

**Fabryka Farb i Lakierów "ŚNIEŻKA" S.A. in Lubzina**

***ARTICLES OF ASSOCIATION OF A JOINT-STOCK COMPANY***

§ 1

The appearing parties:

Stanisław CYMBOR, residing in Straszecin 158 b, 39-218 Straszecin

Kazimierz MIKRUT, residing at ul. Przepiórcza 10, 39-200 Dębica

Stanisław MIKRUT, residing at ul. Lazarowicza 21, 39-200 Dębica

Jerzy PATER, residing in Paszczyna 168, 39-207 Brzeźnica

declare that, as the founders, they hereby establish a joint stock company, hereinafter referred to as the 'Company'.

**I. General provisions**

§ 2

1. The Company's business name is: Fabryka Farb i Lakierów „Śnieżka" Spółka Akcyjna.
2. The Company may use the abbreviated business name FFiL „Śnieżka" S.A. as well as its equivalents in foreign languages.
3. The registered office of the Company is in Lubzina in the Podkarpackie Voivodeship.

§ 3

1. The Company operates in the territory of the Republic of Poland and, after obtaining relevant licenses, outside its territory.
2. The Company may establish branches and representative offices, operate businesses, production, commercial and service facilities as well as participate in other companies or business organizations home and abroad.

§ 4

The Company is established for an unspecified period of time.

**II Company's business**

§ 5

1. The core purpose of the Company's business is the production of paints and varnishes.
2. The Company's business comprises:
  - 1) manufacture of food products;

- 2) manufacture of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials;
- 3) manufacture of paper and paper products;
- 4) printing and reproduction of recorded media;
- 5) manufacture of chemicals and chemical products;
- 6) manufacture of rubber and plastic products;
- 7) manufacture of other non-metallic mineral products;
- 8) manufacture of metals;
- 9) manufacture of fabricated metal products, except machinery and equipment;
- 10) manufacture of electric devices;
- 11) repair, maintenance and installation of machinery and equipment;
- 12) collection, conditioning and delivery of water;
- 13) sewage disposal and treatment;
- 14) waste collection, treatment and disposal activities; materials recovery;
- 15) construction of buildings;
- 16) construction of other civil engineering projects;
- 17) specialist construction works;
- 18) wholesale trade, except motor vehicles;
- 19) retail trade, except motor vehicles;
- 20) land transport and transport via pipelines;
- 21) warehousing and supporting transport activities;
- 22) publishing;
- 23) financial service activities, except insurance and pension funding;
- 24) real estate activities;
- 25) activities of head offices; management consultancy activities;
- 26) advertising, market research and public opinion polling;
- 27) rental and lease;
- 28) scientific research and development;
- 29) travel agency and tour operator services and other reservation service and related activities.

3. Within the necessary scope, the operations shall begin after obtaining relevant licenses and permits.
4. A resolution adopted by a two thirds majority vote with the participation of persons representing at least a half of the share capital is required to make a change in the scope of business. To be valid, this resolution does not require the redemption of shares of those shareholders who do not express their consent for the change.

### **III The Company's share capital**

#### **§ 6**

1. The Company's share capital amounts to PLN 13,550,676 (thirteen million five hundred and fifty thousand six hundred and seventy six zloty) and is divided into no more than 13,550,676 (thirteen million five hundred and fifty thousand six hundred and seventy six) shares of a par value of PLN 1 (one zloty) per share.
2. The Company shares are:

- 1) 100,000 series A registered preference shares of numbers from 000001 to 100000; and
  - 2) 400,000 series B registered preference shares of numbers from 02375001 to 02475000, from 04850001 to 04950000, from 07325001 to 07425000 and from 09800001 to 09900000; and
  - 3) 1 805000 series C bearer shares of numbers from 0000001 to 0730000, from 0750001 to 1825000; and
  - 4) 7,325,000 series D bearer shares of numbers from 0000001 to 4750000 and from 6550001 to 6650000 and from 7025001 to 9500000; and
  - 5) 2,100,000 series E bearer shares of numbers from 0000001 to 2100000; and
  - 6) 1,820,676 series F bearer shares of numbers from 0000001 to 1820676.
3. The registered shares of A and B series are preferential in the following manner:
    - 1) Each registered share of A and B series gives entitlement to five votes at the General Meeting,
    - 2) Registered shares of A series are preferential in relation to the right to indicate members of the Supervisory Board within the scope stipulated in § 12 para. 2 – 4 of the Articles of Association.
  4. The Company's capital was fully paid up in cash.
  5. The Founders Shareholders were issued founding certificates for the period of 20 (twenty) years and, within this time limit, each of them is entitled to draw 0.5% of the Company's net profit as the remuneration for services rendered at the founding of the Company.
  6. The Company's share capital may be increased by resolution of the General Meeting adopted by a 3/4 majority vote (three fourths). The shares of new issues may be registered or bearer shares.
  7. The share capital may be covered either in cash or with in-kind contributions.
  8. The shares may be redeemed as stipulated in legal regulations. The manner, procedure and the time limits for the redemption of shares are specified in the resolution of the General Meeting of the Shareholders. The resolution on the above issue is adopted by a majority of 3/4 votes regardless of the number of shareholders present.
  9. The Company may issue bonds and convertible bonds.

#### § 7

1. Any disposal of such registered preference shares or their conversion to bearer shares, subject to para. 16, requires a prior offer to buy registered preference shares to be disposed or converted, made to all holders of series A shares by the shareholder interested in their disposal or conversion to bearer shares.

2. Subject to para. 3, registered preference shares are purchased for the price not higher than the lower of the following values:
  - a) product of the Company's net assets per share, determined based on the latest financial report approved by the General Meeting and the number of shares intended to be disposed or converted, or
  - b) average quotation of the Company shares on the Warsaw Stock Exchange in the quarter directly preceding the date of making the offer
3. Registered preference shares may be acquired for the price unanimously agreed by all holders of A series shares and by the shareholder interested in their disposal or conversion.
4. The offer shall be made in writing through the mediation of the Company. The Company's Managing Board is obliged to communicate a registered preference share purchase offer to all holders of A series shares with the exception of the offeror, within 7 days. The offer shall contain the authorization for the Company to take declarations of acceptance of the offer and a declaration of the transfer of rights in relation to the offered shares at the moment of payment of the purchase price by the person accepting the offer. In addition, the offer shall comply with the provisions of § 7 of the Company's Articles of Association.
5. The offer shall be binding for the shareholder interested in the disposal or conversion of shares to bearer shares, for at least 6 months from the date of submitting it to the Company. The offer is accepted through the presentation of a written declaration at the Company. Each of the shareholders holding A series shares is entitled to partial or full acceptance of the offer.
6. In the case of acceptance of a registered preference share purchase offer by several shareholders holding A series shares in such a manner that the total number of shares covered by the offer is lower than the number of shares covered by declarations of offer acceptance, each of the shareholders accepting the offer will purchase registered preference shares proportionally to the number of A series shares which they hold, but not more than the number of shares specified in the declaration of acceptance of the offer. In case of any doubts regarding the number of shares purchased by each of the shareholders accepting the offer, the list referred to in para. 7 below shall be decisive.
7. The Managing Board of the Company, within 7 days from the end of the time limits of

being bound by the offer referred to in para. 5, shall prepare a list of persons who have accepted the offer and communicate it to the offeror and to the shareholders who have accepted the offer, notifying the latter to make, within 14 days, a deposit at the Company in the amount of 1/20 of the sale price, established pursuant to para. 2 or 3 and the purchase price (less the previously paid deposit) not later than within 3 months from the service of notice. The list shall indicate the persons accepting the offer together with the quantity and numbers of shares to be purchased by each of them as a result of acceptance of the offer. If declarations of offer acceptance have been submitted in relation to all shares intended to be disposed or converted, the deposited share purchase price – taking into consideration the amount of deposit – the Management Board submits to the offeror within not longer than 7 days from making the full payment for the shares intended to be disposed or converted. If the persons accepting the offer do not make payments within the time limits of being bound by the offer, their acceptance of the offer shall be invalid and the Management Board shall inform the offeror about this.

8. If the offer is not accepted by any of the shareholders holding A series shares or if the payment is not made by any of the persons accepting the offer within the time limits referred to in para. 7, the remaining shareholders who have accepted the offer and have made payments for the shares should, within 7 days from the lapse of time limits for making declarations of acceptance of the offer or time limits for the payment of the sale price, indicated in para. 7, submit declarations concerning acceptance of purchase of the remaining, unpaid shares. In such a case, the provisions of para. 1-7 shall apply accordingly. The deposit paid is transferred to the shareholders who have accepted the offer proportionally to the number of attributable shares. In such an event, the sales price less the deposit paid should be paid not later than within 3 months from the service of notification referred to in para. 6.
9. The purchaser of shares cannot be disclosed in the shareholders' register until the payment for the shares to the offeror has been made.
10. If, in relation to all shares offered to the entitled shareholders, a purchase price has not been established or the acceptance of the offer lost its validity as stipulated in para. 6, or the remaining shareholders who have accepted the offer and paid for the shares have not submitted their declarations in relation to the remaining shares or have not paid for them pursuant to para. 8, all provisions are ineffective and the shareholder intending to transfer shares will be obliged to transfer the whole block of shares previously offered to the

entitled shareholders holding A series shares to a person or persons jointly indicated by the shareholders holding A series shares for the price established in the manner provided for in para. 3.

11. The shareholders holding A series shares may indicate a person or persons referred to in para. 10 by submitting written declarations at the Company within the time limits not exceeding the time limits within which the offeror is bound by the offer referred to in para. 5.
12. A shareholder interested in disposing registered preference shares or their conversion into bearer shares is obliged to conclude an agreement with the purchaser or purchasers of shares indicated as provided for in para. 10 not later than within 1 (one) month respectively from the lapse of time limits of being bound by the offer if the offer has not been accepted in full, or from the lapse of time limits for the payment for shares if the payment of shares purchase price has not been made.
13. If the purchaser of registered shares has not been specified as provided for in para. 10, or if the purchaser specified in such a manner does not conclude an agreement with the shareholder transferring the registered shares within the time limits specified in para. 12, or if the purchaser does not make the payment of shares purchase price within 14 days from the date of concluding the agreement, the shareholder interested in disposing registered preference shares or converting them into bearer shares may do it without limitations.
14. If registered preference shares are disposed pursuant to para. 13, the privileges in relation to these shares shall expire.
15. Any disposal of registered preference shares in violation of the obligations specified in the provisions of para. 1 to 14 shall be ineffective for the Company, subject to para. 16.
16. The fulfilment of obligations provided for in para. 1 to 14 is not required in the event that registered preference shares are transferred to descendants or spouses of shareholders of A series shares and in the event that shares are transferred to a subsidiary of the shareholder of A series shares, within the meaning of the Code of Commercial Companies.
17. Establishing a pledge on registered preference shares require the consent of the General Meeting expressed by a resolution adopted by a 3/4 (three fourth) majority vote.

18. The pledgee may not exercise the voting right resulting from registered preference shares or from temporary certificates issued for those shares on which the pledge was established.

#### § 8

Conversion of ordinary registered shares of C series into bearer shares can be made not earlier than from 1 April 2006. For the conversion of C series shares into bearer shares in the years 2006, 2007 and 2008, a foregoing consent of the Managing Board is required. The Managing Board will not consent to the conversion of C series shares into bearer shares if, in a given calendar year, the conversion would cover in total more than 1/3 of C series shares, as at 31 December of the preceding year.

### **IV Company authorities**

#### § 9

The Company authorities are:

- General Meeting,
- Supervisory Board,
- Managing Board

### **General Meeting**

#### § 10

1. Apart from the issues stipulated in legal regulations and other provisions of the Articles of Association, the following are within the competencies of the General Meeting of Shareholders:
  - 1) adopting regulations of the General Meeting,
  - 2) approving regulations of the Supervisory Board,
  - 3) establishing rules of remuneration of members of the Supervisory Board and rules of remuneration of members of the Managing Board,
  - 4) appointing a representative for concluding contracts with members of the Managing Board,
  - 5) purchasing treasury shares by the Company,
  - 6) establishing the remuneration for members of the Supervisory Board delegated to perform permanent individual supervision.
2. The consent of the General Meeting is not required to acquire or dispose of real estate.
3. General Meetings shall be held in Brzeźnica, Dębica or Warsaw.
4. The General Meeting shall be convened by way of announcement at the Company's website and in the manner specified for providing current information in line with the provisions on public offering and terms of introducing financial instruments to

organised trading and on public companies, at least twenty six days before the date of the general meeting.

5. Only persons being the Company's shareholders sixteen days before the date of the general meeting (date of registering attendance at the general meeting) shall have the right to attend the general meeting. Registration date shall be the same for persons authorised based on bearer and registered shares.
6. Attendance at the General Meeting by means of electronic communications is acceptable. In particular it comprises:
  - a) meeting broadcast in real time,
  - b) bilateral communication in real time where shareholders may communicate during the general meeting from a place other than the location of the general meeting
  - c) exercising the right to vote in person or via a proxy before or during the general meeting.
7. Risk of technical problems while using means of electronic communications in real time referred to in point 6 (a) – (c), including risk related to failure to vote, is borne by the Shareholder.
8. Regulations of the General Meeting provide for the possibility of voting at the general meeting via mail.

#### § 11

1. Unless stricter conditions are provided for in the Code of Commercial Companies or provisions of these Articles of Association, the Resolutions of the General Meeting shall be passed by majority vote.
2. Apart from the issues specified in legal regulations, the absolute majority of 3/4 (three fourths) of the votes shall be required for the validity of resolutions concerning the following issues:
  - a. merger of the Company with another entity as well as the Company's division,
  - b. removing from the agenda of the General Meeting the issues previously included in it.

### **Supervisory Board**

#### § 12

1. The Supervisory Board consists of 5 to 7 members, appointed by the General Meeting for a joint term of three years. The number of members of the Supervisory Board shall be determined by the General Meeting.
2. Members of the Supervisory Board are elected by the General Meeting with the reservation that 4 (four) members of the Supervisory Board are elected exclusively from among the candidates indicated by shareholders holding the shares of A series in such a



manner that each 25 000 shares of A series give entitlement to indicate a candidate for one member of the Supervisory Board.

3. Candidates to the Supervisory Board are indicated through a written declaration of a shareholder holding A series shares, submitted before opening of the General Meeting whose agenda includes appointments or changes in the Supervisory Board.
4. The entitlement of the shareholders holding A series shares, referred to in para. 2, shall expire the moment the shareholders holding A series shares, together with their spouses, descendants and dependant companies, within the meaning of the Code of Commercial Companies, hold at their disposal in total a lower number of shares than the equivalent of 35% of the share capital.
5. In the case of introducing the Company's shares on the stock market, at least 1 (one) member of the Supervisory Board is appointed from among the candidates indicated by shareholders, each of whom represents not more than 5% of the share capital of the Company.
6. Each shareholder fulfilling the requirements referred to in para. 5 has the right to indicate 1 (one) candidate to the Supervisory Board. This candidate is indicated through a written declaration of the entitled shareholder before opening of the General Meeting whose agenda includes appointments or changes in the Supervisory Board.
7. If a mandate of a member of the Supervisory Board expires, other members of the Supervisory Board continue performing their duties until a new member of the Board is elected by the General Meeting.
8. Each member of the Supervisory Board may be elected for successive terms of office.

### §13

1. The Supervisory Board acts based on the regulations adopted by it and approved by the General Meeting.
2. Meetings of the Supervisory Board are convened by the Chairperson of the Supervisory Board, and, in the event of their prolonged absence, by the Vice-Chairperson of the Supervisory Board.
3. The Managing Board of the Company or a member of the Supervisory Board may apply to the Chairperson of the Supervisory Board for convening a meeting of the Board, providing justification and the subject of the meeting. The Chairperson of the Supervisory Board is obliged to convene such a meeting within two weeks.

4. A resolution of the Supervisory Board is effectively adopted if all members of the Board have been invited to the meeting at least 7 days in advance and if at least half of the members of the Board attend the meeting.
5. Members of the Supervisory Board may take part in adopting resolutions of the Board by casting their votes in writing through another member of the Supervisory Board.
6. The Supervisory Board may adopt resolutions in a written manner. The date of a resolution is then the day on which documents containing declarations of all members of the Supervisory Board are submitted to the Chairperson of the Supervisory Board.
7. The Supervisory Board may adopt resolutions by means of distance communication.
8. A resolution of the Supervisory Board (with the exception of the issues referred to in Article 388 § 4 of the Code of Commercial Companies) adopted in a written manner or by means of distance communication shall be effective provided that all members of the Board have been communicated the content of the draft resolution.
9. The Resolutions of the Supervisory Board are passed by the majority vote of the members of the Supervisory Board. In the event of equal numbers of votes for and against, the Chairperson of the Supervisory Board shall have the casting vote.
10. The Resolution of the Supervisory Board on suspending, for important reasons, the activities of individual members of the Managing Board as well as on delegating a member of the Supervisory Board to temporarily perform the duties of a member of the Managing Board shall be adopted by a majority vote in the presence of at least 4/5 (four fifths) of the members of the Supervisory Board.
11. The Supervisory Board may delegate one or more members of the Supervisory Board to independently perform specific supervisory activities.

#### § 14

1. The Supervisory Board shall be obliged to exercise permanent supervision over the activities of the Company and its Managing Board, in particular to ensure that the activities of the Managing Board comply with the interests of the shareholders, the good of the Company as well as enforceable laws and the Articles of Association.
2. The competencies of the Supervisory Board include in particular:
  1. adopting the Supervisory Board Regulations,

2. reviewing the reports referred to in Article 395 §2 point 1 of the Code of Commercial Companies with respect to their compliance with the accounting books and documents as well as facts,
3. reviewing the motions of the Managing Board for the allocation of profit or covering of loss,
4. submitting an annual written report to the General Meeting on the results of the review, referred to in points 2) and 3),
5. approving the following plans prepared by the Managing Board:
  - annual material and financial plan of investments,
  - annual sales plan of products and commercial goods,
  - annual plan of expenditure on entertainment, advertising and commercial costs,
  - annual plan of employment and remuneration,
  - annual financial plan of the Company,
6. Approving the regulations and amending thereof
  1. Organizational Regulations
  2. Remuneration Regulations for the employees
7. appointing the President of the Managing Board, and at the request of the President, other Board Members; dismissing individual members of the Managing Board, as well as concluding, terminating and amending employment contracts;
8. suspending, for important reasons, all or individual members of the Managing Board as well as delegating members of the Supervisory Board to perform temporarily the duties of members of the Managing Board,
9. selection of a certified auditor to perform the audit of the financial report of the Company,
10. expressing an opinion concerning all issues in which a resolution of the General Meeting is required;
11. expressing consent to the following activities:
  - a) acquisition and disposal of fixed assets and intangible assets of the value of a unit exceeding PLN 100 000 (one hundred thousand zloty), which have not been included in the financial plan;

- b) acquisition and disposal of shares in other business entities as well as of other securities, which have not been included in the financial plan;
- c) taking out credits and loans and concluding contracts of lease which have not been included in the financial plan;
- d) disposal of, lease or encumbrance of rights on intangible property with particular emphasis on rights resulting from the registration of trademarks and technologies;
- e) acquisition and disposal of real estate or shares in real estate;
- f) granting loans and sureties to other business entities of the value of a unit exceeding PLN 100 000 (one hundred thousand zloty), which have not been included in the financial plan;
- g) concluding contracts of any kind with the employees of the Company or with natural persons providing services to the Company, which would provide for profit sharing or options for the Company's shares and accepting employee pension schemes;
- h) forming companies and branches of the Company.

### **Managing Board**

#### §15

1. The Managing Board of the Company consists of 1 to 5 members, appointed for a joint term of three years. The number of members of the Managing Board is specified by the Supervisory Board.
2. The Supervisory Board appoints the President of the Managing Board and, at the request of the President, other members of the Managing Board.
3. The mandate of a member of the Managing Board appointed before the end of a given term of the Managing Board expires together with the expiration of mandates of other members of the Managing Board.
4. The Managing Board acts based on the Managing Board Activity Regulations adopted by it and approved by the Supervisory Board.
5. The Managing Board manages the operations of the Company and represents it outside the Company.

6. The competencies of the Managing Board include all issues of the Company not reserved for other bodies of the Company in the Articles of Association or in the Code of Commercial Companies.
7. The resolutions of the Managing Board are adopted by an absolute majority vote. In the event of equal numbers of the votes for and against, the President of the Managing Board shall have the casting vote.
8. The Managing Board prepares annual Company Plans for the successive financial year by 1 December of the preceding financial year. These plans are subject to the approval of the Supervisory Board. If the plans presented by the Managing Board have not been approved by 31 December, the Company's business activity is pursued based on drafts plans presented to the Supervisory Board.

## **V Representing the Company**

### §16

Two members of the Managing Board or one member of the Managing Board acting together with the proxy shall be entitled to make declarations of will and to sign on behalf of the Company.

## **VI Company accounts**

### §17

1. The financial year of the Company is the calendar year.
2. The General Meeting may resolve to form additional reserve funds from the profit or other equity funds, within the limits provided for by the law.
3. The manner of allocating reserve funds shall be determined by the General Meeting.

## **VII Final provisions**

### §18

1. The Company operates a corporate website and as of the date of convening the general meeting publishes the following information thereon:
  - 1) convocation of the general meeting,
  - 2) information on the general number of shares at the Company and number of resulting votes on the announcement date, and for various types of shares division of shares into individual types and number of votes resulting from individual types of shares,
  - 3) documentation to be presented to the general meeting,

- 4) draft resolutions or, if no resolutions are expected to be adopted, remarks of the Company's Managing Board or Supervisory Board regarding issues included in the agenda of the general meeting or issues to be included in the agenda before the date of the general meeting,
  - 5) forms which allow for exercising voting rights by a proxy or via mail, if not sent directly to all shareholders.
2. Company's announcements provided for by the law shall be published in the Official Gazette (*Monitor Sądowy i Gospodarczy*).

The consolidated text was determined based on the Notary's Deed A. No.: 121/98 dated 16.01.1998 and amendments and supplements included in Notary's Deeds A:

754/98 of 16.02.1998

1.822/98 of 23.03.1998

4826/98 of 6.10.1998

473/99 of 01.02.1999

3484/99 of 29.10.1999

1343/2002 of 20.03.2002

4031/2002 of 10.09.2002

1627/2003 of 09.05.2003

1893/2003 of 27.05.2003

2837/2003 of 09.07.2003

3403/2003 of 29.09.2003

3339/2003 of 14.11.2003

3777/2003 of 09.12.2003

3245/2006 of 31.07.2006

3412/2007 of 28.06.2007

3428/2009 of 25.06.2009

2783/2010 of 21.06.2010

The consolidated text of the Company's Articles of Association was determined by the Supervisory Board by adopting Resolution No. IV/40/2010 on 21.06.2010 in compliance with the authorization included in § 2 of Resolution No. 10/2010 of the Ordinary General Meeting of Shareholders of Fabryka Farb i Lakierów Śnieżka based in Lubzina, adopted on 21 June 2010.

**Chairperson of the Supervisory Board**

*Stanisław Cymbor*