

# LPP

## RULES OF PROCEDURE OF THE SUPERVISORY BOARD OF LPP SA

### Article 1

#### General provisions

1. These Rules of Procedure specify the role and functioning of the Supervisory Board of a company operating under the business name of LPP SA with its registered office in Gdańsk.
2. The Supervisory Board operates on the basis and within the limits 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;

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

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

**Management Board** - shall mean the Company's Management 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 Management 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 Supervisory Board**

1. The Supervisory Board exercises continuous supervision over the Company's operations in all aspects of its business.
2. Supervisory Board Members shall take appropriate steps to obtain from the Management Board regular and comprehensive information on all relevant matters concerning the Company's operations, the risks associated with the operations and the methods of risk management.
3. The Supervisory Board may - without prejudice to the competencies of other bodies of the Company - express opinions on all matters relating to the Company's operations, including putting forward motions and proposals to the Management Board.
4. Within its duties, the Supervisory Board shall:
  - a. once a year prepare and present to the General Meeting an evaluation of the Company's standing, including evaluation of internal control systems, risk management, *compliance* and internal audit functions; this evaluation should cover all the relevant control mechanisms, in particular those regarding financial reporting and operations;
  - b. once a year prepare and present to the General Meeting a report on the activities of the Supervisory Board, including at least the following:
    - composition of the Supervisory Board and its committees,
    - compliance by the Supervisory Board Members with independence criteria,
    - the number of meetings of the Supervisory Board and its committees during the reporting period,
    - self-assessment of the Supervisory Board;
  - c. once a year prepare and present to the General Meeting an evaluation of the manner the Company meets disclosure obligations regarding the application of the principles of corporate governance set out in the Principles of Best Practice and the rules on current and periodic information published by issuers of securities;
  - d. once a year prepare and present to the General Meeting an evaluation of the rationale for the Company's charity and sponsorship policy or information about the absence of such a policy;
  - e. examine and give opinions on issues being the subject of the General Meeting resolutions.

## **Article 3**

### **Responsibilities of Supervisory Board Members**

1. Supervisory Board Members shall have appropriate expertise and experience and be able to devote the necessary amount of time to perform their duties. Supervisory Board Members shall take appropriate steps to ensure that the Supervisory Board receives information on all relevant matters concerning the Company.
2. The conduct of Supervisory Board Members shall be governed by the best interests of the Company and their independence of opinions and judgements. In particular, they shall:

- a. refuse to accept undue benefits, which could adversely affect the assessment of the independence of their opinions and judgements;
  - b. clearly raise their objection and file dissenting opinions in the event they become aware that a decision of the Supervisory Board is in conflict with the interests of the Company.
3. Within 30 days of his/her appointment, Supervisory Board Member shall transfer to other Supervisory Board Members and to the Management Board a statement on meeting independence criteria specified in the relevant regulations. Supervisory Board Members shall provide the Company with information on their connections with any shareholder holding shares representing not less than 5% of the total number of votes at the General Meeting. This obligation concerns financial, family or other ties that may affect the position of the Supervisory Board Member on the issues decided by the Supervisory Board.
4. In the event of any actual or possible conflict of interest, the Supervisory Board Member shall inform the Supervisory Board of this fact and refrain from taking part in discussions and voting on a resolution concerning such an issue.
5. Supervisory Board Members shall maintain the confidentiality of information obtained in relation to performing rights and responsibilities in the Supervisory Board and not share it with others unless it is necessary for the proper performance of his/her functions as the Supervisory Board Member.
6. Supervisory Board Members resigning from their position shall send his/her resignation statement to the Company and notify the Supervisory Board of the resignation by an appropriate notice to the Chairman of the Supervisory Board, and in his/her absence, to another Supervisory Board Member.

#### **Article 4**

##### **Meetings of the Supervisory Board**

1. Supervisory Board meetings are held at the Company's registered office or other place designated by the person convening the meeting, at least once per quarter.
2. The meetings of the Supervisory Board shall be convened by the Chairman of the Supervisory Board, or another Supervisory Board Member appointed by the Chairman. The persons authorised to convene the Supervisory Board meetings are also obliged to do it at the request of at least three of Supervisory Board Members or the Management Board. In this case, the Supervisory Board meeting shall be held within 14 days from the date of filing a written request to the Chairman.
3. Supervisory Board meeting shall be convened by registered letters or by e-mail. The invitation to the Supervisory Board meeting shall be sent to the last address (or e-mail address) submitted to the Company by Supervisory Board Member.
4. The invitation to the Supervisory Board meeting shall indicate the place, day, time and agenda of the meeting.
5. The invitation to the Supervisory Board meeting shall be sent to Supervisory Board Member at least 7 (seven) days in advance.

6. In cases of urgency, the meeting may be convened with a shorter notice period than the one specified in paragraph 5 above.
7. There is no need for convening the Supervisory Board meeting formally if all Supervisory Board Members are present and agree to hold the Supervisory Board meeting. This provision shall apply accordingly when all Supervisory Board Members are involved in adopting resolutions as referred to in Article 5.4 below.
8. For the validity of the Supervisory Board meeting it is required to invite all its Members and at least half of them must be present.
9. The meetings shall be chaired by the Chairman of the Supervisory Board, and in his/her absence by the Supervisory Board Member designated in writing by the Chairman of the Supervisory Board, or, otherwise, by another Supervisory Board Member selected by the members present at the meeting.
10. The Chairman of the Supervisory Board shall ensure that Supervisory Board Members, and if the meeting is convened at the request of the Management Board also that Management Board Members, may speak openly on matters on the agenda. Duration of the Supervisory Board meeting, the length of speeches and adjournments, as well as any other procedural issues related to the conduct of the meeting, shall be determined by the Chairman of the Supervisory Board.
11. Each Supervisory Board Member shall be entitled to put forward a motion to include individual issues in the agenda of the Supervisory Board meeting. The motion shall be submitted to the Chairman of the Supervisory Board, who should include it in the next meeting of the Supervisory Board. The motion shall be accompanied by written materials and documents relating to the issues covered by the motion.
12. The Chairman of the Supervisory Board meeting may decide to hear other persons invited to the meeting that are not members of the Supervisory or Management Board. Supervisory Board Members shall have the right to put questions to the persons referred to in the preceding sentence.

## **Article 5**

### **Adoption of resolutions**

1. Resolutions shall be adopted at the meeting or in the manner set out in paragraphs 3 and 4 below.
2. Supervisory Board resolutions shall be adopted by open voting unless any Supervisory Board Member requested to adopt a resolution by secret voting or unless required under provisions of the Commercial Companies Code.
3. The Supervisory Board shall adopt resolutions in writing, in compliance with the following principles:
  - a. the person authorised to convene meetings in accordance with the provisions of these Rules shall send, in a mode provided for convening meetings, to all Supervisory Board Members, a written draft resolution to be adopted by the Supervisory Board along with any

- materials relating to the resolution to be adopted and information about the deadline for sending signed copy of the resolution,
- b. Supervisory Board Member shall immediately vote by registered letter or e-mail sent to the address indicated by the person authorized to convene meetings,
  - c. the resolution shall be deemed adopted if at least half of the Supervisory Board Members have voted by sending their vote to the specified address and within the specified deadline, and the majority of the Supervisory Board Members voted in favour of the resolution,
  - d. the date of adoption of the resolution shall be the date in which the last message containing the vote of the Supervisory Board Member in relation to the voted resolution was delivered to the a person authorized to convene meetings in accordance with the provisions of these Rules, as long as the vote was received within the prescribed time limit.
4. Supervisory Board resolutions may be adopted by means of simultaneous distance communication, particularly using telephone, audio-visual and electronic communication means. All Supervisory Board Members shall be informed about the content of the draft resolution and the date on which the voting on the resolution is to be held. If resolutions are adopted by the Supervisory Board using distance communication means, they should provide at least the possibility of simultaneous communication by all Supervisory Board Members participating in adopting the resolutions in this mode.
  5. Resolutions adopted by the Supervisory Board in the mode set out in paragraphs 3 and 4 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 4, the means of distant communication. The minutes shall be signed by all Supervisory Board Members that participated in the voting.

## **Article 6**

### **Minutes**

1. The meetings shall be recorded in minutes. The minutes shall be drawn up by a participant of the meeting designated by the Chairman.
2. The minutes shall include, in particular:
  - a. the date and place of the meeting,
  - b. names and surnames of Supervisory 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 opinions of Supervisory Board Members,
  - f. signatures of all Supervisory Board Members participating in the meeting.
3. If necessary, particularly in the cases referred to in Article 5.3 or 5.4 above, it is acceptable to sign the minutes by circulation or at the next meeting of the Supervisory Board.

## **Article 7**

### **Committees of the Supervisory Board**

1. The Supervisory Board may establish standing committees, in particular the Audit Committee or Remuneration Committee, as well as ad hoc committees to deal with specific matters within the competencies of the Supervisory Board or to act as advisory and opinion bodies of the Supervisory Board.
2. If the Supervisory Board consists of five persons, the responsibilities of the Audit Committee shall be performed by the entire Supervisory Board, unless it is decided otherwise.
3. The duties of the Supervisory Board, unless it appoints the Audit Committee in accordance with paragraph 2 above, shall include:
  - a. monitoring the financial reporting process,
  - b. monitoring the effectiveness of internal control, internal audit and risk management systems,
  - c. monitoring the financial reporting activities,
  - d. monitoring the independence of the auditor and entity authorised to audit financial statements.
4. In the event of establishing the Audit Committee, it shall report annually on its activities to the Supervisory Board. Reports of the Supervisory Board or Audit Committee on the issues listed in paragraph 3 above shall be made available before the publication date of the notice convening the Annual General Meeting.
5. The meetings, resolutions and minutes of the Supervisory Board committees shall be governed by the provisions of these Rules, unless the provisions of this Article provide otherwise.
6. The Committee shall be appointed by the Supervisory Board from among its members, by way of resolution.
7. The Committee shall elect, by way of resolution, the chairman of the committee from among its members.
8. The mandate of the committee member shall expire with the expiry of the mandate of Supervisory Board Member. The Supervisory Board may, by way of resolution, decide to revoke the committee membership also before the expiry of the mandate of Supervisory Board Member. Revoking the committee membership is not tantamount to revoking the Supervisory Board membership.
9. The first meeting of the committee shall be convened by the Chairman of the Supervisory Board or another designated Supervisory Board Member.
10. The committee meetings shall be convened as needed provided that the committee's duties are being executed.
11. Minutes of meetings and resolutions adopted by the committee shall be made available to Supervisory Board Members that are not members of the committee.
12. The work of the committee shall be managed by the chairman of the committee. The chairman shall also exercise supervision over setting the agenda, organising the distribution of documents and drawing up the minutes of the committee meetings.

## **Article 8**

### **Remuneration and refunding of costs**

1. Supervisory Board Members may be granted remuneration in the amount determined for a given year by the General Meeting.
2. Remuneration of Supervisory Board Members shall be related to the scope of the tasks and responsibilities resulting from their functions and it shall correspond to the size of the Company.
3. Supervisory Board Members shall be entitled to refund of costs associated with participation in the works of the Supervisory Board under the terms of a separate resolution.
4. The costs of the Supervisory Board operations shall be borne by the Company.

## **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 of Procedure come into force on 15 April 2016.