

## **SUPERVISORY BOARD RULES**

### **HAWE S.A., Warsaw**

Consolidated text adopted by way of Resolution 32 of the Ordinary General Meeting of Shareholders of HAWE S.A., Warsaw, on 29 June 2010.

#### **I. GENERAL**

##### **§ 1**

Pursuant to §30 of the Statutes of HAWE S.A. ("the Company"), the Rules of the Supervisory Board of HAWE S.A. ("the Rules") are hereby adopted.

##### **§ 2**

The Company's Supervisory Board is a body exercising permanent supervision over the Company's activity in all areas of that activity, functioning pursuant to applicable laws, including in particular the Act of 15 September 2000 titled Commercial Companies Code (Dz.U. no. 94 item 1037 as amended), and the terms of the Company's Statutes, resolutions of the General Meeting of Shareholders and the present Rules.

##### **§ 3**

Members of the Supervisory Board exercise their rights and duties in person.

#### **II. COMPOSITION**

##### **§ 4**

The number of members of the Supervisory Board and the procedure for appointment and dismissal of its members are laid down in the Company's Statutes.

##### **§ 5**

1. The term of office of members of the Supervisory Board lasts for three years.
2. Membership of the Supervisory Board expires not later than on the day of the General Meeting of Shareholders approving the financial statement for the last full financial year of membership of the Supervisory Board. Membership also expires as a result of death, resignation or dismissal from the Supervisory Board.

##### **§ 6**

1. The Supervisory Board elects, from among its members, a Chairman and Vice-Chairman of the Supervisory Board, and also if necessary a Secretary of the Supervisory Board.
2. The Supervisory Board may at any time dismiss the Chairman, Vice-Chairman or Secretary of the Supervisory Board.
3. The work of the Supervisory Board is directed by the Chairman of the Supervisory Board, or in the latter's absence by the Vice-Chairman.

#### **III. RIGHTS AND DUTIES**

##### **§ 7**

Members of the Supervisory Board are obliged to:

- a) participate in meetings of the Supervisory Board,
- b) perform the supervisory activities to which they are delegated by the Supervisory Board,
- c) keep the proceedings of meetings secret, unless the Supervisory Board decides otherwise. In matters constituting state and official secrets and business secrets, appearing on lists of types of information prepared by the Company pursuant to applicable regulations on the protection of confidential information and business secrets, it is obligatory to maintain the secrecy of the proceedings of meetings,
- d) attend the General Meeting of Shareholders. Absence of a member of the Supervisory Board from a General Meeting shall on each occasion require a written explanation to be presented at the General Meeting.

## § 8

1. The Supervisory Board's actions include the exercise of permanent supervision over the Company's activity in all areas of its activity, as well as representation of the Company in the conclusion of contracts between the Company and members of the Management Board and in case of any disputes between the Company and members of the Management Board.
2. In particular, the entitlements and duties of the Supervisory Board include:
  - a) evaluation of the Company's financial statements,
  - b) evaluation of the Management Board's report on the Company's activity and the Management Board's proposals as to the distribution of profits or coverage of losses,
  - c) submission to the General Meeting of Shareholders of a written report on the results of the actions referred to in subparagraphs a) and b),
  - d) appointment and dismissal of members of the Management Board,
  - e) determination of the number of members of the Management Board,
  - f) suspension, for good cause, of individual members or all members of the Management Board,
  - g) submission to the General Meeting of Shareholders of proposals concerning the granting of discharges to members of the Management Board,
  - h) determination of amounts of remuneration for serving as a member of the Management Board, in particular under employment contracts or other contracts concluded with members of the Management Board, and determination of bonuses for members of the Management Board and principles for their employment with the Company,
  - i) approval of the Management Board Rules,
  - j) selection of an auditor for the financial statement,
  - k) issuing of opinions in matters included in the agenda of a General Meeting of Shareholders, if the Supervisory Board considers it appropriate to do so,
  - l) expression of consent for the making of advance payments on account of expected dividends at the end of the financial year,
  - m) delegation of one or more members of the Supervisory Board, for a period of not more than three months, to perform temporarily the duties of members of the Management Board who have been dismissed, have resigned or for other reasons are not able to perform their duties,
  - n) expression of consent for the Company's concluding a significant contract with an affiliated entity of the Company or a member of the Supervisory Board or Management Board or with entities affiliated with them. The aforementioned obligation shall not apply to standard transactions concluded on terms within the Company's operational activity with a dependent entity in which the Company holds a majority capital share. For the purposes of this section the definition of an affiliated entity is adopted from the Order of the Minister of Finance issued pursuant to Article 60(2) of the Act of 29 July 2005 on public offers and conditions for the introduction of financial instruments to an organized trading system and on public companies (Dz.U. no. 184 item 1539 as amended),
  - o) expression of consent for the acquisition and disposal of assets of the Company or of its dependent company with value exceeding 5 000 000 (five million) zloty or its equivalent in other currencies according to the National Bank of Poland average exchange rate for the day of the transaction,
  - p) expression of consent for the acquisition, disposal and encumbering of real property (understood to include rights of perpetual usufruct) or shares in real property by the Company or its equivalent in other currencies according to the National Bank of Poland average exchange rate for the day of the transaction, with value exceeding 5 000 000 (five million) PLN or its equivalent in other currencies according to the National Bank of Poland average exchange rate for the day of the transaction,
  - r) presentation to the Ordinary General Meeting of Shareholders of a concise evaluation of the Company's situation,
  - s) approval of long-term strategic plans for the development of the Company and approval of the Company's annual financial plans (budgets),
  - t) expression of consent for the acquisition or disposal by the Company or its dependent company of shares in other companies,

- u) expression of consent for the establishment of dependent companies,
- w) expression of consent for the conclusion of contracts between the Company or its dependent company and a member of the Management Board or Supervisory Board or a Shareholder controlling 20% or more of the votes at a general meeting of shareholders of the Company or an Affiliated Entity, or entities affiliated with members of the Management Board or Supervisory Board or Shareholders controlling 20% or more of the votes at a general meeting of shareholders of the Company or an Affiliated Entity,
- x) at least once a year, preparation of an evaluation of its own work and presentation thereof to the ordinary general meeting of shareholders.

#### **§ 9**

In case of a conflict between the interests of the Company and the personal interests of a member of the Supervisory Board or that member's spouse, relatives and relatives by marriage up to the second degree, that member should not take part in the consideration of the matters in question and should request that that fact be recorded in the minutes.

#### **§ 10**

For the purpose of performing its duties the Supervisory Board may inspect all documents of the Company, request reports and explanations from the Management Board and employees, and review the state of the Company's assets. If this requires special knowledge, qualifications or specialist actions, the Supervisory Board may obligate the Management Board to have analyses or opinions drawn up by experts for the Supervisory Board's use. In such a case the Supervisory Board is obliged to ensure that the experts referred to in the preceding sentence have undertaken to maintain confidentiality with respect to any information obtained in relation to their preparation of analyses or opinions.

#### **§ 11**

1. All contracts concluded with members of the Company's Management Board must be made in writing.
2. A contract is concluded for the Company by the Chairman of the Supervisory Board or by another member of the Supervisory Board delegated from among that Board's members by way of a resolution in accordance with §14 of the Company's Statutes.

### **IV. WORKING PROCEDURES**

#### **§ 12**

The Supervisory Board performs its duties on a collegial basis, but may delegate its members to perform specified supervisory actions independently or in appointed committees. Persons not being members of the Supervisory Board may take part in the Supervisory Board's supervisory and control actions in an advisory capacity. In such cases it is the Supervisory Board's duty to ensure that the persons referred to in the preceding sentence have undertaken to maintain confidentiality with respect to all information obtained in relation to their participation in the Supervisory Board's supervisory and control actions.

#### **§ 13**

1. The Supervisory Board holds meetings at least once per quarter.
2. The Chairman of the Supervisory Board calls and chairs meetings of the Supervisory Board and directs its work.
3. In the absence of the Chairman, meetings are called and chaired by the Vice-Chairman. In the absence of the Vice-Chairman, meetings are called by any other member of the Supervisory Board. In this case meetings of the Supervisory Board are chaired by a member of the Supervisory Board elected by the members of the Supervisory Board present at the meeting.
4. The Management Board or a member of the Supervisory Board may request that a meeting of the Supervisory Board be called, stating the proposed agenda. The Chairman of the Supervisory Board shall call a meeting within two weeks of the day of receiving the application. If the Chairman fails to call a meeting within two weeks of the day of receiving the application, the applicant may call the meeting independently, stating the date, place and proposed agenda.

5. The letter giving notice of the date, time, agenda and place of a meeting, together with materials and documents, should be delivered to all members of the Supervisory Board by registered letter, courier, fax or e-mail not later than 7 days prior to the date of the meeting.
6. In emergency matters the Chairman of the Supervisory Board may call a meeting at shorter notice, but not later than 3 days prior to the date of the meeting.
7. A meeting of the Supervisory Board may take place even without being formally called if all of the Supervisory Board's members are present at the meeting and none of them has objected to its taking place.
8. The Chairman of the Supervisory Board may cancel a meeting of the Supervisory Board for good cause.

#### **§ 14**

1. Persons invited by the Chairman of the Supervisory Board, acting on his own initiative or on a proposal of a member of the Supervisory Board, may take part in meetings of the Supervisory Board in considerations of a specified matter.
2. A member of the Supervisory Board is entitled to record an objection to the participation in a meeting by non-members of the Supervisory Board, subject to paragraph 3. The matter is decided by a vote of the Supervisory Board.
3. Members of the Management Board are entitled to take part in meetings of the Supervisory Board in an advisory role, except in matters relating directly to the Management Board or its members, in particular their dismissal, accountability and determination of their remuneration.
4. An interpreter for the relevant foreign language may be present at a Supervisory Board meeting if a person who does not know Polish is taking part in the meeting.

#### **§ 15**

1. Subject to the terms of §24(2) of the Company's Statutes, resolutions of the Supervisory Board are adopted by an absolute majority of votes. In case of equal numbers of votes the vote of the Chairman of the Supervisory Board is decisive.
2. The Supervisory Board may adopt resolutions if at least one half of its members are present at the meeting and all of its members were invited.
3. The Supervisory Board may adopt resolutions only in the matters listed in the agenda appended to the invitation, unless all members of the Supervisory Board are present at the meeting and consent to the adoption of the resolution.
4. Members of the Supervisory Board may participate in the adoption of Supervisory Board resolutions by voting in writing through another member of the Supervisory Board. Voting in writing is not permitted in matters added to the agenda at the Supervisory Board meeting.
5. The Supervisory Board may adopt resolutions by circulation among members or using means of remote direct communication. The resolution is valid if all members of the Supervisory Board have been informed of the wording of the draft resolution. Voting by circulation is preceded by a declaration consenting to that procedure for adopting a resolution. That declaration should be appended to the circulated voting form for the resolution. A member of the Supervisory Board is entitled, within 48 hours of the sending of a draft resolution by e-mail, to refuse consent for that procedure for adopting the resolution, at the same time giving notification to the other members of the Supervisory Board. In such a situation the Chairman or Vice-Chairman of Supervisory Board should call a meeting of the Supervisory Board at the earliest possible date with the agenda including an item relating to the proposed resolution.
6. The adoption of resolutions under the procedure laid down in paragraphs 4 and 5 shall not apply to election of the Chairman, Vice-Chairman and Secretary of the Supervisory Board, appointment of a member of the Management Board or the dismissal or suspension of those persons.
7. Subject to paragraph 8, voting takes place openly.
8. Secret voting is ordered:
  - a) for election of and proposals to dismiss members of the Company's controlling bodies,
  - b) in personal matters,
  - c) at the request of any member of the Supervisory Board.

#### **§ 16**

1. Meetings of the Supervisory Board are minuted.

2. The minutes of a meeting should contain:
  - a) the code and serial number,
  - b) the date of the meeting,
  - c) the agenda,
  - d) the forenames and surnames of members of the Supervisory Board and other persons present,
  - e) a concise summary of the matter considered and statements put forward for recording in the minutes,
  - f) a statement of the adoption of a resolution and the full text of the resolution, if it is not appended to the minutes as an annex, or a statement that the matter has been settled in another manner,
  - g) the result of voting,
  - h) dissenting opinions of members of the Supervisory Board, if given.
3. The minutes are prepared under the direction of the Secretary of the Supervisory Board, if a secretary has been appointed. If no Secretary of the Supervisory Board has been elected, the Chairman appoints a person to perform the Secretary's role during the meeting in question.
4. The minutes of the previous meeting of the Supervisory Board are approved at the next meeting and signed by all Supervisory Board members who were present at the previous meeting. Each member of the Supervisory Board is entitled to propose an addition to the minutes. If the Supervisory Board rejects that proposal, the member is entitled to make a written statement when signing the minutes.
5. Absent members take note of the minutes of the previous meeting at the next meeting, confirming with their signature that they have done so.
6. The minutes, together with the attendance list, agenda and appended materials and documents, are stored at the Company's head office.

## **V. APPOINTMENT OF COMMITTEES**

### **§ 17**

1. A Supervisory Board consisting of 6 (six) or more members appoints the following permanent committees:
  - a) Audit Committee,
  - b) Remuneration Committee.
2. A Supervisory Board consisting of not more than 5 (five) members may appoint the committees listed in paragraph 1 above.
3. The Supervisory Board may appoint other committees, including a Strategy Committee.
4. Committees are appointed for the period of the term of office of the Supervisory Board, from among the members of the Supervisory Board.
5. From among the members of a committee the Supervisory Board appoints the chair of that committee, who directs the committee's work.
6. Each committee consists of at least 3 (three) members, of whom at least 1 (one) member should fulfil the conditions laid down in §19 of the Statutes (criteria for independence) and have qualifications in accounting or financial auditing.
7. Within the range of its competences, committees or their members may obligate the Management Board to have expert analyses or opinions prepared for their use. In such cases the third sentence of §10 of the Rules shall apply accordingly.
8. Meetings of committees take place depending on need, but not less than once per quarter. Members of the Management Board and members of the Supervisory Board not belonging to a given committee may attend committee meetings.
9. Committees take decisions by a simple majority of votes. In case of equal numbers of votes, the chair of the committee shall have a casting vote.
10. Members of a committee may take part in committee meetings and vote in person or using means of direct remote communication.

## **VI. AUDIT COMMITTEE**

### **§ 18**

1. Members of the Audit Committee perform their duties on a permanent basis independently of meetings of the Supervisory Board.
2. The range of actions of the Audit Committee is determined by applicable laws. The Audit Committee exercises permanent supervision over the Company's accounts and finances.
3. The entitlements and duties of the Audit Committee include in particular:

- a) monitoring of the Company's operating and financial results,
  - b) analysis of contracts, transactions and understandings made between the Company and affiliated entities,
  - c) monitoring of the work of the Company's auditors and presentation of recommendations to the Supervisory Board as to the selection and remuneration of the Company's auditors,
  - d) discussion with the Company's auditors, before the start of each annual audit of the financial statement, of the nature and scope of the audit, and monitoring of the coordination of work between the Company's auditors,
  - e) reviewing of the Company's periodic and annual financial statements,
  - f) preparation of guidelines for the Supervisory Board relating to evaluation of the Company's financial statements,
  - g) preparation of guidelines for the Supervisory Board relating to consent for the making of advance payments on account of dividends expected at the end of the financial year,
  - h) notification of the Supervisory Board of any other matters of importance within the scope of its competences.
4. The Audit Committee will submit annual reports on its activity to the Supervisory Board. The Supervisory Board will make those reports available to the Company's shareholders.

## **VII. REMUNERATION COMMITTEE**

### **§ 19**

1. Members of the Remuneration Committee perform their duties on a permanent basis, independently of meetings of the Supervisory Board.
2. The range of actions of the Remuneration Committee includes exercising permanent supervision over the level and manner of payment of remuneration at the Company.
3. The entitlements and duties of the Remuneration Committee include in particular:
  - a) presentation of proposals concerning the wording of contracts for the performance of the duties of a member of the Management Board,
  - b) presentation of proposals relating to the system of remuneration and bonuses for members of the Management Board and the system for evaluating the Management Board's work and results,
  - c) expression of an opinion on the Company's policy on remuneration and bonuses for employees, with particular attention to managerial staff,
  - d) statement of a position regarding the need to suspend a member of the Management Board or delegate a member of the Supervisory Board to perform temporarily the duties of a member of the Management Board who is not able to perform his duties,
  - e) expression of an opinion on the wording of information concerning the remuneration of members of the Management Board and Supervisory Board which is required to be made public,
  - f) notification of the Supervisory Board of any other matters of importance within the scope of its competences.
4. The Remuneration Committee will submit annual reports on its activity to the Supervisory Board. The Supervisory Board will make those reports available to the Company's shareholders.

## **VIII. CONCLUDING PROVISIONS**

### **§ 20**

Remuneration for members of the Supervisory Board is determined by the General Meeting of Shareholders.

### **§ 21**

In matters not regulated by the present Rules, the provisions of the Commercial Companies Code and of the Company's Statutes shall apply.

### **§ 22**

The present Rules may be amended by way of a resolution of the Supervisory Board, adopted by a simple majority of votes cast, where the amendment shall require approval by the General Meeting of Shareholders.