

PRE VALUE

COOPERATIVE OWNERS

ARTICLES OF THE CO-OPERATIVE



Chapter I. General Provisions

§ 1

The name of this Co-operative Association shall be: PREVALUE COOPERATIVE OWNERS Spółdzielnia Właścicieli Majałtku z siedzibą w Warszawie [PREVALUE COOPERATIVE OWNERS Co-operative Association of Property Owners, with its registered seat in Warsaw]. Hereinafter referred to as the 'Co-operative', it operates under the Act of 16 September 1982 — Co-operative Law (uniform text [u.t.] Dz. U.2013.1443), other statutes and these Articles. The Co-operative may use the abbreviated name: PREVALUE Spółdzielnia Właścicieli Majałtku (PREVALUE Co-operative Association of Property Owners).

§ 2

The seat of this Co-operative shall be capital city of Warsaw.

§ 3

The area of operations shall be the territory of the Republic of Poland and abroad.

§ 4

1. The Co-operative shall have legal personality and shall act through its bodies in the manner provided for in the provisions of the law and in the provisions of these Articles.
2. The duration of this Co-operative shall be unlimited.

Chapter II. Purpose, and Lines of Business

§ 5

The purpose of this Co-operative is to conduct a joint enterprise in the scope of:

1. acquisition of the ownership of fixed assets (e.g. investment diamonds, land, raw materials), and further development, hire, lease or resale of such assets;
2. joint business activity of the members.
3. The Co-operative may also conduct social, educational and cultural activity with regard to its members and their local environment, as well as socially beneficial activity in the area of public tasks set out in the Act of 24 April 2003 on Public Utilities and Volunteering (Dz. U.2014.1118).

§ 6

To achieve its goals the Co-operative conducts operations of which the scope are:

- 1) (PKD 46.76.Z) wholesale of other intermediate products
- 2) (PKD 46.72.Z) wholesale of metal and metal ores
- 3) (PKD 47.77.Z) retail sale of watches and jewellery in specialized stores
- 4) (PKD 68.10.Z) buying and selling of own real estate
- 5) (PKD 68.20.Z) rental and operating of own or leased real estate
- 6) (PKD 68.31.Z) real-estate agencies
- 7) (PKD 68.32.Z) management of real estate on a fee or contract basis
- 8) (PKD 79.11.A) travel-agent activities
- 9) (PKD 79.11.B) travel-broker activities
- 10) (PKD 79.12.Z) tour-operator activities
- 11) (PKD 41.10.Z) execution of building projects connected with erection of buildings
- 12) (PKD 41.20.Z) construction works connected with erection of residential and non-residential buildings
- 13) (PKD 55.10.Z) hotels and similar accommodation
- 14) (PKD 55.20.Z) holiday and other short-stay accommodation
- 15) (PKD 55.30.Z) camping grounds, recreational vehicle parks and trailer parks
- 16) (PKD 55.90.Z) other accommodation
- 17) (PKD 58.29.Z) other-software publishing
- 18) (PKD 64.92.Z) other credit granting
- 19) (PKD 64.99.Z) other financial service activities, except insurance and pension funding n.e.c.
- 20) (PKD 66.19.Z) other activities auxiliary to financial services, except insurance and pension funding
- 21) (PKD 66.22.Z) activities of insurance agents and brokers
- 22) (PKD 66.29.Z) other activities auxiliary to insurance and pension funding
- 23) (PKD 70.22.Z) other consultancy regarding business activity and management
- 24) (PKD 71.20.B) technical testing and analysis

- 25) (PKD 73.11.Z) advertising agencies
- 26) (PKD 74.90.Z) other professional, scientific and technical activities n.e.c.
- 27) (PKD 77.11.Z) rental and leasing of cars and light motor vehicles
- 28) (PKD 77.12.Z) rental and lease of other cars/trucks, except for motorcycles
- 29) (PKD 77.33.Z) rental and leasing of office machinery and equipment, including computers
- 30) (PKD 77.39.Z) rental and leasing of other machinery, equipment and tangible goods n.e.c.
- 31) (PKD 78.10.Z) activities connected with employee placement and sourcing
- 32) (PKD 81.10.Z) auxiliary activities connected with facilities orderly
- 33) (PKD 81.21.Z) general cleaning of buildings and industrial facilities
- 34) (PKD 81.22.Z) specialist cleaning of buildings and industrial facilities
- 35) (PKD 81.29.Z) other cleaning activities
- 36) (PKD 81.30.Z) landscape service activities
- 37) (PKD 82.11.Z) services connected with administrative office support
- 38) (PKD 82.20.Z) activities of call centres
- 39) (PKD 82.30.Z) organization of conventions and trade shows
- 40) (PKD 82.99.Z) other business support service activities n.e.c.
- 41) (PKD 85.59) other education n.e.c.
- 42) (PKD 85.59.B) other non-school education n.e.c.
- 43) (PKD 85.60.Z) educational support activities
- 44) (PKD 96.09.Z) other service activities n.e.c.
- 45) (PKD 32.12.Z) manufacture of jewellery and similar articles
- 46) (PKD 46.48.Z) wholesale of watches, clocks and jewellery
- 47) (PKD 47.91.Z) retail sale via mail-order houses or via Internet
- 48) (PKD 58.19.Z) other publishing activities
- 49) (PKD 64.91.Z) financial leasing
- 50) (PKD 73.12.C) mediating sales of advertising space in electronic media (Internet)
- 51) (PKD 73.12.D) mediating sales of advertising space in other media
- 52) (PKD 77.40.Z) leasing of intellectual property and similar products, except copyrighted works.

§ 7

In pursuit of its tasks referred to in § 6 of these Articles, the Co-operative shall make contracts and carry out other transactions and activities at law. The Co-operative may join civil-law and commercial-law companies, as well as other business and social organizations, in particular co-operative revisional and business co-operative alliances.

Chapter III. Members, their rights and obligations

§ 8

1. Members may be natural persons with full capacity for legal transactions, as well as legal persons and other organizational units, including those without legal personality.
2. Also natural persons without or with limited capacity for legal transactions may be members, with the consent of their statutory representatives. Such persons may not be members of the Co-operative's bodies, and they shall participate in the General Meeting through their statutory representatives.

§ 9

1. It is a condition of becoming a member that the candidate shall submit a declaration. Such a declaration should be submitted in written form under the pain of nullity.
2. The declaration, signed by the candidate, should contain the candidate's name and surname, as well as place of residence, and, where the candidate is a legal person or other organizational unit — the name and registered seat of such a unit, the number of shares declared, details of contribution made, as well as the date and place of signature of the declaration and signature of the candidate.
3. Also any further shares and any other changes to the data contained in the declaration shall be declared in written form.
4. Either in the declaration or in a separate statement addressed to the Co-operative a member may indicate a person to whom the Co-operative shall pay out the shares after the member's death. This right shall not be part of the estate of the deceased, and rules of inheritance of shares are set out in Article 16a of Co-operative Law.

§ 10

1. Founders of the Co-operative having signed the Articles shall become members of the Co-operative upon entry thereof into the court register. Those joining after the said date shall become members upon being counted among members by the competent body of the Co-operative.
2. The competent body for accepting members shall be the Management Board, which shall pass a resolution during its closest session after the declaration is submitted.
3. The Management Board shall notify the candidate within two weeks of passing a resolution counting or refusing to count the candidate among the members. Notice of refusal should contain reasons and instruction as to the right of appeal, as well as the time window and the procedure for appealing and consequences of failing to comply with the said time window.
4. Resolution of the Management Board refusing to accept the candidate may be appealed to the Supervisory Board within 14 days of the day of delivery of the notice referred to in subsection 3. Any appeal shall be made in writing through the Management Board.
5. Decision on the appeal should be made within one month of the date of filing.

§ 11

A member shall have the right to:

1. Take active part in the life of the Co-operative, in particular to participate in the General Meeting and/or Meeting of a Member Group, with the right to vote.
2. Elect and be elected to the Co-operative's bodies.
3. Perform activities for the benefit of the Co-operative.
4. Receive copies of the Articles and regulations. Become familiar with the resolutions of the Co-operative's bodies, the register of members, the minutes, statements (reports) and agreements pertaining to the Co-operative, subject to the reservation of Article 18.3 of Co-operative Law.
5. Submit opinions, motions, requests and suggestions concerning the activities of the Co-operative and its bodies and to demand that the same be considered by the competent bodies of the Co-operative.
6. Participate in the balance-sheet surplus.
7. Have recourse to the Court against resolutions of the General Meeting/Meeting of Representatives for non-compliance with the law or with the provisions of the Articles.
8. Receive benefits from the Co-operative within the scope of its statutory activities, including activities within the Co-operative's Club Programme.
9. To obtain information from the bodies as to the Co-operative's financial standing, activities and plans for the future.

§ 12

A member shall:

1. Pay the admission fee, along with declared shares and membership fee in the manner and in the time windows set out in these Articles.
2. Participate in the pursuit of the Co-operative's tasks.
3. Refrain from any activities contrary to the Co-operative's interests and from using information about the manner of conduct of the Co-operative's business activities and details of the Co-operative's counterparties in a manner prejudicial to the Co-operative's interests. In the event of any violation of the prohibition referred to in this clause the Co-operative may pursue redress from the member according to rules set out in the Civil Code.
4. Have care of the welfare and development of the Co-operative, in particular its good name and property.
5. Comply with the provisions of the law and with the provisions of the Co-operative's Articles, regulations and resolutions of the bodies.
6. Participate in the making good of the Co-operative's losses to the extent of shares declared.
7. Notify the Co-operative in writing of any change to personal data contained in the membership declaration.

§ 13

1. Membership in the Co-operative shall cease as a result of:
 - 1) resignation
 - 2) expulsion
 - 3) removal from the register of members
 - 4) death.

2. A member's rights may be suspended in accordance with the procedure set out in the Rules of Disciplinary Proceedings for up to one year. Suspension shall apply to both rights and obligations of membership. Resolutions in this matter shall be passed by the Supervisory Board on motion from the Management Board.

§ 14

1. A member may resign from the Co-operative by notice. Notice should be given in written form under the pain of nullity and delivered to the Co-operative's current address.
2. Membership shall terminate with the expiry of the notice period. The notice period shall be three months, ending on the last day of a month.
3. The resignation date shall be deemed to be the following day after the expiry of the notice period.

§ 15

1. Expulsion of a member from the Co-operative may occur where due to the member's fault continued membership is incompatible with the provisions of the Articles or with the rules of social coexistence, and in particular:
 - 1) in the event of a grave violation of the obligations of membership, flagrant negligence or intentional action to the detriment of the Co-operative, or engaging in competing activity;
 - 2) in the event of failure to contribute the declared shares within the time window;
 - 3) in the event of repeat intentional violation by the member of the provisions of the employment contract if the member provides work under such a contract;
 - 4) in the event of repeat intentional violation by the member of the provisions of the collaboration agreement, contract of mandate or contract of hired work, where the member provides work under such an agreement.
2. Removal from the register of members may occur in the event of:
 - 1) loss by the member of capacity for legal transactions, unless the statutory representative consents to the continued membership of a person without legal capacity on terms set out in § 8.2 of these Articles;
 - 2) non-fulfilment by the member of obligations set out in the Articles, for causes independent from such a member.
3. Expulsion may not occur after one month has passed since the Co-operative became aware of the circumstances justifying expulsion.

§ 16

1. The Supervisory Board shall notify any removed or expelled member of such removal or expulsion within two weeks of the passing of the relevant resolution. Notice shall be given in writing, with reasons and instructions as to the expelled or removed member's right to appeal and the time window and procedure for filing the appeal.
2. Notices shall be sent by registered mail with return of receipt confirmation requested or delivered personally:
 - 1) Where notice is sent by registered mail to the address indicated by the member to the Co-operative as address for correspondence:
 - a. Notice returned as a result of the member's not having reported any change to such a member's indicated address shall have the legal force of delivery.
 - b. Notice twice advised of failed delivery and not picked up within the time window shall have the legal force of delivery.
 - 2) Where notice is given to members in person, such members shall confirm receipt with their own signature on a copy of the letter.
3. Expulsion or removal shall come into force upon:
 - 1) futile lapse of the time window for recourse to the Court against the resolution of the Supervisory Board;
 - 2) futile lapse of the time window for appealing the resolution of the Supervisory Board to the General Meeting/Meeting of Representatives;
 - 3) futile lapse of the time window for recourse to the Court against the resolution of the General Meeting/Meeting of Representatives;
 - 4) binding dismissal by the Court of an action to quash the resolution of the Supervisory Board or General Meeting/Meeting of Representatives.

§ 17

The competent body for expulsion or removal of a member shall be the Supervisory Board.

§ 18

The Supervisory Board shall hear the relevant member prior to any expulsion or removal.

§ 19

A deceased member shall be removed from the register with effect from the day of death.

§ 20

4. An expelled or removed member shall have the right of appeal to the General Meeting/Meeting of Representatives. The time window for such an appeal shall be one month, counting from the date of delivery to the member of written notice of expulsion or removal with reasons and instruction as to the right of appeal. The appeal shall be filed at the Co-operative's address through the Supervisory Board.
5. Any appeal should be decided upon during the closest session of the General Meeting/Meeting of Representatives, no later than twelve months after being submitted.
6. The date and time and the place of the session of the General Meeting/Meeting of Representatives during which the appeal is to be heard should be notified to the appellant in writing at the address indicated in the appeal, at least 3 weeks prior to such a date and time. The appellant may be present during the deliberations of the General Meeting/Meeting of Representatives when the appeal is heard and promote the appeal.
7. A copy of the resolution of the General Meeting/Meeting of Representatives along with reasons shall be delivered by the Co-operative to the appellant within two weeks of the date the resolution passed.

§ 21

A member shall be notified in writing by the Management Board of any resolutions of the Co-operative's bodies in matters between the member and the Co-operative, within 14 days of the date the resolution passed, with reasons provided.

Chapter IV. Admission Fee, Shares, Membership Fees, Membership Contributions and Club Contributions

§ 22

A member shall pay the admission fee, declared shares and membership fees in accordance with the provisions of these Articles.

§ 23

1. The membership fee initiating the membership shall be PLN 1000 (say: one thousand zloties) and should be paid within 7 days following submission of the declaration.
2. Where the competent body resolves to refuse to admit the candidate among the members of the Co-operative, the admission fee shall be refunded to the candidate within 14 days of the date the resolution passed.
3. In the case of the candidate's accession to the Co-operative's Club Programme, of which the rules of operation are set out separately, the admission fee initiating membership in the Co-operative may be broken up into instalments in accordance with the provisions of the Rules of the Co-operative's Club Programme.
4. A member shall pay the membership fee on membership contributions specified in § 24.1-4 and contributions specified in § 30.1 in the amount set out in a resolution of the Supervisory Board.
5. Admission fee and membership fees, subject to the reservation of subsection 2, shall not be refundable.
6. All fees connected with membership in the Co-operative may be paid in foreign currency, with conversion into Polish zloties at the average exchange rate of the National Bank of Poland as at the day the payment is made.
7. Passage and amendment of the Rules of the Co-operative's Club Programme shall be the competence of the Supervisory Board.

§ 24

1. The value of a share shall be: PLN 100 (say: one hundred zloties).
2. A member may declare not fewer than 36 shares.
3. A member may declare a greater number of shares than follows from the provisions of subsection 2.
4. The maximum number of shares contributed by one member of the Co-operative may not exceed 5000.
5. Shares set out in subsection 2 along with the membership fee shall be paid no later than 7 days of the passage by the Management Board of a resolution accepting the candidate or decision of the Supervisory Board in favour of appeal against a resolution refusing admission. Not contributing the shares in the indicated time window shall result in expulsion of the member from the Co-operative pursuant to § 15 of the Articles.
6. Where the candidate accedes to the Club Programme of which the rules of operation are set out separately:
 - 1) payment for the shares referred to in subsection 2 may be broken up into instalments in accordance with the

- provisions of the Rules of the Co-operative's Club Programme;
- 2) value of and time windows for the payment of such instalments are set out in the provisions of the Rules of the Club Programme;
 - 3) with the Management Board's consent, the member may take advantage of two interruptions in the payment of the instalments during each calendar year, no more than one month at each time. The duration of the interruption in the payment of instalments may be extended in fortuitous cases with the consent of the Supervisory Board;
 - 4) where the member does not pay the instalments for the shares in time, the Co-operative shall be entitled to statutory late interest on overdue instalments unless the member did not exercise the right set out in subsection 6.3.

§ 25

1. A member shall participate in making good the Co-operative's losses to the extent of shares declared.
2. A member shall not be liable to the Co-operative's creditors for the Co-operative's liabilities.

§ 26

1. Prior to the end of the membership the member may request a refund of payments made for shares.
2. Provisions of subsection 1 shall not apply to payments for shares in excess of the number of shares the member has an obligation to declare and pay pursuant to § 24.2. The said payments shall be refunded:
 - 1) within 3 months of approval of the financial statement for the year in which the member requested the refund of the payments but not earlier than 36 months after the date membership is obtained;
 - 2) in a monetary form or, with the consent of the Management Board, in a non-monetary form. For the non-monetary form, the market valuation of the object of the settlement shall be determined on the basis of the opinion of an independent expert.
3. A member may not request the refund of payments for shares exceeding the number of shares specified in § 24.2 where such shares have been allocated to the making good of the Co-operative's losses.

§ 27

Upon cessation of membership, the former member's shares shall be paid on the basis of the approved financial statement for the year in which the membership ceased, in whole and once-off, within 3 months of the date the statement is approved by the General Meeting/Meeting of Representatives, with regard being had to the Co-operative's capabilities set out in §26.2.2.

§ 28

Where payments made for shares are being refunded to a member or former member, the valuation shall be carried out on the basis of book value determined on the basis of the approved financial statement for the year in which the membership ceased or other event took place resulting in the need for such payments to be refunded. Every year, within one month of the approval of the Co-operative's financial statement, members will receive information as to the number of their shares as determined in accordance with the contents of the first sentence of this section.

§ 29

1. A member may not request any refund of shares in such part as such shares have been allocated to the making good of the Co-operative's losses.
2. A former member shall not be entitled to the resource fund or any other assets of the Co-operative throughout the duration of the Co-operative's activity.

§ 30

1. Members shall make contributions alongside the membership fee. The minimum value of one such contribution shall be: PLN 100 (say: one hundred zloties).
2. Both monetary and non-monetary contributions may be made to the Co-operative. Members shall at each time pay contributions on the basis of entry made in the declaration and of the agreement entered into. Members of the Club shall make Club contributions as determined on the basis of profits achieved in the Co-operative's Club Programme.
3. The maximum number of shares contributed by one member of the Co-operative shall be unlimited.
4. Contributions may not be withdrawn throughout the first 18 months after they are made. The said period shall be calculated respectively with regard to each payment made to the Co-operative as contribution. This reservation

- shall not apply to Club contributions.
5. The value of non-monetary contributions as at the time of their being made to the Co-operative and as at the time of their being refunded to the member shall be determined on the basis of market value determined on the basis of the opinion of an independent expert.
 6. Contributions shall be received by the Management Board, taking account of the Co-operative's realistic needs.
 7. Refund of contributions may be requested in writing during membership, at least three months prior to the end of the business year, subject to the reservation of the provisions of section 4 above.
 8. The payment out of contributions may not take longer than 6 months after the request is made, with regard being had to the capabilities specified in § 26.2.2 above.
 9. Club contributions may be refunded at any time, upon the member's request made in writing and given a positive opinion by the Management Board, within a time window no longer than 3 months after such a request is made.
 10. The rules for the return of non-monetary contributions shall be determined by the Supervisory Board in the form of a resolution, provided that such a return may not take longer than 12 months after the request is made, subject to the reservation of the provisions of subsection 4 above.
 11. A request to leave the Co-operative shall be treated the same as a request to have the contributions refunded.
 12. On similar terms contributions shall be refunded in the event of the membership ending due to different causes, as well as in the event of liquidation of the Co-operative.
 13. A member may declare contribution at any time whatsoever. Declaration of contribution should be submitted to the Management Board and be in the written form. The contribution should be made no later than 14 days after submission of the declaration.
 14. In the event of refunding monetary contributions to a member, valuation of such such contributions shall be carried out on terms set out in § 28 sentence one of this Article, which regulates the rules of valuation of shares. Where a member has made financial contributions, such a member shall each year receive information referred to in §28 sentence two of these Articles, within the time window and on terms set out therein.

Chapter V. The Bodies of the Co-operative

§ 31

The bodies of the Co-operative shall be:

1. the General Meeting/Meeting of Representatives,
2. Supervisory Board,
3. Management Board,
4. Meetings of Member Groups.

§ 32

1. Elections to the bodies of the Co-operative set out in § 31.2, § 31.3 and § 31.4 shall be by secret ballot from among an unlimited number of candidates. Any recall of members of such a body shall also be by secret ballot.
2. Provisions of subsection 1 shall apply mutatis mutandis to the election or recall of candidates to the bodies of any co-operative alliance of which the Co-operative is a member.

§ 33

Unless otherwise provided by the Articles or relevant provisions, resolutions shall be passed by simple majority of the vote in the presence of at least a half of those entitled to vote. In the calculation of the required majority of the vote for the passage of a resolution of a body of the Co-operative, only votes cast in favour or against such a resolution shall be included.

§ 34

The procedure for convening the sessions of the bodies referred to in § 31.2, § 31.3 and § 31.4, as well as the manner and terms of the passing of the resolutions by such bodies shall be specified by regulations enacted under these Articles.

The General Meeting

§ 35

The General Meeting shall be the supreme body of the Co-operative.

§ 36

1. Where the number of members exceeds 300 persons, the General Meeting shall be replaced with a Meeting of Representatives. Provisions of these Articles on the General Meeting shall apply mutatis mutandis to such a Meeting of Representatives.
2. A Representative shall be elected by a Meeting of Member Group for a term of 3 years, and for until the end of the term in by-elections. Non-election of Representatives at a Meeting of Member Group following the end of a 3-year term shall result in the term of Representatives elected at a later time becoming shortened accordingly.
3. The term of Representatives shall expire upon election of new Representatives at the first Meeting of Member Group after the expiry of three years after the election of the current Representatives. Recall and by-election of Representatives may take place at Meetings of Member Groups.
4. Detailed rules for the convening of Meetings of Member Groups, rules of deliberation and passage of resolutions and motions by such Meetings shall be enacted by the Supervisory Board.
5. The mandate of a Representative shall expire:
 - 1) with the end of the term,
 - 2) with loss of membership in the Co-operative,
 - 3) with resignation,
 - 4) with recall of the Representative prior to the end of the term by the Meeting of Member Group.
6. A Representative may be recalled by a resolution of the Meeting of Member Group prior to the end of the term for which such a Representative was elected, if the Representative does not comply with the Representative's obligations. In such case, as well as in the event of the Representative's resignation or expiry of the mandate with loss of membership, the Meeting of Member Group may elect a new Representative for the period until the end of the predecessor's term.

§ 37

1. A member may participate in the General Meeting in person or by proxy in accordance with the rules set out in co-operative law. A Representative may participate in a Meeting of Representatives only in person.
2. Legal persons being members of the Co-operative participate in the General Meeting by proxy appointed for such a purpose. The proxy of a legal person may be elected Representative.
3. A proxy may not substitute for more than one member. Proxy should be granted in writing under the pain of nullity and attached with the minutes of the General Meeting. A member of the Management Board may not be proxy at the General Meeting.
4. Each member/Representative shall have only one vote regardless of the number of shares held.
5. Members of the Supervisory Board and members of the Management Board may participate in a Meeting of Representatives with the right to vote.
6. Representatives of a revisional alliance, alliances and organizations to which the Co-operative belongs, representatives of the National Co-operative Council, and persons invited by the Management Board and Supervisory Board or accepted by the Management Board may participate in the General Meeting/Meeting of Representatives with a consultative vote.
7. A member other than Representative may participate in a Meeting of Representatives without a right to vote, except for the consideration of individual matters.

§ 38

It shall be the exclusive competence of the General Meeting/Meeting of Representatives to:

1. Resolve on the directions of development of economic, social and cultural activity;
2. Elect and recall members of the supervisory board; resolve on the remuneration of members of the supervisory board;
3. Consider and assess the co-operative's performance, in particular:
 - 1) consider statements (reports) from the Supervisory Board and the Management Board;
 - 2) approve annual statements and financial statements and pass resolutions in such matters and grant discharges to members of the Management Board;
4. Consider motions arising from a submitted post-vetting record of the Co-operative's activities and pass resolutions in that regard;
5. Pass resolutions concerning the distribution of the balance-sheet surplus or manner of making good the losses, with regard being had to the contents of § 67 of these Articles;

6. Pass resolutions with regard to joining and leaving other business organizations;
7. Set a maximum total of liabilities the Co-operative may incur, subject to the reservation that the total value of liabilities may not exceed 50% of the Co-operative's net asset value;
8. Pass resolutions with regard to any merger, split or liquidation of the Co-operative;
9. Consider, in intra-Co-operative proceedings, any appeals against the resolutions of the Supervisory Board;
10. Pass amendments to the Articles;
11. Pass resolutions with regard to joining or leaving an alliance, as well as authorizing the Management Board to take actions in that regard;
12. Elect and recall delegates to the bodies of an alliance to which the Co-operative belongs;
13. Resolve on the rules of the General Meeting/Meeting of Representatives and Supervisory Board;
14. Pass resolutions with regard to cancelling unrecoverable debts owed to the Co-operative;
15. Pass resolutions with regard to the alienation of real property, plant or some other organizational unit.

§ 39

1. The Management Board shall convene the General Meeting/Meeting of Representatives at least once yearly, no later than 30 June every year.
2. The Management Board shall convene the General Meeting/Meeting also upon the request of:
 - 1) the Supervisory Board,
 - 2) at least 1/10 of the number of members but no fewer than 10 members.
3. Any request to convene the General Meeting/Meeting of Representatives should be made in writing, stating the goal for which it is to be convened.
4. In the event provided for in subsection 2 the Management Board should convene the General Meeting/Meeting of Representatives, setting such a date and time as for it to take place within six weeks after the request was made. Failing the foregoing, the General Meeting/Meeting of Representatives shall be convened by the Supervisory Board, revisional alliance to which the Co-operative belongs, or the National Co-operative Council, at the Co-operative's cost.

§ 40

1. The date and time, venue and agenda of the General Meeting/Meeting of Representatives shall be notified to members by the Management Board at least 21 days prior to the date and time of the General Meeting/Meeting of Representatives, publishing an appropriate announcement on the Co-operative's website and by e-mail, sending notice to the e-mail address indicated by the member in the membership declaration as address for correspondence with confirmation of receipt requested, while notice to Representatives — where a Meeting of Representatives is called — shall be sent by e-mail to the address indicated by such a Representative in the membership declaration as the address for correspondence, with confirmation of receipt requested, along with the agenda, draft resolutions for passing, and other materials to be deliberated on by the Meeting of Representatives.
 - 1) Notice sent by e-mail to the address indicated by the member/Representative as address for correspondence and returned as a result of the member's/Representative's not having advised of the change of the stated e-mail address shall have the legal force of delivery.
 - 2) Notice sent by e-mail twice to the address indicated by the member/Representative as address for correspondence, where the receipt of which notice has not been confirmed by the member/Representative, shall have the legal force of delivery.
2. The date and time, venue and agenda of the General Meeting/Meeting of Representatives shall be notified by the Management Board in writing to a revisional alliance to which the Co-operative belongs, as well as the National Co-operative Council, in such a way as for such notice to arrive at least 21 days prior to the date and time of the General Meeting/Meeting of Representatives. Notices shall be sent by registered mail with confirmation of receipt requested.
3. Those entitled pursuant to § 39.2 to request convening the General Meeting/Meeting of Representatives may also request the inclusion of specific matters in the agenda of such a General Meeting/Meeting of Representatives, on condition of making such a request no later than 14 days prior to the date and time of such a General Meeting/Meeting of Representatives.

§ 41

1. The General Meeting/Meeting of Representatives may pass resolutions only in matters included in the agenda notified in accordance with § 40.
2. Resolutions shall be passed in accordance with the procedure referred to in § 33 of these Articles unless otherwise provided by Co-operative Law or these Articles.

§ 42

1. The General Meeting/Meeting of Representatives shall be opened by the President of the Management Board, who shall order the election of a Chairman, Vice Chairman and Secretary of the General Meeting/Meeting of Representatives. Those shall form the Presidium to manage the deliberations of the General Meeting/Meeting of Representatives.
2. Rules and procedure for the deliberations and passage of resolutions shall be determined by the rules of the General Meeting/rules of the Meeting of Representatives.

§ 43

1. Minutes shall be taken of the deliberations of the General Meeting/Meeting of Representatives, to be signed by the chairman and by the secretary of the General Meeting/Meeting of Representatives.
2. The minutes shall be open to members of the Co-operative, representatives of a revisional alliance to which the Co-operative belongs and to the National Co-operative Council.
3. The minutes shall be kept by the Management Board of the Co-operative for a period of 10 (ten) years unless a longer duration is provided for by provisions on the storage of files.

§ 44

1. Resolutions of the General Meeting/Meeting of Representatives shall be binding on all members of the Co-operative.
2. A member or the Management Board of the Co-operative may have recourse to the court within the time window and under procedure set out in Co-operative Law against a resolution of the General Meeting/Meeting of Representatives for inconsistency with the law or with the provisions of the Articles.
3. A court ruling quashing the resolutions of the General Meeting/Meeting of Representatives shall have legal force with regard to all members of the Co-operative.

The Supervisory Board

§ 45

Activities of the Co-operative shall be supervised by a Supervisory Board.

§ 46

1. The Supervisory Board shall be composed of three to seven members elected by the General Assembly/Meeting of Representatives. The number of members of the Supervisory Board shall be determined by the General Meeting/Meeting of Representatives.
2. Only members of the Co-operative may be elected to the Supervisory Board.
3. The term of the Supervisory Board shall be 5 years.
4. Prior to the end of the term a member of the Supervisory Board may be recalled by the General Meeting/Meeting of Representatives by a 2/3 majority of the vote.
5. Where a member of the Supervisory Board is recalled or the mandate of such a member expires due to other causes, the General Meeting/Meeting of Representatives shall elect a new member of the Supervisory Board for the period until the end of the term.

§ 47

1. The scope of activities of the Supervisory Board shall include:
 - 1) passing business plans, as well as programmes of social and cultural activities;
 - 2) electing and recalling members of the Management Board;
 - 3) supervising the Co-operative's activities in particular through:
 - a. considering the periodic statements and financial statements;
 - b. carrying out periodic assessments of performance of the Co-operative's business tasks;
 - c. auditing the Management Board's treatment of motions from the bodies and members of the Co-operative;

- d. auditing the protection of the Co-operative's assets;
 - 4) passing resolutions with regard to the alienation and encumbrance of real property and acquisition of a plant or other organizational unit;
 - 5) passing resolutions to create Co-operative funds not enumerated in the Articles;
 - 6) passing resolutions with regard to joining and leaving other social organizations;
 - 7) approving the Co-operative's organizational structure and passing resolutions with regard to the creation or liquidation of a plant;
 - 8) considering complaints about the Management Board's activities;
 - 9) supervising compliance with the resolutions of the General Meeting/Meeting of Representatives;
 - 10) approving the rules of the Management Board and other rules in the Co-operative that are not reserved for the competence of other bodies;
 - 11) participating in the vetting carried out in the Co-operative and presenting the conclusions of such vetting to the General Meeting/Meeting of Representatives;
 - 12) consenting to the taking and granting by the Co-operative of cash loans;
 - 13) submitting statements (reports) to the General Meeting/Meeting of Representatives, containing in particular the outcome of an audit and assessment of financial statements;
 - 14) passing resolutions with regard to legal transactions made between the Co-operative and a member of the Management Board or made by the Co-operative in the interest of a member of the Management Board, as well as representing the Co-operative at such transactions; for the representation of the Co-operative two members of the Supervisory Board authorized by the Supervisory Board shall suffice;
 - 15) representing the Co-operative before a court of law in the matter of quashing a resolution of the General Meeting/Meeting of Representatives arising out of an action brought by the Management Board.
2. For the purpose of performance of the Supervisory Board's obligations, the Supervisory Board may request from the Management Board and members and employees of the Co-operative any and all reports and explanations, inspect books and documents and direct verify the state of the Co-operative's assets.
 3. The Supervisory Board may issue recommendations to the Management Board as a result of audits performed or complaints against the activities of the Management Board heard. The Management Board should notify the Supervisory Board of having carried out the obligations, within the time window set by the Supervisory Board.

§ 48

1. Resolutions of the Supervisory Board shall pass by simple majority of the vote in the presence of more than a half of the total number of members of the Supervisory Board. In the event of an equal number of votes, the vote of the Chairman of the Supervisory Board shall control.
2. The ballot shall be open except for the election and recall of members of the Supervisory Board. However, the vote shall be by secret ballot if so requested by a member of the Supervisory Board.
3. Any resolution of the Supervisory Board expelling a member or removing a member from the register may be appealed to the General Meeting/Meeting of Representatives by the member concerned or such a member's statutory representative.

§ 49

1. The Supervisory shall elect from among its members, at the first session of a new term or first session after the expiry of the mandate, a Chairman, a Vice Chairman and a Secretary of the Supervisory Board. Those aforesaid shall form the Presidium of the Supervisory Board.
2. The task of the Presidium of the Management Board shall be solely to organize the works of the Supervisory Board.
3. The Supervisory Board may appoint permanent or temporary committees to inquire into a specific matter.
4. Apart from members of the Supervisory Board also other members of the Co-operative may become members of such committees.

§ 50

1. Sessions of the Management Board shall take place not less frequently than once in 3 months.
2. Upon request of the Management Board or of a member of the Supervisory Board a session of the Supervisory Board should be convened within two weeks of the date such a request is made.

§ 51

Rules and procedure for the activities of the Supervisory Board, the convening of its sessions, its deliberations and the passage of resolutions, as well as composition of committees and scope of their activities shall be determined by rules enacted by the General Meeting/Meeting of Representatives.

The Management Board

§ 52

1. The Management Board shall manage the Co-operative's activities and represent the Co-operative on the outside.
2. The powers of the Management Board shall include the making of any and all decisions not reserved in an act or in the Articles to other bodies of the Co-operative.

§ 53

The Management Board may be composed of one to five persons being members of the Co-operative. Where the Management Board is a collegial body, the works of such a Management Board shall be led by a President, who shall also convene sessions. The number of members of the Management Board shall be determined by the Supervisory Board.

§ 54

1. Members of the Management Board shall be elected and recalled by the Supervisory Board. Members of the Management Board shall be elected for an indefinite term. Separate secret ballots shall be held to elect the President of the Management Board and each of the members of the Management Board.
2. The candidate having obtained the greatest number of votes shall be elected to the Management Board.
3. A member of the Management Board may be recalled by the Supervisory Board for important reasons by a 2/3 majority of the vote in the presence of at least a half of the members of the Supervisory Board entitled to vote. Any recall of the Management Board shall require written reasons to be provided.
4. Members of the Management Board to whom a discharge was not granted may be recalled by the General Meeting/Meeting of Representatives. In such a case the provisions of § 41.1 shall not apply. The recall of a member of the Management Board does not violate the rights of such a member arising from the employment contract or other legal relationship of which the subject matter is the provision of work or services to the Co-operative.
5. In the event of a collegial Management Board being established, decisions in those matters for which collegiality is reserved shall be made in the form of resolutions passed by simple majority of the vote, in the presence of more than a half of the total number of members of the Management Board. In the event of an equal number of votes the vote of the President of the Management Board shall be decisive with regard to the resolution.
6. The President of the Supervisory Board or other member of the Supervisory Board authorized by the Supervisory Board may participate in sessions of the Management Board with a consultative vote.
7. Minutes shall be taken of sessions of a collegial Management Board. Minutes shall be signed by all members of the Management Board who are present at the session. Where impossible to obtain the signature of a member of the Management Board, the President of the Management Board shall make the appropriate annotation on the minutes document.
8. Sessions of a collegial Management Board shall take place as needed.
9. Members of the Management Board shall perform activities in accordance with the distribution of roles arising from the Rules of the Management Board.

§ 55

1. Rules of the Management Board shall determine the procedure for the work of the Management Board. The Rules of the Management Board shall be enacted by the Supervisory Board.
2. The Management Board may appoint permanent or temporary Problem Committees. Such Committees shall operate on terms set out in the contents of their appointing resolutions.

§ 56

The Management Board shall be the leader of the Co-operative's ongoing business activity.

§ 57

1. The Management Board may perform its activities with the assistance of plenipotentiaries.

2. Any such plenipotentiaries shall be appointed by the Management Board, determining the scope of powers and obligations of such a plenipotentiary.
3. The Management Board may grant a power of attorney to carry out legal transactions connected with the management of the ongoing business activities of the Co-operative or of an organizationally and economically separate part of the Co-operative, as well as a power of attorney to carry out a particular sort of transactions, or specific transactions.

§ 58

1. Statements of will for the co-operative shall be expressed by two members of the Management Board or one member of the Management Board and a plenipotentiary. In the event of a one-person Management Board, statements of will may also be expressed by two plenipotentiaries.
2. Statements referred to in subsection 1 shall be made by the authorized signatories putting their signatures under the Co-operative's name.
3. Written statements addressed to the Co-operative and made on the Co-operative's premises or to a member of its Management Board or plenipotentiary shall have legal effect with regard to the Co-operative.

Meeting of a Member Group

§ 59

1. Division of members into Member Group shall be executed by the Supervisory Board upon motion by the Management Board, subject to the rule that a Member Group may not be smaller than 50 members.
2. The basis for the division of members into Member Groups shall be their membership in a Club as part of the Co-operative's Club Programme. Those members of the Co-operative who do not belong to any Club shall compose a separate Member Group, or several groups, according to need.

§ 60

1. The powers of the Meeting of Member Group shall include:
 - 1) electing and recalling Representatives for the Meeting of Representatives;
 - 2) considering matters which are going to be the subject of deliberations of the closest Meeting of Representatives and submitting motions in such matters;
 - 3) considering periodic statements (reports) from Supervisory Board and the Management Board;
 - 4) expressing opinions, addressing motions in the Co-operative's matters to the Co-operative's bodies, especially in the joint matters of members belonging to the Meeting of the Member Group.
2. The number of Representatives elected by each Member Group shall be determined in proportion to the number of members in the relevant Member Group, with the adoption of the rule that:
 - 1) where the Co-operative counts up to 1000 members, there shall be one Representative for each 25 members;
 - 2) where the Co-operative counts more than 1000 members, there shall be one Representative for each 90 members;
 - 3) where the Co-operative counts more than 6000 members, there shall be one Representative for each 150 members;
 - 4) where the Co-operative counts more than 10,000 members, there shall be one Representative for each 200 members;provided that after exceeding the threshold number of members the number of Representatives may not be less than in the preceding range.
3. In order to make sure the Meeting of Representatives is as representative as possible, Meetings of Member Groups should aim for each Club to have its own Representative.

§ 61

1. Meetings of Member Groups shall be convened by the Management Board, at least once a year, no later than by the end of April of the relevant year.
2. Meetings of Member Groups should also be called if requested by 1/10 of the members belonging to the relevant group, though no fewer than 10 people.
3. A meeting of Member Group shall pass its resolutions by open ballot, except for the election and recall of Representatives, which shall be by secret ballot. Any recall of a Representative shall be by a 2/3 majority of the vote.

4. Procedure for deliberations and passage of resolutions shall be determined by the Rules of Deliberation of the Meeting of Member Group as enacted by the Supervisory Board.

§ 62

A properly convened Meeting of Member Group which was unable to proceed due to the absence of its members or due to inability to elect a Presidium of the Meeting or Vote-Counting Committee, shall be deemed to have taken its place.

Chapter VI. Financial Principles of the Co-operative

§ 63

The Co-operative conducts business activity on principles of economic calculation, bringing benefits to its members. The business year shall be the calendar year.

§ 64

The Co-operative shall be liable for its liabilities up to the entirety of its property.

§ 65

1. The Co-operative's own funds shall be the:
 - 1) share fund, resulting from the payments of membership shares, write-offs from the balance-sheet surplus, the transfer of funds from the resource fund or from other sources set out in separate provisions;
 - 2) resource fund, resulting from the members' payments of the admission fee, membership fees, from part of the balance-sheet surplus, as well as from other sources set out in separate provisions;
 - 3) contribution fund, resulting from monetary and non-monetary contributions made by members of the Co-operative, from write-offs from the balance-sheet surplus, and from the transfer of funds from the resource fund.
2. The Co-operative may create other funds according to need, pursuant to a resolution of the Supervisory Board.

§ 66

1. The Co-operative's net profit (gross profit minus income tax and other obligatory burdens arising from separate provisions of acts of Parliament, as well as profits due to members on account of the handling of the Co-operative's Club Programme) shall constitute the balance-sheet surplus.
2. The Co-operative's losses shall be made good from the resource fund, and in the part exceeding the resource fund — from the share fund.
3. Should the Co-operative's losses during the relevant year have exceeded the value of the sum of the resource fund and share fund, the Co-operative's General Meeting may pass a resolution to make good such loss:
 - 1) using the profit from subsequent years;
 - 2) using funds from the resource fund which are accumulated in the next business year.

§ 67

1. The balance-sheet surplus shall be distributed pursuant to a resolution of the General Meeting/Meeting of Representatives.
2. In each business year at least 20% of the balance-sheet surplus shall be transferred to the Co-operative's resource fund;
 - 1) the remaining part of the balance-sheet surplus — with account being taken of advance payments paid out during the year or making good of losses from preceding years — that has in accordance with the provisions of subsections 1 and 2 above not been transferred to the resource fund, may be distributed among the members of the Co-operative pursuant to a resolution of the General Meeting/Meeting of Representatives, in the form of percentile increase of share amounts and monetary contributions or payout;
 - 2) the part of balance-sheet surplus which is intended for distribution shall be paid out to members of the Co-operative or allocated toward the increase of their share amounts and amounts of financial contributions on the basis of written declarations submitted by members of the Co-operative by 1 April each calendar year, subject to provisions of subsections 4 and 5 below.
3. In each business year the remaining part of the balance-sheet surplus such as has in accordance with the provisions of subsections 1 and 2 above not been transferred to the resource fund shall be transferred as follows, in proportion to the value of shares and contributions as at the balance-sheet day:
 - 1) If a member has fewer than 250 shares and contributions total, then 100% of the balance-sheet surplus falling to such a member will be allocated toward increasing such a member's shares and contributions.

- 2) If a member has from 250 to 499 shares and contributions total, then 60% of the balance-sheet surplus falling to such a member will be allocated toward increasing such a member's shares and contributions, and the remaining part will remain at such a member's disposal.
 - 3) If a member has from 500 to 999 shares and contributions total, then 45% of the balance-sheet surplus falling to such a member will be allocated toward increasing such a member's shares and contributions, and the remaining part will remain at such a member's disposal.
 - 4) If a member has from 1000 to 1499 shares and contributions total, then 30% of the balance-sheet surplus falling to such a member will be allocated toward increasing such a member's shares and contributions, and the remaining part will remain at such a member's disposal.
 - 5) If a member has at least 1500 shares and contributions total, then 100% of the balance-sheet surplus falling to such a member will remain at such a member's disposal.
4. Where shares declared by a member have not been fully contributed, amounts falling to such a member from the distribution of the balance-sheet surplus shall be credited in whole against such a member's incomplete shares.
 5. The distributed balance-sheet surplus intended for the increase of the value of shares and contributions shall increase the value of the individual shares and contributions as rounded to 1 zloty. Any difference from such rounding shall increase the value of the first share belonging to the member.

Chapter VII. Merger, Split, Liquidation and Insolvency of the Co-operative.

§ 68

The merger, split, liquidation and insolvency of the Co-operative shall take place in the events and on terms set out in Co-operative Law.

§ 69

1. In the event of liquidation of the Co-operative, any assets remaining after the payment of liabilities, submission to court deposit of amounts intended to cover liabilities not yet mature and contentious liabilities, as well as the payment out of shares, will be allocated toward purposes indicated in a resolution of the last General Meeting/Meeting of Representatives.
2. Where assets set out in subsection 1 are allocated by the General Meeting/Meeting of Representatives in whole or in part toward being distributed among the members, each member's share in such assets shall be determined in proportion to the term of such a member's fully paid shares.
3. On terms set out in subsection 2 also any such former members of the Co-operative as are entitled to claims for the payment out of shares shall be entitled to participate in the distribution of the Co-operative's assets.

Chapter VIII. Final Provisions

§ 70

Any change of the Co-operative's Articles shall require a resolution of the General Meeting/Meeting of Representatives passed by a 2/3 majority of the vote of persons entitled to vote.