



**REMUNERATION POLICY
of the Members of the Management Board and Supervisory
Board of
Elektrociepłownia "Będzin" SA**

adopted by the Resolution No. 14 dated 7 September 2020 of the Annual General Meeting of
Elektrociepłownia "Będzin" S.A.



REMUNERATION POLICY of the Members of the Management Board and Supervisory Board of Elektrociepłownia "Będzin" SA

The Remuneration Policy of the Members of the Management Board and Supervisory Board of Elektrociepłownia "Będzin" S.A. (hereinafter: "Company") was adopted by the Company's Annual General Meeting in accordance with the Act on Public Offering and the Conditions of Admitting Financial Instruments into Organised Trading System and on Public Limited Companies (Journal of Laws of 2005, no. 184, item 1539, consolidated text, Journal of Laws of 2019, item 623). Hereinafter, the Remuneration Policy will be referred to as the "Policy".

§ 1 GENERAL PROVISIONS

1. This Policy aims to specify the rules for remunerating the Members of the Company's Management Board and Supervisory Board in order to implement business strategy, pursue long-term interests and provide for the Company's stability with a view to shareholders' interests.
2. The Company's business strategy is based on the following pillars:
 - 1) transparency of activity,
 - 2) avoiding conflict of interest,
 - 3) putting shareholders' interests over the interest of the Company's bodies.

§ 2 CONTRACTS WITH MANAGEMENT BOARD MEMBERS

1. The Company enters with the Management Board Members into definite or indefinite employment contracts. The Company also appoints Management Board Members otherwise than under employment contracts.
2. An employment contract pertains to employment on a given position defined in the resolution to appoint a Management Board Member.
3. An employment contract may be terminated at a notice by either Party. The notice period is prescribed by the provisions of the Employment Code. A Management Board Member may also be dismissed or not appointed for another term.
4. An employment contract may be terminated without a notice for reasons identified in Articles 52 and 53 of the Employment Code.

§ 3 DESCRIPTION OF MANAGEMENT BOARD MEMBERS' REMUNERATION COMPONENTS

1. Management Board Members are entitled to a steady monthly employment remuneration defined in the employment contract.
2. Management Board Members' monthly remuneration varies with respect to the function at the Management Board and the scope of competences of a given Management Board Member.
3. The amount of monthly remuneration of the Management Board Members is set out by the Supervisory Board having in mind the function at the Management Board, the Management Board Member's professional experience and the total years of service as a Management Board Member.
4. Monthly remuneration also covers the remuneration due for transferring to the Company of any and all copyright to works created by the Management Board Member as a result of performing the duties of a Management Board Member and of industrial property rights to inventions, utility models, industrial designs, to the development of trade marks or integrated circuit topography made in the performance of a Management Board Member's duties.
5. Management Board Members are entitled to a bonus on the following conditions:
 - a/ the bonus amount is contingent on:
 - the Company / Group's performance
 - attaining standalone goals
 - b/ the bonus is paid quarterly or annually
 - c/ the aggregate bonus amount - up to 50% of the base remuneration
6. In defining Management Board Members' variable remuneration components the following criteria were taken into account: sales volume, costs level, margin, profit and dividend level across the Group.
7. Management Board Members are not covered by an additional pension and retirement scheme nor an early retirement scheme.
8. Management Board Members are entitled to use the Company's property for business purposes: company car, laptop. The above property is provided gratuitously. The Parties will agree on payment conditions for the use of property for private purposes in a contract. The property is to be returned on the day employment relationship ends at the latest.
9. The proportions of Management Board Members' variable remuneration components versus fixed remuneration components amount to no more than 50%.

§ 4 LEGAL RELATIONSHIP BETWEEN THE SUPERVISORY BOARD MEMBERS AND THE COMPANY

1. Supervisory Board Members receive remuneration under a resolution of the Annual General Meeting.
2. The resolution referred to in p. 1 of this para is passed by the Company's Annual General Meeting on the date of the resolution to appoint the Supervisory Board Members.

§ 5 DESCRIPTION OF SUPERVISORY BOARD MEMBERS' REMUNERATION COMPONENTS

1. The monthly remuneration of the Supervisory Board Members varies with respect to their function.
2. The remuneration varies with respect to the amounts or the indicators defined for various functions at the Supervisory Board.

§ 6 AVOIDANCE OF CONFLICT OF INTEREST

1. In the event a Management Board or a Supervisory Board Member learns that there has occurred a conflict of interest with respect to a Remuneration Policy as regards this or another Management or Supervisory Board Member, the Management or Supervisory Board Member will be obliged to inform accordingly the Chair of the Supervisory Board (knowledge or a suspicion concerning Management Board Members) or the President of the Management Board (knowledge or a suspicion concerning Supervisory Board Members).
2. In the event the information referred to in clause 1 is obtained by the Chair of the Supervisory Board and, in case the conflict regards the said person, another Member of the Supervisory Board, will be obliged to take up measures aiming to verify the information, review the Remuneration Policy and possibly update it in order to remove or prevent a conflict of interest from occurring.

§ 7 FINAL PROVISIONS

1. In setting out the Remuneration Policy, working and remuneration conditions of the Company's employees (other than the Members of Management Board and Supervisory Board) were taken into account by defining the base remuneration and bonus conditions.
2. The Remuneration Policy is adopted by a resolution of the Company's Annual General Meeting.
3. A resolution to update the Remuneration Policy or to leave it unchanged is passed by the Company's Annual General Meeting every two years at the least.
4. From the date the Remuneration Policy comes into effect, the remuneration of the Members of the Management Board and Supervisory Board are set out in accordance with the Remuneration Policy.