REMUNERATION POLICY FOR MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD of ELEKTROTIM S.A.

adopted by the Ordinary General Meeting of ELEKTROTIM S.A. on 30.06.2020r and amended by the Ordinary General Meeting Ordinary General Meeting of ELEKTROTIM S.A. on 34.06.2021

Remuneration Policy for Members of the Management Board and Supervisory Board Ordinary General Meeting of ELEKTROTIM S.A.

("Policy") was prepared by ELEKTROTIM S.A.("Company") pursuant to Art. 90d of the Act of 29 July 2005 on Public Offering and the Conditions Governing the Introduction of Financial Instruments to Organised Trading and on Public Companies.

The aim of the Policy is to create organizational framework for remunerating members of the Company's governing bodies and thus contributing to the implementation of the business strategy, long-term interests and the Company's stability by ensuring a consistent remuneration system.

The Company pays remuneration to members of the Governing Bodies solely in compliance with the Policy.

The Company's General Meeting authorizes the Supervisory Board to provide details on the elements of the Policy specified in points: 1.1., 1.8., 1.11. and 1.12. below.

1. MEMBERS OF THE MANAGEMENT BOARD

1.1. Description of fixed and variable components of remuneration, as also bonuses and other cash and non-cash benefits that may be granted to members of the Management Board with indication of proportions of the components of remuneration

Remuneration due to appointment to perform the function of a Member of the Management Board

1.1.1. Fixed components of remuneration of the members of the Company's Management Board include:

1. remuneration due to appointment to perform the function of a member of the Management Board, indicated in the resolution of the Supervisory Board on the appointment

1.1.2. **Variable components** of remuneration of members of the Company's Management Board include:

1. annual bonus for the Management Board for above-standard annual results during the term of office whose period and conditions are determined by a resolution of the Supervisory Board compliant the conditions resulting from this Policy;

The amount of the annual bonus depends on the financial results achieved by ELEKTROTIM Capital Group. As per the Annual Bonus Regulations the amount of the bonus for individual members of the Management Board for the above-standard annual

results is the product of the adjusted bonus pool and the division coefficient determined by the Supervisory Board for a given financial year. The bonus pool constitutes 10% of the consolidated gross profit for a given financial year less the cost of equity determined by double the WIBOR rate (but not less than 3%), as also profits generated from the sale of fixed assets and uncovered loss. The bonus pool is adjusted degressively based on the amount determined by the Supervisory Board for a given financial year.

The amount of the variable component of remuneration must not exceed 200% of fixed remuneration (i.e. due to appointment and employment contract) for one financial year.

Remuneration due to employment of a member of the Management Board under a contract of employment with the Company's enterprise

Each member of the Management Board **can be** employed with the Company's enterprise under an employment contract. A resolution in this respect is adopted by the Company's Supervisory Board of.

A member of the Management Board can be employed in a position resulting from the Work Regulations and Remuneration Regulations of ELEKROTIM S.A. Base salary is determined as per the remuneration scale contained in the Remuneration Regulations.

The remuneration of the Directors / Employees employed under an employment contract performing the functions of Members of the Company's Management Board consists of:

1. base salary under the employment contract;
2. co-financing of the contribution to the Company's employee pension schemes;
3. co-financing the contribution to the Company's employee capital plans;

1.1.3. Other cash and in-kind benefits of the Members of the Company's Management Board who are employed with the Company's enterprise under an employment contract include:

1. incentive benefits indicated in the resolution of the Supervisory Board, covering a specific amount of money intended for own and immediate family expenses, as also expenses related to health, leisure, insurance, participation in sports activities, etc.;
2. use of the company car for private purposes for additional fee;
3. use of technical devices such as telephone and company computer for free use for private purposes;

The sum of other cash and non-cash benefits of members of the Company's Management Board must be determined in accordance with the table below:

Member of the Management Board who is employed with the enterprise under a contract of employment	not more that **10%** of fixed remuneration in relation to 1 (one) financial year of the Company

Benefits related to termination of employment of a Member of the Management Board or fulfillment of the function performance of a mandate by a Member of the Management Board

1. In the event of dismissal of a Member of the Management Board employed by the Company under an employment contract prior to the expiry of the term of office, Supervisory Board may grant the Member of the Management Board, irrespective of the remuneration provided for by the provisions of the Labor Code, a severance payment in the amount of six months' remuneration that a given Member of the Management Board would receive while working for the Company and performing the function of a Member of the Management Board. In the case, referred to above, the basis for calculating severance payment is remuneration calculated based on the average gross revenues obtained by the Member of the Management Board from the Company within three full calendar months preceding the

date of dismissal. The severance payment, referred to above, is not due if the dismissal takes effect at the initiative of the given Member of the Management Board or through their fault justifying termination of the contract without observing the notice period with immediate effect.

2. In the event a member of the Management Board is not employed under an employment contract but under a different contract of similar nature, the benefit, referred to above, may be granted by the Supervisory Board on analogous terms.
3. Due to access of Members of the Management Board to confidential information regarding organizational, commercial, technical and financial Company matters, including those of strategic importance for the Company, the Supervisory Board may conclude non-competition agreements with the Members of the Management Board during the period of employment and after termination of the employment relationship.
4. The non-competition clause after termination of the employment relationship is valid for the period specified in the non-competition agreement determined by the Supervisory Board for each Member of the Management Board individually.
5. For refraining from competitive activity to the Company in the period after termination of employment, a Member of the Management Board is entitled to compensation for each month of refraining from competitive activity during the period the non-competition clause is binding, in the amount determined by the Supervisory Board.
6. The Company has the right to terminate the non-competition agreement after termination of employment of a Member of the Management Board at any time upon the consent of the Supervisory Board.

Supervisory Board has the right to award a member of the Company's Management Board with a cash award in connection with the termination of the term of office up to the amount of a yearly fixed remuneration (in total – due for having been appointed and basic salary under the employment contract) for the year preceding the end of the term of office.

The Company's General Meeting authorizes the Supervisory Board to provide details on the elements of the Policy specified in 1.1 of the Policy within the scope indicated in the resolution.

1.2. Explanation how the working and payment conditions for the Company's employees, other than members of the Management Board and Supervisory Board, have been taken into consideration when establishing the Policy

The Company has implemented Remuneration Regulations which regulate the rules for determining the remuneration and other benefits related to work for the Company. The Remuneration Regulations apply to persons employed under an employment contract, however, they do not apply to Members of the Management Board.

The Management Board has analyzed the average level of remuneration in the Company on the basis of the Remuneration Regulations. In the opinion of the Company's Management Board the Remuneration Regulations and the proportion adopted by the Company with regard to individual components of remuneration of the members of the Management Board and Supervisory Board reflect the type of work performed and the qualifications required for its performance.

1.3. Indication of the period for which employment contracts, mandate agreements, contracts for the performance of specific work or other contracts of a similar nature have been concluded with members of the Management Board and indication of the periods and terms of termination of these contracts, and in case no contract was concluded with a member of the Management Board - indication of the type and

period for which the legal relationship was established between the member of the Management Board and the company and the period and conditions for termination of this legal relationship

An employment contract or other contract of a similar nature is concluded with a member of the Management Board for an indefinite period or, in justified cases, for a fixed period. As at the date of adopting the Remuneration Policy, Members of the Management Board are employed with the Company for an indefinite period

Employment contract or a similar contract concluded with a member of the Management Board may be terminated upon giving notice by either party. The notice period reserved for the Company must not exceed 12 months. As at the date of adopting the Remuneration Policy, Members of the Management Board are entitled to a 3-months' notice period.

1.4. Description of the main features of the supplementary pension and early retirement schemes

Members of the Management Board employed with the Company's enterprise under an employment contract may participate in a **voluntary employee pension scheme** established in the Company, operating pursuant to the Act of 20 April 2004 on employee pension schemes (i.e. Journal of Laws of 2019, item 850). The Company co-finances the contribution in the amount of 0.5% of the remuneration understood as the Employee's income obtained from the Employer and constituting the basis for the calculation of contributions to pension and disability insurance within the meaning of the Act of 13 October 1998 on the social insurance system, however not more than PLN 300 per month.

In order for the employee to be eligible to join the Company's employee pension schemes, they must be employed with the Company for 36 months and must be under the age of 70.

As at the date of adopting the Policy, Members of the Management Board employed with the Company's enterprise under an employment contract are entitled to participate in employee pension schemes.

The Company operates Employee Capital Plans which, as at the date of adopting the Policy, are voluntary for Members of the Management Board employed with the Company's enterprise under an employment contract. The employer co-finances **1.5%** of the basic contribution.

As at the date of adopting the Policy, there are no early retirement schemes in force with the Company applicable for the Members of the Management Board.

1.5. Description of the decision-making process carried out in order to establish, implement and revive the Policy

Draft of this Policy has been drawn up by the Company's Management Board based on the Act on Public Offering and corporate and employee documentation of the Company. Then the draft was presented to the Company's Supervisory Board for its opinion. Having considered the comments of the Supervisory Board, the draft Policy will be prepared for voting at the Company's General Meeting along with the resolution introducing the Policy.

The Policy will be implemented by adopting the required Resolutions by the Supervisory Board and the General Meeting and the remuneration paid to the members of the Company's Management Board and Supervisory Board will be reviewed in the „Remuneration Report" whose preparation is the responsibility of the Supervisory Board.

As part of a review of the application of the Policy, the Supervisory Board will verify the rules of payment of remuneration for members of the Management Board and Supervisory Board and the regulations existing on the date of adoption of the Policy. Moreover, the General Meeting authorizes the Supervisory Board to provide details on the elements of the Policy within the scope indicated in the resolution introducing the Policy.

The Supervisory Board will prepare an annual remuneration report presenting a comprehensive remuneration review which will be audited by a certified auditor within the scope provided for in the Act on Public Offering.

1.6. Description of measures undertaken to avoid or manage conflicts of interest related to the Policy

On the day of adopting the Policy, the Company has an operating Anticorruption Policy established on 22.11.2019, whose aim is to ensure avoidance of conflicts of interest and corruption.

On the day of adopting the Policy, the Company has an operating Procedure for the Identification of Transactions with Related Entities and a Procedure for periodic assessment of compliance with the conditions excluding transactions with related entities from the obligation to obtain the consent of the Supervisory Board, which is to ensure, inter alia, that there is no conflict of interests of members of the Management Board and Supervisory Board.

On the day of adopting the Policies, the Company has an operating procedure of anonymous reporting of violations which, in the event of a conflict of interest related to the Policy, will allow an employee, who is in possession of information about such a violation, to report violation.

Moreover, the Supervisory Board will conduct an annual remuneration report presenting a comprehensive remuneration review, which will be audited by a certified auditor to the extent provided for in the Act on Public Offering.

The Company also complies with the Best Practices of WSE Listed Companies in this respect, i.e. within the scope covered by the chapter entitled "Conflict of interest and transactions with related entities" which. in the opinion of the Company's Management Board. minimizes the risk of occurring of a conflict of interest related to the Policy.

1.7. Indication of how the remuneration policy contributes to the implementation of the business strategy, long-term interests and the Company's stability

The Policy contributes to the achievement of the objectives specified in the Policy's Preamble through:

1. the introduction of uniform rules of remunerating members of the Governing Bodies in connection with their functions in the Company;
2. an indication of fixed components of remuneration for members of the Governing Bodies;
3. linking the rules of remunerating members of the Governing Bodies with the achievement of financial results by the Company indicated in the resolution of the Supervisory Board;
4. the determination of the proportion of the remuneration of members of the Governing Bodies in connection with the duties indicated by the Company;

5. minimization of the risk of conflicts of interest of members of the Governing Bodies in connection with the indication of coherent rules of the remuneration system under the Policy;
6. increase in the Company's value by way of indicating the rules of remunerating members of the Governing Bodies.

1.8. Description of clear, comprehensive and varied criteria within the scope of financial and non-financial results concerning the award of variable components of remuneration, including the criteria for taking social interests into consideration, contributing to environmental protection and taking actions aimed at preventing and eliminating negative social effects of the Company's operations in a situation in which the Company awards variable components of remuneration

The criteria for financial results are specified in the current Regulations of the annual bonus for the Management Board of ELEKTROTIM S.A. for above-standard annual results and is related to the level of return on equity (strategic goal).

The „Strategy for ELEKTROTIM S.A." has established non-financial key performance indicators related to the activities of ELEKTROTIM S.A. in the customer's perspective, internal processes and in the perspective of people and skills. Target values are determined for each financial year. A detailed description and a report on implementation are contained in chapter "Non-Financial Data" of the Management Reports on operations for a given financial year. Implementation of non-financial key performance indicators (order portfolio, margin, mark-up, etc.) determine the final financial result of the Company. Members of the Company's Management Board receive variable components of remuneration after they meet the criterion specified in the current Regulations of the annual bonus for the Management Board for above-standard annual results.

1.9. Explanation of how the criteria, referred to in 1.8 of the Policy, contribute to the implementation of the business strategy, long-term interests and the Company's stability in a situation in which the Company awards variable components of remuneration

The criteria specified in the Regulations of the annual bonus for the Management Board of ELEKTROTIM S.A. for above-standard annual results are intended to motivate members of the Management Board by way of linking the amount of the bonus with the amount of the achieved profit and the amount of equity.

1.10. Description of the methods applied to determine to what extent the criteria specified in 1.8 of the Policy have been met in a situation in which the Company awards variable components of remuneration

Annual bonus is awarded and paid after the end of the financial year and having audited the Company's financial statements by a certified auditor.

1.11. Information on periods of deferment of pay and the Company's ability to demand return of variable components of remuneration in a situation in which the Company awards variable components of remuneration

Regulations of the annual bonus for the Management Board of ELEKTROTIM S.A. for above-standard annual results do not include provisions containing options of periods of deferment of pay and the option of the Company demanding the return of variable components of remuneration.

1.12. When the Company awards members of the Management Board remuneration in the form of financial instruments, the remuneration policy also specifies periods in which the entitlement to receive remuneration in this form is acquired, the rules for

disposal of these financial instruments and an explanation how awarding remuneration in the form of financial instruments contributes to the implementation of the business strategy, long-term interests and the Company's stability by

The Company does not grant remuneration to members of the Management Board in the form of financial instruments.

1.13. Significant changes introduced in relation to the previously applicable remuneration policy and description of the manner in which the content of the resolution referred to in Art. 90g, sec. 6 or the results of the discussion, referred to in Art. 90g, sec. 7 of the Act on Public Offering

Prior to adoption of this Policy, the Company had not had a remuneration policy within the meaning of Art. 90d of the Act on Trading.

As at the date of adoption of the Policy, the Company had a Remuneration Policy for the years 2019-2021 implemented, developed in accordance with the requirements of Chapter VI. Pk. „Remuneration" of the "Best Practices of WSE Listed Companies 2016" document which will be amended within the scope relating to remuneration of members of the Management Board and Supervisory Board as per the resolution introducing this Policy.

Until now, the method of remuneration of members of the governing bodies has been regulated in:

1. the Resolution of the Supervisory Board on the appointment of a Member of the Management Board;
2. Employment contract with the Director acting as a Member of the Company's Management Board;
3. Remuneration Policy for the years 2019-2021 referred to above;
4. Regulations of the annual bonus for the Management Board of ELEKTROTIM S.A. for above-standard annual results in the 2019-2021 term;
5. Work and Remuneration Regulations.

2. MEMBERS OF THE SUPERVISORY BOARD

D2.1 Description of fixed and variable components of remuneration, as also bonuses and other cash and non-cash benefits that may be granted to members of the Supervisory Board along with indication of the proportions of the components of remuneration

2.1.1 Fixed components of remuneration of the Members of the Company's Supervisory Board include:

1. Remuneration resulting from the resolution of the General Meeting of the Company on the appointment to perform the function of a member of the Company's Supervisory Board;
2. Remuneration resulting from the resolution of the General Meeting of the Company on the determination of the remuneration for a member of the Company's Audit Committee;
3. co-financing the contribution to the Company's employee capital plans;

2.1.2 The Company does not grant variable components of remuneration to members of the Supervisory Board.

2.1.3 Other cash and non-cash benefits of the members of the Company's Supervisory Board include:

1. benefits related to reimbursement of costs of participation Supervisory Board in meetings under the terms provided for in the Code of Commercial Companies.

The amount of benefits related to reimbursement of costs of participation in a meeting is determined in the following manner:

1. in the event of a travel in a vehicle from the place of residence to the meeting of the Supervisory Board and back: the cost of use of the vehicle according to the rates for 1 kilometer as per the Regulation of the Minister of Infrastructure of 25 March 2002 on the conditions for determining and reimbursement of costs of use for business purposes of passenger cars, motorcycles and mopeds not owned by the employer,
2. in case of train travels: reimbursement of the costs of a first-class ticket,
3. in specific cases, with the consent of the Chairman of the Company's Supervisory Board expressed in writing: reimbursement of flight costs,
4. reimbursement of costs related to hotel accommodation of a Member of the Supervisory Board in connection with the participation in the Supervisory Board meeting at the Company's registered office: not more than 20% of the current amount of the minimum wage for full-time employees determined by way of the Act of 10 October 2002 on the minimum remuneration for work (amount for staying overnight).

The Company's General Meeting authorizes the Supervisory Board to present details on the elements of the Policy specified in 2.1 of the Policy within the scope indicated in the resolution

2.2 Explanation how the working and payment conditions for the Company's employees, other than members of the Management Board and Supervisory Board, have been taken into consideration when establishing the Policy

This issue has been discussed in 1.2 of the Policy and applies also to members of the Supervisory Board.

2.3 Indication of the period for which employment contracts, mandate agreements, contracts for the performance of specific work or other contracts of a similar nature have been concluded with members of the Supervisory Board and indication of the periods and terms of termination of these contracts, and in case no contract was concluded with a member of the Supervisory Board - indication of the type and period for which the legal relationship was established between the member of the Supervisory Board and the company and the period and conditions for termination of this legal relationship

The Company has appointed members of the Supervisory Board as per the provisions of the Code of Commercial Companies and the Company's Articles of Association. Members of the Supervisory Board may be dismissed from their positions as of the date of the adoption of the resolution by the General Meeting.

2.4 Description of main features of supplementary and early retirement pension schemes

The Company has implemented Employee Capital Plans. The Company co-finances **1.5%** of the membership fee of the Member of the Supervisory Board. Members of the Supervisory Board have the right to participate in ECP at ELEKTROTIM S.A.

As at the date of adoption of the Policy, the Company does not operate any early retirement plans with regard to Members of the Supervisory Board.

Members of the Supervisory Board are not bound by an employment contract with the Company and therefore, as at the date of adoption of the Policy, the Company does not operate any occupational pension schemes for Members of the Supervisory Board.

2.5 Description of the decision-making process carried out in order to establish, implement and revive the Policy

The issue has been discussed in 1.5 of the Policy and applies also to members of the Supervisory Board.

2.6 Description of measures undertaken to avoid or manage conflicts of interest related to the Policy

The issue has been discussed in 1.6 of the Policy and applies also to members of the Supervisory Board.

2.7 Indication of how the remuneration policy contributes to the implementation of the business strategy, long-term interests and the Company's stability

The issue has been discussed in 1.7 of the Policy and applies also to members of the Supervisory Board.

2.8 Description of clear, comprehensive and varied criteria within the scope of financial and non-financial results concerning the award of variable components of remuneration, including the criteria for taking social interests into consideration, contributing to environmental protection and taking actions aimed at preventing and eliminating negative social effects of the Company's operations in a situation in which the Company awards variable components of remuneration

The Company does not grant variable components of remuneration to members of the Supervisory Board.

2.9 Explanation of how the criteria, referred to in 2.8 of the Policy, contribute to the implementation of the business strategy, long-term interests and the Company's stability in a situation in which the Company awards variable components of remuneration

The Company does not grant variable components of remuneration to members of the Supervisory Board.

2.10 Description of the methods applied to determine to what extent the criteria specified in 2.8 of the Policy have been met in a situation in which the Company awards variable components of remuneration

The Company does not grant variable components of remuneration to members of the Supervisory Board.

2.11 Information on periods of deferment of pay and the Company's ability to demand return of variable components of remuneration in a situation in which the Company awards variable components of remuneration

The Company does not grant variable components of remuneration to members of the Supervisory Board.

2.12 When the Company awards members of the Supervisory Board remuneration in the form of financial instruments, the remuneration policy also specifies periods in which the entitlement to receive remuneration in this form is acquired, the rules for disposal of these financial instruments and an explanation how awarding remuneration in the form of financial instruments contributes to the implementation of the business strategy, long-term interests and the Company's stability

The Company does not award remuneration to members of the Supervisory Board in the form of financial instruments.

3. Final Provisions

1. The Remuneration Policy entered into force on 30 June 2020 along with the amendments introduced on 24 June 2021 which are effective as of 24 June 2021.
2. Prior to adoption of this Policy on 30 June 2020, the Company had no remuneration policy implemented within the meaning of Art. 90d of the Act on Trade. As at 30.06.2020 the Company had a Remuneration Policy for the years 2019-2021 implemented, developed in accordance with the requirements of Chapter VI Pk. „Remuneration" of the "Best Practices of WSE Listed Companies 2016" document which was amended as per the resolution introducing the Remuneration Policy.
3. Significant amendments introduced to the Remuneration Policy in force as of 30.06.2020:
   3.1. removed:
      a) provisions of one-off nature and which have expired due to changes in the composition of the Management Board and Supervisory Board,
      b) provisions of no universal nature,
      c) provisions which, as per the authorization granted to the Company's Supervisory Board by a Resolution of the Company's General Meeting, Supervisory Board can provide more details
   3.2. introduced/amended:
      a) text description on the method of calculating the annual bonus for the Management Board,
      b) description on granting benefits related to termination of employment of a Member of the Management Board or holding the position by a Member of the Management Board,
      c) limitation of the amount of the cash prize the Supervisory Board is entitled to award to the Member of the Management Board in connection with termination the term of office.

4. Description of the manner in which the content of the resolution, referred to in Art. 90g, sec. 6 or the results of the discussion, referred to in Art. 90g, sec. 7 of the Act on Public Offering:
   4.1. the amendment has been introduced prior to the adoption by the General Meeting of a resolution giving opinion on the „Remuneration report".
5. The Company makes the Remuneration Policy available pursuant to the provisions of the Act on Public Offering