

POLISH FINANCIAL SUPERVISION AUTHORITY

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Short name of the issuer: ACTION S.A.

Subject: Report concerning the application of corporate governance rules by ACTION S.A.

Legal basis: Other regulations

Contents of the report:

Pursuant to §29 subparagraph 5 of the Rules of Warsaw Stock Exchange S.A., the Management Board of ACTION S.A., acting under the provisions of resolution number 1013/2007 of the Stock Exchange Management Board dated 11 December 2007, hereby publishes this Report concerning the application of corporate governance rules by the Company in 2007.

Pursuant to §29 of the Rules of Warsaw Stock Exchange S.A. and the Resolution of the Supervisory Board of Warsaw Stock Exchange S.A. on adoption of "Good Practice of Companies Listed on SE" dated 4 July 2007, the Management Board of ACTION S.A. declares that:

a) ACTION S.A. adheres to the rules of Good Practice of Companies Listed on SE. ACTION S.A. also clarifies that with respect to rule no. 7 part 3 of Good Practice the audit committee functions shall be performed by the Supervisory Board of the Company since this body is comprised of the minimum number of members required by law. ACTION S.A. is of the opinion that statutory regulations as well as those provided for by the Company's corporate acts shall enable the Supervisory Board to perform in a proper way the tasks of committees specified in the Commission Recommendation dated 15.02.05 concerning the role of non-executive directors or directors acting as members of supervisory boards in listed companies and in the commission of the board (UE OJ L. 05.52.51).

With respect to rule 1 part 1 of Good Practice, ACTION S.A. informs that as regards broadcasting the session of the general meeting by means of the Internet, recording and making its contents public, the Rules of Proceedings of the Company's General Meeting (§14 subparagraph 3 and §14 subparagraph 4) provide for a possibility of additional recording of the session by means of sound and vision recordings. Such recordings may be taken with the consent of the General Meeting, however a person speaking may require that their statement or image recorded in such a way not be published or distributed. Therefore, broadcasting the session of the general meeting may be limited. However, notarized minutes of the session shall be published on the Internet website of the Company. Moreover, the Company provides participation of the media during the session of the general meeting.

b) The manner in which the General Meeting of ACTION S.A. operates and its basic rights as well as the rights of Shareholders and the way of their exercising are stipulated by statutory provisions and the Company's corporate acts (Statutes, Rules of Proceedings of the General Meeting).

The following is an excerpt from the Statutes of the Company concerning issues related to the manner of operation and to the basic rights of the general meeting:

"General Meeting
§ 9.

1. The General Meeting takes place as an Ordinary (Annual) or Extraordinary General Meeting.
2. An ordinary General Meeting is called up by the Management Board of the Company.
3. An ordinary General Meeting session should take place within six months after the end of each financial year.
4. An Extraordinary General Meeting is summoned by the Management Board of the Company by their own initiative, in response to a written request from the Supervisory Board or upon a written request of Shareholders who represent at least 10% (ten per cent) of the share capital.
5. The Extraordinary General Meeting should be summoned within two weeks from the date such a request is submitted.
6. A General Meeting may be called up by the Supervisory Board if the Management Board fails to summon a General Meeting within the time frame referred to in subparagraphs 3 and 5 of this Article. It may also be summoned by Shareholders who have been requesting an Extraordinary General Meeting to be called up ineffectively and have been authorised to summon it by the registry court.
7. The General Meeting shall be summoned pursuant to the provisions of the Commercial Companies Code.

§ 10.

1. A General Meeting may only adopt resolutions on the matters included in the agenda, unless the full share capital is represented by the attendees of the Meeting and no attendee objects either with respect to summoning a General Meeting or to putting specific matters on its agenda.
2. The agenda is proposed by the body who called up the General Meeting.
3. The Supervisory Board and the Shareholders who represent at least 10% (ten per cent) of the share capital may request that the specific matters be put on the agenda of the nearest General Meeting.
4. Should such a request be submitted after announcing a General Meeting, it shall be viewed as a request for another General Meeting.
5. A General Meeting may adopt resolutions regardless of the number of Shareholders present and the proportion of shares represented, unless the regulations of the law or the provisions of these Statutes specify stricter conditions for its capacity to adopt resolutions.
6. Resolutions are adopted by the General Meeting with a simple majority of votes (more votes "for" than "against", „abstaining" votes are not taken into consideration), unless the regulations of the law or the provisions of these Statutes specify stricter conditions for its capacity to make resolutions.
7. In the event referred to in Article 397 of the Commercial Companies Code, a resolution on dissolving the Company requires an absolute majority of votes.
8. Voting is open. Secret voting is required whenever electing, dismissing or suspending members of the Company's bodies or its liquidators is voted, or whenever voting concerns the liability of specific individuals or their personal affairs. Moreover, secret voting is held upon request of as few as a single Shareholder with a valid right to vote.
9. Any significant changes of the scope of the Company's business shall be voted openly and by roll call.

§ 11.

1. The General Meeting has the competence to adopt resolutions in the following matters:

- 1) examining and approving financial reports of the Company and reports of the Management Board on the operations of the Company in the past financial year,
 - 2) appropriating profits and covering losses,
 - 3) acknowledging the fulfilment of duties by members of the Company's bodies,
 - 4) amending the Company's Statutes,
 - 5) increasing or decreasing the share capital,
 - 6) consolidating or transforming the Company,
 - 7) dissolving and liquidating the Company,
 - 8) issuing convertible bonds or bonds with the right of pre-emption; issuing subscription warrants referred to in Article 453 §2 of the Commercial Companies Code,
 - 9) acquiring the Company's own shares in the event referred to in Article 362 §1 subparagraph 2 of the Commercial Companies Code, or providing authorisation to acquire them in the event discussed in Article 362 §1 subparagraph 8 of the Commercial Companies Code,
 - 10) redeeming shares and setting the terms of such a redemption,
 - 11) disposing of or leasing the business or its organised part and establishing a limited property right for it,
 - 12) creating and reducing reserve capital, special funds and specifying their purpose,
 - 13) deciding on claims for compensation for damage done at incorporation of the Company or in the course of its management or supervision,
 - 14) concluding agreements between the Company and its subsidiary on the control over the subsidiary or transferring profits by it,
 - 15) adopting the rules of proceedings of the General Meeting,
 - 16) adopting the rules of proceedings of the Supervisory Board,
 - 17) designating and dismissing members of the Supervisory Board,
 - 18) designating and dismissing the Chairperson of the Supervisory Board,
 - 19) setting the remuneration for the members of the Supervisory Board,
 - 20) designating and dismissing liquidators,
 - 21) dealing with matters raised by the Supervisory Board, the Management Board or Shareholders,
 - 22) introducing the shares of the Company into an organised securities trading system.
2. Acquiring or disposing of real estate, its perpetual usufruct or ownership rights to real estate property or its perpetual usufruct by the Company are not subject to approval by the General Meeting.
3. General Meetings may be held at the Company's head office or in the location of Zamienie in the commune of Lesznów, the district of Piaseczno, the Mazowieckie Province.
4. The General Meeting may adopt the agenda unchanged, change the order of the matters to be examined or remove some points from the agenda. A resolution may be adopted not to examine a matter included in the agenda exclusively if there is a material justification for it. A detailed rationale should be presented for such a motion. Removing an issue from the agenda or abandoning examination of a matter listed in the agenda upon request of a Shareholder requires a resolution to be adopted by the General Meeting after a prior consent of all the present Shareholders who raised the matter to the agenda, supported with 75% of votes of the General Meeting.

Shareholders' rights and the way of exercising them:

Property rights attached to the Company's shares

- 1) The right to a dividend which means a share in the Company's profit shown in the financial statement audited by a state certified auditor, designated by the General Meeting for distribution to the Shareholders (Article 347 of the Commercial Companies Code). The profit shall be distributed in proportion to the number of shares. The Statutes do not provide for any privileges attached to this right, which means that each share gives a dividend of the same value. Those Shareholders who were

entitled to shares on the dividend day shall be entitled to dividend for a given financial year. The dividend day may be specified by the Ordinary General Meeting to be the day of adopting a resolution on distribution of profit or fall within the next three months starting from that day (Article 348 of the Commercial Companies Code). While specifying the dividend day, one needs to take into consideration the regulations of the Polish National Depository for Securities S.A. (KDPW) and of the Stock Exchange.

The Ordinary General Meeting shall also specify the time for the payment of dividends (Article 348 §3 of Commercial Companies Code). As a consequence of adopting a resolution on designating profit for division, the Shareholders acquire a claim for dividend payment. The claim for dividend payment becomes due on the day specified in the resolution of the General Meeting, and general principles of the limitation of claims are applicable thereto. The provisions of law do not stipulate the expiration date of the right to a dividend.

2) No other right to participate in the Issuer's profit is attached to the Issuer's shares.

3) Priority right in taking up new shares in proportion to the number of shares held (pre-emptive right); subject to the requirements stipulated in Article 433 of the Commercial Companies Code, a Shareholder may be deprived of this right in whole or in part where the interests of the Company so require, by a resolution of the General Meeting adopted by a majority of at least four fifths of the votes; the provision requiring the majority of 4/5 of the votes does not apply where the resolution on the increase of the share capital provides for the new shares to be taken up in whole by a financial institution (sub-issuer) subject to the duty to subsequently offer the shares to Shareholders so that they may exercise the pre-emptive right on the terms stated in the resolution and where the resolution provides for the new shares to be taken up by the sub-issuer in the event that the Shareholders who have the pre-emptive right fail to take up some or all of the shares offered to them; Shareholders may be deprived of the pre-emptive right also in the case where it was announced in the agenda of the meeting.

4) The right to a share in the Company's assets left after satisfying or securing creditors in the case of its liquidation; the Company's Statutes do not provide for any other privileges in this respect.

5) The Company's shares may be redeemed upon the Shareholder's consent by being acquired by the Company (voluntary share redemption). Terms and conditions of voluntary share redemption are specified by a resolution of the General Meeting and the Management Board subsequently acquires and redeems the Company's own shares from the Shareholder, acting strictly within the limits of the authority granted to it by that resolution, and summons a General Meeting to make a resolution on the redemption of the shares acquired by the Company for redemption and on decreasing the share capital (§6 subparagraphs 4 and 5 of the Statutes).

6) The right to dispose of the shares possessed.

7) The right to encumber the shares possessed with a pledge or usufruct. Throughout the period when shares admitted to public trading on which pledge or usufruct has been created are shown on securities accounts of a brokerage house or of a bank maintaining securities accounts, the voting right in these shares shall remain with the Shareholder (Article 340 §3 of the Commercial Companies Code).

8) Exchanging the Company's bearer shares into registered shares is excluded. If registered shares are issued, they may be exchanged into bearer shares, subject to limitations of the Commercial Companies Code concerning shares issued for in-kind-contributions, upon the Shareholder's motion by way of a resolution of the Management Board which should be adopted within 30 days following the day on which the motion to introduce the change is submitted by the Shareholder. The costs of such exchange shall be borne by the Shareholder (§6 subparagraph 3 of the Statutes).

9) The Issuer's statute does not contain any provisions resulting in an obligation to a further capital call by the issuer.

10) The Company shall build its supplementary capital to cover its balance losses. The supplementary capital shall be accumulated by transferring 8% of the annual net profit, until that capital reaches at least 1/3 of the value of the share capital; further transfers of a part of the profit towards the supplementary capital may be discontinued. Notwithstanding the supplementary capital, the Company may create other reserve funds (§ 19 subparagraph 4 of the Statutes).

Corporate rights attached to the Company's shares

1) The right to participate in the General Meeting (Article 412 of the Commercial Companies Code) and the right to vote at the General Meeting (Article 411 §1 of the Commercial Companies Code). Each share gives the right to one vote at a General Meeting.

2) The Shareholders representing at least one tenth of the Company's share capital have the right to request that the Extraordinary General Meeting be convened and the right to table a motion that certain matters be placed on the agenda (§9 subparagraph 4, §10 subparagraph 3 of the Statutes, Article 400 §1 of the Commercial Companies Code). A motion to convene the General Meeting shall include matters to be placed on the agenda. Should the Extraordinary General Meeting fail to be convened within two weeks from submission of the request to the Management Board, the registry court may, having summoned the Management Board to make a representation, authorise the Shareholders who have submitted the request to convene the Extraordinary General Meeting (Article 401 §1 of the Commercial Companies Code).

3) The right to appeal against resolutions of the General Meeting in accordance with procedures stipulated in Articles 422-427 of the Commercial Companies Code.

4) The right to request election of the Supervisory Board by way of a vote in separate groups; pursuant to Article 385 §3 of the Commercial Companies Code, the Supervisory Board shall be elected by the next General Meeting by a vote held in separate groups, if there is a motion submitted by Shareholders who represent at least one fifth of the share capital.

5) The right to select candidates for Independent Members of the Supervisory Board, which has existed since the Company's shares were admitted to trading at Warsaw Stock Exchange S.A., shall be vested in a Shareholder or a group of Shareholders representing no more than 20% of the Company's share capital present at the General Meeting (§14 subparagraph 2 and the following of the Statutes). A candidate for an Independent Member of the Supervisory Board shall be selected by way of a written application of a candidate by a Shareholder entitled to do so submitted to the Chairperson of the General Meeting; there shall be a written declaration by a candidate absent at the General Meeting attached to such an application stating that the candidate fulfils the criteria of independence specified in the Statutes; a candidate present at the Meeting submits such a declaration in the minutes of the session. The General Meeting shall elect at least one member of the Supervisory Board from amongst the selected candidates for a Supervisory Board which is composed of five persons or at least two members for a Supervisory Board which is composed of six or seven persons. Should no Shareholder entitled to nominate a candidate for an Independent Member of the Supervisory Board choose to exercise their right, candidates for Independent Members of the Supervisory Board may be proposed by a Shareholder or a group of Shareholder who represent more than 20% of the share capital present at the General Meeting. If no candidates for Independent Members of the Supervisory Board are selected, Independent Members of the Supervisory Board are not elected.

6) The right to request that a state certified auditor examine an issue related to the formation of a public company or to conducting its business (special auditor); a resolution thereon shall be adopted by the General Meeting upon a motion of a Shareholder or Shareholders who are in possession of at least 5% of the votes at the General Meeting; should the General Meeting dismiss a motion to

appoint a special auditor, the movers of the motion may request the District Court to appoint such an auditor within 14 days following the adoption of the resolution.

7) The right to obtain information about the Company within the limits and in a way set forth by the provisions of law, in particular in accordance with Article 428 of the Commercial Companies Code; during the session of the General Meeting, the Management Board shall provide a Shareholder, at their request, with information concerning the Company, wherever this is required so that a matter included on the agenda can be considered; a Shareholder who has been refused the requested information during the session of a General Meeting and who raised an objection recorded in the minutes, may apply to the Registry Court requesting that the Management Board be bound to provide the information (Article 429 of the Commercial Companies Code).

8) The right to a registered deposit certificate issued by the entity which maintains the securities account in accordance with the provisions of the Law on Public Trading in Securities (Article 328 of the Commercial Companies Code).

9) The right to request copies of the Management Board report on the Company's operations and of the financial report together with a copy of the Supervisory Board report and the opinion of the state certified auditor not later than fifteen days prior to the General Meeting (Article 395 §4 of the Commercial Companies Code).

10) The right to inspect, on the premises of the Management Board, the list of Shareholders entitled to participate in the General Meeting and the right to request a copy of the list, the cost of which shall be paid by the Shareholder (Article 407 §1 of the Commercial Companies Code).

11) The right to request copies of motions on matters placed on the agenda within one week prior to the General Meeting (Article 407 §2 of the Commercial Companies Code).

12) The right to table a motion that the list of attendance be checked at the General Meeting by a committee elected for that purpose, composed of at least three persons. Such motion may be tabled by Shareholders who are in possession of one tenth of the share capital represented at the General Meeting. The movers of the motion may elect one member of the committee (Article 410 §2 of the Commercial Companies Code).

13) The right to inspect the minutes book and to request copies of the resolutions certified by the Management Board (Article 421 §2 of the Commercial Companies Code).

14) The right to file a writ in action for a redress of damage caused to the Company in accordance with procedures set forth in Articles 486 and 487 of the Commercial Companies Code if the Company does not bring an action for a redress of damage caused to it within one year from the date on which the act causing the damage is discovered.

15) The right to inspect documents and to request that copies of documents specified in Article 505 §1 of the Commercial Companies Code (in the case of consolidation of companies), Article 540 §1 of the Commercial Companies Code (in the case of division of the Company) and in Article 561 §1 of the Commercial Companies Code (in the case of transformation of the Company) be made available in the Company's premises free of charge.

16) The right to inspect the share register and to request excerpts, the costs of such excerpts to be paid by the Shareholder (Article 341 §7 of the Commercial Companies Code).

17) The right to request that the commercial company which is the Issuer's Shareholder provide information as to whether it remains in relation of dominance or dependence with respect to a particular commercial company or a cooperative which is the Issuer's Shareholder, or whether such relation ceased to exist. A Shareholder may also demand a disclosure of the number of shares or votes which the commercial company holds, including those held in the capacity of pledgee or usufructuary or under agreements with other parties. The demand for information and the replies shall be made in writing (Article 6 §4 and §6 of the Commercial Companies Code).

c) The managing and supervisory bodies of ACTION S.A. are composed of the following persons:

Supervisory Board:

Iwona Bocianowska – Chairperson

Rafał Antczak – Independent Member

Piotr Kosmala – Independent Member

Łukasz Pawłowski – Member

Joanna Wójcik – Member

Management Board:

Mr Piotr Bieliński – President

Mr Kazimierz Lasecki – Vice-President

Mr Edward Wojtysiak – Vice-President

The rules of the operation of the Company's managing and supervisory bodies (and of their committees) are stipulated by statutory provisions and the Company's corporate acts (the Statutes, Rules of Proceedings of the Management Board, Rules of Proceedings of the Supervisory Board)

The following is an excerpt from the Statutes of the Company concerning issues related to the manner of operation and to the basic rights of the general meeting:

"Supervisory Board
§ 12.

1. The Supervisory Board is composed of three to five members designated by the General Meeting for a joint three-year term. From the moment the Company becomes a public company, the Supervisory Board is composed of five to seven members.
2. The mandates of the members of the Supervisory Board expire on the date on which the General Meeting is held during which a report for the last financial year of their joint term is approved. The mandate of a member of the Supervisory Board designated before the end of the given joint term expires on the same date as the mandates of the remaining members of the Supervisory Board.
3. The Chairperson of the Supervisory Board is designated by the General Meeting.
4. The Supervisory Board elects the Deputy Chairperson and the Secretary from among its members during its first session of the new term. During the first term of the Supervisory Board it can dismiss its Deputy Chairperson and its Secretary from their duties without removing them from the Supervisory Board and designate other members of the Supervisory Board for those positions.
5. The Supervisory Board performs its duties as a body but has the freedom to delegate its individual members to perform specific supervisory actions on their own. The delegated members receive a separate remuneration whose value is set by a resolution of the General Meeting.
6. Each member of the Supervisory Board who has been delegated to perform certain supervisory activities on their own is authorised to request providing them with all the information relevant for the scope of supervisory duties delegated to them with respect to the Company's business. Such a member is also authorised to examine the information related to the Company available

to them, which includes his or her right to request reports and clarifications from the Management Board and the employees of the Company. Each member of the Supervisory Board has the right to inspect accounting documents of the Company.

7. Members of the Supervisory Board exercise their rights and fulfil their duties personally.
8. A remuneration may be granted to Members of the Supervisory Board. The remuneration granted to Members of the Supervisory Board is set by means of a resolution of the General Meeting. A member of the Supervisory Board delegated to temporarily perform the duties of a member of the Management Board shall receive a remuneration equal to the remuneration of the member of the Management Board they have been delegated to replace by the Supervisory Board.

§ 13.

1. The Supervisory Board performs its functions based on rules of proceedings approved by the General Meeting.
2. The Chairperson of the Supervisory Board convenes and presides over meetings of the Board and controls their work. In case of absence of the Chairperson, the sessions are chaired by the Deputy Chairperson of the Supervisory Board and should both of them be absent, they are chaired by the oldest member of the Board.
3. The Supervisory Board holds their sessions when necessary but not less frequently than once in every three months.
4. The Management Board or a member of the Supervisory Board may request convening the Supervisory Board and propose an agenda for such a meeting. The Chairperson of the Supervisory Board, or their Deputy in case of their absence or a difficulty to contact them, shall convene a meeting of the Supervisory Board that shall take place within two weeks from the date of receipt of such a request.
5. The Supervisory Board adopts its resolutions by an absolute majority of votes. Should there be an equal number of votes for and against, the vote of the Chairperson of the session shall be decisive.
6. In order for resolutions of the Supervisory Board to be valid, the following conditions must be met:
 - 1) All members of the Supervisory Board must be notified about its meeting with a seven days' notice by registered letter, by letter sent by a courier service, by fax or electronic mail, unless all members of the Supervisory Board consent to holding the meeting without observing such a seven days' notice and confirm it in writing or sign the list of attendance,
 - 2) At least half of the members of the Supervisory Board are present at the meeting.
7. The meeting of the Supervisory Board may take place without being officially convened, if all its members consent to it not later than on the date of the meeting and confirm their consent in writing or by signing the list of attendance.
8. Members of the Supervisory Board may take part in adopting resolutions by submitting their votes in writing through another member of the Supervisory Board. Submitting a vote in writing is not allowed for matters included in the agenda during the session of the Supervisory Board.
9. No resolution can be adopted on a matter not included in the agenda, unless all the members of the Supervisory Board are present at the meeting and none of them objects to it.
10. The Supervisory Board may also adopt resolutions in writing or by means of remote communications equipment which allows direct communication. Voting in writing or by means of a conference call is ordered by the Chairperson or Deputy Chairperson of the Supervisory Board. Resolutions adopted that way are recorded in the form of meeting minutes by the person who chairs the session. Such meeting minutes must be signed by all members of the Supervisory Board who took part in the voting carried out in writing or by means of a conference call. A

resolution shall be valid if all members of the Supervisory Board have been notified about the content of its draft. The date of a resolution shall be the date on which it is signed by the chairperson of the session.

11. Resolutions which designate, dismiss or suspend members of the Management Board may not be adopted by means referred to in subparagraphs 8 and 10.

§ 14.

1. From the moment the Company's shares are introduced to trading on the regulated market, the Supervisory Board may include two Independent Members. Independent Members should meet the following conditions:
 - 1) An Independent Member may not be a person who has been a member of the Company's Management Board or a member of a related company within the meaning of the regulations of the Commercial Companies Code, or a holder of a commercial proxy of the Company or any of its related companies within the last five years.
 - 2) An Independent Member may not be a senior manager of the Company or any of its related companies within the meaning of the regulations of the Commercial Companies Code nor a person who has been at such a position within the last three years. A senior manager shall be defined as a person who is a manager, head or director of an organisational unit of the Company or a related company and is directly reporting to the Management Board of the Company or any specific member of the Management Board of the Company or any of its related companies.
 - 3) An Independent Member may not receive any other remuneration from the Company or any of its related companies than the remuneration received on account of holding their position in the Supervisory Board; in particular such a person may not be a beneficiary of a stock options programme or a results-based motivation programme.
 - 4) An Independent Member may not be a Shareholder in possession of 10% or a larger share of the Company's share capital nor a person related to such a Shareholder or representing them.
 - 5) An Independent Member may not be a person who currently has or within the last year has had a significant economic relationship (including but not limited to being a provider of financial, legal or business consulting services) with the Company or any of its related companies, either directly or as a partner, Shareholder, board member, holder of a commercial proxy or senior manager of an entity remaining in such a relationship with the Company or any of its related companies within the last year.
 - 6) An Independent Member may not be a person who currently is or has been an employee or partner of the present or a former auditor of the Company within the last three years.
 - 7) An Independent Member may not be a member of the board or a holder of a commercial proxy at any other company whose supervisory board includes a member of the Management Board or a holder of a commercial proxy of the Company.
 - 8) An Independent Member may not hold a position at the Supervisory Board longer than for three terms.
 - 9) An Independent Member may not be a spouse or a close relative of a member of the Management Board, a holder of a commercial proxy or any of the persons referred to in subparagraphs 1)-8) above. Close relative shall be defined as relatives by blood and by affinity up to the second degree.
2. Independent Members of the Supervisory Board are designated by the General Meeting from among the candidates indicated by a Shareholder or a group of Shareholders who represent(s) not more than 20% of the share capital of the Company present at the General Meeting. Should no Shareholder entitled to nominate a candidate for an Independent Member of the Supervisory Board choose to exercise their right, candidates for Independent Members of the Supervisory

Board may be proposed by a Shareholder or a group of Shareholders who represent more than 20% of the share capital present at the General Meeting. If no candidates are proposed, Independent Members of the Supervisory Board are not elected.

§ 15.

1. The Supervisory Board supervises the operations of the Company on an ongoing basis.
2. The competences of the Supervisory Board particularly include:
 - 1) approving acquisition and disposal of real estate, its perpetual usufruct or ownership rights to real estate property or its perpetual usufruct by the Company;
 - 2) assessing financial statements of the Company for the last financial year with respect to its consistency with the books, the accounting documentation and the facts;
 - 3) assessing the report of the Management Board on the operations of the Company in the last financial year with respect to its consistency with the books, the accounting documentation and the facts and assessing proposals of the Management Board regarding the appropriation of profits or covering the losses;
 - 4) reporting to the General Meeting in writing on the results of the actions taken referred to in subparagraphs (2) and (3);
 - 5) designating and dismissing members of the Management Board;
 - 6) granting permission for members of the Management Board for running businesses competitive with the Company or participating in competitive companies as registered partners or members of their executive bodies. A resolution on granting permission for a member of the Management Board to run a competitive business as a registered partner or a member of a competing company may not be adopted if one Independent Member submits their substantiated objection in writing, unless the other Independent Member grants their permission;
 - 7) suspending a member of the Management Board or the entire Management Board in their duties for a significant reason;
 - 8) delegating a member or members of the Supervisory Board to temporarily perform the functions of members of the Management Board if any of them are suspended or dismissed, or of the entire Management Board, if it cannot perform its functions for another reason;
 - 9) granting permission for purchasing or otherwise acquiring shares in other companies;
 - 10) granting permission for disposal of parts of the fixed assets of the Company or its subsidiary if their value exceeds 10% (ten per cent) of the net book value of the fixed assets of: the Company or its subsidiary respectively, as recognized based on the last audited financial statement of the Company or its subsidiary respectively, save for those which constitute inventory intended for sale under normal business operations;
 - 11) concluding contracts between the Company and the members of the Management Board with respect to their provisions which are not subject to approval by the General Meeting as per the Commercial Companies Code. A resolution on such agreements may not be adopted if one Independent Member submits their substantiated objection in writing, unless the other Independent Member grants their permission to such a contract;
 - 12) granting permission (with respect to the provisions which are not subject to approval by the General Meeting as per the Commercial Companies Code) to conclude agreements between the Company or their subsidiary and the Company's Shareholders and entities related to Shareholders and members of the Management Board in every case save for commercial contracts executed under normal business operations of the Company, as well as with the employees of the Company who directly report to members of the Management Board in the event of a single agreement or series of agreements being concluded whose value exceeds the Polish zloty equivalent of EUR 15,000 (fifteen thousand euro), calculated using the average exchange rate of the euro announced by the National Bank of Poland as of

the date preceding the date on which such a permission was requested. A resolution on granting permission for such agreements may not be adopted if an Independent Member submits their substantiated objection in writing, unless the other Independent Member grants their permission to such an agreement.

A related entity shall be defined as a person, company or any other entity which has an economic or family relationship with any Shareholder of the Company or a member of its Management Board, including but not limited to: their spouse and cohabitant, parents and further ascendants of the Shareholder or member of the Management Board, children and further descendants of the Shareholder or member of the Management Board, siblings of the Shareholder or member of the Management Board, children and further descendants of the siblings of the Shareholder or member of the Management Board, parents and further ascendants of the spouse or cohabitant of the Shareholder or member of the Management Board, children or further descendants of the spouse or cohabitant of the Shareholder or member of the Management Board, siblings of the spouse or cohabitant of the Shareholder or member of the Management Board, children and further descendants of the siblings of the Shareholder or member of the Management Board and any company or any other entity directly or indirectly controlled by the individuals specified above or from which those individuals obtain material economic benefits;

13) approving the rules of proceedings of the Management Board of the Company,

14) laying down the rules of remunerating the Management Board. The resolution on the rules of remunerating of the Management Board members may only be adopted if one Independent Member consented to them;

15) designating one state certified auditor to audit the financial report of the Company. The resolution on selecting a state certified auditor to audit the Company's financial statement may only be adopted if at least one Independent Member agreed with the choice proposed. Should an Independent Member object to the choice of the auditor, they should substantiate their choice in writing.

Management Board

§ 16.

1. The Management Board of the Company is composed of one to three members and is designated for a four-year term.
2. The mandate of a Member of the Management Board designated before the end of the term of the Board expires on the same date as the mandates of the remaining members of the Board.
3. The Management Board controls the operations of the Company and represents it in the public.
4. The number of members of the Management Board is set by the Company's Supervisory Board. If the Management Board consists of one member only, the member shall hold the position of the President of the Management Board. If the Board consists of two or more members, one of them is designated as the President of the Management Board by the Company's Supervisory Board. During the term of the Management Board, the Supervisory Board may dismiss the President of the Management Board from their position without removing them from the Management Board and designate another member of the Management Board as President, which does not preclude the Supervisory Board from dismissing individual members of the Management Board and excluding them from that body and from designating new members to replace them.
5. The Management Board adopt their resolutions by a simple majority of votes. Should there be an equal number of votes in favour and against, the vote of the President of the Board shall be decisive. The rights and duties of the Management Board and the rules of its proceedings are defined by the Management Board and are subject to approval by the Supervisory Board.

§ 17.

1. Representations may be made and signatures may be placed on behalf of the company solely by:
 - 1) the President of the Board on their own – in case of a one-member Management Board;
 - 2) two members of the Management Board together or a member of the Board together with a holder of a commercial proxy – if the Management Board has more than one member.
2. The powers of a commercial proxy may only be assigned upon consent of all members of the Management Board. Each single member of the Management Board may revoke the powers of the commercial proxy.
3. A plenipotentiary or plenipotentiaries of the Company may be designated in order to represent the Company in legal or factual actions. Such plenipotentiaries may act individually or jointly within the scope of the power of attorney delegated to them. The power of attorney may be granted or revoked following the procedure set forth for making representations on behalf of the Company.
4. The member of the Management Board should attend sessions of the General Meeting unless it prevents them from performing their ongoing duties. The attendance of the President of the Management Board at a General Meeting is obligatory.
5. Without a permission granted by the Supervisory Board, no member of the Management Board may run a competitive business or participate in a competitive company as a partner in a civil or private partnership or as a member of a body of a capital company nor be a member of a body at any other legal person competitive with the Company. That reservation also includes being a Shareholder in a competitive capital company, should it make the member of the Management Board the owner of a 10% or a larger share in such a company or give the person the right to designate at least one member of the board.
6. The Management Board is obliged to issue a financial report and a report on the operations of the Company not later than within three months after the end of the financial year it applies to.

§ 18.

1. Members of the Management Board may be employed by the Company under an employment contract or other type of contract or be remunerated for the positions they hold with the Company's control body.
 2. In any agreements between the Company and the members of its Management Board as well as in any disputes between those parties the Company is represented by the Supervisory Board. Contracts, including employment contracts, are signed with the members of the Management Board by the Chairperson of the Supervisory Board on its behalf, who sets the amount of their remuneration and bonuses, having first approved the wording of such contracts and the amount of remuneration and bonuses by means of a resolution of the Supervisory Board. Should the Chairperson of the Supervisory Board be absent, the contracts are signed by the Deputy Chairperson of the Supervisory Board. The same procedure applies for other actions related to the employment relationship of the member of the Management Board.
 3. In the presence of important reasons, the Supervisory Board may adopt a resolution to suspend any single one or all members of the Management Board in their duties."
- d)** Description of basic features of the internal control systems applicable in the Company and of risk management with respect to the procedure of drawing up financial statements.

Pursuant to the provisions of law in force, financial statements are drawn up by the Issuer's Management Board. Those actions are inspected and assessed by a state certified auditor

(designated by the Supervisory Board) and by the Supervisory Board which prepares reports on assessments in this respect and submits them to the General Meeting. The entity which audits financial statements participates in the session of the general meeting whose objective is to examine and approve those statements.

In accordance with the Company's regulations, at least 2 members of the Supervisory Board fulfil the criteria of independence. Their participation is also significant during internal control and risk management with respect to the process of drawing up financial statements. Their position is particularly essential in the process of designating the entity to audit financial statements as well as in many other important actions related to the members of the Management Board and the so called affiliated entities (see §15 subparagraph 2 item 6, 11-12, 13-14 of the Statutes).

The divisions which function within the Company's organizational structure have their budgets assigned to them by the Management Board and their execution is monitored on monthly basis. The Supervisory Board has access to the abovementioned data.

Implemented ISO systems: 9001:2000 quality management system, ISO 14001:2004 environmental management system.

Currently the Company is implementing the following system: ISO 27001:2005 information security management system.