

**BY-LAWS**  
of the  
**SUPERVISORY BOARD**  
**OF GRUPA LOTOS SPOLKA AKCYJNA**

consolidated text as of 17 December 2009

**I. GENERAL PROVISIONS**

**§ 1**

The Supervisory Board of Grupa LOTOS S.A. shall act under the Commercial Companies Code and other binding laws, the Company Statute, resolutions of the General Meeting of Shareholders and provisions included therein.

**§ 2**

1. The Supervisory Board shall constantly supervise the operations of the Company in all fields of Company activity. In particular special competencies of the Supervisory Board include:
  - 1) appointment and dismissal of the President, Vice-Presidents and other members of the Management Board and substantiate principles of their remuneration, unless any particular law provision stipulates otherwise,
  - 2) suspension in their activities, for important reasons, particular or all members of the Management Board and also delegate a member or members of the Board to perform temporarily the activities of those Board members who are incapable of performing their duties,
  - 3) approval of the By-Laws of the Management Board,
  - 4) appointment of an auditor authorized to audit the financial statement of the Company and the capital group under the provisions of the Act of Accountancy,

- 5) auditing the financial statement to the extent of their conformity with the books and documents and the actual state, audit of the Management Board statement and Management Board motions on distribution of profits and covering loss and submit written report on the findings of the said audit to the General Meeting of Shareholders,
  - 6) advising on any issues submitted to be examined by the General Meeting of Shareholders, both Ordinary and Extraordinary Meeting of Shareholders,
  - 7) granting permissions to members of the Management Board to take posts in supervisory or management bodies of other entities and receive remuneration therefrom,
  - 8) giving consent for the implementation of an investment project and assume obligations resulting therefrom, if any expenses or charges related thereto occur and exceed half of the value of the Company initial capital,
  - 9) defining the scope, details and time limits for submitting annual budgets and long-term strategies by the Management Board,
  - 10) approval of strategies for Grupa LOTOS S.A. and Grupa Kapitałowa LOTOS S.A.,
  - 11) expressing opinions on annual budgets,
  - 12) granting annual awards for president, vice-presidents and Management Board members unless any particular law provision stipulates otherwise,
  - 13) adoption of by-laws related to management of earmarked funds,
  - 14) adoption of the regulation of the Supervisory Board.
2. The Supervisory Board is also entitled to give consent to the Management Board to perform the following activities:
- 1) to establish a company abroad with the meaning of agreements, signed by the Republic of Poland, for avoidance of dual taxation,
  - 2) to sell fixed assets of value exceeding one twentieth of the net value of the Company assets,
  - 3) to assume other obligations or make dispositions that - under one or several joint legal actions, excluding ordinary management - exceeds half of the company initial capital, unless the consent thereto falls within the competence of the General Meeting of Shareholders,
  - 4) to implement capital investments by the Company abroad amounting to more than one twentieth of the initial capital and all tangible investments,
  - 5) to exercise, by the Company, the right to vote at the General Meetings and Meetings of Shareholders of all subsidiary companies and other companies, if the value of stock or shares owned by the Company assessed as per their purchase or acquisition price constitutes more than one fifth of the Company initial capital related to:

- division of profit and loss coverage,
  - increase or decrease of share capital,
  - merger with another company or transformation of the company,
  - transfer and lease of a company enterprise and establishing a usufruct right on it,
  - modification of the company's articles of association or the Statute,
- 6) creation of the commercial law companies and accessing companies as well as making contributions to cover shares or bonds in the companies, transfer or shares if present capital involvement of the Company in a given company or the amount of engagement to be attained by the Company' as a result of purchase or taking hold of shares, valued according to the purchase price or the price of shares taking over exceeds one-twentieth of the share capital of the Company, excluding the case of taking over of shares by way of exchange of liabilities under the Act of 3 February 1993 on financial restructuring of companies and banks as well as purchase of shares through the public trading in securities,
- 7) purchase of a real estate, perpetual usufruct or a share in a real property of value which not exceeds PLN 5,000,000.00 valued on the grounds of the expert's valuation and the transfer of the real estate, perpetual usufruct or a share in a real estate of the value not exceeding PLN 200,000.00 as specified by a real estate expert.

### § 3

1. The Supervisory Board may – without prejudice to the competences of other Company bodies – give opinion on all issues related to the Company business activity, submit motions and proposals to the Management Board, which in such a case is obliged to notify the chairman of the Board on the procedure of handling the said motions and proposals within 21 days from their receipt.
2. The Supervisory Board shall submit to the General Meeting of Shareholders an annual consolidated assessment of the Company, in such time limit so that the Company shareholders could analyse the aforesaid assessment before the Ordinary Meeting of Shareholders.

#### **§ 4**

1. The Supervisory Board members shall keep confidential all information, obtained in relation to the performance of rights and obligations in the Board and shall not disclose the said information to any third parties unless it is indispensable for the proper discharge of duties of the Supervisory Board member.
2. Upon contacts with mass media, the Supervisory Board members shall limit themselves to provide generally available information; information of different nature shall be only disclosed by the Board Chairman.

## **II. ORGANIZATION OF THE BOARD AND PERFORMANCE OF DUTIES**

#### **§ 5**

1. The chairman of the Supervisory Board is appointed by the General Meeting of Shareholders.
2. At the first meeting in the new term of office, the Supervisory Board shall appoint from among the Board a vice-chairman and a secretary. The meeting shall be held within 30 days after the appointment of the Supervisory Board of the new term of office by the General Meeting of Shareholders.
3. Vice-chairman and secretary may be dismissed by the Board at any time.

#### **§ 6**

1. The chairman shall administer and manage the activities of the Board and represent the Board before other bodies of the Company and other entities.
2. The obligations of the chairman shall particularly include convening and chairing the meetings.
3. In case of absence or other impediment affecting the chairman ability to discharge their duties, the vice-chairman shall fulfill the role of chairman. In case of absence of the chairman and the vice-chairman at the Supervisory Board meeting, the meeting is chaired by one of the members of the Board present, appointed by chairman.
4. The chairman has the right to authorize the vice-chairman to exercise any of their rights resulting from the Statute of the Company and these By-laws.
5. Upon exercising their rights, the chairman of the Board shall abide by the resolutions and opinions of the Board and, as required, consult their decisions with the vice-chairman of the Board.

## **§ 7**

1. The secretary of the Board shall manage the activities of the Board, supervise the organizational and technical services for the Board and handle the documentation of the activities of the Board.
2. Within the said duties the secretary shall be subject to the Chairman of the Board.

## **§ 8**

1. The administration and technical service for the Board shall be provided by the Management Board.
2. The Management Board shall appoint, from among the company employees, persons directly responsible for the organizational and technical service and documentation of the activities of the Board.
3. Contact with the Company Management Board in the said respect shall be provided by the secretary of the Board.

## **§ 9**

1. The Supervisory Board has the right to appoint from among their members permanent or temporary committees to examine certain issues. The committees shall submit reports to the Supervisory Board on their activities as required, in the case of permanent committees at least once a year.
2. The committee comprises three to five members. The chairman of the committee shall be appointed by the Supervisory Board from among their members.
3. The activities of the committee shall be managed by the committee chairman. The chairman shall call the committee meetings at their own initiative and under motion of the committee member. The right to call the committee meeting can also be exercised by the chairman of the Supervisory Board or other member of the Board appointed thereby. All members of the Supervisory Board have the right to participate in the committee meetings.
4. Information on meeting being convened shall be submitted to the committee members and other members of the Supervisory Board at least 5 days prior to the committee meeting and in urgent cases at least 1 day prior to the committee meeting.
5. The committee shall adopt resolutions by absolute majority of votes of the total number of committee members, unless the resolution on the establishment of the committee provides otherwise.

6. At the committee meeting minutes shall be drawn up and signed by the Supervisory Board members present at the committee meeting. The minutes shall comprise resolutions, motions and reports of the committee. The chairman of the committee or a person thereby appointed shall submit resolutions, motions and reports to the Supervisory Board. Minutes from the committee meetings shall be stored at the Company seat. Copies of the minutes are provided to other members of the Supervisory Board by the Company.
7. The chairman of the committee or a person thereby appointed is entitled to submit motions to the Supervisory Board so that the Board adopted a resolution on drafting an expertise or expressing opinions related to the scope of duties or employment of a consultant for the purposes of the committee.
8. Permanent committees of the Supervisory Board comprise: Auditing Committee, Strategy and Development Committee and Organization and Management Committee. Permanent committees shall be held as required at least once every quarter of a year.
9. The Auditing Committee is responsible for consultations for the Supervisory Board in cases related to proper implementation of budgetary and financial reporting principles, internal control of the Company and cooperation with the Company auditors. The Auditing Committee duties include in particular:
  - 1) monitoring of the work of the Company auditors and presenting recommendations to the Supervisory Board as for the selection and remuneration for the entity acting as the auditor,
  - 2) discussion of all problems or stipulations that may occur as a result of auditing the financial statements,
  - 3) supervision of the activities of the internal audit of the company,
  - 4) regular notification of the Supervisory Board on any significant issues related to the activities of the Auditing Committee.
10. The Strategy and Development Committee is responsible for providing opinion and presenting recommendations to the Supervisory Board on planned investments having significant impact on the assets of the Company. The Strategy and Development Committee duties include in particular:
  - 1) providing opinions on long-term development strategies of the Company and the capital group,
  - 2) assessment the impact of the planned and adopted investments on the assets of the Company,
  - 3) monitoring of the implementation of the investment tasks resulting from the issue of shares performed within the increase of the capital,

- 4) assessment of actions, contracts and other documents related to the activities aiming at the acquisition, sale, encumbrance or any other mode of distributing major assets of the Company,
  - 5) expressing opinions on any documents of strategic character submitted by the Management Board to the Supervisory Board.
11. The Organization and Management Committee is responsible for submitting opinions and recommendations to the Supervisory Board related to the structure of management, including organizational solutions, remuneration system and recruitment of personnel to achieve the strategic goals of the Company. The Organization and Management Committee duties include in particular:
- 1) assessment of the candidates for the Company Management Board members,
  - 2) recommendation of employment conditions for the newly appointed Company Management Board members,
  - 3) assessment of the activities of the Company Management Board members,
  - 4) periodic verification and assessment of the remuneration system in the Company,
  - 5) assessment of the human resource management system in the Company.

## **§ 10**

1. The Supervisory Board shall perform their duties jointly; yet still may delegate their members to fulfill certain supervisory duties individually.
2. The representative of the Supervisory Board delegated by the Supervisory Board shall conclude contracts of employment with the president, vice-president and other members of the Management Board under provisions defined in the resolutions of the General Meeting of Shareholders. Other legal actions between the company and the Management Board members shall be made in the same manner.
3. The Supervisory Board has the right to request employing a consultant or drafting for the Board, at the expense of the Company, expertise or opinions within their scope of competence. Contracts with the consultant or the contractors of such works shall be concluded by the Company Management Board under motion of the chairman of the Board. The motion to the Management Board for employing a consultant or drafting expertise or opinion shall specify the subject of expertise or opinion, define the consultant and provide financial conditions for the expertise or opinion or the employment of the consultant. The Supervisory Board may appoint the Management Board to define the financial conditions for the employment of the consultant and drafting the expertise or opinion.

## **§ 11**

1. The chairman of the Supervisory Board is entitled to – on behalf of and under the resolution of the Supervisory Board – request calling the Company Supervisory Board meeting and include particular issues in the agenda of the said meeting.
2. The meeting convened at the initiative of the Board shall be participated by – without the right to vote – the chairman or other member of the Board authorized thereby.
3. The chairman or other member of the Board authorized thereby has the right to participate, without any special invitation, in any Management Board meeting subject to prior notification from the President of the Management Board to the Company Managing Director.

## **§ 12**

1. Within the permanent supervision defined in § 2, the Supervisory Board shall study the Company financial statements and the Management Board reports on the Company business activity in subsequent calendar quarters.
2. The Management Board shall submit to the Supervisory Board reports defined in para. 1 seven days prior to their publication at the latest.

## **§ 13**

In order to make it possible for the Board to provide permanent supervision over the Company business activity, the Management Board shall submit to the Supervisory Board major financial documentation of the Company for the subsequent monthly accounting periods, made under the accounting standards binding for the Company and also synthetic information on any events that could have significant impact on the result of the Company business activity or the assets of the Company.

## **§ 14**

Members of the Supervisory Board shall exercise their rights and obligations only individually.



### **III. CALLING AND CHAIRING THE MEETINGS AND ADOPTING RESOLUTIONS**

#### **§ 15**

1. The Supervisory Board meetings shall be convened by the chairman of the Board at their own initiative or under motion of authorized persons, as required, at least once every two months.
2. The chairman of the Supervisory Board has the right to authorize other Supervisory Board member to call the meeting.

#### **§ 16**

1. Any member of the Supervisory Board and the Management Board of the Company are authorized to submit a motion to call the Supervisory Board meeting.
2. The motion to call the Supervisory Board meeting shall be submitted to the chairman or vice-chairman of the Board and shall contain the proposed agenda, however the motion does not require justification.
3. The meeting shall be called within two weeks from the receipt of such motion, otherwise the applicant may call the meeting individually stating the date, place and proposed agenda of the said meeting.

#### **§ 17**

1. Notification on the call of the Supervisory Board meeting shall be sent to the Supervisory Board members at least seven days prior to the planned date of the meeting via registered letters or facsimile or any other means of communication subject to the acknowledgement of receipt; in extraordinary events the chairman may shorten the said time limit, however to maximum to two days.
2. The said notification shall include the agenda of the meeting, venue and date of the meeting.
3. The notification is not required if all members of the Board present at the meeting express their consent to postpone the meeting and specify the date of the subsequent meeting.
4. Documents related to issues included in the agenda shall be sent with the notification.

5. The notification on the Board meeting shall be sent to the Company Management Board.
6. Upon the motion of the Company Management Board, the chairman of the Supervisory Board may give consent to submit the notification with the documentation in another manner or within another time limit. In particular, if the documentation constitute significant confidential information of the Company, the chairman may give consent to present the information only at the Supervisory Board meeting.

### **§ 18**

1. The Supervisory Board meetings in particularly justified cases may be held without the official call, if all members of the Board are present and express their consent to hold a meeting and include particular issues in the agenda.
2. The Supervisory Board may also approve resolutions in a written form or with the use of direct remote forms of communication, subject to art. 388 § 4 of the Code of Commercial Companies and Partnerships. Such approval of a resolution requires prior presentation of the draft resolution to all members of the Board and the approved resolutions shall be presented at the subsequent Supervisory Board meeting with the information on voting results.

### **§ 19**

The Supervisory Board meetings shall be held in Gdańsk, at the Company registered seat. The chairman may, in particularly justified cases, select another venue of the meeting.

### **§ 20**

1. The agenda of the meeting shall be specified by the chairman of the Board, taking into account motions to call the meeting submitted under § 16 of the regulation.
2. Persons authorized under the said article to request to call the Board meeting, have the right to request to include certain issues in the agenda of the Board meeting; the said request is legally binding if submitted to the chairman of the Board at least seven days prior to the fixed date of the Board meeting.

3. The agenda specified in the notification on the call of the meeting can be supplemented if all the Board members are present at the meeting and express their consent thereto.
4. The resolutions may be adopted only in relation to issues included in the agenda.

#### **§ 21**

1. The chairman of the Board shall chair the meeting, give the floor, manage the voting and announce the voting results.
2. At conducting the meeting, the chairman should aim at achieving consensus of opinions of Supervisory Board members on issues subject to discussion.

#### **§ 22**

1. For the validity of the Supervisory Board resolutions it is required to provide proper notification of the meeting for all members of the Supervisory Board and presence at the meeting of at least half of the Supervisory Board members.
2. The resolutions of the Supervisory Board on the appointment or dismissal of certain members or the entire Management Board shall be adopted in the presence of at least two thirds of the Management Board members.

#### **§ 23**

The Supervisory Board shall adopt resolutions by absolute majority of valid votes.

#### **§ 24**

1. The voting is open. Secret voting is held at the election and dismissal of vice-chairman and/or secretary of the Board and at appointing and dismissing the members of the Management Board and suspending, for important reasons, certain members or the entire Management Board and at the request of any member of the Board participating in the meeting.

2. Secret voting shall be held with the use of voting cards or other method that guarantees the confidentiality of voting.
3. In the case of secret voting with the use of voting cards, the cards shall be submitted to the chairman. The chairman shall provide and announce the result of voting. Voting cards shall be attached to the minutes.
4. Each member of the Supervisory Board has the right to request the appointment of the returning committee to provide the result of the secret voting. The person chairing the meeting shall order the appointment of the returning committee. Each member of the Supervisory Board has the right to propose one member of the returning committee, including themselves. Members of the returning committee shall comprise only members of the Supervisory Board. The committee comprises up to three persons. If more than three persons were proposed for the returning committee, the chairman shall order the election of the composition of the returning committee. The voting shall be secret. Each member of the Supervisory Board shall give their vote for one candidate. The returning committee is composed of those three persons who received the largest number of votes. In the case of equal number of votes, the composition of the committee shall be extended.

## § 25

1. The minutes shall be taken at the Supervisory Board meetings. The minutes shall include the venue and date of the meeting and the agenda, names and surnames of the people present at the meeting, the course of the meeting, content of the adopted resolutions, the results and mode of voting and also stipulations and objections made by the Board members.
2. The minutes shall also include information that the Board – as a result of invitations and presence of the required number of Board members – is capable of adopting resolutions.
3. The minutes of the meeting is approved and signed at the subsequent meeting by all members of the Board present at the meeting specified in the minutes.
4. *translator's note -there is no point 4.*

5. The minutes shall include the attendance list of the members present at the meeting.
6. The Supervisory Board shall keep the book of minutes and the book of the Board resolutions with a list of the Board resolutions signed by all members of the Supervisory Board present at the meeting.

#### **§ 26**

1. Members of the Management Board may be invited to the meetings of the Supervisory Board. The invitation may refer to certain issues included in the agenda.
2. The chairman may, at their own initiative or under motion of the Management Board or members of the Supervisory Board, invite other persons to participate in the meeting, in particular the Company employees responsible for issues discussed at the meeting, the consultants and advisers.

#### **§ 27**

The By-Laws of the Supervisory Board adopted on 12th August 2009 shall become ineffective.