

# Supervisory Board Regulations

## Regulations

### of the Supervisory Board of Mercator Medical Spółka Akcyjna

Adopted by the resolution of the Company's Supervisory Board of 7 December 2012

#### Article 1

1. These Regulations set forth the principles of operation of the Supervisory Board of Mercator Medical Spółka Akcyjna.
2. In matters not governed by these Regulations, the provisions of generally applicable law and the provisions of the Articles of Association and other internal regulations of the Company which govern the operation of the Company and its bodies shall apply.

#### Article 2

Whenever the following terms are used in these Regulations they shall have the following meaning:

- 1) Company – Mercator Medical Spółka Akcyjna, a joint-stock company based in Krakow at ul. H. Modrzejewskiej 30, 31-327 Krakow, entered into the Register of Entrepreneurs, National Court Register, kept by the District Court for Krakow-Śródmieście in Krakow, 11th Commercial Division for the National Court Register, under No. 0000036244;
- 2) Management Board – the Management Board of the Company;
- 3) Supervisory Board – the Supervisory Board of the Company;
- 4) General Meeting – the General Meeting of the Company;
- 5) Articles of Association – the Articles of Association of the Company;
- 6) Regulations – these Regulations.

#### Article 3

The Supervisory Board shall operate in accordance with applicable provisions of law, including the Commercial Companies Code, as well as in accordance with the Articles of Association and other internal regulations of the Company which govern the functioning of the Company and its bodies.

#### Article 4

1. The Supervisory Board shall perform its obligations jointly.

2. The Supervisory Board has the right to delegate certain supervisory tasks to its individual members. If the Supervisory Board has been elected by way of voting in separate groups, every group has the right to delegate one of the Supervisory Board members appointed by it for permanent, individual performance of supervisory tasks. Such members have the right to participate in the meetings of the Management Board in an advisory capacity. The Management Board shall inform them, in advance, of every meeting of the Management Board.
3. A member of the Supervisory Board, appointed to perform a permanent, individual supervision shall not, without Company's consent, become involved into competitive business or any other competitive company as a partner to a partnership, private partnership or as a member of a body of a joint-stock company or a limited liability company or become involved in any other competitive legal person as a member of its body. The prohibition includes also participation in a competitive joint-stock company or limited liability company if the member of the Management Board holds at least 10% of shares or stock in such a company or has a right to appoint at least one management board member.
4. For the purpose of fulfilling its obligations the Supervisory Board may inspect all documents of the Company, demand reports and explanations from the Management Board and employees and revise the Company's assets.
5. The Supervisory Board may express its opinion on all matters related to the operations of the Company and also file motions and proposals with the Management Board. The foregoing right shall not infringe on the powers of other bodies of the Company.
6. General Meetings should be attended by the members of the Supervisory Board who can answer questions submitted at the General Meeting.
7. In the case of conflict between the Company's interests and personal interests of a member of the Supervisory Board, their spouse or relatives up to the second degree of consanguinity or affinity, or persons directly related to them, such member of the Supervisory Board should abstain from the settlement of such issues and request a relevant note in the minutes of the meeting.
8. When concluding, on behalf of the Company, any transactions with members of the Management Board, the Supervisory Board should act with due care and diligence and in particular should make sure that such transactions are concluded on market terms.
9. Any agreements with members of the Management Board shall be signed by all members of the Supervisory Board or, on the basis of an authorisation to sign a particular agreement resulting from a resolution of the Supervisory Board – by the Chairperson of the Supervisory Board or any other member of the Supervisory Board authorised by the Supervisory Board by way of a resolution.
10. When resigning from his or her function in the Supervisory Board the Supervisory Board member should submit the declaration on resignation to the Company (to the Company's Management Board) and inform the Supervisory Board of his or her resignation by notifying the Chairperson of the Supervisory Board or, in the case of Chairperson's absence, any other member of the Supervisory Board.

## Article 5

1. The Supervisory Board exercises a continuous supervision over the Company's activities in all areas of its business.
2. Apart from managing other matters provided for in the Commercial Companies Code and in provisions of Articles of Association, the powers and obligations of the Supervisory Board shall include:
  - 1) evaluation of the Management Board's reports on the Company's operations, Management Board's reports on the operations of the Group of Companies, financial statements of the Company and consolidated financial statements of the Group of Companies from the point of view of their consistency with the books and documents, as well as with facts, Management Board's requests pertaining to profit distribution or loss coverage, as well as submitting to the General Meeting an annual written report on the results of such evaluation,
  - 2) election and dismissal of members of the Management Board,
  - 3) approving candidates to the position of a commercial representative and giving consents for granting by the Company of a general power of attorney,
  - 4) establishing the amount of remuneration of Management Board members, whereas the General Meeting may authorise the Supervisory Board to determine that remuneration of Management Board members includes also the right to a specified share in the annual profit of the Company which has been allocated to distribution among shareholders,
  - 5) suspending in service, for material reasons, individual or all members of the Management Board,
  - 6) delegating its members, for a period not longer than three months, for temporary performance of duties of the Management Board members who have been suspended, dismissed, resigned or for other reasons cannot perform their duties,
  - 7) selecting an entity authorised to audit the Company's financial statements,
  - 8) approval of annual financial forecasts and budgets of the Company and Mercator Medical Group of Companies,
  - 9) approving the budgets for investments of the Company and entities from the Mercator Medical Group of Companies related to purchase, overhaul or modernisation of fixed assets, as well as to purchase or improvement of intangible assets if the planned expenditures exceed PLN 400,000 (four hundred thousand),
  - 10) giving consent for purchase, disposal or encumbering of a real estate, perpetual usufruct, share in real estate or share in perpetual usufruct,
  - 11) giving consent for purchase, disposal or encumbering of shares, interest or any other

- shareholding rights in legal persons or non-corporate bodies,
- 12) giving consent for establishment and liquidation of branches, agencies, divisions, business units and other branch facilities,
  - 13) giving consent for disposal or encumbering (including granting a license) of: trademarks, patents, utility designs, copyrights or know-how, including, in particular, the information on the method of production and research results,
  - 14) giving consent for purchase of fixed assets and intangible assets the value of which exceeds PLN 400,000 (four hundred thousand), unless such purchase results from the investment budget approved by the Supervisory Board and referred to in section 9,
  - 15) giving consent for exceeding the previously accepted investment budget, referred to in section 9, by more than 10% of the investment value,
  - 16) giving consent for entering into agreements with trade unions,
  - 17) giving consent for conclusion of a contract for provision of services by an expert auditor,
  - 18) giving consent for raising a credit by the Company and for incurring any other liabilities towards banks and other financial institutions under credits, loans and any other financial instruments, subject to section 21 below, the value of which exceeds PLN 400,000 (four hundred thousand); if the total of the liabilities referred to in this section, including the liabilities the value of which is lower than PLN 400,000 (four hundred thousand), exceed the amount of PLN 400,000 (four hundred thousand) in the given year, the consent of the Supervisory Board is required when incurring a liability would result in exceeding that amount as well as in the case of every subsequent incurring of a liability, regardless of its unit value,
  - 19) giving consent for conclusion of a contract on derivatives, except for standard foreign currency exchange and forward instruments necessary for commercial settlements,
  - 20) giving consent for giving a security interest (in particular for granting a collateral, guarantee, establishing a pledge, mortgage or issuing a bill of exchange), where the value of the security interest exceeds the equivalent of PLN 200,000 (two hundred thousand) and the security interest is to secure the Company's debt, excluding the security interests related to current trade liabilities and securities required pursuant to the credit contracts approved by the Supervisory Board,
  - 21) giving consent for giving a security interest (in particular for granting a collateral, guarantee, establishing a pledge, mortgage or issuing a bill of exchange) over a debt of a third party – regardless of the value of the granted security interest,
  - 22) giving consent for conclusion of a donation or sponsorship agreement or for granting a donation or any other free benefit the value of which exceeds PLN 40,000 (forty thousand); if the total of free benefits referred to in the preceding sentence, including the benefits the value of which is below PLN 40,000 (forty thousand), exceeds, in a

given accounting year, the amount of PLN 40,000 (forty thousand), a prior consent of the Supervisory Board is required with respect to a benefit which will result in exceeding that amount as well as with respect to every subsequent benefit, regardless of its unit value,

- 23) giving consent for incurring a liability, expenditures or disposal of a right the value of which exceeds PLN 1,000,000 (one million) under a single transaction or a larger number of related transactions; it does not apply to the transactions made as part of public contract award procedures and other trade activities carried out in the normal course of the Company's business; in the case of the liabilities arising from long-term contracts the value of liability is understood as the total value of the Company's obligations arising from such contracts over their entire term; in the case of the liabilities arising from the contracts concluded for an indefinite period of time, the value of liabilities under such contracts is understood as the total value of the Company's obligations arising from such contracts over a period of 3 years,
  - 24) determining the manner of exercising by the Company its voting right in general meetings and in general meetings of shareholders of subsidiaries.
3. If a Management Board member is unable to perform their duties, the Supervisory Board should, within the time limit set forth in par. 1 section 6, appoint a new Management Board member.

#### **Article 6**

1. The Supervisory Board may establish internal committees. An internal committee may be appointed as a standing committee, in particular an Audit Committee or a remuneration committee or an ad hoc committee appointed for considering a specific matter which falls within the powers of the Supervisory Board.
2. Committees shall be appointed by the Supervisory Board from among its members, by way of a resolution. The number of committee members shall be determined by the Supervisory Board. The Supervisory Board may dismiss from a given committee its individual member or all of its members. Dismissal from a committee shall not tantamount to dismissal from the Supervisory Board. Term of office of a member of a given committee shall expire not later than on the date of expiry of his or hers term of office as a Supervisory Board member.
3. The first meeting of the committee shall be convened and opened by the Chairperson of the Supervisory Board or any other Supervisory Board member appointed by the Chairperson of the Supervisory Board and it shall be chaired by such Chairperson or Supervisory Board member until the chairperson of the committee is elected. The committee chairperson shall be elected by members of the committee and from among its members.
4. The committee chairperson shall be in charge of the committee's work and shall supervise drawing up of the agenda, organisation of distribution of documents and taking minutes of the committee meeting.

5. Committee meetings shall be convened by the chairperson of a committee, or in the case of the chairperson's absence or inability to perform their functions – by the Chairperson of the Supervisory Board or another member of the Supervisory Board appointed by the latter, who shall invite other committee members to the meeting.
6. The chairperson of a committee may invite to committee meetings members of the Management Board, Company employees and other persons whose participation in a given meeting would contribute to the performance of the committee's tasks.
7. Resolutions of a committee shall be adopted by simple majority of votes of the committee members present in the committee meeting. Committee members may vote on resolutions in person, by attending committee meetings, or using the means of distance communication. If the number of opposing votes is equal, the vote of the chairperson of a committee is decisive.
8. The chairperson of a committee or a person appointed by the chairperson shall submit to the Supervisory Board the resolutions, motions and reports of the committee. The chairperson of a committee or a person appointed by the chairperson are authorised to file a request with the Supervisory Board to adopt a resolution on preparation of expert analyses or opinions for the committee's purposes, or on hiring an advisor.
9. Minutes shall be taken of each committee meeting, to be signed by all the members of the committee present in the meeting. The minutes should include committee's resolutions, motions and reports. Minutes of committee meetings shall be stored at the Company's registered office together with the minutes of Supervisory Board meetings. On the request of a Supervisory Board member, including a Supervisory Board member who does not sit on a given committee, the Company shall provide to them copies of minutes of committee meetings.
10. In a resolution on establishment of a committee the Supervisory Board may define a detailed scope of powers and obligations as well as the procedures of operation of the given committee, and also decide that certain provisions of these Regulations will not apply to the given committee. In any matters relating to the operation of the committee not governed by this article or by the resolution on establishment of the committee, the relevant provisions of these Regulations on operation of the Supervisory Board shall apply.

#### **Article 7**

1. In situations provided for by the law an Audit Committee shall be appointed in the Company.
2. If the Supervisory Board is composed of not more than 5 members, the duties of the Audit Committee shall be performed by the Supervisory Board, subject to par. 3. In such a case at least one member of the Supervisory Board should meet the impartiality requirements set forth in the Act on Registered Auditors and their Council, Entities Entitled to Provide Audit of Financial Statements and Public Supervision and should have professional qualifications in accounting or financial auditing.
3. If the Supervisory Board is composed of not more than 5 members it may appoint an Audit Committee and if the Supervisory Board is composed of more than 5 members, it is obliged

to appoint an Audit Committee, whereas the Audit Committee may be composed of all members of the Supervisory Board.

4. The Audit Committee shall be composed of at least 3 members, whereas at least one member of the Audit Committee should meet the impartiality requirements set forth in the Act on Registered Auditors and their Council, Entities Entitled to Provide Audit of Financial Statements and Public Supervision and should have professional qualifications in accounting or financial auditing.
5. The duties of the Audit Committee, and in, the case referred to in the first sentence of par. 2, the duties of the Supervisory Board performing the duties of the Audit Committee, shall include:
  - a) monitoring of the process of financial reporting;
  - b) monitoring of the efficiency of the systems of internal control, internal audit and risk management;
  - c) monitoring of financial audit activities;
  - d) monitoring of impartiality of an expert auditor and an entity authorised to audit financial statements, including in the case of provision of services other than performance of financial auditing activities.
6. The Audit Committee shall recommend to the Supervisory Board the entity authorised to audit financial statements and to conduct financial auditing of the Company.
7. In the matters related to operation of the Audit Committee not governed by this Article, the provisions of Article 6, and with respect to other issues other provisions of these Regulations, shall apply, respectively.

### **Article 8**

1. Supervisory Board meetings shall be convened by the Chairperson of the Supervisory Board as needed, not less frequently, however, than three times an accounting year, on an unsolicited basis or on the motion of a member of the Supervisory Board or on the motion of the Management Board submitted to the Chairperson of the Supervisory Board. The motion should contain the proposed agenda of the meeting. The meeting should be held within two weeks from submission of the motion. If the Chairperson of the Supervisory Board fails to convene a meeting within two weeks of receiving the motion, the proposer of the motion (Supervisory Board member or the Management Board, respectively) may convene such meeting independently, providing the information on the date, place and proposed agenda of the meeting.
2. Supervisory Board meetings shall be held on dates set by the person convening the meeting, in the Company's registered office or in any other place indicated by the said person.
3. The meeting shall be convened by way of a notification sent by a registered letter, courier

or e-mail, or delivered personally, with acknowledgement of receipt.

4. Every member of the Supervisory Board should be informed of the meeting not later than 7 (seven) days before the planned date of the meeting. Where necessary, the meeting of the Supervisory Board may be convened with a shorter notification period than that specified above.
5. In urgent matters the Supervisory Board meeting may also be convened in a manner other than that specified in this Article, provided that all members of the Supervisor Board are informed of the date and place of the meeting.
6. There is no necessity for formal convention of the Supervisory Board meeting if all members of the Supervisory Board attend the meeting and none of them has filed an objection to the holding of the meeting or to the proposed agenda of the meeting.

#### **Article 9**

1. Supervisory Board meetings shall be chaired by the Chairperson of the Supervisory Board and in the case of the Chairperson's absence by a member of the Supervisory Board elected by the Supervisory Board members present in the meeting.
2. Supervisory Board meetings may also be attended by the persons invited by the Supervisory Board.
3. The person who chairs the Supervisory Board meeting shall give every member of the Supervisory Board, and if the meeting has been convened on the request of the Management Board – also the members of the Management Board, an opportunity to express their opinion on the matters included in the agenda of the meeting.
4. The person who chairs the Supervisory Board meeting may decide to give permission to speak also to the persons invited to the meeting other than members of the Supervisory Board or Management Board. Supervisory Board members shall have the right to ask questions to the persons referred to above.
5. The Supervisory Board shall have the right to amend the agenda of the meeting during the meeting.

#### **Article 10**

At its first meeting the Supervisory Board appointed for a new term of office shall elect, from among its members, a Chairperson of the Supervisory Board and, if it deems necessary, also a Deputy Chairperson and a Secretary of the Supervisory Board.

#### **Article 11**

1. Decisions of the Supervisory Board shall have the form of resolutions. The Supervisory Board may adopt resolutions if at least half of its members are present in the meeting and if all of its members have been invited.



2. Votes are cast in an open voting. Voting shall be by secret ballot if at least one of the Supervisory Board members present in the meeting so requests.
3. Resolutions of the Supervisory Board shall be passed by an absolute majority of votes. Should the number of opposing votes be equal, the vote of the Chairperson of the Supervisory Board shall be decisive.

#### **Article 12**

1. Members of the Supervisory Board may participate in adoption of resolutions using direct communication means, in particular using real time communication equipment (e.g. teleconferences, video conferences). The voting is valid if all members of the Supervisory Board have been informed of the contents of the resolution draft.
2. Supervisory Board meetings may also be held in the manner specified in par. 1 without a prior formal convention thereof, if all members of the Supervisory Board attend the meeting by using real time communication equipment and none of them has filed an objection to the holding of the meeting or to the proposed agenda of the meeting.

#### **Article 13**

1. A member of the Supervisory Board may participate in adoption of resolutions of the Supervisory Board by casting his or her votes in writing through the agency of another member of the Supervisory Board. Casting votes in writing shall not apply to the matters introduced into the agenda during the meeting of the Supervisory Board.
2. Resolutions of the Supervisory Board may be adopted by way of voting in writing, if all members of the Supervisory Board have been informed of the contents of the resolution draft.
3. In the case referred to in par. 2 the Chairperson of the Supervisory Board or a Supervisory Board member appointed by him or her shall deliver to other members of the Supervisory Board, personally, by facsimile, e-mail, registered letter or courier, a draft of the resolution which is to be adopted. After receiving the draft of the resolution every member of the Supervisory Board shall sign it, indicating whether he or she votes for or against the resolution. Should a Supervisory Board member fail to indicate what his or her vote is, it shall be deemed that by signing the resolution the Supervisory Board member has agreed for adoption thereof. If, in the case of using electronic mail, a Supervisory Board member sends an e-mail in which he or she declares his or her acceptance or rejection of the resolution, or attaches a scanned copy or a photograph of the signed resolution to the e-mail, it shall be deemed that the resolution has been signed by the Supervisory Board member. Subsequently every member of the Supervisory Board shall submit to the Chairperson of the Supervisory Board, or to the Supervisory Board member appointed by the Chairperson of the Supervisory Board, in person or by facsimile, e-mail, registered letter or courier, a signed copy of the resolution draft. The resolution shall be deemed adopted if it has been accepted and signed by absolute majority of all members of the Supervisory Board and the draft of such resolution had been delivered to all Supervisory Board members.

#### **Article 14**

The methods of adopting resolutions set forth in Article 12 and Article 13 do not apply in the case of election of the Chairperson and Deputy Chairperson of the Supervisory Board, appointment of a Management Board member or dismissal or suspension of those persons in their duties.

#### **Article 15**

1. Minutes shall be taken of Supervisory Board meetings, including the meetings held in the form referred to in Article 12 Par.1.
2. Minutes shall be taken by the person who chairs the meeting or by another Supervisory Board member appointed by the chairperson of the meeting.
3. The minutes should include in particular:
  - 1) the number and date of the meeting;
  - 2) full names of Supervisory Board members present in the meeting and of other persons participating in the meeting;
  - 3) agenda of the meeting;
  - 4) content of the resolutions, including the number of votes cast with respect to individual resolutions, including dissenting opinions of Supervisory Board members, if any;
  - 5) signatures of all Supervisory Board members present in the meeting
  - 6) and in the case referred to in Article 12 par. 1 – also the information on the means of communication used.

A resolution shall not be included in the minutes if it is attached to such minutes.

4. The minutes shall be signed by all Supervisory Board members present in the meeting. The minutes may be signed by correspondence or at the next meeting of the Supervisory Board. The foregoing provisions shall apply accordingly to signing of the resolutions of the Supervisory Board which have not been included in the minutes but are attached thereto.
5. The Supervisory Board shall keep a minute book in which the minutes of all meetings shall be kept. The minute book shall also include the resolutions adopted in writing. The minutes should be made available to every member of the Supervisory Board upon request. The manner of storing the minute book shall be determined by the Chairperson of the Supervisory Board.

#### **Article 16**

Members of the Supervisory Board shall keep confidential any information and materials related to Company's operation, howsoever acquired or provided to them.

### **Article 17**

Upon expiry of the Supervisory Board's term of office the members thereof shall hand over all matters to the new Supervisory Board.

### **Article 18**

1. These Regulations shall become effective as of the day of their adoption by the Supervisory Board.
2. Should provisions of the Articles of Association or provisions of law be amended in a way which affects the operation of the Supervisory Board, the Supervisory Board should take necessary measures to adapt these Regulations to the valid Articles of Association or provisions of law, and in particular should adopt a resolution on amendment of the Regulations.