

## **RULES OF THE SUPERVISORY BOARD OF ELEKTROTIM S.A.**

The Rules of the Supervisory Board of ELEKTROTIM S.A. were resolved pursuant to the applicable regulations of the Code of Commercial Companies and Article 22, section 2, subsection 13) of the Articles of Association of ELEKTROTIM S.A. (*within the meaning applicable after the GMS of ELEKTROTIM S.A. of 07.06.2016*), as well as having in mind the corporate governance applicable in the Company in accordance with the requirements of the Annexe to the Resolution of the Exchange Council No. 26/1413/2015 of 13 October 2015. "Best Practice for WSE Listed Companies 2016" and Resolution No. 28/WZA/2016 of the Ordinary General Meeting of Shareholders of ELEKTROTIM S.A. of 07.06/2016 regarding "Best Practice for WSE Listed Companies" in ELEKTROTIM S.A.

### **GENERAL PROVISIONS**

#### **Article 1**

The Supervisory Board of ELEKTROTIM S.A. in Wrocław is a statutory supervisory body of the Company.

#### **Article 2**

The Supervisory Board acts on the basis of regulations of Commercial Companies Code, the Company's Articles of Association, and the Rules.

#### **Article 3**

##### **Definitions**

The definitions used in the Rules refer to:

1. Rules – these Rules,
2. Company – a joint-stock company under the company of ELEKTROTIM S.A. with a seat in Wrocław, entered in the register of entrepreneurs kept by the District Court for Wrocław-Fabryczna, 6th Economical Department of the National Court Register under the number KRS 0000035081,
3. Articles of Association - Articles of Association of the Company,
4. General Meeting - Ordinary or Extraordinary Meeting of Shareholders of the Company,
5. Supervisory Board - the Supervisory Board of the Company,
6. Board - the Board of the Company.

#### **Article 4**

##### **Composition of the Supervisory Board**

1. The Supervisory Board consists of five members.
2. The General Meeting appoints each Member of the Supervisory Board with a separate Resolution specifying its term of office.
3. The term of office of the Member of the Supervisory Board shall last no longer than 5 years.
4. The term of office for each Member of the Supervisory Board, as well as remuneration of its Chairperson and Members is determined in the resolution of the General Meeting.
5. At least two members of the Supervisory Board should be independent ones. Independent members mean those persons who meet the criteria set forth in Annexe II to the Commission Recommendation 2005/162/EC of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board.
6. The Member of the Supervisory Board should have high qualifications, experience and be ready to dedicate necessary amount of time to carrying out one's duties.

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7. Vice Chairperson and Secretary are chosen from the members of the Supervisory Board.

**Article 5  
Rules of Performing a Mandate**

1. The mandate of the Member of the Supervisory Board shall expire:
  - a) at the General Meeting of Shareholders endorsing the Financial Reports for the complete financial year of operating as the Member of the Supervisory Board, at the latest,
  - b) due to death,
  - c) due to dismissal,
  - d) due to submitted resignation.
2. Dismissing the Member of the Supervisory Board shall not deprive it of claims from the employment relationship or other legal relationship regarding the function of the Member of the Supervisory Board.
3. The Member of the Supervisory Board may submit a resignation from the position in the Company in a written form.
4. In case referred to in section 3 a mandate of the Member of the Supervisory Board expires the moment the Company receives the resignation in a written form.
5. Should the term of office for a member of the Supervisory Board expire during their term, appointment of a new Member takes place for the term of office of this Member whose term expired.
6. The next Ordinary or Extraordinary General Meeting completes the make-up of the Supervisory Board to the number of members required by the Articles of the Association.

**Article 6  
Tasks and Scope of Operation**

1. The Supervisory Board supervises the Company's activity in all its operations.
2. The Supervisory Board performs the function of an audit committee. The Supervisory Board can select such audit committee appointing persons who are members of the Supervisory Board.
3. The tasks of the audit committee, realized by the Supervisory Board or the selected committee, include:
  - 1) monitoring the process of financial reporting,
  - 2) monitoring the efficiency of internal control systems, internal audit and risk management,
  - 3) monitoring activities related to execution of financial control,
  - 4) monitoring the independence of an expert auditor and the entity authorized to check financial reports.
4. The Supervisory Board shall not issue binding instructions to the Board regarding managing the Company's issues.
5. The duties of the Supervisory Board include:
  - 1) evaluating the report presented by the Management Board and concerning the Company's activity in the scope of compliance with account books and documents, as well as with the actuality,
  - 2) assessing the Financial Reports for the previous financial year in the scope of compliance with account books and documents, as well as with the actuality of the previous financial year,
  - 3) evaluating the report concerning the Group of Companies' activity for the previous year in the scope of compliance with account books and documents, as well as with the actuality,
  - 4) assessing the Financial Reports of the Group of Companies for the previous financial year in the scope of compliance with account books and documents, as well as with the actuality,

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- 5) assessing motions of the Board regarding the share of profit or covering loss,
  - 6) submitting to the General Meeting an annual written report on activities of the Supervisory Board, including:
    - a) information regarding the composition of the Supervisory Board and its committees,
    - b) information regarding fulfilling the independence criterion by the Members of the Supervisory Board,
    - c) information regarding the number of meetings of the Supervisory Board within the reported period,
    - d) self-evaluation of work of the Supervisory Board,
    - e) evaluation of the results of operations referred to in points 1) to 5),
    - f) evaluation of the Company's situation taking into account the assessment of:
      - f.1. internal control system,
      - f.2. risk management system,
      - f.3. compliance supervision system,
      - f.4. internal audit function,
    - g) evaluation of a manner of fulfilling informative duties regarding application of corporate governance,
    - h) evaluation of rationality of the sponsoring, charity, or other similar operations carried out by the Company,
  - 7) examining and giving opinion on issues which are to be subject of resolutions of the General Meeting,
6. In order to carry out its duties the Supervisory Board may:
- 1) examine all the Company documents,
  - 2) request from the Board and Employees of the Company applied reports and explanations,
  - 3) carry out revaluation of the Company's assets.
7. Moreover, the Supervisory Board's competence include:
- 1) appointing and dismissing members of the Management Board and determining their remunerations,
  - 2) suspending, due to important reasons, particular or all members of the Board,
  - 3) approving yearly plans of the economic activity and long-term plans of development of the Company,
  - 4) selecting an expert auditor to carry out the examination of the Financial Statements of the Company and the Group of Companies,
  - 5) passing the Rules of the Supervisory Board,
  - 6) approving the Rules of the Board,
  - 7) delegating a Member or Members of the Supervisory Board, for a period not exceeding three months, to temporarily perform activities of those members of the Management Board who have been dismissed, resigned or, due to other reasons, cannot perform their activities,
8. In the contract of association between the Company and the member of the Board, as well as during a dispute with such member, the Company is represented by the Supervisory Board.
9. The Supervisory Board grants its consent to the Board of the Company to carry out the operations specified in the Articles of Association, i.e.:
- 1) to take out a credit, a loan, as well as emission of bonds, excluding issuance of convertible senior bonds or emission of bond with pre-emptive right of a total value exceeding 20% of own capitals presented in the latest approved Financial Statements of the Company,
  - 2) to purchase or sell property of a value exceeding 10% of equity capitals presented in the latest approved Financial Statements of the Company,
  - 3) to purchase, take up or sell stocks or shares in commercial companies, as well as joining commercial companies and private partnerships, as well as leaving such companies,

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- 4) to purchase or sell real estate, perpetual usufruct or an interest in an immovable property or perpetual usufruct,
  - 5) to the Company to give loan, guarantee or other burden of the Company's assets for the benefit of a third party,
  - 6) to the Company to conclude a significant, not typical agreement/transaction, concluded under conditions other than commercial (not routine one) with an associated party,
  - 7) to the Members of the Board to have a seat in boards and supervisory boards of companies not being part of the Group of Companies of the Company.
10. The Supervisory Board exercises its duties jointly yet it can delegate its members to perform certain supervisory activities by themselves.

**Article 7  
Way of Convening and Carrying out Meetings**

1. The Supervisory Board convenes at least three times a year.
2. Meetings of the Supervisory Board are convened and carried out by the Chairperson of the Board, and in case of inability of convening a meeting, by the Vice Chairperson or a person chosen by the Chairperson.
3. The Board or a Member of the Supervisory Board may request convening the Supervisory Board providing the suggested Agenda.
4. The meeting should take place within two weeks from filing a motion to do so. The set date of the meeting of the Supervisory Board shall not be later than 6 weeks from the day the Chairperson receives the motion.
5. In case the Chairperson of the Supervisory Board fails to convene the meeting under section 4, the applicant may convene it on their own, specifying the date, place, and the suggested agenda.
6. Meeting of the Supervisory Board are convened by virtue of effective delivery of invitations to all members of the Supervisory Board, at least seven days before the set date of such meeting.
7. Invitation for all members of the Supervisory Board can be delivered in writing or by means of electronic mail, by a return acknowledgement of receipt.
8. The Supervisory Board may also hold a meeting in case its Members are invited in a mode different than set in subsection 7 hereof and not following the required 7-day term without notice, and all of the Members shall be present at the meeting and shall agree to that by unanimity resolving a Resolution on the Agenda of the meeting of the Supervisory Board.

**Article 8  
Resolving Resolutions**

1. The Supervisory Board resolves resolutions during a meeting or in a written form using means of direct communication over distance.
2. The Supervisory Board adopts resolutions by absolute majority of votes. In case of equal division of votes, the Chairperson of the Supervisory Board shall cast the deciding vote.
3. The Supervisory Board adopts resolutions during the meeting in the presence of at least half of the composition of the Supervisory Board and invitation of all of its Members, subject to section 4 of this paragraph.
4. Members of the Supervisory Board can participate in adopting resolutions of the Board casting their votes, in a written form, through the agency of another member of the Supervisory Board. Casting a vote in writing cannot pertain to issues included in the agenda during the meeting of the Supervisory Board.
5. A Resolution passed in writing or by means of direct communication over distance shall be valid when all Members of the Supervisory Board are notified about the content of the draft resolution.
6. The Chairperson of the Supervisory Board may order voting in writing or by using means

- of direct communication over distance.
7. Resolving a resolution in writing or by using means of direct communication over distance does not apply to appointing the Deputy Chairperson of the Supervisory Board and the Secretary, appointing members of the Management Board and dismissing or suspending such persons.

### **Article 9**

#### **Keeping minutes of the meetings of the Supervisory Board**

1. The minutes are taken of the course of the meetings of the Supervisory Board.
2. The minutes from the meeting of the Supervisory Board are taken by a person who chaired the meeting of the Supervisory Board or by a Member of the Supervisory Board appointed by the Supervisory Board or a person not being a member of the Supervisory Board.
3. The minutes of the meeting of the Supervisory Board shall be developed in Polish and shall contain:
  - a) the place of the meeting of the Supervisory Board,
  - b) date of the meeting of the supervisory Board,
  - c) agenda of the meeting of the Supervisory Board,
  - d) names and surnames of the Members of the Supervisory Board taking part in the meeting and other persons invited to the meeting of the Supervisory Board,
  - e) description of the course of the meeting,
  - f) content of the resolved resolutions with the number of votes cast for or against particular resolutions or abstaining,
  - g) dissenting opinions with justification,
  - h) signatures of all present Members of the Supervisory Board under the minutes.
4. Votes cast in writing via another Member of the Supervisory Board in the mode specified in Article 8, section 2 shall be enclosed to the minutes.
5. Immediately after developing the minutes from the meeting of the Supervisory Board, however, not later than one (1) day after the completion of the next meeting of the Supervisory Board, the Chairperson of the Supervisory board or other person who chaired the meeting shall hand over the minutes with the annexes to the Board of the Company.

### **Article 10**

#### **Presence of Other People at the Meetings**

1. The meetings of the Supervisory Board can be at its invitation participated by members of the Board, except cases, when the meetings refer to issues regarding directly the Board or its members, particularly the revoking, making them accountable for any reason or establishing due remuneration.
2. Employees of the Company engaged in a particular issue or other people may be invited to the meeting of the Supervisory Board.

### **Article 11**

#### **Appointing Members of the Board**

#### **General Provisions**

1. The Management Board consists of at least one and no more than five members, elected for their common tenure by the Supervisory Board. One of the Members is the President of the Board.
2. The President of the Board manages operations of the Management Board.
3. The Management Board's term of office last for no more than 5 years.

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4. The number of Members for the Management Board, their term of office and remuneration is determined in a resolution of the Supervisory Board.
5. Mandate of the Member of the Board shall expire:
  - a) at the General Meeting of Shareholders endorsing the Financial Reports for the complete financial year of operating as the Member of the Board, at the latest,
  - b) due to death,
  - c) due to dismissal,
  - d) due to submitted resignation.
5. The Supervisory Board or the General Meeting can suspend or dismiss a Member of the Board prior to the expiration of the term of office.
6. The Supervisory Board appoints the Board of the Company of the next term of office not later than by the day of the General Meeting endorsing the Financial Statements of the Company for the last year of term of office of a given Board, however not earlier than 12 months prior to the date of the General Meeting endorsing the Financial Statements for the last year of term of office of the given Board.
7. Re-appointing the same person for the Member of the Board may take place not earlier than one year prior to expiration of the current term of office of a given Member of the Board.
8. The Supervisory Board appoints the Board of the Company in one of the following modes:
  - a) selecting the candidate for the President of the Board and authorising the candidate for the President of the Board to present the composition of the Board (mode: "WK"),
  - b) selecting the President of the Board and the Members of the Board (mode: "WZ"),
9. Resolution regarding the selection of one of the modes referred to in section 8, should be resolved during the first meeting of the Supervisory Board in the year of the General Meeting endorsing the Financial Statements for the last year of the term of office of a given Board.

**Article 12**

**Detailed Rules of Appointing the Members of the Board in Mode  
"Selecting the candidate for the President of the Board and authorising the  
candidate for the President of the Board  
to present the composition of the Board" hereinafter referred to as "WK"**

1. Applying the terms and general procedures referred to in Article 11 of the Rules of the Supervisory Board of ELEKTROTIM S.A., the Supervisory Board shall choose a candidate for the position of the President of the Board (**stage 1**).
2. The candidate chosen on the first stage for the position of the President of the Board presents to the Supervisory Board the composition of the future Board at the next meeting of the Supervisory Board.
3. The Supervisory Board appoints the entire composition of the Board together with the President of the Company.
4. In case the Supervisory Board fails to appoint the entire composition of the Board in accordance with section 3 hereof, the Supervisory Board shall repeat the entire selection, i.e. appoints a new candidate (or the same one) for the position of the President of the Board (**stage 2**).
5. The candidate chosen on the second stage for the position of the President of the Board presents to the Supervisory Board the composition of the future Board at the next meeting of the Supervisory Board.
6. The Supervisory Board appoints the entire composition of the Board together with the President of the Company.
7. In case the Supervisory Board fails to appoint the entire Board on the second stage the Supervisory Board shall change the mode of appointing the Board to "selection of the President of the Board and the Members of the Board".

**Article 13**

**Detailed Rules of Appointing the Members of the Board in Mode  
"Selecting the President of the Board and the Members of the Board" hereinafter  
referred to as the "WZ"**

1. Applying the terms and general procedures referred to in Article 11 of the Rules of the Supervisory Board of ELEKTROTIM S.A., the Supervisory Board determines the number of the Members of the Board one of which shall perform the function of the President of the Board and sets the length of the term of office and the remuneration of the Members of the Board.
2. Having endorsed the resolution regarding the number of the Members of the Board, duration of the term of office, and the remuneration of the Members of the Board, the Supervisory Board appoints the Board of a given term of office.
3. Resolution on appointing the Board shall indicate which Member of the Board performs the function of the President of the Board.

**FINAL PROVISIONS**

**Article 14**

1. Costs of the operations of the Supervisory Board shall be covered by the Company.
2. The Supervisory Board shall use offices, devices, and materials of the Company.
3. The Board of the Company shall provide the administration and technical service for the Supervisory Board.

**Article 15**

1. The General Meeting shall set the remuneration of the Chairperson and the Members of the Supervisory Board.
2. The total amount of the remunerations of all Members of the Board broken down by its elements shall be disclosed in the Report on activities of the Board.
3. The Members of the Supervisory Board shall be entitled to reimbursement of costs related to works of the Supervisory Board.

**Article 16**

The Members of the Supervisory Board shall follow the provisions of "Best Practices of the WSE Listed Companies", version applicable from 01.01.2016 (annexe to the Resolution of the Exchange Council No. 26/1413/2015 of 13 October 2015. "Best Practices of the WSE Listed Companies 2016"), in particular Chapter II "The Board and the Supervisory Board", within the scope of Resolution No. 28/WZA/2016 of the Ordinary General Meeting of Shareholders of ELEKTROTIM S.A. of 07.06.2016, except:

- a) rule I.Z.1.20 within the scope of publishing the course of the General Meeting on the company's website,
- b) rule II.Z.7. within the scope of functioning of the committees operating in the supervisory board,
- c) rules IV.Z.2 within the scope of ensuring universally available broadcast of the General Meeting in real time,
- d) IV.R.2. recommendation, sub-section 2) making available to the Shareholders a two-sided communication in real-time, where the Shareholders can speak during the meeting, staying in a location other than the place of the General Meeting.

**Article 17**

ELEKTROTIM S.A. Supervisory Board Regulations shall come into force on 06.03.2019.