

**RULES AND REGULATIONS
OF THE MANAGEMENT BOARD OF
PRZEDSIĘBIORSTWO PRZEMYSŁU
SPOŻYWCZEGO “PEPEES” S.A.
IN ŁOMŻA**

§ 1

The Company's Management Board, hereinafter referred to as Management Board, is the Company's executive body.

§ 2

The Management Board, led by its President, manages the Company's operations, all its assets and represents the Company externally in contacts with administration bodies, courts and third parties.

§ 3

Responsibilities of the Management Board include taking decisions which are not exclusive to the Company's other bodies. The Management Board takes decisions independently and takes responsibility for these decisions.

§ 4

1. Rules of employment and remuneration of Management Board Members are defined by the Company's Supervision Board based on the Company's Statutes.
2. Participation in activities of the Management Board (meetings of the Board included) constitutes a right and obligation of each and every member of the Board.

§ 5

1. The Management Board meets as needed - but no less often than once per month.
2. The Management Board President or a Management Board Member appointed by the President calls a meeting. Notice on the Management Board's meeting does not require written form.
3. A meeting may be called by another Management Board Member in writing.
4. If the meeting is called by another Management Board Member, it should take place within 5 days from the date of the request, unless all Management Board Members agree otherwise, or if the Management Board meeting is called for crucial and urgent reasons.
5. A Management Board Member who requests a meeting is obliged to justify the request, that is to explain the subject matter of the proposed meeting.
6. Each Management Board Member has the right to propose a particular matter to be included in the discussion schedule of the meeting.



1. Management Board President or a Management Board Member appointed by the President presides over the meeting.

§ 6

2. If the Management Board consist of at least there members, at least half of the Management Board Members must be present at the meeting, otherwise their resolutions are deemed null and void. If the Management Board consist of two Members, they both must attend the meeting.
3. Resolutions of the Management Board are passed by simple majority vote and in the case of a tie, the Management Board President has a decisive vote. Simple majority vote is understood as the number of votes “for” a resolution being larger than the number of votes “against” the resolution.

§ 7

1. Reports on the meetings of the Management Board are prepared as required in article 376 of the Code of Commercial Companies.
2. The report is prepared by a Management Board Member or the Company’s another employee appointed by the Management Board President.
3. All documents concerning the meeting (motions, resolutions, reports) are stored as followed:
 - a) original documents - at the Management Board Office,
 - b) copies - at the office of Management Board President.
4. Resolutions and reports or summaries of these documents are made available upon an oral or written authorisation from a Management Board Member each single time.

§ 8

1. The meeting may be attended by the Company’s employees related to the discussed matters and other advisory persons invited by Management Board Members.
2. All participants of the meetings are obliged to keep the meeting confidential.

§ 9

Issues concerning the Company that are managed collectively by a group of Management Board Members include, among others:

- a) Outlining the Company’s long, mid and short-term development strategy and assessment whether these goals have been met and modification of the goals if necessary,
- b) defining the Company’s financial goals,
- c) outlining the basis of HR and payroll policies, especially defining the rules of employment and HR policy, motivation plans and periodical assessment of the HR situation within the Company,
- d) defining the Company’s organizational structure.
- e) purchase and sale of tangible assets worth over PLN 100 thousand (one hundred thousand), apart from tangible assets included in the investment plan passed for a given financial year,

- f) enacting rules and regulations and the Company's other internal legislative acts,
- g) the Company's strategies.
- h) incurring material liabilities, including encumbering the Company's assets whose value exceeds PLN 200 thousand (two hundred thousand)
- i) reduction of employment that consists in collective redundancies as defined in labour law,
- j) taking decisions concerning donations to third parties,
- k) especially important issues and other matters and transactions that may pose a serious risk in a justified opinion of a Management Board Member,
- l) mergers and takeovers,
- m) policy concerning corporate supervision of subsidiary companies.

§10

Establishing a Foreign Representative for the Company requires a resolution of the Management Board. In such a case, the Management Board is obliged to obtain a positive opinion from the Supervision Board in advance.

§ 11

Management Board may grant power of attorney to third parties, especially to the Company's employees. The character of the power of attorney (general, special, limited) and its scope should result from the content of the power of attorney, while the use of the authorization should be defined by an attached instruction or by the Company's internal documentation.

§ 12

1. In all matters not mentioned in paragraph 9, decisions are taken by particular Management Board Members according to their jurisdiction defined in section 2 or persons to whom it has been granted by the Management Board or its Members by means of power of attorney granted or which result from individual scope of activities that constitutes an annex to their employment contract.
2. Within the scope of Management Board's operations, the Company's particular matters will be handled and supervised as followed:




A. Management Board President

- a/ executing obligations concerning commercial law and register of business entities;
- b/ representing the Company in current contacts with external supervising bodies (Treasury Control Office, Revenue Office, Social Insurance Company, Labour Inspectorate, etc.);
- c/ shaping and executing the Company's PR policy;

d/ executing the Company's HR and payroll policy;
e/ managing production;
f/ managing marketing and sales;
g/ managing logistics, purchases and horticulture (procurement contracts and procurement of raw material for production of starch and its derivatives), h/ price policy;
i/ analysis, forecasts and marketing research;
j/ research and development of the Company;
k/ restructuring of the Company's operations;
l/ matters concerning labour law and cooperation with trade unions; m/ matters concerning security and protection of the Company's assets; n/ supervision of the Company's investments; o/ protection of the Company's official secrets and state secrets; p/ supervision of legal services for the Company;
r/ contacts with the Securities and Exchange Commission concerning information obligations of public limited companies;
s/ matters related to quality management systems adopted by the Company;
t/ environmental protection, water and sewage management, facilities of community-supported agriculture; u/ OHS and fire protection w/ insurance

B. Management Board Memeber — Finance Director

a/ financial and management accounting;
b/ managing finances;
c/ taxes and fees;
d/ financial forecasts and analyses;
e/ internal audit;
f/ IT;
g/ cooperation with financial institutions and revenue bodies; h/ investors relations; /

i/ statistical and tax reports; j/ mergers and takeovers.

3. Management Board Members may execute their obligations concerning the Company on the basis of a contract of employment or a managerial contract and they are then employed as:
 - a/ Management Board President
 - b/ Management Board Member — Finance Director
4. Within the scope of occupied posts and within the scope of organizational rules and regulations, Management Board Members manage their subordinate

organizational units and independent employees and execute their managerial and supervision functions according to the Company's policy.

.....§ 13

The procedure of stating declarations of will on the Company's behalf is defined by the Company's Statutes and regulations of the Code of Commercial Companies.

§ 14

A Management Board Member cannot be involved in competing businesses without a consent from the Supervision Board as stated in article 380 paragraph 1 of the Code of Commercial Companies.

§ 15

Matters not included in the present Rules and Regulations are governed by the Code of Commercial Companies.

§ 16

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