

ARTICLES OF ASSOCIATION

of the Przedsiębiorstwo Handlu Zagranicznego "Baltona" S.A. in Warsaw (consolidated text 14.11.2017)

I. General Provisions

§ 1

1. The Company shall operate under the name of: Przedsiębiorstwo Handlu Zagranicznego "Baltona Spółka Akcyjna.
2. The Company may use the abbreviated name Przedsiębiorstwo Handlu Zagranicznego "Baltona" S.A.
3. The Company's seat is the Capital City of Warsaw.
4. The Company operates in the territory of the Republic of Poland and abroad.
5. The Company's duration period is unlimited.
6. The Company's financial year shall equal to calendar year.

§ 2

The Company's founders are:

1. The State Treasury represented by the Minister of Foreign Trade,
2. Polskie Linie Lotnicze "LOT" in Warsaw,
3. Polska Żegluga Morska in Szczecin,
4. Zrzeszenie Przedsiębiorstw Przemysłu Mięsnego in Warsaw,
5. Zakłady Piwowarskie in Żywiec,
6. Zakłady Przemysłu Tytoniowego in Krakow,
7. Bank Polska Kasa Opieki S. A. in Warsaw,
8. Poznańskie Zakłady Koncentratów Spożywczych "Amino" in Poznań,
9. Zakład Obrotu Towarami Eksportowymi "LACPOL" in Gdynia,
10. Przedsiębiorstwo Robót Czerpalnych i Podwodnych in Gdansk,
11. Żywieckie Zakłady Futrzarskie in Żywiec,
12. Żegluga Gdańska in Gdansk,
13. Polskie Linie Oceaniczne in Gdynia,
14. Spółdzielnia Pracy "Renoma" Zakłady Przemysłu Skórzanego in Elbląg,
15. Zarząd Portu Szczecin-Świnoujście in Szczecin,
16. Spółdzielnia Pracy Morskiego Sprzętu Ratunkowego i Żeglowniczego "Żagiel" in Gdynia,
17. Śląskie Zakłady Lin i Drutu "Linodrut" in Zabrz,
18. Futrzarska Spółdzielnia Pracy im. Wł. Hibnera in Warsaw,
19. Polskie Ratownictwo Okrętowe in Gdynia,
20. Przedsiębiorstwo Połowów i Usług Rybackich "Korab" in Ustka,
21. Gdańskie Zakłady Drobiarskie in Żuków,
22. Zakłady Przemysłu Owocowo-Warzywnego "Pudliszki" in Pudliszki,
23. Gdańskie Przedsiębiorstwo Produkcji Leśnej "LAS" in Sopot,
24. Koszalińskie Przedsiębiorstwo Produkcji Leśnej "LAS" in Koszalin,
25. Przedsiębiorstwo Połowów i Usług Rybackich "Szkuner" in Władysławów,
26. Toruńskie Przedsiębiorstwo Produkcji Leśnej "LAS" in Toruń,
27. Przedsiębiorstwo Połowów Dalekomorskich i Usług Rybackich "DALMOR" in Gdynia
28. Spółdzielnia Mleczarska in Gostyń,
29. Huta Szkła Kryształowego "VIOLETTA" in Stroń Śląski,
30. Okręgowa Spółdzielnia Mleczarska "Kosakowo" in Gdynia,
31. Rolnicza Spółdzielnia Produkcyjna im. "Łoskoń" in Bydgoszcz,
32. Zakłady Przemysłu Dziewiarskiego "Hanka" in Legnica,
33. Przedsiębiorstwo Spedycji Międzynarodowej C. Hartwig Szczecin,

34. Przedsiębiorstwo Przemysłowo-Handlowe "Centrala Rybna" in Gdynia,
35. Huta Szkła "Irena" in Inowrocław,
36. Katowickie Przedsiębiorstwo Produkcji Leśnej "LAS" in Wojkowice,
37. Bydgoskie Przedsiębiorstwo Produkcji Leśnej "LAS" in Brusy,
38. P. P. Polska Żegluga Bałtycka in Kołobrzeg,
39. Beskidzkie Przedsiębiorstwo Produkcji Leśnej "LAS" in Żywiec,
40. Przedsiębiorstwo Spedycji Międzynarodowej C. Hartwig Warsaw,
41. Przedsiębiorstwo Spedycji Międzynarodowej C. Hartwig Gdynia,
42. Kłodzkie Przedsiębiorstwo Produkcji leśnej "LAS" in Kłodzko,
43. Polskie Przedsiębiorstwo Maklerskie "Polfracht" in Gdynia,
44. Futrzarska spółdzielnia Pracy "Asko-Gorce" in Nowy Targ,
45. Centralny Związek Spożyców "Społem", branch in Gdańsk,
46. Huta Szkła "Sudety" Szczytna Śląska.

II. The Company's business activity

§ 3

The Company shall conduct their business activity in the following fields:

1. wholesale trade, except of motor vehicles and motorcycles,
2. retail trade, except of motor vehicles and motorcycles,
3. land transport and transport via pipelines
4. water transport,
5. warehousing and support activities for transportation,
6. food service activities,
7. other financial activities, not otherwise classified, except insurance and pension funding
8. real estate activities,
9. activities of head offices and holdings, excluding financial holdings,
10. management consultancy activities,
11. scientific research and development,
12. advertising,
13. market research and public opinion polling,
14. tenancy and lease of personal use items and household items,
15. tenancy and lease of other devices, machines and material goods,
16. activities related to delegation of staff,
17. travel agency, tour operator and other reservation service and related activities,
18. office administrative, office support and other business support activities.

III. Bodies of the Company

§ 4

The Governing Bodies of the Company are:

- A. The General Meeting of the Shareholders,
- B. The Supervisory Board,
- C. The Management Board.

A. THE GENERAL MEETING OF THE SHAREHOLDERS

§ 5

1. The General Meeting of the Shareholders shall be summoned as either Ordinary or Extraordinary.
2. The Ordinary General Meeting of the Shareholders is summoned by the Management Board within the first six months after the end of every financial year. In the case the Management Board fails to summon the Ordinary General Meeting of the Shareholders within the above-mentioned period, the Ordinary General Meeting of the Shareholders shall be summoned by the Supervisory Board.
3. An Extraordinary General Meeting of the Shareholders shall be summoned by:
 - a) The Management Board acting on its own initiative, or upon a motion of shareholder(s) representing at least 5% of the share capital of the Company, within a period of two weeks from when the said motion was received. The motion for summoning an Extraordinary General Meeting of Shareholders should contain the draft resolution of the proposed agenda of the Meeting,
 - b) The Supervisory Board if they deem it desired,
 - c) a shareholder or shareholders representing at least half of the share capital or at least half of the total number of votes in the Company. The shareholders appoint the Chairperson for such a Meeting.
4. A shareholder or shareholders representing at least one twentieths of the share capital may require to include specific issues in the agenda of the nearest General Meeting based on applicable law provisions. Such a requirement may be issued in an electronic form.

§ 6

1. The General Meeting shall take place in the headquarters of the Company.
2. A shareholder may attend the General Meeting in person or through a plenipotentiary.
3. It is admissible to participate in the General Meeting using the means of electronic media if the information about a given General Meeting includes information on possibility of such type of attendance.
4. Also person which presence was demanded to be necessary by the Supervisory Board or the Management Board can participate in the General Meeting.

§ 7

1. Resolutions of the General Meeting shall be adopted by absolute majority of votes, excluding those that require qualified majority under applicable provisions of the Commercial Companies Code or of these Articles of Incorporation.
2. The General Meeting's resolutions that require a three-fourths majority of votes include in particular:
 - a) amendments to the Articles of Incorporation,
 - b) redemption of shares,
 - c) increasing or decreasing of share capital,
 - d) transfer or sale of the enterprise or its organized part,
 - e) dissolution, merger or liquidation of the Company.
3. The General Meeting shall be valid notwithstanding number of shares represented during the General Meeting in question.
4. To each share a single vote is attributed during the General Meeting.

§ 8

The General Meeting shall adopt the Statute of the General Meeting that shall, among others, specify the detailed agenda.

§ 9

The following issues shall in particular require the General Meeting's resolution:

1. review and approval of the Management Board's report on the activities of the Company and the financial statement for the previous financial year,

2. adopting a resolution on the division of profits or coverage of loss,
3. acknowledging of fulfilment of duties by the members of the bodies of the Company,
4. setting a dividend day and the deadline for payment of the dividend,
5. Appointment and dismissal of the members of the Supervisory Board,
6. amendments to the Articles of Incorporation,
7. increasing or decreasing of share capital,
8. redemption of shares and detailing the conditions for such redemption,
9. creation and dissolution of special funds,
10. establishment of remuneration of the members of the Supervisory Board,
11. merger or liquidation of the Company and appointment of liquidators,
12. sale and lease of the Company or its organized part and establishment of limited property right on such entities,
13. purchase and sale of real property, perpetual usufruct or participation in real property, for a sum exceeding, during a single calendar year, PLN 25 000 000.00 (in words: twenty-five millions of Polish Zloty),
14. statement related to claim for damages caused by incorporation of the Company, or management of the Company or Supervision of the company,
15. issuance of convertible bonds or with a priority rights, and issuance of subscription warrants,
16. purchase of own shares in case detailed in Art. 362 § 1 pt. 2 of the Commercial Companies Code and granting power of attorney to perform such purchases in a case detailed in Art. 362 § 1 pt. 8 of the said Code,
17. concluding of an agreement referred to in Art. 7 of the Commercial Companies Code.

B. THE SUPERVISORY BOARD

§ 10

1. The Supervisory Board shall consists of from five to nine members appointed and dismissed by the General Meeting.
2. The members of the Supervisory Board shall be appointed for a joint 3-year term.
3. The Supervisory Board members shall appoint, from their circle, a Chairperson and two Deputy-Chairpersons.
4. At least two Supervisory Board Members shall meet independence criteria within the meaning of art. 129 of the Act of 11 May 2017 on registered auditors, auditing entities and public supervision.
5. At least one Supervisory Board member shall have qualification in accounting or revising financial statements.
6. At least one Supervisory Board member shall have knowledge and skills of the Company's business activity field.

§ 11

1. The Supervisory Board shall appoint from among themselves and shall dismiss the Audit Committee.
2. The Supervisory Board shall adopt the Audit Committee rules and regulations, where the Audit Committee's functions, tasks and functioning principles shall be specified.
3. The Audit Committee shall consist of at least 3 members, including the Chairperson of the Audit Committee. Most of the Audit Committee, including its Chairperson, must meet independence criteria within the meaning of art. 129 of the Act of 11 May 2017 on registered auditors, auditing entities and public supervision. At least one Audit Committee member shall have qualification in accounting or revising financial statements. At least one Audit Committee member shall have knowledge and skills of the Company's business activity field
4. The Supervisory Board may appoint from among themselves the other committees and adopt rules and regulations of those committees.

§ 12

1. The Supervisory Board shall meet at least every quarter.

2. The meeting of the Supervisory Board is called using registered mail or courier mail, sent at least 5 (five) calendar days before the scheduled meeting of the Supervisory Board. In place of a registered letter or a message sent via the courier mail, the information about the meeting may be sent to the members of a Supervisory Board using electronic mail, if the said members have previously expressed written consent to such means of communications and indicated an e-mail address to which such information should be sent.
3. the Chairperson of the Supervisory Board calls and supervises the meeting of the Supervisory Board. In case the Chairperson is absent, the meeting is called and supervised by the Deputy Chairperson.
4. The Management Board or a member of the Supervisory Board may request to summon a meeting of the Supervisory Board by filing a proper motion with the Chairperson of the Supervisory Board. Such a motion shall contain the proposed agenda of the Supervisory Board's meeting. The Chairperson of the Supervisory Board shall summon the meeting within a period of two weeks from the day of receipt of the said motion.

§ 13

1. In order for the resolutions of the Supervisory Board to be valid it is required that all the Supervisory Board's members are invited for the Meeting of the Supervisory Board and that the said meeting is attended by at least half the number of members of the Supervisory Board.
2. The Supervisory Board shall adopt their resolutions by absolute majority of votes. In the case of equal number of votes the Supervisory Board Chairperson's vote shall prevail.
3. A member of the Supervisory Board may participate in adoption of resolutions of the Supervisory Board by casting his or hers votes in writing via a different member of the Supervisory Board. A written vote must not concern matters introduced into the agenda during the Supervisory Board's meeting.
4. The resolutions of the Supervisory Board may be adopted in writing or using means of direct distant communication. A resolution shall be valid when all the members of the Supervisory Board have been informed about the content of the draft resolution.

§ 14

1. The General Meeting shall adopt rules and regulations of the Supervisory Board that details its organization, and the manner of appointing the Chairperson and Deputy -Chairpersons.
2. The members of the Supervisory Board may receive remuneration for performance of their functions. The rules for awarding the remuneration and amount thereof shall be set by the General Meeting.
3. The members of the Audit Committee may receive additional remuneration for performance of their functions. The rules for awarding the remuneration and amount thereof shall be set by the General Meeting.

§ 15

The responsibilities of the Supervisory Board shall consist in constant supervision of the activities of the Company and in specificity:

1. approving of rules and regulations established in the Articles of Incorporation as needed approval from the Supervisory Board,
2. adopting of annual and long-term plans created by the Management Board,
3. assessment of the Management Board's report on the activities of the Company and the financial statement for the previous financial year – within the scope of their compliance with the Company's books and documents, as well as with the factual state, assessment of the Management Board's motions on division of profits or loss coverage and presenting the General Meeting with an annual written report detailing the results of these assessments,
4. assessment of the periodic reports of the Management Board,
5. appointment of registered auditor(s) responsible for examination of the annual financial statement of the Company,

6. appointing and dismissing of members of the Management Board, establishing the rules for remuneration of the members of the Management Board,
7. suspending, for due reasons, of chosen or all members of the Management Board,
8. delegating the members of the Supervisory Board to, for a period no longer than three months, temporarily perform the duties of the Management Board's members who have been dismissed, filed resignations or are unable to perform their duties due to other circumstances,
9. expressing consent to incorporation of other Companies and for purchasing and disposing of shares in other Companies,
10. expressing consent to borrowing and granting credit by the Company if the total value (including annual provision and interest) exceeds, in a single instance, a sum of PLN 2,500,000.00 (in words: two million, five hundred thousand Polish Zloty) or total amount of PLN 10,000,000.00 (in words: ten million Polish Zloty) during a year, or if the total annual amount exceeds 100% (in words: one hundred percent) of the Company's own funds,
11. expressing consent to sale, acquisition, exchange, pledge or establishing mortgage on the Company's assets, if the total amount of the Company's assets so disposed exceeds PLN 2,500,000.00 (in words: two million, five hundred thousand Polish Zloty), and in the case of a lease, tenancy, if the contracted period is longer than 24 months and the total value of such contract exceeds PLN 2,500,000.00 (in words: two million, five hundred thousand Polish Zloty),
12. expressing consent to payment, by the Management Board, of a pre-payment against the expected dividend for a given trading year,
13. adopting rules and regulations of the Audit Committee,
14. appointment and dismissal of the Audit Committee members.

C. THE MANAGEMENT BOARD

§ 16

1. The Management Board consists of from one to five members, including its President, appointed and dismissed by the Supervisory Board.
2. The Management Board members' term of office shall equal to three years.

§ 17

1. The Management Board conducts the affairs of the Company and represents the Company.
2. The Management Board's resolution shall be valid provided that all the members of the Management Board have been informed about the meeting thereof.
3. Except for one-person Management Board, the Management Board shall adopt their resolutions by absolute majority of votes. In the case of an equal number of votes the President's vote shall prevail.

§ 18

Upon the Supervisory Board's consent, the Management Board shall be entitled to pay to the shareholders a pre-payment upon the account of expected dividend, in accordance with the provision of the Commercial Companies Code.

§ 19

In the case of a single-person Management Board, the President of the Management Board or a commercial proxy shall be entitled to make representations on behalf of the Company, and in the case of a multi-person Management Board - two members of the Management Board or one member of the Management Board jointly with the commercial proxy.

§ 20

The Supervisory Board approves the rules and regulations of the Management Board that presents in detail the functioning of the Management Board and the method for choosing its Chairperson and members.

IV. Capital and Funds of the Company

§ 21

1. The share capital of the Company equals to PLN 2,814,144.25 (in words: two million, eight hundred and fourteen thousands, one hundred and forty-four Polish Zloty, 25/100) and is divided into 11,256,577 (in words: eleven million, two hundred and fifty six thousand, five hundred and seventy-seven) shares, each of nominal value amounting to PLN 0.25 (in words: zero point twenty-five Polish Zloty), including:
 - a) 180,000 (in words: one hundred and eighty thousand) of A series shares, including 17,400 (in words: seventeen thousand, four hundred) ordinary registered shares, and 162,600 (in words: one hundred and sixty-two thousand, six hundred) ordinary bearer shares,
 - b) 162,000 (in words: one hundred and sixty-two thousand) of B series ordinary bearer shares,
 - c) 1,770,000 (in words: one million, seven hundred and seventy thousand) of C series ordinary bearer shares,
 - d) 8,599,200 (in words: eight million, five hundred and ninety-nine thousand, two hundred) of D series ordinary bearer shares,
 - e) 545,377 (in words: five hundred and forty-five thousand, three hundred and seventy-seven) of E series ordinary bearer shares.
2. The shares are indivisible. Each shareholder may hold more than one share.
3. The shares of the Company may be redeemed upon the shareholder's consent, by way of purchase thereof by the Company (voluntary redemption).

V. Final Provisions.

§ 22

The Company's announcements shall be published by the Company in Monitor Sądowy i Gospodarczy (Court and Commercial Gazette) or on the Company's website - www.baltona.pl.