

RULES OF THE MANAGEMENT BOARD OF ELEKTROTIM S.A.

The Rules of the Management Board of ELEKTROTIM S.A. were resolved pursuant to the applicable regulations of the Code of Commercial Companies and Article 22, section 2, subsection 14) of the Articles of Association of ELEKTROTIM S.A. (*within the meaning applicable after the GMS of ELEKTROTIM S.A. of 07.06.2016*), as well as having in mind the corporate governance applicable in the Company in accordance with the requirements of the Annexe to the Resolution of the Exchange Council No. 26/1413/2015 of 13 October 2015. "Best Practice for GPW Listed Companies 2016" and Resolution No. 28/WZA/2016 of the Ordinary General Meeting of Shareholders of ELEKTROTIM S.A. of 07.06/2016 regarding "Best Practice for GPW Listed Companies" in ELEKTROTIM S.A.

I. GENERAL PROVISIONS

Article 1

The Rules set forth in the detailed rules and the mode of convening the meetings and carrying out works by the Board of ELEKTROTIM S.A.

Article 2

1. The Board of ELEKTROTIM S.A. is the statutory body of ELEKTROTIM Spółka Akcyjna and operates on the basis of the Code of Commercial Companies, Articles of Association, these Rules, and other applicable regulations.
2. The scope of operations of the Board includes actions related to managing the Company's issues not reserved by the Act or the Articles of Associations for the competences of the General Meeting or the Supervisory Board.

Article 3

The definitions used in the Rules refer to:

1. Rules – the present Rules, adopted in a form of resolution of the Supervisory Board,
2. Company – a joint-stock company under the company of ELEKTROTIM S.A. with a seat in Wrocław, entered in the register of entrepreneurs kept by the District Court for Wrocław-Fabryczna, 6th Economical Department of the National Court Register under the number KRS 0000035081,
3. Articles of Association - Articles of Association of the Company,
4. Board - the Board of the Company,
5. President - the President of the Board,
6. Member(s) of the Board - natural person(s) appointed to the Board in a manner determined in the Articles of Association,
7. managing Company's issues - all factual and legal actions taken by all or individual Members of the Board as part of the actions of the Board,
8. performance of the management - managing the Company's issues by the Board jointly or as a part of the own management performed by individual Members of the Board.

II. COMPOSITION, APPOINTING, MANDATE OF A MEMBER OF THE BOARDS AND THE TERM OF OFFICE OF THE BOARD

Article 4

1. The Management Board consists of at least one and no more than five members, elected for their common tenure by the Supervisory Board. One of the Members is the President of the Board.
2. The Management Board's term of office last for no more than 5 years.

Article 5

1. The Supervisory Board appoints the Board of the Company in one of the following modes:

- a) selecting the candidate for the President of the Board and authorising the candidate for the President of the Board to present the composition of the Board (hereinafter referred to as the "WK" mode),
 - b) selecting the President of the Board and the Members of the Board (hereinafter referred to as the "WZ" mode),
2. The above-mentioned modes are described in detail in the Rules of the Supervisory Board of the Company.

Article 6

1. The Supervisory Board sets the remuneration of the Members of the Board taking into account its motivational character in order to ensure effective management of the Company.
2. A total rate of remunerations for all Members of the Board is subject to disclosure in the annual report of the Company in division to separate components of the remuneration.

Article 7

1. Mandate of the Member of the Board shall expire:
 - a) at the General Meeting of Shareholders endorsing the Financial Reports for the complete financial year of operating as the Member of the Board, at the latest,
 - b) due to death,
 - c) due to dismissal,
 - d) due to submitted resignation.
2. The Supervisory Board or the General Meeting can suspend a Member of the Board prior to the expiration of the term of office.
3. Dismissing the Member of the Board shall not deprive it of claims from the employment relationship or other legal relationship regarding the function of the Member of the Board.
4. The Member of the board may submit its resignation from the position to the President of the Board in writing. The President of the Board hands over the resignation directly to the Chairperson of the Supervisory Board. The Chairperson of the Supervisory Board immediately calls the meeting of the Supervisory Board which accepts the resignation.
5. In case of resignation of all Members of the Board or the President of the Board, the President of the Board hands over the written resignation to the Chairperson of the Supervisory Board. The Chairperson of the Supervisory Board immediately calls the meeting of the Supervisory Board which accepts the resignation and appoints the new Board or the new President.

Article 8

In the contract of association between the Company and the member of the Board, as well as during a dispute with such member, the Company is represented by the Supervisory Board or an Attorney appointed with a Resolution of the General Meeting.

III. OPERATING PROCEDURES, FUNDAMENTAL COMPETENCES OF THE BOARD

Article 9

1. The Management Board manages the Company and represents it before court and out of court.
2. In order to be entitled to make declarations and statements on behalf of the Company the following cooperation is required:
 - 1) two members of the Management Board or
 - 2) one member of the Board, along with the Proxy.
3. All Members of the Board are obliged and entitled to manage issues of the Company.

4. The internal division of responsibilities for individual areas of the Company's activity shall be clear and transparent, and a diagram describing that division shall be available on the Company's website.
5. Management Members fulfil their duties personally.
6. The President of the Board directs the works of the Board, including: convenes and administers the meeting of the Board, suggests the agenda, presents the draft resolutions of the Board.
7. The Board, by its resolution, may commission the Member of the Board to supervise, permanently or temporarily, operations of the Board within the specified scope.
8. In cases not exceeding the scope of normal operations, each Member of the Board operates individually within the scope of its duties, subject to subsection 2.
9. In cases exceeding the scope of normal operations, the Board makes decisions in the form of resolutions.

Article 10

1. The Board, acting in the Company's best interest, specifies the strategy and main goals of the Company's operations and presents them to the Supervisory Board for its opinion.
2. The Board cares about the transparency and effectiveness of the Company management system and managing its issues in conformity with the provisions of law and "Best Practices of the WSE Listed Companies".
3. When making decisions regarding the Company, the Members of the Board should act within the scope of justified economic risk, having examined all information, analyses, and opinions, which, in the opinion of the Board, should be taken into account due to the Company's interest.
4. When defining the Company's interest the Board should take into account the long-term interests of its Shareholders, Creditors, employees of the Company, and people cooperating with the Company within the scope of its economic operation, as well as interests of local communities.
5. The Board shall provide the supervisory Board with information on the significant issues regarding the operations of the Company and about the risk related to running the business and the manners of managing risk.
6. The Members of the Board shall submit a written declaration concerning following the "Best Practices of the WSE Listed Companies" applicable on the Giełda Papierów Wartościowych w Warszawie S.A. [Warsaw Stock Exchange] in the scope the Company is obliged to apply them. The declaration of the Board is archived in the office of the Company's Board.
7. Members of the Management Board shall participate in a General Meeting in the composition allowing to answer substantive questions asked at the General Meeting. The President of the Board decides about the minimum number and the personal composition of the Members of the Board.

Article 11

1. The Members of the Board shall keep full loyalty towards the Company and avoid actions that could only lead to realization of own material advantages.
2. The Members of the Board of the Company may sit on the management boards or supervisory boards of companies other than members of its group subject to the approval of the Supervisory Board.
3. In the event of obtaining information on possibility of making investment or other advantageous transaction regarding the object of the Company's activity, a Member of the Board shall immediately present such information to the Board in order to consider a possibility of using it by the Company. Usage of such information by the Member of the Board or transferring it to a third party can only take place with a consent of the Board and only when it does not violate the Company's interest.

4. The Member of the Board shall not, subject to Article 17 of the Articles of Association, deal with the interests competitive towards the Company.

Article 12

The Board shall, in particular:

1. assign and carry out strategies and plans of the Company's activity,
2. assign and realize operational, developmental, personal, commercial, financial, quality management, marketing, and IT policy,
3. obey generally applicable provisions of law and avoid taking actions, which would be a violation or abuse of law,
4. promptly file obligatory notifications to the register court,
5. develop the Financial Statements of the Company and the Group of Companies,
6. set term, agenda, and convene the General Meetings of Shareholders,
7. file to the General Meeting conclusions together with the opinion of the Supervisory Board on issues under the agenda,
8. present to the Supervisory Board the Financial Statement of the Company and the consolidated report of the Group of Companies, as well as the written Report of the Board on operations within the financial year and the application regarding the share of profit or cover of loss, which are subject to examination by the General Meeting,
9. take part in meetings of the Supervisory Board to which it was invited,
10. give the General Meeting and the Supervisory Board exhaustive explanations and information together with presenting of required documents and other materials,
11. act with due diligence while executing transactions with shareholders and other people, whose interests have impact on the Company's interest, and ensure that transactions were performed on the basis of market conditions,
12. represent the Company in communication with shareholders as part of internal authorisations and ensure security of equitable interests of all shareholders within the limits determined by law and best practices,
13. carry out appropriate Informational Policy of the Company in the way consistent with internal regulations and keeping contacts with media.

Article 13

The Board shall, in particular:

1. appoint and revoke proxies,
2. appoint the Board's attorneys for particular cases,
3. make decisions in all other cases not reserved for the Supervisory Board and the General Meeting,
4. apply to the Supervisory Board for convening the meetings

IV. PROCEDURES OF THE BOARD

Article 14

1. A fundamental form of the Board's work is attending meetings and resolving resolutions related to carrying out the Company's cases and performing management exceeding the range of regular management.
2. Ordinary meetings are held cyclically, in accordance with the previously established schedule of the Board's meetings or, if necessary, upon written application of the Member of the Board.

Article 15

1. The meeting of the Board shall be convened by the President of the Board or a Member of the Board substituting the President, on its own initiative or upon a request of even one

Member of the Board within 10 days from the day of filing the application to the President of the Board.

2. Setting the agenda the President of the Member of the Board substituting it shall include issues reported to the protocol during the previous meetings and presented in written requests of the Members of the Board which have already been filed.
3. During the meeting the President of the Board may resolve the change of the agenda, provided that in case of expanding the agenda it is only possible with the acceptance of all the Members of the Board.
4. The meeting may be validly held without the formal convening:
 - 1) in case its term and agenda have been set during the previous meeting, provided that the Members of the Board absent at the previous meeting are notified or
 - 2) in case all Members of the Board were present and none of them objected to holding a meeting, the suggested agenda, and the voting on resolutions.
5. Employees of the Company engaged in a particular issue or other people may be invited to the meeting of the Board.

Article 16

1. For the validity of the resolution it is required that all the Members of the Board are notified
2. Resolutions of the Board shall be passed by the unconditional majority of votes cast, except of appointing the Proxy, where consent of all the Members of the Board is required. In case of equal division of votes, the President of the Board shall cast the deciding vote.
3. The Proxy may be revoked by every Member of the Board.
4. The Board resolves resolutions in an open voting. The person holding the meeting may order secret ballot out of its own initiative or upon an application of another Member of the Board.
5. In case of a conflict of the Company's interests with personal interests of Member of the Board, its spouse, relatives, and second-degree relatives, the Member should withdraw from resolving such cases and may demand marking this in the protocol.

Article 17

1. Protocols are developed from the meetings of the Board.
2. The President of the Board, pursuant to the Resolution of the Board, may authorise the appointed employee of the Company to deal with operations related to preparing the Meetings of the Board and develop minutes. The authorisation shall be given in writing and determine the scope of the commissioned works.
3. The minutes shall include the date of the meeting, the Members of the Board taking part in the meeting, invited guests, agenda, number of votes cast for every resolution.
4. The minutes shall comprise, as an integral part:
 - 1) the attendance list of the participants of the meeting,
 - 2) copy of the documents presented at the meeting requested by the Member of the Board,
 - 3) written votes of the Members of the Board in case they applied for including them in the minutes,
 - 4) dissenting opinions of the Members of the Board regarding the resolved resolutions,
 - 5) written remarks of the Members of the Board regarding the content of the minutes.
5. The Protocol shall be developed and signed by all the Members of the Board taking part in a given meeting, within five days from the day it was held, at the latest. Reservations of the Members of the Board to the content of the minutes that were not included at its resolving shall be enclosed to the protocol in the form of annexes.
6. The Member of the Board absent at the meeting of the Board shall read the minutes, develop a written confirmation about reading the minutes or to mark dissenting opinion.
7. The minutes are archived at the office of the Company's Board.

V. SPECIAL RULES REGARDING WORK OF THE BOARD

Article 18

1. Transferring the operations and issues carried out by the outgoing Board or a Member of the Board to the new Board of Member of the Board shall take place with an acceptance protocol.
2. The acceptance protocol, in particular, shall comprise a list of transferred on-going issues, specifying the level of advancement and urgency, as well as a list of transferred documents and materials regarding the Company.
3. Copies of the acceptance protocol, signed by the participants to the transferring operations shall be given to: the transferring Party and the Company (ad acta).

Article 19

1. Immediately after selecting the Member of the Board it shall provide the Company with the following information: CV, contact addresses (correspondence address, telephone number, including mobile phone, e-mail address for correspondence). The Member of the Board shall update the above-mentioned data.
2. The Member of the Board shall provide the Board with information regarding its relations with the shareholder of the Company holding shares holding at least 5% of the total number of votes at the General Meeting. The obligation refers to the economic, family or other relations, which may influence the position of the Member of the Board, in a case examined by the Board.
3. The Member of the Board shall immediately notify the Board about the transaction of purchasing or selling shares of the Company, Company prevailing of it or a subsidiary, as well as about transactions with such Companies, as long as they are important of the Company's financial situation. The obligation does not exclude the information obligation of the Members of the Board resulting from applicable provisions of law, in particular from Article 160 of the Act of 29 July 2005 on Trading in Financial Instruments (i.e. Dz. U. of 2014, item 94, as amended).
4. Upon each application by the President of the Board, the Board shall also file a statement regarding the number of held shares of the Company or its subsidiary.

VI. FINAL PROVISIONS

Article 20

Each Member of the Board shall be personally liable for following the provisions of the Rules and shall register to the Board all cases of breaching it.

Article 21

All issues not settled by the Rules the Members of the Board shall follow the provisions of "Best Practices of the WSE Listed Companies", version applicable from 01.01.2016 (annexe to the Resolution of the Exchange Council No. 26/1413/2015 of 13 October 2015. "Best Practices of the WSE Listed Companies 2016"), in particular Chapter II "The Board and the Supervisory Board", within the scope of Resolution No. 28/WZA/2016 of the Ordinary General Meeting of Shareholders of ELEKTROTIM S.A. of 07.06.2016, except:

- a) rule I.Z.1.20 within the scope of publishing the course of the General Meeting on the company's website,
- b) rule II.Z.7. within the scope of functioning of the committees operating in the supervisory board,
- c) rule IV.Z.2 within the scope of ensuring universally available broadcast of the General Meeting in real time,

- d) IV.R.2. recommendation, sub-section 2) making available to the Shareholders a two-sided communication in real-time, where the Shareholders can speak during the meeting, staying in a location other than the place of the General Meeting.

Article 22

All issues not settled with these Rules provisions of the Code of Commercial Companies, Articles of Association, and "Best Practices of the WSE Listed Companies" shall apply within the scope resolved by the Company.

Article 23

The Rules were resolved by the Board on 30.06.2016 and approved by the Supervisory Board of ELEKTROTIM S.A. on 14.07.2016.