

RESOLUTION NO. 18/2020
OF THE ORDINARY GENERAL MEETING
OF THE COMPANY ERBUD S.A. IN WARSAW
ON 30 JUNE 2020

on the adoption of the remuneration policy for members of the Management Board and Supervisory Board of the Company

- I. The Ordinary General Meeting of Shareholders of Erbud S.A., acting pursuant to Article 90d, section 1 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies dated 29 July 2005 (Journal of Laws of 2019, item 2217), resolves to adopt a remuneration policy for members of the Management Board and members of the Supervisory Board of the Company (the “**Remuneration Policy**”) with the following wording:

“Remuneration Policy of ERBUD S.A. (the “Remuneration Policy”)

§1

Definitions and General Provisions

1. Acting pursuant to Art. 90d section 1 of the Act, this Remuneration Policy at ERBUD S.A. with its registered office in Warsaw (the “**Company**”) is hereby adopted.
2. Whenever this Remuneration Policy refers to:
 - a) **Act** – it stands for the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies (Journal of Laws of 2019, item 2217, as amended).
 - b) **General Meeting** - it stands for the general meeting of the Company.
 - c) **Management Board** - it stands for the management board of the Company.
 - d) **Supervisory Board** - it stands for the Supervisory board of the Company.
 - e) **Ordinary General Meeting** - it stands for the General Meeting the subject of which is to examine and approve the Management Board's report on the Company's operations and the financial statements for the previous financial year, adopt resolutions on the distribution of profit or coverage of loss, granting a vote of approval to members of the governing bodies for the performance of their duties and to adopt the resolution referred to in Article 90g, section 6 of the Act.
 - f) **Statutes** - it stands for the Company's statutes.
 - g) **Covered Person** - it stands for a given member of the Management Board or Supervisory Board.
 - h) **Legal Basis of Employment** - it stands for an employment contract, manager contract, contract of mandate, resolution on appointment or other legal relationship of a similar nature between the Company and a member of the Management Board.
 - i) **Capital Group** - it stands for a group of companies in which the Company is the parent company.
 - j) **Report** - it stands for the remuneration report prepared by the Supervisory Board referred to in Article 90g of the Act.
 - k) **Financial Statements** - it stands for the financial statements within the meaning of the Accounting Act of 29 September 1994 (Journal of Laws of 2019, item 1680, as amended), approved by the Ordinary General Meeting.
3. The Remuneration Policy governs the remuneration of the Covered Person.

4. The Company shall pay remuneration to the Covered Person exclusively in accordance with the rules described in the Remuneration Policy.
5. The Company shall make the Remuneration Policy available in accordance with the rules provided for in the Act, but not longer than for the term of the Remuneration Policy.
6. The Remuneration Policy, to the extent regulated herein, is a document superior to other documents providing for the rules of remuneration of the Covered Person, which are binding in the Company.
7. Without prejudice to the Remuneration Policy, the Covered Person shall also be bound by the provisions of relevant agreements and other documents regulating the remuneration rules applicable at the Company.
8. The Remuneration Policy contributes to the implementation of the Capital Group's development strategy, which sets out the directions of the Company's business activities, including its long-term interests and stability aspects (the “**Strategy**”). The Strategy sets market, performance or loyalty objectives (the “**Objectives**”), the achievement of which is closely linked to the level of remuneration of the Persons Covered by the Remuneration Policy.
9. The rules of remuneration of the Covered Person provided for in the Remuneration Policy contribute to the implementation of the Strategy and the Objectives by ensuring:
 - a) full involvement of the Covered Person in performing his/her functions in the Company,
 - b) motivation of the Covered Person to implement the Strategy and the Objectives,
 - c) permanent relationship of the Covered Person with the Company,
 - d) the amount of remuneration of the Covered Person that is adequate to the financial and business results of the Capital Group, including the Company,
 - e) attitudes that prevent the Covered Person from taking excessive risks in the performance of his or her function.
10. Objective criteria are taken into account when determining the remuneration of the Covered Person, including:
 - a) the scope of the responsibilities at a given position and the qualifications and experience of the Covered Person,
 - b) extraordinary achievements of the Covered Person, which in the opinion of the Supervisory Board contributed to faster and more effective implementation of the Strategy and the Objectives,
 - c) market standards for the remuneration structure of the position or job grade.
11. The Remuneration Policy takes into account the working and remuneration conditions of the Company's employees other than the Covered Person by ensuring that the terms and conditions of remuneration of the Covered Person are justified by the scope of responsibility which is related to the performance of their functions in the Company. In particular, the Remuneration Policy ensures that the amount of variable remuneration is determined taking into account the increased risk related to the performance of functions in the Company and the consequences for the Company and the Covered Person that may result from the materialisation of such risk.
12. In order to avoid conflicts of interest related to the Remuneration Policy, the powers related to the adoption, application and verification of the Remuneration Policy are scattered among individual Company bodies. The Covered Person is obliged to notify the Company of any existing conflict of interests of the Company or the possibility of its occurrence. The Covered Person shall refrain from taking part in the discussion and from voting on a resolution on the matter related to the Remuneration Policy in connection with which such a conflict of interest has occurred or may occur. A conflict of interests may arise in particular when:

- a) the Covered Person may obtain an advantage or avoid a loss of his/her remuneration as a result of a loss incurred by the Company or the Capital Group or
- b) the financial interest of the Covered Person expressed in the amount of remuneration or the terms and conditions of its granting remains divergent from the interest of the Company or the Capital Group.

§2

Principles of Adopting and Applying the Remuneration Policy

1. The Remuneration Policy is adopted by the General Meeting not less frequently than once every 4 years.
2. If the Remuneration Policy is amended, the new wording of the Remuneration Policy includes a description of significant changes introduced in relation to the Remuneration Policy and a description of the manner in which the content of the resolution giving its opinion on the Report was taken into account.
3. A material change of the Remuneration Policy requires a resolution of the General Meeting. A material change of the Remuneration Policy is considered to be any change concerning:
 - a) an indication of the relative proportions of the fixed and variable components of the remuneration of the Covered Persons,
 - b) reasons and procedure for temporary abandonment of the Remuneration Policy, including elements which abandonment of the Remuneration Policy may be applied to,
 - c) amendments to § 2 Section 3 of the Remuneration Policy.
4. An amendment to the Remuneration Policy which does not constitute a material change to the Remuneration Policy requires a resolution of the Management Board. The resolution of the Management Board may be adopted only after the Supervisory Board has presented a positive opinion on the proposed amendments to the Remuneration Policy.
5. In the event that the General Shareholders Meeting has authorised the Supervisory Board to specify elements of the Remuneration Policy on the basis of the provisions of the Act, such elements shall be amended by the Supervisory Board, otherwise the amendment of such elements shall be reserved for the General Meeting.
6. The Management Board:
 - a) is responsible for developing, updating and implementing the Remuneration Policy and related documents,
 - b) amends the Remuneration Policy to the extent that it does not constitute a material change to the Remuneration Policy,
 - a) provides the Supervisory Board with information necessary to verify the Remuneration Policy and its application, in particular with regard to the data covered by the Report within a period of time allowing for the preparation of the Report in accordance with the principles described in § 9 of the Remuneration Policy.
7. The tasks of the Supervisory Board with respect to the establishment and implementation of the Remuneration Policy include:
 - a) providing recommendations to the Management Board on the effectiveness of the provisions of the Remuneration Policy and their possible amendments,
 - b) immediate development of elements of the Remuneration Policy, within the limits of the authorisation granted by the General Meeting,

- c) presenting to the Management Board opinions on proposed amendments to the Remuneration Policy which do not constitute a material change to the Remuneration Policy.

§3

Verification of the Remuneration Policy

1. The Remuneration Policy and its application are verified by the Supervisory Board, which at least once a year submits it to a comprehensive review and evaluates the functioning of the Remuneration Policy from the point of view of achieving its objectives and provisions. After the review of the Remuneration Policy, the Supervisory Board submits to the Management Board any recommendations regarding its application or amendment. In particular, the Supervisory Board:
 - a) verifies the adequacy of the criteria and conditions justifying granting of variable remuneration to members of the Management Board,
 - b) reviews the annual *compliance* reports on the application of the Remuneration Policy.
2. The verification referred to in section 1 above shall also cover the completeness of the content of the Report prepared by the Supervisory Board, in particular with regard to the obligatory elements indicated in the Act.

§4

Remuneration of the Management Board Member

1. The remuneration of a member of the Management Board includes a fixed part, which includes the basic remuneration (the “**Fixed Remuneration**”). The amount of the Fixed Remuneration is determined individually for a member of the Management Board by the Supervisory Board in the Legal Basis of Employment or by a separate resolution, taking into account the provisions of the Remuneration Policy and the scope of responsibility of the member of the Management Board.
2. Irrespective of the Fixed Remuneration, a member of the Management Board may be entitled to variable remuneration, the granting and amount of which is not guaranteed (the “**Variable Remuneration**”). The amount of the Variable Remuneration depends on the fulfilment of the conditions concerning the fulfilment of financial or non-financial criteria.
3. The Variable Remuneration is granted individually to a given Management Board Member.
4. The Supervisory Board determines the amount and rules of granting remuneration to members of the Management Board by defining the following elements of the Remuneration Policy:
 - a) description of the components of the Fixed and Variable Remuneration, as well as bonuses and other cash and non-cash benefits which may be granted to members of the Management Board (the “**Description**”),
 - b) clear, comprehensive and diverse financial and non-financial performance criteria for the award of the Variable Remuneration (the “**Criteria**”),
 - c) deferment periods of Variable Remuneration,
 - d) the rules of demand by the Company to return the Variable Remuneration and
 - e) the rules related to granting of the Variable Remuneration to members of the Management Board in the form of the Company's financial instruments, including periods in which the right to receive remuneration in this form is acquired, the rules of disposal of these financial instruments by members of the Management Board.
5. The achievement of the Objectives shall be considered to be the Criteria in particular.

6. The Criteria shall be set in a manner ensuring that the incentives for achieving individual results by the Covered Person are balanced with the achievement of the Objectives and the Strategy, taking particular account of the interest of the Capital Group, including the Company.
7. The Description may provide that the benefits granted to a member of the Management Board as part of the Variable Remuneration are of cash and non-cash nature.
8. The Description defines the components of the Variable Remuneration in a balanced manner and is adjusted to the Company's financial standing, capital resources and liquidity ratios.
9. If the previously defined Criteria need to be met in order to grant the Variable Remuneration, the Supervisory Board, acting at the request of the President of the Management Board or any other person entitled to do so, shall by way of a resolution determine the acquisition by a member of the Management Board of the right to the Variable Remuneration and the amount of such remuneration. The Variable Remuneration, the granting or amount of which is subject to the free discretion of the Supervisory Board, is each time determined and settled on the basis of a resolution of the Supervisory Board.
10. The Variable Remuneration, if provided for in the terms and conditions of the Variable Remuneration, may be granted in connection with the performance of specific tasks during the evaluation period used to assess whether a member of the Management Board meets the Criteria (the "**Evaluation Period**"). In such a case, verification of the fulfilment of the Criteria and determination of the amount of the Variable Remuneration for a given Evaluation Period takes place not earlier than after the end of the Evaluation Period.
11. The verification of meeting the Criteria of financial nature is based on data from the Financial Statements of the Company, Capital Group or companies which a given member of the Management Board supervises.
12. The verification of the fulfilment of the non-financial Criteria shall include obtaining data confirming the fulfilment of standards and objective measures for the performance of a specific task, allowing for the assessment of the effectiveness of activities undertaken by a member of the Management Board in the fulfilment of such Criteria.
13. The Variable Remuneration may also be granted in the form of financial instruments or derivative financial instruments as part of the Company's incentive scheme (the "**Incentive Scheme**").
14. The Supervisory Board determines the periods for which the entitlement to receive the Variable Remuneration in the form of financial instruments or derivative financial instruments under the Incentive Scheme is acquired and the rules of subsequent disposal of such instruments by members of the Management Board, whereas:
 - a) the Incentive Scheme or its bylaws should clearly specify the detailed terms of the Incentive Scheme,
 - b) the Incentive Scheme should be designed to contribute to the implementation of the Strategy.
15. The Fixed Remuneration should constitute such part of the total remuneration of the members of the Management Board that a flexible policy on variable remuneration dependent on the performance of the Company or of the Covered Person can be conducted, including the reduction of these components or their non-payment. The Variable Remuneration of a Management Board member for a given financial year may not exceed four times the Fixed Remuneration due to that Management Board member for the same financial year.

§5

Remuneration of the Supervisory Board Member

1. The members of the Supervisory Board perform his/her functions on the basis of their appointment and shall be entitled to remuneration only on this account.
2. The remuneration of a member of the Supervisory Board does not depend on the results of the Company or the Capital Group.
3. The remuneration of a Supervisory Board member is not granted in the form of financial instruments or other non-cash benefits.
4. The amount of remuneration of a member of the Supervisory Board is determined by the General Meeting by way of a resolution.
5. A resolution of the General Meeting may provide that a member of the Supervisory Board is entitled to a monthly lump sum remuneration in a specified amount, regardless of the number of meetings of the Supervisory Board in which the member participates. Alternatively, a resolution of the General Meeting may provide that for each meeting of the Supervisory Board in which a given member of the Supervisory Board has participated, he/she shall be entitled to remuneration in a specified amount.
6. The remuneration of the Members of the Supervisory Board should be appropriate to the scope of activities and functions entrusted to them, in particular taking into account the function of a Member of the Supervisory Board in committees or in the case of delegation to personally perform supervisory functions.
7. Due to the function performed, in particular of the Chairman of the Supervisory Board or a committee, taking into account the workload related to the performance of such function, the remuneration of a Supervisory Board Member may be increased by the amount indicated in the resolution of the General Meeting.
8. Remuneration of Supervisory Board members may be paid in advance for a calendar year.

§6

Extraordinary Variable Remuneration

The Company does not grant Covered Persons any individual benefits under pension schemes or early retirement schemes.

§7

Durability of the Legal Basis of Employment

1. The Person Covered by the Remuneration Policy performs their function on the basis of an appointment. The Statutes set forth the principles of appointment and dismissal of the Covered Person.
2. Members of the Management Board are appointed by the Supervisory Board for a joint term of office of three years.
3. Members of the Supervisory Board are appointed by the General Meeting for a joint term of office of three years. A member of the Supervisory Board may at any time resign from his/her function or be dismissed by the General Meeting.
4. The durability of the Legal Basis of Employment of a member of the Management Board depends on the period in which the member performs his/her function. The Company aims to conclude agreements with members of the Management Board for an indefinite period.
5. Termination of the Legal Basis of Employment is possible with a notice period of not less than six months and not more than twelve months, with effect at the end of the month, which for its validity requires written form. In addition, the Legal Basis of Employment may be terminated at any time by mutual agreement.
6. The Company has the right to terminate an agreement concluded with a member of the Management Board with immediate effect, for the reasons specified therein, in particular serious breaches of the

obligations of the Covered Person, causing damage to the Company or gross violation of legal regulations.

7. The Legal Basis of Employment of a member of the Management Board may provide that if the Legal Basis of Employment is terminated due to dismissal of a member of the Management Board before the end of the term of office, the Company will be obliged to pay compensation for the period and amount specified in the Legal Basis of Employment.
8. The remuneration of a member of the Management Board may also include compensation for the Member of the Management Board refraining from competitive activities after the termination of the Legal Basis of Employment. The ban on competition covers a period of not less than 6 months and the Company has the possibility to extend or shorten it. The monthly compensation for the Management Board member shall not be higher than the monthly amount of the Fixed Remuneration. Violation of the prohibition of competition is connected with the Company's right to demand payment of a contractual penalty.

§8

Remuneration Policy Abandonment

1. If it is necessary to pursue the Company's long-term interests and stability or to guarantee its profitability, the Company may temporarily abandon the application of the Remuneration Policy in relation to a given Covered Person (the “**Abandonment**”).
2. The decision to apply the Abandonment is made by the Supervisory Board by way of a resolution.
3. The premises for the application of the Abandonment shall include in particular issues related to the implementation of the Strategy and Objectives and such actions that if not taken could adversely affect the Company's ability to perform its due financial obligations.
4. The Management Board may apply for the application of the Abandonment presenting to the Supervisory Board the reasons justifying the need to apply the Abandonment.
5. The resolution on the Abandonment shall specify in particular:
 - a) the period for which the Abandonment is applied,
 - b) the elements of the Remuneration Policy to which the Abandonment is applied,
 - c) the reasons justifying the need for Abandonment.
6. Each event of Abandonment shall be disclosed in the Report, together with the information referred to in section 5 above.
7. Abandonment of the Remuneration Policy may not concern the elements of the Remuneration Policy referred to in § 2 Section 3 of the Remuneration Policy.

§9

Report

1. The Report covers the Company's financial year.
2. The Supervisory Board prepares the Report within a period allowing for the inclusion of an item concerning the expression of opinion on the Report and the submission of the Report to the auditor's evaluation in the agenda of the Ordinary General Meeting.
3. The Company makes the Report available according to the principles provided for in the provisions of the Act for a period not longer than provided for in those provisions.
4. The resolution of the General Meeting of giving its opinion on the Report is of advisory nature.

5. The obligatory subjection of the Report to the auditor's assessment shall take place as part of the audit of the Financial Statements. The Management Board ensures that the scope of the agreement with the audit firm concerning the audit of the Financial Statements for a given financial year includes the evaluation of the Report by the auditor.

§10

Final Provisions

The Remuneration Policy shall become effective on the date of its adoption by the competent bodies of the Company, unless the resolution on the adoption of the Remuneration Policy provides for a different effective date of its provisions.”

- II. The Ordinary General Meeting of the Company decides to authorise the Supervisory Board to specify the following elements of the Remuneration Policy within the limits specified in the Remuneration Policy:
 - a) a description of the components of fixed and variable remuneration, as well as bonuses and other cash and non-cash benefits that may be granted to members of the Management Board,
 - b) clear, comprehensive and diverse criteria in terms of financial and non-financial performance, concerning the granting of variable remuneration to members of the Management Board, including the criteria of taking into account social interests, the Company's contribution to environmental protection and taking actions aimed at preventing and liquidating of negative social effects of the Company's operations,
 - c) periods of deferment of variable remuneration granted to members of the Management Board,
 - d) the possibility for the Company to demand reimbursement of variable remuneration granted to members of the Management Board,
 - e) the rules related to granting of variable remuneration to members of the Management Board in the form of the Company's financial instruments, including periods in which the right to receive such remuneration is acquired, and the rules of disposal of such financial instruments by members of the Management Board.

- III. This Resolution becomes effective as of 31 August 2020.”