

RULES OF MANAGEMENT BOARD OF ZESPÓŁ ELEKTROWNI „PAŃNÓW – ADAMÓW – KONIN” SPÓŁKA AKCYJNA based in Konin

**The Rules were adopted by way of Resolution of the Management Board in
ZE PAK S.A.
No. 34/V/2012 dated February 6, 2012
and was approved by the Resolution of the Supervisory Council in ZE PAK S.A.
No. 555/2012/V dated February 14, 2012.**

I. General provisions

§ 1

These Rules determine the mode of operation and the work of organisation of the Management Board of Zespół Elektryczni "Państwów – Adamów – Konin" Spółka Akcyjna based in Konin (hereinafter referred to as the Company), the method of conducting the Company's matters by the Management Board, as well as the principles of undertaking resolutions by the Management Board.

§ 2

The Company's Management Board (hereinafter referred to as the Management Board) operates pursuant to valid legal regulations, in particular the Code of Commercial Companies, pursuant to the Company's Articles of Association, as well as resolutions of the Company's General Meeting and the Supervisory Council, to the extent to which they are binding for the Management Board according to valid legal regulations, as well as pursuant to these Rules.

§ 3

1. The main task of the Management Board is to implement and protect the Company's interest. Members of the Management Board are obliged to ensure the Company's correct functioning compliant with its objective and the object of activities specified in the Company's Articles of Association.
2. The Management Board ensures clarity and efficiency of the Company's management system, and ensures its matters are conducted pursuant to legal regulations and best corporate practices.

§ 4

The Management Board is obliged to provide the Company's Supervisory Council with regular and exhaustive information on all essential matters relating to business activities of the Company and its subsidiaries, as well as about risk related to these activities and methods for managing this risk.

II. Provisions concerning members of Management Board

§ 5

Members of the Management Board are appointed, dismissed and suspended in activities on the terms provided for in the Code of Commercial Companies, as well as in the Company's Articles of Association. As long as this is required by legal regulations, one member of the Management Board will be elected by the Company's employees.

§ 6

1. Members of the Company's Management Board are obliged to demonstrate loyalty towards the Company when conducting the Company's matters, as well as refrain from actions which might lead to the pursuit of their own material benefits. This obligation also extends to the activities of subsidiaries and affiliated companies.
2. When making decisions concerning the Company, members of the Management Board are obliged to act within the limits of reasonable economic risk, as well as with the observance of diligence required in professional trade, taking into account the nature of activities. Decisions made by the Management Board should be preceded by an examination of all information and circumstances which are of significance due to the

Company's interest and objectives, as well as taking into account the Company's current and anticipated financial situation.

§7

During the performance of their duties members of the Management Board are obliged to act pursuant to procedures adopted in the Company, as well as best corporate practices.

§8

1. Members of the Management Board are obliged to immediately inform the Supervisory Council about any conflict of interests occurring as a result of held position or about the possibility of its formation. A conflict of interest between the Company and the interest of a member of the Management Board covers all cases of a situation which is, or which may become beneficial for a member of the Management Board or persons close to him, which situation, at the same time, is or may be unfavorable for the interest of the Company or its subsidiaries or affiliated companies. Persons close to a member of the Management Board include persons connected with a member of the Management Board by a family, business or other relation, which may affect the position of a member of the Management Board in matters related to the Company or its subsidiaries or affiliated companies (hereinafter referred to as Persons close to a member of the Management Board).
2. Members of the Management Board are obliged to immediately inform the Supervisory Council about each instance of direct, indirect benefits or benefits involving third persons from any activities performed with the participation of the Company or its subsidiaries or affiliated companies. This obligation also applies to matters in which Persons close to a member of the Management Board obtain benefits.

§9

A Member of the Management Board cannot be involved in interest competitive towards the Company or its subsidiaries or affiliated companies.

III. Tasks and scope of activities of Management Board

§ 10

The scope of activities of the Management Board includes conducting and making decisions in all matters of the Company not reserved by the Code of Commercial Companies or the Company's Articles of Association to the competences of the Company's other authorities.

§ 11

The scope of activities of the Management Board includes, in particular:

- 1) Representing the Company.
- 2) Conducting the Company's matters by managing its property and human resources.
- 3) Providing the Company's authorities with reports from the Company's current and anticipated situation.
- 4) Determining the Company's mission and its strategy (namely plans and options of actions undertaken by the Company depending on its future position in the market environment).
- 5) Shaping the basic elements of the Company's business system organisation (social, technical, financial, information subsystem).
- 6) Specifying the Company's objectives and their quantification (identification of objectives in the quantity and quality perspective, in particular financial objectives such as: the level of profit, profitability, liquidity, etc., as well as strategic objectives: the introduction of new products, services, improvement of the management system, etc.)
- 7) Preparing the Company's business policy (as a sum of partial policies in particular areas of the Company's business activities constituting a development of the company's strategy).

- 8) Designing the organisational structure and procedures supporting the implementation of the Company's strategy.
- 9) Shaping the Company's personnel potential (namely the identification of criteria for employment, personnel selection and training based on a strategic plan).
- 10) Managing the Company's financial funds and the Company's financial liquidity.
- 11) Shaping the structure of the Company's tangible fixed assets (with such advance which gives the possibility to use the emerging opportunities and avoid hazards).
- 12) Establishing steering committees (teams) to implement the Company's strictly defined objectives.
- 13) Creating a motivation system for the personnel, as well as integrating the management personnel around the implementation of the Company's strategy.
- 14) Reporting any data or changes to it to the National Court Register (KRS), subject to entry within deadlines specified in valid regulations, as well as announcing the balance sheet, the income statement pursuant to legal regulations.
- 15) Exercising resolutions of the General Meeting and the Supervisory Council.
- 16) Preparing drafts of the Company's budget for a given year and submitting it for approval to the Supervisory Council.
- 17) Preparing balance sheets, as well as statement on the Company's activities, pursuant to valid regulations.
- 18) Ensuring the Company's accounting pursuant to valid regulations.
- 19) Keeping a book of shareholders, as well as a book of minutes from the General Meeting.
- 20) Preparing Rules of the Management Board, making changes in it, as well as directing them for approval by the Company's Supervisory Council.
- 21) Moving proposals to the General Meeting or the Supervisory Council in matters listed in the Company's Articles of Association.

IV. Conducting the Company's matters, internal division of competences and Company representation

§ 12

All members of the Management Board are obliged and entitled to conducting the Company's matters jointly.

§ 13

1. All matters exceeding the scope of ordinary management require a resolution from the Management Board.
2. Resolutions from the Management Board are required, in particular, by the following matters:
 - a) matters which require a resolution from the Management Board pursuant to the provisions of the Company's Articles of Association,
 - b) accepting the Company's annual budget and directing it for approval to the Supervisory Council,
 - c) accepting the Company's strategy and development programmes, as well as the Company's long-term business and investment plans,
 - d) incurring credits and loans,
 - e) granting credit guarantees and sureties,
 - f) periodical determination of the policy for depositing the Company's financial funds but no less frequently than once every quarter,
 - g) granting donations,
 - h) purchasing and selling real estate, perpetual usufruct or participation in real estate, as well as establishing limited property rights on it,
 - i) taking, selling, purchasing and charging shares or other types of shareholding in other companies or entities by the Company,
 - j) issuing securities by the Company,

- k) submitting motions to the General Meeting or the Supervisory Council in matters listed in the Company's Articles of Association, as well as in other matters in which the Management Board moves to the General Meeting or the Supervisory Council to undertake a decision,
- l) accepting the policy of personnel and remuneration in the Company, as well as personnel policy applied during recruitment and hiring of employees as members of boards of directors in companies of the capital group,
- m) approving the Company's candidates for members of authorities in subsidiaries or affiliated companies (or other entities in which the Company participates, e.g. associations, foundations, organisations, unions, etc.) and determining, as well as changing the conditions for remuneration for members of authorities in subsidiaries,
- n) providing voting instructions at general meetings at spółka akcyjna or meetings of shareholders at spółka z ograniczoną odpowiedzialnością in which the Company has shares (or at meetings of authorities of other entities in which the Company participates, e.g. associations, foundations, organisations, unions, etc.),
- o) introducing rules determining the procedures of conduct in specific domains of the Company's activities to be used in the Company, in particular the rules for internal audit and rules governing the procedure of selecting suppliers and contractors of services, as well as construction works,
- p) approving the results of procedures conducted in matters of selecting suppliers and contractors of services, as well as construction works in cases where the transaction value exceeds the amount specified in regulations valid in the Company determining the procedure of selecting suppliers and contractors of services, as well as construction works,
- q) matters which one of the members of the Management Board requests to be settled by way of a resolution of the Management Board,
- r) other matters which require a resolution from the Management Board pursuant to provisions of these Rules or legal regulations.

§ 14

1. The Supervisory Council performs an internal division of competences between members of the Management Board by delegating a member of the Management Board to manage a specific organisational division established within the Company's organisational structure framework.
2. Members of the Management Board cooperate, as well as agree and coordinate actions in the Company's matters, as well as protect due interaction between organisational divisions managed by them.
3. The Company's areas of activities managed by particular members of the Management Board are defined by the organisational rules specifying the organisation of the Company's business.

§ 15

Each member of the Management Board has the right and obligation to conduct the Company's matters without a prior resolution from the Management Board not exceeding the scope of regular activities and belonging to the scope of its competences unless, before settling such a matter, at least one of the remaining members of the Management Board objects to it and requests submitting the given matter for a collegial settlement of the Management Board to undertake a resolution.

§ 16

Members of the Management Board are obliged to cooperate and notify one another about significant activities undertaken as part of the Company's matters conducted by them.

§ 17

1. The Management Board may appoint, by way of a resolution, steering committees (teams) assigning them necessary rights to implement the Company's strictly specified objectives which require cooperation from the Company's several divisions or organisational units to be achieved. The Management Board determines the composition, as well as the objectives to be achieved by a given steering committee (team).
2. A given steering committee (team) is appointed for the period of time to implement any entrusted tasks and is dissolved upon achieving the determined objectives, as well as adopting respective documents formally completing its activity.
3. When achieving the specified objectives becomes unprofitable or pointless for the Company, due to a significant change to conditions, the steering committee (team) may be dissolved pursuant to an appropriate resolution from the Management Board. The motion to dissolve the steering committee (team) may be submitted by any member of the Management Board, the head of the committee (team) as well as each member.

§ 18

The Management Board represents the Company on the terms provided for in the regulations of the Code of Commercial Companies and the provisions of the Company's Articles of Association.

§ 19

Statements directed to the Company, as well as deliveries of letters may be made towards one member of the Management Board or a proxy.

§ 20

1. The establishment of a proxy, a general or special power of attorney requires a consent from all members of the Management Board expressed in the form of a resolution. Any member of the Management Board may cancel the proxy.
2. Members of the Management Board are obliged to withdraw the power of attorney granted by the Company if there is justified suspicion that the authorised representative will perform or performs tasks entrusted to him in a manner threatening the Company's interest or if the authorised representative does not perform activities and tasks entrusted to him with due diligence.

§ 21

1. Activities related to granting leave towards a member of the Management Board are performed by the President of the Management Board and towards the President of the Management Board - by a member of the Management Board who was entrusted with managing the area related to the Company's finances subject to passage 2.
2. Granting a leave to the President of the Management Board for a period exceeding 5 business days requires an agreement with the Chairman of the Supervisory Council or another member of the Supervisory Council appointed by the Chairman.

V. Work organisation of Management Board and meetings of Management Board

§ 22

1. The basic form of work for the Management Board are meetings and making decisions related to conducting the Company's matters.
2. Members of the Management Board are obliged to actively participate in meetings of the Management Board, as well as in settling matters covered by the meeting's agenda.

§ 23

The President of the Management Board is obliged to organize the work of the Management Board. Obligations of the President of the Management Board include:

- 1) calling meetings of the Management Board,
- 2) chairing meetings of the Management Board,
- 3) determining the suggested agenda for meetings of the Management Board, subject to the provision in § 27,
- 4) managing the Company as a place of employment in matters related to labour law, as well as representing the Company as an employer in matters related to labour law.

§ 24

The President of the Management Board, during his absence, is substituted by the member of the Management Board who was entrusted with managing the area related to the Company's finances. In the case of his absence, he is substituted by a member of the Management Board appointed by a resolution of the Company's Supervisory Council.

§ 25

1. Meetings of the Management Board are held regularly. Unless agreed otherwise, meetings of the Management Board are held once a week.
2. Meetings of the Management Board are called by the President of the Management Board who determines the date, as well as the suggested agenda. In important and urgent matters, meetings of the Management Board may be called by any member of the Company's Management Board.
3. Meetings of the Management Board may take place without a formal calling if all members of the Management Board are present and express their consent to hold the meeting, as well as examine a given matter.

§ 26

1. The notification about calling a meeting of the Management Board with the specification of place, date, hour and the suggested agenda should be delivered to members of the Management Board with an at least one-day advance before the meeting. The notification about calling the meeting along with materials may also be delivered in any manner guaranteeing the fact that the addressee receives the notification, in particular by phone, by fax or using e-mail to the official address of the member of the Management Board. The delivery of the notification about calling a meeting of the Management Board and related materials to the secretary's office at the Management Board is considered an effective delivery of the notification and materials to the member of the Management Board.
2. The requirements specified in passage 1 do not apply when calling the meeting is determined in the minutes from the previous meeting of the Management Board, as well as when all members of the Management Board do not have any objections either to holding it or to introducing particular matters to the agenda.

§ 27

Each member of the Management Board has the right to suggest that a given matter should be included in the suggested agenda, by submitting an appropriate justification. The party calling the meeting is obliged to introduce the requested matter in the suggested agenda.

§ 28

Materials for the meeting of the Management Board are prepared by the Company's organisational units, the scope of activities of which includes matters covered by the meeting's agenda. Supervision over the preparation of materials is exercised by a member of the Management Board to whom, pursuant to the rules specifying the organisation of the Company's business, a given organisational unit is subordinate.

§ 29

1. Third parties may participate in the meeting at the invitation from the Management Board, in particular heads/managers of the organisational unit preparing the material in matters covered by the meeting's agenda.
2. As requested by each member of the Management Board, meetings of the Management Board in a given matter are conducted in a composition limited to members of the Management Board.

§30

The President of the Management Board chairs the meeting (the meeting chairman).

§ 31

1. Meetings of the Management Board are held in the Company's registered office.
2. Meetings of the Management Board may be organised in a place other than the Company's registered office with consent from all members of the Management Board.

VI. Adopting resolutions and minutes

§ 32

1. The Management Board adopts resolutions at meetings, subject to the provision in § 37.
2. All members of the Management Board need to be correctly notified about the meeting, and at least 3 members of the Management Board need to participate in the meeting for the resolutions of the Management Board to be binding. When the Management Board is composed of 3 members, at least 2 members of the Management Board need to be present at the meeting.

§ 33

The ballot is open. A secret ballot is ordered by the meeting chairman at the request of even one member of the Management Board present at the meeting.

§ 34

1. Resolutions of the Management Board are adopted by an absolute majority of votes. An absolute majority means at least by one vote "for" adopting the resolution more than the sum of other valid votes, namely "against" and "abstained". Each member of the Management Board is entitled to one vote. In case of an equal number of votes, the vote cast by the President of the Management Board is decisive.
2. The uniformity of all members of the Management Board is required when establishing a proxy.
3. A Member of the Management Board who voted against an adopted resolution may submit a dissenting opinion. Submitting a dissenting opinion requires a justification.

§ 35

1. Resolutions are signed by all members of the Management Board present at the meeting of the Management Board, during which the resolution was adopted. The resolution is also signed by the member of the Management Board who abstained from voting or voted against the resolution or submitted a dissenting opinion placing an appropriate annotation near his signature.
2. In case of a conflict of interest between the Company and the interest of a member of the Management Board or Persons close to the member of the Management Board, they should abstain from settling these matters and request this fact to be noted in the minutes.

§ 36

Members of the Management Board may participate in adopting resolutions by voting in writing or via another member of the Management Board provided that the members of the Management Board in the number requested by § 32, passage 2 are present at the meeting, and all members were invited and notified about the content of the resolution's draft, including also an absent member of the Management Board. The document specifying the position of an absent member of the Management Board is included as an appendix to the resolution. Voting in writing cannot apply to matters introduced to the agenda during a meeting of the Management Board.

§ 37

1. In important and urgent matters, the Management Board may adopt a resolution without holding the meeting, in the mode of voting in writing or with the use of means of direct remote communication, unless all members of the Management Board expressed their consent to the above and were notified about the content of the resolution's draft.
2. Voting in writing or with the use of means of direct remote communication may be ordered by the President of the Management Board or two members of the Management Board.
3. When the Management Board adopts a resolution with the use of means of direct remote communication, the Head of the Management Board Office or another person appointed by the Management Board, is obliged to prepare minutes containing the content of the adopted resolution and information about the result of voting and the method of voting by particular members of the Management Board.

§ 38

1. Minutes are prepared from the meeting of the Management Board.
2. The minutes are prepared by the Head of the Management Board Office or another person appointed by the Management Board.
3. The minutes of the meeting of the Management Board should contain:
 - 1) the successive number, date and place of the meeting,
 - 2) the attendance list for members of the Management Board,
 - 3) the agenda,
 - 4) the summary of the examined matter,
 - 5) statement on adopting a resolution with specification of the resolution's content or statement on a different handling of the examined matter,
 - 6) the result of voting on a resolution and possible dissenting opinions with justification.
4. The minutes from the meeting are signed by all members of the Management Board present at the meeting.
5. A member of the Management Board, absent from the meeting, is obliged to become familiar with the minutes and the adopted resolutions.
6. Each member of the Management Board, as well as the Head of the Management Board Office is authorised to certify copies or extracts from the minutes or resolutions of the Management Board.

§ 39

1. Resolutions of the Management Board are shared with organisational units, as well as employees who use them to perform entrusted tasks and obligations.
2. The Management Board may decide that the resolution's content is confidential and cannot be shared. In this case, the Management Board or the Supervisory Council may express consent, in the form of a resolution, to share the resolution's content to third parties.

§ 40

All matters related to handling meetings of the Management Board, keeping a collection of minutes from meetings of the Management Board and a collection of resolutions are dealt with by the Management Board Office.

VII. Final provisions

§ 41

These Rules were adopted by way of the Resolution of the Management Board no. 34/V/2012 dated February 6, 2012 and was approved by the Resolution of the Supervisory Council no. 555/2012/V dated February 14, 2012.

§ 42

The Rules become valid on February 14, 2012.