



BOARD OF DIRECTORS RULES AND REGULATIONS

**"Będzin" S.A. Power and Heat Plant-Joint
stock company**

Approved in the resolution No. 14/VII/2009 Adopted by the Supervisory Board of
Power and Heat Plant "Będzin" S.A.
on 23rd September 2009

Come into force on 23rd September 2009

I. GENERAL REGULATIONS

§ 1

1. The Board of Directors is the Company's maximum executive, supervisory and administrative body of the Power and Heat Plant Będzin S.A. (hereinafter referred to as the 'Company').
2. The Board of Directors bears a statutory responsibility for the appropriate management of all the activities of the Company.

§ 2

3. The Board of Directors, by virtue of the Law, Trade Companies Code and Company's Charter, shall exercise its basic functions and responsibilities towards the Company and towards the third parties.
4. The Board shall introduce and put into practice resolutions adopted by the Company. The regulation of the article 375¹ of the Trade Companies Code is hereby applied.
5. The Board has the power to carry out all legal administration and disposal acts and businesses; it shall lay the foundations for the corporate organization and adopt appropriate decisions concerning all the matters included in the scope encompassed within the defined limits.
6. On behalf of the Company as an employer, the Board shall perform the activities concerning the employment contracts and conditions, in a manner defined in the following document.

II. COMPOSITION OF THE BOARD, APPOINTMENT AND TERMINATION OF THE DIRECTORS

§ 3

1. The appointment and removal procedures are defined in the Company's Charter
2. The Board of Directors shall be made up of a number of Directors to be established by the body appointing the Board within the limits laid down by the Company's Charter.
3. The Board's term of office is defined in the Company's Charter.

III. MANAGEMENT OF THE COMPANY'S BUSINESS AND REPRESENTATIVENESS

§ 4

1. Carrying out the businesses of the Company, the Board shall exercise all the legal and factual activities, which are crucial for the appropriate organization and working of the Company, within the scope of its activities defined in the Company's Charter with the exception of the matters regulated by other Regulations for different bodies of the Company.
2. The Directors are obliged to perform their duties in person.
3. The Directors must act with appropriate diligence of the loyal representative, taking into account the professional side of the duties.
4. Distribution of competence among the Directors shall be defined by the appropriate resolution of the Board.

5. Transferring the businesses in progress and documents concerning these businesses by the Board or the Director who has completed its mandate shall be made by means of the protocol.
6. The Board Chairperson is responsible for:
 - representation of the Board within the power defined by the Board
 - managing the Board's activities, exercising other functions concerning ordinary management of the Company with the exception of those reserved for the exclusive power of the Board or other bodies of the Company.
7. The Directors are obliged to:
 - supervise the work and decision within the responsibilities entrusted to them manage the work of directly subordinate units.
8. The Directors shall perform their functions and make decisions concerning the matters not reserved to the Board or the Chairperson, within the scope of the entrusted functions and subordinate units' activities
9. The Directors may, as well, decide upon other issues within the power given to them by the Board.

§ 5

1. The Board shall represent the Company before court and out of the court.
2. The rules of making declaration of will on behalf of the Company are defined in the Company's Charter. The matters not decided by virtue of the Company's Charter are subject to the regulations included in the Trade Companies Code.

IV. ACTION PRINCIPLES OF THE BOARD OF DIRECTORS AS A COLLECTIVE BODY

§ 6

1. The Board Chairperson supervises the work of the Board
2. In the absence of the Chairperson, his responsibilities and competences defined in the present document are performed by the delegated Director, and should the Chairperson not delegate the deputy, the Director with the longest tenure shall stand in for the Chairperson.

§ 7

1. The Board of Directors shall hold the ordinary meeting with the regularity that may deem the most suitable for the Company's good progress.
2. The Board may adopt the resolution to draw up the Agenda of the meetings with fixed days of the week and time. The proposals to introduce to the order of the scheduled meetings shall be submitted (together with the appropriate materials) at least three working days before the date of the meeting. Service Department is responsible for a prompt distribution of the materials to all the members of the Board of Directors and other participants of the particular meeting.
3. The power to call the meeting of the Board of Directors and, when applicable, to draw up the Agenda thereof, corresponds to the Chairperson, who, nevertheless must call it when so requested by any member of the Board, with an indication to the date and place of the meeting (with the exception of the matters included in paragraph 2)

4. The formal notice of an ordinary meeting (described in paragraph 3) shall be made in writing (by fax, e-mail, text message, or by other means of communication) and shall be **authorized** by the signature of the Chairperson. The notice of the meeting shall include the date, place and order of the meeting and it shall be accompanied by the materials to the meeting or by information about the place of availability of the materials concerning the meeting's intended Agenda. The notice shall be given to all the members at a minimum of two working days in advance of the date set for the meeting.
5. The members of the Board are obliged to inform the Chairperson about an intended absence at the meeting. The notice shall be given in any form- written (by fax, e-mail, text message and others) or spoken (personally or by phone).
6. Every member of the Board can submit a proposal to call the meeting or to place a certain matter (or a resolution project) in the meeting's order. Should the matter proposed not be placed in the order of the meeting, the member may apply for introducing the matter during the meeting. However, such a proposal must be decided upon by voting.
7. The meeting of the board is held by the Chairperson, who is obliged to
 - introduce the participants the order of the meeting and accepted supplements
 - present the protocol to be accepted and signed by the members, unless it has not already signed by all the participants of the particular meeting.
 - formulate the projects of the resolutions decided upon by voting
 - manage and hold the voting process, starting with the presentation of the proposed amendments, then projects of resolution and finally announcing the results of the voting.

§ 8

1. The resolutions of the Board are adopted only at the meetings of the Board.
2. The resolutions may be adopted when all the members of the Boards were appropriately informed about the place and date of the meeting. In case of the appropriateness in the informative process, to adopt the resolution the presence of half of all the Board members are sufficient.
3. The project of the resolutions is put to the vote. The voting shall only be open and it is preceded by a debate on this matter. All the participants, including the people invited to the meeting and not being the employees of the Company, may take part in the debate.
4. The right to vote on the project of the resolution is owned only by the members of the Board. This right cannot be transferred to the third parties.
5. On an exceptional basis, when the urgency of the situation so requires, the Chairperson may propose the adoption of resolutions without a meeting and in writing, namely by signing the document by all the members of the Board.
6. The outvoted member of the Board has the right to propose a separate sentence in a written form and may demand to place his sentence in the protocol.
7. The Chairperson has the right to stop the meeting, when the urgency of situation so requires, and schedule the meeting for the other date, however, the delay may not exceed three working days.

§ 9

1. The Board shall vote the resolution in each case of proposing such a resolution by the member of the Board.
2. It is required, but not exclusively, to adopt the resolution of the Board, in cases which with their significance exceed the power of an ordinary Board, namely:

- submitting the proposals to the Board of Supervisors and to the General Meeting,
- calling meetings of the Company's bodies other than the Board meeting,
- organizational structure,
- the Board of Directors Rules and Regulations,
- adopting the regulations of working conditions and other regulations defining the Company's function,
- granting of procuration,
- presenting strategies and long-term plans of the Company to the Board of Supervisors and ensuring of their possible implementation,
- accepting the Financial Report after passing of the trading year
- accepting and changing the Company Collective Labour Contracts,
- drawing up the agreement amounting to more than EUR 412.000,
- delegating the Committee of giving public orders.

§ 1 0

1. The meetings of the Board are recorded. The protocol of the meeting should include: the number of the meeting, the date of the meeting, names of the members of the Board present at the meeting, names of other participants, the order of the meeting, subject to the meeting and the content of adopted resolution, as well as the results of voting and separate sentences proposed by members. The resolutions should be numbered as well. The resolutions may be enclosed in a separated document, which constitutes the annex to the protocol. It is possible to make duplicates of the resolutions of the Board.
2. The protocol is prepared by the person indicated by the Chair of the Board.
3. All the documents and materials which are subject to the debate shall be enclosed to the protocol.
4. The protocol and adopted resolutions, enclosed in separate documents which are annexed to the protocol, should be signed by all the members of the Board present at a particular meeting. The Director may claim his reservations about the content of the protocol, and he has the right to demand recording his opinion and statement in the protocol.
5. The protocols are approved by the members at the following meeting of the Board at most.
6. The members of the Board, who were absent during the meeting, by their signature, affirm the date of getting familiar with the content of the meeting protocol.

V. FINAL REGULATIONS

§ 1 1

1. The rules of representing the Company in case of the agreement between the Company and the members of the Board, as well as in case of conflicts between the Company and the Board members, are defined by the Company's Charter and the matters not included in the Charter are defined by the Trade Companies Code.
2. The regulations concerning acting in the conflict of interest with the Company and the member of the Board, his/her spouse or a relative are defined by the Trade Companies Code.
3. The member of the Board must comply with the prohibition of competitiveness described in the Trade Companies Code. This prohibition may be limited by the resolution of the Board's establishing body. The prohibition may be broadened by the agreement drawn up between the Company and the member of the Board.
4. The term of the leave, lasting at least 14 days, should be agreed upon with the Chairperson or a Vice-Chair of the Board of the Supervisors. The leave lasting less than 14 days is given to:

Members of the Board- by the Chairperson

The Chairperson- by one of the members of the Board.

5. The orders to go for a business trips are given to the members of the Board by the Chairperson or Vice-Chair of the Board of Supervisors. The necessity of going to a business trip may be decided on mutual terms among the members of the Board, including the Chairperson. The affirmation of the necessity of going for a business trip proceeds by signing the document of delegacy by any other member of the Board.
6. The participation and salary for the Chairperson or for the member of the Board, concerning the activities requiring acting for the interest of the Company, in the Board of Directors, in Supervisory Board and in similar bodies subordinate to the companies, in which envia Mitteldeutsche Energie AG Company has at least 25% of the shares, requires the acceptance of the Supervisory Board at any time.
7. Should there exist a conflict of interest of the Company with the personal interest of the member of the Board, his/her spouse, or a relative up to the second generation, the member is obliged to restrain from discussing the matters and demand notifying this fact in the protocol. The member of the Board is obliged to inform the Board in writing about every existing and prospectus conflict of interest concerning the function performed in the Company. Such a notice should be submitted in advance.
8. In case of making transactions with the shareholder or other people whose interest influences the Company's interest, the Board is obliged to act with a special diligence, so as the transactions were based on the market conditions,
9. The members of the Board are obliged to treat owned shares of the Company or shares of the dominating or depending Companies as the long-term investments. The members of the Boards shall inform the Supervisory Board in writing about the intention of selling or buying shares, appropriately in advance.
10. The members of the Board are obliged to act with absolute loyalty to the Company's corporate interest and abstain from the activities which may lead to obtain personal benefit against the interest of the Company.

§ 1 3

The administrative and technical service of the Board of Directors is provided by the Board Service Department, on the grounds defined by the Board. The Board Service Department is responsible for informing about the decisions made up at each meeting, which require taking immediate activities by the appropriate organizational units of the Company.

§ 1 4

Where the present document shall not apply, there is the Company's Charter and the Trade Companies Code employed.

The present Rules and Regulations were approved in the resolution No 42/2009 on 19th August 2009 adopted by the Company's Board of Directors and accepted by the Supervisory Board of the Company in the resolution No 14/VII/2009 on 23rd September 2009 and it comes into force within the date of the adoption.