in the future.

All components of remuneration presented in this report are given in gross amounts.

II. Composition of the Management Board and Supervisory Board

Composition of the Management Board and Supervisory Board as of 01.01.2023:

Management Board

1. Leszek Szafran - President of the Management Board
2. Ireneusz Maksymiuk - Member of the Management Board
3. Marko Nahtigal - Member of the Management Board
4. Anna Winiarska- Miśkowiec - Member of the Management Board

Supervisory Board

1. Jacek Pryczek - Chairman of the Supervisory Board
2. François Colin de Verdière - Member of the Supervisory Board, Deputy Chairman of the Supervisory Board
3. Andrzej Kowal - Independent Member of the Supervisory Board, Secretary of the Supervisory Board
4. Vincent Ganier - Member of the Supervisory Board
5. Agnieszka Modras - Independent Member of the Supervisory Board
6. Lourens Roets - Member of the Supervisory Board
7. Michaël de Schrijver - Member of the Supervisory Board
8. Janusz Raś - Member of the Supervisory Board

Changes in the composition of management and supervisory bodies in the financial year:

- June 27, 2023: The Annual General Meeting of the Company appointed members of the Company's Supervisory Board for a new term of office, which began on June 27, 2023. The new employee representative on the Supervisory Board is Krzysztof Pieniążek, who was elected pursuant to §14 of the Company's Articles of Association by the Company's employees in the elections held in the Company for the term of office commencing on June 27, 2023.
- December 5, 2023: The Company received information about the resignation of Mr. Leszek Szafran from the position of the President of the Management Board of the Company effective as of 11:00 a.m. on December 5, 2023.
- 5 December 2023: The Supervisory Board of the Company adopted a resolution to appoint Mr. Ireneusz Maksymiuk as the President of the Management Board with effect from 11:50 a.m. on 5 December 2023, pursuant to §10 section 4 of the Company's Articles of Association. The resolution entered into force upon its adoption.

Composition of the Management Board and Supervisory Board as at 31.12.2023:

Management Board

1. Ireneusz Maksymiuk - President of the Management Board
2. Anna Winiarska-Miśkowiec - Member of the Management Board
3. Marko Nahtigal - Member of the Management Board

Supervisory Board

1. Jacek Pryczek - Chairman of the Supervisory Board
2. François Colin de Verdière - Member of the Supervisory Board, Deputy Chairman of the Supervisory Board
3. Andrzej Kowal - Independent Member of the Supervisory Board, Secretary of the Supervisory Board
4. Vincent Ganier - Member of the Supervisory Board
5. Agnieszka Modras - Independent Member of the Supervisory Board
6. Lourens Roets - Member of the Supervisory Board
7. Michaël de Schrijver - Member of the Supervisory Board
8. Krzysztof Pieniążek - Member of the Supervisory Board

III. Remuneration of individual Members of the Management Board and the Supervisory Board.

In 2023, the following members of the Company's Management Board had employment contracts with the Company: Leszek Szafran, Ireneusz Maksymiuk. The remuneration of the above-mentioned members of the Management Board is paid by the Company.

The other members of the Management Board did not have a contract with the Company and are employed by the following Companies (which are not subsidiaries of the Company):

Marko Nahtigal – Goodyear Slovenija d.o.o.

Anna Winiarska-Miśkowiec - Goodyear Polska Sp. z o.o.

The remuneration of the above-mentioned members of the Management Board is not paid by the Company, and their labour costs are re-invoiced to TC Dębica S.A.

Table 1 and Table 2 contain the remuneration paid in 2023, including the variable cash part of the remuneration for 2022, but do not include the remuneration due for 2023 for the variable and fixed parts shown in Tables 3 and 4.

Table 1				
Management Board				
Name and surname	Total annual salary in PLN	Fixed salary /	Variable remuneration	Other components of remuneration in PLN (Benefits such as: insurance, company car used for private purposes, Employee Pension Scheme, medical care, tire program*)
		% of total remuneration in PLN	/ % of total remuneration in PLN (includes cash withdrawals related to EAIP and LTIP programmes only)	
Leszek Szafran	1 419 881	832 763	466 103	121 015
		58,65%	32,83%	8,52%
Ireneusz Maksymiuk	1 022 180	632 201	298 199	91 780
		61,85%	29,17%	8,98%
Anna Winiarska-Miśkowiec**	0	0	0	0
Marko Nahtigal**	0	0	0	0

* *Tire program – employees have the opportunity to purchase tires at a discount*

** *The remuneration of Marko Nahtigal and Anna Winiarska-Miśkowiec is described in Chapter IV.*

Benefits granted to relatives:

- Leszek Szafran - medical care as part of the employee package – PLN 9 229,00,
- Ireneusz Maksymiuk - medical care as part of the employee package – PLN 13 065,58.

Table 2						
Supervisory Board						
Name and surname	Total annual remuneration in PLN	Remuneration for the function in the Supervisory Board PLN	Fixed remuneration /	Bonus based on the Company collective agreement	Variable remuneration resulting from the Collective Bargaining Agreement in PLN/ % of total remuneration	Other components of remuneration in PLN (Benefits such as: insurance, company car used for private purposes, Employee Pension Scheme, medical care, tire program*)
			% of total remuneration in PLN	/ % of total remuneration in PLN		
Agnieszka Modras	174 247	174 247 100%	0	0	0	0
Vincent Ganier	0	0	0	0	0	0
Jacek Pryczek	0	0	0	0	0	0
Andrzej Kowal	210 620	210 620 100%	0	0	0	0
Krzysztof Pieniążek	111 650	75 184	31 106	1 500	1 404	2 456
		67,34%	27,86%	1,34%	1,26%	2,20%
Lourens Roets	0	0	0	0	0	0
Michael De Schrijver	0	0	0	0	0	0
François Colin de Verdière	0	0	0	0	0	0
Janusz Raś	153 473	95 807	37 828	8 823	6 898	4 117
		62.43%	24,65%	5,75%	4,49%	2,68%

Table 3 contains variable and fixed remuneration for 2023 and previous years, which will be received by individuals in 2024 and subsequent years.

The amounts shown therein in relation to the part of the variable remuneration under the Long-Term Incentive Plan (LTIP) relate to payments in the form of cash (CPUs).

Table 3			
Payout in 2024			
Name and Surname	Variable remuneration	Variable remuneration	Fixed remuneration and other remuneration components for December*
	PLN LTIP	PLN EAIP	
	for 2021-2023	for 2023	
Management Board			
Leszek Szafran	279 871	141 506	12 389
Ireneusz Maksymiuk	175 920	190 609	61 020
Supervisory Board			
Krzysztof Pieniążek	-	-	6 279

* Other salary components include benefits such as: insurance, company car used for private purposes, Employee Pension Scheme, medical care, tire program.

Table 4 contains variable remuneration for 2023 and previous years, which will be received by individuals in 2025 and subsequent years.

Table 4	
Salaries accrued but not paid as of December 31, 2023 covering the 2022-2024 and 2023-2025 assessment period	
Management Board	
Name and surname	Variable remuneration
	PLN LTIP
Ireneusz Maksymiuk	86 647

IV. Compensation from entities belonging to the Company's capital group

The Company had no subsidiaries in 2023.

For the sake of full transparency, the Company discloses the amounts of remuneration paid to the Management Board and the Supervisory Board by other companies, but incurred (as a charge) by the Company.

The costs incurred by the Company on the basis of the invoices received regarding the remuneration for the work of Mr. Marko Nahtigal, employed by Goodyear Slovenija d.o.o., in the year covered by the report amounted to PLN 1 066 998 (including the cost of renting an apartment of PLN 66 955).

Table 7 and Table 8 present the variable remuneration for 2023 and previous years that was paid to Mr. Marko Nahtigal in 2024 and will be received by him in subsequent years.

Table 7	
Payout in 2024	
Variable remuneration PLN LTIP for 2021-2023	Variable remuneration PLN EAIP for 2023
162 428	198 823

Table 8
Salaries accrued but not paid as of December 31, 2023 covering the 2022-2024 and 2023-2025 assessment period
Variable remuneration PLN LTIP
80 305

The costs incurred by the Company on the basis of the invoices received regarding the remuneration for the work of Mrs. Anna Winiarska-Miśkowiec employed by Goodyear Polska Sp z o.o. in the year covered by the report amounted to PLN 41 309.

V. Compliance with the adopted remuneration policy; contributing to the Company's long-term performance

The total remuneration paid to members of the Management Board and the Supervisory Board is in accordance with the principles of the remuneration policy (the "**Policy**"), that were in force at the Company in 2023. Each of the above-mentioned components of remuneration was provided for in the said principles and subsequently in the Policy and was paid in accordance with these principles and subsequently with the Policy. Members of the Management Board and the Supervisory Board did not receive any component of remuneration that would not result from the said principles and subsequently from the Policy.

Members of the Management Board and the Supervisory Board may be entitled to remuneration components related to the achievement of the Company's long-term objectives (in the form of cash or financial instruments), which has a positive impact on their commitment to the achievement of these objectives. Members of the Supervisory Board are not entitled to variable remuneration for serving as a member of the Supervisory Board.

VI. Information on how the performance criteria have been applied

1. The Executive Annual Incentive Plan ("EAIP") is a master incentive plan for top executives delivered in cash. The target EAIP level can range from 20% to 40% of the employee's fixed annual base salary as of December 31 of the year covered by the incentive plan. The payment of an individual bonus can range from 0% to 200% of the employee's EAIP level. An employee's annual EAIP level is prorated to reflect the work in the plan year based on the date of promotion. The award of annual EAIP payments is contingent on the achievement of the company's financial performance and individual objectives: cash and liquidity, costs, market share and individual targets in conjunction with the objectives applicable across the EMEA region. Unless the employee meets the retirement criteria set out in the EAIP, an additional condition for payment is to remain an employee of the Company as at 31 December of the relevant year covered by the plan.
2. The Long-Term Incentive Plan ("LTIP") covers a three-year period with the potential to pay out between 50% and 200% for the year and is currently cash-only (CPU). The CPU value is equal to 1 USD per unit. The granting of distributions is based on the achievement by the company financial results: net revenue, cash flow, return on equity, TSR modifier (Total Share Return). Metrics and targets are set by Goodyear Board of Directors' Compensation Committee. The LTIP is subject to change and may include other types of awards and grant combinations in the future. Unless an employee meets the retirement criteria set out in the EAIP, an additional condition for payment is that they remain an employee of the Company as at 31 December of the last year covered by the plan.

VII. Information on remuneration and results of the Company

The total remuneration received by the members of the Management Board and the Supervisory Board includes the remuneration received directly from the Company. RSU is not included.

Table 9

Components/ year	2019	% change	2020	% change	2021	% change	2022	% change	2023	% change
Total remuneration for received by Members of Management Board in PLN	2 421 732	(15,54%)	2 525 636	4,29%	2 642 337	4,26%	2 672 362	1,14%	2 442 061	(8,62%)
Total remuneration received by Members of Supervisory Board in PLN	584 003	26,13%	603 108	3,27%	603 721	0,10%	600 571	(0,52%)	649 990	8,23%
Operating profit in k PLN	119 747	20,20%	80 256	(32,98%)	50 880	(36,60%)	78 571	54,42%	322 193	310,07%
Net income in k PLN	112 739	25,61%	68 392	(39,34%)	42 679	(37,60%)	72 597	70,10%	284 353	291,69%
Net cash flow in k PLN	39 530	80,79%	5 266	(86,68%)	(26 904)	(610,9%)	(43 287)	60,89%	112 710	(360,38%)

Table 10 and Table 11 present salaries paid in a given year.

Table 10									
Management Board	2019	2020	% change	2021	% change	2022	% change	2023	% change
Leszek Szafran	1 041 244	1 139 204	9,41%	1 164 096	2,19%	1 434 088	23,19%	1 419 881	(0,99%)
Ireneusz Maksymiuk	778 454	813 436	4,49%	872 669	7,28%	1 054 300	20,81%	1 022 180	(3,05%)
Michał Mędrak	602 034	572 997	(4,82%)	605 571	5,68%	183 974	(69,62%)	0	
Supervisory Board	2019	2020	% change	2021	% change	2022	% change	2023	% change
Łukasz Rędziniak <i>(until 02.09.2021)</i>	134 071	135 607	1,15%	149 383	10,16%	0		0	
Andrzej Kowal <i>(from 25.06.2019)</i>	57 213	135 317	136,51%	168 780	24,73%	194 163	15,03%	210 620	8,48%
Maciej Mataczyński <i>(until 26.06.2020)</i>	163 257	102 652	(37,12%)	0		0		0	
Krzysztof Mika <i>(from 25/06/2019 until 24/08/2020)</i>	102 220	164 816	61,24%	0		0		0	
Janusz Raś <i>(until 24.06.2019 from 25.08.2020 until 22.06.2021); (from 30/06/2022 until 26/06/2023)</i>	127 242	64 717	(49,14%)	137 461	112,40%	109 363	(20,44%)	153 473	40,33%
Marek Piękoś <i>(from 23.06.2021)</i>				112 536		141 715	25,93	0,00	
Krzysztof Pieniążek <i>(from 27.06.2023)</i>								111 650	
Agnieszka Modras <i>(from 06.09.2021)</i>				35 561		155 330	337	174 247	12,18%

Information on the amount of the average remuneration of the Company's employees who are not members of the Management Board or the Supervisory Board.

Table 11		
Year	Average compensation of the Company's employees PLN	% change
2019	5 448,65	9,31
2020	5 704,20	4,69
2021	6 246,78	9,51
2022	6 327,56	1,29
2023	7 290,61	15,22

Information on whether the Company exercised the possibility of requesting reimbursement of the variable remuneration components.

During the period covered by the Report the Company did not request the return of variable remuneration components to persons covered by the Policy.

Information on deviations from the procedure of implementation of the remuneration policy and temporary waiver of its' application.

The policy was adopted on 25 August 2020 and entered into force on that date. The policy was adopted in accordance with the relevant procedure. The Company did not temporarily waived the application of the Policy.