

**REGULATIONS OF THE BOARD**  
**LARQ S.A. HEADQUARTERED IN WARSAW**

Adopted by the resolution of the Supervisory Board No. 07 of 18 October 2017

**I. GENERAL PROVISIONS**

**§1**

1. These Regulations define the principles and mode of operation and organisation of the Board of LARQ S.A. headquartered in Warsaw.
2. The terms used herein shall mean:
  - a) Best Practice for WSE Listed Companies – Best Practice for WSE Listed Companies in 2016 adopted by resolution of the Stock Exchange in Warsaw No. 26/1413/2015 of 13 October 2015,
  - b) Audit Committee – the Audit Committee of the Company,
  - c) CCC – the Act of 15 September 2000 Commercial Companies Code (i.e. Official Journal Dz. U. of 2016 item 1578, as amended),
  - d) The Supervisory Board, the Board – the Supervisory Board of the Company,
  - e) Regulations – these regulations,
  - f) Company – LARQ S.A. headquartered in Warsaw,
  - g) Statute – the Company’s Articles of Association,
  - h) Act on experts – the Act of 11 May 2017 On auditors, audit firms and public supervision (Official Journal Dz. U. of 2017 item 1089)
  - i) General Meeting – the General Meeting of the Company,
  - j) Board – the Board of the Company,

**§2.**

The Management Board shall operate pursuant to applicable laws, in particular the Commercial Companies Code and the provisions of the Articles of Association, the Rules, and the Code of Best Practice for WSE Listed Companies.

**II. Composition, term of office**

**§3**

The procedure for appointment of the Board, as well as its composition and term of office, shall be defined by the relevant provisions of the Articles of Association.

### **III. The scope and principles of operation of the Board**

#### **§4**

1. The Board manages the Company and represents it outside. The method of representation of the Board is defined by the Articles of Association.
2. The responsibilities of the Management Board shall include all matters related to conducting the Company's affairs, and not reserved by law or the Articles of Association to the General Meeting or the Supervisory Board.
3. Each Board member has the right and obligation to manage the affairs of the Company. Each member may deal with matters not exceeding the scope of ordinary activities of the Company without a prior resolution of the Board. If, however, before resolving the matter referred to in the preceding sentence, if even one of the other Board members shall object to it or if the matter exceeds the scope of ordinary activities of the Company, a prior resolution of the Board is required. Matters exceeding the scope of ordinary activities of the Company are understood as matters: (i) whose value in a single action or a series of related activities exceeds in one fiscal year the amount of PLN 200,000.00 (two hundred thousand zlotys) or its equivalent in foreign currency, or (ii) which requires, in accordance with the law or Articles of Association, the consent of the Supervisory Board, irrespective of the value of such activities.
4. Statements to the Company, likewise procedural documents, may be made to one member of the Management Board or a Company proxy.
5. The Board may delegate to individual members of the Board the implementation or supervision over matters which are within the competence of the Board in a specific range. A Board Member responsible for tasks entrusted shall report on the implementation of these tasks to the Management Board.
6. The schematic division of tasks and responsibilities between members of the Company Board shall be published on its website.

### **IV. Meetings of the Board**

#### **§5.**

In a multi-personal Board, the Company's current issues shall be discussed at meetings of the Board.

## §6.

### Convening meetings of the Board

1. A meeting of the Management Board shall be convened by the President of the Board on his own initiative or at the written request of a member of the Board.
2. Meetings are held as needed and are regularly convened by the President or in his absence by a member of the Board replacing him.
3. The President of the Board is obliged to convene a meeting at the written request of another member of the Board. The meeting should then be held within 7 days from the date of filing the application in the matter, unless the applicant indicates a different date. If, despite the submission of a member of the Board, a meeting is not convened within the prescribed period, the member of the Board requesting a meeting may convene it independently.
4. Board meetings take place at the headquarters of the Company. In justified cases, meetings may be held outwith the headquarters of the Company.
5. The person convening the meeting of the Board shall notify the members of the Board of the Board meeting at least 2 working days before the date of the meeting.
6. Members of the Board shall be informed about the meetings in writing, by fax, email, or in any other manner indicated by a member of the Board. In the absence of a member of the Board at the Company's headquarters, including due to leave, delegation, illness, etc. he may be notified by phone.
7. The requirements of para. 6 shall not apply if the date of the meeting has been set in the minutes of the previous Board meeting.
8. The notice of the meeting of the Board should include the date, the place and the proposed agenda. As far as possible materials relating to the issues on the agenda and proposed draft resolutions should be attached to the notification.
9. Each member of the Board has the right to prepare draft resolutions and submit them to a vote.
10. Draft resolutions on matters that require legal knowledge and control should be prepared or approved by legal advisers employed by the Company or providing legal services to the Company.

11. Meetings of the Board may be held without being formally convened if all Board members are present and none of the members of the Board objects to the meeting and the matters to be discussed.
12. In special cases, where a delay in convening the meeting of the Board would risk violation of the essential interests of the Company or the occurrence of damage, a member of the Board shall convene a meeting of those members present at the headquarters of the Company, notifying the absent members of the Board by telephone or in the absence of notification in this way, in another form specified in para. 6, which will be able to ensure the best degree of effective notification of the absent member of the Board. In the case of holding a meeting in this mode, the provisions relating to the time limits referred to in §6 herein shall not apply.
13. In the absence of the President of the Board, his competence in the organisation of the work of the Board shall be performed by another Board member authorized by the President of the Board. If the function of the President of the Board is not staffed or the President does not authorise a member of the Board to exercise competence in the organisation of the work of the Board, those powers shall be borne by a member of the Management Board, who is more senior in the Management Board, where the term of time the function of the Board is not limited to one term, and if the time the function on the Board is equal, these powers are exercised collectively.
14. The meetings of the Board may be attended by other persons invited by the Board, in particular those with expertise in the fields of law, economics, finance or accounting and financial reporting. Information on the anticipated presence of persons invited by the Board should be included in the notice referred to in para. 8 above.

## **§7.**

### **Adoption of resolutions**

1. Resolutions may be adopted if all Board members have been properly notified about the meeting.
2. Management Board resolutions shall be passed by a simple majority of votes in the presence of at least half of the members of the Board. In case of equality of votes, the vote of the President shall decide the matter.

3. Voting on resolutions is open. In personal matters, and at the request of at least one member of the Board, the vote shall be secret.
4. Resolutions of the Board may also be taken outside a meeting:
  - a) using means of direct remote communication (e.g. telephone, teleconferencing, video conferencing, instant messaging or email).
  - b) in writing.

Adoption of a resolution in one of the above modes shall be managed by the President on his own initiative, and in his absence by his substitute member of the Board, at the request of a member of the Board. Vote shall not take place in this manner if the resolutions to be taken are on matters that require a secret vote.

5. Resolutions passed in writing or using means of direct remote communication shall be valid if all Board members have been notified of the making and content of the resolution.
6. Prior to the vote using one of the procedures referred to in para. 4 above, the President of the Board, the decree referred to in para. 4 above shall define the period within which the votes should be cast, and in the case of a vote in the manner referred to in subparagraph a) of para. 4 above – the direct remote communication means to be used for the vote. A Board member who has received the draft resolution adopted without holding a meeting, but within the prescribed period: (i) has not sent back the signed draft resolution stating the terms of his vote, or (ii) has not communicated during a call, teleconferencing or video conferencing the content of his vote, or (iii) has not responded to a message sent by email or through a communicator – is considered as not taking part in the vote.
7. If the Board meeting is held in writing or using means of direct remote communication, voting is considered complete and the resolution considered as adopted on the expiry date specified for casting votes or when the votes have been cast by all members of the Supervisory Board participating in the vote, whichever comes first.
8. In the case of an objection as to the voting outside the meeting by at least one member of the Board, the vote in a given case should be held at the next meeting of the Board.

9. The adoption of resolutions in writing shall be either by sending out a draft resolution to all members of the Board (by mail, by courier, fax, e-mail) or sequential transmission of the same draft resolution among all members of the Council (by circulation). The Board members shall vote on the draft resolution, marking that they vote "for", "against" or "abstain" and shall indicate their signature there, and then within a specified period refer the drafts to the Company or deliver them to the person managing the vote in a different way. With the adoption of the resolution a protocol shall be drawn up with a note that the adoption of the resolution took place in writing. The minutes and the attached resolution(s) on which votes were given by the members of the Supervisory Board are included in the book of minutes.
10. Adopting resolutions using e-mail and instant messaging shall be conducted in such a way that:
  - a) each member of the Board shall receive a draft resolution with information about the closing time of the vote;
  - b) Board members in return (in response to an email or message) shall vote on the resolution, referring to the subject of the resolution the vote concerns and entering in the message information as to whether the vote is "for" the proposed resolution, or "against", or "abstain from voting";
  - c) after counting the votes, a protocol shall be drawn up with the adoption of the resolution and a note that voting took place using e-mail or instant messaging. The minutes along with printouts of statements from members of the Board regarding their vote are included in the Board's book of minutes.
11. The adoption of resolutions by the Board via telephone, teleconference or videoconference shall take place in such a way that:
  - a) the draft resolution drawn up in writing shall be read to all members of the Board;
  - b) each member of the Management Board, after reading the draft resolution confirms that he has understood the content of the resolution and declares that he votes "for" the resolution, or "against" or "abstain";
  - c) after counting the votes a protocol shall be drawn up with a note that voting took place by telephone, teleconference or videoconference. The minutes shall be included in the book of minutes. If a resolution so adopted has been drawn up with an audio recording, it shall be attached to the minutes.

12. The provisions of the Regulations relating to the adoption of resolutions using means of direct remote communication shall apply mutatis mutandis to that part of the meeting of the Board which – with the consent of all Board members personally present at the meeting – it has been decided to stop for the day and finish up by means of remote direct communication.

## **§8**

### **Participation in the meeting**

1. The participation of members of the Board in a meeting is compulsory and their absence should be adequately justified.
2. Meetings of the Board are chaired by the President of the Board;

## **§9**

### **Opinions, findings, changes to the agenda**

1. Each participant in a meeting of the Board shall have the right to present opinions on matters contained in the agenda and the right to submit proposals on these issues. Submissions may be given orally or in writing.
2. During a meeting members of the Board may propose amendments to resolutions whose adoption is provided for in the agenda by submitting them in writing.
3. During the meeting members of the Board can introduce into the agenda matters unforeseen in the agenda, if no other member of the Board disagrees about what the placing on the agenda of matters unforeseen on the agenda.

## **§ 10**

### **Minutes**

1. Resolutions of the Board shall be minuted.
2. The minutes should contain the text of the resolutions and at least: the date of adopting the resolution, the agenda, the names of the members of the Board present and invited persons, the number of votes cast for each resolution, dissenting opinions and objections. The provisions concerning the minutes of the meetings shall apply accordingly in case of adopting resolutions in the mode specified in §7 herein.
3. Minutes of a meeting of the Board shall be prepared by one of the members of the Board or a designated clerk.
4. The minutes shall be signed by all members of the Board present.

5. Any requests, reports and other materials to be debated shall be annexed to the minutes.
6. Members of the Board absent at the meeting of the Board should familiarise themselves with the content of the minutes.
7. If a member of the Board considers that the decision of the Board is, in his view, contrary to the interests of the Company, he may request the inclusion in the minutes of his position on the subject.
8. Minutes of Board meetings and minutes of making resolutions modes specified in §7 herein shall be kept at the registered office of the Company.

#### § 11

All the work related to the operation of the Board, conducting a set of resolutions and minutes

shall be dealt with by a Company organisational unit appointed by the Board.

#### **V Duties of members of the Board, conflict of interests, statements**

#### **§12**

1. A member of the Management Board should avoid taking on non-professional or professional activity that could lead to a conflict of interest.
2. In the case of a conflict of interests between the interests of the Company and a Management Board member, his spouse, relatives and in-laws to the second degree and those with whom he is personally connected, the member of the Board should refrain from participation in settling such matters and may request that in the minutes.
3. A Member of the Board is obliged to inform the Board and the Supervisory Board of a conflict of interest or the possibility of its occurrence, and must not participate in the discussion and voting on the resolution in a case in which, in relation to their person, a conflict of interest occurs or may occur. Violation of the aforementioned restrictions will not invalidate resolutions of the Board. In case of doubt as to the existence of a conflict of interest, the matter shall be resolved by the Board in a resolution. A conflict of interest may arise in particular when:
  - a) a member of the Board may obtain advantage or avoid a loss as a result of loss or failure to obtain benefits by the Company;
  - b) the financial interest of a member of the Board remains divergent from the interests of the financial standing of the Company;

- c) a Board member carries out the same business activities as those conducted by the Company;
- d) the Board member receives from another entity, which is or may be a contractor of the Company, material benefit in connection with the service provided to such other entity;
- e) the member of the Board personally engages in business activities or other activities outside the Company in a way that prevents them from taking the necessary amount of time to perform their duties to the Company.

### **§13**

1. A member of the Board may not, without the consent of the Company, deal with competitive business interests or participate in a competitive company as a partner in a civil partnership or as a member of the body of a company or participate in any other competing legal entity as a member of the body. This prohibition shall also include those having at least 10% of the stocks or shares of a competing company for the Company or portfolio companies, or the right to appoint at least one member of the board of that company.
2. A member of the Board may not, without the consent of the Company, sit on boards or supervisory boards of companies outside the group.
3. Consent for a member of the Board shall be grant by an entity or body authorised to appoint members of the Board.

### **§ 14**

Prior to becoming a member of the Board, candidates for this function shall submit a written statement of compliance with the conditions referred to in Art. 76 para. 1-3 of the Act on Experts.

### **§15**

The Management Board is obliged to provide, at the request of the Audit Committee, information, explanations and documents necessary for the performance of tasks by the Audit Committee, referred to in the Act on Experts.

### **§ 16**

1. Members of the Board shall participate in the General Meeting in a representation enabling them to provide substantive answers to questions asked during the General Meeting.

2. The Company Management Board is obliged to attend meetings of the Supervisory Board, at the invitation of the Chair of the Board.

## **VI. FINAL PROVISIONS**

### **§17**

1. These Regulations come into force on the day of their adoption by the Supervisory Board of an appropriate resolution in accordance with §12 para. 2 of the Articles of Association, unless a different date results from its content.
2. Any changes to the Regulations may only be placed in the same manner and form as their adoption.
3. Matters not regulated in the Regulations shall be covered by the applicable law and the Articles of Association.