

**RULES AND REGULATIONS OF SUPERVISION BOARD of  
Przedsiębiorstwo Przemysłu Spożywczego " PEPEES " S.A.  
in Łomża**

**I. General provisions**

§ 1

Supervision Board is a constant supervision body for the Joint Stock Company.

§ 2

The Supervision Board operates according to general legal regulations applicable, including:

- Commercial Code,
- Privatization of State-run Businesses Act of July 13, 1990 (Journal of Laws no 51 of 1990, item 298, as amended by Journal of Law no 60 of 1991 item 253 and Journal of Laws no 111 of 1991 item 480),
- Sovereign investment funds and their privatization Act of April 30, 1993 (Journal of Laws of 1993 No 44, item 202)
- Resolutions of the General Meeting as well as the Company's Statutes and the present Rules and Regulations.

**II. Composition and organization, appointment and dismissal of the Board**

§ 3

1. The Supervision Board consists of five or seven or nine members.
2. The Supervision Board Members are elected by the General Meeting according to a procedure defined in the Company's Statute's and legal regulations in effect.

§ 4

1. The Supervision Board's term lasts for three years, except for the term of the first Supervision Board which lasts for one year.
2. Mandates of the Supervision Board Members expire on the date when the General Meeting approves the report, balance sheet and profit and loss count for the last year of the term.
3. Each Supervision Board Member may be dismissed before the end of the term.
4. Outgoing Supervision Board Members may be re-elected.

§ 5

1. At the first Board meeting of the term, the Supervision Board elects among themselves their President, Deputy President and Secretary, subject to the provisions of the Company's Statutes.

2. The Supervision Board President manages the Board's operations and calls its meetings. The President of the outgoing Supervision Board calls and opens the first meeting of the newly elected Supervision Board and presides over it until a new Board President is elected.
3. The Deputy President executes all the President's functions when they are absent.
4. The Supervision Board may remove the Supervision Board President, Supervision Board Deputy President and Supervision Board President from their posts through a absolute majority secret vote on a resolution will all Supervision Board Members participating in the vote. The above does not apply to removal of Supervision Board President elected in accordance to article 17.2 of the Company's Statutes.

### **III. Rights and obligations**

#### §6

1. The Supervision Board constantly supervises the Company's operations.
2. The rights of the Supervision Board include, among others:
  - a/ analysis of annual balance sheet and profit and loss count and providing verification of these documents by auditors of their choice, b/ analysis and giving opinions on the reports of the Company's Management Board, c/ annual analysis and approval of the Company's business, financial and marketing plans and requesting the Management Board to report on the execution of these plans in details, d/ reporting in writing to the General Meeting on results of activities mentioned in sections a-c, e/ appointing, suspending and removing Management Board Members.
  - f/ appointing Supervision Board Members to execute responsibilities of the Management Board if the entire Management Board has been removed or if the Management Board cannot operate for other reasons.
  - g/ approval of the Company's Management Board Rules and Regulations.
  - h/ defining the rules of remuneration for the Management Board Members.
  - i/ approval of the Supervision Board Rules and Regulations.
  - j/ giving pinions of the Management Board's motions and shareholders' motions on:
    - changes in the Company's scope of operations.
    - amendments to the Company's Statutes.
    - increasing or reducing the share capital.
    - merger or transformation of the Company.
    - dissolution and liquidation of the Company.
    - issuing bonds.
- 6/ giving permissions for transactions which include sale or purchase of shares or other assets or taking out a loan if the value of a given transaction exceeds 15% of the Company's assets net value according to the last balance sheet.

§ 7

The Supervision Board has the right to review operations of the Management Board through:

- 1/ right to request the Management Board to present any documents and materials related to the Company at a Board meeting.
- 2/ control the Company's acts and documentation.
- 3/ review the Company's assets and executing financial control of the Company.
- 4/ right to request the Management Board and the Company's employees to present reports and explanations at the Board meeting.

§ 8

The Supervision Board executes their obligations at:

- 1/ Board meetings,
- 2/ through ongoing and ad hoc supervision and control activities,
- 3/ by appointing independent experts at the Company's expense.

§ 9

1. Supervision Board Members execute their rights and obligations in person.
2. Remuneration of the Supervision Board Members is determined by the General Meeting.
3. Supervision Board Members are entitled to refund of expenses incurred in relation to executing their function.

§ 10

1. The Supervision Board meets in sessions no less often than once in three months.
2. The Supervision Board meetings are called by its President on their own initiative.
3. The Supervision Board President is obliged to call a meeting upon a written request at least two Supervision Board Members or a request from the Company's Management Board passed as a resolution.
4. The Supervision Board Secretary makes sure that notices on the Supervision Board Meeting are delivered no less than seven days before the date of the meeting.
5. Invitations should state the date, time and place of the meeting and a detailed discussion schedule and, if possible, provide materials necessary for the Supervision Board Meeting.

§ 11

The Supervision Board in session makes decisions in the form of:

1. resolutions,
2. post-control orders for the Company's Management Board,
3. opinions for the General Meeting on reports and motions of the Management Board concerning division of profits and covering losses,
4. motions for the General Meeting resulting from supervision and control activities carried out,
5. opinions on matters mentioned in article 6 section 2 of the present Rules and Regulations.

§ 12

1. A Supervision Board Meeting is opened by the Supervision Board President and, if they are absent, by the Deputy President.
2. After opening the meeting, the President checks whether all Supervision Board Members have received invitations within proper dates and then presents the discussion schedule.
3. After the discussion schedule is approved, the President or an authorized Supervision Board Member presents subsequent matters in the discussion schedule.
4. While considering each matter, Supervision Board Members have the right to assess motions in discussion, propose appropriate change and amendments or propose their own motions.
5. The Supervision Board has the right to appoint a separate committee for resolutions and motions if necessary.
6. Before a final resolutions is passed, amendments and motions should be voted on in the order they have been put forward. If motions differ in the scope of proposed changes, motions which propose a wider scope should be voted on first.

§ 13

1. Written invitations for the meeting must be delivered no less than seven days before the date of the meeting to all Supervision Board Members, otherwise the resolutions are deemed null and void.
2. Resolutions of the Supervision Board are passed with absolute majority vote of all Supervision Board Members.
3. In the case of a tie, the Supervision Board President has a decisive vote. In the case of a ties in the President's absence, the Deputy President has a decisive vote.
4. Voting is open. The President orders a secret voting upon a request from a Board Member.
5. The Supervision Board may pass resolutions on matters not included in the discussion schedule only if all Board Members are present.
6. Resolutions passed and the course of the meeting are confidential.
7. Resolutions are announced to the General Meeting and the management Board within the scope that concerns them.

§ 14

1. Reports on the course of the Supervision Board meetings are prepared.
2. A report should include:
  - date of the meeting,
  - list of names of Supervision Board Members and other participants of the meeting,
  - discussion schedule,
  - results of voting, content of resolutions passed and subsequent numbers of resolutions.
3. The report is sent to Supervision Board Members along with notice of the next Board meeting.
4. Reports are approved at the next Board meeting.
5. Reports are signed by all Board Members present at the meeting and they initial each page of the report.
6. Approved Board reports are stored in the report archive.

§ 15

The Supervision Board President may invite Management Board Members and other persons to Supervision Board meetings.

§ 16

1. The Company covers the cost of the Board's operations.
2. The Board uses the Company's office space, devices and materials.
3. The Management Board provides administrative and technical services for the Supervision Board.
4. In matters concerning services mentioned in section 3, the Board is represented by its Secretary.

§ 17

The present Rules and Regulations become effective as of the date on which they were passed by the Supervision Board.