

Remuneration policy for the Members of the Management Board and Supervisory Board

§ 1

1. General Meeting of Shareholders of PROCHEM SA adopts this Remuneration Policy for Members of the Management Board and Supervisory Board of PROCHEM SA, hereinafter referred to as the "Policy" pursuant to Art. 90d section 1 of the Act indicated below. The solutions adopted in the Policy should contribute to the implementation of the business strategy, long-term interests and stability of the Company.
2. Whenever the following terms are used in the Policy, they should be given the following meaning:
 - Company – PROCHEM SA with its registered office in Warsaw;
 - Management Board - the Management Board of the Company;
 - Supervisory Board - the Supervisory Board of the Company;
 - Committee - the Audit Committee appointed by the Supervisory Board;
 - Group - a capital group which includes the Company as the parent company and subsidiaries controlled by the Company
 - Act - The Act of July 29, 2005 on public offering and the conditions for introducing financial instruments to an organized trading system and on public companies.
3. The draft Policy was prepared by the Management Board and presented for opinion to the Supervisory Board, prior to submission to the Company's General Meeting for adoption of a resolution.

§ 2

Remuneration of Members of the Management Board

1. The remuneration of the Members of the Management Board is paid under the legal relationship between the Member of the Management Board and the Company. The legal relationship may take the form of:
 - employment relationship performed under contract of employment concluded for an indefinite period;
 - ordering a company management service (management contract) concluded for the period of performing the function of a Management Board Member;
 - appointment to perform the function of a Member of the Management Board for the time of performing the function of a Member of the Management Board.

It is also possible to combine individual forms in a relationship between a Management Board Member and the Company.

2. The type of legal relationship and the principles of cooperation and remuneration of a Management Board Member are determined by the Supervisory Board in the course of negotiations. The legal basis for managing the Company by a Management Board member is determined by way of a resolution of the Supervisory Board.
3. The Supervisory Board determines the level of remuneration of the Members of the Management Board paid by the Company, taking into account the scope of duties, including among others the scope of duties related to the functions performed in the Group companies, as well as the remuneration referred to in sec. 11 of this paragraph.
4. A member of the Management Board may receive cash remuneration consisting of two parts, i. e. a fixed part and a movable part. The Supervisory Board defines the basic elements of the cash remuneration of a Management Board Member, including the amount of fixed and movable remuneration and the principles of dependence of the movable remuneration on financial results. The Supervisory Board may also grant a Management Board member the right to other non-cash benefits.
5. Fixed remuneration is paid monthly in the amount specified in the contract of the Management Board member with the Company, on the date of payment of remuneration to the employees of the Company. The amount of the monthly salary is defined as gross amount. If the Company concludes an employment contract or a management contract with a member of the Management Board, the amount of the fixed remuneration is clearly indicated in their content.
6. A member of the Company's Management Board may receive a movable remuneration, depending on the financial results. The movable part of remuneration may take the form of an award granted by a resolution of the Supervisory Board. Dependence on financial performance may relate to the performance of the Company or the Group. Detailed rules for determining, calculating and paying movable remuneration are specified by the Supervisory Board in a contract concluded with a Management Board Member, and in the absence of a contract, in a resolution establishing the remuneration of a Management Board Member. The movable part of the remuneration will be payable after approval by the General Meeting of Shareholders of the Company of the Company's Financial Statement for the previous year - in the case of the movable part depending on the Company's results, or after approval of the financial statements of the Capital Group of Prochem SA, in the case of the movable part depending on the results of the Group.
7. On the basis of the decision of the Supervisory Board, the movable part of remuneration may be paid in advance in the periods of quarterly financial statements. The movable part of the remuneration paid in advance will be settled within 14 days from the date of acceptance of the Company's balance sheet for the financial year by the General Meeting of Shareholders of the Company.

8. A member of the Management Board may also receive other non-cash benefits from the Company, including:
- The right to use certain property of the Company;
 - Right to additional insurance;
 - The right to use additional non-wage benefits (benefits) launched for people employed in the Company and constantly cooperating with the Company
 - The right to participate on general principles in the pension programs operating in the Company (including PPK).

The scope and principles of non-cash benefits due to a member of the Management Board are set out in a resolution of the Supervisory Board, an employment contract or a managerial contract.

9. In justified cases, a Management Board Member may request the Supervisory Board to change the legal basis of the established management relationship and the principles of remuneration a Management Board Member, including the determination of a different value of the fixed part and the movable part of remuneration, as well as a different scope and value of non-cash benefits.
10. A member of the Management Board may be covered by an additional non-competition agreement or provisions after termination of employment, on the terms resulting from generally applicable legal provisions for employees. The period of non-competition after termination of employment should not exceed 12 months, and the compensation due may not exceed the remuneration received by the member of the Management Board before termination of employment for a period corresponding to the duration of the non-competition clause.
11. A member of the Management Board may receive remuneration from the companies of the Group, determined in accordance with applicable regulations, for functions performed in these companies or for work performed for these companies.

§ 3

Remuneration of Supervisory Board Members

1. Members of the Supervisory Board receive remuneration in the amount and on the terms specified in the Bylaws of the Supervisory Board of PROCHEM SA. resolved by the General Meeting of Shareholders of PROCHEM SA.
2. A member of the Supervisory Board may receive remuneration from the Company for the performance of a function in the supervisory body in the form of a fixed monthly gross amount, determined in the Bylaws of the Supervisory Board. The Chairman of the Supervisory Board may receive a remuneration greater than that of other members of the Supervisory Board, taking into account additional workload for the functions performed.
3. A member of the Supervisory Board may receive remuneration from the companies of the Group, determined in accordance with applicable regulations, for functions performed in these companies or for work performed for these companies.

§ 4

Withdrawal from the Remuneration Policy

In the event of a threat to the financial stability of the Company and the inability to guarantee its profitability, resulting from the failure to implement the budget assumptions in a significant part, the Supervisory Board may temporarily withdraw from applying the Policy in whole or in part. Resolution on the withdrawal from the application of the Policy may not be adopted once for a period longer than three financial years.

§ 5

Report

1. The Supervisory Board prepares an annual remuneration report presenting a comprehensive review of remuneration, including all benefits, regardless of their form, received by individual Members of the Management Board and the Supervisory Board or due to individual Members of the Management Board and the Supervisory Board in the last financial year, in accordance with the remuneration policy. The Supervisory Board members are responsible for the information contained in the remuneration report
2. The Supervisory Board will prepare a report on remuneration for the first time for 2020.
3. The remuneration report for each member of the Management Board and the Supervisory Board contains in particular:
 - 1) the amount of the total remuneration broken down into the components referred to in art. 90d section 3 item 1 of the Act, and the mutual proportions between these remuneration components;
 - 2) explanation of the manner in which the total remuneration complies with the adopted Policy, including how it contributes to the long-term results of the Company;
 - 3) information on how the performance criteria have been applied;
 - 4) information about the change, on an annual basis, in the remuneration, results of the Company and the average remuneration of employees of this Company who are not members of the Management Board or the Supervisory Board, in the period of at least the last five financial years, in total, in a manner that enables a comparison;
 - 5) the amount of remuneration from entities belonging to the same capital group within the meaning of the Act of September 29, 1994 on accounting (Journal of Laws of 2019, items 351, 1495, 1571, 1655 and 1680)
 - 6) the number of awarded or offered financial instruments and the main conditions for the exercise of rights from these instruments, including the price, exercise date and changes thereof;
 - 7) information on how to use the option to request a refund of movable remuneration components;

- 8) information on deviations from the procedure for implementing the remuneration policy and deviations applied in accordance with Article 90f of the Act, including explanation of the rationale and procedure, and an indication of elements from which the deviations were applied.

§ 6

Validity of Policy

1. The Policy is effective from the date of adoption of this Policy by a resolution of the General Meeting of Shareholders.
2. The existing rules shall apply to determining, calculating and paying the movable part of the remuneration of Management Board Members for the financial years 2019 and 2020, determined before the effective date of this Policy, unless the Supervisory Board deems that they are inconsistent with the basic principles of this Policy.