

## **REMUNERATION POLICY FOR THE MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD OF SELVITA S.A.**

*This Remuneration Policy of the Members of the Management Board and the Supervisory Board of Selvita S.A. was adopted on the basis of and in implementing Article 90d, clause 1 of the Act on Public Offering. The aim of the Remuneration Policy is to set out the rules of remuneration of the members of the Management Board and the Supervisory Board of Selvita S.A. and the rules of awarding other, additional benefits to them, while ensuring that the said benefits constitute a factor contributing to the effective implementation of the Company's business strategy, its medium- and long-term objectives and business plans, while ensuring the Company's security and stability.*

### **§1 GENERAL PROVISIONS**

1. The Remuneration Policy for the members of the Management Board and the Supervisory Board of the Company lay down the grounds, rules and procedures for the determination, calculation and payment of remuneration to the members of the Company's Bodies, i.e. the members of the Management Board and the Supervisory Board.
2. The aim of this Remuneration Policy is to:
  - a) determine the rules of remuneration of the members of the Management Board and the Supervisory Board in such a manner that they contribute to the pursuit of the business strategy, medium- and long-term interests, and the achievement of the Company's business objectives, as well as ensuring the stability and security of its operations;
  - b) create a remuneration system based on transparent principles and criteria for establishing it, taking into account, among other things, the Company's results of operations, which will ensure competitive terms of remuneration of the Members of the Management Board and the Supervisory Board;
  - c) ensure the shareholders' influence on the Remuneration Policy;
  - d) determine the procedure for introducing, performing, reviewing and amending the Remuneration Policy;
  - e) introduce rules for preventing conflicts of interests.

### **§2 DEFINITIONS**

<b>Management Objectives</b>	strategic objectives established by the Supervisory Board to be achieved by the Management Board, taking into account primarily the Company's business strategy and its long-term business plans and objectives;
<b>Capital Group</b>	Selvita S.A. and its Affiliates
<b>Labour Code</b>	Act of 26 June 1974 – Labour Code (consolidated text, Journal of Laws of 2019, item 1040);

<b>Commercial Companies Code</b>	Act of 15 September 2000 – Commercial Companies Code (consolidated text, Journal of Laws of 2019, item 505) (KSH);
<b>Bodies</b>	Management Board and Supervisory Board of Selvita S.A.;
<b>Remuneration Policy</b>	this "Remuneration Policy of the Members of the Management Board and the Supervisory Board of Selvita S.A.";
<b>Supervisory Board Company</b>	Supervisory Board of Selvita S.A.; Selvita S.A., with its registered office in Kraków, entered in the Register of Businesses of the National Court Register, with the reference number KRS 0000779822;
<b>Affiliated company</b>	subject described in art. 4 point 15 of KSH;
<b>Additional Benefits</b>	all and any benefits other than the Fixed Remuneration and the Variable Remuneration – including both cash and non-cash benefits – to which the members of the Bodies are entitled in connection with the functions they perform;
<b>Act on Public Offering</b>	Act of 29 July 2005 on public offerings and conditions governing the introduction of financial instruments to organized trading and on public companies (consolidated text, Journal of Laws of 2019, item 623);
<b>Fixed Remuneration</b>	cash benefit to which a given member of the Body is entitled periodically, paid to him for performing a function at the Company;
<b>Variable Remuneration</b>	cash benefit to which a Management Board member is entitled and paid in connection with his achievement of the adopted Management Objectives;
<b>GM</b>	General Meeting of Selvita S.A.;
<b>Management Board</b>	Management Board of Selvita S.A.

### §3 GENERAL RULES

1. The level of remuneration of the members of the Management Board and the Supervisory Board should enable the Company to attract and properly motivate people with the highest competencies allowing the Company to be managed in a manner contributing to the achievement of its economic and financial objectives, as well as its proper supervision.
2. The level of remuneration should correspond to the range of tasks and responsibilities of each person, as well as their competencies and experience.
3. The level of remuneration of the Members of the Management Board and the Supervisory Board should ensure the competitiveness of the remuneration in relation to the level of remuneration offered in equal positions in the biotechnological sector, in companies with a similar operating profile, including taking into account the international nature of the Company's operations.
4. Remuneration shall be determined and paid in accordance with this Remuneration Policy.
5. In case when given member of the Management Board or the Supervisory Board performs function in the Affiliated company, this member is entitled to receive remuneration and any benefits from it separately from those received in connection with the performance of the function in the Company.

#### **§4 REMUNERATION STRUCTURE**

1. The remuneration of the Members of the Management Board shall consist of:
  - a) Fixed Remuneration, constituting monthly remuneration in cash, paid for performing functions on the Management Board;
  - b) Variable Remuneration, constituting supplementary remuneration paid quarterly or less often, constituting additional remuneration dependent on the Company's results, the achievement of the Management Objectives or obtaining exceptional results of the actions taken and reflecting the exceptionally favourable situation in which the Company found itself thanks to the actions taken by the Management Board of the Company.
2. Irrespective of the Fixed Remuneration and the Variable Remuneration the Members of the Management Board may receive an Additional Benefit consisting of other additional benefits, including non-cash benefits.
3. The Members of the Supervisory Board shall only be entitled to fixed monthly remuneration.
4. The remuneration payable to the members of the Company's Bodies in connection with the functions they perform shall be determined by:
  - a) for Members of the Management Board – the Supervisory Board;
  - b) for Members of the Supervisory Board – the Company's GM.

#### **§5 LEGAL RELATIONSHIP BETWEEN MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD AND THE COMPANY**

1. Members of the Management Board shall collect remuneration on the basis of a corporate relationship arising from their appointment or an agreement concluded for the term of office of a Member of the Management Board (including an employment relationship as defined in the Labour Code or a civil law relationship, based on a management contract, contract of mandate, specific task contract or some other civil law agreement). In the case of concluding an agreement with a Member of the Management Board, the notice period shall be three months.
2. Members of the Supervisory Board shall collect remuneration on the basis of a corporate relationship (an appointment) for a term of office at the Company.
3. Members of the Management Board and the Supervisory Board of the Company shall be appointed and dismissed in accordance with the rules and for the period indicated in the Company's Articles of Association.

#### **§6 RULES FOR AWARDING FIXED REMUNERATION TO MEMBERS OF THE MANAGEMENT BOARD**

1. The remuneration of the Members of the Management Board shall be determined by the Supervisory Board by way of a resolution.
2. The change in remuneration of the Members of the Management Board shall require a resolution of the Supervisory Board.
3. If the remuneration of a given Member of the Management Board is paid on the basis of an agreement, an authorization to conclude an agreement (an annex to the agreement)

with a given Member of the Management Board on the Company's behalf shall be given in the Supervisory Board's resolution.

4. In deciding about Fixed Remuneration, the Supervisory Board shall take into account, in particular:
  - a) qualifications and professional experience, in connections to Company's needs;
  - b) the range and nature of the tasks performed, as well as the area for which a given Member of the Management Board is responsible;
  - c) the level of market remuneration of people performing management functions in companies with a similar operating profile or size, including in international markets;
  - d) the level of responsibility of a given Member of the Management Board, taking into account the Company's listing on the WSE regulated market and the need to ensure a competitive remuneration level.
  - e) Company's strategy and plans, in particular in a given area for which a given member of the Management Board is responsible.
5. In determining Fixed Remuneration, the Supervisory Board shall also be guided by ensuring the possibility to acquire and retain key competencies at the Company.
6. Fixed Remuneration shall not be dependent on the Company's results.

#### **§7 RULES FOR AWARDING VARIABLE REMUNERATION TO THE MEMBERS OF THE MANAGEMENT BOARD**

1. In shaping the amount of the Variable Remuneration of the Members of the Management Board, the Supervisory Board shall take into account the Management Objectives, including, in particular:
  - a) the achievement of the short-, medium- and long-term tasks respectively, arising from the Company's business strategy and relating to the pursuit of its interests;
  - b) the accomplishment of quantitative or qualitative tasks in a given area for which a given Member of the Management Board is responsible.
2. The Management Objectives shall be specified by the Supervisory Board each year, whereas Variable Remuneration shall be paid quarterly or less often. In the case of Management Objectives set to be achieved within less than a year, the Supervisory Board may decide that Variable Remuneration be paid as at the end of a given accounting period.
3. The selection of Management Objectives and the criteria for assessing the achievement thereof should take into account the pursuit of the Company's strategy and its medium- and long-term business plans.
4. The Management Objectives set by the Supervisory Board should take into account the Company's current operating and strategic objectives for a given period, along with the criteria (measures) for assessing the achievement thereof, including, in particular, financial criteria such as meeting the planned sales budget, achieving a planned level of revenue/net profit/EBIDTA. The Management Objectives should also take into account non-financial criteria.
5. The introduction of an incentive system which makes the amount of Variable Remuneration dependent on the Company's results of operations shall be aimed at maintaining the utmost commitment of the members of the Management Board to pursuing the Company's business objectives.

6. The Company's Supervisory Board may assign appropriate weights to the individual Management Objectives which determine the amount of Variable Remuneration of the Members of the Management Board, and to establish a proportion between Fixed Remuneration and Variable Remuneration and Additional Benefits, to ensure a proper balance from the perspective of the total remuneration received by a Member of the Management Board in order to ensure the sustainable development of the Company and to achieve an increase in its value.
7. The Supervisory Board may grant additional Variable Remuneration awarded on discretionary basis and post factum, not resulting from the Management Objectives, particularly in the case of:
  - a) obtaining exceptional results of actions taken by a member of the Management Board, exceeding the expectations set out in the Management Objectives specified by the Supervisory Board or related to achievements not provided for in the Management Objectives,
  - b) when the situation of the Company will significantly improve as a result of actions taken by the Management Board in a given accounting period in the past, which significantly exceed the expectations set out in the Management Objectives or are not specified in them.
8. In order to properly motivate the Members of the Management Board in a manner contributing to the achievement of the Management Objectives, the proportion of the Variable Remuneration of the Members of the Management Board to the Fixed Remuneration for a given financial year will be determined annually by the Supervisory Board along with the determination of the Management Objectives for a given financial year.

#### **§8 RULES FOR AWARDING ADDITIONAL BENEFITS TO THE MEMBERS OF THE MANAGEMENT BOARD**

1. The Members of the Management Board may receive Additional Benefits.
2. In deciding about the award of Additional Benefits, in particular the impact of a given benefit on the possibility and effectiveness of the performance of a function by a Member of the Management Board, including by providing factors other than remuneration in cash, mobilizing and motivating to perform the function entrusted, shall be taken into account.
3. Additional Benefits may include, in particular:
  - ❖ Group I – benefits related to the reimbursement of expenses or additional costs incurred by the Company, including:
    - a) the possibility to use a company car, computer, mobile phone;
    - b) coverage of travel expenses;
    - c) the provision of health services (including private healthcare), sports, artistic or educational services;
    - d) payment cards to cover business expenses;
    - e) provision of a company apartment awarded if the place of work is significantly distant from the place of residence.
  - ❖ Group II – benefits that are additional benefits, including:
    - a) sport cards,
    - b) medical insurance,
    - c) possibility to use company car for private purposes.
  - ❖ Group III – benefits resulting from separate acts, including:

- a) possibility to be covered by Employee Capital Plan in accordance with the same rules as the Company's other employees, as well as by other general saving plans or similar or related to other employees' benefits resulting from separate acts.
4. The values of Additional Benefits for Members of the Management Board for a given financial year in the scope of Group I and Group III is not subject to limitation due to the fact that their values result from separate acts or are related to the reimbursement of costs, and in the scope of Group II they should not exceed 20% of Fixed Remuneration of given member of the Management Board for given financial year.

### **§9 RULES OF REMUNERATION OF THE MEMBERS OF THE COMPANY'S SUPERVISORY BOARD**

1. The remuneration of the Members of the Supervisory Board shall be determined by the Company's GM by way of resolution.
2. The remuneration of the Members of the Supervisory Board may differ depending on, including in particular the function performed for example due to the performance of the function of the Chairman or Deputy Chairman of the Supervisory Board, being a member of Supervisory Board's Committees.
3. The Members of the Supervisory Board shall receive monthly Fixed Remuneration which shall be paid irrespective of the number of meetings which took place in a given calendar year.
4. In the case of holding office for less than a month, remuneration shall be paid in proportion to the number of days of performing a function.
5. Members of the Supervisory Board shall also be entitled to reimbursement of travel expenses, board and lodging related to participating in meetings of the Supervisory Board.

### **§10 WORKING AND PAY CONDITIONS OF THE COMPANY'S EMPLOYEES**

The rules for taking into account the working and pay conditions of the Company's employees other than Members of the Management Board shall be implemented by determining remuneration conditions which specify the structure and levels of remuneration of the Company's employees that is consistent with market conditions and taking into account the remuneration of employees holding similar positions in entities operating in the biotechnological industry, taking into account the international nature of the Company's operations, and remuneration components the award and amounts of which are dependent on the Company's results and the degree of achievement of the individual objectives of each employee.

### **§11 REMUNERATION REPORT**

1. Once a year the Supervisory Board shall assess remuneration and prepare an annual Remuneration Report which is then presented to and evaluated by the Company's GM.
2. The Remuneration Report should include a review of remuneration, including all benefits, irrespective of their form, received or receivable in accordance with this Remuneration Policy by each Member of the Management Board and the Supervisory Board in the last financial year.

3. The Remuneration Report shall be assessed by the registered auditor appointed by the Company to audit the annual financial statements.
4. The Company shall publish the Remuneration Report immediately on its website.
5. The Supervisory Board shall prepare a Remuneration Report for the first time for 2019 and 2020 jointly.

### **§12 AUTHORIZATION FOR THE SUPERVISORY BOARD**

The Company's GM shall authorize the Supervisory Board to specify (if needed) the rules for determining Fixed Remuneration, Variable Remuneration and Additional Benefits for the Members of the Management Board in detail, in particular taking into account the financial and non-financial results concerning the award of Variable Remuneration to the Members of the Management Board, including the Management Objectives and the measures thereof.

### **§13 ADOPTION AND REVIEW OF THE REMUNERATION POLICY**

1. A draft Remuneration Policy shall be prepared by the Management Board and submitted for evaluation and comments or modifications (if any) to the Supervisory Board, including its Remuneration Committee.
2. After consultations within the Remuneration Committee and after introducing modifications (if any), the Supervisory Board shall submit the draft Remuneration Policy for adoption by the Company's GM.
3. The Company's GM shall adopt the Remuneration Policy and review it at least once every four years.

### **§14 WITHDRAWAL FROM THE APPLICATION OF THE REMUNERATION POLICY**

1. The Supervisory Board shall be entitled to withdraw from the application of the Remuneration Policy temporarily only when this is necessary to pursue the Company's long-term interests and financial stability or to guarantee its profitability.
2. In particular, temporary withdrawal from the application of the Remuneration Policy may result from the need to:
  - a) prevent or counteract adverse market developments the effects of which may have a negative impact on the Company's operations;
  - b) respond flexibly to the current labour market conditions which might cause an outflow of people from the Company, or the Company's inability to attract people, whose presence in the Bodies is of key importance to the pursuit of the Company's long-term interests, ensuring its operating and financial stability, as well as guaranteeing its profitability.
3. When deciding to temporarily withdraw from the application of the Remuneration Policy, the Supervisory Board shall be guided by the principles of purpose and proportionality.
4. If the indications because of which the Supervisory Board has decided to temporarily withdraw from the application of the Remuneration Policy are permanent, the Supervisory Board shall take measures to update this Remuneration Policy, in accordance with the provisions of § 14.

## **§15 PREVENTION OF CONFLICTS OF INTERESTS**

1. The segregation of competencies for establishing the rules of awarding benefits to the members of the Bodies in connection with their functions, provided for in §4, clause 4 of this Remuneration Policy and Articles 378 and 392 of the KSH, shall be used to counteract the possibility of a conflict of interests arising in determining and implementing the Remuneration Policy.
2. Monitoring the implementation of the remuneration system for Members of the Management Board by the Supervisory Board based on this Remuneration Policy and the Articles of Association shall also be used to counteract a conflict of interests.
3. Should any Member of the Bodies identify a real possibility of a conflict of interests which relates to him, to the extent covered by the Remuneration Policy, such Member shall be required to notify this:
  - a) if the person required to notify is a Member of the Management Board – to the Chairman of the Supervisory Board;
  - b) if the person required to notify is a Member of the Supervisory Board – to the President of the Company's Management Board.

## **§16 SUPERVISION OVER COMPLIANCE WITH THE REMUNERATION POLICY**

1. Supervision over compliance with the Remuneration Policy shall be exercised by the Supervisory Board.
2. In the event of identifying a violation or a possible violation of the Remuneration Policy, the Supervisory Board shall be required to institute proceedings to prevent the violation or possible violation or to mitigate the negative effects of such violation.

## **§17 FINAL PROVISIONS**

1. This Remuneration Policy and the resolution of the Company's GM on adopting it, together with the date of the resolution and the results of the vote, shall be published immediately on the Company's website.
2. The Remuneration Policy shall come into force upon being adopted by means of the GM resolution and should be taken into account in determining the rules and amounts of remuneration of the Members of the Company's Body as from the date of being adopted.