

Regulations
of the Management Board of KGHM Polska Miedź S.A. in Lubin

I. GENERAL PROVISIONS

§ 1

The Management Board acts on the basis of the law dated 15 September 2000 named the Commercial Partnerships and Companies Code (Dz. U. Nr 94, item 1037 with later changes), the Statutes of KGHM Polska Miedź S.A., the Organisational Regulations of the company KGHM Polska Miedź S.A. in Lubin and on these Regulations, which set out the principles and manner of the work of the Management Board.

II. COMPOSITION OF THE MANAGEMENT BOARD AND THE MANNER OF ITS APPOINTMENT AND RECALL

§ 2

1. The Management Board of the Company shall be composed of 1 to 7 persons, appointed to a mutual term of office. The term of office of the Management Board shall be three consecutive years. The number of members of the Management Board shall be determined by the Supervisory Board.
2. Persons may be appointed to the Management Board who are shareholders or who are not shareholders. The President of the Management Board must be a person with Polish citizenship resident in the Republic of Poland.
3. The Supervisory Board appoints and recalls the President of the Management Board, and at his request shall appoint and recall the remaining members of the Management Board, including those persons serving in the capacity of First Vice President and Vice Presidents of the Management Board, with due regard being given to those regulations relating to the appointment or recall of an employee-elected member of the Management Board.
4. The principles relating to the appointment or recall of an employee-elected member of the Management Board and the manner of conducting elections thereto shall be set out by the Statutes of the Company and by the „Regulations for the election by employees of a Member of the Management Board of KGHM Polska Miedź S.A.”

§ 3

The Members of the Management Board shall personally carry out their duties, pursuant to the functions set out by the Supervisory Board in its resolution on appointment to the Management Board. The division of duties amongst the Members of the Management Board shall be set out by the „Organisational Regulations of the company KGHM Polska Miedź S.A. in Lubin”.

§ 4

1. The mandate of members of the Management Board shall expire no later than the date of the General Meeting accepting the report of the activity of the Management Board and the financial statement of the Company for the most recent financial year in which they served as a member of the Management Board.
2. The Members of the Management Board may be recalled at any time by the Supervisory Board prior to the expiration of their term, which in no way shall interfere with their rights arising from their employment contract or other legal relationship relating to their functioning as a member of the Management Board. The recall of an employee-elected Member of the Management Board may occur following fulfillment of the conditions specified in §12 sections 11 – 15 of the Statutes of the Company.
3. In the case of changes in the composition of the Management Board, the departing Member of the Management Board is obligated to officially hand over, according to protocol, all of those matters with which he was involved, together with accompanying documentation. The President of the Management Board, another Member of the Management Board delegated for this task by him, or another person so delegated, shall be the recipient of the said matters and documentation.

III. REMUNERATION AND THE CONCLUDING OF CONTRACTS WITH MEMBERS OF THE MANAGEMENT BOARD

§ 5

1. The principles of remuneration, and the level of remuneration, of Members of the Management Board shall be set by the Supervisory Board.
2. In matters relating to employment and other contracts with Members of the Management Board, the Company shall be represented by the Supervisory Board, or by a Member of the Supervisory Board acting on the basis of such authority as granted by the Supervisory Board.
3. In conflicts between the Company and the members of the Management Board, the Company shall be represented by the Supervisory Board, which may be represented by a Member of the Supervisory Board acting on the basis of such authority as granted by the Supervisory Board, or by proxies appointed by a resolution of the General Meeting.

IV. SCOPE OF DUTIES

§ 6

Amongst the duties of the Management Board is the carrying out of all Company matters, with the exception of those matters assigned by the Commercial Partnerships and Companies Code and the Statutes of the Company to the General Meeting and to the Supervisory Board of the Company.

§ 7

- 1st The Management Board shall pass decisions in the form of resolutions.
- 2nd In particular, the following matters require a resolution of the Management Board:
- 1) establishment of the Company strategy,
 - 2) passage of the annual and multi-year operating plans for the Company,
 - 3) establishment of the organisational structure,

- 4) passage of the Regulations of the Management Board, the organisational regulations of the Company and the regulations of the Head Office,
 - 5) the granting of donations, pursuant to the technical-economic plan as approved by the Supervisory Board,
 - 6) establishment of financial management principles and of the economic system of the Company,
 - 7) the appointment, recall and establishment of the principles of remuneration and the granting of bonuses, of Divisional directors of KGHM Polska Miedź S.A., of their deputies and of chief accountants,
 - 8) the creation, merger, division and liquidation of Company organisational units,
 - 9) the acquisition and disposal of real estate or of shares in real estate,
 - 10) the disposal of Company property, in non-cash form (contribution in kind) to another company,
 - 11) the leasing of real estate, excluding the leasing of single units representing a portion of built-up real estate,
 - 12) the disposal and leasing of a company or of an organised part thereof, and the creation of limited proprietary rights thereon,
 - 13) the sale of an element of the moveable fixed assets of the Company, whose market value in PLN exceeds the equivalent amount of 5 000 EUR, based on the average exchange rate as announced by the National Bank of Poland in force on the day the aforesaid market value is set,
 - 14) the approval of contracts and of statutes of companies created by KGHM Polska Miedź S.A., the approval of candidates to the management and supervisory boards of companies created with the participation of KGHM Polska Miedź S.A. and of principles of remuneration of the management boards of subsidiary companies,
 - 15) the establishment of procuration,
 - 16) the granting of powers of attorney, with the exception of powers of attorney to act in court proceedings,
 - 17) the convening of general meetings of KGHM Polska Miedź S.A.,
 - 18) the approval of the unconsolidated and consolidated financial report and of the report of the Management Board on the activities of the Company and Capital Group for a given financial year,
 - 19) the approval of a proposal regarding the distribution of profit or the coverage of loss,
 - 20) the creation and accession to commercial entities,
 - 21) the acquisition or purchase of shares in another company,
 - 22) the disposal of shares in subsidiaries of the Company,
 - 23) the granting of guarantees and loans to companies in which KGHM Polska Miedź S.A. holds at least 1/3 of the votes from shares at the general meetings of these entities,
 - 24) entering into contracts in which the Company takes on liabilities or disposes of a right, having a value exceeding PLN 5 000 000.00,
 - 25) the establishment and realisation of a risk management policy.
3. Notwithstanding those matters mentioned in section 2, also requiring a Management Board resolution are those matters which require the opinion or approval of the Supervisory Board or of the General Meeting and of other materials directed by the Management Board to the Supervisory Board.

§ 8

1. The Management Board represents the Company externally, including both within and out of courts.

2. Two members of the Management Board acting jointly, or one member of the Management Board acting with the procurator, are authorised to submit declarations of will and sign on behalf of the Company. If the Management Board consists of one member, that Member of the Management Board - the President of the Management Board - shall be authorised to submit declarations of will and sign on behalf of the Company.
3. The President of the Management Board, or in his absence the Vice President of the Management Board for Employee Affairs, shall enter into and dissolve employment contracts with employees of the Head Office of the Company, divisional directors, their proxies and with the chief accountants.
4. The Management Board may likewise empower other Members of the Management Board as well as other employees of the Company to carry out actions in matters within the scope of the labor law.

§ 9

The Management Board of the Company is obligated to manage the assets and the affairs of the Company with the requisite amount of prudence demanded by commercial affairs, and to obey the law, the Statutes of the Company and the resolutions passed by the General Meeting and the Supervisory Board to the utmost of their ability.

V. PARTICULAR DUTIES OF MEMBERS OF THE MANAGEMENT BOARD

§10

In carrying out their mandate, each Member of the Management Board is obligated to act with the requisite amount of prudence demanded from professional persons and those professionally carrying out these types of activities.

§ 11

Amongst the particular duties of Members of the Management Board are the following:

- 1) the implementation and realisation of a Company strategy and of its primary objectives, taking care to assure a transparent and effective system of Company management,
- 2) the conduct of Company affairs in accordance with the law and best practice,
- 3) when passing decisions in Company matters, to act within the limits of justifiable economic risk,
- 4) to take into account, when determining what is in the interest of the Company, the justifiable long-term interests of the shareholders and employees of the Company,
- 5) the obligation of the Management Board to remain loyal to the Company, and
- 6) to inform the Supervisory Board of any conflict of interest related to the performance of one's duties, or to the possibility that such a conflict may arise.

VI. CONVENING AND CARRYING OUT MANAGEMENT BOARD MEETINGS

§ 12

The President of the Management Board shall organise the work of the Management Board and shall chair the meetings of the Board.

§ 13

1. Meetings of the Management Board should be convened as required, but not less than once per month.
2. Meetings of the Management Board are convened by the President, or, in his absence, by a Member of the Management Board duly designated by the President.
3. Meetings of the Management Board may also be convened by an appropriately justified request of a Member of the Management Board, and should be held within a period of no more than 7 days from the date of the request.

§ 14

1. Announcements of planned meetings of the Management Board together with the proposed agenda and materials to be presented to the Management Board should be delivered to each Member of the Management Board, at least three days prior to the planned date of the meeting. In justified instances the President of the Management Board may shorten this period.
2. Members of the Management Board shall decide as to whether a particular matter shall be heard at a meeting of the Management Board, in accordance with the division of duties resulting from the „Organisational regulations of the company KGHM Polska Miedź S.A. in Lubin” or based on a request put forward by an appropriate organisational unit of the Company.
3. The Management Board agenda, as set out in the announcement on the convening of a Management Board meeting, may only be altered or added to during the meeting with the consent of all Members of the Management Board.
4. Should there arise the necessity for the Management Board to immediately decide on an issue of vital importance for the Company, the President of the Management Board may convene a meeting of the Board without resorting to the manner of doing so described in section 1.

§ 15

During a meeting of the Management Board, persons may participate who have been invited to do so by Members of the Management Board, including employees of the Company whose attendance is pertinent to the matter being discussed.

VII. PASSAGE OF RESOLUTIONS

§ 16

- 1st Resolutions of the Management Board shall be taken in an open vote. Upon the request of at least one of those persons voting, the voting shall be done in a secret ballot.
- 2nd At least two-thirds of the composition of the Management Board is required to be in attendance in order for a resolution passed at a Management Board meeting to be valid.
- 3rd Resolutions of the Management Board shall be approved by a simple majority of votes cast.
- 4th In justified cases voting may be done in writing or through the use of means of direct, long-distance communication.
- 5th In the case of a tie vote being cast for a given resolution either for or against, the President of the Management Board shall cast the deciding vote.

6th Resolutions which are passed in the manner set out in section 4 shall be valid if all Members of the Management Board have been informed of the contents of the proposed resolution.

VIII. MINUTES OF THE MEETING

§ 17

- 1st The meetings and the resolutions of the Management Board shall be recorded in the minutes of the meetings.
- 2nd The minutes of the meeting should include:
 - a the consecutive number of the minutes, and the date and location of the meeting,
 - b the first name and surname of the Members of the Management Board present at the meeting,
 - c the agenda of the meeting,
 - d the results of the meeting – confirmation of the passage of resolutions and their contents, or confirmation of an alternative resolution of a matter,
 - e the number of votes „for” and „against” cast for a particular resolution, and
 - f individual opinions.
- 3rd The minutes of the meeting shall be signed by the Members of the Management Board present at the meeting and by the person preparing the minutes.
- 4th The minutes of the meeting shall be approved and signed at the next meeting of the Management Board.
- 5th In the case of passage of a resolution in the manner set out in §16 section 4 of these Regulations, the minutes of the meeting with voting in writing or through the use of means of long-distance communication should include:
 - a the consecutive number of the minutes and the date of the voting,
 - b information on the manner of voting applied, the contents of the resolution, the result of the voting and individual opinions.
- 6th The Organisational Section of the Head Office shall confirm the correctness of the minutes, and shall distribute copies of the resolutions passed by the Management Board to the organisational units of the Company.
- 7th The minutes of the meeting of the Management Board and the resolutions passed by the Management Board shall be maintained by the Organisational Section of the Head Office.

IX. FINAL PROVISIONS

§ 18

1. The Regulations of the Management Board shall be unclassified and freely available for inspection.
2. Matters which are not governed by these Regulations shall be subject to the Commercial Partnerships and Companies Code and by the Statutes of the Company.

§ 19

These Regulations shall come into force upon their passage by Management Board resolution and approval by the Supervisory Board.