

**STALPRODUKT S.A**  
**JOINT STOCK COMPANY**  
**SUPERVISORY BOARD RULES**

**§ 1**

The Supervisory Board – hereinafter referred to as the Board – is the Company’s body of supervision.

**§ 2**

1. The Supervisory Board consists of five up to seven members appointed by the General Meeting to serve a joint term. The number of the Supervisory Board members shall be defined by the General Meeting.

**§ 3**

1. Supervisory Board Members are appointed for a three-year term of office.
2. The Supervisory Board shall elect its Chairman, Vice-Chairman and Secretary from among its members.

**§ 4**

The following may not become Members of the Supervisory Board: Members of the Management Board, liquidators and Company’s employees occupying the positions of: Chief Accountant, Legal Advisor, Plant Manager or others directly subordinated to the Members of the Management Board.

**§ 5**

1. The tenures of the Supervisory Board Members expire on the day of the General Meeting of Shareholders approving of the financial report, within the meaning of the Accountancy Act – in respect of the final year of their service.
2. The tenures of the Board Members are terminated before the expiration of their term of office:
  - as a result of their being recalled by the General Meeting
  - in the event a written resignation is submitted and its reception is acknowledged by the Chairman of the Board
  - in the event of death or loss of full legal capacity.
3. In the case the Board’s composition does not comply with the provision of par. 2 subpar 1, it shall be supplemented at the closest General Meeting to come.
4. The tenures of the Supervisory Board Members, regardless of the term of office they have been elected for, shall be terminated before their official expiration on the day of the general meeting which is to make elections by group voting - in the event a request for voting by separate groups has been filed.

**§ 6**

1. Board Members exercise their rights and duties in person.
2. The Board may delegate some of its members to individual performing of specified supervisory activities.  
These Members shall be authorized to participate in the meetings of the Management Board with an advisory vote /The Management Board is obligated to notify them in advance of each meeting/.

These Members shall receive separate remuneration, whose amount shall be determined by the General Meeting.

These Members shall be bound by a non-competition requirement.

#### § 7

All Members of the Board shall be bound Company's confidentiality requirement.

#### § 8

1. The Board is convened once a quarter or more often upon the Chairman's invitation. Besides, the Board's meeting must be summoned upon a written request of three Members of the Board handed over to the Chairman of the Board, or upon a request from the Management Board. The meeting of the Board convened further to the Management Board's initiative or the Supervisory Board's Members' initiative shall be held, at the latest, within 7 days from the date application to this effect has been filed.
2. Convening of meetings shall be upon the confirmation of the meeting dates.
3. The Supervisory Board adopts valid resolutions if at least half of its members are present at the meeting and all the members have been invited. The Supervisory Board may also adopt resolutions in a written procedure or by means of direct distance communication. Adopting a resolution in such a mode requires a statement of reasons and presentation of a draft resolution to all the members of the Supervisory Board. The resolutions adopted in such a mode shall be presented at the nearest meeting of the Supervisory Board with the voting results quoted, which shall be recorded in the minutes. The above mode may not be used to adopt resolutions concerning the election of the Chairman, Vice-Chairman and Secretary of the Supervisory Board, appointment of the Management Board members as well as dismissals and suspensions from duty of the above officers.
4. Voting by secret ballot shall be obligatory in personal issues.
5. Minutes shall be taken of the meetings by the Secretary of the Board. The minutes shall be signed by the Chairman and attending Members of the Board. The minutes shall include the successive record number, date, place of the meeting, time it started and ended, forenames and surnames of the attending Members of the Board and the agenda, texts of the resolutions voted for, mode and result of voting, list of dissenting judgments and content thereof. The minutes shall be gathered in a book of minutes. The objections of the Board Members absent from the meeting, sent at a later time, shall be enclosed in the minutes.
6. Upon the summons of the Board, the Members of the Board are obligated – to participate in all meetings of the Supervisory Board and to provide any information required by the Board.

#### § 9

The Supervisory Board is obligated:

1. to exercise constant supervision over the Company's performance in all areas of the company's activities
2. to review the financial report, within the meaning of the Accountancy Act, both as to the conformity with the accounting books and with the actual status.
3. to review the Report of the Management Board as well as motions of the Management Board referring to the distribution of profit and covering of loss
4. to submit an annual written report on the audit performed under subpar. 2 and 3 with the General Meeting of Shareholders.

5. In order to perform the above mentioned activities, the Supervisory Board may review each area of the Company's activities, request reports and explanations from the Company's Management Board and employees, review the property status as well as check books and documents.

## § 10

The special duties and powers of the Supervisory Board shall be:

1. Election of the Members of the Management Board.

The Company's Management Board is composed of two up to four persons, appointed for a three-year term of office by the Supervisory Board, in the following manner:

- a) the President of the Management Board is appointed by the Supervisory Board from among the applicants brought forward by the Members of the Supervisory Board.
- b) The remaining Members of the Management Board shall be appointed by the Supervisory Board upon the motion of the President of the Management Board.

The Supervisory Board shall dismiss the Members of the Management Board – except for the President of the Management Board.

2. Suspending the President and Members of the Management Board from duties for important reasons.
3. The President, certain Members or all Members of the Management Board may be suspended from discharging their duties for a maximum three-month period, for important reasons, by virtue of the resolution of the Supervisory Board, passed in the presence of, at least, six members of the Board and minimum five votes cast in favor of the suspension. In the event the President of the Board is suspended from duties – the Supervisory Board motions the Management Board to convene an Extraordinary General Meeting of Shareholders, which shall adopt a resolution on whether to sustain or recall the President of the Board. In the event, the remaining Members of the Management Board are suspended – the Supervisory Board shall adopt a resolution on their sustaining or recalling - in the presence of at least six Supervisory Board Members and minimum 5 votes cast in favor of the resolution.
4. Delegating its Members to temporary performance of the activities of the Management Board Members who cannot perform their activities.
5. Reviewing of periodic quarterly reports with the right of making remarks and requesting explanations from the Management Board, checking the books of accounts and Company's cash assets, at all times at their own discretion
6. Approving of the Management Board Rules and Company's enterprise organizational rules.
7. Expressing consent to the acquisition by the Company of stocks or shares in another company and transfer of the same.
8. Expressing consent to the Company's making an in-kind contribution to another company.
9. Expressing consent to the conclusion by the Company of a long-term agreement, obligating the Company to a payment exceeding the value of the entire share capital.
10. Expressing consent to the transfer of the Company's fixed assets, whose value exceeds 1% of the share capital and donation which exceeds the amount of PLN 50,000.
11. Determining the share issue terms and conditions of and terms and manner of share redemption.
12. Adopting by resolution Company's business plans upon the Management Board's motion.
13. Selection of the certified auditor to carry out the audit of the Company's financial report.
14. Requesting for specific issues to be put on the General Meeting agenda.
15. Adopting the "Management Board Rules of Remuneration and Benefits" .

16. Approving of Management Board's decisions concerning:

- Appointment of the proxy
- Proposed amendment to the Articles
- Proposed dissolution of the Company
- Declaration of insolvency and petitioning for official deferment of debt payments /moratorium/
- Proposed decrease of the share capital
- Establishment or breach of Company's or Subsidiary Company's constant co-operation with another legal person if such a cooperation or breach thereof has a decisive importance to the Company
- Acquiring, charging, selling or leasing (out) real estate
- Rules of trading the registered preference shares
- Immediate or short-notice /three months'/ termination of employment contracts with employees – should the number of the same exceed 10% and more of the total number of employees
- Significant change of work conditions – if it concerns 10% and more of the total number of employees
- Resolution of the Management Board if the President of the Management Board voted in favor of its rejection

17. Expressing consent to the acquisition and transfer of real estate, perpetual usufruct or share in the real estate.

### § 11

The Supervisory Board may call the Ordinary General Meeting, should the Company's Management Board fail to do so by the date stipulated in the Code of Commercial Companies or within two weeks from the date of the Supervisory Board's request to this effect filed with the and the Extraordinary General Meeting, if it finds this appropriate

### § 12

1. The Chairman of the Supervisory Board or another representative of the Board delegated from among of its Members – shall sign employment contracts with the President and Members of the Board.
2. The Supervisory Board shall determine the level of the basic remuneration and bonuses for the President and other Members of the Management Board as a multiplication of the average remuneration in the Company for the preceding month as well as determine other benefits for the Management Board. The bonus shall be granted after the quarter has ended. The basic remuneration, bonus and other benefits shall be granted to the Management Board in compliance with the "Management Board Rules on Remuneration and Benefits".
3. The Supervisory Board may grant permit to the President and Members of the Board to pursue competitive activities or participate in a competitive company as a shareholder or member of governing bodies.

### § 13

1. The Supervisory Board may express an opinion in all Company's matters and address the Management Board with motions and initiatives.
2. The Management Board is obligated to notify the Supervisory Board on its standpoint referring to an opinion, motion or initiative of the Supervisory Board within the time limit specified in the minutes of the Supervisory Board's meeting.

## § 14

1. The Board may appoint and recall Board Commissions and Committees and define the scope of their activities.
2. The Board may seek expert counsel at the Company's expense about the issues, which are considered essential by the Board for the proper fulfillment of its tasks.
3. The Supervisory Board appoints the Audit Committee. The composition and operating rules of the Audit Committee shall be defined in the Audit Committee Rules, passed by the Supervisory Board.
4. The Audit Committee should be composed of selected members, among whom at least one should possess the knowledge and skills in the field of accounting or auditing of financial reports.
5. The remaining members of the Audit Committee should possess the knowledge and skills within the scope of the industry in which Stalprodukt S.A is involved unless the case is that one member of the Committee possesses the knowledge and skills within the scope of the industry concerned and particular members possess the knowledge within definite areas of the industry concerned.
6. Most of the Audit Committee members, including its Chairman, should meet the conditions of independence in the meaning of art. 129 par. 3 of the Certified Auditors, Auditing Companies and Public Supervision Act as of 11 May 2017.
7. To this end, the Supervisory Board may verify the qualifications of the Audit Committee candidates, through the verification of documents confirming their knowledge and skills.
8. Among the tasks of the Audit Committee there are, in particular:
  - a) monitoring the financial reporting process,
  - b) monitoring the financial review process, in particular, the audit carried out by an auditing company, including all the motions and findings of Audit Supervision Committee,
  - c) controlling and monitoring the independence of the Certified Auditor and the auditing company, in particular, if some services other than the audit are rendered by the auditing company in favor of the Company,
  - d) informing the Supervisory Board of the audit results and explaining the way in which the audit contributed to the accuracy of the financial reporting in the Company as well as what the Audit Committee's role was in the auditing process,
  - e) assessing the independence of the Certified Auditor and giving them a consent to render permitted services other than the audit in the Company,
  - f) developing a policy for the selection of the auditing company to carry out the audit,
  - g) developing a policy for rendering services other than the audit by the auditing company, carrying out the audit, by the entities associated with the auditing company concerned and by the member of the auditing company's network,
  - h) defining the procedure for the selection of the auditing company by the Company,
  - i) presenting the Supervisory Board with a recommendation, referred to in art. 16 par. 2 of the Regulation No 537/2014, dated 16 April 2014 regarding detailed requirements concerning the statutory audits and financial reports of public interest entities, repealing the Commission's decision 2005/090/EC, in accordance with the policies referred to in subpar. f) and g),
  - j) submitting recommendations aimed at securing the accuracy of the financial reporting process in the Company.
9. In the case of expiration of the Supervisory Board's member's term, holder's of the independent member's status in the Audit Committee, who possessed the knowledge and

skills, referred to in par.14 subpar. 3-5 of the Supervisory Board Rules, the co-opted member of the Supervisory Board should possess the same qualifications as his/her predecessor.

#### **§ 15**

1. The Members of the Board are entitled to a remuneration for discharging their duties, the same to be included in the costs. The amount of this remuneration shall be determined by the General Meeting of Shareholders.

#### **§ 16**

1. The Rules shall become effective on the day of adoption by the General Meeting of Shareholders.
2. The Rules may only be amended by way of resolution of the General Meeting of Shareholders.
3. In all matters not provided for herein, the provisions of the Company's Articles and Code of Commercial Companies shall apply.