

RULES OF THE SUPERVISORY BOARD OF FERRUM S.A.
*(uniform text - including amendments introduced by the Supervisory Board Resolution
no. 114/X/20 dated 4th May 2020)*

GENERAL PROVISIONS

§ 1

Rules of the Supervisory Board of FERRUM S.A. specify the entitlements, scope of responsibilities and the manner of their fulfilment by the Supervisory Board, as well as the internal organisation of the Supervisory Board, including existing committees.

§ 2

The Supervisory Board operates on the basis of the Commercial Companies Code, the Company's Statute and these Rules. Furthermore, the Board's activities are based on recommendations of the General Meeting of Shareholders.

§ 3

The Supervisory Board is to perform constant supervision of the Company's activities and it fulfils this objective by all available legal means.

COMPOSITION OF THE BOARD

§ 4

1. The Supervisory Board consists of from five to seven Members appointed for joint term of office, with the proviso that in situation of electing the Supervisory Board by separate groups mentioned in Art. 385 § 3 and further of the Commercial Companies Code, the Supervisory Board comprises of five members.
2. The term of office of the Supervisory Board is three years.
3. The General Meeting of Shareholders appoints and dismisses Members of the Supervisory Board. Members of the Management Board, registered holders of a commercial power of attorney, liquidators and employees of the Company holding the post of the Chief Accountant, Legal Adviser, Manager of the Plant or any other post that is subordinate directly to a Member of the Management Board, are not allowed to be Members of the Supervisory Board at the same time.

§ 5

1. The mandates of the Supervisory Board Members expire on the day on which the General Meeting of Shareholders endorses the financial statement concerning the last full business year in which the Board performed its responsibilities.
2. Members of the Supervisory Board shall fulfil their responsibilities in person.

§ 6

1. The Supervisory Board shall elect from amongst themselves a Chairperson, one or two Deputy Chairpersons and a Secretary of the Board.
2. The Supervisory Board may dismiss the Chairperson, the Deputies and the Secretary. Composition of the Board may change during the term of its office.
3. The Chairperson of the Supervisory Board or a person authorised by him/her shall convene and chair the meetings of the Board. The Chairperson of the outgoing Supervisory Board shall convene and chair the first meeting of the newly appointed Supervisory Board and shall chair it until a new Chairperson has been elected.
4. The Chairperson of the Supervisory Board shall convene a meeting of the Board within two weeks of having received a motion filed by the Management Board or a Member of the Supervisory Board, in which the suggested agenda of the meeting was presented.
5. The task of the Chairperson of the Supervisory Board is to organise and coordinate the work of the Board, to supervise the preparation of documents that are subject of the Supervisory Board's meeting, and to represent the Supervisory Board with regard to the Management Board and the General Meeting of Shareholders. If the Chairperson of the Board is absent, the Chairperson's responsibilities shall be fulfilled by the Deputy Chairperson of the Board.
6. Member of the Supervisory Board related to a shareholder holding shares equivalent to at least 5 % of the total number of votes at the General Meeting of Shareholders is obliged to inform the Management Board about this fact. The obligation also refers to relations of economic, family and other nature which may influence the Supervisory Board Member when an issue is arbitrated by the Supervisory Board.
7. The Supervisory Board Member meeting the independence criteria defined in Art. 15 par. 15.2. and Art. 19 par. 19.6 of the Company's Statute is obliged to inform the Management Board immediately when the independence criteria defined in the Statute have been breached.
8. The Supervisory Board Members should participate in deliberations of the General Meeting of Shareholders in such a composition that giving substantial answers to questions asked during the General Meeting of Shareholders is possible.
9. A Supervisory Board Member should inform the Board about current or possible conflict of interests and refrain from speaking out and voting on a resolution concerning the matter on which the conflict of interests occurred. A Supervisory Board Member should not resign from his/her function when it could negatively influence the Supervisory Board's ability to operate, including adopting resolutions.

MEETINGS OF THE SUPERVISORY BOARD

§ 7

1. The Supervisory Board holds fixed meetings when necessary, at least once every three months.
2. The Chairperson of the Supervisory Board shall convene the Board meeting and if it is not possible, the Board meeting shall be convened and chaired by the Deputy or a person authorised by the Chairperson.
3. The Chairperson of the Supervisory Board is also obliged to convene a meeting whenever the Management Board of the Company or a Supervisory Board Member submits a written motion on convening a meeting including its suggested agenda. A Supervisory Board meeting shall be held within two weeks after receiving the aforementioned motion.
4. Should the Chairperson not convene the Board meeting in accordance with § 7 item 3 above, the applicant can convene it single-handedly, giving the date, place and the proposed agenda.
5. Meetings of the Supervisory Board may also be held without formal convening if all Supervisory Board Members are present and they agree to hold a meeting and place particular issues in the agenda.
6. Supervisory Board meeting may also be held by using means of direct distant communication enabling communication in real time and mutual identification of all meeting participants, i.e. via phone conference or video conference. Detailed provisions on taking part in the meeting mentioned above shall be subject to a separate Rules adopted by the Supervisory Board.

§ 8

1. The Chairperson of the Supervisory Board, the Deputy or a person authorised by the Chairperson, hereinafter called the "Convening Party", shall convene the meeting of the Board by the means of a notice giving date and place of the meeting, as well as the agenda. This requirement is deemed to be fulfilled if the date of the meeting was established at a meeting attended by all Members of the Board. Establishing the date of the meeting requires a written confirmation by all Members of the Board. Should the meeting be held in the form described in § 7 par. 6 of the Supervisory Board Rules, the notice on convening the meeting contains additional information on the form of participating in the meeting.
2. If the Chairperson does not convene the meeting in accordance with § 7 par. 3, the requestor submitting the motion has the right to convene the meeting, establishing the date, place and the agenda of the meeting. In this case the requestor submitting the motion is subject to the regulations concerning the role of the Chairperson.
3. Each and every Member of the Supervisory Board is entitled to convene a Supervisory Board meeting or to order a voting of Supervisory Board resolutions in other way in situation described in § 7 item 4 above.
4. Meetings of the Supervisory Board are convened seven days in advance by means of registered letters. Meetings may also be convened by means of other ways of communication, for example electronic mail, telephone, fax etc.

§ 9

The notice concerning the Supervisory Board meeting must be sent to the Supervisory Board Members via registered letter, fax or e-mail at least seven days before the date of the meeting. Supervisory Board Members shall submit a declaration (Attachment No. 1 to the Rules of the Supervisory Board) on the notice form and address (postal / e-mail) or fax number it should be delivered to. This time limit may be shortened due to significant reasons if agreed by all Members of the Supervisory Board.

§ 10

1. The minutes of a meeting are signed by all Members of the Supervisory Board and the minutes secretary.
2. The original minutes and the appendixes to the minutes are filed in the book of the minutes kept by the Secretary of the Board or by persons appointed by the Company's Management Board to handle the office - administrative matters of the Board.
3. The minutes shall include in particular:
 - a) the title, date and place of the meeting,
 - b) names and surnames of the present Members of the Supervisory Board,
 - c) names, surnames and posts held by any other persons invited or summoned to the meeting,
 - d) the adopted agenda of the meeting,
 - e) the proceedings of the meeting,
 - f) the content of the adopted resolutions,
 - g) the record of the number of votes regarding particular resolutions and, if applicable, the record of dissenting opinions of persons voting against a resolution,
 - h) information on holding the meeting in the form described in § 7 par. 6 of the Rules – if the meeting was held in this form.
4. Secretary of the Supervisory Board or persons appointed by the Company's Management Board to handle the office - administrative matters of the Board are responsible for taking the minutes of the meetings and drawing up the resolutions.
5. The minutes of the Supervisory Board's meetings are available in the Company's registered office for the Supervisory Board Members and the Management Board Members.

RESOLUTIONS OF THE SUPERVISORY BOARD

§ 11

1. The Supervisory Board shall adopt resolutions if at least a half of its Members are present and all Members of the Board were invited.
2. Resolutions of the Supervisory Board are adopted by an absolute majority of votes of all Members of the Supervisory Board.
3. The voting is open. In cases described in the Company's Statute or if requested by at least one Member of the Supervisory Board, a secret voting shall be ordered. Should a secret voting be

ordered, it is possible to vote in the form described in § 11 par. 6 of the Rules, provided that no Supervisory Board Member demurs.

4. Resolutions shall be signed by the Supervisory Board Members present at the meeting. This requirement does not apply to resolutions adopted at meetings described in § 7 par. 6 of the Rules, which should be signed by the Chairperson of the Supervisory Board (in case of his/her absence, by the Deputy Chairperson), giving the number of voting persons and the number and type of the votes cast.
5. Members of the Supervisory Board may take part in adopting resolutions of the Board by submitting their vote in writing through the intermediary of the other Supervisory Board Member. Supervisory Board Member's Statement on voting in written form is Attachment No. 2 to the Rules of the Supervisory Board. Adopting resolutions by this way does not apply to the issues introduced to the agenda during the meeting of the Supervisory Board.
6. Resolutions of the Supervisory Board may also be adopted in writing or by using means of direct distant communication if all Members of the Board are informed in writing about the content of the draft resolution. § 8 item 4 is applied accordingly.
7. When a necessity arises to introduce a new issue to the agenda of a meeting of the Supervisory Board which was not included in the originally approved agenda, or when there is a necessity to adopt a resolution during a meeting which was not formally convened, a resolution of the Supervisory Board may be adopted if all Supervisory Board Members express their approval to its content. Members of the Supervisory Board who are absent at the meeting may express their consent to adopt such a resolution by fax, e-mail or during their phone conversation with the Chairperson, under the provision that the absent Members of the Supervisory Board are obliged to sign the minutes from the meeting of the Supervisory Board at least in the part presenting the content of the resolution the adoption of which they approved of.

TASKS AND THE SCOPE OF RESPONSIBILITIES

§ 12

1. The Supervisory Board is obliged to exercise constant supervision over all fields of the Company's activities.
2. The Supervisory Board's competence includes in particular:
 - a) assessing the Management Board's reports on the activity of the Company and financial statement for the previous business year, concerning their conformity with the books and documents, as well as with the factual state, and providing their verification by auditors chosen by the Supervisory Board,
 - b) assessing the Management Board's motions concerning the division of profit or covering of loss,
 - c) submitting to the General Meeting an annual written report on results of the assessment mentioned in pt. a – b,
 - d) approval of Rules of the Management Board,
 - e) establishing the number of the Management Board Members in particular terms of office,

- f) appointing, suspending in activities and dismissing Members of the Management Board,
- g) establishing the right of the Management Board Members to a specified share in the Company's annual profit which is to be divided between the shareholders - on the basis of an authorisation granted by the General Meeting of Shareholders,
- h) delegating Members of the Supervisory Board, for a period not longer than three months, to a temporary execution of functions of the Management Board Members who were dismissed, submitted their resignation or due to some other reasons cannot perform their functions,
- i) entering into employment agreements with the President and Members of the Management Board on behalf of the Company, as well as establishing their remuneration for execution of their functions and activities resulting from employment,
- j) adopting Rules of the Supervisory Board,
- k) convening Ordinary General Meeting of Shareholders if the Management Board does not convene it in due time and Extraordinary General Meeting of Shareholders whenever convening it is needed,
- l) endorsing untypical transactions on conditions diverging from ordinary market terms, concluded by the Management Board with an affiliated entity in accordance with the Regulation of the Minister of Finance dated 19 February 2009 on current and periodic information published by issuers of securities and on conditions of recognising the information required by law of a non-member state as equivalent,
- m) annual issuing and presenting to the Ordinary General Meeting, within the Supervisory Board's report mentioned in pt. c), including opinion on:
 - i. the company's situation,
 - ii. internal control system and risk management system, compliance and internal audit function,
 - iii. the company's fulfilment of information obligations within the Best Practices of WSE Listed Companies specified in the WSE Rules and legal regulations on current and periodic information published by issuers of securities,
 - iv. rationality of the company's policy mentioned in recommendation I.R.2 of Best Practices of WSE Listed Companies or information on lack of this policy,
 - v. information on:
 - composition of the Supervisory Board and its committees;
 - fulfilment of the independence criteria by the Supervisory Board Members,
 - number of the Supervisory Board's and committees' meetings within the reported period,
 - self-evaluation of the Supervisory Board's operations,
 - operations of the Supervisory Board's committees.
- n) setting the agenda of the General Meeting of Shareholders, in agreement with the Management Board,
- o) giving approval to set up domestic and overseas branches of the Company,
- p) giving opinion on motions submitted by the Management Board to the General Meeting and considering and giving opinion on other matters subject to Resolutions of the company's General Meeting,
- q) executing other tasks foreseen for the Supervisory Board in the Rules, the Company's Statute, the Commercial Companies Code and other acts of law,
- r) following the request of the Management Board, giving consent to execute the voting right from shares in the Company's affiliated entities, including particularly shares of the company Zakład Konstrukcji Spawanych FERRUM S.A. seated in Katowice,
- s) disposal or charge shares in the share capital of the Company's affiliated entities, including

particularly shares of the company Zakład Konstrukcji Spawanych FERRUM S.A. seated in Katowice,

- t) giving consent to:
 - (i) assume obligations by the Company or
 - (ii) carry out transactions concerning disposal, purchase, charge, rent or lease of property not included in the yearly budget approved by the Supervisory Board, if the value of given transaction (including the assumed obligations), carried out as one-off transaction or a number of associated legal acts, exceeds 10% of the Company's equity in accordance with balance sheet as of 31 December of the previous year,
- u) giving consent to:
 - (i) charge, rent or lease by the Company to any entity of real estate, perpetual usufruct or share in real estate of the Company with the value exceeding PLN 1 000 000.00 (one million zloty 00/100),
 - (ii) disposal, charge, rent or lease by the Company to any entity of significant elements of property belonging to and used by the Company to conduct business activity, including in particular pipes production lines or their significant elements, with the proviso that it does not refer to disposal of property elements mentioned above replaced by new property elements of comparable or higher quality,
 - (iii) disposal, charge, rent or lease by the Company to any entity of property other than specified in pt. (b) above, if the value of the transaction carried out as one-off transaction or a number of associated legal acts, exceeds 10% of the Company's equity in accordance with balance sheet as of 31 December of the previous year,
 - (iv) issue of bonds other than bonds convertible for shares,
- v) approval of annual budget prepared by the Management Board, which should be presented to the Supervisory Board for approval not later than on 30 November of the previous year.

3. Within executing constant supervision of the company's operation, the Supervisory Board should in particular:

- a) monitor the internal control system, risk management system, compliance and internal audit function,
- b) become acquainted with evaluation of efficiency of the internal control system, risk management system, compliance and internal audit function, presented by the Management Board or by person responsible for internal audit (if such function is identified in the company),
- c) become acquainted with additional report mentioned in Art. 11 of regulation no. 537/2014, submitted by the entity auditing the company's financial statements.

4. In order to fulfil the above mentioned tasks the Supervisory Board has the right to review every section of the Company's activities, demand reports and clarifications from the Management Board and the Company's employees, revise the Company's assets and investigate books and documents.

COMMITTEES OF THE SUPERVISORY BOARD

§ 13

1. The Supervisory Board may appoint committees to fulfil particular tasks.

2. The Supervisory Board appoints at least the Audit Committee, which is an advisory and opinion-forming entity acting collegial.
3. The Audit Committee operates on the basis of common legal regulations and on the basis of Rules of the Audit Committee adopted by the Supervisory Board.
4. Should other committees than the Audit Committee be appointed in the company, the Supervisory Board adopts their rules, and provisions of par. 3 above apply respectively.
5. A committee consists of at least 3 (three) members appointed by the Board from amongst its Members for the term of office equivalent to the term of office of the Supervisory Board.
6. Members of a committee are appointed by means of separate resolutions of the Supervisory Board.
7. Members of a committee choose a Chairperson of the committee from amongst themselves and in case of the Audit Committee, the Chairperson is appointed by the Supervisory Board. The Chairperson manages the work of the committee and supervises it, in particular with regard to organisation and proceedings of the committee meetings.
8. Meetings of a committee are convened by the Chairperson or by a committee member authorised by the Chairperson if he / she is absent.
9. Regulations on convening Supervisory Board's meetings apply with regard to convening committee meetings, under the proviso that committee meetings should be held quarterly, before announcing the Company's financial statements.
10. Only persons invited by the Chairperson shall participate in meetings of committees.
11. Resolutions of committees are adopted by a simple majority of votes. In case of an equal number of votes, the casting vote is held by the Chairperson.
12. Resolutions of committees are adopted at meetings or outside meetings by using means of direct distant communication. Committees' meetings may also be held by using means of direct distant communication enabling communication in real time and mutual identification of all committee members taking part in the meeting, i.e. via phone conference or video conference. Provisions on adopting resolutions by the Supervisory Board apply to adopting resolutions by committees.
13. Minutes shall be held at committee meetings. Provisions regarding minutes of the Supervisory Board apply to committee minutes.
14. The Chairperson of a committee presents the Supervisory Board with resolutions, motions and reports with regard to issues on the agenda of the Supervisory Board's meeting, as well as other motions, including motions on necessity to elaborate an expert's report or opinion, or on employing an adviser.
15. Under the proviso of observing the regulations on information protection and publication in form of current and periodic reports in accordance with the Act dated 29 July 2005 on Trading with Financial Instruments and the Act dated 29 July 2009 on Public Offerings and the Conditions for Introducing Financial Instruments to the Organised Trading System and on Public Companies,

the Chairperson of a committee, through the mediation of the Chairperson of the Supervisory Board, has the possibility to contact the shareholders directly by means of making information available on the Company's corporate website.

16. The cost of the committees' operations is covered by the Company.

17. Committees appointed by the Supervisory Board use the Company's office, devices and materials.

AUDIT COMMITTEE

§ 14

1. The Audit Committee is composed of at least three members and at least one member of the Audit Committee must have knowledge and skills within accounting or auditing of financial statements.
2. Majority of the Audit Committee members, including its Chairperson, is independent from the company. It is assumed that the Audit Committee member is independent from the company if criteria specified in § 6 par. 7 of these Rules are met.
3. Majority of the Audit Committee members must have knowledge and skills within the company's business. This condition mentioned in the sentence above is deemed to be fulfilled if at least one member of the Audit Committee has the knowledge and skills within the Company's business or particular members have specified knowledge and skills within this business.
4. Reviewing the qualifications mentioned in par. 3 and 5 above is carried out by the Supervisory Board and it is based on the person's education, knowledge and experience.

§ 15

1. The objective of the Audit Committee is first of all to advise and support the Supervisory Board within internal policy and budget procedures adopted by the Company and to control them, as well as to advise on supervision of the Company's financial reporting, efficiency of internal control systems, internal audit and risk management.
2. Detailed scope of tasks and the operating mode of the Audit Committee is stipulated in the Rules of the Audit Committee, which is adopted by the Supervisory Board.
3. The Management Board provides the Audit Committee with the possibility to execute the entitlements described in the Rules of the Audit Committee.

§ 17

§ 20 applies with regard to administrative – technical handling of the matters dealt with by the Audit Committee.

OTHER REGULATIONS CONCERNING THE SUPERVISORY BOARD'S OPERATIONS

§ 18

1. The Supervisory Board may express opinions on all matters concerning the Company and address the Management Board with motions and initiatives.
2. The Management Board shall inform the Supervisory Board about its stand on given opinions, motions or initiatives not later than within twenty-one days after receiving them.

§ 19

1. The Supervisory Board carries out its tasks collectively.
2. The Board may delegate its Members to perform particular supervising activities individually.
3. Members of the Supervisory Board delegated to permanent individual performance of supervising activities are entitled to separate remuneration, the value of which is established by the General Meeting of Shareholders. Prohibition of competition applies with regard to these Members.
4. The Supervisory Board may appoint experts to carry out supervising activities or express opinions on the matters significant for the Company and concerning the entitlements of the Supervisory Board. The experts' operations are of supportive nature.

§ 20

1. The Management Board of the Company provides the handling the office - administrative matters of the Supervisory Board.
2. The responsibilities of the secretariat of the Supervisory Board include:
 - a) handling the matters of preparing and holding the Supervisory Board's meetings,
 - b) keeping and filing the minutes of the Board's meetings,
 - c) other activities of administrative - technical nature determined by the Chairperson of the Supervisory Board.

§ 21

Members of the Supervisory Board are entitled to remuneration established by the General Meeting of Shareholders.

§ 22

Matters not regulated by the Rules shall be subject to the provisions of the Company's Statute, the Commercial Companies Code and other legal regulations in force.

§ 23

These Rules were adopted by means of Resolution of the Supervisory Board no. 114/X/20 dated 4th May 2020 and are its appendix.

(place and date)

(name and surname of the Supervisory Board Member)

DECLARATION

I the undersigned _____, acting by virtue of § 9 of the Supervisory Board Rules of FERRUM S.A. seated in Katowice, hereby declare that the notifications on the Supervisory Board meetings shall be delivered to me via registered post/e-mail/fax* at the postal address/e-mail address/fax number* as presented below:

I further acknowledge that for the purpose of certifying the correctness of notification delivery, my written acknowledgement of service shall not be required, whereas a sending receipt shall serve as a sufficient proof.

(signature of the declarant)

*delete as appropriate

(place and date)

(name and surname of the Supervisory Board member)

Supervisory Board of FERRUM S.A.

STATEMENT

of the Supervisory Board Member on voting in written form

Acting by virtue of Art. 388 § 2 Act of 15th September 2000 Commercial Companies' Code (i.e. Journal of Law dated 2000, No. 94, position 1037 with further amendments) and under the Art. 18 item 18.3 of the Articles of Association of FERRUM S.A., I the undersigned _____ as the Supervisory Board Member hereby certify that I cast my vote in writing through the intermediary of the other Supervisory Board Member i.e. Mrs. / Mr. _____ with relation to the subjects included in the meeting agenda of the Supervisory Board of FERRUM S.A., that is to be held on _____ at _____ in _____.

Regarding the respective subjects included in the agenda of the meeting referred to hereinabove, I cast my vote as below:

- 1) Resolution of the Supervisory Board on _____ – I vote „for”/„against”/„I abstain from voting”,
- 2) Resolution of the Supervisory Board on _____ – I vote „for”/„against”/„I abstain from voting”,
- 3) Resolution of the Supervisory Board on _____ – I vote „for”/„against”/„I abstain from voting”.

(signature of the Supervisory Board Member)