

Wysogotowo, 10th May 2006

To:

The Public Office of the Polish Securities and Exchange Commission – report submitted using the ESPI system

Current report: 40/2006

Re: Resolutions adopted by the General Meeting of Shareholders on 10 May 2006r

PBG S.A. hereby publishes resolutions with annexes adopted by the General Meeting of Shareholders on 10 May 2006

Resolution no. 1  
of the Annual General Meeting of Shareholders  
of PBG S.A. with its registered office in Wysogotowo near Poznań  
of 10 May 2006  
on the election of Chairperson of the General Meeting of Shareholders

Pursuant to article 409 § 1 of the Code of Commercial Companies the General Meeting of Shareholders of PBG S.A. with its registered office in Wysogotowo hereby appoints Mr. Andrzej Wliczyński as the Chairperson of the General Meeting of Shareholders.

Resolution no. 2  
of the Annual General Meeting of Shareholders  
of PBG S.A. with its registered office in Wysogotowo near Poznań  
of 10 May 2006  
on the election of the Voting Committee

Under § 15 of the By-laws of the General Meeting of Shareholders, the General Meeting of Shareholders of PBG S.A. with its registered office in Wysogotowo hereby elects the following members of the Voting Committee:

Szymon Ożóg  
Katarzyna Florczuk  
Sławomir Frąckowiak

Resolution no. 3  
of the Annual General Meeting of Shareholders  
of PBG S.A. with its registered office in Wysogotowo near Poznań  
of 10 May 2006  
on the approval of the financial statement for the year 2005 and the report on the Company's business in 2005 prepared by the Board of Directors

Under § 28 item 1) of the Articles of Association and Article 395 § 2 item 1) of the Code of Commercial Companies, the General Meeting of Shareholders of PBG S.A. hereby approves the financial statement for the year 2005 and the report on the Company's business in 2005 prepared by the Board of Directors.

Resolution no. 4  
of the Annual General Meeting of Shareholders  
of PBG S.A. with its registered office in Wysogotowo near Poznań  
of 10 May 2006  
on the distribution of profit

Pursuant to § 28 item 3) of the Articles of Association and Article 395 § 2 item 2) of the Code of Commercial Companies, the General Meeting of Shareholders, having examined the Company's financial report for 2005 hereby decides not to distribute the net profit totalling PLN 18,018,465.54 (PLN eighteen million eighteen thousand four hundred sixty five 54/100) and designate from the profit the amount of PLN 1,000,000.00 (PLN to the company social fund, allocate PLN 3,002,878.47 (three million two thousand eight hundred and seventy eight zloty and forty seven grosz) to cover the retained loss and allocate the remaining profit, i.e. PLN 14,015,587.07 (fourteen million fifteen thousand five hundred and eighty seven zloty and seven grosz) to capital reserve.

Resolution no. 5  
of the Annual General Meeting of Shareholders  
of PBG S.A. with its registered office in Wysogotowo near Poznań  
of 10 May 2006  
on discharging Mr. Jerzy Wiśniewski for due performance of his duties

Pursuant § 28 item 2) of the Articles of Association and Article 395 § 2 item 3) of the Code of Commercial Companies, the General Meeting of Shareholders of PBG S.A. hereby decides to discharge Mr Jerzy Wiśniewski, Chairman of the Board of Directors, for due performance of his duties in 2005.

Resolution no. 6  
of the Annual General Meeting of Shareholders  
of PBG S.A. with its registered office in Wysogotowo near Poznań  
of 10 May 2006  
on discharging Ms. Małgorzata Wiśniewska for due performance of her duties

Pursuant to § 28 item 2) of the Articles of Association and Article 395 § 2 item 3) of the Code of Commercial Companies, the General Meeting of Shareholders, hereby decides to discharge Ms Małgorzata Wiśniewska, Vice Chairman of the Board of Directors, for due performance of his duties in 2005.

Resolution no. 7  
of the Annual General Meeting of Shareholders  
of PBG S.A. with its registered office in Wysogotowo near Poznań  
of 10 May 2006  
on discharging Mr. Tomasz Woroch for due performance of his duties

Pursuant to § 28 item 2) of the Articles of Association and Article 395 § 2 item 3) of the Code of Commercial Companies, the General Meeting of Shareholders, hereby decides to discharge Mr Tomasz Woroch, Vice Chairman of the Board of Directors, for due performance of his duties in 2005.

Resolution no. 8  
of the Annual General Meeting of Shareholders  
of PBG S.A. with its registered office in Wysogotowo near Poznań  
of 10 May 2006  
on discharging Mr. Przemysław Szkudlarczyk for due performance of his duties

Pursuant to § 28 item 2) of the Articles of Association and Article 395 § 2 item 3) of the Code of Commercial Companies, the General Meeting of Shareholders, hereby decides to discharge Mr Przemysław Szkudlarczyk, Vice Chairman of the Board of Directors, for due performance of his duties in 2005.

Resolution no. 9  
of the Annual General Meeting of Shareholders  
of PBG S.A. with its registered office in Wysogotowo near Poznań  
of 10 May 2006  
on discharging Mr. Tomasz Tomczak for due performance of his duties

Pursuant to § 28 item 2) of the Articles of Association and Article 395 § 2 item 3) of the Code of Commercial Companies, the General Meeting of Shareholders of PBG S.A. hereby decides to discharge Mr Tomasz Tomczak, Vice Chairman of the Board of Directors, for due performance of his duties in 2005.

Resolution no. 10  
of the Annual General Meeting of Shareholders  
of PBG S.A. with its registered office in Wysogotowo near Poznań  
of 10 May 2006  
on discharging Mr. Maciej Bednarkiewicz for due performance of his duties

Pursuant to § 28 item 2) of the Articles of Association and Article 395 § 2 item 3) of the Code of Commercial Companies, the General Meeting of Shareholders of PBG S.A. hereby decides to discharge Mr Maciej Bednarkiewicz, Vice Chairman of the Supervisory Board, for due performance of his duties in 2005.

Resolution no. 11  
of the Annual General Meeting of Shareholders  
of PBG S.A. with its registered office in Wysogotowo near Poznań  
of 10 May 2006  
on discharging Mr. Wiesław Lindner for due performance of his duties

Pursuant to § 28 item 2) of the Articles of Association and Article 395 § 2 item 3) of the Code of Commercial Companies, the General Meeting of Shareholders of PBG S.A. hereby decides to discharge Mr Wiesław Lindner, Vice Chairman of the Supervisory Board, for due performance of his duties in 2005.

Resolution no. 12  
of the Annual General Meeting of Shareholders  
of PBG S.A. with its registered office in Wysogotowo near Poznań  
of 10 May 2006  
on discharging Mr. Jerzy Sikorski for due performance of his duties

Pursuant to § 28 item 2) of the Articles of Association and Article 395 § 2 item 3) of the Code of Commercial Companies, the General Meeting of Shareholders of PBG S.A. hereby decides to discharge Mr Jerzy Sikorski, Secretary of the Supervisory Board, for due performance of his duties in 2005.

Resolution no. 13  
of the Annual General Meeting of Shareholders  
of PBG S.A. with its registered office in Wysogotowo near Poznań  
of 10 May 2006  
on discharging Mr. Jacek Krzyżaniak for due performance of his duties

Pursuant to § 28 item 2) of the Articles of Association and Article 395 § 2 item 3) of the Code of Commercial Companies, the General Meeting of Shareholders of PBG S.A. hereby decides to discharge Mr Jacek Krzyżaniak, member of the Supervisory Board, for due performance of his duties in 2005.

Resolution no. 14  
of the Annual General Meeting of Shareholders  
of PBG S.A. with its registered office in Wysogotowo near Poznań  
of 10 May 2006  
on discharging Mr. Dariusz Sarnowski for due performance of his duties

Pursuant to § 28 item 2) of the Articles of Association and Article 395 § 2 item 3) of the Code of Commercial Companies, the General Meeting of Shareholders of PBG S.A. hereby decides to discharge Mr Dariusz Sarnowski, member of the Supervisory Board, for due performance of his duties in 2005.

Resolution no. 15  
of the Annual General Meeting of Shareholders  
of PBG S.A. with its registered office in Wysogotowo near Poznań  
of 10 May 2006  
on discharging Mr. Adam Strzelecki for due performance of his duties

Pursuant to § 28 item 2) of the Articles of Association and Article 395 § 2 item 3) of the Code of Commercial Companies, the General Meeting of Shareholders of PBG S.A. hereby decides to discharge Mr Adam Strzelecki, member of the Supervisory Board, for due performance of his duties in 2005.

Resolution no. 16  
of the Annual General Meeting of Shareholders  
of PBG S.A. with its registered office in Wysogotowo near Poznań  
of 10 May 2006  
on the establishment of the number of Supervisory Board Members

Pursuant to § 29 item 2 the Articles of Association the General Meeting of Shareholders of PBG S.A. hereby decides that the Supervisory Board of the second term shall be composed of six members.

Resolution no. 17  
of the Annual General Meeting of Shareholders  
of PBG S.A. with its registered office in Wysogotowo near Poznań  
of 10 May 2006  
on the appointment of a member to the Supervisory Board

Pursuant to § 28 item 8 of the Company's Articles of Association, the General Meeting of Shareholders of PBG S.A. hereby appoints Mr. Maciej Bednarkiewicz to be a member of the Supervisory Board of PBG S.A.

Resolution no. 18  
of the Annual General Meeting of Shareholders  
of PBG S.A. with its registered office in Wysogotowo near Poznań  
of 10 May 2006  
on the appointment of a member to the Supervisory Board

Pursuant to § 28 item 8 of the Company's Articles of Association, the General Meeting of Shareholders of PBG S.A. hereby appoints Mr. Wiesław Lindner to be a member of the Supervisory Board of PBG S.A.

Resolution no. 19  
of the Annual General Meeting of Shareholders  
of PBG S.A. with its registered office in Wysogotowo near Poznań  
of 10 May 2006  
on the appointment of a member to the Supervisory Board

Pursuant to § 28 item 8 of the Company's Articles of Association, the General Meeting of Shareholders of PBG S.A. hereby appoints Mr. Adam Strzelecki to be a member of the Supervisory Board of PBG S.A.

Resolution no. 20  
of the Annual General Meeting of Shareholders  
of PBG S.A. with its registered office in Wysogotowo near Poznań  
of 10 May 2006  
on the appointment of a member to the Supervisory Board

Pursuant to § 28 item 8 of the Company's Articles of Association, the General Meeting of Shareholders of PBG S.A. hereby appoints Mr. Mirosław Dobruta to be a member of the Supervisory Board of PBG S.A.

Resolution no. 21  
of the Annual General Meeting of Shareholders  
of PBG S.A. with its registered office in Wysogotowo near Poznań

of 10 May 2006  
on the appointment of a member to the Supervisory Board

Pursuant to § 28 item 8 of the Company's Articles of Association, the General Meeting of Shareholders of PBG S.A. hereby appoints Mr. Jacek Krzyżaniak to be a member of the Supervisory Board of PBG S.A.

Resolution no. 22  
of the Annual General Meeting of Shareholders  
of PBG S.A. with its registered office in Wysogotowo near Poznań  
of 10 May 2006  
on the appointment of a member to the Supervisory Board

Pursuant to § 28 item 8 of the Company's Articles of Association, the General Meeting of Shareholders of PBG S.A. hereby appoints Mr. Dariusz Sarnowski to be a member of the Supervisory Board of PBG S.A.

Resolution no. 23  
of the Annual General Meeting of Shareholders  
of PBG S.A. with its registered office in Wysogotowo near Poznań  
of 10 May 2006  
on amendments to the Company's Articles of Association

Pursuant to provisions of Article 430 of the Code of Commercial Companies, the General Meeting of Shareholders of PBG S.A. hereby amends the Articles of Associations as follows:

- 1) § 36 section 1 (c ) shall read:  
„c) taking over the financial obligations of third parties (civil law guarantees, guarantees, bill of exchange guarantees) in excess of the Company's shares capital; taking over the liability for the obligations of the Capital Group companies shall not require the consent of the Supervisory Board”;
- 2) § 36.1(h) shall be:  
“h) conclusion of a material agreement by the Company or its subsidiary with a related party (except for conclusion of agreements with Capital Group companies), member of the supervisory board or members of the board of directors and entities related therewith”;



Resolution no. 24  
of the Annual General Meeting of Shareholders  
of PBG S.A. with its registered office in Wysogotowo near Poznań  
of 10 May 2006  
on authorising the Supervisory Board to prepare a consolidated text of the  
Company's Articles of Association

Pursuant to Art. 430 § 5 of the Code of Commercial Companies, the Annual General Meeting of Shareholders of PBG S.A. hereby authorises the Supervisory Board to prepare a consolidated text of the Company's Articles of Association with the amendments adopted today by the Annual General Meeting of Shareholders.

Resolution no. 25  
of the Annual General Meeting of Shareholders  
of PBG S.A. with its registered office in Wysogotowo near Poznań  
of 10 May 2006  
on the amendment of the By-laws of the Supervisory Board

Pursuant to Art. 391 § 3 of the Code of Commercial Companies, the Annual General Meeting of Shareholders of PBG S.A. hereby introduces the following amendments in the By-laws of the Supervisory Board:

1) § 13.6a(b) shall be:

"b.) consent, as required by and under the Articles of Association, to conclude any material agreement by the Company or its subsidiary with any party related to the Company, member of the Supervisory Board and the Board of Directors, or their related parties";

2) § 15.3 shall be deleted

3) § 15.4 shall be:

„4. A Supervisory Board member shall inform the Securities and Exchange Commission and the Company on any agreements concluded by them and persons closely related to them, on own account, related to the sale or purchase of the Company's shares, derivative rights related to the Company's shares and other financial instruments related to these securities, under the rules set out in the Act of 29 July 2005 on trading in financial instruments and any executive provisions thereto.

Persons closely related to a member of the Supervisory Board shall be:

- 1) his/her spouse or partners;
- 2) children supported by them or children adopted, remaining under their care and custody or guardianship;
- 3) other relatives and second-degree relations who have lived with them in the same household for at least one year;
- 4) entities:



- a) in which the given member of the Supervisory Board or a person closely related to them referred to in items 1-3, are part of the managing or supervisory bodies, or in which they hold managing positions in the organizational structure and have permanent access to confidential information of such an entity and authorities to make decisions on the development and economic prospects of the Company, or
- b) which are directly or indirectly controlled by the Supervisory Board member or a person closely related to them referred to in items 1-3, or
- c) from the activities of which a member of the Supervisory Board or a person closely related to them referred to in items 1-3 benefits;
- d) whose economic interests are equivalent to the economic interests of the Supervisory Board member or a person closely related to them referred to in items 1-3."

4.) § 15.5 shall be:

"5. Each member of the Supervisory Board should particularly protect the confidential information pursuant to the legal regulations, in particular to the Act of 29 July 2005 on trading of financial instruments."

Resolution no. 26  
of the Annual General Meeting of Shareholders  
of PBG S.A. with its registered office in Wysogotowo near Poznań  
of 10 May 2006  
on adopting the consolidated text of the By-laws of the Supervisory Board

The Annual General Meeting of Shareholders of PBG S.A., taking into account the amendments of the By-laws of the Supervisory Board of PBG S.A., resulting from resolution no. 25, hereby decides to adopt a consolidated text of the By-laws of the Supervisory Board of PBG S.A., which have been attached hereto as an Appendix.

Resolution no. 27  
of the Annual General Meeting of Shareholders  
of PBG S.A. with its registered office in Wysogotowo near Poznań  
of 10 May 2006  
on Corporate Governance

The Annual General Meeting of Shareholders of PBG S.A. hereby decides to approve the Company's Statement on Corporate Governance included in the "2005 Good Practice in Public Companies" as adopted by the Board of Directors and opinioned by the Supervisory Board, which forms an appendix to this resolution, and advises the Company bodies to apply the practices resulting from this statement.

Appendix to Resolution No. 26 of the Annual General Meeting of Shareholders of PBG S.A. of 10 May 2006  
Consolidated text of the By-laws of the Supervisory Board  
in the form of Appendix No. 1 to the report

Appendix to Resolution No. 27 of the Annual General Meeting of Shareholders of PBG S.A. of 10 May 2006  
Corporate Governance Statement pursuant to "Best practices in public companies in 2005"  
in the form of Appendix No. 2 to the report

Legal basis:

§ 39.1.5 of the Regulation of 19 October 2005 on current and interim information provided by issuers of securities.

Signature of the authorised person:  
Magdalena Eckert-Boruta

Appendix No. 1

## **BY-LAWS OF THE SUPERVISORY BOARD of PBG Spółka Akcyjna**

### **§ 1.**

1. The By-laws of the Supervisory Board, hereinafter referred to as the By-laws, regulate the work of the Supervisory Board of the Company, as well as the rights and duties of the Supervisory Board members.
2. Whenever the By-laws mention Board members, it will mean all persons appointed as members of the Supervisory Board pursuant to the Articles of Association, i.e. Board Chairperson, Vice-Chairperson, Secretary and its members.
3. The Supervisory Board acts in line with the Company Articles of Association, the Code of Commercial Companies, binding legal regulations, rules of good practices in the public companies as well as these By-laws.

### **§ 2.**

1. The Supervisory Board, hereinafter referred to as the Board, is a supervising and controlling body, representing the shareholders' interests.
2. The works of the Board are managed by the Board Chairperson, who is responsible for the current performance of the Board's duties. Should the Board Chairperson be absent, the works of the Board are managed by its Vice-Chairperson.

3. First and foremost, the Supervisory Board member should bear in mind Company interests.

### § 3.

1. The Board is composed of at least five members, appointed and dismissed by the General Meeting. The number of the Board members in a given term is determined by the General Meeting.
2. Each person eligible to participate in the General Meeting shall have the right to propose one or a few candidates for the Supervisory Board members within 7 days prior to the General Meeting. A written proposal should include:
  - 1) name and surname or business name of shareholder raising objections, and if a representative acts on behalf of a shareholder, also representative's name and surname,
  - 2) name and surname as well as a short résumé of the candidate,
  - 3) detailed justification for the candidacy.
3. The Company Board of Directors shall give the names of the candidates within 5 days prior to the General Meeting.
4. Each member of the Supervisory Board, including those elected pursuant to article 385 § 3 of the Code of Commercial Companies, should comply with the following requirements:
  - a) have a university degree,
  - b) have at least five years' professional experience,
  - c) have life experience,
  - d) represent high moral standards.
5. The Board is formed at its first meeting, selecting a Chairperson, Vice-Chairperson and Secretary. They may be dismissed at any time from their positions upon the request of at least two Board members.
6. The Chairperson must convene the Board meeting within three days after receiving the request referred to in section 5 of this paragraph, pursuant to paragraph 12.8, 12.9, 12.10 hereof.
7. The Board members may participate in the Board meetings and perform other duties of the Board members only in person. Subject to art. 388, the second sentence of § 2 and § 4 of the Code of Commercial Companies, the members of the Supervisory Board may participate in passing the Board resolution by casting a vote in writing by means of another Board member.
8. The Supervisory Board cannot include the Board of Directors members, proxy holders, liquidators, site managers or branches, as well as the chief accounting officer, legal advisor or attorney, and other persons reporting directly to the Supervisory Board or a liquidator. The provision included in the preceding sentence is applicable to the members of the Board of Directors and company or subsidiary liquidators.
9. The term of the Supervisory Board members is one year.
10. The Board members may be re-elected.

11. The Board members may be at any time dismissed by a resolution of the General Meeting.
12. The mandates of the Supervisory Board members expire on the day of the General Meeting approving the financial report of the last full financial year.
13. The mandate of a Supervisory Board member expired before the end of term in the following cases:
  - a) in the case of death,
  - b) in the case of dismissal by the General Meeting,
  - c) as at the date of resignation filed by the Supervisory Board member in writing. The statement on resignation should be submitted to the Board of Directors, and for attention of the Supervisory Board's Chairperson (or if the resignation is filed by person holding the position of the Supervisory Board Chairperson– for the attention of the Supervisory Board's Vice-Chairman).";
14. The Supervisory Board member should not resign from his/her office during the term of office if it could prevent due performance of the Supervisory Board's duties, and, in particular, if it could prevent adoption of any important resolution in due time.
15. The Chairperson must convene the Board meeting within three working days after receiving the resignation of the Board member, pursuant to paragraph 2.8, 12.9 and 12.10 hereof.
16. In the case of obstacles in performing the duties by a Supervisory Board member, they shall be committed to inform the Supervisory Board Chairperson immediately on the impossibility to perform their duties and the reasons for that.
17. The Supervisory Board member should immediately inform other Board members on:
  - a) the conflict of interest with the company. In such a case the Supervisory Board member should refrain from taking part in discussions and from voting on a resolution on the issue where the conflict of interest has arisen. The information on the reported conflict of interest should be included in the minutes of the Supervisory Board.
  - b) personal, actual and organisational relations between the Supervisory Board member and a shareholder, in particular with the majority shareholder, which may have an impact on the Company related issues.
18. The personal relations with the shareholder shall mean first or second degree relation. The actual relations with the shareholder shall mean remaining in regular business relations. Organisational relations with a shareholder shall mean relations under the contracts for employment or other.
19. The Company shall have the right to request a Board member to submit a statement on the aforementioned relations.
20. Information on personal, actual and organisational relations of the Supervisory Board member submitted both pursuant to section 17 (b) and section 19 of this paragraph, shall be made public in the form of current reports.

#### § 4.

The Board shall represent the Company in all contracts and disputes with the Board of Directors members. Each contract with a Board of Directors member shall be made in writing. On the part of the Company the contract is signed by the Board Chairperson, Board Vice-Chairperson or other Supervisory Board member appointed in the Supervisory Board resolution.

#### **§ 5.**

1. The Board shall perform its duties jointly. Moreover, the Board may delegate Board to perform particular supervisory, controls and advisory actions. The scope of actions performed by the delegated Board member is defined each time by the Supervisory Board or, upon its authorisation, by the Board Chairperson.
2. The Supervisory Board member delegated to perform particular actions should report to the Supervisory Board on their function at the meeting following these actions and at least once a year during the Supervisory Board meeting convened before the Ordinary General Meeting.
3. The Supervisory Board member delegated by the group of shareholders to regular and individual performance of supervisory actions in line with article 390 § 2 of the Code of Commercial Companies should report to the Supervisory Board on their function at least once a quarter and once a year during the Supervisory Board meeting convened before the Annual General Meeting.

#### **§ 6.**

The Board's powers cover all issues specified by the provisions of the Code of Commercial Companies and Articles of Association.

#### **§ 7.**

The Board shall exercise permanent supervision over the company operations in all aspects of its activity. The Supervisory Board shall each year submit to the General Meeting a concise assessment of the Company's condition, determined during the Supervisory Board meeting, convened before the Annual General Meeting.

#### **§ 8.**

1. In order to perform its duties, the Board may review each department of the Company, request reports and explanations from the Company Board of Directors and employees, review the assets, books and documents.
2. Members of the Supervisory Board shall take any actions required to ensure that the Board of Directors provides regular and complete information on any significant issues concerning the Company's operations and the business risks and methods of risk management. At each meeting of the Supervisory Board, the Board of Directors presents a report on any significant issues concerning the Company's business. In the case of urgent issues, the Supervisory Board members are notified by the Board of Directors in writing. In such a case, the President or two Vice-Presidents of the Board of Directors, or a Vice-President

and a Board of Directors member, or a Vice-President and Proxy holder, or a Board of Directors member and Proxy holder notify the Board Chairperson in writing.

3. The Board may, by a resolution, entrust the performance of specified supervisory actions to individual Board members.
4. In the case of delegating a given member or members of the Board to perform the specified supervisory, control or advisory actions, he/she (they) shall submit a copy of the Board resolution delegating him/her (them) to perform this action, before the given action is undertaken.

### **§ 9.**

Should Board of Directors be suspended or unable to perform the duties, the Board should immediately undertake proper action to supplement the Board of Directors. In order to perform the duty specified in the first sentence of this paragraph, the Board may in particular delegate its member to perform the duties of the Board of Directors members temporarily.

### **§10.**

1. The Board shall have the right to convene the Extraordinary General Meeting pursuant to the Company Articles of Association, if the Board of Directors fails to do so within two weeks of the application for convention by authorised persons or body, or if the Board of Directors convenes it with agenda different from that included in the application for convention, or of the Board of Directors sets the date of the Extraordinary General Meeting of Shareholders on the day after 2 (two) months of the application for convention reception date.
2. The Board shall be entitled to convene the Ordinary General Meeting of Shareholders pursuant to the Articles of Association if the Board of Directors fails to do so within 5 (five) months of the completion of financial year, or if the Board of Directors convenes it at date beyond 6 (six) months of the financial year completion date.
3. The Board submits to the Board of Directors applications on issues which require the decision of the Board of Directors.

### **§ 11.**

The actions specified in § 8 may be performed by the Board members within the Company's working hours.

### **§12.**

1. The Board meetings are convened by the Board Chairperson when necessary, at least three times a month, determining the date and agenda.



2. The Board meetings are held at the Company seat or at other place designated by the Board Chairperson.
3. The Board Chairperson must convene the Board meeting upon a written request of the Company Board of Directors or a Board member. The persons requesting the Board meeting should determine the subject of the meeting and its agenda in their request.
4. A Board member may request the Board Chairperson to include an issue in the agenda of the next meeting.
5. Requests specified in sections 3 and 4 should be addressed to the Board Chairperson and lodged with the Company seat.
6. The Company Board of Directors must, within 1 (one) working day, inform the Board Chairperson that a request to convene a Board meeting has been lodged by sending a telegram to address specified by the Board Chairperson as mailing address. The telegram should include the contents of the request and the name and surname (name) of the applicant.
7. In cases specified in section 3, the Board Chairperson must convene the Board meeting immediately, and not later than within 14 days of the reception of a relevant request to the Company seat. The convening is performed pursuant to sections 8, 9 and 10.
8. The notification on the Board meeting is performed by means of a registered mail sent to an address designated by each of the Board members. In cases of emergency, the Supervisory Board meetings may be convened also by means of a telephone, telefax or e-mail.
9. The notification shall be effective if it was sent to the address given by the Board member as a mailing address, not later than within 14 days before the planned date of Board meeting. In cases of emergency, specified in section 8 of this paragraph, the notification shall be considered effective if it was sent at least one day prior to the planned date of Board meeting.
10. The notification specified in section 8 should include date, hour and proposed agenda of the Board meeting, as well as draft resolutions to be made at the meeting along with general justification.
11. Should all Board members be present at the meeting, the Chairperson may set a date of the next Board meeting. The date given by the Chairperson is the binding date for all Board members.

### **§ 13.**

1. The Supervisory Board is entitled to making resolutions included in the agenda if all the Board members have been notified about the Board meeting.
2. The agenda of a Supervisory Board meeting shall not be amended or supplemented during the meeting they apply to, except for the instances when:
  - a) all Board members are present and give consent to amending or supplementing the agenda,



- b) taking relevant actions by the Board is necessary to protect the Company against loss,
- c) the subject of the resolution is the assessment whether there is a conflict of interests between a Board members and the Company.
3. Procedural requests may always be the subject of a valid resolution, even if they are not included in the agenda.
4. The Board meetings are presided over by the Chairperson, and in the case of their absence, by the Board Vice-Chairperson.
5. The Board makes decisions by absolute majority of votes cast, unless the Statute requires qualified majority, however, at least three Board Members must vote for the resolution.
6. In the case of equal number of votes cast for and against a resolution (calculated including the abstaining votes), the casting vote shall belong to the Board Chairperson.
- 6a. Without the consent of majority of independent members, no resolutions shall be adopted on the following issues:
  - a.) any benefits granted to members of the Board of Directors by the Company and any related entities;
  - b.) consent, as required by and under the Articles of Association, to conclude any material agreement by the Company or its subsidiary with any party related to the Company, member of the Supervisory Board and the Board of Directors, or their related parties;
  - c.) appointment of a certified auditor to audit the Company's financial statement.
7. The decisions of the Board are made in an open voting, unless the legal regulations provide otherwise, or if just one Board member requests that the decision be made in a confidential voting.
8. The Board of Directors members may participate in the Supervisory Board meetings with the right of advisory vote, save for issues directly related to the Board of Directors or its members, in particular: dismissal, liability, and determination of remuneration. Also other persons invited by the Board may participate in the meetings. In the case of examination of reports pertaining to the Company operations, the Board may invite the Company employees in order to obtain explanations.
9. The minutes of the Board meetings are kept by person appointed by the Chairperson of the Supervisory Board meeting. The draft minutes of meetings of the Supervisory Board shall be faxed to the Supervisory Board members within 2 (two) weeks after the Supervisory Board meeting. The Supervisory Board members may report remarks regarding the minutes within 2 (two) weeks of the date of reception of minutes, not later than 1 (one) working day prior to next meeting of the Supervisory Board. Before starting the meeting, a note on whether there are any reservations as to the manner of convening the meeting should be included in the minutes. The reservations may be reported only along

with a detailed justification. The decision on continuation of the meeting is made by the person managing the meeting.

10. The Supervisory Board may adopt resolutions in writing or by other means of direct telecommunication, without the meeting having been held. The resolution is valid if all Supervisory Board members have been notified about the contents of the draft resolution. Making resolutions in such a manner does not apply to the selection of the chairperson, vice-chairperson and the secretary of the Supervisory Board, appointing a Board of Directors member, dismissing and suspending the actions of these persons.
11. The minutes should include the agenda, surnames and names of present Board members, the subject matter of resolutions made and number of votes cast for each resolution. Each of the Supervisory Board members, who are against the resolution, has the right to express their position in the form of a different position included in the minutes of meeting or resolution, or lodging it as a separate document.

#### **§ 14.**

At the Board meetings, decisions are in the following forms:

1. conclusions and opinions for the General Meeting resulting from the performed supervisory and control actions;
2. resolutions in other issues.

#### **§ 15.**

1. A Board member must participate in the meetings, supervise and control the implementation of the General Meeting and Board resolutions and:
  - a) provide assistance for particular organisational units of the Company in performing their duties;
  - b) participate in the sessions of the General Meeting,
  - c) within their powers and to the extent necessary to resolve issues discussed at the General Meeting, provide the participants of the Meeting with due explanations and information concerning the Company;
  - d) keep the information pertaining to performance of duties in the Board confidential.
2. A Supervisory Board member should make it possible for the Board of Directors to publish (in line with a relevant procedure) the information on the disposal or acquisition of the Company shares or shares of its holding company or a subsidiary, and on any transactions with these entities, provided that such information is material for its financial standing.
3. (deleted).
4. A Supervisory Board member shall inform the Securities and Exchange Commission and the Company on any agreements concluded by them and persons closely related to them, at own account, related to the sale or purchase of the Company's shares, derivative rights related to the Company's shares and other financial instruments related to these securities, under the rules

set out in the Act of 29 July 2005 on trading in financial instruments and any executive provisions thereto.

Persons closely related to a member of the Supervisory Board shall be:

- 1) his/her spouse or partners;
- 2) children supported by them or children adopted, remaining under their care and custody or guardianship;
- 3) other relatives and second-degree relations who have lived with them in the same household for at least one year;
- 4) entities:
  - a) in which the given member of the Supervisory Board or a person closely related to them referred to in items 1-3, are part of the managing or supervisory bodies, or in which they hold managing positions in the organizational structure and have permanent access to confidential information of such an entity and authorities to make decisions on the development and economic prospects of the Company, or
  - b) which are directly or indirectly controlled by the Supervisory Board member or a person closely related to them referred to in items 1-3, or
  - c) from the activities of which a member of the Supervisory Board or a person closely related to them referred to in items 1-3 benefits;
  - d) whose economic interests are equivalent to the economic interests of the Supervisory Board member or a person closely related to them referred to in items 1-3.
5. Each member of the Supervisory Board should particularly protect the confidential information pursuant to the legal regulations, in particular to the Act of 29 July 2005 on trading of financial instruments.

#### **§ 16.**

1. The minutes and documentation of incoming and outgoing mail of the Board shall be kept in the Company's headquarters.
2. The Board appoints a person responsible for keeping the book of Board minutes, preparing copies of resolutions and issuing them to eligible persons, preparing materials for the Board Meetings.
3. The office service of the Board is assured by the Company Board of Directors.

#### **§ 17.**

1. Each member of the Supervisory Board is eligible to remuneration due to performing their duties.
2. The remuneration of the Supervisory Board members is determined by the General Meeting.
3. The costs of the Supervisory Board's operation are covered by the Company.
4. Total remuneration of all and each member of the Board should be published in the annual report along with the information on the procedures and principles of determination.

## § 18.

1. Within the Board an Audit Committee and Remuneration Committee will operate, whose composition is determined by the Supervisory Board, out of its members, pursuant to the provisions of these By-laws. The Supervisory Board may establish other temporary or standing committees to perform specific duties of the Board. When creating a committee, the Board appoints the persons responsible for managing the committee.
2. The Committees should report to the Supervisory Board on their function and decisions made when necessary and during the Supervisory Board meeting convened before the Annual General Meeting.
3. The Audit Committee is composed of two independent Board members and one Board members experienced in accounting and finance.
4. In particular, the Audit Committee shall be responsible for:
  - a) Review of the independence of a selected chartered auditor, advising the Supervisory Board on the selection of a chartered auditor as well as on the terms of agreement with such expert and the amount of remuneration payable to such expert. Should the Board of Directors select a chartered auditor other than the expert recommended by the Audit Committee, such a decision must be supported with a detailed rationale.
  - b) Analysis and evaluation of relations and dependencies within the Company, the Supervisory Board and the Board of Directors with respect to any actual and potential conflicts of interest; delivery of actions aimed to eliminate such problems.
  - c) Assurance of an optimum communication between the chartered auditor and the Supervisory Board.
  - d) Review of quarterly, semi-annual and annual financial statements received from the members of the Company subsidiaries; as well as quarterly, semi-annual and consolidated annual financial statements of the capital group.
5. The Audit Committee convenes when necessary, at least once a quarter.
6. The Remuneration Committee shall be composed of 2 persons and shall be responsible for:
  - a) general monitoring of remuneration practices and remuneration levels across the Company,
  - b) defining the terms of employment of the Board of Directors members and Company executives,
  - c) defining the bonus plan for the financial year.
7. The Remuneration Committee meets when required, but at least once a quarter.
8. The Remuneration Committee shall select, out of its members, a Chairperson of the Committee, who manages the works of the Committee.
9. The reports of the committees will be made public to the shareholders in a current report.

### § 19.

1. All and any amendments and supplements of these By-laws shall be made by the General Meeting by a resolution.
2. All issues not included in the By-laws shall be governed by the relevant legal regulations, Articles of Association, resolutions of the Supervisory Board or General Meeting.
3. In the case of any non-compliances of the provisions of these By-laws with the Company Article of Association or any other legal acts of higher order, the provisions of these acts shall be binding.

### § 20.

These By-laws shall be effective as at the date of passing by the General Meeting. The By-laws shall be available to the public.

Appendix No. 2



## Corporate Governance Statement pursuant to "Best practices in public companies in 2005"

### GENERAL PROVISIONS

#### I. The Company's Purpose

The basic purpose of the Company's bodies is to act in the Company's interests, i.e. to increase the value of assets contributed by its shareholders, with due consideration to the rights and interests of entities other than its shareholders involved in the Company's business, in particular the Company's creditors and employees.

#### II. Rule of the majority and protection of the minority

A joint-stock company is a capital enterprise. Therefore the principle of the rule of capital majority and dominance of the majority over the minority must be adopted. A shareholder that contributed more capital also faces higher economic risk. It is therefore justified that the interest of such shareholders are considered pro rata to their capital contribution. At the same time, the minority must have a guarantee of due protection of its rights, within the limits set by the law and accepted codes of conduct. While exercising his right, a majority shareholder must consider minority interests.

#### III. Bona fide and no abuse of rights

Execution of rights and use of legal institutions should be based on honest intentions (bona fide) and must be limited to the specified purpose and economic justification upon which these institutions were established. No ultra vires action must be taken which would thus be a breach of law. The minority must be protected against the abuse of ownership rights by the majority, and the interest of the majority must be protected against the abuse of rights by the minority, while ensuring the best protection of equitable interests of the shareholders and other participants of public trading of securities.

#### IV. Judicial control

The Company bodies and persons chairing the General Meeting of Shareholders shall not resolve any issues that should be settled by court rulings. This provision shall not apply to actions which must be undertaken by Company bodies and persons chairing the General Meeting of Shareholders pursuant to their legal rights or obligations.



| V. <u>Independent experts' opinions contracted by the Company</u>  |   |            |  |
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| When appointing an entity to provide expert services, in particular certified auditors, financial and fiscal advisors and legal advisors, the Company should consider whether there are any circumstances which could affect the independence of this entity while performing tasks contracted by the Company. The Company shall not select an entity whose independence is limited by such circumstances. |   |            |  |
| RULE   | YES / NO  | COMMENTS   |  |
|  |   | BY PBG S A |  |
| <b>GOOD PRACTICES OF GENERAL MEETINGS OF SHAREHOLDERS</b>  |   |            |  |
| 1  | General Meeting of Shareholders should be held at such a time and place as to ensure the participation of as many shareholders as possible.   | <b>Yes</b> | <i>Pursuant to § 21 of the Company's Articles of Association, the General Meetings of Shareholders are held at the Company's registered office, unless other venue is specified in the announcement of the General Meeting (Poznań or Warsaw).<br/>To facilitate the participation in the General Meeting for the largest possible number of Shareholders, the Board of Directors declared to organize General Meetings in Warsaw.</i> |
| 2  | The request to convene a General Meeting and to put certain issues on its agenda, made by authorised entities, must be justified. Draft resolutions to be adopted by the General Meeting of Shareholders and other relevant documents should be presented to the shareholders along with due justification and the opinion of the Supervisory Board in advance, so as to allow the shareholders to review and evaluate these documents. | <b>Yes</b> | <b>General Meetings of Shareholders are convened under §20.5 of the Company's Articles of Association. Under §6.2 of the By-laws of the General Meeting of Shareholders, the Company adopted a rule that the entity authorized to request the convention of the General Meeting must present its justification and the</b>   |

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|   |   |                   | <p><b>agenda. If a request to convene a General Meeting does not include due justification, the Board of Directors shall require such justification from a person filing the request.</b></p> <p><b>Any documents to be used at the General Meeting shall be provided to the shareholders in conformance with the provisions binding upon the companies listed at Warsaw Stock Exchange. Furthermore, under §4 of the By-laws of the General Meeting of Shareholders, the shareholders may, upon their request, receive draft resolutions 8 days at the latest prior to the planned date of the General Meeting of Shareholders.</b></p> |
| 3 | The General Meeting of Shareholders convened at the request of shareholders shall be held at a date specified in the request, and if this is not possible for justified reasons - at the nearest possible date when the General Meeting is able to resolve issues | <p><b>Yes</b></p> | The By-laws of the General Meeting of Shareholders, in §6.1, provide for the obligation for the Company to convene the General Meeting on the date indicated in the request and if the date cannot be kept, on other date, as soon as possible. The rule shall be secured by the provisions of § 20.6 of the Company's Articles of Association, under which the Board of Directors shall convene the Extraordinary General Meeting of Shareholders within 2 weeks  |

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|   | included in the agenda.  |            | after a relevant written request is received, setting its date not later than within 2 months after such request is received. If the General Meeting of Shareholders is not convened at this date or if its agenda differs from the agenda specified in the request, the Supervisory Board shall have the right to convene the General Meeting of Shareholders.   |
| 4 | A General Meeting of Shareholders whose agenda includes issues filed by eligible entities, or which has been convened at the request of such entities, may be cancelled only by their consent. In all other instances, a General Meeting may be cancelled in the face of certain extraordinary obstacles (force majeure) or if it is clearly ungrounded. The Meeting is cancelled following the same procedure it is convened, ensuring that any possible negative effects for the Company and its shareholders are as limited as possible, and in any case not later than three weeks prior to the original set date of the Meeting. Change of the set date of the General Meeting is subject to the same procedure as the procedure of its cancellation, even if there are no changes to the agenda. | <b>Yes</b> | The Company follows a general rule not to cancel or change set dates of General Meetings of Shareholders, unless there are certain justified or extraordinary circumstances beyond the Company's control.<br>§6 sections 3 and 4 of the By-laws of the General Meeting of Shareholders provide for the possibility of calling off the Extraordinary General Meeting of Shareholders only with the consent of the requesting parties. The calling off procedure is set out in §6 sections 4 and 5 of the By-laws of the General Meeting of Shareholders. |
| 5 | In order for a proxy of a shareholder to participate in a General Meeting of Shareholders, relevant documentation (right of representation) must be duly submitted. By default, it is presumed that the proxy documentation (authorising the proxy to represent the shareholder at the General Meeting of Shareholders) is in compliance with the law and requires no additional   | <b>Yes</b> | Under §27 of the Articles of Association and §7 of the By-laws of the General Meeting of Shareholders, a shareholder may participate in the General Meeting   |

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|   | <p>confirmation, unless its authenticity or <i>prima facie</i> validity gives rise to any doubts of the Board of Directors (when drawing up the attendance list) or of the Chairman of the General Meeting of Shareholders.</p>  |                   | <p>personally or by proxy. In order to participate in the General Meeting of Shareholders as a proxy and to exercise voting rights, the only document needed is a proxy (in writing – under pain of nullity) granted by authorised persons, in compliance with a copy from a relevant register or in compliance with the provisions of the Polish Civil Code in the case of natural persons.</p> <p><i>When drawing up the list of attendance at the General Meeting of Shareholders, the Company shall only control the said documents.</i></p> |
| 6 | <p>General Meeting Rules of Order should be adopted and detailed principles on conducting debates and adopting resolutions should be set forth therein. In particular, the Rules of Order should include provisions on election procedures, including the election of members of the Supervisory Board by voting in separate groups. The Rules of Order should not be subject to frequent amendments; it is recommended that amendments come into effect as of the date of the next General Meeting.</p> | <p><b>Yes</b></p> | <p><i>The Company implemented, adopted and applies the By-laws of the General Meeting of Shareholders.</i></p> <p><i>Under the present law and §28.8 of the Company Articles of Association, the General Meeting of Shareholders is a body authorised to appoint the Supervisory Board. The rules of appointing the Supervisory Board are set out in §29 – 31 of the By-laws of the General Meeting of Shareholders.</i></p>   |

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| 7 | <p>The person opening the General Meeting of Shareholders should procure an immediate appointment of the chairperson and should refrain from any other substantive or formal decisions.</p>   | <p><b>Yes</b></p> | <p>Pursuant to §25.1 of the Articles of Association, the person who opens the General Meeting of Shareholders is the Chairman of the Supervisory Board or a person appointed by the Chairman. If these persons are absent, the General Meeting of Shareholders is opened by the President of the Board of Directors or a person appointed by the Board.</p> <p>Under §25.2 of the Articles of Association and §10 of the By-laws of the General Meeting of Shareholders, the person opening the General Meeting is obliged to immediately appoint the Chairman. The chairman appointment procedure is set out in §11 of the By-laws of the General Meeting of Shareholders.</p> |
| 8 | <p>The task of the chairperson of the General Meeting is to ensure that the conduct of the Meeting is efficient and that the rights and interests of all shareholders are respected. In particular, the Chairperson should prevent any abuse of rights by the participants of the Meeting and ensure that the rights of minority shareholders are respected. The Chairperson shall not resign from this position without good reason and shall not postpone the final signing of the minutes of the General Meeting of Shareholders (unless for significant reasons).</p> | <p><b>Yes</b></p> | <p>The Company follows this rule. The duties of the Chairman are set out in §12 of the By-laws of the General Meeting of Shareholders. The Chairperson must chair the meeting so as to ensure that the rights and interests of all shareholders are respected.</p>  |
| 9 | <p>A General Meeting should be attended by members of the Supervisory Board and the Board of Directors. The certified auditor should participate in the Annual</p>  |                   | <p>The Good Practice Statement submitted by the Company's Board of Directors, prior to the submission to Warsaw Stock Exchange, is</p>  |

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|    | <p>General Meeting and in the Extraordinary General Meeting if the Company's financial standing is to be discussed thereat. Absence of the Board of Directors or Supervisory Board member at the General Meeting must be explained. Such explanation should be given at the General Meeting.</p>  | <p><b>Yes</b></p> | <p><i>discussed by the Supervisory Board and further adopted in the form of a resolution of the General Meeting of Shareholders. It ensures the reliability of the statement and the familiarity of all rules by all members of all governing bodies. This rule is applied pursuant to §8.1 of the By-laws of the General Meeting of Shareholders. The Board of Directors invites the certified auditor to participate in the General Meeting if the Company's financial standing is to be discussed thereat.</i></p> |
| 10 | <p>Members of the Supervisory Board and the Board of Directors as well as the certified auditor shall, within their powers and to the extent necessary to resolve issues discussed at the General Meeting, provide the participants of the Meeting with due explanations and information concerning the Company.</p>  | <p><b>Yes</b></p> | <p><i>If necessary, members of the Supervisory Board and the Board of Directors as well as the certified auditor taking part in the General Meeting, shall, within their powers and to the extent necessary to resolve issues discussed at the General Meeting, provide the participants of the Meeting with due explanations and information concerning the Company. This corporate government rule complies with §18.2 of the By-laws of the General Meeting of Shareholders.</i></p>                               |
| 11 | <p>All answers provided by the Board of Directors to the questions of the General Meeting should take into account the fact that a public company should report and provide information in compliance with the provisions of the Law on Public Trading of Securities, and certain information cannot be provided otherwise than pursuant to these provisions.</p> | <p><b>Yes</b></p> | <p><i>Under §18.3 of the By-laws of the General Meeting of Shareholders, the Company authorities provide all information requested in particular by the General Meeting, but at the same time comply with provisions of the Act of 29 July 2005 on trading in financial instruments and a Regulation on current and interim information provided by issuers of securities.</i></p>  |

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| 12 | Short breaks in the session of the General Meeting (which do not defer the session) ordered by the chairperson in justified cases cannot be used to prevent the exercise of rights by the shareholders.  | <b>Yes</b> | <i>This rule is followed by the Company and so far short breaks in the sessions of the General Meeting, which are not adjournments of the General Meeting, have been ordered by the Chairperson in justified cases only. Pursuant to Rule No. 8 of this Statement and under §12 of the By-laws of the General Meeting of Shareholders, the task of the Chairperson of the General Meeting is to ensure that the conduct of the Meeting is efficient and that the rights and interests of all shareholders are respected. Furthermore, under §22 of the By-laws of the General Meeting of Shareholders, the Chairperson may order a short technical break which must not hinder with the exercising of the rights of shareholders.</i> |
| 13 | Voting on procedural issues may only apply to issues related to the conduct of the Meeting. This voting procedure cannot apply to resolutions which may affect the exercise of the shareholders' rights.   | <b>Yes</b> | <i>The Company follows the rule. The procedure of voting on procedural issues is set out in §19 of the By-laws of the General Meeting of Shareholders.</i>  |
| 14 | A resolution to drop an issue included in the agenda may only be adopted if it is based on good reasons. A request for an issue to be dropped shall be well grounded. By consent of all present shareholders who filed such a request, for an issue to be dropped or removed from the agenda upon shareholders' request, a relevant resolution of the General Meeting must be taken with a majority of 75% of votes. | <b>Yes</b> | <i>§14 of the By-laws of the General Meeting of Shareholders sets out the specific procedures related to the agenda, particularly related to the procedure of adopting resolution on a failure to discuss an issue included in the agenda. Such a resolution may be adopted only for important reasons, the request in this respect should be justified in detail and removal or decision not to consider a matter included in</i>  |



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|    |  |            | the agenda requires the consent of all shareholders who filed such a request is required, on condition that 75% of all shareholders attending the Meeting supports the adoption of such a resolution.   |
| 15 | A party objecting to a resolution shall be allowed to present concise reasoning for the objection.   | <b>Yes</b> | The Chairperson of the General Meeting shall ensure that the reasoning of all objections is presented at the Meeting, and the notary public keeping the minutes of the Meeting shall ensure that all objections and their reasoning are recorded in the minutes, pursuant to provisions of the Code of Commercial Companies and the Notaries Act. The right to justify a requested objection is granted to participants of the General Meeting under §28 of the By-laws.  |
| 16 | Considering that the Code of Commercial Companies does not provide for judicial control if a resolution is not adopted by the General Meeting, the Board of Directors or the chairperson of the General Meeting should formulate resolutions in such a way as to enable each participant who does not agree with a decision taken under the resolution to challenge it (if entitled to do so). | <b>Yes</b> | The task of the chairperson of the General Meeting is to ensure that resolutions are formulated in a clear and unambiguous manner. The Board of Directors shall also make it possible for the chairperson to contact the Company's legal advisor if necessary. §16 of the By-laws of the Supervisory Board provides for the right for all participants of the General Meeting to take floor in the discussion on issues included in the agenda and §23 and §24 of the By-laws ensure the influence for all participants upon the final resolutions. |
| 17 |  |            |   |

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|   | At the request of participants of the General Meeting, their written statements are included in the minutes.  | <b>Yes</b> | <i>Each participant of the General Meeting is entitled to submit the statement to the minutes pursuant to §20 of the By-laws.</i>   |
| <b><u>BEST PRACTICE OF SUPERVISORY BOARDS</u></b> |   |            |   |
| 18  | The Supervisory Board submits an annual summary report on the Company's standing at the General Meeting. This report should be made available to all shareholder in good time for them to review its contents before the Annual General Meeting is held.  | <b>Yes</b> | <i>Pursuant to the Supervisory Board By-laws, the Supervisory Board whose task is to supervise the Company's business, under §7 of the Supervisory Board By-laws, submits its annual report at the General Meeting, including also the Supervisory Board's assessment of the Company's standing. This report should be part of the Company's annual report which is to be made available to all shareholders of the General Meeting before the date stipulated in the Code of Commercial Companies.</i> |
| 19  | A member of the Supervisory Board should have proper education, professional and practical experience, represent high moral standards, and be able to devote the time necessary for due performance of his/her duties on the Supervisory Board. Candidates for members of the Supervisory Board should be nominated and nominations should be supported by justification in sufficient detail to ensure conscious choice. | <b>Yes</b> | <i>Under the practice and provisions of §3.4 of the Supervisory Board By-laws, members of the Supervisory Board are selected from among the persons meeting the criteria described in this rule. The candidates for members of the Supervisory Board, under §3.2 of the Supervisory Board By-laws, are made public 5 days prior to the date of the General Meeting so that each participant can analyse the proposals.</i>  |
| 20  | 1. a) At least half members of the Supervisory Board should be independent, with due regard to d) below. Independent members of the Supervisory   |            | <i>Under §29.9 of the Articles of Association and §3.8 of the Supervisory Board By-laws, at least half of the members of the Supervisory Board</i>  |

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|    | <p>Board should have no relations whatsoever with the Company and its shareholders or employees that could have significant impact on their ability to make impartial decisions;</p> <p>b) Detailed criteria of independence should be set forth in the Company's Articles of Association;</p> <p>c) Without the consent of majority of independent members, no resolutions shall be adopted on the following issues:</p> <ul style="list-style-type: none"> <li>- any benefits granted to members of the Board of Directors by the Company and any related party of the Company;</li> <li>- consent to conclude any material agreement between the Company or its subsidiary and any party related to the Company, member of the Supervisory Board and the Board of Directors, or their related parties;</li> <li>- appointment of a certified auditor to audit the Company's financial statement.</li> </ul> <p>d) In companies, where a single Shareholder holds a block of shares representing over 50% of the total number of votes, the Supervisory Board should be composed of at least two independent members, including an independent Chairperson of the Audit Committee, provided that such a committee has been established.</p> | <p><b>Yes</b></p> | <p><i>shall be independent members. The criteria of independence of members are set out in the Articles of Association (§29.9).</i></p> <p><i>Under §13.6(a) of the Supervisory Board By-laws, the Company determined the list of resolutions which cannot be adopted without the consent of the majority of independent members of the Supervisory Board.</i></p> <p><i>§18.3 of the Supervisory Board By-laws provides that the Audit Committee, functioning within the Supervisory Board, shall be composed of two independent members. The Company follows the rule that the Chairman of the Audit Committee is an independent member of the Board.</i></p> |
| 21 | First and foremost, the Supervisory Board member  |                   | <i>During the term of office, members of the</i>  |

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|    | should bear in mind Company interests.   | <b>Yes</b> | <i>Supervisory Board member bear in mind the interests of the Company. The method of selection of the Supervisory Board members is a way to ensure that this rule is followed. Members of the Supervisory Board are under the obligation to inform the Chairman of the Supervisory Board of any potential threat to the Company's interests. In addition, members of the Supervisory Board have signed a confidentiality agreement and assumed the obligation to inform the Board of Directors of any investments in the Company's shares made by them or their closely related persons, pursuant to provisions of respective law.</i> |
| 22 | Members of the Supervisory Bard shall take any actions required to ensure that the Board of Directors provides regular and complete information on any significant issues concerning the Company's operations, business risk and methods of risk management. | <b>Yes</b> | <i>Under §8.2 and §13.8 of the Supervisory Board By-laws, at each meeting of the Supervisory Board, the Board of Directors presents a report on any significant issues concerning the Company's business. In the case of urgent issues, the Supervisory Board members are notified by the Board of Directors by mail. The Company's Articles of Association (§36) include a list of issues that may be resolved by the Board of Directors only upon the approval of the Supervisory Board.</i>   |
| 23 | The Supervisory Board member should notify other members of any conflict of interest and should refrain from taking part in discussions and from voting on a resolution on the issue where the conflict of interest has arisen.                              | <b>Yes</b> | <i>Members of the Supervisory Board are elected in such a way as to prevent any potential conflict of interest between the Company and members of the Supervisory Board. In case of such a conflict, each member of the Supervisory Board,</i>   |

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|    |   |            | under §3.16-17 of the Supervisory Board By-laws, is obliged to inform other members of the Supervisory Board of the same.  |
| 24 | Information on personal, actual and organisational relations between the Supervisory Board member and a shareholder, in particular with the majority shareholder, shall be published. The Company should have a procedure in place for obtaining such information from members of the Supervisory Board and disclosing it to the public.                                | <b>Yes</b> | Based on CVs presented by members of the Supervisory Board, the Company has access to any information on personal, actual and organisational relations between the Supervisory Board member and a shareholder, in particular with the majority shareholder. Under §3.17 (b) of the Supervisory Board By-laws, the Board member shall immediately inform on personal, factual and organizational relations of the Board Member with a specific Shareholder. |
| 25 | Supervisory Board meetings, save for issues directly related to the Board of Directors or its members, and in particular to dismissal, liability, and remuneration, shall be accessible and open to members of the Board of Directors.  | <b>Yes</b> | Pursuant to §13.8 of the Supervisory Board By-laws, members of the Board of Directors take part in the Board meetings with the right to advise on discussed issue.   |
| 26 | A Supervisory Board member should make it possible for the Board of Directors to publish (in line with a relevant procedure) the information on the disposal or acquisition of the Company shares or shares of its holding company or a subsidiary, and on any transactions with these entities, provided that such information is material for its financial standing. | <b>Yes</b> | The obligation to inform the Company by members of the Supervisory Board on the transactions on the Company's shares results from §15.3-4 of the Supervisory Board By-laws. The Company has also signed confidentiality agreement with all members of the Supervisory Board.   |
| 27 | Remuneration of Supervisory Board members should  |            |  |

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|    | <p>be determined based on transparent procedures and principles. The remuneration should be fair, but should not represent a significant cost for the Company or have any material impact on its financial results. It should also be in reasonable relation to the remuneration of members of the Board of Directors. The Total remuneration of all and each member of the Supervisory Board, additionally broken down into components, should be published in the annual report along with the information on the procedures and principles of determination.</p>  | <p>Yes</p>        | <p>Remuneration of members of the Supervisory Board does not represent a significant cost for the Company.</p> <p><i>Remuneration corresponds to the Company's financial results and is subject to annual review by the General Meeting of Shareholders, under §28.7 of the Articles of Association and §17 of the Supervisory Board By-laws.</i></p> <p><i>Total remuneration of all members of the Supervisory Board is disclosed in the annual report.</i></p> |
| 28 | <p>The Supervisory Board shall operate in accordance with its Bylaws which should be published. The Byelaws should provide for at least two committees:</p> <ul style="list-style-type: none"> <li>- audit committee and</li> <li>- remuneration</li> </ul> <p>The Audit Committee should be composed of at least two independent Board members and at least one with experience in accounting and finance. The Committees' tasks shall be laid out in details in the Supervisory Board By-laws. Board Committees ought to prepare annual reports for the Supervisory Board. Their reports should be made available to the shareholders.</p> | <p><b>Yes</b></p> | <p><i>The Company follows the rule, under §18 of the Supervisory Board By-laws</i></p>  |
| 29 | <p>The agenda of a Supervisory Board meeting shall not be amended or supplemented during this meeting. However, this requirement does not apply in the</p>   |                   | <p><i>The Chairman convenes the meetings of the Supervisory Board. He/she is obliged to hold the meeting of the Board upon the written request</i></p>  |

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|  | <p>following cases: (i) if all members of the Supervisory Board are present at the meeting and give their consent to amend or supplement the agenda; (ii) if certain actions must be taken by the Supervisory Board in order to protect the Company against a loss; and (iii) if the subject of a resolution is to determine any conflict of interest between the Supervisory Board member and the Company.</p> | <p><b>Yes</b></p> | <p><i>of the Company's Board of Directors or an individual member of the Supervisory Board. The agenda of the meeting is determined by the Chairman of the Supervisory Board, taking into consideration the requests of the eligible persons, under §12 of the Supervisory Board By-laws. Under §13 of the Supervisory Board By-laws, the agenda should not be altered during the meeting, except for listed cases.</i></p> |
| 30   | <p>The Supervisory Board member delegated by a group of shareholders to perform permanent supervision should submit detailed reports on the performance of his/her duties to the Supervisory Board.</p>   | <p><b>Yes</b></p> | <p><i>Under §5.3 of the Supervisory Board By-laws, a delegated member of the Supervisory Board should report to the Supervisory Board on their function at least once a quarter and once a year during the Supervisory Board meeting convened before the Annual General Meeting.</i></p>  |
| 31   | <p>The Supervisory Board member should not resign from his office during his term if it could prevent due performance of the Supervisory Board's duties, and, in particular, if it could prevent adoption of any important resolution in due time.</p>  | <p><b>Yes</b></p> | <p><i>Members of the Supervisory Board, under §3.14 of the Supervisory Board By-laws, should not resign if it could prevent due performance of the Supervisory Board's duties.</i></p>  |
| <p><b><u>GOOD PRACTICE OF BOARD OF DIRECTORS</u></b></p> |   |                   |   |
| 32   | <p>With due regard to Company interest, the Management Board determines the Company's strategy and its key objectives, and presents them to the Supervisory Board, being responsible for their implementation and attainment. The task of the Board of Directors is to ensure transparency and efficiency of the corporate management system and compliance</p>   | <p><b>Yes</b></p> | <p><i>The Board of Directors, under §2.4 of Board of Directors By-laws, shall develop the Company's strategy and submit it to the Supervisory Board. The Management Board is responsible for the implementation and execution of the strategy.</i></p>  |



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|    | with the law and best practices.   |                   |   |
| 33 | <p>While taking decisions on corporate issues, members of the Board of Directors should act within the limits of justified economic risk, i.e. having considered all information, analyses and opinions which should be taken into account in a given case (based on a reasonable assessment of the Board of Directors) in view of the Company's interest. While determining the best interest of the Company, the Board of Directors should consider long-term interests of the Company shareholders, creditors, employees, and other entities and persons co-operating with the Company within the scope of its business, as well as the interests of the local community.</p> | <p><b>Yes</b></p> | <p><i>The Board of Directors, under §2.4 of Board of Directors By-laws, shall evaluate the economic risk of the business activities and analyse the effects of undertaken action in detail.</i></p> <p><i>Members of the Board of Directors perform their duties with due diligence and to the best of their knowledge and professional experience.</i></p> |
| 34 | <p>In transactions with shareholders and other persons whose interests may impact the interest of the Company, the Board of Directors should act with utmost care to ensure that the transactions are concluded at arm's length.</p>   | <p><b>Yes</b></p> | <p><i>The rule applies under §2.6 of Board of Directors By-laws</i></p>   |
| 35 | <p>A Management Board member should remain fully loyal to the Company and should refrain from taking any actions with the exclusive goal to gain one's own material benefits. If a Board of Directors member receives the information on any potential investments or other profitable transaction related to the Company's business activities, (s)he should immediately notify the Board of Directors thereof to make it possible for the Board of Directors to consider whether this option may be to the benefit of the</p>  | <p><b>Yes</b></p> | <p><i>The rule applies under §5.3 of Board of Directors By-laws</i></p>   |

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|    | Company. Such information may be used by a Board of Directors member or passed over to any third party only upon consent of the Board of Directors and only on condition that this does not affect the Company's best interest.  |            |  |
| 36 | A Management Board member should consider his shares of the Company and of its holding companies and subsidiaries as long-term investment.   | <b>Yes</b> | <i>Under §5.4 of Board of Directors By-laws, members of the Board of Directors should treat investments in the Company's shares as long-term investments.</i>  |
| 37 | Management Board members should notify the Supervisory Board of each instance of a conflict of interest related to their function or of a risk of such conflict.   | <b>Yes</b> | <i>Board of Directors members are required to notify the Supervisory Board of each instance of a conflict of interest related to their function or of the risk of such conflict, under §5.5 of Board of Directors By-laws.</i> |
| 38 | Remuneration of the Board of Directors members should be determined based on transparent procedures and principles, taking into consideration its incentive nature and ensuring effective and smooth management of the Company. Remuneration should correspond to the extent of the Company's business, be in reasonable relation to its financial results, and be related to the scope of responsibility of a position held, taking into account the level of remuneration of members of Board of Directors in similar companies on a similar market. | <b>Yes</b> | <i>Under §18.6 of the Supervisory Board By-laws, the remuneration of members of the Board of Directors is determined by the Remuneration Committee appointed within the Supervisory Board.</i>                                 |
| 39 | The Total remuneration of all and each member of the   |            | <i>Total remuneration of all members of the</i>  |

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|  | Board of Directors, additionally broken down into components, should be published in the annual report along with the information on the procedures and principles of determination. If there are significant discrepancies in the amount of remuneration between individual members of the Management Board, it is recommended that an appropriate explanation be published. | <b>Yes</b> | <i>Management Board is disclosed in the annual report along with relevant comments. Discrepancies in remuneration of individual Board members are not significant and result only from the position held and its scope of responsibilities.</i>   |
| 40   | The Management Board should specify its principles and procedures as well as division of powers in its Byelaws which should be published and made available.  | <b>Yes</b> | <i>The Board of Directors operates under the Board of Directors By-laws, which, under §11.4 thereof, may be amended by virtue of the resolution of the Board of Directors approved by the Supervisory Board, adopted according to the requirements set out in the Company's Articles of Association.</i>            |
| <b><u>GOOD PRACTICE IN RELATIONS WITH THIRD PARTIES AND THIRD PARTY INSTITUTIONS</u></b> |   |            |   |
| 41   | The Company's certified auditor should be selected in such a way as to guarantee impartiality in performance of duties of the certified auditor.  | <b>Yes</b> | <i>The Company's certified auditor is selected by the Supervisory Board out of submitted offers, under §36.2 (a) of the Articles of Association. Before and after the audit, the certified auditor shall submit a statement confirming the compliance with statutory criteria of impartiality and independence.</i> |
| 42   | In order to ensure impartiality of certified auditor's  |            | <i>Every year, the Supervisory Board selects the</i>  |

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|    | opinion, the Company should change the certified auditor at least once every five years. Changing the certified auditor also involves changing the person who performs the audit. Additionally, the Company ought not to avail itself of the services of the same auditor in the long run.   | <b>Yes</b> | <i>Company's certified auditor. If the same entity is selected to perform the audit of the Company's financial statements, the entity shall change the certified auditor who actually audits the Company's financial statements at least every 3 years.</i> |
| 43 | <p>The certified auditor should be selected by the Company's Supervisory Board after the audit committee has presented its recommendations, or the General Meeting of Shareholders upon the Supervisory Board's recommendation which covers the recommendations of the audit committee. The Supervisory Board or General Meeting must give good reasons to justify a choice different from that recommended by the audit committee.</p> <p>The information about the choice of certified auditor with reasons should be included in the annual report.</p> | <b>Yes</b> | <i>The certified auditor is selected by the Company's Supervisory Board, following the recommendation of the Audit Committee.</i>   |
| 44 | Entity hired as certified auditor by the Company or its subsidiary for this period, or period under audit, cannot act as a special-purpose auditor for the same company.   | <b>Yes</b> | <i>The Company declares to follow the rule that services of special-purpose auditor are provided by other entity than the certified auditor of the Company or its subsidiaries.</i>   |
| 45 | The procedure of buy-back of treasury shares by the Company shall ensure that none of the group of shareholders is given preference over other shareholders.   | <b>Yes</b> | <i>So far, the Company has not bought back its treasury shares. The Board of Directors declares that if this is the case, due efforts will be taken to ensure that no group of shareholders is given preference over other shareholders.</i>                |

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| 46 | <p>The Company's Articles of Association, basic corporate internal regulations, information and documents related to General Meetings of Shareholders, and the financial statements should be made available at the Company's registered office and on its website.</p>   | <p><b>Yes</b></p> | <p><i>All corporate documents as mentioned in this Rule are made available to each shareholder at the Company's registered office upon request and at the Company's website:<br/><a href="http://www.pbg-sa.pl/pbg-nowa/lad.php?jezyk=pl">http://www.pbg-sa.pl/pbg-nowa/lad.php?jezyk=pl</a></i></p> |
| 47 | <p>The Company should have proper media relations procedures and regulations and an information policy in place, so as to ensure that coherent and reliable information about the Company is provided. Within the scope required by the law and taking its best interest into consideration, the Company should provide information on its current operations and financial standing to media representatives, and allow them to participate in General Meetings.</p> | <p><b>Yes</b></p> | <p><i>The Company has proper media relations procedures and regulations and an information policy in place to ensure that coherent and reliable information about the Company is provided. The Company has appointed its Spokesperson responsible for contacts with the mass media.</i></p>          |
| 48 | <p>In its annual report, the Company should publish its Corporate Governance Statement. If the Corporate Governance rules are departed from, the Company should publish a relevant justification.</p>   | <p><b>Yes</b></p> | <p><i>The Company submits the complete statement under § 27 of the Rules of the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.), following the approval of the Statement by the Supervisory Board and subsequently by the General Meeting of Shareholders.</i></p>            |