



**Remuneration policy**  
**for Members of Management Board and Members of Supervisory Board of Dekpol S.A.**  
**adopted by Resolution no. 18**  
**of the Ordinary General Meeting of Shareholders of Dekpol S.A.**  
**from 31<sup>st</sup> of August 2020**

**I. Definitions**

**§ 1**

The terms defined below are assigned the following meaning in the Policy:

1. **„Labour Code”** – The Labour Code of 26 June 1974 (Dz. U);
2. **„CCC”** – Commercial Companies Code of 15 September 2000 ( Dz. U);
3. **„Act on public offering”**– Act of 29 July 2005 of Public Offering and Terms of Introduction of Financial Instruments to an Organized Trading System and on Public Companies (Dz. U);
4. **„Capital Group”** – the Company and its subsidiaries;
5. **„Policy”**–the below document adopted on the basis of article 90d section 1 of the Act on public offering, as the basis for setting and paying remuneration of Members of Management Board and Supervisory Board;
6. **„Company”** – Dekpol S.A. with its registered office in Pinczyn
7. **„Subsidiary”**–company acting as the subsidiary of the Company in the meaning of article 4 point 15 of the Act on public offering;
8. **„Supervisory Board”** – Company’s Supervisory Board;
9. **„General Meeting of Shareholders”** – General Meeting of Shareholders of the Company;
10. **„Management Board”** – Company’s Management Board.

**II. General provisions**

**§ 2**

1. This Remuneration Policy for members of Management Board and members of Supervisory Board of Dekpol S.A. was prepared in order to establish the principles of remunerating members of the Management Board and Supervisory Board of the Company.
2. Remuneration of members of Management Board and members of Supervisory Board is paid in a transparent manner and ensures effective implementation of the Policy.
3. Solutions adopted in the Policy have been defined in a way to contribute to and facilitate implementation of the business strategy, long-term interests, as well as the stability and development of the Company and the Capital Group.



4. The business strategy of the Capital Group is based on three main segments:
  - a) General contracting services,
  - b) Production of accessories to construction machines
  - c) Real-estate development activities.
5. Business strategy adopted by the Capital Group is published on the Company's website in the section "Strategy."
6. Solutions adopted in the Policy through binding remunerating principles Members of the Management Board and Supervisory Board with implementation of the business strategy, long-term interests as well as with stability of the company, contribute to their implementation.
7. The basis for setting of the total amount of remuneration of members of Management Board and members of Supervisory Board is the scope of duties entrusted to them, individual assessment of effects of their work, as well as special achievements.

### § 3

1. Management Board is responsible for developing, implementation and updating this Policy.
2. Supervisory Board evaluates this Policy and supervises its implementation.
3. This Policy is subject to adoption of resolution by General Meeting of Shareholders by simple majority of votes.
4. Supervisory Board reviews every year the application of the Policy and prepares Remuneration report.
5. Principles and the amount of remuneration for members of the Company's bodies shall be set by:
  - a) Supervisory Board – for remuneration of members of Management Board,
  - b) General Meeting of Shareholders – for remuneration of members of Supervisory Board.

### III. Remuneration structure.

#### § 4

The adopted remuneration model for members of Management Board includes:

1. **Fixed Remuneration** – is a monthly monetary remuneration paid for performing a function in the Company and for assigned responsibilities. Fixed Remuneration in the meaning of this Policy is also remuneration received by members of the Company's bodies under contracts for the provision of services concluded with the Company or its Subsidiaries, provided that these services do not coincide or conflict with the tasks performed within appointment as a member of Company's body. Fixed remuneration is determined without taking into account the criteria related to the Company's financial results, while taking into account market conditions. Fixed Remuneration cannot be suspended or canceled, except in cases provided for in generally applicable laws and this Policy.



2. **Variable Remuneration** – is a complementary remuneration to the Fixed Remuneration, awarded for achievement by members of the Company's bodies of the goals set out in Company's Strategy. When determining the amount of Variable Remuneration, financial results of the Company and other criteria specified in § 9 section 1 of this Policy shall be taken into consideration. Variable Remuneration may take form of a bonus, award or other supplementary benefit.
3. **Additional Benefits** – other components, including those which are not directly of a pecuniary nature, including in particular: use of a company's car, co-financing health care, the possibility of using the Company's assets (computer, telephone), covering of costs related to accommodation or renting a flat in the event of a distance of the place of residence from registered office of the Company by more than 100 km, payment and fuel cards to cover business expenses, allocation of participation units in retirement and disability programs, co-financing for sports packages, granting other benefits functionally related to the performance of a mandate in the Company. The company also provides for the possibility of awarding remuneration to members of its bodies in the form of financial instruments.

#### § 5

Remuneration systems for members of Company's bodies are determined by taking into account remuneration conditions of Company's employees, other than Members of Management Board and Members of Supervisory Board, through:

1. reference to remuneration levels of the employees of the Company;
2. reference to awarding principles of employees of the Company employed in key positions in the Company;

**nevertheless by taking into account specific responsibilities of members of Company's bodies and the specificity of entrusted tasks.**

#### § 6

1. Remuneration structure adopted in the Company enables conducting of a flexible remuneration policy.
2. The ratio of variable remuneration components to the fixed components, referred to in § 4 section 1 and 2 of this Policy, may not exceed 200% for each Member of Management Board.
3. With the consent of the General Meeting of Shareholders may be applied a higher maximum ratio of variable remuneration components to fixed remuneration components. The consent referred to in the preceding sentence shall be expressed in the form of a resolution.



#### **IV. Principles regarding granting of Fixed Remuneration**

##### **§ 7**

1. Fixed Remuneration of Members of Management Board is determined when taking into account the following conditions:
  - a) Level of professional experience;
  - b) Profile of performed function;
  - c) size of managed area and scope and nature of tasks performed in this area;
  - d) scope of responsibilities in a given position;
  - e) quantity and quality of the work performed;
  - f) number of organizational units under management.
2. The amount of fixed remuneration is determined individually for each member of Management Board based on conditions specified in section 1 in such a way, that the level of remuneration reflects the prestige of position held and responsibility assigned to the position.

##### **§ 8**

1. Fixed remuneration of Members of Supervisory Board is determined as a monthly remuneration, paid after the end of the month in which they perform their duties.
2. Remuneration of Members of Supervisory Board should vary depending on performance of their function (e.g. due to participation in the committees of Supervisory Board).

#### **V. Principles regarding granting of Variable Remuneration.**

##### **§ 9**

1. Payment of Variable Remuneration for Members of Company's bodies depends on:
  - a) financial condition of the Company measured by EBIT and EBITDA performance indicators;
  - b) results achieved by individual Members of Management Board;
  - c) achievement of management goals set for a given financial year as well as long-term goals.
2. Variable Remuneration in the form of an annual bonus may be paid to Members of Management Board after approval of Report of Management Board from business activities of the Company and Financial statement for previous financial year as well as after granting discharge of duties performed by this Member by the General Meeting of Shareholders, provided that Supervisory Board confirms meeting by a Member of Management Board of its management goals and criteria set out in this section, determines payment of amount due as well as determines implementation of short-term plans and tasks entrusted to the Member of Management Board
3. The amount of variable remuneration components may be increased or decreased, and their payment suspended when the Company indicates a (permanent) balance loss .



## **VI. Relationship between Members of the governing bodies and the Company.**

### **§ 10**

1. Members of Management Board receive remuneration under employment contract, managerial contract, cooperation contract, contract for provision of services, appointment or other civil law contract. These contracts may be concluded for a definite or an indefinite period.
2. Members of Management Board may receive remuneration for concluded employment contracts related to their performance of the function of a Member of Management Board in the Subsidiary's Company. Remuneration may be fixed, variable or include an additional benefit.
3. The notice period for employment contracts is determined on the basis of Labour Code's provisions. The period of notice for management contracts and other civil law contracts may not exceed 3 months period.
4. Members of Management Board may be entitled to severance pay in the event of dismissal from the function of a Member of Management Board or termination of the contract referred to in sec. 1 by the Company. The amount of any severance pay is determined individually for individual Members of Management Board on the basis of documents constituting the basis for establishing a legal relationship with the Company or other appropriate title.

### **§ 11**

1. Members of Supervisory Board receive remuneration for the corporate relationship resulting from their appointment by appropriate resolutions for the term of their mandate.
2. Remuneration granted to Members of Supervisory Board is divided into:
  - a) Remuneration of the Chairman of Supervisory Board,
  - b) Remuneration of Members of Supervisory Board, which serve at the same time the function of a Member in Audit Committee within Supervisory Board,
  - c) Remuneration of any other Member of Supervisory Board.
3. Members of the Supervisory Board are entitled to reimbursement of costs related to participation in works carried out by Supervisory Board.

## **VII. Avoidance of conflicts of interests.**

### **§ 12**

1. This remuneration policy is aimed at preventing and ensuring, that potential conflicts of interests related to determination of remuneration of Members of Company's governing bodies are identified and limited.
2. Prevention of conflicts of interests in terms of implementation of provisions of the Policy is to be ensured by division of competences provided for in Articles 378 and 392 of Commercial Companies Code (CCC), taking into account provisions of § 7 section 1, § 8, § 9 section 2, 4, 6, 7, 8 of Remuneration Policy.



3. Decision-making process in the area of remuneration provided for in this Policy is of multi-level nature and includes transparent principles of evaluation of results.
4. If any Member of Management Board or a Member of Supervisory Board identifies a likelihood of a conflict of interests in the matters regulated by the Policy, is obliged to report his comments to the Chairman of Supervisory Board (in case of Members of Management Board) or to the President of Management Board (in case of Members of Supervisory Board).
5. In the event of receipt of notification referred to in the preceding paragraph, Supervisory Board initiates a procedure aimed at updating the Policy in accordance with further provisions in order to eliminate or to prevent arising of identified conflict of interests.

#### **VIII. Temporary withdrawal from application of remuneration policy.**

##### **§ 13**

1. As far as it is necessary to implement long-term interests and stability of the Company or to guarantee its profitability, the Company may temporarily withdraw from applying the Policy in whole or in relation to individual Members of Management Board or Supervisory Board ("Withdrawal").
2. Decision about application of Withdrawal is made by the Supervisory Board by way of a resolution.
3. Conditions for application of Withdrawal are, in particular, issues related to implementation of Company's strategy and goals, and such activities, the failure in taking of which could have a negative impact on Company's ability to fulfill its due and payable obligations.
4. It shall be allowed to Withdraw in a situation of occurrence of force majeure, which is understood as sudden, unforeseen events, the consequences of which the Company could not prevent, in particular: epidemic, war, natural disaster and others, provided that the occurrence of such events has an impact on application of this Policy.
5. Withdrawal may be requested by Management Board, which then presents to Supervisory Board the reasons justifying the necessity to application of Withdrawal.
6. In resolution about Withdrawal shall be specified in particular:
  - a) period for which Withdrawal was applied,
  - b) elements of the Policy from which the Withdrawal was applied,
  - c) reasons justifying the necessity of application of the Withdrawal,
  - d) each case of Withdrawal shall be disclosed in Remuneration report together with information referred to in paragraph 4 above.
7. Withdrawal from the Policy may apply to all of its elements.



## IX. Remuneration report.

### § 14

1. Supervisory Board annually prepares and presents to General Meeting of Shareholders the Remuneration report presenting a comprehensive overview of remunerations, including all benefits, regardless of their form, received by individual Members of Management Board and Members of Supervisory Board or due to individual Members of Management Board and Supervisory Board in the last financial year in accordance with this Remuneration Policy.
2. Members of Supervisory Board are responsible for information contained in Remuneration Report.
3. Remuneration report shall contain in particular:
  - a) amount of the total remuneration broken down into components, as well as the mutual proportions between these remuneration components;
  - b) explanation of the manner in which the total remuneration complies with adopted Remuneration Policy, including how it contributes to the long-term results of the Company;
  - c) information on how the performance criteria have been applied;
  - d) information about the change of remuneration annualised, Company's results and average remuneration of employees of this company, who are not members of Management Board or Supervisory Board, over the period of at least the last five financial years, on a total basis, in a manner enabling comparison;
  - e) amount of remuneration from entities belonging to the Capital Group;
  - f) number of awarded or offered Financial Instruments and the main conditions for exercising of rights from these Financial Instruments, including price and date of exercising and their changes;
  - g) information on withdrawing from procedure of implementation of Remuneration Policy, including explanation of the rationale and procedure, and an indication of the elements from which withdrawals were applied.
4. The first remuneration report shall be prepared jointly for years 2019 and 2020.
5. Information on financial years for which the Supervisory Board was not obliged to prepare Remuneration Report may be provided on the basis of estimations.
6. Remuneration report does not include personal data of Members of Management Board and Members of Supervisory Board.
7. If the remuneration of members of Management Board and a member of Supervisory Board includes pecuniary or non-pecuniary benefits granted to their closest relatives, information on the value of such benefits shall be included in Remuneration Report. The closest person is considered to be a spouse, an ascendant, descendant, siblings, related in the same line or to the same degree, a person in an adopted relationship and their spouse, as well as a person who is living together.



8. General Meeting of Shareholders adopts a resolution evaluating Remuneration report. The resolution referred to in the preceding sentence is of an advisory nature.
9. Remuneration report contains an explanation of how the resolution referred to in point 8 above was incorporated in it.
10. The Company publishes Remuneration Report on its website and makes it available free of charge for at least 10 years from the end of the General Meeting of Shareholders.
11. Remuneration report shall be assessed by an independent statutory auditor in terms of including in it information required under points 1, 6 and 10 above.

**X. Final remarks.**

**§ 15**

1. In matters not covered by Remuneration Policy, other internal regulations in force in the Company and generally applicable provisions of law, including the Act on Trading and the Act on Public Offering, shall apply.
2. Each significant change of Remuneration Policy requires a resolution of the General Meeting of Shareholders.
3. Resolution of the General Meeting of Shareholders about remuneration policy shall be adopted at least every four years.
4. This Remuneration Policy is to be published on the Company's website.
5. Principles of remuneration resulting from this Policy enter into force on the date of adoption of resolution by General Meeting of Shareholders on its adoption.