

**Resolution no. 335/V/2019
of the Supervisory Board of ERGIS S.A.
with registered office in Warsaw
of 17 April 2019**

§1

Acting under Article 382.3 of the Commercial Companies Code and Article 20.2.3 of the Company's Articles of Association, the Supervisory Board of ERGIS S.A. hereby adopts and approves the „*Report on Operations of the Supervisory Board of ERGIS S.A. for the financial year 2018 along with a recommendation to the General Shareholders Meeting of ERGIS S.A.*”, in the wording which is attached as an appendix to this resolution and decides to present the Report to the General Shareholders Meeting of ERGIS S.A.

§ 2

The Resolution shall become effective on the day of its adoption.

Appendix:

“The Supervisory Board's Report for 2018 along with a recommendation to the General Shareholders Meeting of ERGIS S.A.”

Appendix to Resolution no. 335/V/2019
of the Supervisory Board of ERGIS S.A.
with registered office in Warsaw of 17 April 2019:

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**Report on Operations of the Supervisory Board of ERGIS S.A.
for the financial year 2018
along with a recommendation to the General Shareholders Meeting of ERGIS S.A.**

Based on: Article 382.3 of the Commercial Companies Code
Article 20.2.3 of the Company's Articles of Association
Rule II.Z.10 of the "Best Practice of GPW Listed Companies 2016"

I.

In the period from 1 January 2018 to 31 December 2018, the Supervisory Board of ERGIS S.A. operated in the following composition:

- 1) Mr Marek Górski - Chairman of the Supervisory Board,
- 2) Mr Maciej Grelowski – Deputy Chairman of the Supervisory Board,
- 3) Mr Paweł Kaczorowski – Secretary of the Supervisory Board,
- 4) Ms Katarzyna Górski-Bednarska,
- 5) Mr Tadeusz Iwanowski,
- 6) Mr Waldemar Maj,
- 7) Mr Maciej Stańczuk.

The following committees operated within the Supervisory Board:

- 1) The Audit Committee composed of:
 - Mr Waldemar Maj – Chairman of the Audit Committee,
 - Ms Katarzyna Górski-Bednarska,
 - Mr Maciej Stańczuk.
- 1) Remuneration Committee composed of:
 - Mr Marek Górski – Chairman of the Remuneration Committee,
 - Mr Maciej Stańczuk,
 - Mr Waldemar Maj.

II.

The independence criteria of the Supervisory Board Members were fulfilled by: Mr Tadeusz Iwanowski, Mr Waldemar Maj, Mr Maciej Stańczuk.

At its session held on 9 May 2018, based on relevant declarations and clarifications provided by the abovementioned members, the Supervisory Board, in accordance with the Rule II.Z.6 of the "Best Practice of GPW Listed Companies 2016", assessed whether there are any connections or circumstances which might affect fulfilment of the independence criteria by those members. The Supervisory Board decided that all of the abovementioned members of the Supervisory Board fulfil the criteria of independence. This status has not changed until the publication of the present report.

III.

In the financial year 2018, the supervisory Board of ERGIS S.A. held four sessions, to which the Management Board was invited. The Supervisory Board adopted twenty-eight resolutions, including two adopted outside of a meeting.

In the financial year 2017, the Supervisory Board addressed a wide range of issues, including:

- analysis and adoption of the Company and ERGIS Group's financial plan for 2018;
- approval of the agenda of the Annual General Shareholders Meeting held in 2018 and assessment of the issues to be the subject of the resolutions of the Annual General Shareholders Meeting;
- assessment of the Company's and the ERGIS Group's Financial Statements, the Directors' Report on Operations of the Company and the ERGIS Group and the Management Board's motion on distribution of net profit generated in 2017;
- assessment of the Management Board's motion on correcting the financial results from previous years;
- assessment of the Management Board's motion on a dividend payment;
- allocation of bonus tasks for the Vice-President of the Management Board for the financial year 2018;
- approval of a real estate purchase in the Oława plant;
- development and adoption of the uniform text of the Company's Articles of Association;
- examination of various investments implemented by the Company (e.g., Company's purchase of a system of winders for PET tapes production and incurring relevant liabilities);
- changed the composition of the Management Board with regards to Mr Jan Polaczek's, Vice-President of the Management Board, retirement.

However, the Supervisory Board focused most of its attention on the assessment of the Company's current situation and the Company's financial results.

It also fulfilled its obligations under the "Code of Best Practice for GPW Listed Companies 2016", including among others:

- assessment of chosen of the Supervisory Board members' fulfilment of the independence criteria;
- preparation of the Supervisory Board self-assessment for 2017;
- approval of the Supervisory Board Report for 2017 r.;
- assessment of the Company's standing in the financial year 2017, including assessment of the effective functioning of the systems of internal control, risk management, compliance and the internal audit function;
- assessment of the Company's observance of the disclosure obligations concerning compliance with the corporate governance principles,
- assessment of rationality of policy of sponsorship, charitable, or other activity of similar nature.

In the financial year 2018, the Audit Committee held four meetings.

In the financial year 2018, the Remuneration Committee held two meetings.

Reports on Operations of the Remuneration Committee and the Audit Committee in 2018 are attached as appendices to the report.

IV.

At its session held on 9th May 2018, the Supervisory Board of ERGIS S.A. made a self-assessment for the financial year 2017 and, as a result of the abovementioned, it unanimously adopted a document: „Self-assessment of the Supervisory Board of ERGIS S.A., in the financial year 2017”.

V.

Acting under Article 382.3 of the Polish Commercial Companies Code and Article 20.2 of the Company's Articles of Association and based on the documents submitted by the Management Board of ERGIS S.A. at the Supervisory Board's session held on 9 May 2018, the Supervisory Board assessed:

- 1) the Directors' Report on Operations of ERGIS S.A. for the period from 1st January 2017 to 31st December 2017 (financial year 2017);
- 2) Financial Statements of ERGIS S.A. for the financial year 2017,
- 3) the Directors' Report on Operations of the ERGIS Group for the period from 1st January 2017 to 31st December 2017 (financial year 2017);
- 4) Consolidated Financial Statements of the ERGIS Group for the financial year 2017.

On the basis of an audit conducted by the chartered auditor (among others), the Supervisory Board concluded that the Financial Statements were prepared on the basis of accounting books kept properly and in line with the Polish Accountancy Act 29th September 1994, and that the Financial Statements comply in form and content with the provisions of law binding on the Company. The Financial Statements present a true and fair view of the Company's property and financial standing as at 31st December 2017 r. as well as its financial results for 2017. The Supervisory Board assures that the Directors' Report of Operations of ERGIS S.A. and the ERGIS Group for the financial year 2017 and the Financial Statements of ERGIS S.A. and the ERGIS Group for the financial year 2017 satisfy the requirements of the Polish Accountancy Act.

VI.

On the basis of the assessment of the standalone financial statement of ERGIS S.A. for 2018, consolidated financial statements of the ERGIS Group for 2018, the Directors' Report on Operations of ERGIS S.A. for 2018 and the Directors' Report on Operations of the ERGIS Group for 2018, the supervisory Board gave its positive opinion on these documents noting that they are in line with the books, the documents and the factual circumstances (the Supervisory Board resolutions no. 332 and 333 of 17th April 2019).

With that in mind, the Supervisory Board decides to recommend that the Annual General Shareholders Meeting of ERGIS S.A.:

- 1) approve the abovementioned reports;
- 2) distribute the net profit generated in the financial year 2018 in the amount of **PLN 10,867,619.81** as follows:
 - **PLN 7,088,625.71** for the supplementary capital (retained profits),
 - **PLN 3,778,994.10** to be paid as a dividend to the shareholders
- 3) pay a dividend to the Shareholders in the amount of **PLN 0.10** (10/100) per each share from the profit generated in 2018,
 - appoint a dividend day to fall on 23 September 2019 and the dividend payment date to fall on 4 October 2019
- 4) grant discharge of duties to the Members of the Management Board: to Mr Tadeusz Nowicki, Mr Jan Polaczek, and Mr Marek Kapłucha.

Appendices:

1. Report on Operations of the Remuneration Committee of the Supervisory Board of ERGIS S.A. for the financial year 2018.
2. Report on Operations of the Audit Committee of the Supervisory Board of ERGIS S.A. for the financial year 2018.

Warsaw, 16th April 2019

Report on Operations of the Remuneration Committee of the Supervisory Board of ERGIS S.A. in 2018

I. Legal Basis

The Remuneration Committee of the Supervisory Board of ERGIS S.A. acts as a permanent committee pursuant to:

1. Best Practice for GPW Listed Companies 2016,
2. Rules of Procedure of the Supervisory Board of ERGIS S.A. (Article 13).

II. Composition of the Remuneration Committee

In the period from **1st January 2018 to 31st December 2018**, the Remuneration Committee of ERGIS S.A. operated in the following composition:

- Mr Marek Górski – Chairman of the Remuneration Committee,
- Mr Maciej Stańczuk,
- Mr Waldemar Maj.

III. Meetings/Operations/Decisions

In the financial year 2018, the Remuneration Committee held two meetings.

At the meeting of 9th May 2018, the Remuneration Committee summarised its operations in the financial year 2017. Moreover, the following matters were discussed:

- awarding annual bonuses to the Members of the Company's Management Board for 2017,
- bonus targets for the Members of the Vice-President of Management Board, Mr Jan Polaczek for 2018.

At the meeting of 13th December 2018, the Remuneration Committee:

- discussed the financial conditions of termination of the employment contract with Mr Jan Polaczek, holding the function of the Vice-President of ERGIS S.A.;
- agreed the remuneration and other benefits for a new member of the Management Board.

The following actions were taken:

- 1) On the basis of resolutions specifying bonus tasks for the Management Board for 2017 and a report submitted by the Management Board describing the execution of the aforementioned tasks, the Remuneration Committee made a recommendation to the Supervisory Board concerning the amount of bonuses for 2017 to be awarded to the Members of the Management Board;
- 2) The Remuneration Committee examined the bonus tasks for the Vice-President of the Management Board, Mr Jan Polaczek, for 2018 and made a recommendation to the Supervisory Board concerning this issue;
- 3) The Remuneration Committee discussed the financial conditions of termination of the employment contract with Mr Jan Polaczek, holding the function of the Vice-President of ERGIS S.A and made a recommendation to the Supervisory Board concerning this issue;
- 4) The Remuneration Committee examined and set the rules of remuneration of the new Management Board member and made a recommendation to the Supervisory Board concerning this issue.

Warsaw, 16th April 2019

Report on Operations of the Audit Committee of ERGIS S.A. in 2018

I. Legal basis

The Audit Committee of ERGIS S.A. acts as a permanent committee pursuant to:

- 1) Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC;
- 2) Act on Chartered Auditors, Entities Authorised to Audit Financial Statements and Public Supervision of 11 May 2018 (Journal of Laws /Dz.U./ of 2018, item 1089 as amended);
- 3) Best Practice for GPW Listed Companies 2016;
- 4) Rules of Procedure of the Supervisory Board of ERGIS S.A. (Article 13).

II. Composition of the Audit Committee

In the period from **1st January 2018 to 31st December 2018**, the Audit Committee of ERGIS S.A. operated in the following composition:

- a) Mr Waldemar Maj – Chairman,
- b) Ms Katarzyna Górską-Bednarska,
- c) Mr Maciej Stańczuk.

III. Meetings/Operations/Decisions

In the financial year 2018 the Audit Committee held four meetings.

In the financial year 2018, the Audit Committee focused on the tasks related to monitoring of the financial reporting process, efficiency of the internal control, risk management and internal audit systems, conducting financial review with special attention being paid to the audit by the auditing company, controlling and monitoring of the independence of the chartered auditor.

The following matters were, among others, subject of the Audit Committee sessions in 2018:

- discussing works related to the audit of the separate and consolidated financial statements for 2017 performed by chartered auditors from Ernst&Young Audyt Polska spółka z ograniczoną odpowiedzialnością spółka komandytowa with registered office in Warsaw,

- review of the annual consolidated financial statement of the Ergis Group and the annual separate financial statement of Ergis S.A. for 2017,
- analysis of the letter drawn by the Company's chartered auditors to the Management Board for 2017,
- assessment and recommendation to the Supervisory Board concerning: consolidated financial statement of the Ergis Group for 2017, separate statement of Ergis S.A. for 2017, Directors' Report on Operations of Ergis S.A. and the Ergis Group for 2017 r., motions regarding distribution of profit for 2017 r. and making a recommendation to the Supervisory Board concerning this issue,
- summary of the Audit Committee's operations in 2017 and drawing up a relevant report,
- internal audit in the ERGIS Group, including the plan of the internal audit for 2018,
- analysis of presented by the Internal Auditor and the Company Management Board own assessment of the effectiveness of the following systems: internal control, risk management, compliance, and function of the internal audit along with a relevant report as well as making a recommendation to the Supervisory Board concerning the effectiveness of the following systems: internal control, risk management, compliance, and function of the internal audit,
- reading the Compliance Officer's report,
- meeting the audit company auditing the separate and consolidated financial statements for 2017.

IV. Summary

ERGIS S.A. continuously applies accounting principles ensuring reliable and clear presentation of property and financial position, financial results and profitability of the Company

The Financial Statements for 2018 were audited by Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.

During that year, the cooperation with the auditor proceeded properly. No events occurred that would make it necessary for the Audit Committee and the Supervisory Board to interfere with current cooperation with z Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.

The Audit Committee confirms that it is satisfied with the independence of the audit process.