

LPP

RULES OF PROCEDURE OF THE MANAGEMENT BOARD OF LPP SA

Article 1

General provisions

1. These Rules of Procedure specify the role and functioning of the Management Board of LPP SA with its registered office in Gdańsk.
2. The Management Board operates on the basis of generally applicable laws, including the Polish Commercial Companies Code, as well as under the provisions of the Articles of Association and other internal regulations of the Company.
3. Whenever used in these Rules of Procedure, the following terms shall have the meaning specified below:

Company - shall mean the company LPP SA with its registered office in Gdańsk, entered in the Register of Entrepreneurs kept by the District Court Gdańsk-Północ in Gdańsk, 7th Commercial Division of the National Court Register under KRS number 000000778;

Management Board - shall mean the Company's Management Board;

Management Board Member – shall mean any member of the Management Board, including the President of the Management Board, unless the content of the provision clearly provides that it does not concern the person acting as the President of the Management Board;

Supervisory Board - shall mean the Company's Supervisory Board;

General Meeting - shall mean the Company's General Meeting;

Articles of Association - shall mean the Company's Articles of Association;

Rules - shall mean these Rules of Procedure;

Commercial Companies Code - shall mean the Act of 15 September 2000 - The Commercial Companies Code (Journal of Laws of 2013, item 1030, as amended);

Internal Regulations of the Company - shall mean the Articles of Association, Bylaws, Rules of Procedure of the Supervisory Board and the General Meeting, resolutions of the General Meeting, resolutions of the Supervisory Board and resolutions of the Management Board;

Principles of Best Practice - shall mean the corporate governance principles set out in Annex to Resolution No. 26/1413/2015 of the Supervisory Board of the Warsaw Stock Exchange of 13 October 2015 - "Best Practice of WSE Listed Companies 2016" or any other document currently in force and adopted for the use by the Company regulating corporate governance principles issued by the competent authority of the Warsaw Stock Exchange.

Article 2

Competencies of the Management Board

1. The scope of competencies of the Management Board shall cover all matters related to conducting the Company's affairs not reserved by law to the competencies of the Supervisory Board or the General Meeting, or the Articles of Association.
2. The Management Board operates under the provisions of the Commercial Companies Code and other generally applicable laws, the Company's Internal Regulations, including Principles of Best Practice adopted by the Company.
3. The Management Board handles the Company's affairs and represents the Company outside.

Article 3

Basic principles of operations of the Management Board

1. Management Board Members shall act loyally to the benefit of the Company, in particular, they shall not conduct any activities that are competitive to the business of the Company.
2. In conducting the Company's affairs, both the Management Board acting jointly, as well as Management Board Members acting independently, shall make decisions within the limits of reasonable economic risk, after considering all information, analyses and opinions, which should be taken into account in view of the Company's interests, in the opinion of the Management Board.
3. Bearing in mind the possibility of a conflict of interest in transactions with shareholders and other persons whose interests affect the Company's operations, the Management Board shall act with utmost care to ensure that the transactions are conducted in line with market conditions.
4. Management Board Members shall inform the Management Board and the Supervisory Board of any conflict of interest in connection with the performed function as it arises or may arise. In the event of a conflict of interest, the Management Board Member shall inform the Management Board of this fact and refrain from taking part in discussions and voting on a resolution concerning the issue in question.
5. Performing functions in the management or supervisory board of a company outside the capital group of the Company by Management Board Member requires the consent of the Supervisory Board.
6. Management Board Members shall comply with the law, Internal Regulations of the Company, including the relevant regulations of the Warsaw Stock Exchange and the Polish Financial Supervision Authority with regard to securities trading.

Article 4

Meetings of the Management Board

1. Management Board meetings shall take place with the frequency required for the proper functioning of the Company.

2. Management Board meetings shall take place at the registered office of the Company or any other place indicated in the invitation to the meeting.
3. Management Board meetings shall be convened by the President or authorized Management Board Member. Meetings shall be convened at the initiative of the President of the Management Board or at the request of another Management Board Member.
4. The meetings shall be chaired by the President of the Management Board, and in his/her absence, by another Management Board Member appointed by the President, and otherwise by the member selected by Management Board Members attending the meeting. The duties of the President of the Management Board, or another Management Board Member presiding the meetings of the Management Board, shall include:
 - a. opening/ closing the meetings and adjourning the meetings,
 - b. ensuring efficient and proper conduct of meetings,
 - c. ordering voting and announcing their outcome.
5. Management Board Member convening the meeting of the Management Board shall notify Management Board Members thereof not later than 24 (twenty four) hours before the expected date of the meeting. The notice shall specify at least the date and place of the meeting and the proposed agenda.
6. In cases of urgency, the meeting may be convened with a shorter notice period than the one specified in paragraph 5 above.
7. The meeting of the Management Board shall be convened in person, by phone or e-mail.
8. In cases of urgency, the meeting may be convened in other manner than indicated in paragraph 7 above, ensuring that all Management Board Members are notified of the date and place of the meeting.
9. There is no need to formally convene the meeting if the meeting is attended by all Management Board Members and none of them objected to the meeting or the proposed agenda. This provision shall apply accordingly when all Management Board Members are involved in adopting resolutions as referred to in Article 5.6 below.
10. The Management Board shall not be bound by the proposed agenda of the meeting and it may adopt resolutions on other issues, whereas it should be limited to situations of urgency or posing a risk to the Company.
11. The meetings may be attended by persons invited by the Management Board, in particular by technical personnel of the Company or experts. Invitations shall be issued by the President of the Management Board on his/her own initiative or at the request of another Management Board Member. Each Management Board Member shall have the right to object to non-members of the Management Board attending the meeting. The Management Board shall then decide on the issue by an absolute majority of the present Management Board Members.

Article 5

Adoption of resolutions

1. The Management Board shall adopt resolutions if the meeting is attended by at least half of the Management Board Members and all the members have been notified of the meeting.
2. Resolutions shall be adopted by an absolute majority of the Management Board Members present at the meeting or voting in the manner referred to in paragraphs 5 and 6 below.
3. Resolutions shall be adopted at the meeting or in the manner set out in paragraphs 5 and 6 below.
4. Voting is open. A secret ballot shall be ordered at the request of even one of those present at the meeting of the Management Board Members.
5. The Management Board may adopt resolutions in writing, applying the following principles:
 - a. President of the Management Board or other Management Board Member shall provide the other Management Board Members, as provided in Article 4.7 above, with written draft resolution to be adopted by the Management Board, along with any materials related to the resolution to be adopted and information about the deadline for submitting signed copy of the resolution,
 - b. Management Board Member shall immediately complete and sign the copy of the resolution and send it to the address indicated by the President or Member of the Management Board who ordered the vote in writing or handed over to the President or Member of the Management Board who ordered the vote in writing. In the event of sending a copy of the signed resolution by fax or e-mail, Management Board Member shall immediately send the original signed resolution by post to the address in the notice,
 - c. the resolution adoption date shall be the date indicated on the copy of the resolution that has been last received within the deadline referred to above.
6. Meetings may be held in a manner enabling prompt communication of the Management Board Members using audio-visual means (such as teleconferencing, videoconferencing), computer systems and networks, etc. A resolution adopted in this mode is valid if:
 - a. all Management Board Members have been notified of the draft resolution;
 - b. at least half of Management Board Members participated in the vote;
 - c. an absolute majority of the Management Board Members participating in the vote voted in favour of the resolution.
7. Resolutions adopted by the Management Board in the mode set out in paragraphs 5 and 6 above shall be recorded in minutes. The minutes shall include, in particular the mode of adoption of the resolutions and, in the event of voting in the mode referred to in paragraph 6, the means of distant communication. The minutes shall be signed by all Management Board Members that participated in the voting.

Article 6

Minutes

1. Each meeting of the Management Board shall be recorded in minutes.
2. The minutes shall include, in particular:
 - a. the date and place of the meeting,
 - b. names and surnames of Management Board Members present at the meeting and other persons participating in the meeting,
 - c. the meeting agenda,
 - d. content of the adopted resolutions and the number of votes cast for each resolution,
 - e. dissenting members of the Management Board,
 - f. signatures of all Management Board Members participating in the meeting.
3. If necessary, particularly in the events referred to in Article 5.5 or 5.6 above, it is acceptable to sign the minutes by circulation or at the next meeting of the Management Board.
4. The Management Board shall keep a minute book listing the minutes of all meetings held.

Article 7

Participation of Management Board Members in meetings of other bodies

1. Management Board Members shall participate in each General Meeting in the composition that allows to provide substantive answers to questions posed at the General Meeting.
2. Management Board Members invited to the meeting of the Supervisory Board by the Chairman of the Supervisory Board shall participate in the meeting with the right to speak on issues on the meeting agenda.
3. Management Board Members shall, within their competencies, and to the extent necessary to settle issues discussed by the Supervisory Board, provide the participants of the Supervisory Board meeting with explanations and information concerning the affairs of the Company.

Article 8

Changes in the composition of the Management Board

1. In the event Management Board Member resigns from his/her position on the Management Board, he/she shall submit a written statement to the Chairman of the Supervisory Board, and in the absence of the Chairman of the Supervisory Board to another Supervisory Board Member, and a written notice of resignation to the Management Board.
2. In the event of mandate expiry, also as a result of resignation or dismissal from the Management Board, the resigning Management Board Member shall hand over all matters handled by him/her, together with documents and other materials relating to the Company drawn up, collected, developed or received by him/her in the course of or in connection to his/her function as Management Board Member.
3. Any matters, documents and materials referred to in the preceding paragraph shall be taken over by the President of the Management Board or another designated Management Board Member.

Article 9

Final provisions

1. All matters not regulated herein shall be governed by the provisions of the Articles of Association, the Commercial Companies Code and other generally applicable laws.
2. These Rules shall come into force on the date of their adoption.

Adopted at the Management Board meeting held on 11 April 2016 in Gdańsk.