

POLICY OF REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD AND OF THE SUPERVISORY BOARD OF ERG S.A. WITH ITS REGISTERED OFFICE IN DĄBROWA GÓRNICZA

§ 1.

Aim and scope of the Remuneration Policy

1. This Policy of Remuneration of Members of the Management Board and of the Supervisory Board (hereinafter referred to as the "Remuneration Policy") sets out the general assumptions regarding the principles of remuneration of the members of the management and supervisory bodies of ERG S.A. with its registered office in Dąbrowa Górnicza (hereinafter referred to as the "Company").
2. The solutions adopted in the Remuneration Policy should contribute to the pursuit of the business strategy, as well as of the long-term interests and stability of the Company.
3. The remuneration of members of managing and supervisory bodies corresponds to the size of the Company's enterprise as well as to the functions and responsibilities of members of the respective bodies, it contains incentive components and remains reasonably proportionate to the Company's economic results and the level of remuneration of the Company's employees and persons performing similar functions in other entities in the market where the Company operates.
4. The specific rules of remuneration of members of the Management Board and of the Supervisory Board are determined in accordance with the generally applicable provisions of the law, the current principles set forth in the "Best Practice of GPW Listed Companies" [related to companies listed on the Warsaw Stock Exchange] and the Company's internal regulations, including in particular the Articles of Association.

§ 2.

Rules of remuneration of Members of the Management Board

1. The basis for determination and payment of remuneration of Members of the Company's Management Board is provided each time by the legal relationship between the Company and the respective Member of the Management Board. The Company envisages entrusting its management on the basis of three legal relationships:
 - a. an employment relationship under a contract of employment;
 - b. a contract on management of the Company (director's service contract) entered into for the time of performance of functions by the respective Member of the Management Board;
 - c. appointment to exercise the function of Member of the Management Board for the time of performance of functions by the Member of the Management Board.
2. The Supervisory Board determines the legal bases of the management relationship established and the rules of remuneration of the Member of the Management Board by way of negotiations. The legal basis for establishing the Company management relationship by a Member of the Management Board is determined by way of a resolution of the Supervisory Board.
3. Independently of the above, a person appointed to the Company's Management Board may be entrusted with the performance of a specific function within the Company's organisational structure, e.g. General Manager/CEO, Sales Director, COO, CFO, etc. This function is entrusted on the basis of a contract of employment entered into on the Company's behalf with the Member of the Management Board by the Supervisory Board, by its Chairman or by another Member of the Supervisory Board delegated by the latter. Remuneration is due for the performance of the above function separate from the remuneration for performance of functions as part of the Company's Management Board.

4. The Supervisory Board determines the amount of remuneration of the Member of the Management Board.
5. When determining the amount of remuneration of the Member of the Management Board, the Supervisory Board should take into account the amount of work required to perform the function of a Member of the Management Board appropriately, the scope of duties and responsibilities related to the performance of the function of a Member of the Management Board and the level of remuneration for a similar position paid by other entities operating in the market. The remuneration of the Members of the Management Board corresponds to the size of the enterprise and is reasonably proportionate to the Company's economic results.
6. In order to improve the quality and efficiency of work of the Members of the Management Board, their remuneration is determined taking into account its motivational nature and effective management of the Company. For this purpose, the remuneration may consist of fixed and variable components.
7. The detailed principles of determining variable remuneration are set by the Supervisory Board with a view to ensuring the quality and efficiency of work of the Members of the Management Board and the motivational nature of this form of remuneration. Variable remuneration may depend in particular on the Company's financial results, the performance of the Management Board or of its individual members, the business goals achieved by the Company, the contracts acquired or other activities benefiting the Company.
8. The variable component may be defined as a one-off or periodic benefit, depending on the bases for its determination, structure, etc. In the case of one-off remuneration, determined on the basis of the Company's annual financial results or the achievement of specific business goals, the Supervisory Board may determine the right to have a part of the variable remuneration paid in advance also before the end of the financial year or the achievement of the specific goal.
9. A Member of the Management Board may also be granted additional remuneration, the amount and the bases for calculation and payment of which are determined each time by the Supervisory Board. Such remuneration may be granted, in particular in cases in which the relevant remuneration type results from specific regulations or established customs, including for instance the principles of employee remuneration in force at the Company.
10. The Supervisory Board may also grant a Member of the Management Board the right to non-pecuniary benefits, including the following:
 - a. right to use certain assets of the Company;
 - b. right to additional insurance;
 - c. right to use additional non-payroll benefits activated for persons employed with the Company and its regular collaborators;
 - d. right to participate in the pension schemes functioning within the Company (including Employee Capital Plans – PPK) on general terms.
11. The scope and principles of the non-pecuniary benefits to which a Member of the Management Board is entitled are determined each time by a resolution of the Supervisory Board, and if a contract of employment or a director's service contract is concluded, also by those documents.
12. The specific principles of remuneration of Members of the Management Board are determined in resolutions adopted by the Supervisory Board.
13. The amount of remuneration of the Members of the Management Board is subject to annual verification performed by the Supervisory Board.
14. The amount of remuneration of the Members of the Management Board broken down into individual remuneration of each Member of the Management Board is disclosed in the annual report.
15. A Member of the Management Board who has been suspended from performance of the function

of Member of the Management Board is not entitled to receive the remuneration granted to them during the suspension period.

16. As at the date of adoption of this Remuneration Policy, there are no additional pension schemes, early retirement schemes, contracts specifying benefits to be paid upon termination of the labour relationship, or any remuneration systems under which Members of the Management Board would be remunerated with shares, share options or other rights to acquire shares, or would receive remuneration based on share price changes.

§ 3.

Rules of remuneration of Members of the Supervisory Board

1. The exclusive legal basis for remuneration of Members of the Supervisory Board for the performance of their functions within the supervisory body is the relationship of appointment of the respective Member of the Supervisory Board.
2. The amount of remuneration of a Member of the Supervisory Board is determined by way of a resolution by the General Meeting. The principles of remuneration of a Member of the Supervisory Board may be determined in a resolution appointing the Member of the Supervisory Board or in a separate resolution.
3. A Member of the Supervisory Board may receive remuneration from the Company for the performance of functions within the supervisory body in the form of a fixed, lump-sum, monthly gross amount determined by a resolution of the General Meeting, subject to the provision that Members of the Supervisory Board performing certain functions within the Supervisory Board that involve additional work (Chairman, Deputy Chairman or Secretary of the Supervisory Board) may receive higher remuneration than other Members of the Supervisory Board.
4. Members of the Supervisory Board are entitled to remuneration regardless of the frequency of formally convened meetings.
5. The remuneration is calculated in proportion to the number of days of performance of the function if the appointment or dismissal took place during the calendar month.
6. A Member of the Supervisory Board who is also a member of the Board's committee may receive additional monthly remuneration in the form of a fixed, lump-sum monthly gross amount determined by way of a resolution of the General Meeting.
7. Members of the Supervisory Board may also be granted remuneration in the form of a bonus in accordance with the principles set forth in Article 347 § 1 of the Polish Code of Commercial Companies and Partnerships. Such remuneration is granted to members of the Supervisory Board by the General Meeting.
8. The amount of remuneration of the Members of the Supervisory Board broken down into individual remuneration of each Member of the Supervisory Board is disclosed in the annual report.
9. As at the date of adoption of this Remuneration Policy, there are no additional pension schemes, early retirement schemes, contracts specifying benefits to be paid upon termination of the appointment relationship, or any remuneration systems under which Members of the Supervisory Board would be remunerated with shares, share options or other rights to acquire shares, or would receive remuneration based on share price changes.

§ 4.

Remuneration report

1. The Supervisory Board is obliged to prepare a remuneration report each year, presenting a comprehensive overview of the remuneration, including all benefits, regardless of their form,

received by the individual Members of the Management Board and of the Supervisory Board and due to individual Members of the Management Board or of the Supervisory Board in the last financial year in accordance with this Policy.

2. The Supervisory Board will prepare its first report jointly for the years 2019 and 2020.
3. The data required for the preparation of the report are provided by the Company's Management Board.
4. The obligatory components of the report are determined in Article 90g of the Act of 29 July 2005 on public offer and the conditions for introducing financial instruments to the organised trading system, and on public companies (Journal of Laws Dz.U. of 2019, item 623, as amended)

§ 5.

Description of the measures adopted to avoid conflicts of interest related to the Remuneration Policy or to manage such conflicts of interest

1. The entities implementing the Policy examine on an ongoing basis the possibility of a conflict of interest arising in relation to the Policy, taking into account the provisions of documents of the Company's internal laws and the policies approved by the Management Board.
2. The Supervisory Board may adopt rules containing provisions aimed at avoiding conflict of interest related to the Policy, as well as making it possible to resolve potential disputes resulting from the Policy and to manage such conflicts.

§ 6.

Final provisions

1. This document has been prepared by the Management Board and approved by the General Meeting of Shareholders by Resolution No. 17 of 13 August 2020.
2. The Policy enters into force on the day of its adoption by the Company's General Meeting, and the Company's bodies are obliged to implement the principles included in the Policy by the end of the current terms of office of the Management Board and of the Supervisory Board, respectively.
3. The General Meeting reviews the Remuneration Policy and adopts a resolution on the introduction of appropriate changes and on updates to this document at least once every four years. A request that such a review be performed may be submitted by the Company's Management Board, along with proposals for amendments and updates.