

**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**

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**

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.

**§ 5**

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

## § 6

1. The Supervisory Board meets once a quarter or more frequently at the invitation of the Chairman and in cases specified in the Company's Articles of Association or the provisions of the Commercial Companies Code.
2. Convening of meetings shall be upon the confirmation of the meeting dates.
- 3.1 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.
- 3.2 Supervisory Board resolutions should contain the following information:
  - a) consecutive number of minutes of the meeting, according to the formula X / Y / Z where X - the number of the meeting in each term from one (1), Y - the number of the term in Roman numerals and Z - the calendar year,
  - b) the date of the Supervisory Board meeting at which the resolution was adopted,
  - c) title of the resolution,
  - d) the legal basis for adopting a resolution,
  - e) the content of the resolution,
  - f) the date of entry into force of the resolution,
  - g) other elements resulting from the subject of the resolution,
  - h) indication of the procedure for adopting a resolution and voting results,
  - i) signatures of Members of the Supervisory Board participating in the voting.
- 3.3 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 of the meeting should contain in particular:
  - a) date and place of the meeting,
  - b) consecutive number of minutes of the meeting, according to the formula X / Y / Z where X - the number of the meeting in each term from one (1), Y - the number of the term in Roman numerals and Z - the calendar year,
  - c) confirmation of the validity of the Supervisory Board meeting,
  - d) names and surnames of persons participating in the meeting of the Supervisory Board,
  - e) the time of starting and ending the session,
  - f) agenda,
  - g) the content of the resolutions,
  - h) selection of the procedure for adopting a resolution,

- i) the results of individual voting and any objections,
- j) specification of dissenting sentences and recording their content,
- k) indication of the resolutions adopted at the previous meeting, if it was done in writing or using means of direct remote communication,
- l) indication of attachments to the protocol.

The minutes should be collected in the book of minutes. Later objections from members absent from the meeting of the Supervisory Board should be attached to 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.

## § 7

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

- 1. Election of the President and Members of the Management Board. Dismissal of the Members of the Management Board, except for the President of the Management Board.
- 2. Assessment of the financial report, Management Board's report on the Company's activities and Management Board's conclusions on profit distribution or covering of loss for the previous reporting year.
- 3. Reviews 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.
- 4. Reporting to the General Meeting of Shareholders on the fulfillment of duties in the fiscal year concerned.
- 5. Suspending the President and/or Members of the Management Board from duties for important reasons.
- 6. Delegating its Members to temporary performance of the activities of the Management Board Members who cannot perform their activities.
- 7. Approving of the Management Board Rules and Company's enterprise organizational rules.
- 8. Expressing consent to the acquisition by the Company of stocks or shares in another company and to transfer the same.
- 9. Expressing consent to the Company's making in-kind contribution to another company.
- 10. Expressing the consent to the conclusion by the Company of a long-term agreement obligating the Company to a payment exceeding the value of 10% of the equity.
- 11. Expressing the consent to the disposal of the Company's fixed assets, whose value exceeds 1% of the equity and donation exceeding the amount of PLN 50,000.
- 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. Adopting "The rules of benefits and remuneration of the Management Board", in accordance with the "Remuneration Policy for Members of the Management Board and Supervisory Board" approved by the General Meeting, containing detailed remuneration principles and criteria.
- 15. Submitting to the General Meeting an annual report on the remuneration of members of the Management Board and the Supervisory Board starting from the year after the adoption of the "Remuneration policy for members of the Management Board and the Supervisory Board.

16. Appointment of the Audit Committee (if such an obligation results from the generally applicable provisions of law). In such a case, the Supervisory Board adopts the regulations of the Audit Committee, in which it specifies the detailed principles of its functioning.
17. Expressing consent to the acquisition and transfer of real estate, perpetual usufruct or share in the real estate.
18. Developing a procedure for periodical assessment of significant transactions with related entities within the meaning of the Act of 16 October 2019 amending the Act on public offerings and conditions governing the introduction of financial instruments to organized trading, and on public companies and certain other acts (Journal of Laws of 2019, item 2217).
19. Assessing and approving the conclusion of significant transactions with related entities referred to in paragraph 18 above.
20. Submission of periodic reports on the assessment of significant transactions of the Company, referred to in para. 18 above.

## **§ 8**

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

## **§ 9**

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.

## **§ 10**

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.
3. The Supervisory Board may review any area of Company's activities, request reports and explanations from the Management Board or Company's employees, review the property status and check books and documents.

## **§ 11**

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.11 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.

## **§ 12**

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.

## **§ 13**

1. The Company provides administrative and technical support for the meetings of the Supervisory Board and the storage of related documentation.
2. Documentation of the Supervisory Board is confidential. Making the documents of the Supervisory Board available to third parties requires the consent of the Supervisory Board.
3. The costs of the Supervisory Board's operations are covered by the Company.

## **§ 14**

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