

**REMUNERATION POLICY**  
**For Members of the Management Board and Supervisory Board of**  
**CIECH S.A. with its registered office in Warsaw**

The remuneration policy for members of the Management Board and Supervisory Board of CIECH S.A. with its registered office in Warsaw (the "Company") was adopted by the General Meeting of the Company in accordance with the provisions of the Act of 29 July 2005 on public offering and conditions for introducing financial instruments to organised trading, and on public companies (Journal of Laws of 2005, No. 184, item 1539, consolidated text: Journal of Laws of 2019, item 623) (hereinafter referred to as the "Remuneration Policy").

**§ 1**

**GENERAL PROVISIONS**

1. The purpose of this Remuneration Policy is to determine the principles of remunerating Management Board Members and Supervisory Board Members so as to contribute to the implementation of the long-term business strategy, long-term interests and stability of the Company, taking into account the interests of its shareholders.
2. The Company's business strategy is based on the following pillars:
  - 1) increasing competitive advantages in the key business of the Company;
  - 2) further investing in the development of specialised businesses;
3. The implementation of the Company's business strategy is to lead to the implementation of its strategic financial objectives and other strategic goals of the Company and the CIECH Group.
4. The implementation of the business strategy, long-term interests and stability of the Company are to be favoured, in particular, by the amount, principles and structure of the remuneration of Members of the Management Board and Members of the Supervisory Board, taking into account the current financial situation of the Company when paying it, while ensuring the highest level of competences and experience of persons performing the functions of Members of the Management and Supervisory Board.

**§ 2**

**CONTRACTS WITH MEMBERS OF THE MANAGEMENT BOARD**

1. The Company enters into employment contracts for a definite or indefinite period with Members of the Management Board. The principle is to conclude contracts for an indefinite period. A fixed-term contract is concluded only in justified circumstances.

2. The employment contract covers employment as President of the Management Board or Member of the Management Board.
3. The employment contract with a Member of the Management Board may be terminated upon notice by either Party. The notice period for the employment contract is not less than 3 months, regardless of which party makes such notice.
4. The expiry of the mandate of a Member of the Management Board is the reason justifying termination of the employment contract with a notice period.
5. In the event of termination of the employment contract by the Company, the Management Board Member is entitled to compensation in the amount specified in his or her employment contract. If the reason for terminating the employment contract with notice is any of the reasons justifying the termination of the employment contract without notice, as indicated in articles 52 and 53 of the Labour Code, no compensation is payable.
6. The employment contract may be terminated without notice for reasons indicated in articles 52 and 53 of the Labour Code. In the event of termination of the employment contract without notice, the Management Board Member is not entitled to compensation.
7. Due to the access of Members of the Management Board to confidential information about technical, organisational, commercial and financial matters of the Company and companies from the CIECH Group, including those of strategic importance to the Company, the Company concludes non-competition agreements with Members of the Management Board effective both during the employment relationship and after the termination employment relationship.
8. The non-competition clause after termination of employment applies for a period specified in the non-competition agreement defined by the Company's Supervisory Board for each Member of the Management Board individually.
9. In consideration of refraining from competitive activity against the Company and companies from its capital group in the period after the termination of the employment relationship, the Management Board Member is entitled to compensation for each month of refraining from competitive activity during the non-competition period.
10. The Company has the right to withdraw from the non-competition agreement after termination of employment without giving a reason within the time limits specified in the non-competition agreement.
11. In the event that the reasons for which a non-competition clause has been established have ceased after the termination of the employment relationship, or in the event of non-performance or improper performance of the obligations indicated in the non-competition

agreement by a Member of the Management Board, the Company has the right to terminate the non-competition agreement after the termination of the employment relationship with the notice period indicated in non-competition agreement.

### **§ 3**

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

1. Management Board Members are entitled to a fixed monthly remuneration for the work specified for each Management Board Member in his or her employment contract.
2. The monthly remuneration of Management Board Members varies depending on their function in the Management Board and the scope of competence of the Management Board Member concerned.
3. The amount of monthly remuneration of Members of the Management Board is determined by the Supervisory Board after issuing a recommendation by the Remuneration Committee of the Supervisory Board based on an analysis of market pay rates for persons performing functions of management board members, including entities with a similar profile of activity and scope of conducted activity, taking into account the needs and capabilities of the Company, individual qualifications and the level of experience of individual Members of the Management Board corresponding to the management tasks of the Member of the Management Board in question.
4. The monthly remuneration of Members of the Management Board is subject to annual adjustment for the index of real increase in the average remuneration compared to the previous year, announced by the President of the Central Statistical Office.
5. The monthly remuneration also includes compensation for the transfer to the Company of all copyrights to works created by a Member of the Management Board as a result of performing his or her duties of a Member of the Management Board and industrial property rights for inventions, utility models, industrial designs, development of a trademark or topography of an integrated circuit, made as a result thereof.
6. Members of the Management Board are entitled to an annual bonus and a discretionary bonus (awards).
7. The amount of the annual bonus depends on:
  - i) the amount of the annual remuneration of a Member of the Management Board;
  - ii) the degree of implementation of management objectives defined in the employment contract with a Member of the Management Board;

- iii) individual assessment of the work of the relevant Member of the Management Board, carried out annually by the Supervisory Board.
8. The degree of implementation of management objectives is determined by the Supervisory Board and indicated in the employment contract with each Member of the Management Board and depends on the implementation of the annual Financial Plan and is based on the (Adj.) EBITDA parameter of this Plan.
  9. The bonus is paid after the approval of the annual financial statements by the Annual General Meeting of the Company.
  10. Members of the Management Board may be included in the CIECH Group Long-Term Incentive Plan (the "Incentive Plan") on the principles specified by the Supervisory Board in the Regulations of the Long-Term Incentive Plan. The decision of inclusion in the Incentive Plan is made by the Supervisory Board after consulting the Remuneration Committee of the Supervisory Board individually for each Member of the Management Board.
  11. The amount due to a Member of the Management Board depends on the value earned by the CIECH Group for its shareholders in the reference period indicated in the Regulations of the Long-Term Incentive Plan and calculated in accordance with the principles established by the Supervisory Board. The main criterion for the implementation of the Plan is that the CIECH Group earns an increase in value (the "Earned Value") in 2019-21 at the level of at least 11% of the base year, i.e. 2018. The Earned Value will be calculated as the difference in the value of the CIECH Group (the "Value of the CIECH Group") generated at the end of 2021, compared to such value at the end of 2018. The value of the CIECH Group will be measured by the so-called TSR (Total Shareholder Return), taking into account, among others: adjusted EBITDA of the CIECH Group, assumed multiplier for adjusted EBITDA of the CIECH Group, consolidated net debt of the CIECH Group, value of dividends paid and cash inflows/outflows arising from the issue/redemption of Company shares. The value of the CIECH Group will be calculated on the basis of financial data contained in the audited consolidated financial statements of the CIECH Group. If the Earned Value reaches the level indicated in the Regulations of the Long-Term Incentive Plan, a bonus pool will be created in the amount indicated therein. The bonus pool will be paid out in 2022-2024, in equal instalments each year.
  12. When determining the variable components of remuneration of Management Board members, the financial criteria of the Company and the CIECH Group are taken into account.
  13. A member of the Management Board may be required to return to the Company all or part of the amount paid in connection with inclusion in the Incentive Plan in cases and on the principles set out in the Regulations of the Long-Term Incentive Plan.

14. Members of the Management Board are covered by the Employee Capital Plan (the "ECP") on the principles set out in the act on Employee Capital Plans of 4 October 2018 (Journal of Laws of 2018, item 2215) (the "ECP Act"). A member of the Management Board has the right to resign from ECP on the terms set out in the ECP Act.
15. Members of the Management Board have the right to use, for official purposes, a company car with a value in accordance with accepted principles prevailing in the Company.
16. Members of the Management Board have the right to use a selected healthcare package financed by the Company.
17. The Company provides Members of the Management Board, at its own expense, insurance against any damage resulting from claims which have arisen from the liability of members of the bodies of a capital company (D&O Liability Insurance).
18. Mutual proportions of variable components of remuneration to fixed components of remuneration of Management Board members are variable and depend on the management objectives and conditions affecting the amount of variable components of remuneration, with the amount of the annual bonus not exceeding 125% of the annual fixed remuneration. The amount due to a Member of the Management Board in connection with inclusion in the Incentive Programme is calculated after the end of the reference period, depending on the value of the factors indicated in the Regulations of the Long-Term Incentive Plan and the Incentive Plan Terms and their proportion to fixed remuneration is variable.
19. The General Meeting of the Company authorises the Supervisory Board to specify the elements of the Remuneration Policy as regards the description of fixed and variable components of remuneration, as well as bonuses and other monetary and non-monetary benefits that may be granted to Members of the Management Board and as regards the criteria for financial and non-financial results in relation to the granting of variable components of remuneration.

#### **§ 4**

##### **LEGAL RELATIONSHIP BETWEEN MEMBERS OF THE SUPERVISORY BOARD AND THE COMPANY**

1. Members of the Supervisory Board receive remuneration based on the corporate relationship resulting from their appointment by relevant resolutions of the General Meeting of the Company throughout the period of their mandate. The term of office of members of the Supervisory Board is the same and lasts 3 years.
2. The resolution to appoint a member of the Supervisory Board for a joint term of office is adopted by the General Meeting of the Company.

## **§ 5**

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

1. Remuneration for the office of Member of the Supervisory Board is determined by the General Meeting of the Company in a resolution to this effect.
2. Members of the Supervisory Board are entitled to monthly remuneration determined by multiplying the average monthly salary in the enterprise sector and distributions from profit for the month preceding the calculation, as announced it by the President of the Central Statistical Office (the "accrual basis").
3. The monthly remuneration of Members of the Supervisory Board varies depending on the function performed. The remuneration is differentiated by using different products of the Basis of calculation and is within the limits defined by the General Meeting of the Company.
4. Members of the Supervisory Board who perform functions in the Audit Committee are entitled to additional monthly remuneration in the amount determined by the General Meeting of the Company by indicating the product of the Basis of calculation depending on their function.
5. The amount of remuneration of Members of the Supervisory Board is determined taking into account the objective of guaranteeing the independence of Members of the Supervisory Board in the performance of their duties arising from their function. In order to ensure such independence, their remuneration may not be reduced, and its payment cannot be suspended and/or cancelled and, save as provided for in generally applicable provisions of law.
6. The monthly remuneration of members of the Supervisory Board is paid in arrears by the last day of the month for which it is due.
7. The General Meeting of the Company may grant members of the Supervisory Board individual awards or share in profit in the amount determined by resolution of the General Meeting of the Company.
8. The General Meeting of the Company authorises the Supervisory Board to specify the elements of the Remuneration Policy as regards the description of fixed and variable components of remuneration, as well as bonuses and other monetary and non-monetary benefits that may be granted to Members of the Supervisory Board, and as regards the criteria for financial and non-financial results related to granting variable remuneration components within the limits previously determined by the General Meeting of the Company.

## **§ 6**

## **AVOIDANCE OF CONFLICTS OF INTERESTS**

1. In order to avoid conflicts of interest related to the Remuneration Policy, the Company applies a division of authority when determining the amount of remuneration provided for in articles 378 and 392 of the Commercial Companies Code, taking into account the provisions of the Remuneration Policy.
2. In the event of obtaining knowledge or suspicion by a Member of the Management Board or a Member of the Supervisory Board of a conflict of interest in the scope of the Remuneration Policy regarding his or her person or another Member of the Management Board or a Member of the Supervisory Board, he or she is obliged to inform the Chairman of the Supervisory Board accordingly (in case of knowledge or suspicion regarding members of the Management Board) or the President and the Management Board (in case of knowledge or suspicion regarding Members of the Supervisory Board).
3. In the event of receiving the information specified in section 2, the Supervisory Board instructs the Remuneration Committee of the Supervisory Board to take action to verify such information, review the Remuneration Policy and, if necessary, update it in order to eliminate or prevent a conflict of interest.

## **§ 7**

### **FINAL PROVISIONS**

1. While developing the Remuneration Policy, the working and pay conditions of employees of the Company other than Members of the Management Board and Supervisory Board were taken into account by assessing positions in the Company, job classification and assigning salary ranges to individual groups, taking into account the objectives related to the implementation of the business strategy, long-term interests and stability of the Company, as well as current financial situation of the Company in determining them, while ensuring the highest competence and experience of persons holding the positions of Members of the Management Board and Members of the Supervisory Board.
2. The draft Remuneration Policy, as well as the draft changes thereto, are prepared by the Remuneration Committee of the Supervisory Board. The draft is submitted to the Supervisory Board for an opinion and changes, if any.
3. The draft Remuneration Policy, after submitting it for opinion and proposal of changes, if any, to the Supervisory Board, it is submitted to the General Meeting of the Company.

4. The General Meeting of the Company determines the final content of the Remuneration Policy or returns it to the Remuneration Committee of the Supervisory Board for further work, taking into account any comments made by the General Meeting of the Company.
5. The Remuneration Policy is adopted by a resolution of the General Meeting of the Company.
6. The Remuneration Committee reviews the Remuneration Policy at least once a year. If any significant need to amend the provisions of the Remuneration Policy is identified, the Remuneration Committee submits its opinion to the Supervisory Board for further submission to the General Meeting of the Company, with a request to make changes. The request for changes may also be submitted by the Company's Management Board through the Supervisory Board, which has the right to express its opinion on the Management Board's request.
7. The resolution on amending the Remuneration Policy or leaving the Remuneration Policy unchanged is adopted by the General Meeting of the Company at least once every 3 years.
8. This remuneration policy shall enter into force as of \_\_\_\_\_ 2020.
9. As of the date of entry into force of this Remuneration Policy, the remuneration of Members of the Management Board and Members of the Supervisory Board will be determined in accordance with the provisions hereof.