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## THE RULES OF PROCEEDINGS OF THE MANAGEMENT BOARD OF

**Orzeł Biały Spółka Akcyjna**

**with its registered offices at Piekary Śląskie**

### § 1

#### Introduction

1. The Management Board („Zarząd”) is a statutory body of Orzeł Biały Spółka Akcyjna with its registered offices at Piekary Śląskie („**The Company**”) to run the Company’s business and to represent the Company pursuant to the law provisions, notably of the [Polish] Commercial Companies Code (“*Kodeks spółek handlowych*”) of 15 September, 2000 (Law Journal Dz. U. No 94, Item 1037, as amended) as well as the Company’s Articles of Association (“*Statut Spółki*”), General Assembly resolutions, Supervisory Board resolutions, these Rules, Charters or Standing Rules of other statutory bodies of the Company inasmuch as such provisions relate to the role, function and actions of the Management Board.
2. The Management Board’s competences shall include all corporate matters which are not reserved to the competencies and responsibilities of the General Assembly and the Supervisory Board.
3. The Management Board shall, guided by the Company’s interests, define the Company’s strategy and main objectives and shall submit them to the Supervisory Board, and shall be responsible for their implementation and completion.
4. The Management Board shall take care of the transparent and efficient management system of the Company and shall administer its matters in accordance with law and good practices.
5. The Management Board of the Company shall manage the assets and property of the Company and administer the matters of the Company as well as exercise its duties with due diligence as required in business activities, shall adhere to law, provisions of the Company’s Articles of Association and resolutions adopted by the General Assembly and the Supervisory Board within their competencies and responsibilities.
6. When performing the mandate, each Member of the Management Board shall be required to exercise due diligence required from persons involved in performing such activities.

### § 2

#### The composition and term of the Management Board

1. The Articles of Association of the Company shall specify in detail the number of the Management Board Members, their election, termination and term in office.
2. In case of any changes to the Management Board composition, the outgoing Management Board Member shall submit, in a protocolary manner, to the Management Board, in particular to the President of the Management Board or a Member of the management Board designated by him/her, information of all matters pursued by him/her inclusive of all documents and any

other materials held by him/her relating to the Company, which has been made, drafted, collected, elaborated, developed or received by him/her during, or in connection with, his/her functions in the Management Board of the Company.

### § 3

#### **Duties, responsibilities and privileges of the Management Board of the Company**

1. Two members of the Management Board jointly or one member of the Management Board together with a proxy shall be authorised to represent and act on the behalf of the Company.
2. The Management Board of the Company shall be tasked, in particular, with:
  - a. summoning the Ordinary General Assembly at least once a year, with the day of convening such General Assembly to be held not later than by the end of June each calendar year.
  - b. summoning the Extraordinary General Assembly on their own initiative, on proposal by the Supervisory Board or proposal by a shareholder or shareholders who represent at least 1/20 (one twentieth) of the shareholders equity.
  - c. submitting to the Supervisory Board the activities report, proposals for profit distribution, loss coverage sources and means and for reserves/provisions allocation.
  - d. managing the accounts of the Company in accordance with applicable regulations.
3. The Management Board shall be entitled to give and recall authorisations, proxies, plenipotentiaries or mandates (*pełnomocnictwo*).
4. To establish an authorised signatory or proxy (*prokurent*) shall be consented to by all Management Board Members. Such authorisation (*prokura*) may be recalled by any single Management Board Member.
5. The Management Board of the Company shall make all efforts to collect, from all Supervisory Board Members, their declarations or statements of their relations, if any, with a shareholder or shareholders holding shares which represent not lower than 5% of all votes at the General Assembly of the Company, and to have such information communicated at the Company's website.
6. Before any material agreement or contract is entered into by the Company with a related party, the Management Board shall request the Supervisory Board for the approval of such transaction/agreement except for typical transactions which are entered into at arm's length in the framework of operating activities conducted by the Company with a related party where the Company controls the majority shareholding.
7. The Management Board shall be responsible for the preparation and organisation of the General Meeting. The duties of the Management Board related to the convening and holding of the General Meeting shall include all activities resulting from the relevant provisions of law and the Company's Articles of Association, in particular:
  - a. establishing the agenda, subject to exceptions provided for by law and the Company's Articles of Association,
  - b. announcement on convening the General Meeting,
  - c. preparing and signing the list of shareholders entitled to participate in the General Meeting,

- d. preparing and placing on the Company's website power of attorney forms to participate in the proceedings and exercise voting rights by proxy,
  - e. preparing and placing draft resolutions on the Company's website, as well as placing draft resolutions submitted by shareholders on the website.
8. The Management Board shall present the reasons for draft General Assembly resolutions or asks the entity proposing placing any given matter to the General Assembly's agenda to present the reasons for any resolution proposed by such entity.

#### **§ 4**

##### **Sessions summoning**

1. The Management Board's sessions shall be summoned as and when needed, at intervals to be agreed at the time being, based upon an invitation sent with a reasonable advance before the scheduled session to the Management Board Members. The invitations to the Management Board session specifying the day, time and venue of the session, shall be delivered to the Management Board Members:
  - a. at the registered offices of the Company orally in the presence of all Management Board Members. The Management Board Members shall sign a declaration that they received the information of the planned session and such declaration having a clearly established date,
  - b. with registered letter, per courier, fax, and email,
  - c. In urgent matters, the President of the Management Board may summon the Management Board session with disregard to the procedure as referred to in a) and b) above, provided that all Management Board Members should have been notified about the planned meeting.
2. The Management Board sessions shall be summoned by the President of the Management Board and , in the President's absence, by a Management Board Member authorised by him/her.
3. The Management Board sessions may be held without official summoning in case that all Management Board Members are present and none have objected to the session being held and to the agenda proposed.
4. The Management Board sessions shall discuss running business matters of the Company. Furthermore, the Management Board sessions shall particularly raise the matters which call for resolutions to be made by the Management Board.
5. Each Management Board Member may bring in proposals for deliberation by the Management Board sessions.
6. Each Management Board Member shall be obliged to attend the sessions, and his/her absence shall be adequately justified.

#### **§ 5**

##### **Quorum**

1. The Management Board shall be capable (quorate) of adopting binding resolutions if a majority of Management Board members are present at the meeting and all Management Board members have been properly notified of the meeting of the Management Board.

2. Resolutions of the Management Board shall be adopted by an absolute majority of votes. In the event of an equal number of votes cast in favour and against, the President of the Management Board shall have the casting vote.
3. If a Management Board resolution relates to a specific corporate activity, which was entrusted to a Management Board Member such Management Board Member shall be present at the Management Board session where such resolution is to be adopted. In the absence of the Management Board Member, such agenda matter as relates to his/her competencies and responsibilities shall be deferred until next Management Board session. If such Management Board Member fails again to attend, the Management Board Member shall be allowed to pass the resolution in his/her absence, subject to provisions of Clause 1 above.
4. If the resolution of the Management Board concerns the area of the Company's operations that has been entrusted to a given Director responsible for a given organisational unit in the Company (i.e. the Director of the Management Team), the Management Board should consult such resolution with that Director indirectly (in writing or via electronic means of communication) or directly at a meeting of the Management Board at which such a resolution is to be adopted. In the absence of the Management Team Director, the Management Board may adjourn consideration of an item on the agenda regarding his/her competence and place this item on the agenda of the next meeting of the Management Board. If the Director of the Management Team fails to attend the meeting again, the Management Board may also adopt the resolution in his/her absence. If circumstances so require, the Management Board may decide to withdraw from consultations with the Director of the Management Team.
5. The President of the Management Board shall plan the vacations and longer business trips of the Management Board Members or the sessions so as for the Management Board to be capable (quorate) at any time to pass conclusive resolutions.

## **§ 6**

### **Management Board meetings**

1. Meetings of the Management Board shall be chaired by the President of the Management Board. In the absence of the President of the Management Board, he/she shall be replaced by a member of the Management Board authorised in this respect by the President of the Management Board.
2. Members of the Supervisory Board and third parties invited by Members of the Management Board may participate in meetings of the Management Board (e.g: experts and consultants). These persons shall not be entitled to vote while adopting resolutions.
3. Resolutions of the Management Board shall be adopted in an open vote, unless the Management Board decides otherwise.
4. Resolutions shall be adopted by an absolute majority of votes. In the event of an equal number of votes cast in favour and against, the President of the Management Board shall have the casting vote.
5. Minutes shall be recorded in the course of the Management Board meeting and of the adopted resolutions, which shall be signed by the participants of the meeting. The minutes should include the agenda, names and surnames of the participants and the number of votes cast for individual resolutions. The minutes shall be made without undue delay
6. Members of the Management Board voting against the to-be-adopted resolution may request their different positions to be put on record.
7. The minutes shall be subject to approval at the next meeting of the Management Board.

8. Minutes and resolutions adopted shall be kept in the ledger of minutes of the Management Board.
9. The Management Board may also adopt resolutions without formally convening a meeting using means of direct remote communication, subject to mandatory legal provisions
10. In the event of voting using means of direct remote communication as referred to in § 6 Para. 9, a resolution shall be adopted in such a way that the President of the Management Board or a person authorised by the President of the Management Board communicates with all Members of the Management Board and presents them with a draft resolution or draft resolution along with a voting card, and then awaits voting by individual Management Board members on the resolution via the agreed telecommunications means within the prescribed period. Votes not cast on time shall be treated as abstentions. The President of the Management Board may extend the voting period. In the event of voting by all Members of the Management Board - before the expiry of the set date or the extended date - the voting shall end when the last vote is cast. Minutes shall be recorded on the course of voting in the said procedure, which shall be signed by the voting participants at the next meeting of the Management Board at the latest.
11. In the event that all members of the Management Board choose this method of voting, it shall also be allowed to cast a vote using the electronic signature put under the resolution.

## **§ 7**

### **Internal decisions at The Company**

1. Each member of the Management Board shall be entitled to provide employees of the Company with guidance/instructions in the field of internal management of the Company only within the organisational unit subordinate to him/her, unless such instructions are given in urgent matters. A member of the Management Board who provides guidance/instructions with urgent matters shall notify them to the Member of the Management Board responsible for the given organisational unit as soon as possible
2. If consideration and settlement of a case assigned to one of the organisational units of the Company's enterprise is also relevant to the scope of competence of another member of the Management Board, or if it concerns the personal or material tasks of another member of the Management Board, then both Members of the Management Board shall be required to jointly agree on the manner of consideration and resolution of such matter . If this is not possible, the entire Management Board shall make a decision in this respect in the form of a resolution.
3. Resolutions of the Management Board are required in particular for the following matters:
  - a. convening General Meetings of Shareholders and determining their agenda,
  - b. establishing plans and programs of the Company's operations,
  - c. establishing organizational rules and regulations, work rules and regulations and management board rules and regulations,
  - d. determining the Company's remuneration system,
  - e. issuing internal instructions and orders,
  - f. appointing the Company's proxies and determining the amount of their remuneration,
  - g. creating organisational units of the Company, appointing their managers and deputies,
  - h. granting guarantees and sureties for the obligations of other persons/entities,
  - i. establishing a pledge on the Company's assets,
  - j. subscribing to, purchasing and disposing of shares in other companies,

- k. establishing companies and dissolving companies where Orzeł Biały S.A. is a partner/shareholder,
  - l. establishing the Company's chart of accounts as well as the principles of recording and valuation methods of the Company's property,
  - m. the Company joining organisations and associations.
  - n. co-financing of external entities;
  - o. motions of the Management Board addressed to the General Meeting of Shareholders or the Supervisory Board regarding in particular:
    - 1) profit distribution or loss coverage method,
    - 2) changes in the purpose of the Company's business,
    - 3) changes in the amount of share capital,
    - 4) merger of the Company with another company or transformation of the Company,
    - 5) dissolution and liquidation of the Company,
    - 6) issue of bonds,
    - 7) sale and lease of the Company's enterprise and establishment of use thereon,
    - 8) legal actions, to which the consent of the Supervisory Board is required under the Company's Articles of Association.
4. The following actions shall require unanimous, prior resolution of the Management Board:
- a) consenting to a new cash loan or credit if the value of the single transaction exceeds PLN 2,000,000;
  - b) granting a loan or credit if the value of the single transaction exceeds PLN 2,000,000;
  - c) making or directly undertaking to incur capital expenditures or expenses, with the proviso, however, that such consent will not be required if the expenditure does not exceed PLN 2,000,000 in one single transaction or as part of related transactions;
  - d) expressing consent to the purchase or sale by the Company of real estate, perpetual usufruct or a share in real estate with a value exceeding PLN 1,000,000;
  - e) granting new sureties, guarantees and other forms of assuming third party liabilities with a value exceeding PLN 2,000,000;
  - f) acquisition, subscription to, sale or imposition of encumbrances on rights and obligations, shares or stocks in other companies or assets of or an organised part of the enterprise of another company or companies, in any case where the value of the subject of the contract exceeds PLN 2,000,000;
  - g) acquisition, sale, transfer, and commitment/undertaking to purchase, sell or transfer, imposition of encumbrances, rent/lease of key tangible or intangible assets, if the value of the subject of the contract exceeds PLN 2,000,000.
5. The President of the Management Board shall perform on behalf of the Company as an employer activities in matters of labour law, and in particular conclude and terminate employment contracts with the Company's employees. The Management Board may also authorise other Members of the Management Board and other employees of the Company, in particular the Director HR of the Management Team, to perform on behalf of the Company activities in matters relating to labour law.

## **§ 8**

### **L Loyalty to the Company. Conflict of interests**

1. The Management Board Member shall avoid any actions disloyal to the Company, which are designed solely for own material benefits. The Management Board Member shall immediately inform the Management Board of any information received on any investment or any other

beneficial transaction opportunity pertaining to the Company's business purpose in order for the Company to consider any use to it. Such information being used by the Management Board Member for his/her benefit or being transferred to any third party shall occur only against the consent by the Management Board and solely when it does not breach the Company's interest.

2. In case of any conflict of interests between the Company and the Management Board Member, his/her spouse, relatives and kin of first and second degree as well as persons he/she is personally related to („conflict of interests”), the Management Board Member shall refrain from participating in deliberating such matters and may require such instance being recorded in the minutes.
3. Members of the Management Board shall inform the Supervisory Board about any conflict of interest in connection with their function or about any possibility of such occurrence.

## **§ 9**

### **Reporting duty**

Three weeks, at the latest, before the day of the Ordinary General Assembly the Management Board shall submit to the Supervisory Board an annual financial statement audited by a chartered accountant, management report as well as profit distribution or loss coverage proposals.

## **§ 10**

### **Management Board Members' duties and obligations**

1. When decisions are made on the Company matters the Management Board Members shall act within reasonable economic risk, i.e. having duly considered all and any information, data, figures, analyses, opinions which, upon reasonable judgment of the Management Board, should be taken into account on a case by case basis with a view to the Company's interest/interests. When establishing any interest to the Company, reasonable longer-term interests of shareholders, creditors, employees of the Company and other stakeholders of the Company should be reflected upon with regard to the Company's business operations as well as the interests of local communities.
2. When transactions are entered into with shareholders or any other stakeholders whose interests impact the Company's interest, the Management Board shall act with due diligence so that the transactions be made at arm's length conditions (market conditions).
3. A member of the Management Board shall treat his/her shares in the Company and its parent and subsidiary companies as a long-term investment.

## **§ 11**

### **Miscellaneous**

1. These Rules shall represent solely the internal regulation, the contents of which must not affect or breach any law, notably the Commercial Companies Code provisions and the Company's Articles of Association. These Rules shall be interpreted and construed in accordance with the Commercial Companies Code and the Company's Articles of Association provisions.
2. Invalidity or non-enforceability of any provision of these Rule Charter shall not affect validity or enforceability of remaining provisions of said Rules.

3. Any change to these Rules Charter must be done in form of the Management Board resolution to be approved by the Supervisory Board. This shall pertain also to any Annexes to the Rules.
4. These Rules shall become effective at the day they have been approved by the Supervisory Board.