

BY-LAWS OF THE SUPERVISORY BOARD OF TORPOL SPÓŁKA AKCYJNA

unified text

General provisions

§ 1

The Supervisory Board acts on the basis of:

- 1) The Code of Commercial Companies,
- 2) Other generally binding acts, in particular the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision (hereinafter: the Act on Statutory Auditors) and Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements for the statutory audit of public-interest entities, repealing Commission Decision 2005/909/EC (hereinafter: Regulation 537),
- 3) The Company's Articles of Association,
- 4) Resolutions of the General Meeting,
- 5) These By-laws,
- 6) and taking into account the provisions of corporate governance contained in the "Good Practices of Companies Listed on the WSE 2016" (hereinafter: DPSN).

Appointment and dismissal of Supervisory Board Members

§ 2

1. The Supervisory Board consists of at least five members, appointed and recalled by the General Meeting for a joint term of three years.
2. A candidate for a Member of the Supervisory Board, indicated by the State Treasury or a state legal entity within the meaning of the Act on the Principles of State Property Management of 16 December 2016, may be a person with a positive opinion of the Council for Companies with State Treasury and State Legal Entities, who meets the requirements set out in Article 19, sections 1-5 of the Act on the Principles of State Property Management of 16 December 2016, as well as meets other requirements for a member of the supervisory body, as set out in separate regulations.
3. Of the total number of Members of the Supervisory Board, at least two of them should be independent persons. In the event that the Supervisory Board decides to appoint the Audit Committee referred to in § 15 with a composition of more than three persons, the Supervisory Board should include as many independent Members of the Supervisory Board

as to enable the selection of the Audit Committee Members from among them in accordance with the principles referred to in § 16.

4. A person is considered independent if he/she satisfies the following conditions:
 - 1) he/she is not, nor has he been within the last 5 years from the date of his appointment, a member of senior management, including being or having been a member of the Board of Directors or other governing body of the Company or a related entity,
 - 2) he/she is not, and has not been within the last 3 years from the date of appointment, an employee of the Company or a related entity, except that a member of the Audit Committee is a non-senior management employee who has been elected to the Supervisory Board or other supervisory or controlling body of the Company as an employee representative;
 - 3) he/she does not exercise control within the meaning of Article 3(1)(37)(a-e) of the Accounting Act of 29 September 1994 or does not represent persons or entities exercising control over the Company;
 - 4) he/she does not receive or has not received additional remuneration, of a significant amount, from the Company or a related entity, except for the remuneration he has received as a Member of the Supervisory Board or other supervisory or controlling body, including the Audit Committee;
 - 5) he/she does not have, nor has had within the last year from the date of their appointment, any material business relationship with the Company or any related entity, either directly or as an owner, partner, shareholder, member of the supervisory board or any other supervisory or controlling body, or as a member of senior management, including a member of the board of directors or any other governing body of an entity having such a relationship;
 - 6) he/she is not and has not been within the last 2 years from the date of appointment:
 - a) an owner, partner (including a general partner) or shareholder of a current or former audit firm auditing the financial statements of the Company or a related entity, or
 - b) a member of the supervisory board or other supervisory or controlling body of the current or previous audit firm auditing the Company's financial statements, or
 - c) an employee or member of senior management, including a member of the board of directors or other governing body of the current or former audit firm auditing the financial statements of the Company or a related entity, or
 - d) any other individual whose services were used or supervised by the current or previous audit firm or the auditor acting on its behalf;
 - 7) he/she is not a member of the management board or any other governing body of an entity where a member of the supervisory board or any other supervisory or controlling body is a member of the Management Board or any other governing body of the Company;
 - 8) he/she has not been a member of the Supervisory Board or any other supervisory or controlling body of the Company for more than 12 years;

- 9) he/she is not a spouse, cohabitant, relative or affinity in straight line, and in the collateral line to the fourth degree - of a Member of the Management Board or of another managing body of the Company or of a person referred to in points 1-8;
- 10) he/she is not in a relationship of adoption, guardianship or custody with a Member of the Management Board or other governing body of the Company or a person referred to in points 1-8.
5. At least two members of the Supervisory Board, including the Chairman of the Audit Committee, should furthermore meet the independence criteria referred to in Principle II.Z.4 of the DPSN.
6. Members of the Supervisory Board have knowledge and experience in the industry in which the Company operates. This condition shall be deemed to be fulfilled if at least one Supervisory Board Member has knowledge and skills in this industry or individual Members in specific scopes have knowledge and skills in this industry.
7. At least one Supervisory Board Member has knowledge and skills in accounting or auditing.
8. The evaluation of the fulfilment of the criteria referred to in sections 3 - 7 above is carried out by the Supervisory Board on the basis of a questionnaire filled in by all members of the Supervisory Board.
9. The mandates of members of the Supervisory Board shall expire on the date of the General Meeting approving the financial statements for the last full financial year in which they served as members of the Supervisory Board.
10. In the event of the expiry of the mandate of a Member of the Supervisory Board before the expiry of the term of office, the Management Board is obliged to convene a General Meeting for the purpose of holding a by-election no later than 3 months after the expiry of the mandate.
11. Members of the Supervisory Board may be elected to the Supervisory Board for subsequent terms.
12. Supervisory Board Members may be dismissed by the General Meeting before the end of the term of office.

Organisation of work of the Supervisory Board

§ 3

1. At the first meeting the Supervisory Board elects its Chairman and Secretary.
2. The Supervisory Board Members shall exercise their rights and duties in person.
3. The Supervisory Board meets at least once a quarter.
4. The Supervisory Board meeting is convened by the Chairman, or — in his/her absence — the Secretary of the Supervisory Board. In the event of a vacancy in the office of Chairman and Secretary of the Supervisory Board, the Management Board of the Company may convene a meeting of the Supervisory Board on its own, stating its date, place and proposed agenda.

5. Regardless of the meetings referred to in item 3, the Chairman of the Supervisory Board or the Secretary of the Supervisory Board may convene a meeting of the Supervisory Board at the written request of the Company's Management Board or any of the Members of the Supervisory Board. Such a meeting should be held within 14 days from the date of request. If the Chairman or the Secretary of the Supervisory Board fail to convene the meeting within the above-mentioned period, the requesting party may convene it independently, stating the date, place and proposed agenda.

§ 4

1. The notifications on convening the meeting shall be sent to the Members of the Supervisory Board by registered mail courier, e-mail or text message or confirmed delivery at least 7 days before the date of the meeting.
2. The notice of the meeting date should contain the meeting's agenda.
3. In cases of emergency, the Chairman or Secretary of the Supervisory Board may administer a different way and time to inform the Members of the Supervisory Board of the date of the meeting.

§ 5

1. During the meetings of the Supervisory Board only matters on the agenda should be discussed.
2. Adopting resolutions on matters not on the agenda is unacceptable, unless the meeting is attended by all Members of the Supervisory Board and none of them raises any objections as to the adoption of the resolution.
3. It is allowed to take the necessary action on matters not on the agenda in order to protect the Company against damage, as well as passing a resolution whose purpose is to assess whether there is a conflict of interest between a Member of the Supervisory Board and the Company.

§ 6

The Supervisory Board meeting is chaired by the Chairman of the Supervisory Board. In his/her absence, the meeting of the Supervisory Board is chaired by a Member selected from the present Members of the Supervisory Board.

§ 7

1. For the resolutions of the Supervisory Board to be valid, all Members of the Supervisory Board have to be invited to the meeting and at least half of the Members of the Supervisory Board have to be present.
2. Resolutions are passed by an absolute majority of votes of the Members participating in the meeting, and in the case of an even division of votes, the Chairman of the Supervisory Board has the casting vote.

3. Voting at meetings of the Supervisory Board shall be held in a transparent manner; however, in justified cases, secret voting method may be adopted.
4. The Supervisory Board may adopt resolutions in writing or by means of direct remote communication, subject to Article 388 § 4 of the Code of Commercial Companies. A resolution is valid when all members of the Supervisory Board have been notified of the content of the draft resolution.
5. Supervisory Board Members may participate in adopting resolutions of the Supervisory Board by casting their votes in writing through another Member of the Supervisory Board. Written votes may not be cast in respect of matters arising during the meeting of the Supervisory Board.
6. A Member of the Supervisory Board shall inform the other Members of the Supervisory Board and refrain from taking part in the discussion and from voting on the resolution of the case in respect of which a conflict of interest has arisen. A member of the Supervisory Board should avoid engaging in professional or non-professional activities that could lead to conflicts of interest or adversely affect his or her reputation as a member of the Supervisory Board of the Company, and if a conflict of interest arises, he or she should disclose it immediately.
7. The Supervisory Board may establish committees or teams composed of the Members of the Supervisory Board or delegate a Member of the Supervisory Board to perform certain supervisory activities individually. With regard to the tasks and functioning of the committees operating within the Supervisory Board, European Commission Recommendation 2005/162/EC of 15 February 2005 concerning the role of non-executive or supervisory directors of listed companies and committees of the (supervisory) board applies.

§ 8

1. After each meeting of the Supervisory Board minutes shall be made that include:
 - 1) date of the meeting,
 - 2) list of names of Members of the Supervisory Board and other persons participating in the meeting,
 - 3) meeting agenda,
 - 4) voting results and objections to the resolutions or minutes brought by individual Members of the Supervisory Board.
2. The resolutions form an integral part of each minutes. Resolutions are signed by the Chairman of the Supervisory Board.
3. Minutes are signed by all the Members of the Supervisory Board present at the meeting.
4. Resolutions of the Supervisory Board, sequentially numbered, are grouped in a separate set of resolutions of the Supervisory Board and copies of the resolutions are submitted to the Management Board of the Company.

Competence of the Supervisory Board

§ 9

The Supervisory Board shall exercise permanent supervision over the activities of the Company in all its areas.

§ 10

Duties of the Supervisory Board include:

1. evaluation of the Management Board's report on the Company's activities and the financial statements for the previous financial year, evaluation of the Management Board's proposals for the distribution of profit or coverage of loss, and submission of an annual written report on this evaluation to the General Meeting,
2. evaluation of the consolidated financial statements of the TORPOL Capital Group and the Management Board's report on the activities of the TORPOL Capital Group, and submission of an annual written report on this evaluation to the General Meeting,
3. recommending to the General Meeting the acknowledgement of the fulfilment of duties by the Members of the Management Board of the Company,
4. suspending, for important reasons, individually or collectively, the Management Board Members and delegating Supervisory Board Members for a period not longer than three months to temporarily perform the duties of Management Board Members who have been dismissed, resigned or are unable to perform their duties for other reasons,
5. approval of the By-laws of the Company's Management Board,
6. approving the Organisational Regulations of the Company,
7. representing the Company in agreements with the Management Board Members, including entering into agreements with Management Board Members and determining the remuneration of the President and Members of the Management Board and the principles of their bonuses, performing the rights arising from the employment relationship with respect to Members of the Management Board on behalf of the Company; signing of such agreements is performed by the Chairman of the Supervisory Board on behalf of the Supervisory Board,
8. appointing the chartered auditor to examine the Company's financial statements,
9. approving the execution by the Management Board of an underwriter agreement to acquire shares of the Company,
10. granting consent to engage in competitive business or to participate in any competitive Company by a Management Board Member,
11. granting consent to exclude or limit the pre-emptive rights of new shares by the Management Board,
12. granting consent on the method proposed by the Management Board of determining the amount, the issue price and issue of shares in exchange for non-cash contributions,

13. granting consent to the disposal of rights or making a commitment in value exceeding the amount of PLN 30,000,000.00 (thirty million) each, subject to § 14.II.1 of the Articles of Association,
14. approving the purchase or sale by the Company of shares in another Company, subject to § 14.II.3 and § 14.II.4 of the Company's Articles of Association,
15. granting consent to taking a loan or the conclusion of a credit agreement exceeding one-off amount of PLN 7,500,000.00 (seven million five hundred thousand) if this action was not included in the annual business plan of the Company,
16. granting consent to the granting of warranties, guarantees, debt assumption, mortgage and pledge exceeding PLN 7,500,000.00 (seven million five hundred thousand) each,
17. determining the scope and timing of the Board's submission of the Company's annual business plans and strategy,
18. approval of the annual business plan and strategy of the Company,
19. approving principles and plans of conducting sponsoring activities adopted by the Management Board and assessing the effectiveness of the Company's sponsoring activities,
20. giving consent to incurring liabilities for benefits exceeding the amount of PLN 30,000,000.00 (thirty million) each time,
21. granting consent to the conclusion of an agreement on legal services, marketing services, services in the area of interpersonal relations (public relations) and social communication and management consulting services, if the amount of remuneration provided for the services exceeds PLN 500,000.00 net per annum,
22. granting consent to the execution of an amendment to the agreement on legal services, marketing services, services in the area of interpersonal relations (public relations) and social communication and management-related consultancy services increasing the remuneration above the amount referred to in item 21),
23. agreeing to conclude a contract for legal services, marketing services, public relations and communication services and management consulting services in which the maximum amount of remuneration is not provided for,
24. granting consent to the conclusion of a donation agreement or any other agreement having a similar effect whose value exceeds PLN 20,000.00 or 0.1% of the sum of assets within the meaning of the Accounting Act of 29 September 1994, determined on the basis of the last approved financial statements,
25. granting consent to the conclusion of a debt relief agreement or any other agreement having a similar effect whose value exceeds PLN 50,000.00 or 0.1% of the total assets within the meaning of the Polish Accountancy Act of September 29th 1994, as determined on the basis of the last approved financial statements,
26. providing an opinion on the report of the Management Board referred to in § 18 (III) of the Company's Articles of Association,
27. adopting the By-Laws of the Supervisory Board,
28. approving the manner of exercising the voting right by the Company's representative at the General Meeting or the Shareholders' Meeting of companies or relevant bodies of

companies registered outside the territory of the Republic of Poland, with respect to which the Company is a dominant entity within the meaning of the Act of 16 February 2017 on competition and consumer protection, on matters:

- a) the incorporation by the Company of another company,
- b) the amendment of the articles of association or the memorandum and articles of association of the company and the business of the company,
- c) increasing or decreasing the share capital of the company,
- d) merger, transformation, division, dissolution and opening of liquidation of the company,
- e) disposal and lease of an enterprise or an organised part thereof and the creation of a limited right in rem thereon,
- f) redemption of shares or stocks in the company,
- g) shaping the remuneration of members of the Management Boards and Supervisory Boards of companies,
- h) provisions concerning claims for compensation for damage caused during the incorporation of the company or in the exercise of management or supervision,
- i) giving consent to the disposal of a right or to the assumption of an obligation to perform a service,
- j) granting consent to the contracting or granting of loans or credits,
- k) giving consent to the granting of sureties, guarantees, assumption of debt, creation of mortgages or pledges, including registered pledges, or other encumbrances on assets, issuance of bills of exchange,
- l) granting consent to the subscription, acquisition or disposal by the company of shares or stocks in other companies,
- m) agreeing to conclude an agreement on legal services, marketing services, services in the area of interpersonal relations (public relations) and social communication and management consulting services, if the amount of remuneration envisaged in total for the services provided exceeds PLN 200,000.00 net per year,
- n) giving consent to an amendment of the agreement on legal services, marketing services, services in the area of interpersonal relations (public relations) and social communication and management consulting services increasing the remuneration above the amount referred to hereinabove in point m),
- o) giving consent to the conclusion of a contract for legal services, marketing services, public relations and communication services and management consulting services where no maximum fee is provided for,
- p) granting consent to the conclusion of a donation agreement or another agreement having a similar effect whose value exceeds PLN 20,000.00 or 0.1% of total assets within the meaning of the Accounting Act of 29 September 1994, as determined on the basis of the last approved financial statements,
- q) granting consent to the conclusion of a debt relief agreement or any other agreement having a similar effect whose value exceeds PLN 50,000.00 or 0.1% of the total

assets within the meaning of the Polish Accountancy Act of 29 September 1994, as determined on the basis of the last approved financial statements.

29. granting consent for the Company to conclude a significant agreement with a shareholder holding at least 5% of the total number of votes in the Company or a related entity. Before giving its consent, the Supervisory Board shall assess the impact of such transaction on the Company's interest. Typical transactions and transactions concluded on an arm's length basis as part of the Company's operations with entities within the Company's Group are not subject to the above obligation.
 30. giving an opinion on matters submitted by the Management Board to the General Meeting.
 31. monitoring the internal control systems, risk management, compliance and internal audit function,
 32. reviewing the assessment of the effective functioning of the internal control systems, risk management, compliance and internal audit function, as presented by the Management Board and the person responsible for internal audit (where such a function has been separated in the Company), respectively.
 33. reviewing the supplementary report referred to in Article 11 of Regulation No. 537/2014, submitted by the audit firm auditing the Company's financial statements.
2. If the Company meets the prerequisites indicated in the Act on Statutory Auditors, Audit Firms and Public Supervision of 11 May 2017, it is also the duty of the Supervisory Board to appoint an Audit Committee. The Supervisory Board may also appoint other committees, in particular the Remuneration Committee.
 3. If the tasks of the Audit Committee are performed by the Supervisory Board collectively, the Supervisory Board shall send a justification for the choice of the audit firm to the Company's Annual General Meeting for information.
 4. In addition to the activities prescribed by law, the report of the Supervisory Board shall include the implementation of the recommendations and principles indicated in the DPSN.

§ 11

1. In performing their duties, the Supervisory Board Members have the right to inspect all documents of the Company and request explanations from all its employees.
2. If the inspection referred to in item 1 requires special knowledge or skills, the Supervisory Board may — at the Company's expense — consult experts or appraisers.

§ 12

The Supervisory Board performs its duties collectively; however, it may delegate its Members to perform certain supervisory activities individually or in a team.

§ 13

1. The Supervisory Board has the right to convene the Ordinary General Meeting, if the Management Board fails to do so within the period specified in the Company's Articles of Association, and the Extraordinary General Meeting, if it deems it advisable and the Management Board has not done so within 14 days of the written request filed by the Supervisory Board.
2. The members of the Supervisory Board shall attend the General Meeting of the Company in such a composition as to be able to provide substantive answers to the questions asked during the General Meeting.

§ 14

1. In agreements between the Company and Members of the Management Board as well as in disputes with them the Company is represented by the Supervisory Board.
2. In a resolution approving the content of the agreement between the Company and Members of the Management Board, the Supervisory Board may authorise the Chairman of the Supervisory Board to sign it on behalf of the Company.

Audit Committee

§ 15

1. The Supervisory Board appoints an Audit Committee from among its members as an advisory and consultative body when the prerequisites indicated in the Act on Statutory Auditors, Audit Firms and Public Supervision of 11 May 2017 are met.
2. The Audit Committee shall act as a collective body on the basis of generally applicable regulations and these Regulations.

§ 16

1. The Audit Committee shall be composed of at least 3 members appointed by the Supervisory Board from among its Members for the duration of its term of office. Subject to § 17(2) and (3) of the By-laws, the Supervisory Board shall elect the members of the Audit Committee at its first meeting of a given term of office.
2. At its first meeting of a given term of office, the Audit Committee shall elect the Chairman of the Audit Committee from among its Members.
3. At least one Member of the Audit Committee shall have knowledge and skills in accounting or auditing.
4. At least one Member of the Audit Committee shall have knowledge and skills in the Company's business, or individual Members shall have knowledge and skills in specific areas of that business.
5. The majority of the Audit Committee Members, including its Chairman, should meet the independence criteria referred to in § 2.4.

§ 17

1. The mandate of a Member of the Audit Committee shall expire upon the expiry of his/her mandate as a Member of the Supervisory Board and in the event of his/her resignation or dismissal as a Member of the Audit Committee. The Supervisory Board may dismiss individual or all Audit Committee Members at any time.
2. If the mandate of a Member of the Supervisory Board elected to the Audit Committee expires before the end of the term of office of the entire Supervisory Board, or if the Member resigns from the Audit Committee, the Supervisory Board shall immediately supplement the composition of the Audit Committee by appointing a new member for the period until the end of the term of office of the Supervisory Board.
3. In the event that, with the expiry of the mandate of the Supervisory Board member elected to the Audit Committee, the Supervisory Board does not include a sufficient number of members fulfilling the requirements referred to in § 16(3)-(5) of the By-laws, the election of such a person will take place immediately after the General Meeting, adjusting the composition of the Supervisory Board accordingly. On the occurrence of the circumstances referred to in the preceding sentence, the Chairman of the Supervisory Board shall notify the Management Board in order to convene the General Meeting of the Company.

§ 18

1. The Audit Committee supports the Supervisory Board with regard to financial reporting, internal control and risk management and performs its own tasks as defined by law.
2. The Supervisory Board may entrust the Audit Committee with assisting the Supervisory Board in the performance of tasks other than those set out in these Bylaws and applicable laws.

§ 19

To the extent not regulated in the paragraphs relating to the Audit Committee, the rules relating to the Supervisory Board under the Company's Articles of Association and the By-Laws of the Company's Supervisory Board shall apply mutatis mutandis to the rules of operation of the Audit Committee.

Remuneration Committee

§ 20

1. The Remuneration Committee is an advisory body acting collectively within the Supervisory Board.

§ 21

1. The Remuneration Committee consists of at least two members appointed by the Supervisory Board from among its Members.

2. The Remuneration Committee elects the Chairman of the Committee from among its members.

§ 22

1. The Remuneration Committee presents the Supervisory Board with opinions on the draft agreements to be concluded with the Members of the Management Board, proposals for rules and a system of remuneration and bonuses for Members of the Management Board, suggestions for the remuneration of the individual Members of the Management Board and the possible forms of concluding agreements with the Members of the Management Board, as well as co-operates with the Supervisory Board in the area of the Company fulfilling its disclosure obligations as regards remuneration.
2. The Remuneration Committee may make general recommendations to the Supervisory Board as to the level and structure of remuneration of the Members of the Management Board; it also monitors the level and structure of remuneration of the Members of the Management Board on the basis of information provided by this body.
3. The Remuneration Committee develops and provides the Supervisory Board with the general principles regarding the implementation of incentive schemes for employees and Members of the Management Board, prepares drafts of such programmes and checks on a regular basis information regarding the implementation of the incentive schemes provided in the financial statements or at the General Meeting.
4. The Remuneration Committee presents to the Supervisory Board opinions and reports related to its tasks. The Remuneration Committee should consult the Management Board in order to determine the remuneration of the Management Board Members.
5. If the necessity arises to develop an expert or external opinion for the needs of the Remuneration Committee, the Remuneration Committee may request adopting a resolution in this regard by the Supervisory Board.
6. The Remuneration Committee submits an annual report on its activities to the Supervisory Board.

§ 23

Meetings of the Remuneration Committee shall be held at least once every 6 months or more frequently if necessary. The provisions of these By-laws relating to the meetings of the Supervisory Board shall apply accordingly to the convening and conducting of the Remuneration Committee meetings.

Final provisions

§ 24

1. A Member of the Supervisory Board should not resign from his/her function during the term of office if it could hinder the operation of the Supervisory Board, especially if it could hinder the timely adoption of an important resolution.

2. The Supervisory Board Members are required to maintain the confidentiality of information and decisions they have taken on the Company while performing their duties.

§ 25

1. Activities of the Supervisory Board are covered with the Company's funds.
2. The Management Board provides comprehensive technical and organisational support of the Supervisory Board.
3. The Company shall provide the Supervisory Board with the opportunity to use professional, independent advisory services which, in the opinion of the Board, are necessary for the Board to exercise effective supervision in the Company. In selecting the provider of advisory services, the Supervisory Board shall take into account the financial situation of the Company.