

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

§ 1

1. General Meeting of Shareholders of PROCHEM S.A. adopts this remuneration policy for Members of the Management Board and Supervisory Board of PROCHEM S.A., 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 S.A. 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 entity and subsidiaries controlled by the Company
 - Act – the Act of July 29, 2005 on public offering and 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 the opinion of the Supervisory Board, before being submitted to the General Meeting of the Company for adoption by way 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 can take the form of:
 - employment relationship performed under an employment contract 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 period 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 during

negotiations. The legal basis for the management of 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 Management Board Members 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 companies of the Group, as well as the remuneration referred to in item 11 of this section.
4. A Management Board member may receive cash remuneration consisting of two parts, i.e. a fixed part and a variable part. The Supervisory Board defines the basic elements of the cash remuneration of a Management Board Member, including the amount of fixed and variable remuneration as well as the principles of dependence of the variable 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 the remuneration is paid to the employees of the Company. The amount of the monthly remuneration is set at the 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 variable remuneration, depending on the financial results. The variable 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 variable remuneration are specified by the Supervisory Board in an agreement concluded with a member of the Management Board, and in the absence of an agreement, in a resolution establishing the remuneration of a member of the Management Board. The variable 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 variable part depending on the Company's results, or after approval of the financial statements of the Capital Group of Prochem S.A., in the case of the variable part depending on the Group's results..
7. Pursuant to 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 accepting 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 assets of the Company;
 - The right to additional insurance;
 - The right to use additional non-remuneration 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 or 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 rules of remunerating a Management Board Member, including the determination of a different value of the fixed part and the variable 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 a Management Board member prior to 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 set out in the Regulations of the Supervisory Board of PROCHEM S.A. passed by the General Meeting of Shareholders of PROCHEM S.A.
2. A member of the Supervisory Board may receive remuneration from the Company for performing a function in a supervisory body in the form of a fixed, monthly gross amount, fixed in the Regulations of the Supervisory Board. The President of the Supervisory Board may receive a remuneration greater than that of other members of the Supervisory Board, taking into account the 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 failure to implement the budget assumptions in a significant part, the Supervisory Board may temporarily withdraw from the application of the Policy in whole or in part. 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 overview of the 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 report on remuneration for the first time in 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 on the annual change 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, over the period of at least the last five financial years, in total, in a manner that allows for comparison;
 - 5) the amount of remuneration from entities belonging to the same capital group within the meaning of the Accounting Act of 29 September 1994 (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 and exercise date and their changes;
 - 7) information on how to use the option to request a refund of variable 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 an explanation of the rationale and mode of procedure, and an indication of the elements from which the deviations were applied.

§ 6

Applicability of the 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 variable part of remuneration of Management Board Members for the financial years 2019 and 2020, determined before the effective date of this Policy, unless the Supervisory Board decides that they are inconsistent with the basic principles of this Policy.