

**THE RULES AND REGULATIONS OF THE EXECUTIVE BOARD
HYDROBUDOWA WŁOCŁAWEK S.A.
(hereinafter referred to as the Company)**

**§ 1
*Definitions***

For the purposes of these Rules and Regulations, the below terms have the following meaning:

1. "Rules and Regulations" means these Rules and Regulations passed in the form of a resolution of the Executive Board and approved by the Supervisory Board,
2. "The Company" means HYDROBUDOWA WŁOCŁAWEK S.A. with its seat in Wysogotowo at ul. Skórzewska 35,
3. "Statute" means the valid statute of the Company, with the contents passed with the resolution of the Supervisory Board of HYDROBUDOWA WŁOCŁAWEK S.A.
4. "General Shareholders Meeting" means Ordinary and Extraordinary Meeting of the Company Shareholders,
5. "The Executive Board" means the Executive Board of the Company,
6. "The Supervisory Board" means the Supervisory Board of the Company,
7. "The President" means the President of the Executive Board of the Company,
8. "The Member of the Board" means each person constituting the Executive Board i.e. the President of the Board, the Vice-Presidents and other Members of the Board,
9. "Commercial Companies Code" means the Act dated 15th September 2000 – Commercial Companies Code (Dz. U. No. 94 item 1037 dated 8th November 2000 with amendments).

**§ 2
*[General provisions]***

1. The legal basis for passing the Rules and Regulations of the Executive Board of the Company HYDROBUDOWA WŁOCŁAWEK S.A. is clause 41 of the Company Statute.
2. The Rules and Regulations of the Executive Board regulate the principles and the procedures of the Executive Board's work.
3. The Executive Board acts on the basis of legal regulations being in force, pursuant to the provisions of the Statute, resolutions of the General Shareholders Meeting, the Supervisory Board, the resolutions included in "Dobre Praktyki w Spółkach Publicznych" and these Rules and Regulations.
4. The General Shareholders Meeting and the Supervisory Board cannot give binding orders concerning the conducting of the Company matters to the Executive Board.

5. The Executive Board, bearing the Company interest in mind, defines the strategy and the main operative objectives of the Company and submits them to the Supervisory Board, after which it is obliged to implement and realize them. The Executive Board takes care of the clarity and efficiency of the Company management system and conducting its matters pursuant to the legal regulations and good practice.
6. Taking the decisions concerning the Company matters, the Member of the Executive Board should act within the boundaries of justified economic risk i.e. upon considering all the information, analyses and opinions which in the Executive Board's reasonable opinion should be taken into consideration due to the Company interest. Determining the Company interest, the long-term interests of the Shareholders, creditors, Company employees and other persons cooperating with the Company in the scope of its economic activity should be considered, as well as the interests of the local community.
7. Making the deals with the shareholders and other persons whose business influences the Company interest, the Executive Board should act with special care so that the transactions are made on market conditions.

§ 3

1. The Executive Board is the executive body of the Company.
2. The Executive Board of the Company is numerous, it consists of the President of the Executive Board, two Vice – Presidents of the Executive Board and from one to five Members of the Executive Board.
3. The Executive Board's term of office is 3 (three) years.
4. The Executive Board conducts the Company's business and represents the Company.
5. The Executive Board's competence includes all the matters not reserved in the Commercial Companies Code and the Company Statute.

§ 4

[Provisions concerning the Members of the Executive Board]

1. The Members of the Executive Board are appointed, dismissed and suspended in their rights by the Supervisory Board, pursuant to the principles defined in the Commercial Companies Code and the Statute. The suggestions concerning the candidacies of the Members of the Board are presented by the President of the Executive Board.
2. The Supervisory Board concludes and terminates the contracts with the Members of the Board, however, the President or the Vice-President of the Supervisory Board signs the contracts on the Board's behalf. Other activities connected with the employment relationship of the Member of the Board are made according to the same procedure.
3. The Supervisory Board determines the remuneration of the Members of the Executive Board, taking into account its motivational character in order to ensure the effective management of the Company. The total amount of the remunerations of all Members of the Executive Board is revealed in the annual report, with the division into particular components of the remuneration.

4. The dismissal of the Member of the Executive Board does not breach his/her rights resulting from the employment contact or contract.
5. Only the natural person with full legal capacity may be the Member of the Executive Board.
6. The Executive Board Member's mandate expires:
 - 1) at the moment of dismissing him/her from the Executive Board,
 - 2) on the day of holding the last General Shareholders Meeting approving the financial statements for the previous complete accounting year of acting as a Board Member.
 - 3) at the moment of death,
 - 4) at the moment of handing notice.
7. In the event of the resignation from acting as the Member of the Executive Board, the notice should be delivered to the Supervisory Board, and its copy to the Executive Board.
8. The Members of the Executive Board may execute their duties on the basis of the employment contract or other contract concluded pursuant to civil law.
9. The President of the Executive Board manages the works of the Executive Board and coordinates the works of other Members of the Board. In the event of temporary absence of the President, he/she is deputized by the Executive Board Member nominated by him/her.

§ 5

[Competitive activity]

1. The Member of the Executive Board cannot without the Supervisory Board's consent:
 - 1) do business competitive in relation to the business of the Company,
 - 2) participate in the competitive company as a partner of the partnership, or as a member of the body of the capital company or participate in another competitive legal entity as a body member,
 - 3) participate in a competitive capital company in the event of having at least 10% of equity investment or shares in it or the right to nominate at least one member of the executive board.
2. The Member of the Board is obliged to immediately inform the Supervisory Board on the occurrence of the circumstances defined in section 1 of this clause.
3. The Member of the Board should be fully loyal towards the Company and avoid activities which could lead solely to the realization of his/her own financial benefits. In the event of obtaining information about making the investment or other beneficial deal concerning the subject of the activity of the Company, the Member of the Board should immediately present such information to the Executive Board for it to consider the possibility of using such information by the Company. The use of such information by the Member of the Executive Board or its transfer to the third person may take place only upon the consent of the Executive Board and only if this does not influence the business of the Company.
4. The Members of the Executive Board should inform the Supervisory Board about each conflict of interest in relation to their function or the possibility of arising of such conflict.

§ 6

[The representation of the Company and granting powers of attorney]

1. The following persons are authorized to represent the Company: The President and the Vice-President individually or the Member of the Executive Board acting together with the other Member of the Executive Board or with the commercial proxy.
2. The Executive Board may grant powers of attorney to act on the Company's behalf. The powers of attorney may be general, specific – to perform the activities of a specific kind and special – to perform a particular activity.
3. The Executive Board may nominate commercial proxies pursuant to the legal regulations in this scope. The consent of all members of the Board is required to grant the power of attorney.

§ 7

[Managing the Company business]

1. All Members of the Board are obliged and authorized to manage the Company business.
2. All activities exceeding the ordinary management require the passing of the Executive Board's resolution.
3. In particular the following matters require the Executive Board's resolution:
taking decisions concerning significant investment projects and methods of their financing,
defining strategic plans of the Company development, defining the financial objectives of the Company,
defining the organizational structure of the Company,
determining the standards included in the regulations and other internal legislature of the Company,
determining the internal allocation of competence between the Members of the Board,
Determining the provisions of the HR & payroll policy, including motivational plans.
4. With the exception of the matters mentioned in section 2 and 3, particular Members of the Executive Board are responsible for independent managing the Company business resulting from the allocation of duties determined with the resolution mentioned in section 3 item e) of this clause.
5. The Members of the Executive Board should cooperate and inform one another about the activities performed within the framework of the management if these activities deviate from the determined course of action concerning the given kind of business or concern the scope of activities vested on other members of the Executive Board.
6. In the event of occurrence of obstacles in performing the duties by the Member of the Executive Board, he/she is obliged to immediately inform the Executive Board

about the inability to perform his/her duties and the reasons for this inability. The President of the Executive Board decides which of the other Executive Board Members shall perform these duties as a deputy.

§ 8

[Executive Board's sessions]

1. The sessions of the Executive Board are called by the President of the Executive Board every time he/she finds it necessary. The President of the Executive Board may authorize the Vice-President of the Executive Board (or one of the Vice Presidents) to call the session of the Executive Board.
2. The session of the Executive Board is called also at the written motion of each of the Executive Board Members or the President of the Supervisory Board, within 7 (seven) days from the date of submitting the motion.
3. The President of the Executive Board or the Vice-President nominated by him/her decides every time about the way of calling the session.
4. The date, time and place of holding the session as well as its subject should be given in the notification on calling the session.
5. The session may also be held in the form of tele-conference.
6. The President of the Executive Board is the President of the session and in the event of his/her absence the Member of the Executive Board nominated by him/her.
7. With the reservations of the provision of the section below, the session is properly called if the information on the date, time and place of the session as well as on its subject is sent to all Members of the Executive Board at least 24 hours before the planned session.
8. In the event of emergency the session may be called also without observing the time limit mentioned in the preceding session.
9. The session of the Executive Board, also in the form indicated in section 5, may be held without official calling if all Members of the Board are present and none of them opposes the fact of calling the session or the suggested agenda.
10. The members of the Supervisory Board, the Company employees or other persons provided that they were invited by the person calling the session of the Executive Board may participate in the session. In such a situation the president of the session may exclude these persons from the part of the session.
11. The Members of the Executive Board cannot participate in its session and vote by means of plenipotentiaries.
12. The agenda may be extended upon the consent of all Members of the Executive Board. The restriction of the agenda does not require the consent of all Members of the Executive Board.

§ 9

[Passing solutions]

1. The resolutions of the Executive Board are passed with absolute majority of the votes present, with the exception of the appointing a proxy in which case the consent of all Members of the Executive Board.

2. In the event of the equal number of votes, the vote of the President of Executive Board is decisive and in the event of his/her absence the vote of the Member deputizing for the President of the Executive Board.
3. The resolutions are passed in open voting. The secrecy of voting is ordered by the President of the Executive Board at the motion of the Member of the Executive Board and on personal matters.
4. The Member of the Executive Board who voted against the resolution may report a separate sentence with the justification, to the minute.
5. The Resolutions are passed by the Executive Board at the sessions with the reservation of the section below.
6. As an exception the resolutions may be passed without holding the session, as a special procedure, i.e.:
 - 1) by circulation, by signing the contents of the resolution by all Members of the Executive Board successively, possibly by signing the tele-fax copy of such resolution sent at the fax no. in the secretary office of the President of the Executive Board,
 - 2) in writing, by signing by each Member of the Board the contents of the suggested resolution with the indication is he/she votes "for" or "against" or "refrains from voting" and transferring the resolution signed in this way to the President of the Executive Board, possibly sending it at the fax no. in the secretary office of the President of the Executive Board,
 - 3) by means of a direct means of distant communication, in particular by means of tele-conference or video-conference.
7. The resolutions of the Executive Board may be passed without holding the session as defined in section 6 above provided that all Members of the Board have been informed about the contents of the draft of the resolution.
8. The President of the Executive Board decides about the application of a special procedure of voting on a given matter and in the event of his/her absence, the Member of the Board nominated by him/her. In the event of at least one Member of the Executive Board being opposed to the voting without holding the session, the voting on the given matter should take place at the nearest session of the Executive Board.
9. In the event of the conflict of the Company interest with the interest of the Member of the Executive Board, his/her spouse, relatives and relatives by affinity of the second degree and persons with whom he/she is directly linked, the Member of the Executive Board should refrain himself/herself from participating in settling such matters and may demand marking it in the minute.

§ 10
[Minutes]

1. The resolutions of the Executive Board are minuted.
2. The minutes should include the agenda, the surnames and names of the present Members of the Executive Board, the number of votes cast for particular resolutions and separate sentences. The minutes are signed by the present Members of the Executive Board.
3. The minutes are collected in the book of minutes.

4. The Executive Board keeps archives of minutes and resolutions passed as a special procedure for the period of at least five years.
5. The minute mentions the resolutions of the Executive Board passed outside the session.

§ 11
[General provisions]

1. The Office of the Executive Board runs the book of minutes and resolutions.
2. The Company bears the costs of the Executive Board's activity.
3. For matters not included in these Rules and Regulations, adequate regulations of law, the Statute, resolutions of the Supervisory Board or the General Shareholders Meeting shall apply.
4. These Rules and Regulations may be amended with the resolution of the Executive Board approved by the Supervisory Board, passed pursuant to the requirements defined in the Company Statute.
5. In the event of discrepancies between the provisions of the Rules and Regulations and the provisions of the Company Statute or legal documents of greater importance, the provisions of the Company Statute and legal documents shall prevail.
6. The Rules and Regulations come into force upon being approved by the Supervisory Board.
7. The previous Rules and Regulations approved by the Supervisory Board becomes invalid at the moment of these Rules and Regulations coming into force.