

## Remuneration policy

### The Management Board and Supervisory Board of Feerum S.A. in Chojnów

#### I. Definitions.

- 1) **Delegated member of the Supervisory Board** - it should be understood as a member of the Supervisory Board temporarily delegated to perform a function in the Management Board of the Company pursuant to Art. 383 § 1 of the Code of Commercial Companies.
- 2) **Capital group** - it ought to be understood as the group of Companies in which the Company is the parent company.
- 3) **Authorized person** - it should be understood as members of the Company's Management Board and members of the Company's Supervisory Board.
- 4) **Company** - it should be understood as Feerum S.A. in Chojnów.
- 5) **Report** - it shall be understood as the report referred to in Art. 90g of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies of July 29, 2005 (i.e. Journal of Laws of 2019, item 623).
- 6) **Financial statement** - it ought to be understood as approved by the General Meeting of the Company the balance sheet, profit and loss account, additional information and the report on the entity's operations referred to in Art. 46 - 49 of the Act on accounting of September 29, 1994 (i.e. Journal of Laws of 2019, item 351),
- 7) **Act** (without further specification) - this ought to be understood as the Act on public offering and conditions for introducing financial instruments to organized trading, and on public companies of 29 July 2005 (i.e. Journal of Laws of 2019, item 623).
- 8) **Ordinary General Meeting** - it should be understood as an ordinary general meeting referred to in Art. 395 of the Commercial Companies Code.

#### II. General provisions.

1. The Remuneration Policy regulates the principles of remuneration of eligible persons.

2. The remuneration rules provided for in other payroll acts and regulations in force in the Company apply to eligible persons only if this Remuneration Policy provides so.
3. The provisions of contracts concluded by the Company with authorized persons, which regulate their employment and remuneration, must be in accordance with this Remuneration Policy.
4. In the event of non-compliance of this Remuneration Policy with the contract, payroll act or regulations, the provisions of the Remuneration Policy shall apply.
5. The remuneration policy contributes to the implementation of the business strategy of the Capital group, both in terms of its long-term and short-term goals, and to increasing the stability of the Capital group.
6. The remuneration policy aims to ensure:
  - a) full involvement of authorized persons in achieving the goals of the Capital Group,
  - b) motivating persons entitled to the fullest possible involvement in the performance of tasks related to their function,
  - c) sense of stability of authorized persons and linking them with the Capital group,
  - d) linking the remuneration of entitled persons with the financial results of the Capital group and the level of its development,
  - e) counteracting unfavorable phenomena from the point of view of the interests of the capital group, in particular with regard to unfair competition and corruption.
7. When determining the level of remuneration of eligible persons, the following are taken into account:
  - a) the necessary workload necessary for the reliable performance of the function, including the scope of duties and the level of responsibility related to a given position,
  - b) the level of remuneration of persons holding similar positions in other public companies,
  - c) the size of the Capital Group's enterprises, its financial results and the level of investments.
8. The remuneration policy takes into account the working and pay conditions of other employees of the Company, taking into account the competences, scope of responsibility and the size of the effects of decisions made by authorized persons on the Company's finances, its business plans and image.

### **III. Components of remuneration.**

The salary includes the following components:

- 1) **Fixed remuneration** - obligatory lump sum, monthly cash remuneration related to the function performed,
- 2) **Incentive remuneration** - optional remuneration awarded to members of the Management Board of the Company for achievements related to the implementation of specific tasks in line with the Company's strategy or the implementation of tasks aimed at achieving the assumed profit or savings level from a specific project or the entirety of the Company's operations in a given period.

### **IV. Remuneration of the members of the Management Board of the Company.**

1. Members of the Management Board are entitled to all remuneration components described in Chapter III, with the proviso that the fixed remuneration is obligatory, while the remuneration component described in Chapter III, point 2 is optional. The Supervisory Board decides on the amount of the fixed remuneration of the members of the Management Board and on granting them the optional part of remuneration, which determines the detailed principles of granting optional remuneration, following the principles set out in this Policy.
2. The amount of fixed remuneration is determined individually in an agreement concluded by the Supervisory Board with a member of the Management Board. When determining the amount of the fixed remuneration, the Supervisory Board follows the guidelines set out in Chapter II, para. 7.
3. Fixed remuneration is established at a level not lower than four times the average remuneration in the Company.
4. The incentive remuneration may be awarded:
  - a) in the amount for the implementation of a specific action (project),
  - b) in the amount of a proportional share in the profit or savings from a specific project or from the entire activity of the Capital Group in a given period.
  - c) in the amount for obtaining the assumed profit or savings ratios,

5. The Supervisory Board awards the incentive remuneration based on the individual results of the member of the Management Board, the financial results of the Capital Group and the proposed profit or savings that the Capital Group intends to achieve from a specific project (activity) or from the entire activity of the Capital Group in a given period.
6. When establishing the incentive remuneration, the Supervisory Board formulates in writing clear, comprehensive and diversified financial and non-financial criteria, the fulfillment of which depends on the award of the incentive remuneration and its amount. In the same way, the Supervisory Board determines the dates of the payment of the incentive remuneration, the conditions for deferment of its payment and the rules for its return.
7. When awarding the incentive remuneration, the Supervisory Board may formulate criteria on the basis of which the remuneration may be reduced or not paid.
8. The criteria referred to in para. 7 include in particular:
  - a) the expected financial benefit obtained by the capital group as a result of the implementation of the sentence (project) or exceeding the specified profit threshold (loss reduction),
  - b) the expected benefit obtained by the capital group as a result of the implementation of savings programs, including the use of energy-saving and pollution-reducing technologies,
  - c) the expected benefit obtained by the capital group as a result of the use of innovative technologies, management methods and working conditions, increasing efficiency,
  - d) the expected image benefit of the Capital Group as environmentally friendly and socially sensitive enterprises.
9. The total amount of the incentive remuneration in a given financial year may not be higher than twice the annual remuneration of the permanent member of the Management Board.

## **V. Verification of the criteria for awarding the incentive remuneration.**

1. Verification of compliance with the financial and non-financial criteria on the basis of which the incentive remuneration was determined is subject to constant monitoring by the Supervisory Board.

2. Verification of non-financial or financial criteria includes obtaining data confirming the implementation of the set goals and tasks and their detailed analysis to the extent necessary to determine whether the criteria for awarding the incentive remuneration or its amount have been met. In the same way, the Supervisory Board verifies the fulfillment of the criteria resulting in the reduction or non-payment of the incentive remuneration.
3. Verification of the criteria of a financial nature is based in particular on data from the financial statements of the Capital group.

#### **VI. Durability of the contract with the member of the Management Board.**

1. The contract with a member of the Management Board is concluded for the term of office provided for in the Company's Articles of Association.
2. An agreement with a member of the Management Board may provide for granting him severance pay in the event of his dismissal from the function of a member of the Management Board before the end of the term of office. The amount of the severance pay may not exceed six times the fixed salary.
3. An agreement with a member of the Management Board may contain provisions on refraining from competitive activities for a period not longer than 12 months from the end of the function of a member of the Management Board. In such a case, a member of the Management Board may be awarded compensation in the amount of not more than 75% of the fixed remuneration for the first 6 months of the term of the contract for each month of refraining from competitive activities and not more than 50% of the fixed remuneration for the subsequent months of the term of the contract for each month of refraining from competitive activities. Detailed provisions regarding refraining from competitive activity are specified by the Supervisory Board in an agreement with a member of the Management Board of the Company.

#### **VII. Remuneration of members of the Supervisory Board.**

1. Members of the Supervisory Board are appointed by the General Meeting of Shareholders. The composition of the Supervisory Board as well as the method of appointing and dismissing its members are specified in the provisions of the Articles of Association. Members of the Supervisory Board are entitled to fixed remuneration,

which is obligatory. The amount of the fixed remuneration is determined by the General Meeting of Shareholders and is valid for the period of performing the function of a Supervisory Board member.

2. Fixed remuneration of members of the Supervisory Board is set at a level not lower than 50% of the average remuneration in the Company.
3. The General Meeting of Shareholders may differentiate the remuneration of Supervisory Board members, in particular depending on the function performed in this body.
4. In the event of a temporary delegation of a member of the Supervisory Board to perform a function in the Management Board of the Company, he / she is entitled to a fixed remuneration determined in accordance with the principles set out in Chapter IV. The amount of the fixed remuneration is determined by the Supervisory Board, but the remuneration may not be lower than the remuneration charged by an authorized person as a member of the Supervisory Board. A delegated member of the Supervisory Board is not entitled to an incentive.

#### **VIII. Collision of interests.**

1. In order to avoid a conflict of interests regarding the award and payment of remuneration in a dispute with a member of the Management Board, the Company is represented by:
  - a) the Supervisory Board only when the basis of the claim of a member of the Management Board of the Company is the payment of remuneration, despite the fact that the criteria for its award established by the Supervisory Board have not been met,
  - b) a proxy appointed by a resolution of the General Meeting of Shareholders in other cases, as well as in the case referred to in point a), when the Supervisory Board requests it, even referring to a potential conflict of interests, any of the Supervisory Board members or other special circumstances. By requesting the General Meeting to appoint an attorney to represent the Company, the Supervisory Board is obliged, however, to take any action which, if omitted, could expose the Company to damage, in particular by limitation of claims or hindering its pursuit.
2. In the event of disclosure of circumstances that may be the subject of a dispute regarding the remuneration awarded or collected by members of the Management

Board, each member of the Supervisory Board shall submit a statement on the existence of facts relating to him that may indicate a conflict of interests or other circumstances that may justify excluding him from representing the Company in a dispute with a member of the Management Board. The declarations are submitted to the Chairman of the Supervisory Board, who passes them on to the next General Meeting of Shareholders on a date enabling the inclusion in the agenda of the issue of ensuring the company due representation that excludes a conflict of interests.

3. The Meeting of Shareholders may at any time appoint an attorney to represent the Company in a dispute with a member of the Management Board, if circumstances arise that may indicate a conflict of interest between the Company and any member of the Supervisory Board.

#### **IX. Retirement programs.**

The Capital group does not plan to implement additional pension and early retirement programs.

#### **X. Report on the functioning of the Remuneration Policy, decision-making process regarding its review or amendment.**

1. The Supervisory Board prepares a report on the functioning of the Remuneration Policy. The report covers the financial year and is submitted to the Ordinary General Meeting within the time limit enabling the inclusion in the agenda of an item regarding the expression of an opinion or - in the event of the occurrence of the premises specified in the Act - conducting a discussion on this report. The scope of the report is specified in the Act.
2. The Management Board of the Company ensures that the scope of the contract with the statutory auditor regarding the audit of the financial statements for a given financial year includes the assessment of the report referred to in item 1) to the extent required by the Act.
3. The Supervisory Board may submit to the General Meeting at any time a motion to amend or supplement the Remuneration Policy. The request to amend or supplement the Remuneration Policy contains a justification and is subject to an opinion from the Chief Accountant in terms of financial effects and by a legal advisor in terms of

compliance with generally applicable laws, the Company's Articles of Association and the applicable regulations.

4. A request to amend or supplement the Remuneration Policy may also be submitted by the Management Board. This application - after its opinion by the Chief Accountant and legal adviser in the scope indicated in point 3) is submitted to the Supervisory Board at least 3 months before the date of the General Meeting. The Supervisory Board submits the proposal of the Management Board to the General Meeting, attaching its own opinion.
5. A resolution on changing or supplementing the Remuneration Policy is adopted by the General Meeting of Shareholders. The General Meeting of Shareholders may, on its own initiative, oblige the Supervisory Board to develop changes or additions to the Remuneration Policy or entrust their development to a proxy appointed by it. The draft of changes requires an opinion in the manner indicated in point 3).

## **XI. Final provisions**

1. The Remuneration Policy comes into force on the day of adopting a resolution by the General Meeting of Shareholders.
2. Within 6 months from the entry into force of the Remuneration Policy, the Supervisory Board shall adjust the current rules for granting and paying remuneration to members of the Management Board to the rules described in this Policy.