

# REMUNERATION POLICY FOR MANAGEMENT AND SUPERVISORY BOARD MEMBERS OF MURAPOL S.A. (MURAPOL JSC) WITH A REGISTERED OFFICE IN BIELSKO- BIAŁA

## 1. GENERAL PROVISIONS

1.1. This Remuneration Policy for members of the Management Board and the Supervisory Board of Murapol S.A. with its registered office in Bielsko-Biała sets forth and defines the terms and conditions and a system of remuneration applied by the Company with respect to the members of the Management Board and the Supervisory Board according to the requirements of Section 4a of the Act of 29 July 2005 concerning Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies.

1.2. For the purposes of this Remuneration Policy, the following definitions shall apply:

**Group** means a group of companies of which the Company is the parent company within the meaning of the Accounting Act of 29 September 1994;

**Code of Commercial Partnerships and Companies** means the Act of 15 September 2000. – the Code of Commercial Proprietorships and Companies;

**Remuneration Policy** means the remuneration policy for the members of the Management Board and the Supervisory Board of Murapol S.A. with its registered office in Bielsko-Biała;

**ECP** means employee capital plans within the meaning of the Act of 4 October 2018 on Employee Capital Plans;

**Supervisory Board** means the Supervisory Board of Murapol S.A. with its registered office in Bielsko-Biała;

**Company** means Murapol S.A. with its registered office in Bielsko-Biała;

**Remuneration Report** means the remuneration report containing a summary of the remuneration received by or due to the individual members of the Management Board and the Supervisory Board in the last turnover year;

**Articles of Association** means the Articles of Association of the Company;

**Act** means the Act of 29 July 2005 concerning Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies;

**General Meeting** means the ordinary or extraordinary meeting of shareholders of the Company;

**Management Board** Means the Management Board of Murapol S.A. with its registered office in Bielsko-Biala.

## **2. DESCRIPTION AND OBJECTIVES OF REMUNERATION POLICY**

- 2.1.** According to the provisions of the Act, the Remuneration Policy sets out the terms and framework for awarding remuneration to the members of the Management Board and Supervisory Board.
- 2.2.** The basic terms and objectives of the Remuneration Policy shall be:
- (a) to comprehensively systematise the remuneration terms for the members of the Management Board and the Supervisory Board while ensuring remuneration efficiency and transparency;
  - (b) to support the implementation of the business strategy, long-term interests and stability of the Company and the Group;
  - (c) to provide the members of the Management Board with a consistent and motivational remuneration system, the level of which is adapted to the qualifications, scope of responsibilities, skills and level of professional experience of the member of the Management Board, taking into account the financial and non-financial performance of the Company
  - (d) to prevent conflicts of interest;
  - (e) to properly motivate and build commitment within the Company.
- 2.3.** The implementation of the business strategy, long-term interests and stability of the Company may be achieved in particular through:
- (a) adopting clear, comprehensive and diversified financial and non-financial performance criteria for the award of variable remuneration;
  - (b) verifying the fulfilment of individual criteria for the payment of variable remuneration of a specified amount.
- 2.4.** The remuneration system reflected in this Remuneration Policy with respect to the members of the Management Board and other employees, in particular those holding managerial positions within the Group, has common basic features, based on the fixed and variable remuneration components, which is conducive to the long-term development of the Company.
- 2.5.** The Remuneration Policy takes into account the specific nature of the remuneration within the Company and its structure by ensuring that the terms of remuneration of the members of the Management Board and the Supervisory Board are justified by the scope of the individual's duties, the services provided and the responsibilities that are associated with the holding of these offices.

## **3. CONTRACTS CONCLUDED WITH THE MEMBERS OF THE MANAGEMENT BOARD**

- 3.1.** According to the provisions of the Articles of Association, the members of the Management Board are appointed for a joint term in office of five years. The mandate of a member of the Management Board expires in the cases provided for in the Articles of Association and in the applicable legal provisions.

- 3.2.** The contracts with the members of the Management Board may be concluded by the Company for a definite or indefinite period of time, while the contracts with the members of the Management Board currently in force have been concluded for an indefinite period of time.
- 3.3.** The members of the Management Board may perform their duties on the basis of three legal relationships:
- (a) employment relationship performed under an employment contract;
  - (b) Company management services performed under a civil law contract (management contract);
  - (c) an appointment as a member of the Management Board for the duration of the office held by the member of the Management Board.
- 3.4.** The contracts concluded with the members of the Management Board may be terminated by the Company or the member of the Management Board with a notice period of three to nine months. In cases stipulated by the Labour Law (in the event of employment contracts) or in cases enumerated in the contract concluded with the member of the Management Board or resulting from the provisions of the Civil Law (in case of civil-law contracts), the Company has the right to terminate the contract with immediate effect. In case of the civil law contracts, reasons justifying the termination without notice include, inter alia: a breach of confidentiality or non-competition obligations by the member of the Management Board, a breach of obligations arising from matters stipulated or causing material damage to the Company.
- 3.5.** The members of the Management Board may be bound by a non-competition clause (pursuant to the relevant provisions of the primary relationship between the member of the Management Board and the Company or under a separate contract). A contract between the member of the Management Board and the Company may oblige the latter to refrain from competitive activity during the legal relationship. Irrespective of the aforementioned, depending on a content of the legal relationship binding the member of the Management Board with the Company or another company of the Group, the member of the Management Board may be obliged to refrain from competitive activity in respect of the Company and the Group for the period from 6 to 18 months from the time of termination of the legal relationship binding the member of the Management Board with the Company (or companies of the Group).
- 3.6.** In consideration of refraining from competitive activity in respect of the Company and the Group upon a cessation of holding the office by the member of the Management Board or termination of the contract, the member of the Management Board shall be entitled to a money compensation determined by an amount or corresponding to up to 100% of the remuneration in the form of a compensation for each month of refraining from competitive activity in the amount determined in the contract concluded with the member of the Management Board. In the period set forth in the contract binding the member of the Management Board with the Company, the Company shall be entitled to release the member of the Management Board from the obligation to refrain from competitive activity or to shorten its duration. The release shall result in the forfeiture of the right to compensation by the member of the Management Board and release the member of the Management Board from the obligation to refrain from competitive activity in respect of the Company and the Group. Furthermore, upon termination of the legal relationship, the non-

competition clause shall cease to be effective before the expiry of the period set forth in the provisions of the contract, should the reasons justifying the aforementioned clause cease to exist or should the Company fail to fulfil its obligation to pay its compensation.

- 3.7.** The members of the Management Board may also perform work or provide other services to the benefit of the Company and the companies of the Group on the basis of an employment contract or a civil-law contract concluded by them on an individual basis or as a part of the business activity conducted, provided that a scope of that contract fails to coincide or interfere with the responsibilities performed in connection with their appointment as the members of the Management Board of the Company.
- 3.8.** The member of the Management Board may be entitled to a flat – rate monthly remuneration for performing work or providing other services to the benefit of the Company or the companies of the Group on the basis of an employment contract or a civil law contract. Moreover, the member of the Management Board may be granted an additional monthly remuneration in the form of a variable part and bonus payments or periodic awards, the granting and amount of which shall depend on the decision of the company of the Group.

### **REMUNERATION OF THE MEMBERS OF THE MANAGEMENT BOARD**

- 3.9.** The remuneration of the member of the Management Board of the Company, depending on the provisions of the contracts binding the latter with the Company, may consist of the following components:
- (a) fixed monthly remuneration;
  - (b) variable monthly remuneration;
  - (c) annual bonus payment;
  - (d) other pecuniary and non-pecuniary benefits.
- 3.10.** The proportions between the fixed and variable remuneration, including the Annual Bonus Payment, of the members of the Management Board of the Company depend on the financial results of the Company, operating results and other special circumstances having a significant impact on the operations of the Company and the commitment of the members of the Management Board, which constitute the basis for the granting of the bonus payment.

#### ***Fixed Monthly Remuneration***

- 3.11.** The members of the Management Board receive a fixed monthly remuneration for the performance of their duties as the Member of the Management Board or for the provision of other services to the benefit of the Company. The amount of the remuneration depends on the office held by the member of the Management Board, the scope of duties or services provided and individual professional experience.
- 3.12.** The fixed monthly remuneration determined on the basis of an employment contract, management contract or appointment relationship is paid to the members of the Management Board on a monthly basis within the time limits and under the terms resulting from the contract or resolution constituting the basis for the appointment.

#### ***Variable monthly remuneration***

- 3.13.** The member of the Management Board may be granted additional variable monthly remuneration the amount of which depends on the current performance of the member's duties and ad hoc expenses incurred by the given member of the Management Board.

***Annual Bonus Payment***

- 3.14.** The members of the Management Board may be entitled to additional variable pecuniary remuneration in the form of an '**Annual Bonus Payment**'.
- 3.15.** The granting of the right to receive the Annual Bonus Payment is conditional on an assessment of the level of achievement of financial and non-financial objectives in the past turnover year. The financial objectives may include, inter alia, the level of EBITDA, the amount of a profit of the Company and the Group, as well as other operational indicators relevant to the area of responsibility of the member of the Management Board. The Supervisory Board, under the authorisation referred to in par. 7.9, may determine the detailed conditions for the granting and payment of the Annual Bonus Payment.
- 3.16.** The amount of the Annual Bonus Payment awarded in a given turnover year and the extend of achievement of objectives by the member of the Management Board r shall be subject to an assessment and a decision taken by the Supervisory Board. When taking a decision about the granting of the Annual Bonus Payment, the Supervisory Board takes into account special circumstances having a significant impact on the operations of the Company and the work of the Management Board. A payment of the Annual Bonus Payment depends on the adoption of a resolution by the Supervisory Board.
- 3.17.** In pursuing the objectives entrusted to them, the members of the Management Board are obliged to observe the terms adopted in the Company related to the social interest, including the contribution to the protection of the environment by the Company and undertaking actions aimed at reducing the negative social effects of the operations of the Company and their elimination.
- 3.18.** The terms for the award of the Annual Bonus Payment do not provide for a deferral mechanism or the possibility for the Company to demand a return payment of the Annual Bonus Payment.
- 3.19.** In the special circumstances relating to the member of the Management Board and his/her commitment to the Company and the Group, the members of the Management Board may receive additional pecuniary benefits of an incentive nature from the Company, the majority shareholder or its controlling entities subject to a prior approval, upon carrying out an analysis of the totality of the circumstances, of the legal relationship under which such benefit shall be paid by the Supervisory Board. The Supervisory Board, under the authorisation referred to below, may determine additional circumstances entitling the member of the Management Board to receive such a benefit.
- 3.20.** The Company may be obliged to pay liquidated damages or a contractual penalty in case of unjustified termination of the contract concluded with the member of the Management Board mentioned in par. 2.25 in case of a failure to meet the time limits for payment of the fixed remuneration or in case of other circumstances specified in the contract mentioned in par. 3.3. The amount of liquidated damages or contractual penalty may amount up to nine times the last fixed remuneration plus the amount of the variable remuneration components set forth in the contract, which would be due to the member of the Management Board.

### ***Non-pecuniary Benefits***

**3.21.** The members of the Management Board have the right to the non-pecuniary benefits financed by the Company, including in particular:

- (a) the right to use a medical care package;
- (b) the right to use company cars for business purposes;
- (c) the right to use company telephones and laptops for business purposes;
- (d) the right to the use of sports cards enabling the use of sports facilities;
- (e) the right to obtain group life and health insurance for employees and collaborators of the Murapol Group,

whereas the aforementioned non-pecuniary benefits are optional and the Management Board Member may choose not to use them or to use them on a partially or fully paid basis.

**3.22.** The members of the Management Board are entitled to reimbursement of reasonable expenses incurred by the members of the Management Board in connection with the performance of the duties entrusted to them.

**3.23.** The members of the Management Board may also be granted other non-pecuniary benefits according to the terms binding in the Company. The detailed scope and terms of non-pecuniary benefits to which the members of Management Board are entitled are specified in detail in the contract concluded with the member of the Management Board or in the in-house regulations applicable in the Company.

**3.24.** The members of the Management Board may be covered by the ECP.

**3.25.** The members of the Management Board are not covered by any supplementary retirement pension and annuity or early retirement pension schemes.

**3.26.** The members of the Management Board are covered by group insurance against damage resulting from liability claims in respect of the members of the corporate bodies of a capital company and by professional liability insurance for accountants and payroll service providers and legal protection.

## **4. FINANCIAL INSTRUMENTS AND LONG-TERM INCENTIVE PLANS**

**4.1.** The Company does not grant a remuneration to the members of the Management Board in the form of financial instruments.

**4.2.** The Supervisory Board may decide to grant the members of the Management Board a long-term variable remuneration, including in the form of financial instruments or long-term financial remuneration dependent on the financial results of the Group, whereby the eligible member of the Management Board shall acquire the right to an appropriate part of the remuneration after the end of each successive year which (i) falls within the time horizon of such incentive plan and (ii) for which the Company has achieved the agreed financial result.

## **5. REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD OF THE COMPANY**

### **GENERAL PROVISIONS**

**5.1.** Each member of the Supervisory Board shall hold office upon an appointment by a resolution of the General Meeting.

- 5.2.** The term of office of the members of the Supervisory Board is set forth in the Articles of Association, but as of the date of this Remuneration Policy, the members of the Supervisory Board are appointed for a joint term of three years. The mandate of the member of the Supervisory Board shall expire in the cases specified in the Articles of Association and in generally applicable law provisions.
- 5.3.** The Company does not conclude with the members of the Supervisory Board any employment contracts, contracts of mandate, contracts for specific work or other contracts of a similar nature due to the office held in the Supervisory Board.

#### **REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD**

- 5.4.** The members of the Supervisory Board have the right to a fixed flat-rate sum remuneration for their physical presence at the meeting of the Supervisory Board.
- 5.5.** The remuneration specified in par. 5.4 above shall be paid by the 10th day of each month following the month in which the meeting has been held.
- 5.6.** In case of an appointment to the Supervisory Board as an independent member, within the meaning of the relevant provisions, such a member may be entitled to additional fixed monthly remuneration, determined and approved by the General Meeting of Shareholders.
- 5.7.** The Company does not grant a remuneration in the form of financial instruments to the members of the Supervisory Board.
- 5.8.** The member of the Supervisory Board is entitled to a reimbursement of costs incurred in connection with the performance of the functions held by the latter, in particular costs of travel from the place of residence to the venue of the meeting of the Supervisory Board, costs of accommodation and meals.
- 5.9.** The members of the Supervisory Board are covered by a group insurance against damages resulting from liability claims in respect of members of the corporate bodies of a capital company.
- 5.10.** The members of the Supervisory Board may be covered by the ECP.
- 5.11.** The members of the Management Board are not covered by any supplementary retirement pension and annuity or early retirement pension schemes.

#### **6. CONFLICTS OF INTEREST**

- 6.1.** This Remuneration Policy is aimed at ensuring that potential conflicts of interest relating to the remuneration of the members of the Management Board and the members of the Supervisory Board are identified and mitigated.
- 6.2.** For the purpose of restricting conflicts of interest, pursuant to the provisions of the Act, the division of competences between the individual governing bodies of the Company (Management Board, Supervisory Board, General Meeting of Shareholders) has been introduced with respect to the matters regulated by the Remuneration Policy, including those related to its adoption, application and review, the assessment of its implementation and temporary withdrawal.
- 6.3.** For the purpose of avoiding conflicts of interest related to the Remuneration Policy in the course of its application, decisions regarding the amount and terms of remuneration of the Management Board shall be taken by the Supervisory Board and regarding the Supervisory Board shall be made by the General Meeting of Shareholders.

- 6.4.** The member of the Management Board or the member of the Supervisory Board shall notify the Company of any conflict of interests related to the interests of the latter with those of the Company or of the possibility of such a conflict arising.

## **7. IMPLEMENTATION AND REVIEW OF THE REMUNERATION POLICY**

- 7.1.** The Remuneration Policy is an in-house act of the Company developed pursuant to the provisions of the Act. The Remuneration Policy has been developed by the Management Board, with the support of the Legal and Corporate Affairs Department, and with the participation of the Supervisory Board. During the works related to the establishment of the Remuneration Policy, market practice as of the date of its development has been taken into account. The Remuneration Policy has been adopted by the General Meeting of Shareholders.
- 7.2.** This Remuneration Policy is the first Remuneration Policy referred to in the Act.
- 7.3.** According to Art, 90d, par. 1 of the Act, the members of the Management Board of the Company are responsible and liable for the information contained in the Remuneration Policy.
- 7.4.** To the extent required by the law provisions, the Supervisory Board of the Company shall be obliged to implement the Remuneration Policy with respect to the members of the Management Board and adopt the relevant resolutions.
- 7.5.** The Supervisory Board shall be obliged to prepare each year the Remuneration Report which presents a comprehensive overview of the remuneration and other benefits, regardless of their form, received by the individual members of the Management Board and the Supervisory Board in the last turnover year, according to the requirements set forth in the aforementioned provision of the Act.
- 7.6.** According to Art. 90g section 1 of the Act, the members of the Supervisory Board are responsible and liable for the information contained in the Remuneration Report. The Remuneration Report is subject to an assessment carried out by a statutory auditor.
- 7.7.** The Remuneration Policy is subject to a detailed review at least once every four years, whereas the General Meeting of Shareholders may decide that the Remuneration Policy should be reviewed more frequently than once every four years. The objective of the review is to update the Remuneration Policy and adjust it to legal regulations, market conditions and the situation of the Company.
- 7.8.** Subject to the provisions set out below, any material amendments to the Remuneration Policy shall require the approval of the General Meeting of Shareholders by way of a resolution.
- 7.9.** The General Meeting of Shareholders authorises the Supervisory Board to specify the elements of the Remuneration Policy to the extent provided for in Art. 90d section 7 of the Act, in particular to specify the fixed and variable components of the remuneration, as well as bonuses and other pecuniary and non-pecuniary benefits which may be granted to the members of the Management Board according to the Remuneration Policy to the extent necessary for their granting and payment, and to the extent in which these matters have not been regulated in the Remuneration Policy, provided that such detailing takes place within the limits set forth in this Remuneration Policy and to establish clear, comprehensive and differentiated criteria in terms of financial and non-financial performance with regard to the granting of variable remuneration components.



## **8. EXEMPTION FROM THE REMUNERATION POLICY**

- 8.1.** Where it is necessary for the fulfilment of the long-term interests and financial stability of the Company or to ensure its profit-earning capacity, the Company may temporarily exempt from the application of the Remuneration Policy in whole or in a limited scope.
- 8.2.** A temporary exemption from the Remuneration Policy may be caused in particular by matters related to the implementation of the strategy of the Company and such actions which, if not undertaken, could negatively affect the performance of the obligations by the Company.
- 8.3.** A decision to exempt from the application of the Remuneration Policy shall be taken by the Supervisory Board in the form of a resolution.
- 8.4.** A decision to exempt temporarily from the application of the Remuneration Policy may be requested by the Management Board, which shall indicate reasons and justifications for the need to apply the temporary exemption.
- 8.5.** In the resolution on temporary exemption, the Supervisory Board shall specify in particular:
  - (a) the period for which the exemption has been applied;
  - (b) the elements of the Remuneration Policy from which the exemption has been applied;
  - (c) the reasons and justification for the exemption.

## **9. FINAL PROVISIONS**

- 9.1.** This Remuneration Policy shall take effect on the date of its adoption by the General Meeting of Shareholders.
- 9.2.** The Company shall forthwith post the Remuneration Policy and the resolution of the General Meeting of Shareholders on the Remuneration Policy on its website together with the date of adoption and the results of the voting.