

**Resolution no. 18**  
of the Annual General Meeting  
of the Company under the business name of:  
TOYA spółka akcyjna with its registered office in Wrocław  
of 31.08.2020

**regarding adoption of the Remuneration Policy for the Members of the Management Board  
and Supervisory Board of "TOYA" S.A.**

§ 1

*Pursuant to Art. 90d section 1 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies (Journal of Laws of 2019, item 623, as amended), the Annual General Meeting of the company under the business name of TOYA S.A. decides to adopt the Remuneration Policy for the members of the Management Board and the Supervisory Board of TOYA S.A. in the following wording:*

**"REMUNERATION POLICY FOR THE MEMBERS OF THE MANAGEMENT BOARD  
AND SUPERVISORY BOARD OF "TOYA" S.A.**

**§ 1 Definitions**

*The following definitions are used in this document:*

**Member of the Supervisory Board of the Company** – member of the Supervisory Board of the company under the business name "TOYA" S.A. with its registered office in Wrocław

**Member of the Management Board of the Company** – Member of the Management Board of TOYA S.A. with its registered office in Wrocław;

**Civil Code** – the Act of 23 April 1964 Civil Code (Journal of Laws of 2019, item 1145 as amended);

**Labour Code** – Act of 16 June 1974 Labour Code (Journal of Laws of 2019, item 1040 as amended);

**Code of Commercial Companies and Partnerships** – Act of 15 September 2000 – Code of Commercial Companies and Partnerships (Journal of Laws of 2019, item 505 as amended);

**Remuneration Policy** – this document setting out the principles, bases and procedures for the determination, calculation and payment of remuneration to members of the management and supervisory boards of the company under the business name of "TOYA" S.A. with its registered office in Wrocław;

**PPK** – Employee Capital Plans referred to in the Act of 4 October 2018 on Employee Capital Plans (Journal of Laws of 2018, item 2215 as amended);

**Supervisory Board** – the Supervisory Board of the company under the business name "TOYA" S.A. with its registered office in Wrocław;

**Company** – the company under the business name "TOYA" S.A. with its registered office in Wrocław;

**Act on Public Offering** – Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies (Journal of Laws of 2019, item 623, as amended)

**Articles of Association** – articles of association of the company under the business name "TOYA" S.A. with its registered office in Wrocław;

**General Meeting** – general meeting of shareholders of the company under the name of "TOYA" S.A. with its registered office in Wrocław;

**Management Board** – Management Board of the company under the business name of "TOYA" S.A. with its registered office in Wrocław.

## § 2

**Introductory remarks. Remuneration Policy objectives and indication of how the Remuneration Policy contributes to the implementation of these objectives and a description of significant changes with regard to the previous Remuneration Policy**

1. The objectives of the Remuneration Policy consist of:

- a) implementation of the Company's business strategy,
- b) implementation of the Company's long-term interests, including implementation of investors' interests – supporting long-term increase in shareholder value and influencing the increase of the Company's liability towards shareholders and building their trust, and
- c) ensuring the stability of the Company.

2. The Remuneration Policy contributes to the implementation of the aforementioned objectives through:

- a) ensuring sustainable and competitive remuneration focused on continuous performance which motivate the members of the Management Board and Supervisory Board to perform their duties in accordance with the best standards,
- b) adopting clear, comprehensive and differentiated financial and non-financial result criteria for granting the variable remuneration,
- c) ensuring the verification of fulfilment of the individual criteria for the payment of variable remuneration in a specified amount,
- d) setting proportions between fixed and variable remuneration,
- e) disclosing accurate, transparent and timely information by the Company (transparency of remuneration).

3. The implementation of the aforementioned objectives is also supported by the solution adopted in the Remuneration Policy with regard to granting the Supervisory Board the authority to determine the detailed rules for defining fixed and variable remuneration components for the Member of the Management Board of the Company which allows for taking into account the dynamic changes occurring in the Company's social and economic environment when determining remuneration.

4. Moreover, the solutions adopted in the Remuneration Policy, inter alia, in the scope of organisation of decision-making processes regarding the Remuneration Policy support effective risk management and limit the occurrence of conflicts of interest.

5. The Remuneration Policy does not include any commercially sensitive information which could have detrimental effect on the Company's strategic position.

*The members of the Management Board of the Company are liable for the information included in the Remuneration Policy.*

6. *The Remuneration Policy is immediately published and made available free of charge on the Company's website together with the resolution on its approval, the date of its adoption and the results of voting on it. The aforementioned documents shall remain available on the Company's website at least as long as they are applicable.*
7. *The Remuneration Policy focuses on the remunerations of the members of the Management Board and Supervisory Board of the Company for the following financial years.*

### **§ 3**

***Description of fixed and variable remuneration components as well as bonuses and other cash and non-cash benefits which can be granted to the Member of the Management Board and to the Member of the Supervisory Board of the Company with indication of mutual proportions of these remuneration components***

1. *The legal basis for providing remuneration to the Member of the Management Board of the Company is the legal relationship between the Company and the Member of the Management Board of the Company. The Company provides for entrusting the management of the Company based on three legal relationships:  
a) *employment relationship implemented under an employment agreement concluded for an indefinite period of time, and/or*  
b) *managerial contract, and/or*  
c) *appointment to perform the function of the Member of the Management Board of the Company for the time of acting in the capacity of the Member of the Management Board**
2. *The Company prefers to entrust the management of the Company on the basis of appointment, however, the determination of the legal basis for the relationship between a given Member of the Management Board and the Company and the final amount of its remuneration shall be performed as part of the negotiations with the candidate for a Member of the Management Board of the Company.*
3. *The terms and conditions of agreements under which the Member of the Management Board performs its functions are determined by the Supervisory Board.*
4. *The remuneration of the Member of the Management Board of the Company includes fixed and variable remuneration components.*
5. *The fixed components of the remuneration of the Member of the Management Board of the Company include monthly remuneration determined pursuant to a resolution of the Supervisory Board on appointment to perform a function of the Member of the Management Board of the Company for the time of performing the function of the Member of the Management Board of the Company and/or the agreement under which the Member of the Management Board of the Company performs its functions, work or services for the benefit of the Company. The Member of the Management Board of the Company can obtain variable remuneration components in the form of cash awards. They are paid out pursuant to a resolution of the Supervisory Board upon preparation of the annual financial statements confirmed by an auditor's opinion. The Supervisory Board adopts the resolution taking into consideration inter alia:  
a) *dynamics of changes in the Company's net profit in relation to previous years;*  
b) *macroeconomic environment in which the Company operated;**

- c) *evaluation of the Compliance systems, Information system regarding the application of the principles of corporate governance determined in the Warsaw Stock Exchange Rules and regulations concerning current and periodical information submitted by issuers of securities as well as Internal control systems applicable in the Company.*
6. *The variable components of the remuneration of the Member of the Management Board of the Company depend on the actual long-term financial situation of the Company and the long-term increase in value for shareholder and stability of functioning of the Company and cannot exceed 250% of the annual fixed remuneration for a given financial year. The amount of variable remuneration is determined taking into account the increased scope of liability and risk associated with performing the function in the Company and the effects for the Company and the Member of the Management Board of the Company which can result from materialisation of that risk.*
  7. *In particular, the variable remuneration of the Member of the Management Board of the Company depends on fulfilling differentiated performance criteria, i.e. implementation of management objectives set by the Supervisory Board based on an example of an open catalogue of one or more financial and non-financial ratios, included below:*
    - I. financial ratios:*
      - a) *net profit/loss or EBITDA,*
      - b) *value of sales revenue,*
      - c) *amount of administrative costs,*
      - d) *amount of sales costs,*
    - e) profitability ratios, liquidity ratios, management efficiency ratios, II. non-financial ratios:*
      - a) *implementation of specific investments, projects, strategies included in the financial plan,*
      - b) *change in the Company's market position, calculated as market share or according to other criteria or relations with counterparties designated as key according to specified criteria,*
      - c) *level of involvement of the Company in corporate social responsibility, taking into account social interests, contribution to the protection of the environment and taking actions the aim of which is to prevent and remedy the negative social consequences of the Company's actions.*
  8. *In addition, the Member of the Management Board of the Company can obtain fixed and variable components of remuneration under employment or service agreements concluded with one or more companies from the Company's capital group.*

9. *The Supervisory Board shall be entitled to determine detailed rules with respect to the determination of fixed and variable components of remuneration for a member of the Management Board of the Company as well as non-cash benefits that can be granted to the Member of the Management Board of the Company.*
10. *The Supervisory Board can determine and detail the criteria in the scope of financial and non-financial ratios regarding the granting of variable remuneration components, including criteria relating to the consideration of social interests, the Company's contribution to environmental protection and undertaking the measures aimed at preventing and eliminating the negative social effects of the Company's actions.*
11. *The Supervisory Board, due to having supervisory powers in the Company, shall be entitled to verify whether the individual criteria determining the payment of a variable remuneration in a specified amount to the Member of the Management Board of the Company are met under the Company's financial and non-financial documents and explanations of the Management Board submitted at the request of the Supervisory Board.*
12. *The Supervisory Board is authorised to determine payment deferral periods and the possibility for the Company to demand repayment of variable remuneration components and, if the Company grants remuneration to the Member of the Management Board of the Company in the form of financial instruments – the periods in which the entitlement to obtain remuneration in that form is acquired and the rules for disposing of those financial instruments, while specifying how granting remuneration in the form of financial instruments contributes to the implementation of the objectives of the Remuneration Policy.*
13. *The criteria on the basis of which the amount of variable components of remuneration of the Member of the Management Board of the Company is determined contribute to the implementation of the objectives of the Remuneration Policy, i.e. implementation of the Company's business strategy, implementation of the Company's long-term interests, including the implementation of interests of investors – supporting long-term growth of shareholder value and influencing the increase of the Company's liability towards its shareholders and building their trust, and ensuring the Company's stability by:*
  - a) *fulfilling market standards,*
  - b) *ensuring that the remuneration of the Member of the Management Board of the Company is adequate to the Company's financial results,*
  - c) *ensuring the adequacy of the remuneration amount of the Member of the Management Board taking into account the increased liability and risks associated with performing function in the Company and the consequences for the Member of the Management Board of the Company and the Company itself that can arise from the materialisation of such risk,*
  - d) *fostering the increase of involvement of the Member of the Management Board of the Company in the Company's functions,*
  - e) *motivating the Member of the Management Board of the Company to fulfil the criteria determined in the Remuneration Policy and, as a result, the objectives of the Remuneration Policy,*

- f) *enabling to recruit candidates to act in the capacity of the Member of the Management Board of the Company with high quality management competences and skills,*
  - g) *ensuring that the Member of the Management Board of the Company is permanently bound to the Company,*
  - h) *shaping attitudes that exclude excessive risk-taking by the Member of the Management Board of the Company in the scope of the performed functions,*
  - i) *preventing the occurrence of conflicts of interest between the Member of the Management Board of the Company and the Company's shareholders.*
14. *The Member of the Management Board of the Company can also obtain non-cash benefits from the Company, including:*
- a) *the right to use certain assets of the Company;*
  - b) *the right to supplementary insurance;*
  - c) *the right to benefit from additional company benefits (benefits) for those employed by the Company and those cooperating with the Company on an ongoing basis;*
  - d) *the right to participate on general terms in the Company's pension plans (including PPK).*

*The value of non-cash benefits from the Company to members of the Management Board of the Company cannot exceed 25% of the annual fixed remuneration for the relevant financial year.*

15. *The legal basis for providing remuneration to the Member of the Supervisory Board of the Company for performing a function in a supervisory body are resolutions of the General Meeting. The rules for providing remuneration to the Member of the Supervisory Board of the Company can be specified in the resolution appointing to act in the capacity of the Member of the Supervisory Board of the Company or in a separate resolution.*
16. *The remuneration of the Member of the Supervisory Board of the Company includes a fixed monthly remuneration. The remuneration is adequate to the scope of tasks entrusted to individual persons and involves the performance of additional functions, such as work in committees of the Supervisory Board. The amount of remuneration of the Member of the Supervisory Board is determined taking into account the increased scope of liability and risk related to performing the function in the Company and the effects for the Company and the Member of the Supervisory Board of the Company which can arise from the materialisation of this risk.*
17. *The Member of the Supervisory Board of the Company can also receive non-cash benefits from the Company. The Company's practice is to grant the following cash benefits to the Member of the Supervisory Board of the Company:*
- a) *the right to use certain assets of the Company;*
  - b) *the right to supplementary insurance;*
  - c) *the right to benefit from additional company benefits (benefits) for those employed by the Company and cooperating with the Company on an ongoing basis;*

- a) *the right to participate on general terms in the Company's pension schemes (including PPK).*

*The value of non-cash benefits from the Company to the Members of the Supervisory Board of the Company cannot exceed 25% of the annual fixed remuneration for the relevant financial year.*

18. *The General Meeting shall decide on granting the atypical non-cash benefits, i.e. beyond the general practice of the Company referred to above, to the Member of the Supervisory Board of the Company.*
19. *The remuneration of the Member of the Supervisory Board of the Company is not subject to options and other derivatives or any other variable components and is not dependent on the Company's performance.*
20. *There is no employee share plan in the Company. The Company does not grant remuneration in the form of financial instruments to the Member of the Management Board of the Company or to the Member of the Supervisory Board of the Company. The Company does not exclude the amendment of its Remuneration Policy in this respect in the future.*

#### **§ 4**

***Explanation of how the employment and remuneration conditions of the Company's employees other than the members of the Management Board and Supervisory Board have been taken into account in establishing the Remuneration Policy***

1. *Under the Labour Code, the employees of the Company are entitled to fair remuneration for their work.*
2. *All employees of the Company obtain remuneration for their work corresponding to the type of work performed and the qualifications required for its performance.*
3. *The terms and conditions of granting remuneration to the Company's employees are determined taking into account the quantity, quality of the work performed and the liability incurred.*
4. *The Remuneration Policy involves the employment and remuneration conditions for the Company's employees by ensuring that the employment and remuneration conditions for the Member of the Management Board of the Company and the Member of the Supervisory Board of the Company are determined taking into account the increased liability and risks associated with their functions in the Company and the consequences for the Member of the Management Board of the Company or the Member of the Supervisory Board of the Company as well as the Company itself that can arise from the materialisation of these risks.*
5. *Pursuant to the provisions of the Labour Code, any discrimination in the scope of employment is unacceptable in the Company. The employees of the Company are treated equally with regard to the establishment and termination of the employment relationship, terms and conditions of employment, promotion and access to training to improve their professional qualifications.*
6. *The prohibition of discrimination referred to above is transposed in the Work Regulations of "TOYA" S.A. According to these Regulations, the employees of the Company are entitled to equal remuneration for equal work or work of equal value.*

7. *The Company provides its employees with safe and hygienic working conditions and conducts systematic training of employees in the scope of occupational health and safety. The Company provides all employees with working conditions that involve the nature of the work and the environment in which it is carried out.*
8. *In establishing the Remuneration Policy, the aforementioned data and the Company's current financial situation were taken into account.*

## **§ 5**

***Indication of the period for which employment agreements, contracts of mandate, contracts for a specified task or other agreements of a similar nature were concluded with the Member of the Management Board of the Company and the Member of the Supervisory Board of the Company and indication of the periods and terms and conditions for termination of these agreements and if no agreement was concluded with the Member of the Management Board or Supervisory Board of the Company – indication of the type and period for which the legal relationship binding the Member of the Management Board or Supervisory Board with the Company was established and the period and terms and conditions for termination of this legal relationship***

1. *The member of the Management Board of the Company is appointed and dismissed by the Supervisory Board. The term of office of the Management Board pursuant to § 12 section 3 of the Articles of Association of the Company is 3 years. The mandate of the Member of the Management Board expires, at the latest, on the day of the General Meeting approving the financial statement for the last full financial year of performing the function.*
2. *The agreements with the Member of the Management Board of the Company shall be concluded on behalf of the Company by the representative of the Supervisory Board delegated by the Supervisory Board. The same procedure shall apply to other legal actions connected with the legal relationship between the Member of the Management Board and the Company. The Member of the Management Board of the Company can resign from its function at any time. The Member of the Management Board of the Company can be dismissed from its function under the provisions of the Code of Commercial Companies and Partnerships and the corporate documents of the Company. Depending on whether the agreement under which the Member of the Management Board of the Company performs its function, provides work or services for the benefit of Company is the employment agreement or a managerial contract, the question of its termination is regulated by the provisions of the Labour Code or the Civil Code.*
3. *The member of the Supervisory Board of the Company is appointed and dismissed by the General Meeting. The term of office of the Supervisory Board shall be 3 years. The mandate of the Member of the Supervisory Board expires, at the latest, on the day of the General Meeting approving the financial statement for the last full financial year of performing the function. The Member of the Supervisory Board of the Company can be removed from office under the provisions of the Code of Commercial Companies and Partnerships and the corporate documents of the Company.*



## **§ 6**

### ***Description of main features of supplementary pension and early retirement schemes***

*In accordance with the Company's remuneration systems and regulations, all employees of the Company are entitled to obtain death and retirement benefits. Death benefits are paid once to the employee's family in the event of its death. Retirement benefits are paid once upon retirement. The amount of retirement and death benefits depends on the employee's length of service and average remuneration. The Member of the Management Board of the Company and the Member of the Supervisory Board of the Company is entitled to participate in the PPK plans under the general rules applicable in the Company.*

## **§ 7**

### ***Description of the decision-making process performed to establish, implement and review the Remuneration Policy***

- 1. The Remuneration Policy, as an internal legal act of the Company, was developed with the participation of the legal-compliance department, human resources department, Management Board and Supervisory Board.*
- 2. After expressing an opinion on the draft Remuneration Policy by the Management Board and the Supervisory Board, the Company puts the Remuneration Policy to a vote at the General Meeting.*
- 3. The Remuneration Policy is approved by resolution of the General Meeting. The vote of the General Meeting is binding.*
- 4. The Company shall put the Remuneration Policy to a vote at the General Meeting in the event of any material change and always at least every four years.*
- 5. The Company pays remuneration to the Members of the Management Board and Supervisory Board only under the Remuneration Policy.*

## **§ 8**

### ***Description of the measures taken to avoid or manage conflicts of interest associated with the Remuneration Policy***

- 1. The Remuneration Policy, as an internal legal act of the Company, was developed with the participation of the legal-compliance department, human resources department, Management Board and Supervisory Board.*
- 2. The process of making all decisions regarding the Remuneration Policy is characterised by dispersion and transparency and has therefore been designed to avoid conflicts of interest and to ensure the independence of those involved in it.*
- 3. The entity to which the Remuneration Policy applies should review on an ongoing basis the possibility of occurrence of conflicts of interest in its case related to this Policy,*

*in particular taking into account the provisions of other internal acts of the Company.*

4. *The entities to which the Remuneration Policy applies should avoid actions that could lead to conflicts of interest associated with the Remuneration Policy.*
5. *The Company has implemented the Anti-Corruption Code for "TOYA" S.A. which applies to all employees who work for the benefit of the Company in an employment relationship regardless of their position or function, co-workers providing services under civil law agreements and members of the Company's corporate bodies, determining, inter alia, the basic principles for avoiding conflicts of interest within the Company.*
6. *The Company implemented the Whistleblowing and Investigation Procedure in TOYA S.A. enabling to report irregularities that form conflicts of interest and, consequently, the prevention, identification and management of those irregularities*
7. *The Supervisory Board supervises the implementation of the Remuneration Policy. When preparing the annual remuneration report, the Supervisory Board also reviews the Remuneration Policy for potential conflicts of interest.*

#### **§ 9 Final provisions**

1. *If this is necessary for the implementation of the Company's long-term interests and financial stability or to ensure the Company's profitability, the Supervisory Board can, at the request of the Management Board including a substantiation, decide by way of resolution to temporarily refrain from the application of all or part of the Remuneration Policy. The resolution of the Supervisory Board is communicated to the Company's shareholders at the next General Meeting.*
2. *The Supervisory Board prepares the annual remuneration report providing a comprehensive overview of the remuneration, including all benefits in whatever form, obtained or payable to a member of the Member of the Management Board of the Company and to the Member of the Supervisory Board of the Company in the last financial year under the Remuneration Policy. The members of the Supervisory Board are liable for the information included in the remuneration report.*
3. *The aforementioned report as well as matters not regulated in this Remuneration Policy shall be governed by the provisions of the Act on Public Offering.*

#### **§ 2**

*The resolution shall enter into force upon its adoption.*

After the voting, the Chairman declared that **the resolution was adopted**. The Chairman declared that:

- the number of shares under which valid votes were cast is 69 757 813,
- the percentage of shares under which valid votes were cast in the share capital is 92.96%

Total number of valid votes is 69 757 813, including 69 757 813 votes "in favour",  
0 votes "against" and 0 "abstained" votes.