

**BYLAWS**  
**OF THE SUPERVISORY BOARD**  
**of Konsorcjum Stali Spółka Akcyjna**  
**with its head office in Warsaw**

**§1**

1. The Supervisory Board, hereinafter referred to as the Board, shall exercise permanent supervision over the Company.
2. The Supervisory Board operates according to the present Bylaws, the Company's Articles of Association, resolutions of the General Meeting of Shareholders, the Commercial Companies Code, Bylaws of other Company's authorities within the scope referring to the role, function, activity or its abandonment by the Supervisory Board.

**§2**

1. The Supervisory Board performs its duties jointly. However, it may delegate its members to perform particular supervisory activities independently, for performance of which they shall prepare and submit a written report to the Supervisory Board at least once a month.
2. The Supervisory Board shall consist of 3 (three) to 7 (seven) members, including a Chairman of the Supervisory Board and a Deputy Chairman, subject to the stipulation that in the case of obtaining by the Company the status of a public company, the Supervisory Board shall consist of 5 (five) to 7 (seven) members, including a Chairman of the Supervisory Board and his Deputy, who shall be appointed and dismissed by the General Meeting of Shareholders under the procedure stipulated in the Company's Articles of Association.
3. The members of the Supervisory Board shall be appointed for a five-year term of office.
4. The members of the Supervisory Board shall have the relevant education, professional and practical experience, high morals and shall be able to devote all time required to properly perform the function on the Supervisory Board.

**§3**

1. The Supervisory Board shall be responsible for permanent supervision of the Company's activities, taking into account, in particular, the Company's interests.
2. The Board shall be particularly responsible for:
  - a) examining the financial statements, evaluating the Management Board's report and motions of the Management Board regarding distribution of profits or covering of losses as well as submitting a written report to the General Meeting of Shareholders presenting the outcome of the above examination,
  - b) appointing and dismissing members of the Company's Management Board as well as suspending particular or all the members of the Company's Management Board,
  - c) approving the Bylaws of the Management Board,
  - d) determining the remuneration of the members of the Management Board,
  - e) granting the consent on giving general powers of attorney by the Management Board,
  - f) approving the annual financial plans of the Company (budget); the budget shall include at least an operational plan of the Company, the budget of profits and expenditures for a given trading year, forecasts on balance as well as the profit and loss account and a plan of investment expenditures,
  - g) approving long-term strategic business plans of the Company which shall include at least a long-term strategic plan, a plan of revenues and costs for each forecasting year as well as forecasts on balance and investment plans for particular forecasting years,
  - h) granting the consent to incur liabilities by the Company or its Subsidiary with regard to a single transaction or a series of interrelated transactions not included in the approved budget in amounts: exceeding EUR 500 000 (five hundred thousand euro) for a single

transaction and EUR 1 000 000 (one million euro) in a calendar year, calculated according to the average euro exchange rate of the National Bank of Poland on the day of carrying out the transaction,

- i) granting the consent to incur loans and credits by the Company not included in the approved budget, the single value of which exceeds the equivalent in PLN of EUR 500 000 (five hundred thousand euro) and EUR 1 000 000 (one million euro) in a calendar year, calculated according to the average euro exchange rate of the National Bank of Poland on the day of incurring the liability,
- j) granting the consent to co-sign by the Company and incur liabilities by the Company for co-signing, guaranties and other off-balance liabilities not included in the approved budget, the value of which exceeds EUR 500 000 (five hundred thousand euro), calculated according to the average exchange rates of the National Bank of Poland on the day of performing the above activities,
- k) granting the consent to provide a pledge, mortgage, transfer of title to secure loan repayment and other liabilities to the Company's assets not included in the approved budget, the value of which exceeds EUR 500 000 (five hundred thousand euro), converted into PLN according to the average exchange rates of the National Bank of Poland on the day of carrying out these activities,
- l) granting the consent to issue debt instruments not included in the approved budget, the value of which exceeds EUR 500 000 (five hundred thousand euro), converted into PLN according to the exchange rates of the National Bank of Poland on the day of the issuance,
- m) approving expenditures of the Company (including investment expenditures) with regard to a single transaction or a series of interrelated transactions, not included in the approved budget, the value of which exceeds EUR 500 000 (five hundred thousand euro) converted into PLN according to the average exchange rates of the National Bank of Poland on the day on which the expenditures were made,
- n) granting the consent to purchase or acquire stocks or shares by the Company in other commercial companies as well as on joining other business entities by the Company,
- o) granting the consent to purchase and sell assets of the Company, the value of which exceeds 10% (ten per cent) of the Company's share capital, excluding stocks sold under ordinary activity of the Company,
- p) granting the consent to sell or freely transfer of copyright or other intellectual property of the Company's, beyond standard management of the Company and not included in the approved budget,
- q) granting the consent to conclude agreements between the Company and the members of the Company's Management Board, the Company's Shareholders or entities affiliated with any of the Company's Shareholders or members of the Management Board. An *affiliated entity* shall be understood as a person, company or any other entity, which has business or family connections with any Shareholder of the Company, member of the Company's Management Board, including in particular (i) his or her spouse or (ii) his or her children or (iii) grandchildren or (iv) parents or (v) grandparents or (vi) siblings and each company or entity directly or indirectly supervised by people mentioned above or in which the abovementioned people shall receive substantial economic benefits,
- r) appointing an auditor to examine the financial statements of the Company.

#### **§4**

1. In case of any disputes between the Company and another member of the Management Board, the Company shall be represented by the Supervisory Board or a proxy appointed by the resolution of the General Meeting of Shareholders.
2. A proxy appointed by means of a resolution of the General Meeting of Shareholders or the Supervisory Board is authorised to conclude, on behalf of the Company, employment contracts or other agreements with the members of the Management Board and to perform, on behalf of the Company, other actions related to employment contracts or another contractual relationship binding the member of the Management Board and the Company. The Supervisory Board may authorise, by means of a resolution, one of its members to perform the powers of the Supervisory Board, stipulated in the previous sentence and in section 1.
3. While establishing remuneration for the members of the Management Board, the Supervisory Board shall determine it taking into account its motivating character as well as effective and smooth management of the Company. Remuneration shall be proportional to the Company's size, reasonable in comparison to the Company's financial results and related to a scope of responsibility connected with a given function.

#### **§5**

1. At any time, the Board may request reports and explanations from the Management Board and the Company's employees, review books, documents and check the assets of the Company.
2. For the use of the Supervisory Board, the Board may oblige the Management Board to mandate the preparation of expert reports or opinions at the Company's expense.
3. Meetings of the Supervisory Board may be attended by experts and people invited by the authority convening a given meeting or by any member of the Supervisory Board. Members of the Management Board are entitled to participate in meetings of the Board, excluding these meetings or their parts which refer to staffing issues of the members of the Management Board, especially their dismissal, accountability towards the Company or determination of remuneration unless the Board decides otherwise.

#### **§6**

1. A member of the Supervisory Board shall perform his duties in a way not causing a conflict of interest. A conflict of interest shall be understood as a group of situations which may lead to a suspicion of a lack of impartiality towards the Company due to the member of the Supervisory Board or his relatives. The member of the Board shall inform other members of the Board about an arising conflict of interest. In such a case, the member of the Supervisory Board shall refrain from participating in discussions and voting.
2. Immediately after appointing a member of the Board, the Chairman of the present Board or in the case of appointing the Supervisory Board for another term of office, the Chairman of the previous Supervisory Board shall deliver the members of the Supervisory Board with Bylaws along with a template of a statement concerning their personal, actual and organisational connections with the Company's shareholders.
3. A member of the Supervisory Board is obliged to immediately deliver the statement, referred to in section

2, to the Company's Management Board so that it can be made available to the public. A copy of the statement, referred to in the previous statement, shall be kept in the Board's files.

4. The above connections also refer to connections of relatives of the Board's members with a Company shareholder.

## **§7**

The Board shall supervise the execution of resolutions of the General Meeting of Shareholders and guidelines of the Board by the Company's Management Board.

## **§8**

1. The Supervisory Board shall hold meetings at least four times a trading year.
2. The meetings of the Supervisory Board shall be convened by the Chairman of the Supervisory Board on his own initiative, upon a written motion by a member of the Company's Management Board or a member of the Supervisory Board. If it is impossible for the Chairman of the Supervisory Board to convene a meeting of the Supervisory Board, the meeting shall be convened by the Deputy Chairman on his own initiative, upon a written motion of the member of the Company's Management Board or a member of the Supervisory Board.
3. The meetings of the Supervisory Board shall be convened by sending notices by registered letters at least 7 (seven) days before the meeting, with a simultaneous additional notice via e-mail to those members of the Supervisory Board who request that.
4. The meeting of the Supervisory Board shall be null and void unless the invitation to the meeting of the Supervisory Board contains the agenda of the meeting.
5. The meeting of the Supervisory Board may take place without being formally convened if all its members agree to it at the latest on the day of the meeting and they will confirm that in writing or sign a list of attendance.
6. Resolutions may not be adopted with regard to matters not included into the agenda unless all the members of the Supervisory Board participate in the meeting and none of the participants objects to it.
7. The resolutions of the Supervisory Board may be adopted in writing, without a formal meeting of the Supervisory Board (by circulation). Drafts of resolutions which shall be adopted by circulation shall be presented for signatures to all members of the Supervisory Board by its Chairman, and in the case of his absence, by the Deputy Chairman if all the members of the Supervisory Board agree to the content of resolutions and to voting in writing. It is assumed that signing the resolution means agreement for its adoption by circulation. The resolution adopted under such a procedure is binding if all the members of the Supervisory Board have been notified of its contents.
8. The meetings of the Supervisory Board may be held on the phone, in a way enabling all the members of the Supervisory Board participating in the meeting to communicate with each other. Minutes shall be taken of the voting carried out under such a procedure, which shall be signed by all the participants at the next meeting of the Supervisory Board. The phone meeting of the Supervisory Board may also be recorded by means of a sound recording device.

## **§9**

1. For the resolutions of the Supervisory Board to be binding, it is required that all the members of the Supervisory Board have been invited to the meeting, in accordance with applicable provisions of law,

stipulations of the Articles of Association and the present Bylaws.

2. The Supervisory Board may adopt resolutions if at least 50% of its members participate in the meeting, subject to the provisions stipulated in section 1.
3. The Resolutions of the Supervisory Board shall be adopted by an absolute majority of votes. In the case of an equal number of votes cast, the vote cast by the Chairman of the Supervisory Board shall prevail.

#### **§10**

1. Minutes shall be taken during all the meetings of the Supervisory Board. The minutes shall contain at least: the date of the meeting, surnames of the Supervisory Board's members and other people participating in the meeting, the agenda, and the contents of adopted resolutions, results of voting and any statements submitted to the minutes separately.
2. Materials discussed at the meeting of the Supervisory Board shall be attached to the minutes.
3. The minutes shall be signed by all the members of the Supervisory Board participating in the meeting.
4. The original copy of the minutes with attachments shall be kept in the Company.

#### **§11**

The Board may express its opinions in all matters connected with the Company and submit motions, initiatives and recommendations to the Company's Management Board. At the next meeting of the Board, the Management Board shall present information concerning the way of using the Board's motions, proposals and recommendations.

#### **§12**

1. The members of the Supervisory Board shall take advantage of the Company's office space, equipment and resources necessary for the Supervisory Board to perform its duties.
2. Technical assistance to the Supervisory Board shall be ensured by the Company's Management Board.
3. The costs of the Supervisory Board's activities shall be covered by the Company.

#### **§13**

1. The Bylaws shall enter into force on the day of their adoption by the Supervisory Board, subject to the provision that the stipulations of § 6 shall be effective from the day of admitting the Company's shares to trading on the regulated market.
2. Any changes to the present Bylaws shall be made by means of a resolution by the Supervisory Board to be effective. Changes to the Bylaws shall be effective from the day of the next meeting of the Supervisory Board after their adoption.

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