



Report concerning the implementation of the Principles of Corporate Governance in Barlinek SA in 2008



**The present report was drawn up based on par. 29 pt. 5 of the Warsaw Stock Exchange SA Regulations, in accordance with Resolution 1013/2007 of the Warsaw Stock Exchange SA's Management from December 11th 2007.
The report forms an appendix to the consolidated annual report of Barlinek SA for 2008.**

1. Statement of implementation of corporate governance

1.1. The set of principles of corporate governance to which the issuer is subject, and the place where this set of principles is publicly available

In 2008, the Company observed the principles of corporate governance included in the document "Good Practices of Warsaw Stock Exchange Registered Companies".

The set of principles "Good Practices of Warsaw Stock Exchange Registered Companies" is available publicly at:

<http://www.corp-gov.gpw.pl/assets/library/polish/dobrepraktyki2007.pdf>

1.2. The areas in which the Company diverged from the provisions of the set of principles of corporate governance, an indication of these resolutions and an explanation of the reasons for the divergence

The company fully implements most of the rules of "Good Practices of Warsaw Stock Exchange Registered Companies", with the exception of those principles described below, which are not applied either permanently or temporarily, or only within a limited scope.

At the same time, the Management of Barlinek SA announces that it will continuously check investors' expectations regarding the Company's position on the principles of good practices which are not implemented, and when changes in this field are considered essential, the appropriate decision will be made by Management or the relevant company bodies.

Part II "Good Practices Implemented by Management of Registered Companies"

Rule nr 1. "The company runs a corporate website which includes:"

pt. 4: "information about the date and venue of the general meeting, the agenda and draught resolutions along with justifications and also other available materials connected with the company's general meetings, at least 14 days before the date set for the meeting."

This rule is not and will not be implemented in the part concerning the inclusion on the Issuer's website of the draught resolutions and also other available materials connected with the company's general meetings. In this sphere the Issuer observes and will continue to observe the time scales resulting from par.38 section 1 pt. 3 in connection with par. 100 section 5 Ordinance of the Minister of Finance of 19th February 2009 regarding current and periodic information to be submitted by issuers of securities and other obligations resulting from the generally applicable legislation and regards these as sufficient.



pkt. 6: "the annual report into the activities of the supervisory board, taking the work of its committees into account, along with an assessment published by the supervisory board of the work of the supervisory board, the internal control system and system for managing risks important to the company."

This rule is not and will not be implemented in the part concerning the report on the work of the committees. No committees have been appointed within the Supervisory Board, as it includes members with knowledge and competence in the field of accountancy and finances.

pt. 7: "shareholders' questions regarding matters included on the agenda, asked before and during the general meeting, along with replies to the questions asked."

This rule is not and will not be implemented. Minutes of the General Meeting of Shareholders are kept by a notary. The Chair of the Meeting decides on whether or not to include individual questions in the minutes, based on the legislation, importance of a given matter and justified demands of the shareholders. Participants in the GM, in line with the resolutions of the commercial company's code and the GM's regulations, are entitled to make written statements which are added to the minutes. The Company considers that these principles are sufficient to ensure the transparency of the Meetings proceedings.

pt. 11: "The company runs a corporate website which includes information gathered by the management, based on a statement by a member of the supervisory board, about the relationship between the member of the supervisory board with a shareholder owning share entitling him to at least 5% of the total number of votes at the company's general meeting".

This rule is not and will not be implemented by the Issuer's Management. The Issuer's Management does not have the aforementioned statements by members of the Supervisory Board owing to the non-implementation of nr 2 of part III of the set of rules.

Rule nr 3 - "Before the company signs a significant contract with an associated entity, Management consults the Supervisory Board for its approval of this transaction/contract. Ordinary transactions undertaken in market conditions as part of the company's ongoing operational business with a subsidiary in which the company owns a majority capital share are not subject to the above duty. For the requirements of the present set of rules, the definition of an associated entity is that of the Ordinance of the Minister of Finance of 19th February 2009 regarding current and periodic information to be submitted by issuers of securities."

This rule is not and will not be implemented. The regulations included in the applicable legislation and the Issuer's Statute concerning transactions/contracts undertaken with associated bodies are followed, and Company Management considers them sufficient. The competences of the Supervisory Board include constant supervision of the Issuer's activities, both in the field of deciding whether any important contracts may be signed and when applying to them the value criteria included in the statute.

Part III "Good Practices Implemented by Members of the Supervisory Board"



Rule nr 2 - "A member of the supervisory board should pass on to the management information concerning his connections with a shareholder owning shares representing at least 5% of the total number of votes at the general meeting . The above obligation only concerns connections of an economic, family or other nature which may influence the board member's attitude towards a matter being investigated by the board."

In accordance with the information supplied to Management by the Supervisory Board, this rule is not and will not be implemented by the Issuer's Management. The criteria for a Supervisory Board member's behaviour for the good of the Issuer and shareholders, and the responsibility for any eventual actions detrimental to the Issuer or shareholders envisaged in the legislation is appropriate and sufficient.

Rule nr 6 - "At least two members of the supervisory board should meet the criteria for independence from the company and entities significantly associated with it. As regards the independence criteria for members of the supervisory board, Appendix 2 of the European Commission Directive of February 15th 2005 concerning the role of non-executive directors and directors sitting on the supervisory boards of registered companies and (supervisory) board committees should be applied. Regardless of the resolutions of pt. b) of the aforementioned Appendix, a person employed by the company, a subsidiary or associated entity cannot be considered to meet the criteria for independence referred to in the Appendix. Additionally, relations with a shareholder which exclude an entity from independence of a supervisory board member are understood in the present rule to be real and significant associations with a shareholder owning the rights to execute 5 % or more of the votes at the general meeting."

In accordance with the information supplied to Management by the Supervisory Board, this rule is not and will not be implemented by the Issuer's Supervisory Board. In accordance with the applicable legislation, members of the Supervisory Board are appointed sovereignly by the Issuer's General Meeting of Shareholders. In light of the above, there is no basis for limiting the freedom of electing members of the Supervisory Board. The criteria for assessing the choice of a Supervisory Board member is his behaviour for the good of the Issuer and shareholders, and the responsibility for any eventual actions detrimental to the Issuer or shareholders envisaged in the legislation is appropriate and sufficient.

Rule nr 7 - "There should at last be an audit committee functioning within the supervisory board. This committee should contain at least one member independent of the company and entities significantly associated with it, and possessing competences in the fields of accountancy and finances. In companies where the supervisory board consists of the minimum legally required number of members, the tasks of the committee may be conducted by the supervisory committee."

In accordance with the information supplied to Management by the Supervisory Board, this rule is not and will not be implemented as there are no committees functioning in the Supervisory Board. In matters belonging to the competences of the committees, the Supervisory Board conducts the work and takes the decisions collectively, and it contains members possessing knowledge and competencies in the field of accounting and finances.



Rule nr 8 - "In the field of tasks and functioning of committees acting within the supervisory committee, Appendix I of the European Commission Directive of February 15th 2005 concerning the role of non-executive directors should be applied (...)."

In accordance with the information supplied to Management by the Supervisory Board, this rule is not and will not be implemented by the Issuer's Supervisory Board, as rule no. 7 of part 3 of "Good Practices Implemented by Members of the Supervisory Board" is not applied. No committees function within the Supervisory Board.

Rule nr 9 - "The signing of a contract or initialising a transaction with an associated body, which fulfils the conditions mentioned in part II pt 3 requires the approval of the supervisory board."

This rule is not and will not be implemented. The regulations included in the applicable legislation and the Issuer's Statute concerning transactions/contracts are sufficient. The competences of the Supervisory Board include constant supervision of the Issuer's activities, both in the field of deciding whether any important contracts may be signed and when applying to them the value criteria included in the statute.

Part IV "Good Practices Implemented by Shareholders"

Rule nr 1 - "Representatives of the media should be able to attend general meetings."

In Management's opinion, this rule is not and will not be implemented. The legislation regulating the functioning of public companies are sufficiently precise in defining the principles for informing about all events subject to informational obligations. The publishing of information is subject to considerable limitations, breaching which could lead to responsibility by the Issuer. The applicable legislation, including the Ordinance of the Minister of Finance of 19th February 2009 regarding current and periodic information to be submitted by issuers of securities, which regulates the execution of the informational obligations placed on public companies in the field of openness and transparency of matters dealt with by the General Meeting are respected absolutely by the Issuer. Persons entitled by and serving the General Meeting of Shareholders participate in the GM, and in the case of questions concerning the GM directed to the Company by representatives of the media, the Company promptly issues the appropriate replies.

The Company publishes information regarding rules of Corporate Governance on its Internet website: www.barlinek.com.pl.

1.3. Shareholders owning significant share packages, either directly or indirectly through associated entities

As of 31.12.2008, the following shareholders possessed at least 5% of the total number of votes at the General Meeting:

Details

Situation as of 31.12.2008



	Number of shares and votes at the AGM	% share in the share capital and % share in the overall number of votes at the AGM
Michał Sołowow – directly	50 843 504	52.535%
Michał Sołowow – directly through Barco capital Investment Limited	16 132 128	16.669%
Michał Sołowow – directly or indirectly through Barcocapital Investment Limited	66 975 632	69.204%
Other shareholders combined	29 804 368	30.796%
Total	96 780 000	100.00%

1.4. Owners of securities which give special control rights

The Company has not issued securities which give special control authorisations in relation to it.

1.5. Limitations concerning transfer of ownership rights to Company securities and executing the right to vote conferred by shares.

In accordance with art. 337 of the Commercial Companies Code and in connection with § 8 item 1 of the Company Statute, Company shares can be sold without any limits.

The Company has not introduced any limits in the field of execution of voting rights.

1.6. The principles concerning the appointment and dismissal of managing persons and their entitlements, in particular the right to decide on the issue or purchase of shares.

According to the regulations of the Statute of "Barlinek" S.A. the Management shall be one or numerous persons. The Management or its particular members appoint, dismiss and suspend the Supervisory Board, which chooses the President of the Management Board and possibly the Vice President of the Management Board. The Management Board of the Company is appointed for a period of 3 years, in that, the term of office the first Management Board may not exceed 2 years. Members of the Management Board invoke the period of joint term of office, which does not exclude the right to earlier dismissal of each member of the Management Board. The mandate of members of the Management Board expires at the latest on the day of the General Meeting confirming the financial report for the last full year the term of office of the Management Board. In the event of the resignation of a member of Management from the function he holds, a resignation statement should be submitted to the Supervisory Board.

The Management Board of the Company under the direction of the President conducts the business of the Company and represents it externally. In the event of the appointment of a



Management Board of numerous persons for the submission of statements of will in the name of the Company co-operation is required of two members of the Management Board or one member together with an appointed Plenipotentiary.

The incurring of obligations and the ordering of rights by persons submitting statements in the name of the Company in the extent of matters included in the current operations of the Company – if their value exceeds 20% of the equity capital of the Company and beyond current operations of the Company – if their value exceeds 10% of the equity capital requires the consent of the Supervisory Board. The Management Board conduct all current operations Company in the extent not reserved by the regulations of the Commercial Companies Code and the Statute of the Company to the competence of the General Meeting of Shareholders and the Supervisory Board.

Decisions of issue and purchase of shares are regulated by the regulations of the Commercial Companies Code.

1.7. Rules for Changing the Company Statute

Changes to the Company Statute take place in accordance with art. 430 § 1 of the Commercial Companies Code and § 22 item 1 pt. 6 of the Company Statute, by means of a resolution of the Company's General Meeting. Three weeks before the date of the General Meeting, the Company, in announcing the calling of a General Meeting in accordance with art. 402 § 2 of the Commercial Companies Code, establishes the form of the changes to the Company Statute and the present resolutions which are to be changed. In addition, after the General Meeting passes changes to the Company Statute, each change in the Company Statute must be entered in the Company register of the National Court Register kept by the appropriate court for the Company's headquarters in order to be valid, this registration takes place based on a request lodged by Management according to art. 430 § 2 of the Commercial Companies Code no later than three months after the resolution is passed by the General Meeting.

1.8. The method of operation of the General Meeting and its basic authorisations, and the rights of shareholders and method of executing them

The General Meeting of Shareholders (General Meeting) is the highest body in the Company, appropriate to passing the most important resolutions concerning the structure and functioning of the Company, acting on the basis of the Commercial Companies Code act of September 15th 2000 (Journal of Laws 2000 Nr 94, item 1037, with subsequent amendments), the Company Statute and the Regulations of the Barlinek SA General Meeting passed by the Company OGM on June 19th 2006, as amended by resolution of the OGM on June 27th 2008.

A General Meeting may be either Ordinary or Extraordinary. The General Meeting operates according to the mode and principles defined in the Commercial Companies Code, as well as the provisions of the Company Statute and the Session Regulations of the Barlinek SA General Meeting.

An Ordinary General Meeting is called by the Company Management, and should be called no later than six months after the end of each financial year. An Extraordinary General Meeting is called



by Management on its own initiative, at the written request of the Supervisory Board or at the request of shareholders representing no less than 10 % (ten per cent) of the share capital. The meeting should be called by the Management no later than two weeks from the date of the request being made by the Supervisory Board or shareholders, for the date stated in the request or, in the event that there are serious obstacles to this date, at the earliest date which enables the General Meeting to decide on the matters raised at the session.

An Extraordinary General Meeting may be called by the Supervisory Board in the following circumstances:

- An Ordinary General Meeting has not been called by Management within six months after the end of each financial year,
- Management has not called an Ordinary General Meeting within two weeks of a request being submitted by the Supervisory Board or shareholders, for the date stated in the request. The request to call a General Meeting and include specific matters on its agenda, submitted by the authorised bodies mentioned above, should be justified. The request should also contain draught resolutions proposed for passing by the General Meeting.

The General Meeting of Shareholders of Barlinek SA is held at the Company's headquarters or any other location in the Polish Republic indicated in the General Meeting announcement. The General Meeting is held on the date stated in the announcement published in the Official National Gazette, in accordance with the applicable legislation. The General Meeting is called by an announcement which should be made at least 3 (three) weeks before the date of the General Meeting. The announcement should include the date, time and venue of the General Meeting and a detailed agenda. Draught resolutions proposed for acceptance by the General Meeting and other relevant materials are presented to the shareholders (if so required by the Company Statute or applicable legislation, along with a justification and opinion from the Supervisory Board) before the General Meeting at a time and place allowing them to be familiarised with and assessed. Draught resolutions should be formulated in a concise and legible way. The agenda of the General Meeting is established by the body calling the General Meeting. In the event that the General Meeting is called by Management, it establishes the agenda in co-operation with the Supervisory Board. The Supervisory Board and shareholders representing at least 10 % (ten per cent) of the share capital may demand the inclusion of individual matters on the agenda of the next General Meeting. Such requests should be made to Management in writing no later than one month before the proposed date of the general meeting. In matters not covered by the agenda, the Meeting may not pass legally binding resolutions, unless the entire share capital is represented at the Meeting and none of the shareholders present has expressed disagreement with the passing of the resolution. The following may be passed: A request to call an Extraordinary General Meeting, and requests concerning order, even if these were not included on the agenda.

Any shareholder who meets the requirements of art. 406 § 3 of the Commercial Companies Code is entitled to participate in the General Meeting. The General Meeting consists of those



shareholders who are present at the meeting and participate in its session. Shareholders may participate in the General Meeting and execute their voting rights either in person or through a representative or attorney. Power of attorney must be granted in writing to be valid, by persons so entitled in accordance with the extract from the appropriate register (no older than 3 months before the date of the Meeting for which the power of attorney is included) or, in the event of physical entities, in accordance with the regulations of the Commercial Companies Code, and attached to the minutes of the Meeting. It is assumed that a written document confirming the right to represent a shareholder at the General Meeting is compliant with the law and does not require additional confirmation, unless its authenticity or validity is justifiably doubted by company Management (when signing the attendance register) or Chair of the General Meeting. Company shareholders participate in the General Meeting if, at least a week before the General Meeting takes place, they submit with the Company a registered deposit certificate issued by a body running a securities account in accordance with the provisions of the Act on Trading in Financial Instruments. A list of shareholders entitled to participate at the Ordinary General Meeting, signed by Management and containing full names of persons or companies entitled, addresses, number of shares and number of votes to which they are entitled, will be displayed at the Company's headquarters for three days before the General Meeting takes place. A natural person may give a delivery address rather than a home address. Every shareholder or representative may review the list of those entitled and request to be issued with a copy of the list or copies of requests in matters covered by the agenda, in return for the cost of producing these documents. Management introduces persons invited to the General Meeting. Management invites expert auditors to the General Meeting if the agenda includes the Company's financial matters. Members of the Supervisory Board and the expert auditor should, as far as their competences allow and is necessary to settle matters discussed at the General Meeting, provide participants with explanations and information regarding the Company, taking into account that the company carries out its informational obligations as required by the legal documentation, and information may not be provided in any other way than that required. The General Meeting is opened by the Chairman of the Supervisory Board, or its Vice Chair, a Member of Management or other person indicated by the Chairman of the Supervisory Board, and in the event of their absence, the shareholder participating in the Meeting who represents the largest part of the share capital. Absence at the General Meeting of a Member of the Management or Supervisory Board requires an explanation, unless this absence results from the duty of conducting company business. The person entitled to open the General Meeting first of all conducts the election of the Chair of the Meeting from among those entitled to vote, while refraining from any other factual or formal questions. He or she may make a point of order with regard to this, and manage a vote in the matter of the election. The Chair of the General Meeting ensures the smooth running of proceedings and respect for the rights and interests of all shareholders. The Chair should in particular act against abuse of entitlements by participants in the meeting, and ensure minority shareholders' rights are upheld. The Chair should not



resign from the function without valid reasons, nor delay the signing of the General Meeting minutes without due cause.

A General Meeting called by shareholders on the basis of a court ruling is opened by the person designated by the court as Chair of the Meeting. This person also chairs the meeting.

The Chair is elected in a secret ballot. Only a natural person may be elected Chair of the Meeting - a shareholder, statutory representative or attorney. Should it prove necessary and justified by the Meetings requirements, a Deputy Chair or Chairs may be appointed. The Chair of the General Meeting manages its proceedings in such a way as to ensure they run smoothly and in line with the law and the resolutions stipulated on the agenda are passed. In particular, the Chair carries out the following actions:

- after accepting chairmanship, he/she signs the attendance register and supervises its display;
- confirms that the Meeting has been properly called;
- puts the agenda given in the announcement to the vote;
- gives the floor to participants in the proceedings, members of company bodies and invited persons;
- where necessary takes part in editing the text of motions put to the vote;
- manages the voting, informs shareholders of its principles and the method of passing resolutions;
- announces the results of ballots;
- allows those expressing opposition to resolutions to present their arguments and a brief justification of their opposition;
- manages the work of the secretariat keeping the attendance register, the Meeting's appointed commissions and the auxiliary staff;
- takes decisions on points of order;
- at the request of a participant in the General Meeting, accepts his/her written statement to be minuted;
- closes the General Meeting once the agenda has been exhausted.

When circumstances justify it, the Chair may proclaim short intervals in the proceedings, not amounting to a delay. These intervals must not be intended to hinder shareholders executing their rights.

Immediately on signing the attendance register, the Chair organises its display for the shareholders to review. The attendance register should contain a list of the participants in the General Meeting, i.e. the shareholders, their statutory representatives and attorneys along with the number of shares and the votes to which these entitle them.

At the request of shareholders possessing one tenth of the share capital represented at the General Meeting, the attendance register should be checked by a committee appointed for this purpose and consisting of at least three persons. The applicants have the right to choose one member of the commission. Interested shareholders have the right to appeal to the General Meeting against



the commission's decision. Everyone entitled to take part in the General Meeting should sign the attendance register, statutory representatives and attorneys of entitled shareholders should submit original letters of attorney in writing. The attendance register is available for review throughout the Meetings proceedings.

A shareholder (or his representative) who was missed on the list of shareholders should be entered on the attendance register, if he is present at the General Meeting and demonstrates that he is entitled to participate in its proceedings. Similarly, the register should be appended if, after it is signed by the Chair, further shareholders announce their entitlement to participate in the General Meeting. In the event that a participant in the Meeting leaves the proceedings or a shareholder included on the register is refused the right to participate in the Meeting due to a lack of evidence for his entitlement, the register should be corrected appropriately by deleting this person.

The General Meeting may validly take place and pass legally binding resolutions regardless of the number of shareholders present or shares represented at the Meeting, unless the provisions of the Commercial Companies Code or other applicable legislation state otherwise.

Voting at the General Meeting is open. Secret ballots are organised for elections, and for motions to remove members of Company bodies or liquidators, or hold them to account, and in personal matters. Apart from this, secret ballots should be held at the request of at least one of the shareholders present or represented at the General Meeting.

Resolutions are passed at the General Meeting by a simple majority of votes cast, unless the provisions of the Commercial Companies Code or Company Statute require a different majority to effectively pass specific resolutions. Resolutions should be formulated in such a way that everyone who is entitled and does not agree with the merit of the question which the subject of the resolution has the possibility to object.

A qualified majority - 3/4 (three quarters) of votes cast - is required to pass resolutions in the following matters:

- 1) a change to the Company Statute, including issuing new shares;
- 2) issuing convertible shares and bonds with share acquisition privileges;
- 3) share remittance;
- 4) reducing share capital;
- 5) selling a Company enterprise or one of its organised parts;
- 6) merging the Company with another company;
- 7) dissolving the Company;
- 8) continuing the Company despite circumstances arising which justify its dissolution and liquidation; and in any other matters absolutely stipulated by law.

A 2/3 (two thirds) majority of votes is required for a resolution to change significantly the subject of the Company's business. Such a resolution must be passed in the presence of persons representing at least half of the share capital.

Voting at the General Meeting may take place using electronic vote counting equipment.



The following matters in particular belong exclusively to the competences of the Ordinary General Meeting:

- examining and confirming the Company's financial report for the previous financial year;
- examining and confirming the Management's report into the Company's activities for the previous financial year;
- passing resolutions regarding profit sharing or the method of covering the previous financial year's losses;
- granting Company bodies exoneration from carrying out their duties in the previous financial year.

The General Meeting of Shareholders may decide by resolution to exclude the Company's annual profit from distribution among the shareholders and leave it in the Company to meet its needs.

The Ordinary General Meeting decides by resolution when dividend day falls. Dividend day may not be designated later than three months after the day the General Meeting passes the resolution to allocate the profits for distribution among shareholders.

The General Meeting's resolutions are minuted. The minutes of the General Meeting are drawn up by a notary in the form of a notarial document. Failure to fulfil this duty renders the resolutions absolutely invalid.

The minutes of the General Meeting should include:

- 1) confirmation that the Meeting has been properly called;
- 2) confirmation of its ability to pass resolutions;
- 3) the text of the resolutions passed by the General Meeting;
- 4) the number of votes cast for each resolution;
- 5) a note of objections raised;
- 6) a mention of whether the ballot was open, secret or in groups;
- 7) written declarations by the participants in the General Meeting, if a request regarding this has been submitted by a participant and is connected with important matters subject to the General Meeting's proceedings.

The Company bears the cost of drawing up the minutes. Evidence of the calling of the General Meeting and proposed agenda, the attendance register signed by the Meeting's participants and Chair, letters of attorney and other documents submitted by shareholders' representatives should be attached to the notarial documents. Regardless of the notary's minutes, the Chair of the Meeting may have a full set of minutes of the General Meeting drawn up, recording the entirety of the Meeting's proceedings and the text of individual statements. The minutes are drawn up by a secretary chosen by the Meeting.

The minutes of all General Meetings are attached to the minute book kept by Management. Every shareholder, even those not participating at the General Meeting, may inspect the minute book and request all or part of the minutes to be issued for a fee.



1.9. Personnel and operating principles of the Company's managing and supervisory bodies and their committees

1.9.1. COMPOSITION OF THE SUPERVISORY BOARD

On 31.12.2008 the Company's Supervisory Board consisted of the following:

1. Mariusz Gromek – Chairman of the Supervisory Board
2. Mariusz Waniołka - Vice Chairman of the Supervisory Board,
3. Grzegorz Miroński - Member of the Supervisory Board,
4. Kamil Latos – Member of the Supervisory Board,
5. Rafał Kwiatkowski – Secretary of the Supervisory Board

Extraordinary general shareholders meeting of Barlinek Spółka Akcyjna with registered offices in Kielce on the 4 July 2008 appointed Supervisory Board for the new term. The council included:

1. Mariusz Gromek
2. Mariusz Waniołka
3. Kamil Latos
4. Grzegorz Miroński
5. Rafał Kwiatkowski

1.9.2. The Supervisory Board's Operating Principles

The Supervisory Board of Barlinek SA operated on the basis of regulations of the Commercial Companies Code (Journal of Laws 2000 Nr 94, item 1037, with subsequent amendments), the Company Statute, the Supervisory Board Regulations and in accordance with the "Good Practices Applied by Warsaw Stock Exchange Registered Companies".

The Supervisory Board consists of at least five (5) members appointed and recalled by the General Meeting for a term of three years, with the members being appointed for a joint term, which does not exclude the possibility of recalling each of the Supervisory Board members early. Supervisory Board Members may be re-elected to the Supervisory Board. The numerical strength and personnel of each Supervisory Board is established by a resolution of the General Meeting. The Supervisory Board chooses from among its number a Chair of the Supervisory Board, a Vice Chair and a Board Secretary. A Supervisory Board Member may only discharge his duties in person.

Supervisory Board Members delegated to permanent individual supervision may not engage in competing businesses, or participate in any competitor company as a partner in a for the company's business, and is not a member of a body in a competitive company of any form, and does not sit on the board of a competitive legal entity. This ban also covers participation in any other competing company in the event that the Supervisory Board Member holds at least 10% of the stocks or shares, or is entitled to appoint at least one member of its management.



Members of the Supervisory Board may be recalled at any time by the General Meeting of Shareholders.

A Member of the Supervisor Board may resign from his function before the end of the term for which he was appointed by submitting a declaration to the General Meeting to this effect. The mandate of a member of the Supervisory Board expires at the latest on the day of the General Meeting confirming the financial report for the last full year of the term of office of the Supervisory Board. The mandate also expires on the death or recall of a Board member, at the moment this takes place.

Sessions of the Board are called by the Chair or, in the event of his absence, the Vice Chair, who in this case acts as Chair. Management or a member of the Supervisory Board may request a Supervisory Board session be held, giving a proposed agenda. The Chair of the Supervisory Board calls the session for no later than two weeks after the date the request was received. Supervisory Board sessions are held at the Company headquarters, or at a venue indicated by the Chair.

For resolutions of the Supervisory Board to be valid, all members of the Board must be informed of the session, and at least half of the members must be present. Members of the Supervisory Board may take part in passing resolutions by voting in writing through another member of the Supervisory Board. Voting cannot take place in writing on matters introduced to the agenda during the session of the Supervisory Board. Resolutions of the Supervisory Board may be passed in writing or by means of direct understanding. A resolution is valid if all members of the Supervisory Board have been informed of the contents of the draught resolution. Supervisory Board resolutions are passed by a majority of votes cast. If there is a tie in the number of votes when a resolution is being passed by the Board, the chair has the casting vote. Supervisory Board sessions are minuted. Resolutions of the Supervisory Board are minuted in such a way as to form appendices to the minutes, or are included in the text of the minutes themselves. The minutes should also include: the date and venue of the Board session, the agenda, the full names of the Board Members present, the number of votes cast for each individual resolution. The minutes must be signed by all members of the Board present at the session. Any dissenting opinions of board members present at the session should also be included with the minutes. The minutes are stored in the Office of Company Management.

In order to carry out its duties, the Supervisory Board has the right to monitor the full extent of the Company's activities, particularly:

- requesting that the Management present documents and other materials concerning the Company's activities,
- checking Company files and documents,
- requesting reports and explanations from Management,
- reviewing the state of the Company's assets.

The Supervisory Board has the right to present motions to the General Meeting in any matter which forms part of its tasks and entitlements. The Supervisory Board fulfils its functions collectively,



however it can pass a resolution to delegate its members to fulfil defined supervisory functions independently. The Company Management's office manages the clerical services for the Supervisory Board. No committees function within the Supervisory Board of Barlinek SA. In matters belonging to the competences of the committees, the Supervisory Board conducts the work and takes the decisions collectively. The Supervisory Board contains members with the appropriate knowledge and competences in this field.

1.9.3. Company Management:

On 31.12.2008 the Company's Supervisory Board consisted of the following:

1. Paweł Wrona – President of the Management Board
2. Wioleta Bartosz – Member of the Management Board,
3. Ryszard Pyrek – Member of the Management Board,
4. Marek Janke – Member of the Management Board,

In 2008 there were no changes in the composition of the managing personnel.

1.9.4. Management's Operating Principles

The Management of Barlinek SA operate on the basis of regulations of the Commercial Companies Code (Journal of Laws 2000 Nr 94, item 1037, with subsequent amendments), the Company Statute, the Management Regulations and in accordance with the "Good Practices Applied by Warsaw Stock Exchange Registered Companies".

Company Management consists of one or more persons. The Management or its particular members appoint, dismiss and suspend the Supervisory Board, which chooses the President of the Management Board and possibly the Vice President of the Management Board. The term of office of the first Management lasts two years, terms for subsequent Boards three years, while members of the Management Board invoke the period of joint term of office, which does not exclude the right to earlier dismissal of each member of the Management Board. The mandates of members of the Management Board expire on the day of the General Meeting confirming the financial report for the last year of the term of office of the Management Board. Management Members may be re-elected to the Management Board. The Board of Management or its individual members, may be dismissed by the Supervisory Board before their tenure has ended. In the event of the resignation of a member of Management from the function he holds, a resignation statement should be submitted to the Supervisory Board.

In the event of the appointment of a Management Board of numerous persons for the submission of statements in the name of the Company, the co-operation of two members of the Management Board or one member together with an appointed Plenipotentiary is required.

The Management Board conducts all current Company operations to the extent that these are not reserved by the regulations of the Commercial Companies Code and the Statute of the Company, and not reserved for the General Meeting of Shareholders and the Supervisory Board. Acquisition and



sale of property, perpetual usufruct or shares in property or in perpetual usufruct form part of Management's competences, except where indicated otherwise by § 20 item 2 pt. 6 or 7 of the Statute. Company Management, in carrying out the entitlements of the Partners' Meeting in subsidiaries is obliged to seek the prior consent of the Company's Supervisory Board, in the event that the liabilities taken out or order of rights by the subsidiary is to exceed the limits defined in 20 item 2 pt. 6 of the Statute.

Management, when taking decisions in Company matters, is obliged specifically to act within the limits of justified economic risk, after careful analysis of all the available information, expertise and opinions which, in Management's opinion, should be taken into consideration in the Company's interest.

In addition, the Board of Management submits motions regarding matters directed to the proceedings of the General Meeting to the Company's Supervisory Board for its opinion. Information concerning opinions issued is published by the Company immediately after it is received from the Supervisory Board.

In their contact with the mass media, Members of Management may only give generally available information regarding the Company. Any statements for the mass media about financial forecasts and the Company's or Management's action strategies are reserved for the Chair of the Board.

The Board of Management takes decisions by resolution. Management Board resolutions are passed by an absolutely majority of votes. Management Board sessions are minuted. The minutes are stored in the Office of Company Management.

In 2008 Company Management, in defining its strategic aims, as well as its present tasks, was guided by the Company's best interests and the legal regulations, and also took into consideration the interests of shareholders, partners, customers, Company employees and creditors. In an attempt to ensure the transparency and efficiency of the system of management, the Board observed the principles of professional behaviour within the limits of justified economic risk, taking into account the broad range of information, analyses and opinions available.

Kielce, 30th November, 2009

The Board:

Paweł Wrona President of the Management Board

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Wioleta Bartosz Member of the Management Board

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Ryszard Pyrek Member of the Management Board

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Marek Janke Member of the Management Board

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