



# **PGNiG**

**Polskie Górnictwo Naftowe  
i Gazownictwo SA**

**STATEMENT ON COMPLIANCE WITH CORPORATE  
GOVERNANCE PRINCIPLES AT POLSKIE GÓRNICTWO  
NAFTOWE I GAZOWNICTWO S.A. IN 2008**

Warsaw, April 7th 2009

Pursuant to Par. 91.5.4 of the Regulation of the Minister of Finance concerning current and periodic information to be published by issuers of securities and the conditions for recognition as equivalent of the information whose disclosure is required under the laws of a state which is not a member state, dated February 19th 2009, the Management Board of Polskie Górnictwo Naftowe i Gazownictwo S.A. of Warsaw ("the Issuer") hereby publishes its statement on compliance with corporate governance principles.

## **1. The Corporate Governance Code to Which the Issuer Is Subject and the Place Where the Text of the Code Is Publicly Available**

The Issuer is subject to the set of corporate governance principles laid down in the "Code of Best Practice for WSE Listed Companies", attached as Appendix to Resolution No. 12/1170/2007 of the WSE Supervisory Board, dated July 4th 2007. The text of the code is publicly available on the Issuer's website ([www.pgnig.pl](http://www.pgnig.pl)) in the "Investor Relations – Corporate Governance" section.

## **2. Indication of the Corporate Governance Principles Referred to in Section 1 Which Were Not Applied by the Issuer, Along with a Statement of Reasons for not Applying a Given Principle**

### **2.1. Best Practice for Supervisory Board Members – Principle 6**

*"At least two members of the Supervisory Board should meet the criteria of being independent from the company and entities with significant connections with the company. The independence criteria should be applied under Annex II to the Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board. Irrespective of the provisions of point (b) of the said Annex, a person who is an employee of the company or an associated company cannot be deemed to meet the independence criteria described in the Annex. In addition, a relationship with a shareholder precluding the independence of a member of the Supervisory Board as understood in this rule is an actual and significant relationship with any shareholder who has the right to exercise at least 5% of all votes at the General Meeting."*

There is only one independent Supervisory Board member on the Issuer's Supervisory Board.

Pursuant to Par. 36.1 of the Issuer's Articles of Association ("the Articles of Association"), one of the members of the Supervisory Board appointed by the General Shareholders Meeting should meet all of the following requirements:

- 1) he or she has been appointed in accordance with the special election procedure set forth in the Articles of Association;
- 2) he or she may not be a related party or a subsidiary with respect to the Issuer;
- 3) he or she may not be a related party with respect to the Issuer's parent undertaking or the parent undertaking's subsidiary; and
- 4) he or she may not be related, in any way whatsoever, to the Issuer or any of the entities referred to in items 2 and 3, if such relation could materially affect such

person's ability to make impartial decisions as a member of the Supervisory Board.

Given the Issuer's specific situation related to the fact that – in accordance with Art. 12 of the Act on Commercialisation and Privatisation of August 30th 1996 (consolidated text in Dz.U. of 2002, No. 171, item 1397, as amended) – some of its Supervisory Board members are elected by the company employees, the Issuer cannot increase the number of the independent members on its Supervisory Board. Any increase in the number of independent Supervisory Board members above the number currently set forth in the Articles of Association would lead to the situation where the State Treasury (the Issuer's majority shareholder) would be unable to appoint the majority of the Supervisory Board members. This in turn would violate the rule stipulating that a shareholder's influence on a company's business should be proportionate to the share capital held by such shareholder.

## **2.2. Best Practice for Supervisory Board Members – Principle 8**

*“Annex I to the Commission Recommendation of February 15th 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board should apply to the tasks and the operation of the committees of the Supervisory Board.”*

An Audit Committee operates within the Supervisory Board structures as a standing committee, advising the Supervisory Board on matters within the Committee's scope of competence.

For a detailed description of the Audit Committee's rules of operation, see Section 11.3 below.

Pursuant to “Best Practice for WSE Listed Companies”, with respect to the tasks and the operation of the committees of the Issuer's Supervisory Board, the Issuer should apply the principles laid down in Annex I to the Commission Recommendation on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board, dated February 15th 2005. In the case of the Audit Committee, the primary purpose of the said principles is to ensure that the Audit Committee correctly performs its role. The Issuer has complied with all the requirements which guarantee the Audit Committee's involvement in the supervision over the Issuer's business, however, the Issuer has not complied with all the detailed requirements concerning the functioning of the Committee. The requirements which the Issuer has not complied with are:

- principle laid down in Section 4.3.1 of Annex I, pursuant to which the Issuer should provide an induction programme for new audit committee members, and subsequent relevant training on an ongoing and timely basis; in addition, all committee members should be provided in particular with full information relating to the Issuer's specific accounting, financial and operational features.

- principle laid down in Section 4.3.2 of Annex I, pursuant to which the management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches;

- principle laid down in Section 4.3.4 of Annex I, pursuant to which the internal and external auditors should, in addition to maintaining an effective working relationship with management, be guaranteed free access to the supervisory board. To this effect, the audit committee should act as the principal contact point for the internal and external auditors;
- principle laid down in Section 4.3.5 of Annex I, pursuant to which the audit committee should be informed of the internal auditor's work programme, and receive internal audit reports or a periodic summary;
- principle laid down in Section 4.3.6 of Annex I, pursuant to which the audit committee should be informed of the external auditor's work programme, and should obtain a report by the external auditor describing all relationships between the independent auditor and the company and its group. The committee should obtain timely information about any issues arising from the audit;
- principle laid down in Section 4.3.8 of Annex I, pursuant to which the audit committee should review the process whereby the company complies with existing provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions, normally to an independent director, and should ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

Given the way the Audit Committee currently operates, the Issuer does not consider it necessary to introduce very detailed rules to regulate the Committee's operations. The Issuer will take appropriate steps in the future, if such steps are justified by the actual way of functioning of the Audit Committee.

### **2.3. Best Practices of Shareholders – Principle 8**

*"The General Meeting or the Supervisory Board should ensure that the company authorised to audit financial statements changes at least once every seven financial years."*

The Issuer resolved not to apply the above principle, considering that its application was not necessary given the level of risk associated with the audit of financial statements. However, the Issuer does follow a practice whereby the person auditing the Issuer's financial statements changes at least once every seven financial years. In the Issuer's opinion, such practice gives a reasonable guarantee of objectivity and reliability of the person auditing the Issuer's financial statements.

### **3. Basic Features of Internal Control and Risk Management Systems Used by the Issuer for the Preparation of Financial Statements and Consolidated Financial Statements**

At present, the Issuer does not use an integrated risk management system dedicated exclusively to the preparation of financial statements. Like most other energy sector and upstream companies, the Issuer manages separate industry risks. In its operations, the Issuer uses a dedicated system for managing the overall financial safety comprising liquidity, exchange rate risk, and budget drafting and control.

The financial reporting process has not been audited separately yet, however it is reviewed on an on-going basis in connection with such processes as the review for reliability and completeness of accounting records related to certain processes or one-off events, and the check of distribution of accounting documents for correctness. Findings of and assessments formulated during operating audits related to a relevant area of accounting justify a conclusion that so far no need has been identified for development of a dedicated mechanism used only for reviewing the preparation of financial statements. In particular, there are no grounds to believe that the absence of such a mechanism poses a risk to the Issuer's operations. There are no reasons to conclude that the current situation is likely to change materially in the near future.

Factors which mitigate the risk related to financial reporting include primarily an on-going upgrading of particular modules of the Integrated Management System, and improvement of practical skills of the employees who operate the System.

The analyses of the risks related to financial reporting and accounting, conducted by the Issuer in 2006–2008, showed that in aggregate these risks were evaluated as being of moderate importance for the Issuer's operations and that the Issuer's exposure to these risks was low (the actual result of the analyses was: average to low).

The elements of the risk management system used by the Issuer and relating to the preparation of financial statements include in particular:

- 1) The PGNiG Group's Accounting Policy, adopted by virtue of Resolution of the Management Board of May 17th 2007, including guidelines to ensure compliance of the Issuer's accounting policy and financial statements with the relevant regulations, in particular with regard to the overriding principles and the quality of financial statements, correctness of event valuation and categorisation, and safety mechanisms for databases;
  - 2) Instructions, procedures and controls of the Integrated Management System ensuring data consistency and integrity, including hardware checks, operating checks and authority checks;
  - 3) Internal controls implemented at the Accounting Department (separation of duties, sign-off by line manager, review of received data for accuracy, independent checks, etc.);
  - 4) Multi-stage process of approval of the financial statements, in which the Supervisory Board is also involved; and
  - 5) Independent review of financial statements for reliability and accuracy by an external auditor.
- 4. Shareholders Directly or Indirectly Holding Significant Blocks of Shares, along with an Indication of the Numbers of Shares and Percentages of the Share Capital Held by Such Shareholders, and the Numbers of Votes and Percentages of the Total Vote that Such Shares Represent at the General Shareholders Meeting**

The only shareholder holding (directly) a significant block of the Issuer shares is the State Treasury, represented by the Minister of State Treasury (ul. Krucza 36 / Wspólna 6, 00-522 Warsaw).

As at the date hereof, the State Treasury holds 4,999,999,999 Issuer shares representing 84.75% of the Company's share capital. The shares held by the State Treasury entitle it to 4,999,999,999 votes at the General Shareholders Meeting, representing 84.75% of the total vote.

## **5. Holders of any Securities Conferring Special Control Rights, along with a Description of Those Rights**

Pursuant to the Articles of Association, as long as the State Treasury remains a shareholder of the Issuer, the State Treasury, represented by the minister competent for matters pertaining to the State Treasury, acting in this respect in agreement with the minister competent for economy, has the right to appoint and remove one member of the Supervisory Board.

Additionally, pursuant to the Articles of Association, shareholder State Treasury, represented by the minister competent for matters pertaining to the State Treasury, approves in writing: (i) any changes to material provisions of the existing trade agreements for import of natural gas to Poland, as well as conclusion of such agreements, (ii) any strategic investment projects or the Company's involvement in investment projects which, permanently or temporarily, impair the economic efficiency of the Company's business activities, but which are necessary to ensure Poland's energy security.

Irrespective of the State Treasury's percentage share in the Issuer's share capital, the State Treasury has the right to demand that the General Shareholders Meeting be convened and that particular matters be placed on the agenda of the General Shareholders Meeting.

Shareholder State Treasury, represented by the minister competent for matters pertaining to the State Treasury, also has other rights under other relevant laws and regulations.

## **6. Any Restrictions on Voting Rights, such as Limitations of the Voting Rights of Holders of a Given Percentage or Number of Votes, Deadlines for Exercising Voting Rights, or Systems Whereby, with the Company's Cooperation, the Financial Rights Attaching to Securities are Separated from the Holding of Securities**

Neither the Issuer's Articles of Association, nor any of the Issuer's other Internal Regulations provide for any restrictions on the voting rights.

## **7. Any Restrictions on the Transfer of Ownership Rights to the Issuer Securities**

Pursuant to the Articles of Association, eligible employees have the right to acquire, free of charge, up to 15% of the shares which the State Treasury acquired on the date of registration of the Issuer, on the terms and conditions stipulated in the Commercialisation and Privatisation Act and in the Regulation of the Minister of State Treasury, dated January 29th

2003, on detailed rules governing division of eligible employees into groups, determination of the number of shares for each group, and on procedure of acquisition of shares by eligible employees (Dz.U. No. 35, item 303). The shares acquired by the eligible employees on the above terms may not be traded, or converted into bearer shares, before the lapse of two years (and in the case of shares acquired by the Issuer employees who are members of its Management Board – three years) from the date on which the State Treasury disposed of the first Issuer shares on the general terms, that is from June 30th 2008.

Neither the Issuer's Articles of Association, nor any of the Issuer's other Internal Regulations provide for any other restrictions on the transfer of Issuer securities.

#### **8. Rules Governing the Appointment and Removal of the Issuer's Management Personnel and Such Personnel's Powers, Including in Particular the Power to Make Decisions to Issue or Buy Back Shares**

Pursuant to the Articles of Association, individual members of the Management Board or the entire Management Board are appointed and removed by the Supervisory Board. A member of the Management Board is appointed following a qualification procedure carried out under Regulation of the Polish Council of Ministers of March 18th 2003 concerning qualification procedures for members of management boards of certain commercial-law companies (Dz.U. No. 55, item 476). This procedure does not apply in the case of the Management Board members elected by the Issuer's employees.

As long as the State Treasury remains a shareholder of the Issuer and the Issuer's annualised average employment number exceeds 500, the Supervisory Board appoints as a Management Board member one person elected by the Issuer's employees, to serve for the Management Board's term of office. A person is considered to be a Management Board candidate elected by the employees if, during the election, 50% plus one of valid votes were cast in favour of such a person, with the reservation that the election results are binding on the Supervisory Board if at least 50% of the Issuer's employees participated in the election.

Members of the Management Board are appointed for a joint three-year term of office.

A member of the Management Board may resign from his/her position by giving a relevant notice to the Supervisory Board, with a copy to shareholder State Treasury represented by the minister competent for matters pertaining to the State Treasury. To be valid, the resignation must be submitted in a written form, or otherwise will be ineffective towards the Issuer.

The member of the Management Board elected by the employees may also be removed upon a written request submitted by at least 15% of the Issuer's employees. The Supervisory Board orders the voting, whose results are binding upon the Supervisory Board if at least 50% of the Issuer's employees participate in the voting and the percentage of votes cast in favour of the removal is not lower than the majority required for the election of a member of the Management Board by the employees.

Powers of the Management Board are discussed in Section 11.1.2.

Pursuant to the Articles of Association, decisions concerning issue of shares are adopted by the General Shareholders Meeting.

## **9. Rules Governing Amendments to the Issuer's Articles of Association**

An amendment to the Articles of Association is introduced after its passing by the General Shareholders Meeting and registration in the register of entrepreneurs. Any amendment to the Articles of Association must be submitted by the Management Board to the registry court within three months from the date on which the General Shareholders Meeting adopted the resolution introducing the amendment.

The consolidated text of the Articles of Association is drawn up by the Management Board and then approved by the Supervisory Board.

## **10. Manner of Operation of the General Shareholders Meeting, its Basic Powers and Description of the Shareholders' Rights along with the Procedure for their Exercise, in Particular the Rules Stipulated in the Rules of Procedure for the General Shareholders Meeting, Except Where Prescribed Directly by Law**

### **10.1. Description of the Manner of Operation of the General Shareholders Meeting**

The General Shareholders Meeting operates in accordance with the provisions of the Commercial Companies Code, the Articles of Association and the Rules of Procedure for the General Shareholders Meeting. The Rules of Procedure stipulate, in particular, principles of conducting the meetings and adopting resolutions, and provisions concerning elections to the Supervisory Board by block voting. The Rules of Procedure are available on the Issuer's website ([www.pgnig.pl](http://www.pgnig.pl)).

The General Shareholders Meeting is held at the Issuer's registered offices. The General Shareholders Meeting may adopt resolutions only on the matters included in the detailed agenda, unless the whole share capital is represented at the General Shareholders Meeting and no one present at the meeting objects to adoption of a resolution which has not been included in the agenda. The agenda is proposed by the Management Board or the entity convening the General Shareholders Meeting. A shareholder or shareholders representing at least one tenth of the share capital may request that certain matters be placed on the agenda of the next General Shareholders Meeting. Moreover, the State Treasury, as the company's shareholder, is entitled to submit such a request, irrespective of its share in the share capital. If the above request is submitted after a General Shareholders Meeting has been announced, it will be treated as a request to convene an Extraordinary General Shareholders Meeting. A resolution to remove an item from the agenda or not to consider a matter included in the agenda is adopted by the General Shareholders Meeting with the majority of three quarters of the votes. If a matter has been placed on the agenda of the General Shareholders Meeting at a shareholder's request, it may be removed from the agenda or may not be considered subject to additional consent of all requesting shareholders present at the Meeting. A request to remove an item from the agenda or not to consider a matter placed on the agenda should be accompanied by a detailed description of the grounds for the request.

A General Shareholders Meeting is convened by the Management Board, which in this respect acts:

- 1) on its own initiative,
- 2) at a written request of the Supervisory Board,



- 3) at a written request of a shareholder or shareholders representing at least one tenth of the share capital, submitted at least a month before the proposed date of the General Shareholders Meeting,
- 4) at a written request of shareholder State Treasury, submitted at least a month before the proposed date of the General Shareholders Meeting, irrespective of the State Treasury's share in the share capital, or
- 5) at a written request of a Supervisory Board member appointed under Par. 36.1 of the Articles of Association (independent member).

If the Management Board does not convene the General Shareholders Meeting within two weeks from the date of receiving the relevant request from:

- 1) the Supervisory Board – then the Supervisory Board is entitled to convene the General Shareholders Meeting itself;
- 2) shareholders – then the registry court may, after having requested the Management Board to submit a relevant representation, authorise the shareholders to convene the General Shareholders Meeting.

The Management Board convenes the Annual General Shareholders Meeting each year, within six months following the end of the financial year.

At the General Shareholders Meeting, votes are cast in an open ballot. A secret ballot is ordered in the case of voting on election or removal from office of members of the Issuer's governing bodies or its liquidator, on bringing them to account and on personnel matters. Furthermore, a secret ballot is ordered if at least one shareholder present or represented at the General Shareholders Meeting so demands.

The General Shareholders Meeting adopts resolutions regardless of the number of shares represented thereat, unless the provisions of the Commercial Companies Code or the Articles of Association provide otherwise.

Any shareholder is entitled to object to a resolution of the General Shareholders Meeting, and – in accordance with the Rules of Procedure of the General Shareholders Meeting – should be given an opportunity to concisely present the reasons for the objection.

A General Shareholders Meeting is opened by the Chairperson of the Supervisory Board or the Vice-Chairperson of the Supervisory Board, or – in the event of their absence – by the President of the Management Board or a person appointed by the Management Board. The person opening the General Shareholders Meeting should procure an immediate election of the Chairperson of the Meeting, and should refrain from any substantive or procedural decisions. The Chairperson of General Shareholders Meeting is elected by secret ballot. The Chairperson's role is to ensure that the meeting proceeds smoothly and that the rights and interests of all the shareholders are respected. The Chairperson should not, without sound reason, resign from the function, or postpone signing of the minutes of the General Meeting.

The following have the right to participate in the General Shareholders Meetings with the right to speak:

- 1) Members of the Management Board and Supervisory Board, as well as candidates to the Supervisory Board (if the General Shareholders Meeting is to deal with the appointment of a member or members of the Supervisory Board); in the case of

- candidates to the Supervisory Board, the General Shareholders Meeting may limit their right to speak to issues related directly to the candidacy;
- 2) Guests invited by the body convening the General Shareholders Meeting, as well as experts, including auditors of financial statements and members of the Company's legal service, invited to present their opinions and clarifications concerning the issues included in the agenda – with the reservation that their right to speak may be limited by the General Shareholders Meeting only to those items on the agenda in connection with which they have been invited;
  - 3) Notaries public drawing up the minutes of a General Shareholders Meeting.

Short breaks in the meeting (technical breaks), which do not constitute its adjournments, may be ordered by the Chairperson, provided that they are not aimed at hindering the exercise of rights by the shareholders.

## **10.2. Description of Key Powers of the General Shareholders Meeting**

The General Shareholders Meeting is the Issuer's constitutive body. The General Shareholders Meeting adopts resolutions concerning the following matters:

- 1) Review and approval of the financial statements for the preceding financial year and the Directors' Report on the Issuer's operations;
- 2) Granting discharge to the members of the Issuer's governing bodies in respect of their duties;
- 3) Distribution of profit or coverage of loss;
- 4) Determination of the dividend record day or decision on payment of dividend in instalments;
- 5) Appointment and removal of the Supervisory Board members;
- 6) Review and approval of the Group's consolidated financial statements and the Directors' Report on the Group's operations for the preceding financial year;
- 7) Suspension of members of the Management Board from duties or their removal from office;
- 8) Defining the rules and amounts of remuneration for Management Board members;
- 9) Disposal and lease of the Issuer's business or its organized part, and encumbering it with limited property rights;
- 10) Acquisition of non-current assets, including real estate, perpetual usufruct or interest in real estate, with a value higher than the złoty equivalent of EUR 2,000,000;
- 11) Disposal of non-current assets, including real estate, perpetual usufruct or interest in real estate, with a value higher than the złoty equivalent of EUR 1,000,000;
- 12) Conclusion by the Issuer of loan, borrowing, surety or similar agreements with or for the benefit of a member of the Management Board, the Supervisory Board, a proxy, a liquidator;

- 13) Increase or reduction of the Issuer's share capital;
- 14) Issue of convertible bonds or bonds with pre-emptive rights, issue of subscription warrants;
- 15) Acquisition of the Issuer own shares for the purpose of offering them to the Issuer's employees or persons who were employed by the Issuer or its related company for at least three years;
- 16) Mandatory buy back of shares;
- 17) Creation, use and liquidation of capital reserves;
- 18) Use of statutory reserve funds;
- 19) Decisions in relation to claims for redress of any damage caused in connection with the Issuer's formation or the exercise of management or supervisory duties;
- 20) Granting approval for conclusion of an agreement whereby the Issuer leases out its non-current assets comprising the transmission network to another entity;
- 21) Granting approval for the termination, renunciation or material change of the subject matter, term or termination provisions of a lease agreement concluded with the transmission system operator and concerning the Issuer's assets used for transmission of electricity and gas;
- 22) Merger, transformation or demerger of the Issuer;
- 23) Relocation of the Issuer's registered office abroad;
- 24) Establishing preference on shares;
- 25) Establishing an EU-registered company, transformation into or joining such company;
- 26) Formation by the Issuer of another company, with a share capital exceeding the złoty equivalent of EUR 1,000,000;
- 27) Amendments to the Issuer's Articles of Association and changing its business profile;
- 28) Dissolution and liquidation of the Issuer;
- 29) Defining the rules of remuneration for the Supervisory Board members.

### **10.3. Shareholders' Rights at General Shareholders Meetings and Their Exercise**

Shareholders have the right to participate in the General Shareholders Meetings and to exercise the voting rights attached to their shares.

Each shareholder of the company has the right to participate in the General Shareholders Meetings. One share confers the right to one vote at the General Shareholders Meeting.

To participate in the General Shareholders Meeting, each shareholder holding uncertificated shares should submit to the company, in the manner set out in the announcement on convening of the General Shareholders Meeting, a deposit certificate issued to their names by the entity keeping their securities account in accordance with the laws on trading in financial

instruments, while each shareholder holding certificated shares should (i) in the case of registered shares – be entered in the share book at least one week prior to the General Shareholders Meeting date or, (ii) in the case of bearer shares, submit the share certificates to the company at least one week prior to the General Shareholders Meeting date. To be entitled to participate in the General Shareholders Meetings, each shareholder may also submit to the company a certificate confirming that its certificated bearer shares have been deposited with a notary public, a bank or an investment firm with registered offices or a branch in the European Union or in a state which is a party to the treaty on the European Economic Area, as specified in the announcement on convening of the General Shareholders Meeting.

Shareholders may participate in the General Shareholders Meetings and exercise their voting rights in person, by representatives or by proxies. The powers of proxy should be granted in writing, on pain of nullity. No member of the Company Management Board and none of its employees may act as a proxy of any shareholder at the General Shareholders Meeting. A written document confirming the right to represent a shareholder at the General Shareholders Meeting is deemed legally valid and needs no other confirmation, unless the Management Board or the Chairperson of the General Shareholders Meeting *prima facie* has doubts about its authenticity or validity.

Shareholder(s) representing at least one-tenth of the Issuer's share capital and the State Treasury as the Company shareholder (irrespective of its share in the Issuer's share capital) may request that the General Shareholders Meeting be convened, and such request must be made in writing at least one month prior to the proposed date of the meeting. If the Management Board fails to convene the General Shareholders Meeting at the request of the shareholder(s) within two weeks from the date when the request was submitted, the registry court, after demanding a relevant representation from the Management Board, may authorise the shareholder(s) to convene the meeting. Additionally, shareholders representing at least one-tenth of the Issuer's share capital may request that specific matters be placed on the agenda of the next General Shareholders Meeting. The same right is held by the State Treasury as the Company shareholder irrespective of its share in the Issuer's share capital. If the request for including specific items in the agenda is made after publication of the announcement on convening of the General Shareholders Meeting, it is regarded as a request for convening an Extraordinary General Shareholders Meeting. Any item included in the agenda of the General Shareholders Meeting at the request of the shareholder(s) may only be removed or abandoned if a relevant resolution is passed by the majority of three quarters of the votes and if all the shareholders that made the request and attend the meeting consent to such removal or abandonment.

At the request of shareholders representing at least one-fifth of the share capital, the Supervisory Board is elected by way of block voting. The shareholders who at the General Shareholders Meeting represent such portion of the shares as results from dividing the total number of the represented shares by the number of the Supervisory Board members, may form a block to elect one member of the Supervisory Board, but do not participate in the elections of other members. Shareholders that belong to a block may exercise their voting rights exclusively within the block, which means that the shares held by them cannot be divided. The number of the Supervisory Board members that may be elected within a block is determined by dividing the number of the shares represented by the block by the minimum number of shares necessary to form a block. If a position on the Supervisory Board that should be filled by an appropriate block remains vacant, it is filled by way of voting by all the shareholders who did not participate in the block voting.

At the General Shareholders Meetings, the Management Board is required to provide shareholders – at their request – with information on the Company, if such information is needed to assess a matter which is on the Meeting's agenda. The Management Board should refuse to provide the information if:

- 1) this could adversely affect the Company, its affiliate, or its subsidiary company or co-operative, especially if it could result in disclosing technical, trade or organisational secrets,
- 2) this could lead to penal, administrative, civil and legal consequences to a member of the Management Board.

In justified cases, the Management Board may provide the information in writing within two weeks from the closing of the General Shareholders Meeting. The information on the company may also be provided outside the General Shareholders Meeting. Such information, along with an indication when and to whom it was provided, should be presented by the Management Board in writing in the materials prepared for the next General Shareholders Meeting. The materials need not include the information made available to the public or provided at the General Shareholders Meeting.

Shareholders may also inspect the book of minutes and demand copies of the resolutions of the General Shareholders Meetings, confirmed as true copies by the Management Board.

Not later than fifteen days prior to an Annual General Shareholders Meeting, a shareholder may request copies of the Director's Report and the Company financial statements, as well as copies of the report of the Supervisory Board and the auditor's opinion.

At General Shareholders Meetings, the attending shareholders may propose procedural motions, including motions to change the sequence of matters to be discussed or to have a break in the session. Each shareholder may also request that a matter be voted on by way of secret ballot.

## **11. Composition and Activities of the Issuer's Management, Supervisory and Administrative Bodies or of their Committees; Changes in their Composition in the Last Financial Year**

### **11.1. Activities of Management Bodies – Management Board**

#### **11.1.1. Composition of the Management Board in the 2008 Financial Year**

As at January 1st 2008, the Issuer's Management Board was composed of:

- 1) Krzysztof Głogowski – President of the Management Board,
- 2) Jan Anysz – Vice-President for Finance, Vice-President for Labour Issues and Restructuring,
- 3) Zenon Kuchciak – Vice-President for Sales and Marketing,
- 4) Stanisław Niedbalec – Vice-President for Investments and Technology,
- 5) Tadeusz Zwierzyński – Vice-President for Strategic Projects.

On March 12th 2008, the Issuer's Supervisory Board removed the following persons from the Management Board:

- 1) Krzysztof Głogowski,
- 2) Zenon Kuchciak,
- 3) Stanisław Niedbalec,
- 4) Tadeusz Zwierzyński.

On March 12th 2008, the Issuer's Supervisory Board appointed the following persons to the Management Board:

- 1) Michał Szubski – as President of the Management Board,
- 2) Mirosław Dobrut – as Vice-President for Investments and Technology,
- 3) Sławomir Hinc – as Vice-President for Economy and Finance,
- 4) Radosław Dudziński – as Vice-President for Strategic Projects.

On March 20th 2008, the Issuer's Supervisory Board removed Jan Anysz from the Management Board and appointed Mirosław Szałuba as Vice-President of the Management Board.

As at December 31st 2008, the Issuer's Management Board was composed of:

- 1) Michał Szubski – President of the Management Board,
- 2) Mirosław Dobrut – Vice-President for Gas and Trade,
- 3) Sławomir Hinc – Vice-President for Finance,
- 4) Radosław Dudziński – Vice-President for Strategy,
- 5) Mirosław Szałuba – Vice-President for Labour Issues and Restructuring.

#### **11.1.2. Rules Governing the Activities of the Management Board**

The rules governing the Management Board's activities are set out in its Rules of Procedure, adopted by the Management Board and approved by the Supervisory Board. The Rules of Procedure of the Management Board are available at the Issuer's website ([www.pgnig.pl](http://www.pgnig.pl)).

The Management Board is composed of two to seven members. The number of the Management Board members is determined by the Supervisory Board, being the body authorised to appoint individual Management Board members or the whole Management Board. The Management Board members are appointed for a joint term of office lasting three years. As long as the State Treasury remains the Issuer's shareholder and the Issuer has an annualised average headcount of over 500 employees, one member of its Management Board is elected by the Issuer's employees and appointed by the Supervisory Board, to serve for the Management Board's term of office.

The Management Board manages the affairs of the Issuer and represents the Issuer, whether in or out of court. The powers and responsibilities of the Management Board include all the matters connected with managing the Issuer's affairs which are not restricted for the General Shareholders Meeting or the Supervisory Board under the provisions of law or the Articles of Association. The Management Board is headed by the President of the Management Board.

The responsibilities of the Management Board include, in particular:

- 1) Preparation of annual business plans, including investment plans, long-term strategic plans, and investment plans relating to development of the distribution system and their submission to the Supervisory Board for approval;
- 2) Submission to the minister competent for matters pertaining to the State Treasury and the minister competent for the economy, each time at their request, detailed reports on performance of tasks undertaken with a view to ensuring the country's energy security;
- 3) Preparation of quarterly economic and financial reviews of the Issuer and of the distribution companies spun off based on the programme of the Polish Council of Ministers in the form defined by the minister competent for matters pertaining to the State Treasury, referred to in Par. 66 of the Articles of Association, and submission of the reviews to the minister competent for matters pertaining to the State Treasury and the minister competent for the economy in the form of current reports within the meaning of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies, dated July 29th 2005 (Dz.U. No. 184, item 1539, as amended) by the end of the first month following the end of each quarter;
- 4) Preparation of quarterly economic and financial reviews of the Issuer and the distribution system operators in the form defined by the minister competent for matters pertaining to the State Treasury, and their submission to the minister competent for matters pertaining to the State Treasury and the minister competent for the economy by the end of the first month following the end of each quarter.

The Management Board must submit the following documents to the Supervisory Board for assessment: financial statements for the preceding financial year, along with the auditor's opinion, Directors' Report on the Issuer's operations in the preceding financial year, and the proposal for distribution of profit or coverage of loss for that financial year. The documents should be submitted without the Management Board being called upon to do so, in time for the Supervisory Board to assess them before they are presented to the General Shareholders Meeting.

Declarations of will may be made on behalf of the Issuer by two Management Board members acting jointly or one Management Board member acting jointly with a proxy. Any issues which fall beyond the scope of the day-to-day management of the Issuer's affairs require adoption of a resolution.

In particular, the Management Board adopts resolutions regarding the following issues:

- 1) Adoption of the Management Board's rules of procedure;
- 2) Adoption of organisational rules for the Company's enterprise;
- 3) Establishment and closing of branches;
- 4) Appointment of a proxy;
- 5) Division of powers between the Management Board members, with the proviso that a relevant resolution of the Management Board must be approved by the Supervisory Board;

- 6) Contracting and extending loans and contracting credit facilities, except where the Articles of Association require the Supervisory Board's approval or opinion on the transaction;
- 7) Adoption of annual business plans, including investment plans, long-term strategic plans, and investment plans relating to development of the distribution system, with the reservation that the plans must be approved by the Supervisory Board;
- 8) Assuming contingent liabilities, including extension by the Issuer of guarantees and sureties, as well as issuance of promissory notes, except where the Articles of Association require the Supervisory Board's approval or opinion;
- 9) Acquisition or disposal of non-current assets, including real estate, perpetual usufruct or interest in real estate, with a value equal to or higher than the złoty equivalent of EUR 50,000, except where the Articles of Association require the Supervisory Board's approval or a resolution of the General Shareholders Meeting;
- 10) Issues referred by the Management Board for consideration to the Supervisory Board or to the General Shareholders Meeting;
- 11) Approval of detailed reports on the performance of tasks undertaken with a view to ensuring the country's energy security which are submitted to the minister competent for matters pertaining to the State Treasury and the minister competent for the economy, each time at their request;
- 12) Making donations, releasing debtors from their debt obligations and entering into other agreements outside the scope of the Issuer's business as specified in its Articles of Association;
- 13) Conclusion of contracts for sale of natural gas, crude oil, gasoline and other oil and gas derivatives, with a value exceeding 20% of the Issuer's share capital, with the proviso that in the case of sale contracts with a value exceeding the PLN equivalent of EUR 100,000,000, the Supervisory Board's opinion must be sought, except where the Articles of Association require the Supervisory Board's approval;
- 14) Entering into legal transactions, other than those listed in items 1–13, if their value exceeds the złoty equivalent of EUR 420,000.

In those matters which do not require adoption of a Management Board resolution, each Management Board member attends to the responsibilities assigned to him/her on an individual basis. During Management Board meetings, each Management Board member has the duty to brief the other Management Board members on his/her material decisions and the results of the supervisory work, in particular over the Issuer's business units, in accordance with the division of powers between the Management Board members. Management Board meetings are held as needed. Each Management Board member may submit a request to the President of the Management Board (or the person replacing the President) to call a Management Board meeting in connection with matters requiring an urgent decision by the Management Board or for the purpose of presenting information on matters of significance to the Issuer. The Chairperson of the Supervisory Board is also entitled to request that a Management Board meeting be called – by providing the President of the Management Board with a written agenda of such a meeting. In addition, the Chairperson of the Supervisory



Board has the right to demand of the President of the Management Board that certain items be placed on the agenda of a Management Board meeting.

The rules and amounts of remuneration of Management Board members are determined by the General Shareholders Meeting pursuant to the provisions of the Act on Remuneration of Persons Managing Certain Legal Entities, dated March 3rd 2000 (Dz.U. No. 26, item 306, as amended).

## **11.2. Activities of Supervisory Bodies – Supervisory Board**

### **11.2.1. Composition of the Supervisory Board in the 2008 Financial Year**

As at January 1st 2008, the Supervisory Board was composed of:

- 1) Andrzej Rościszewski – Chairman of the Supervisory Board,
- 2) Piotr Szwarec – Vice-Chairman of the Supervisory Board,
- 3) Kazimierz Chrobak – Secretary of the Supervisory Board,
- 4) Wojciech Arkuszewski – Member of the Supervisory Board,
- 5) Mieczysław Kawecki – Member of the Supervisory Board,
- 6) Marcin Moryń – Member of the Supervisory Board,
- 7) Mieczysław Puławski – Member of the Supervisory Board,
- 8) Mirosław Szałuba – Member of the Supervisory Board,
- 9) Jarosław Wojtowicz – Member of the Supervisory Board.

On February 7th 2008, Mirosław Szałuba resigned from the position of a Member of the Issuer's Supervisory Board.

On February 15th 2008, the Issuer's Extraordinary General Shareholders Meeting removed Piotr Szwarec, Jarosław Wojtowicz, Andrzej Rościszewski and Wojciech Arkuszewski from the Supervisory Board.

On February 15th 2008, the Issuer's Extraordinary General Shareholders Meeting appointed Stanisław Rychlicki and Grzegorz Banaszek to the Supervisory Board.

On April 28th 2008, the Issuer's Extraordinary General Shareholders Meeting removed Kazimierz Chrobak from the Supervisory Board.

On April 28th 2008, the Issuer's Extraordinary General Shareholders Meeting appointed Agnieszka Chmielarz, Hubert Konarski, Jolanta Siergiej and Joanna Stuglik to the Supervisory Board.

On November 18th 2008, the Issuer's Extraordinary General Shareholders Meeting removed Joanna Stuglik and Hubert Konarski from the Supervisory Board.

On November 18th 2008, the Issuer's Extraordinary General Shareholders Meeting appointed Marek Karabula and Maciej Kaliski to the Supervisory Board.

As at December 31st 2008, the Supervisory Board was composed of:

- 1) Stanisław Rychlicki – Chairman of the Supervisory Board,
- 2) Marcin Moryń – Vice-Chairman of the Supervisory Board,

- 3) Mieczysław Kawecki – Secretary of the Supervisory Board,
- 4) Grzegorz Banaszek – Member of the Supervisory Board,
- 5) Agnieszka Chmielarz – Member of the Supervisory Board,
- 6) Maciej Kaliski – Member of the Supervisory Board,
- 7) Marek Karabula – Member of the Supervisory Board,
- 8) Mieczysław Puławski – Member of the Supervisory Board,
- 9) Jolanta Siergiej – Member of the Supervisory Board.

### **11.2.2. Rules Governing the Activities of the Supervisory Board**

The Supervisory Board operates in accordance with the rules set out in Rules of Procedure of the Supervisory Board, adopted by a Supervisory Board resolution. Rules of Procedure of the Supervisory Board are available at the Issuer's website ([www.pgnig.pl](http://www.pgnig.pl)).

The Issuer's Supervisory Board is composed of five to nine members appointed by the General Shareholders Meeting. One Supervisory Board member must meet the independence criteria specified in the Articles of Association. As long as the State Treasury remains a shareholder of the Issuer, the State Treasury, represented by the minister competent for matters pertaining to the State Treasury, acting in this respect in agreement with the minister competent for economy, has the right to appoint and remove one member of the Supervisory Board. If the Supervisory Board is composed of up to six members – two members are appointed from among the candidates elected by the Issuer's employees. If the Supervisory Board is composed of seven to nine members – three members are appointed from among the candidates elected by the Issuer's employees. The Supervisory Board members are appointed for a joint term of office lasting three years.

The Supervisory Board exercises ongoing supervision over the Issuer's activities in all areas of its operations, and presents its opinions on all matters submitted by the Management Board for consideration to the General Shareholders Meeting. The powers and responsibilities of the Supervisory Board include, in particular:

- 1) Assessment of the Directors' Report on the Issuer's operations and of the financial statements for the preceding financial year, with respect to their consistency with the books, the documents, and with the actual state of affairs;
- 2) Assessment of the Management Board's proposals concerning distribution of profit or covering of loss;
- 3) Submission to the General Shareholders Meeting of written reports on results of the activities referred to in items 1 and 2;
- 4) Assessment of the consolidated financial statements with respect to their consistency with the books, the documents, and with the actual state of affairs, assessment of the Directors' Report on the Group's operations, and reporting to the General Shareholders Meeting on the results of these activities;
- 5) Appointment of an auditor to audit the financial statements;

- 6) Approval of annual business plans, including investment plans, long-term strategic plans, and investment plans relating to development of the transmission system;
- 7) Adoption of detailed rules governing the Supervisory Board's activities;
- 8) Approval of the consolidated text of the Company's Articles of Association, drawn up by the Company's Management Board;
- 9) Approval of the Rules of Procedure of the Management Board;
- 10) Approval of the organisational rules of the Issuer's enterprise;
- 11) Approval of the Management Board's resolution on division of powers between the Management Board members;
- 12) Issue of opinions on all matters submitted by the Management Board for consideration to the General Shareholders Meeting;
- 13) Issue of opinions on detailed reports concerning the performance of tasks undertaken with a view to ensuring the country's energy security, submitted by the Management Board to the minister competent for matters pertaining to the State Treasury and the minister competent for the economy;
- 14) Issue of opinions on the requests to be submitted to shareholder State Treasury, represented by the minister competent for matters pertaining to the State Treasury, to approve 1) any changes to material provisions of the existing trade agreements for import of natural gas to Poland, as well as conclusion of such agreements, 2) any strategic investment projects or the Issuer's involvement in investment projects which, permanently or temporarily, impair the economic efficiency of the Issuer's business but which are necessary to ensure Poland's energy security;
- 15) Granting approval to the Management Board for:
  - a) Acquisition of non-current assets with a value falling between the złoty equivalent of EUR 500,000 and EUR 2,000,000, except where the transaction has been provided for in the annual business plans, including investment plans and long-term strategic and investment plans relating to development of the transmission system, previously approved by the Supervisory Board;
  - b) Disposal of non-current assets with a value falling between the złoty equivalent of EUR 500,000 and EUR 1,000,000, except where the transaction has been provided for in the plans referred to in a) above, approved by the Supervisory Board;
- c) Assumption of other liabilities whose value exceeds 20% of the Issuer's share capital, except where the transaction has been provided for in the plans referred to in a) above, approved by the Supervisory Board;
- d) Execution of an agreement of the type discussed in Art. 19b of the Commercialisation and Privatisation Act of August 30th 1996;
- 16) Appointment and removal of Management Board members;

- 17) Submission of proposals as to the rules and amounts of remuneration for Management Board members;
- 18) Suspension of Management Board members from their duties – on material grounds, and by an absolute majority of the votes;
- 19) Delegation of Supervisory Board members to temporarily perform the duties of Management Board members who are unable to perform their duties;
- 20) Carrying out the qualification procedure referred to in Art. 19a of the Commercialisation and Privatisation Act;
- 21) Granting permission for establishing and closing foreign branches of the Issuer;
- 22) Granting permission to Management Board members to accept positions on governing bodies of other companies, where such granting such permission is required by law;
- 23) Granting permission for Issuer to form another company with a share capital not exceeding the złoty equivalent of EUR 1,000,000;
- 24) Monitoring the Issuer's debt level;
- 25) Issue of opinions on Management Board's recommendations concerning appointment or removal of the Issuer's representatives in the management or supervisory boards of System Gazociągów Tranzytowych EuRoPol Gaz S.A. and submission of such recommendations for acceptance to shareholder State Treasury, represented by the minister competent for matters pertaining to the State Treasury;
- 26) Issue of opinions on the manner of exercising the voting rights by the Issuer's representative at the general shareholders meeting of System Gazociągów Tranzytowych EuRoPol Gaz S.A.;
- 27) Approval of the manner of exercising the voting rights by the Issuer's representatives at the general shareholders meetings of the distribution companies with respect to approval of such companies' annual budgets;
- 28) Approval of the manner of exercising the voting rights by the Issuer's representatives at the general shareholders meetings of the distribution companies with respect to approval of such companies' long-term strategic business plans;
- 29) Approval of the manner of exercising the voting rights by the Issuer's representatives at the general shareholders meetings of the distribution companies with respect to:
  - a) amendments to a company's articles of association,
  - b) increase or reduction of a company's share capital,
  - c) merger, transformation or demerger of a company,
  - d) sale of company shares,
  - e) sale and lease of a company's business or its organized part, or encumbering it with limited property rights,
  - f) dissolution and liquidation of a company;
- 30) Subject to the provisions of item 29) above, approval of the manner of exercising the voting rights by the Issuer's representatives at the general shareholders meetings of companies in which the Issuer holds at least 50% of the shares, with respect to:

- a) amendments to a company's articles of association,
  - b) increase or reduction of a company's share capital,
  - c) merger, transformation or demerger of a company,
  - d) sale of company shares,
  - e) sale and lease of a company's business or its organized part, or encumbering it with limited property rights,
  - f) dissolution and liquidation of a company;
  - g) establishing pledges or other encumbrances on company shares,
  - h) obligating shareholders to make additional contributions to equity,
  - i) issue of bonds/notes.
- 31) Issue of opinions on the Management Board's proposals concerning assumption of liabilities with a value exceeding the zloty equivalent of EUR 100,000,000.

Supervisory Board meetings are convened by the Chairperson or Vice-Chairperson of the Supervisory Board any time when the Issuer's interest so requires, but not less frequently than once every two months. Supervisory Board meetings are also convened at the request of a Supervisory Board member, or at the request of the Management Board. The Supervisory Board may express its opinions exclusively in the form of resolutions. The Supervisory Board may adopt resolutions if at least half of all its members are present at a meeting, and all the members have been invited to participate. The Supervisory Board may only adopt resolutions on the matters included in the agenda, which however can be amended if all members are present at a meeting and no member objects to the agenda being amended. The Supervisory Board adopts resolutions in an open vote by an absolute majority of the votes. A secret vote is ordered at the request of a Supervisory Board member or when the issue put to a vote concerns personnel matters. Members of the Management Board may be invited to participate in Supervisory Board meetings. In order to be valid, a resolution of the Supervisory Board concerning appointment of the auditor requires a favourable vote from a member of the Supervisory Board who meets the independence criteria defined in the Issuer's Articles of Association. Save as specified in the Supervisory Board's Rules of Procedure, the Supervisory Board may adopt resolutions in a written form or with the use of means of remote communication. Adoption of a resolution using any of these methods must be justified, and a draft resolution must be made available to all Supervisory Board members beforehand.

The Chairperson of the Supervisory Board is entitled to request that a Management Board meeting be called – by providing the President of the Management Board with a written agenda of such a meeting. The Chairperson of the Supervisory Board may demand of the President of the Management Board that certain items be placed on the agenda of a Management Board meeting. The Management Board must submit the following documents to the Supervisory Board for assessment: financial statements for the preceding financial year, along with the auditor's opinion, Directors' Report on the Issuer's operations in the preceding financial year, and the proposal for distribution of profit or coverage of loss for that financial year. The documents should be submitted without the Management Board being called upon to do so, in time for the Supervisory Board to assess them before they are presented to the General Shareholders Meeting.

The Supervisory Board or its members delegated to perform certain supervisory functions independently, are authorised to supervise all areas of the Issuer's operation, and in particular to examine all Issuer's documents, demand that the Management Board and the Issuer's employees produce reports and explanations, or to review the Issuer's assets.

The Supervisory Board may appoint standing or *ad hoc* committees (established as needed), to act as the Supervisory Board's collegiate advisory and opinion-giving bodies. The Supervisory Board has also the right to seek opinions from legal counsels and to engage experts in relevant fields to provide their opinions on matters within the Supervisory Board's scope of competence.

The amount of remuneration to be received by the Supervisory Board members is set by the General Shareholders Meeting pursuant to the Act on Remuneration of Persons Managing Certain Legal Entities, dated March 3rd 2000 (Dz.U. No. 26, item 306, as amended).

For important reasons, the Supervisory Board may delegate individual members to perform certain supervisory functions independently for a specified term. A Supervisory Board member so delegated must report to the Supervisory Board in writing on all actions undertaken by him/her.

### **11.3. Committees**

On November 27th 2008, the Issuer's Supervisory Board selected the Audit Committee from among its members.

#### **11.3.1. Composition of the Audit Committee in the Financial Year 2008**

As at December 31st 2008, the Audit Committee was composed of the following persons:

- 1) Mieczysław Puławski – Chairman of the Audit Committee,
- 2) Marek Karabula – Member of the Audit Committee,
- 3) Jolanta Siergiej – Member of the Audit Committee.

#### **11.3.2. Rules of Operation of the Audit Committee**

The Audit Committee operates within the structure of the Supervisory Board as a standing committee, advising the Supervisory Board on matters for which the Board is responsible.

The Audit Committee is composed of at least three members of the Supervisory Board, including at least one member independent of the Issuer and entities having significant links with the Issuer (appointed by the General Shareholders Meeting under Par. 36.1 of the Articles of Association), who has qualifications in accounting and finance. The members of the Audit Committee are appointed by the Supervisory Board.

Meetings of the Audit Committee are held as needed, but at least once every quarter, and are convened by the Chairperson of the Committee. The Chairperson of the Audit Committee may invite to a meeting the other members of the Supervisory Board, members of the Issuer's Management Board, the Issuer's employees and other persons whose participation in a given meeting he/she considers important from the point of view of performance by the Committee of its role. The Audit Committee may adopt resolutions if at least a half of its members attend a meeting and all the members have been properly invited to the meeting. The Committee may adopt its resolutions in a written form or using means of remote communication. Resolutions of the Audit Committee are adopted by a simple majority of votes cast. In the event of a tied vote, the Chairperson of the Audit Committee has the casting vote.

Every six months, the Audit Committee submits to the Supervisory Board reports on its activities. Each such report is made available to the shareholders of the Issuer at the next General Shareholders Meeting.

The responsibilities of the Audit Committee include, in particular:

- 1) Monitoring the financial reporting process;
- 2) Monitoring the financial information presented by the Issuer for its reliability;
- 3) Monitoring the internal control, internal audit and risk management systems for their effectiveness;
- 4) Monitoring the process of audit/review of the Company's financial statements by external auditors;
- 5) Giving recommendations to the Supervisory Board concerning the selection, appointment, re-appointment and removal of an auditor of financial statements, as well as the terms and conditions of the auditor's engagement;
- 6) Monitoring the independence and objectivity of the auditor of financial statements;
- 7) Control of the nature and scope of services not related to audit or review of financial statements, contracted from the auditor of financial statements;
- 8) Reviewing the effectiveness of the external audit process and monitoring the response of the members of the Management Board and the Issuer's employees to the external auditor's recommendations;
- 9) Examining the reasons for termination of the agreement with a given auditor of financial statements.

President of the Management Board	Michał Szubski	.....
Vice-President of the Management Board	Mirosław Dobrut	.....
Vice-President of the Management Board	Radosław Dudziński	.....
Vice-President of the Management Board	Sławomir Hinc	.....
Vice-President of the Management Board	Mirosław Szkałuba	.....
Vice-President of the Management Board	Waldemar Wójcik	.....