

The Regulations of the Supervisory Board of Sanok Rubber Company S.A.
(Joint Stock Company) seated in Sanok
*(Consolidated text annexed to the resolution of the Supervisory Board No. 23/2017 dated
26/06/2017)*

Chapter I. General stipulations.

§ 1

The terms used in these regulations shall have the following meaning:

1. The Board – the Management Board of Sanok Rubber Company S.A. seated in Sanok.
2. The Company – Sanok Rubber Company S.A. seated in Sanok
3. The Articles of Associations – the Articles of Associations of Sanok Rubber Company S.A. seated in Sanok
4. The Regulations – the Regulations of the Supervisory Board of Sanok Rubber Company S.A. seated in Sanok
5. The Shareholder – the shareholder of the Company.
6. The Supervisory Board – the Supervisory Board of the Company.

§ 2

1. The Supervisory Board shall exercise the supervision over the activities of the Company in all areas of its business, in compliance with the regulations of the Act entitled “The Commercial Companies Code”, the provisions of the Articles of Associations and these Regulations.
2. The Supervisory Board shall run the matters of the Company within the scope of competence granted to the Supervisory Board, and decisions taken by the Supervisory Board should first of all take into consideration the best interest of the Company.
3. The activities of the Supervisory Board should comply with commonly binding legal regulations.
4. The resolutions of the General Meeting of Shareholders, which empower or oblige the Supervisory Board to take certain actions, should be executed in in compliance with the aim of the adopted resolution as well as taking into account the provisions of points 1 to 3 of this paragraph.

§ 3

1. The Supervisory Board shall perform its functions in a collective manner, it may however delegate its members to individually perform certain control activities individually which scope shall be defined by the resolution of the Supervisory Board on delegating of the member of the Supervisory Board, and shall appoint for that purpose the temporary committees from the members of the Supervisory Board whose scope of activities shall be determined by the resolution of the Supervisory Board on appointment of the committee. Members of the Supervisory Board delegated to perform certain supervisory activities shall be obliged to submit to the Supervisory Board a written report on their activities at the next Supervisory Board meeting after completing any supervisory activities in person.
2. In connection with the performance of its duties, the Supervisory Board shall be entitled to review all documents of the Company, request reports and explanations from the Board and staff, and to review the Company's assets.
3. Limitations on making available the access to documents and rooms to the members of the Supervisory Board may only arise from the legal regulations currently being in force.
4. The members of the Supervisory Board shall exercise their rights and carry out their duties in person.
5. Decisions of the Supervisory Board shall be made by way of resolutions.

§ 4

The members of the Supervisory Board should participate in the General Meeting of Shareholders of the Company. In case of being absent from the General Meeting of Shareholders of the Company, a member of the Supervisory Board shall be obliged to submit a written explanation to the General Meeting.

§ 5

1. The Supervisory Board shall examine and evaluate the issues subject to the resolutions of the General Meeting of Shareholders.
2. Annually, the Supervisory Board shall consider and submit to the General Meeting of Shareholders of the Company:
 - a. the assessment of the Company's situation including an assessment of internal control systems, risk management, compliance and internal audit functions; this

- assessment shall include all relevant control mechanisms, especially regarding financial reporting and Company operations;
- b. the report on the activities of the Supervisory Board, including at least the following information:
 - i. composition of the Supervisory Board and its committees,
 - ii. meeting the criteria of independence by the members of the Supervisory Board,
 - iii. the number of meetings of the Supervisory Board and its committees during the reporting period,
 - iv. self-assessment made by the Supervisory Board;
 - c. the assessment of how the Company performs its reporting obligations regarding the use of the principles of corporate governance, as defined in the Stock Exchange Rules and the rules on current and periodic information published by issuers of securities;
 - d. the assessment of the rationality of the Company's policy, referred to in the recommendation I.R 2 of the "Best Practices of for GPW Listed Companies", or the information about the absence of such a policy.

§ 6

1. Each member of the Supervisory Board should avoid taking non-professional or professional activity that could lead to a conflict of interest or adversely affect his or her reputation as a member of the Supervisory Board, and in case of a conflict of interests, he or she should immediately reveal it.
2. Each member of the Supervisory Board shall be obliged to inform the Supervisory Board about a conflict of interests or the possibility of its occurrence and refrain from voting on a resolution in a matter where the conflict of interests in relation to him or her can appear.
3. Each member of the Supervisory Board may not receive any benefits that could affect the impartiality and objective exercise of his or her decisions or have a negative impact on the independence of his or her opinions and judgements.
4. In the event that member of the Supervisory Board finds that a decision of the Supervisory Board is in conflict with the interests of the Company, he or she may request to include inclusion of his or her position on the subject in the minutes of the meeting of

the Supervisory Board.

§ 7

1. The member of the Supervisory Board shall submit to the other members of the Supervisory Board and Board a statement about his or her compliance with independence criteria set out in the Rule No. II.Z.4. "Best Practice for GPW Listed Companies".
2. The Supervisory Board shall assess whether there are any relations or circumstances which might affect meeting of the independence criteria by the member of the Supervisory Board. The assessment of meeting of the independence criteria by the members of the Supervisory Board shall be documented by the Supervisory Board in the report on the Supervisory Board activities, presented by the Supervisory Board to the General Meeting of Shareholders.

§ 8

1. The Supervisory Board shall appoint from its members the Audit Committee within the meaning of the Act of 11 May 2017 on the statutory auditors, audit firms and public supervision, which shall consist of 3 members, including the Chairman of the Audit Committee appointed by the Supervisory Board. The Supervisory Board shall adopt the Audit Committee Regulations.
2. The Supervisory Board as a whole shall carry the functions assigned to the nomination, remuneration and audit committees within the meaning of the European Commission Recommendation No. 2005/162/EC as of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board.

Chapter II. Composition of the Supervisory Board.

§ 9

1. The Supervisory Board shall consist of five members.
2. The term of office of the Supervisory Board shall be three years.
3. The Supervisory Board members shall be appointed and recalled by the General Meeting of Shareholders.

§ 10

1. The Supervisory Board shall consist of: President of the Supervisory Board, Vice President of the Supervisory Board (Deputy of Vice President of the Supervisory Board) and other members.
2. Remuneration of the members of the Supervisory Board shall determined by the General Meeting of Shareholders.
3. The Company shall return to the Supervisory Board members the reasonable costs borne by them in connection with participation in the activities of the Supervisory Board.
4. In justified cases the Supervisory Board may appoint experts, translators and other persons having specific qualifications at the Company's cost, however a corresponding contract in such cases shall be signed by the Board of the Company.

Chapter III. Scope of competence of the Supervisory Board.

§ 11

1. In addition to other matters reserved by law or the Articles of Associations, the competence of the Supervisory Board shall include:
 - 1) examination of the report of the Board on the operations of Company and of the financial reports for the previous financial year in terms of their compliance with books and documents, as well as with factual basis;
 - 2) examination of the proposals of the Board of the Company with regard to the division split of profits or the coverage of losses,
 - 3) submission of reports on results of actions mentioned in sub-points 1) and 2) above to the General Meeting of Shareholders,
 - 4) concluding, terminating and amending agreements with the members of the Board and determining their remuneration and salaries;
 - 5) appointing, suspending or recalling of the President of the Board, members of the Board or the whole Board, as well as making decisions on the termination of such suspension;
 - 6) consenting to the requests of the Board to subscribe and acquire shares or stock in companies, as well as on the participation of the Company in other entities - the Supervisory Board may determine to what amount, under what conditions and in what mode the Board of the Company may perform the above-specified actions without the

obligation to obtain approval of the Supervisory Board;

7) delegating members of the Supervisory Board to perform temporarily the functions of members of the Board who were dismissed, resigned or for other reasons can not perform their duties;

8) making choice of the entity authorized to audit the financial reports to carry out the examination of the Company's annual financial reports,

9) adoption of the consolidated text of the amended Articles of Associations;

10) consenting to the purchase or sale of a real estate, long-term leasehold or shares in a real estate or long-term leasehold.

11) consenting to the advance payment towards expected dividend;

12) approval of the long-term development plans and annual financial plans prepared by the Board;

13) approval of the annual budget and quarterly budget;

14) approval of expenditures unforeseen in the approved budget and exceeding the ordinary management of the Company in the amount of more than 100,000 (one hundred thousand) USD or the equivalent of this sum calculated using the average USD exchange rate announced by the Polish National Bank on the day of presentation of a corresponding proposal by the Board of the Company to the Supervisory Board;

15) consenting to the sale of the Company's assets the value of which exceeds 10% of net value of fixed assets with exclusion of those which constitute transferable stock under normal operation conditions,

16) consenting to raise loans and long-term credits unforeseen in the budget, other than credit raised under normal management of the Company as well as issuing guarantees not foreseen in the budget as well as burdening of the assets unforeseen in the budget;

17) consenting to hire of advisers and other persons external to the Company (except auditors) to act as consultants, lawyers or agents, in case the total annual costs of hire of such persons exceed the sum of USD 50,000 (fifty thousand) or the equivalent of this sum calculated using the average USD exchange rate announced by the Polish National Bank on the day of presentation of a corresponding proposal by the Board of the Company to the Supervisory Board;

18) consenting to incur the liabilities not foreseen in the budget, exceeding the ordinary management of the Company, the value of which, due to single title (right), exceeds the

sum of USD 100,000 (one hundred thousand) or the equivalent of this sum calculated using the average USD exchange rate announced by the Polish National Bank on the day of presentation of a corresponding motion by the Board of the Company to the Supervisory Board,

19) approval of the Regulations of the Board;

20) examining and giving opinions on matters submitted by the Board according to agenda of the General Shareholders Meeting.

2. The employment contracts with the members of the Board shall be concluded, on the Company's behalf, by the President of the Supervisory Board or other representative of the Supervisory Board delegated from its members. The same shall apply to other actions connected with employment relationship of a member of the Board. However, in order to conclude and terminate an employment contract and to determine the amount of remuneration for work, a prior resolution of the Supervisory Board shall be required.

Chapter IV. Meetings and resolutions of the Supervisory Board.

§ 12

The Supervisory Board shall debate and adopt resolutions during the meetings held at the Company's registered office or in Warsaw or in another place indicated in the notification of the summoning of the meeting.

§ 13

1. The President of the Supervisory Board or in his or her absence the Vice President of the Supervisory Board (Deputy of Vice President of the Supervisory Board) shall summon the meetings of the Supervisory Board by way of a written notice sent not later than seven days before the scheduled date of the meeting of the Supervisory Board.
2. The period of time referred to in paragraph 1 above can be shortened by the President of the Supervisory Board in a reasonable case.
3. The agenda of the first meeting of the Supervisory Board can not include the adoption of resolutions on matters referred to in § 25 paragraph 2 Section 5 of the Articles of Associations, except the resolutions on appointment of a member or members of the Board in case the Board consists of less members than required under the provisions of the Articles of Associations. The next meeting of the Supervisory Board may be held not

earlier than within seven days from the date of the first meeting of the Supervisory Board; by that time the Supervisory Board may adopt resolutions pursuant to § 24 paragraph 2 or 4 of the Articles of Associations, subject to the limitations specified in those provisions articles.

§ 14

1. The Supervisory Board shall summon meetings as required, but at least once per quarter.
2. The Board or two members of the Supervisory Board may demand to summon the meeting of the Supervisory Board with the proposed agenda thereof. The President of the Supervisory Board, or in his or her absence the Vice President of the Supervisory Board (Deputy of Vice President of the Supervisory Board), shall summon the meeting no later than two weeks from submitting such a demand. If the President of the Supervisory Board does not summon the meeting of the Supervisory Board in accordance with the provisions of this paragraph, the submitter of the demand may summon it individually, stating the date, place and proposed agenda. The agenda of the meeting of the Supervisory Board shall cover the issues proposed in the demand. The meeting shall be chaired by the member of the Supervisory Board appointed by the Supervisory Board members who performed their right to summon the meeting of the Supervisory Board, and in the case of a summoning of the meeting of the Supervisory Board by the Board - a member of the Supervisory Board indicated by the Board.

§ 15

1. Subject to paragraphs 2, 4 and 5 below, in order the resolutions of the Supervisory Board to be valid it shall be required that all members of the Board be invited to participate in the meeting and that at least half of the members of the Supervisory Board be present at the meeting, including the President of the Board or the Vice President of the Supervisory Board (Deputy of Vice President of the Supervisory Board).
2. Subject to Art. 388 § 4 of the Commercial Companies Code, the Supervisory Board resolutions may be adopted by means of direct remote communication, provided that all members of the Supervisory Board have been notified of the content of the draft of resolution.
3. Supervisory Board resolutions adopted in a manner referred to in paragraph 2 shall be presented at the next meeting of the Supervisory Board together with the voting results.

4. Subject to Art. 388 § 4 of the Commercial Companies Code, the resolution of the Supervisory Board may be adopted in writing if all members of the Supervisory Board have been notified about the content of the draft of resolution. Voting shall take place by signing the appropriate resolution document in the case of voting for its adoption or by making a statement of voting against its adoption placed on the resolution document, or by making a statement of abstaining from voting.
5. Subject to Art. 388 § 4 of the Commercial Companies Code, member of the Supervisory Board may participate in adopting the resolutions of the Supervisory Board by casting their votes in writing through another member of the Supervisory Board. Voting in writing shall not apply to matters introduced to the agenda at the meeting of the Supervisory Board.
6. The written mode of voting referred to in paragraph 4 may be applied by the Supervisory Board to adopt resolutions in electronic form using the means of remote communication, provided the use of a secure electronic signature verified by a valid qualified certificate. In this case, the requirements specified in paragraph 4 shall apply.
7. The Supervisory Board meetings may be held using means of direct remote communication, whereby the resolutions taken on this basis shall be valid if all the Supervisory Board members were informed about the content of the draft of resolutions.
8. The resolutions of the Supervisory Board shall be adopted by a simple majority of votes. In case of an equal number of votes, the casting vote is held by the President of the Supervisory Board.
9. The resolutions of the Supervisory Board shall be adopted are passed in an open vote, except the resolutions on the matters referred to in § 25 paragraph 2 point 5 and 7, requiring voting by secret ballot.

§ 16

1. The members of the Board shall be invited to participate in the meetings of the Supervisory Board, subject to the provision of paragraph 2.
2. The meetings of the Supervisory Board on matters concerning directly the Board or its members, especially regarding the recalling, responsibility and determination of a remuneration, shall be held without participation of members of the Board.

§ 17

1. The meetings of the Supervisory Board shall be opened by the President of the Supervisory Board who will also chair the meeting. In case of absence of the President, the same activities shall be performed by the Vice President of the Supervisory Board (Deputy of Vice President of the Supervisory Board) or another member of the Supervisory Board.
2. The meeting of the Supervisory Board shall begin with checking the attendance list and legitimacy of the summoning of the meeting. The members of the Supervisory Board who question the legitimacy of the summoning of the meeting should submit well-grounded reservations which are to be disclosed in the contents of the minutes of the meeting.
3. In case of submitting of reservations as defined in point 2 above, the President of the meeting shall order a debate and a vote on the grounds of the submitted reservations. If, following the adopted resolution, it is acknowledged that the meeting has been summoned in an incorrect manner, no further actions shall be taken, and the President shall close the meeting. Before the meeting is closed, the Supervisory Board shall adopt the resolution with regard to fixing a new, possibly the soonest possible, date of the meeting.

§ 18

1. As soon as the summoning of the meeting has been found legitimate, the President of the meeting shall present the meeting agenda to the members of the Supervisory Board. A change of the meeting agenda shall be possible only and entirely with all members of the Supervisory Board present, and adoption of a corresponding resolution shall be required in such cases.
2. After the meeting agenda is read or the resolution defined in point 1 above is passed, participants shall not be allowed to submit reservations as to legitimacy of the summoning of the meeting.
3. After the meeting agenda is read and accepted, the President of the meeting shall order the execution of individual items listed in the meeting agenda.

§ 19

1. The minutes of the Supervisory Board meeting should include the following data: place of the meeting, date, list of participants, meeting agenda, adopted resolutions, number

of votes cast for and against each individual resolution, and also, at the request of a Supervisory Board member, a possible separate opinion.

2. The minutes of the meeting shall be signed by all members of the Supervisory Board who were present at the meeting. Hard copies of invitation confirmation for all members of the Supervisory Board, including printouts of e-mail receipt confirmations, shall be attached to the minutes of the meeting.
3. None of the members of the Supervisory Board shall be allowed to refuse to sign the minutes of the meeting even if he or she voted against a resolution and regardless of the fact that he or she demanded his or her separate opinion to be put into the contents of the minutes of the meeting. If any of the members of the Supervisory Board refuses to sign the minutes of the meeting, the President of the Supervisory Board shall note this fact down in the contents of the minutes of the meeting.
4. Draft of the minutes of the Supervisory Board shall be sent to the members of the Supervisory Board within 14 days from the meeting completion.

§ 20

1. Documentation connected with the meetings of the Supervisory Board shall be deposited in the Supervisory Board office.
2. At each meeting of the Supervisory Board, the members, who were present at the former meeting, shall sign the minutes of the former meeting.
3. The members of the Supervisory Board may also apply for a copy of the minutes of the meeting to be sent to them as soon as such a copy is made.
4. Materials prepared by the Board and members of the Supervisory Board shall constitute an appendix to the minutes of the meeting.

§ 21

1. Reservations with regard to the contents of the minutes of the meeting may be submitted by the members of the Supervisory Board during the nearest meeting.
2. In case reservations are expressed with regard to the contents of the minutes of the meeting, a minutes taker shall be called upon to join the meeting of the Supervisory Board, unless this person is present at the meeting.
3. A change of the minutes of the meeting shall require a proper resolution to be adopted by the Supervisory Board showing the scope of changes introduced to the minutes of the meeting. Adoption of the resolution in such a manner shall not constitute a change

of the Supervisory Board meeting agenda.

Chapter V. Final provisions.

§ 22

1. For matter which are not settled in these Regulations, the commonly binding legal regulations, provisions of the articles of Associations as well as resolutions of the General Meeting of Shareholders shall apply.
2. A list of email addresses of members of the Supervisory Board shall constitute an annex to these Regulations. A member of the Supervisory Board shall be obliged to inform the President of the Supervisory Board about the change of his or her e-mail address. Changing the email addresses of members of the Supervisory Board shall not require amendments to these Regulations.
3. The Regulations were accepted by virtue of the resolution of the Supervisory Board dated May 19, 2016.
4. The Regulations shall enter into force as of the date of their adoption.
5. As of the date of adoption of these Regulations, the Regulations of the Supervisory Board as adopted on September 28, 2004 shall lose their power.