

## **BY-LAWS OF THE MANAGEMENT BOARD OF TORPOL SPÓŁKA AKCYJNA**

unified text

### **General provisions**

#### **§1**

1. The Management Board is the governing body of the Company subject to the restrictions set forth in the Company's Articles of Association, these By-laws of the Management Board and the resolutions of the Supervisory Board and the General Meeting acting under the provisions of law, and in particular the provisions of the Code of Commercial Companies.
2. Competences of the Management Board include all matters not reserved for the General Meeting or the Supervisory Board.
3. The Management Board is responsible for the creation, implementation and execution of the Company's strategy and defines the objectives of its operation.
4. The powers of the Management Board to represent the Company may not be limited to the legal effect against third parties. The right of Members of the Management Board to represent the Company arises as from the date of their appointment by the Supervisory Board.

### **Composition and method of appointment of the Management Board**

#### **§ 2**

1. The Management Board is composed of one or more members. The President of the Management Board and, at his/her request, the Vice-Presidents and Members of the Board are appointed and dismissed by the Supervisory Board for the joint term of office of three years.
2. The Supervisory Board appoints the Members of the Management Board after a qualification procedure, the purpose of which is to verify and assess the qualifications of the candidates and to select the best candidate for a Member of the Management Board. The requirements to be fulfilled by candidates for Member of the Management Board are set out in the Company's Articles of Association.
3. The Supervisory Board determines the remuneration of the Members of the Management Board. Contracts with Members of the Management Board shall be concluded, amended and terminated by the Supervisory Board on behalf of the Company, whereby the Supervisory Board may authorise the Chairman of the Supervisory Board to sign a contract with Members of the Management Board. In contracts between the Company and the Members of the Management Board, as well as in disputes with them, the Company is represented by the Supervisory Board.

4. The mandate of the Management Board Member expires no later on than the date of the General Meeting approving the financial statements for the last full financial year of the Management Board Member's term of office.
5. The term of office of a Member of the Management Board shall expire before the end of the term of office, inter alia, as a result of death, resignation, dismissal from the Management Board, loss of full legal capacity or conviction by final judgment for the offences specified in Article 18 § 2 of the of the Commercial Companies Code.
6. Members of the Management Board may be suspended, for important reasons, from their duties by resolution of the Supervisory Board.
7. In the event of suspension of a Member of the Management Board, dismissal of a Member of the Management Board or submission of his/her resignation, as well as in the event of other reasons preventing a Member of the Management Board from performing his/her duties, the Supervisory Board may delegate its representative for a period of no more than 3 months to temporarily perform the duties of a Member of the Management Board.
8. Expiration of the mandate due to the end of the term of office does not limit the possibility of re-appointment as a Member of the Management Board.

### **Responsibilities of the Management Board**

#### **§ 3**

1. The Management Board is obliged to perform their duties with particular care required in business.
2. The Management Board is responsible for the performance of duties in accounting within the scope specified in the Accounting Act. The Management Board may delegate specific responsibilities in the field of accounting to an employee of the Company, who is not a Member of the Management Board, at the consent of this employee.
3. The Management Board is obliged to, within three months from the end of the reporting period, prepare and submit to the Supervisory Board the annual financial statements and a written report on the Company's activities during this period.
4. Descriptive report of the Company's activities should include relevant information about the financial standing and financial position, including assessment of the achieved effects, as well as identify risk factors and hazards; in particular information about:
  - 1) significant events that may affect the Company's operations that took place during the financial year and after its end, to the date of actual closing of the books of accounts,
  - 2) development of the Company,
  - 3) achievements in research and development,
  - 4) current and expected financial position.
5. If the prerequisites indicated in the Accounting Act are met, the Company shall prepare a separate report on non-financial information or include additionally in the Company's management report - as a separate part - a statement on non-financial information.
6. The Management Board's duties also include submitting a report to the General Meeting, with the Supervisory Board's opinion, on representation expenses, as well as expenses for

legal services, marketing services, human relations (public relations) and social communication services and management consultancy services.

7. The Management Board submits all required forms and documents to the Registry Court.
8. The Management Board maintains the shareholders book pursuant to the requirements contained in the Code of Commercial Companies.
9. The Management Board provides support for organisational and administrative functioning of other governing bodies of the Company.
10. The Management Board shall convene the General Meeting in the cases provided for in the Articles of Association and the Code of Commercial Companies, and shall also immediately convene the General Meeting in order to adopt a resolution concerning the continued existence of the Company if the balance sheet prepared by the Management Board shows a loss exceeding the amount of supplementary capital and reserves and 1/3 of the share capital.

### **Representation of the Company, conducting the Company's affairs and meetings of the Management Board**

#### **§ 4**

1. The Management Board performs its functions collectively.
2. Two Management Board Members acting jointly or one Management Board Member acting jointly with a Proxy shall be authorised to make declarations and sign documents on behalf of the Company. If the Management Board is constituted by one person, one Member of the Management Board is authorised to make declarations on behalf of the Company.
3. Resolutions of the Management Board are required, in particular, for:
  - 1) establishing a power of attorney,
  - 2) conclusions regarding the financial statements of the Company, addressed to the General Meeting,
  - 3) convocation of the General Meeting,
  - 4) issues related to economic and financial policies of the Company and investment purchases over the amount of PLN 200,000 (two hundred thousand zlotys),
  - 5) determining the organisation of the Company's business,
  - 6) setting the budget for the given year,
  - 7) all matters requiring a resolution by the Supervisory Board of the Company.
4. The Management Board shall meet not less than twice a month. Meetings of the Management Board shall be convened by its President, and in the case of his/her temporary absence Vice-President, appointed by the President, and in the absence of such indication – each of the Members of the Management Board.
5. The President of the Management Board is obliged to convene a meeting of the Management Board also at the request of a Member of the Management Board or the Supervisory Board, to the extent possible so that the Management Board meeting is held as soon as possible, and if possible, within three days from the date of such request.

6. Each Member of the Management Board shall be notified of the date and agenda of the meeting in advance, in writing or by e-mail, in time and in such a way that the Member of the Management Board has the chance to learn about the meeting, its agenda and can participate in the meeting and the voting.
7. In order to adopt resolutions, at least two Members of the Management Board must participate in meetings of the Management Board. Resolutions of the Management Board shall be passed by an absolute majority of votes. In the case of an equal number of votes, the President has the casting vote.
8. A Member of the Management Board can participate in meetings and the Management Board can adopt resolutions by means of direct communication remotely and in writing. Resolutions shall be valid if all Members of the Management Board have been notified of the contents of the draft resolution. In the case of a voting by means of direct remote communication, a Member of the Management Board who voted in this way is obliged to immediately prepare a written confirmation of this fact, by signing an annotation about it below the contents of the minutes.
9. Management Board Members may participate in adopting resolutions of the Management Board by casting their votes in writing through another Member of the Management Board, with the exception of matters placed on the agenda during the meeting of the Management Board.
10. All Management Board meetings are recorded in minutes. The minutes should include: specification of how (form and date of the notice) the meeting is convened, the agenda, full names of the present Members of the Management Board and the author of the minutes, content of the adopted resolutions, the number of votes cast for each resolution, the way of voting and dissenting opinions. The minutes are recorded with maintenance of continuous annual numbering and placed in the Book of Minutes of the Management Board. The minutes shall be signed by all present Members of the Management Board.
11. The meetings of the Management Board may be attended by invitees, who are allowed to advise on the issues discussed.

## § 5

1. Internal division of duties among the Members of the Management Board shall be performed by the resolution of the Company's Management Board. On this basis, the Management Board Members directly supervise the work of subordinate areas of activity.
2. The President directs the work of the Management Board, chairs its meetings and coordinates the work of the Management Board Members.
3. In case of the President's temporary inability to perform his/her duties, the President shall appoint, for the period of his/her absence, a deputy who holds the power of the President in terms of internal relations of the Company and its Management Board.

## **Other provisions relating to Members of the Management Board**

### **§ 6**

1. The newly elected Management Board of the Company begins its activity from taking over on the basis of a protocol the issues from the leaving Management Board. The hand-over protocol should include a description of the facts in each section of the Company's business activity as at the date of hand-over, and in particular: the register of shares, a list of the Company's financial liabilities, a list of the Company's receivables, inventory of assets of the Company, minutes and resolutions of the Management Board and the General Meeting and the resolutions of the Supervisory Board.
2. The protocol shall be signed by all the leaving and newly elected Members of the Management Board. The hand-over protocol should be made in an amount sufficient for the number of leaving and newly appointed Members of the Management Board and for the Company files.

### **§ 7**

1. When making decisions on matters of the Company, Members of the Management Board shall act within the limits of reasonable economic risk, i.e. after considering all the information, analyses and opinions, which, in the reasonable opinion of the Management Board, should be taken into account in the given case as regards the interests of the Company. In determining the interest of the Company, the Management Board takes into account the long-term interests of Shareholders, creditors, employees of the Company and other entities and persons co-operating with the Company in respect of its business activity, as well as the interests of local communities.
2. In transactions with Shareholders and other persons whose interests affect the Company, the Management Board should act with particular care so that the transactions are performed at arm's length.
3. Member of the Management Board shall be responsible for damage caused by illegal activities or activities not consistent with the Articles of Association of the Company.
4. A Member of the Management Board must not, without the Company's consent, deal with competitive business or participate in a competitive company as a partner or member of a governing body.
5. In the event of a conflict between the interests of the Company and the interests of the Management Board Member, his/her spouse, relatives and in-laws to the second degree, as well as people with whom he/she is personally connected in such a way that it could raise reasonable doubt as to impartiality, Member of the Management Board should refrain from settling such matters and may request indication of this fact in the minutes. In the case of acquiring information on the possibility of investment or other transaction concerning the Company's business activity, a Member of the Management Board shall present it to the Management Board immediately so as to consider the possibility of its use by the Company. Use of such information by a Member of the Management Board or its disclosure to a third

party can only occur with the consent of the Management Board and only if it does not infringe the Company's interest.

6. Members of the Management Board shall inform the Supervisory Board of any conflict of interest in relation to their function or of the possibility of its arising.

## **§ 8**

The Management Board shall report on the activities of the Company at the request of the Supervisory Board and annually for the General Meeting.

## **Final provisions**

## **§ 9**

Adoption and amendment of these By-laws require a resolution of the Management Board and approval by resolution of the Supervisory Board.