

**Reports and evaluations
of the Supervisory Board¹

of Stalexport Autostrady S.A.
with its registered office in Mysłowice
for the year 2018**

¹Approved by the Supervisory Board's Resolution no. 01/02/2019 of 28 February 2019

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This Report has been prepared in relation to the following regulations:

1. art. 382 §3 of the Act of 15 September 2000 – the Code of Commercial Companies (Polish Journal of Laws Dz.U. of 2000 No. 94 item 1037 as amended);
2. the Statutes of Stalexport Autostrady S.A.;
3. the Regulations of the Supervisory Board of Stalexport Autostrady S.A. and the Regulations of the Supervisory Board's Audit Committee;
4. the corporate governance rules from the Best Practice of GPW Listed Companies 2016, which were adopted by way of resolution No. 26/1413/2015 of the Supervisory Board of Giełda Papierów Wartościowych S.A. w Warszawie [Warsaw Stock Exchange] of 13 October 2015 and entered into force on 1 January 2016 (hereinafter referred to as: DPSN 2016).

I. REPORT ON THE ACTIVITIES OF THE SUPERVISORY BOARD AND OF ITS COMMITTEES IN 2018

1. Subject and period of the report

The report on the activities of the Supervisory Board of Stalexport Autostrady S.A. with its registered office in Myslowice (hereinafter referred to as: Stalexport Autostrady, "Parent Company", or Company) and of its committees covers the period from 1 January 2018 until 31 December 2018.

2. Composition of the Supervisory Board and of its committees

Pursuant to §14 of the Company's Statutes, the Supervisory Board is composed of 5 to 9 persons appointed for a joint term of office of three years. The General Meeting appoints and dismisses members of the Supervisory Board having previously determined their number for the given term of office.

On 14 April 2016, the Ordinary General Meeting of Stalexport Autostrady decided that the Supervisory Board of Stalexport Autostrady of the ninth term (2016–2018) would be composed of seven members and appointed the Supervisory Board for the following term of office with the following members:

1. Nicoló Caffo,
2. Aleksander Galos,
3. Roberto Mengucci,
4. Marco Pace,
5. Stefano Rossi,
6. Massimo Sonogo,
7. Tadeusz Włudyka.

On 20 May 2016, pursuant to §14(4) and §15(1) of the Company's Statutes, the Supervisory Board Members elected:

- Mr Roberto Mengucci as Chairman of the Supervisory Board,
- Mr Aleksander Galos as Deputy Chairman of the Supervisory Board,
- Mr Stefano Rossi as Secretary of the Supervisory Board.

The Company's Supervisory Board was composed of the members listed above until 15 December 2017, because of the resignation of Mr Nicolò Caffo from the position of a member of the Supervisory Board Member on 23 November 2017, with the effect on 15 December 2017.

The Supervisory Board operating in the period from 16 December 2017 until 26 January 2018 was composed of the following 6 persons:

1. Aleksander Galos – Deputy Chairman,
2. Roberto Mengucci – Chairman,
3. Marco Pace,

4. Stefano Rossi – Secretary,
5. Massimo Sonogo,
6. Tadeusz Włudyka.

On 26 January 2018, before proceeding in accordance with the agenda of the Extraordinary General Meeting of Stalexport Autostrady, Mr Tadeusz Włudyka resigned from the position of a member of the Supervisory Board.

The Company's Extraordinary General Meeting held on 26 January 2018 decided that the Supervisory Board of Stalexport Autostrady of the ninth term (2016–2018) shall be composed of seven members and appointed two new members of the Supervisory Board:

1. Tomasz Dobrowolski,
2. Flavio Ferrari.

From that time until the day of preparation of the Report, the Supervisory Board was composed of the following 7 members:

1. Tomasz Dobrowolski,
2. Flavio Ferrari,
3. Aleksander Galos – Deputy Chairman,
4. Roberto Mengucci – Chairman,
5. Marco Pace,
6. Stefano Rossi – Secretary,
7. Massimo Sonogo.

The following committees function within the Supervisory Board: The Remuneration Committee and the Audit Committee, operating as advisory and opinion-making bodies for the Supervisory Board. Their composition in the reporting period was the following:

Remuneration Committee

- Roberto Mengucci – Chairman,
- Aleksander Galos,
- Tadeusz Włudyka.

Audit Committee:

- Aleksander Galos – Chairman,
- Marco Pace,
- Tadeusz Włudyka.

On 30 January 2018, in relation to the resignation of Mr Tadeusz Włudyka as member of the Supervisory Board of Stalexport Autostrady, the Supervisory Board supplemented the composition of the above mentioned committees, appointing Mr Tomasz Dobrowolski as their member. From that moment until the date of preparation of the Report, the composition of the said committees of the Supervisory Board was as follows:

Remuneration Committee:

- Roberto Mengucci – Chairman,
- Tomasz Dobrowolski - Deputy Chairman (from 16 July 2018),
- Aleksander Galos;

Audit Committee:

- Aleksander Galos – Chairman,
- Marco Pace - Deputy Chairman (from 16 July 2018),
- Tomasz Dobrowolski.

3. Evaluation of compliance with the criteria of independence by Supervisory Board members

Two of the Supervisory Board members, i.e. Mr Tomasz Dobrowolski and Mr Aleksander Galos meet the criteria of independence envisaged for independent Remuneration Committee members, as defined by Annex II to Commission Recommendation 2005/162/EC of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board and in the guidelines included in the DPSN 2016, as well as meet the criteria of independence envisaged for independent Audit Committee members, as defined in Article 129(3) of the Act of 11 May 2017 on statutory auditors, auditing firms and public supervision (Dz.U. of 2017, item 1089), and §3(5) of the Rules of the Audit Committee.

Mr Tadeusz Włudyka also met the above criteria in the period in which he performed his functions in the Supervisory Board of Stalexport Autostrady.

Mr Tomasz Dobrowolski, Mr Aleksander Galos and Mr Tadeusz Włudyka submitted statements concerning their compliance with the said criteria of independence and, in the opinion of the remaining members of the Supervisory Board, there are no connections or circumstances that could affect the compliance with the criteria of independence by the said Supervisory Board members.

In this manner, the majority of the members of the Remuneration Committee and of the Audit Committee, including the Chairman of the Audit Committee, meet the criteria of independence indicated above.

4. Basic forms and directions of activities of the Supervisory Board and of its committees in 2018

The Supervisory Board operates on the basis of applicable provisions of the law, including the Code of Commercial Companies and the Company's Statutes adopted by the General Meeting. Moreover, pursuant to the Company's Statutes, the Supervisory Board adopted its own Regulations, constituting its rules of procedure. It is available on the corporate web site of Stalexport Autostrady (www.stalexport-autostrady.pl).

The Supervisory Board's committees operate pursuant to the regulations adopted by the Supervisory Board forming Enclosures to the Regulations of the Supervisory Board. They are also available from the corporate web page of the Company (www.stalexport-autostrady.pl). The Supervisory Board

exercised constant supervision over the Company's activities in 2018 in all areas as well as carried out its duties and exercised its rights resulting from the provisions of the Company's Statutes, the Code of Commercial Companies, as well as other provisions of the law.

Throughout the reporting period, the Supervisory Board held 3 recorded meetings (on 30 January 2018, 1 March 2018 and 16 July 2018).

At the meetings, the Supervisory Board examined matters resulting from the Code of Commercial Companies, from the Company's Statutes, from the Regulations of the Supervisory Board as well as from the Company's current activities.

In 2018, the Supervisory Board adopted 21 resolutions (including two by circulation), whose list is included in **Enclosure no. 1**. Prior to adoption of the resolutions, the matters they addressed had been analysed and discussed.

The basic form of the supervision over the Company's activities exercised by the Supervisory Board consisted in reviewing the documents submitted by the Management Board. In 2018, the Supervisory Board focused particularly on the following:

- materials and resolutions submitted to the General Meeting by the Management Board,
- the financial standing of the Company and of the Group,
- periodic reports on the implementation of the Company's and of the Group's budget,
- analysis of the risks related to the Company's activity and of its compliance with the regulations binding upon it,
- assessment of performance of the previously agreed on bonus tasks as well as setting new ones.

5. Report on the activities of the Supervisory Board's committees in 2018

The composition of and the bases for operation of Supervisory Board's committees in 2018 are presented in paragraphs I.2 and I.4 hereof.

5.1. Report on the activities of the Audit Committee

The report of activities of the Audit Committee submitted to the Supervisory Board in accordance with §14 section 1 of the Regulations of the Audit Committee is attached as **Enclosure no. 2** to this document.

5.2. Report on the activities of the Remuneration Committee

The Remuneration Committee held two meetings in 2018 (01 March 2018 and 16 July 2018) the subject of which was issuing recommendations regarding the adoption of resolutions by the Supervisory Board of Stalexport Autostrady S.A. on:

1. change in remuneration of Vice-President of the Management Board of the Company determined in the Management Contract (resolution of the Remuneration Committee no. 01/03/2018),

2. granting the annual bonus to the Management Board's Members for the year 2017 (resolution of the Remuneration Committee no. 01/07/2018),
3. determination of the bonus tasks for the Management Board's Members for year 2018 (resolution of the Remuneration Committee no. 02/07/2018).

Having considered the above, the Supervisory Board evaluated the work of the Board's committees in 2018 positively.

6. Self-evaluation of the Supervisory Board's work

The Supervisory Board has found that in the reporting period, the individual Supervisory Board Members performed their functions honestly, reliably and with due diligence, exercising supervision over the Company's entire activity, guided by objective evaluation and independent judgment. The required level of commitment to the Supervisory Board's work was confirmed for instance by the high rate of attendance at the meetings and by active participation in the discussions concerning the items placed on the agenda.

In the Supervisory Board's opinion, its direct activity and the activity carried out within the Board's standing Committees in the reporting period was efficient and complied with the highest standards.

Taking the above in consideration, the Supervisory Board requests that the fulfilment of duties by all the members of the Supervisory Board in 2018 be acknowledged.

II. REPORT ON THE EVALUATION OF THE MANAGEMENT BOARD'S REPORT ON THE ACTIVITIES OF COMPANY AND THE CAPITAL GROUP OF STALEXPORT AUTOSTRADY S.A. IN 2018, OF THE SEPARATE FINANCIAL STATEMENTS AND OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2018 IN TERMS OF THEIR CONFORMITY WITH THE BOOKS AND DOCUMENTS AS WELL AS WITH THE FACTS, AND OF THE MANAGEMENT BOARD'S MOTION CONCERNING DISTRIBUTION OF NET PROFIT FOR 2018

Acting pursuant to art. 382 §3 of the Code of Commercial Companies and to §18.2, points 1–3 of the Company's Statutes, the Supervisory Board of Stalexport Autostrady has familiarised itself with and evaluated the following, drawn up in accordance with the requirements of the International Accounting Standards:

- a) **the separate financial statements of the Company for turnover year 2018 including:**
- **separate statement of financial position prepared as at December 31, 2018**, showing assets and liabilities in amount of **PLN 354,213,091.93** (say: three hundred fifty four million two hundred thirteen thousand ninety one zlotys ninety three groszy),
 - **separate statement of comprehensive income for the period from January 1, 2018 to December 31, 2018**, showing net profit in amount of **PLN 4,431,996.31** (say: four million four hundred thirty one thousand nine hundred ninety six zlotys thirty one groszy) and total comprehensive income of **PLN 4,838,745.01** (say: four million eight hundred thirty eight thousand seven hundred forty five zlotys one groszy),
 - **separate statement of changes in equity for the period from January 1, 2018 to December 31, 2018**, showing a decrease of equity by the amount of **PLN 66,867,241.66** (say: sixty six million eight hundred sixty seven thousand two hundred and forty one zlotys sixty six groszy),
 - **separate statement of cash flows for the period from January 1, 2018 to December 31, 2018**, showing a decrease in cash by the amount of **PLN 59,439,577.48** (say: fifty nine million four hundred thirty nine thousand five hundred seventy seven zlotys forty eight groszy),
 - **notes** to the separate financial statements comprising a summary of significant accounting policies and other explanatory information.
- b) **consolidated financial statements of Capital Group of Stalexport Autostrady S.A. for turnover year 2018**, including:
- **consolidated statement of financial position prepared as at December 31, 2018**, showing assets and liabilities in amount of **PLN 1,320,904 thousand** (say: one billion three hundred twenty million nine hundred four thousand zlotys),
 - **consolidated statement of comprehensive income for the period from January 1, 2018 to December 31, 2018**, showing net profit in amount of **PLN 186,428 thousand** (say: one hundred eighty six million four hundred twenty eight thousand zlotys) and total comprehensive income of **PLN 188,804 thousand** (say: one hundred eighty eight million eight hundred four thousand zlotys),

- **consolidated statements of changes in equity for the period from January 1, 2018 to December 31, 2018**, showing an increase in equity by the amount of **PLN 111,735 thousand** (say: one hundred eleven million seven hundred thirty five thousand zlotys),
- **consolidated statement of cash flows for the period from January 1, 2018 to December 31, 2018**, showing a decrease in cash by the amount of **PLN 63,159 thousand** (say: sixty three million one hundred fifty nine thousand zlotys),
- **notes** to the consolidated financial statements comprising a summary of significant accounting policies and other explanatory information.

c) Management Board's Report on the activities of the Company and the Capital Group of Stalexport Autostrady S.A. in 2018.

The audit of the mentioned above Company's financial statements within the meaning of the provisions of the Accounting Act, for the period from 1 January 2018 until 31 December 2018, was carried out by Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. z siedzibą w Warszawie, przy Rondzie ONZ 1 (hereinafter: Ernst & Young), entered on the list of entities authorised to audit financial statements kept by the National Chamber of Statutory Auditors under No. 130, selected by the Supervisory Board of the Company.

The evaluation of the financial statements for 2018 was carried out by the Supervisory Board's Audit Committee at the meeting on 27 February 2019, with the participation of the statutory auditor's representative. The Vice-President of the Management Board – CFO and the Chief Accountant also participated in that meeting.

RE: a) and c)

In the opinion of the Audit Committee, of the Supervisory Board and of Ernst & Young, **the separate financial statements of Stalexport Autostrady S.A. for the financial year 2018:**

- give a true and fair view of the economic and financial position of the Company as at 31 December 2018, its financial performance and cash flow for the period from 1 January 2018 to 31 December 2018 in line with the applicable International Financial Reporting Standards approved by the European Union and adopted accounting principles (policies);
- comply, with respect to their form and content, with the applicable law provisions and the Company's Statutes,
- have been prepared based on properly kept accounting records, in line with chapter 2 of the Accounting Act of 29 September 1994 (hereinafter: the Act).

The Audit Committee, the Supervisory Board and Ernst & Young also find that Management Board's Report on the activities of the Company and the Capital Group of Stalexport Autostrady S.A. in 2018 has been prepared in line with Article 70 of the Ordinance of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and conditions for recognizing as equivalent information required under the law of a non-member state (hereinafter: the Ordinance of the on current and periodic information) and comply with information disclosed in the separate financial statement of Stalexport Autostrady S.A. for the financial year 2018.

In relation to the audit of the financial statements carried out, the auditor was obliged — under the act on statutory auditors —to issue an opinion as to whether the Company, required to submit

a statement of compliance with corporate governance principles, which constitutes a separate part of the Report on the activities of the Company, included in such statement the legally required information and — with respect to specific information so required or required by other rules — a declaration whether it complies with applicable regulations and is consistent with the information included in the annual financial statements.

In auditor's opinion, the Company's statement of compliance with corporate governance principles includes information specified in Article 70.6.5 of the Ordinance on current and periodic information. The information specified in Article 70.6.5 letters c-f, h and i of the Ordinance on current and periodic information given in the statement of compliance with corporate governance principles is consistent with the applicable provisions of law and the information presented in the financial statements of Stalexport Autostrady for 2018.

RE: b)

In the opinion of the Audit Committee, of the Supervisory Board and of Ernst & Young, **the consolidated financial statements of the Stalexport Autostrady S.A. Capital Group for the financial year 2018:**

- give a true and fair view of the economic and financial position of the Capital Group as at 31 December 2018, its consolidated financial performance and consolidated cash flow for the period from 1 January 2018 to 31 December 2018 in line with the applicable International Financial Reporting Standards approved by the European Union and adopted accounting principles (policies);
- comply, with respect to their form and content, with applicable to the Capital Group provisions of law and the Company's Statutes.

Furthermore, the Supervisory Board has familiarised itself with and evaluated, pursuant to §18(2)(2) of the Company's Statutes, the motion prepared by the Management Board to be submitted to the General Meeting concerning the distribution of net profit for the year 2018, and does not submit any reservations concerning the proposed method of profit sharing.

III. EVALUATION OF THE COMPANY'S SITUATION TAKING INTO ACCOUNT INTERNAL CONTROL, RISK MANAGEMENT AND COMPLIANCE SYSTEMS AS WELL AS THE INTERNAL AUDIT FUNCTION; THIS EVALUATION COMPRISES ALL THE SIGNIFICANT CONTROL MECHANISMS, INCLUDING IN PARTICULAR THOSE RELATED TO FINANCIAL REPORTING AND OPERATING ACTIVITY

The Supervisory Board of Stalexport Autostrady, acting in line with the DPSN 2016 applied by the Company (which is described more extensively in Section 7 of the Management Board's Report on the activities of the Company and the Capital Group of Stalexport Autostrady S.A. in 2018), including in particular with the rule set forth under II.Z.10.1, **carried out an evaluation of the Company's situation, taking into account internal control, risk management and compliance systems, as well as the internal audit system. The said evaluation comprises all the significant control mechanisms, including in particular those related to financial reporting and to operating activity.**

The said evaluation was carried out on the basis of the knowledge of the Supervisory Board's members, up-to-date as of the date of its preparation, and on the basis of the Company's statements drawn up for 2018 and of the statutory auditor's reports and opinions concerning those statements.

A detailed analysis of the situation of Stalexport Autostrady in 2018 was presented in the separate financial statements of Stalexport Autostrady and in the Management Board's Report on the activities of the Company and the Capital Group of Stalexport Autostrady S.A. in 2018.

The above statements and reports contain the most important information concerning the functioning of Stalexport Autostrady in 2018.

1. Evaluation of the situation of Stalexport Autostrady S.A.

The Supervisory Board, just like the Management Board of the Company, has found that 2018 was another year of good financial results for the Stalexport Autostrady S.A. Capital Group.

The Company's activities focus above all on supervising companies from the Stalexport Autostrady Capital Group, which manage and operate the concession section of the A4 motorway (Katowice–Kraków).

Thus, the separate revenue from sales generated by the Company includes mainly revenue from services related to the lease of space in the office building in Katowice at ul. Mickiewicza 29 and of parking spaces located next to that office building. In 2018, Stalexport Autostrady generated total revenue in relation to those operations in the amount of PLN 3,244 thousand versus PLN 3,184 thousand in the previous year.

Other revenue from sales amounting to PLN 458 thousand was generated by the Company from the provision of services for related entities, including mainly work related to IT services, and from the fee received from VIA4 in relation the performance guarantee granted to this company.

The above-mentioned sources are the permanent elements of operating revenue of Stalexport Autostrady and their value in the future periods should be similar to that reported in 2018.

The decrease in net profit from PLN 73.2 million in 2017 to PLN 4.4 million last year has been very noticeable. It results from the smaller financial revenues of the Company, which, due to the condition concerning the concession payment, did not obtain dividend in 2018 from its subsidiary Stalexport Autoroute S.à r.l., because the latter did not in turn obtain dividend from the company Stalexport Autostrada Małopolska S.A.

The dividend which Stalexport Autostrady S.A. received the year 2017 and the net profit which it recorded, on the other hand, made it possible to pay dividend to the shareholders of Stalexport Autostrady S.A. in accordance with the resolution of the Ordinary General Meeting of Shareholders of 4 April 2018. Under the said resolution, the amount of over PLN 71.7 million from the Company's profit for 2017 was allocated to the said dividend in the amount of PLN 0.29 per share, and over PLN 1.5 million was transferred to the supplementary capital. The dividend was paid to the Company's shareholders on 18 May 2018.

The vast majority of the Group's revenues, which amounted in 2018 to PLN 336.5, were generated by toll collection on the A4 Katowice–Kraków motorway. Toll collection revenues increased in 2018 by 5.6%, to the level of PLN 332.4 million, which was influenced by the increase by 5.2% in traffic intensity, to the level of 45.3 thousand vehicles per day.

The Group's net profit, on the other hand, increased by 17.4% and amounted to PLN 186.4 million.

The improved financial result of the Stalexport Autostrady Group was also caused by the decrease in the level of costs of sales by PLN 18.3 million, to which the release of the provision for resurfacing contributed, as well as by the decrease of net financial expenses by PLN 10.5 million in relation to the generally lower level of liabilities.

Summing up the evaluation of the activities of Stalexport Autostrady, the Supervisory Board would like to emphasise that the Company and its Capital Group, operating in the motorway business, have sound financial bases that guarantee the stability of their business and provide opportunities for implementation of future projects related to the construction and management of motorways.

2. Perspectives for development of the Stalexport Autostrady S.A. Capital Group

The strategy for external development of Stalexport Autostrady consists in the possible implementation of potential projects related to road infrastructure. The Road Construction Programme creates a potential market for the Company and for the companies belonging to the Capital Group. However, it should be emphasised that the road infrastructure area is a sector heavily dependent on the State regulator. As a result of that, the number of tender procedures related to projects of interest for the Company and the possibility of their implementation under the PPP formula is the consequence of the public party's policy on road construction and of the condition of the national budget. It needs to be mentioned at this point that the Company, which analyses the public party's policy on a systematic basis, is also interested in other projects related to the broadly understood road infrastructure.

An example of such projects was provided by the public procurement procedure no. DPR.DPR-2.2413.6.2016.DZR.34 for the NATIONAL TOLL COLLECTION SYSTEM TOGETHER WITH ELECTRONIC TOLL COLLECTION ACTIVITIES AND ACTIVITIES RELATED TO TOLL COLLECTION IN GENERAL, announced on 14 December 2016 and subsequently annulled on 18 January 2018 by the GDDKiA. The

fact that CATTERICK INVESTMENTS Sp. z o.o., 10% of whose shares are held by Stalexport Autostrady until 25 July 2018, participated actively in the said procedure, constitutes significant information.

As far as the internal development strategy is concerned, the Group has been making and will continue to make efforts to improve the quality of services provided to the motorway users by way of improvements of the toll collection system, allowing the customers to diversify the range of toll payment methods. These efforts are intended to improve the flow capacity at the toll plazas and to shorten the transaction time. An example of such activities undertaken on the part of the Stalexport Autostrady Group was the pioneer project (among toll motorway concessionaires in Poland) implemented in 2016, consisting in the introduction of an electronic toll collection system using the microwave technology (in accordance with EU directives) under the commercial name of "A4Go" (www.karta4go.pl), making it possible to drive through the toll plazas operated on the A4 Katowice–Krakow section more conveniently and faster compared to using traditional payment methods.

It was possible to implement this project thanks to the experience of the companies from the Atlantia group, an international leader in the electronic toll collection sector. Drawing further on that experience in the following reporting year, the Group is planning to introduce another payment method based on what is referred to as video tolling.

3. Internal control and internal audit systems

The Management Board of Stalexport Autostrady is responsible for the system of internal control and its effectiveness. The system of internal control and risk management with regard to the process of drawing up of the financial statements involves the procedures for the drawing up and approval of financial statements in force in Stalexport Autostrady. The system makes it possible to monitor the liabilities and to control the costs and the achieved results on a systematic basis. The financial data constituting the basis for the financial statements and for the periodic reports come from the accounting and financial system IMPULS in which documents are recorded in line with the Company's accounting policy based on the International Accounting Standards.

The financial statements are drawn up by the financial and accounting staff under the control of the Company's Chief Accountant and they are subsequently verified by the Vice-President of the Management Board – CFO in cooperation with the Finance Management Director and their final contents are approved by the Management Board by way of a resolution.

The financial statements approved by the Management Board are audited by a statutory auditor selected by the Supervisory Board of the Company. Subsequently, pursuant to §18(2)(1) of the Company's Statutes, the Supervisory Board, following the recommendation of the Audit Committee, verifies each year whether the audited financial statements of the Company and of the Group are consistent with the books and documents and whether they reflect the real situation, and notifies the shareholders of the results of this verification in its annual report.

The Company systematically monitors changes required under external laws and regulations concerning the stock exchange reporting requirements and prepares to implement them suitably in advance.

4. Risk management and compliance

The Management Board of Stalexport Autostrady is in charge of managing risk significant for the Company and identifies such risks on a systematic basis.

The Supervisory Board shares the Management Board's view expressed in Management Board's Report on the activities of the Company and the Capital Group of Stalexport Autostrady S.A. in 2018 that the basic risks and threats as well as the external and internal factors significant for the activity of Stalexport Autostrady S.A. can be divided into three fundamental areas, i.e. related to the following:

- implementation of the A4 Katowice–Kraków motorway project,
- lease of office space and investment of own funds,
- and all the activities generally performed by the Company.

Within the first scope, risks as well as the economic and financial factors related to the general economic situation and to the current situation on the construction works market, as well as risks of political and legal nature prevail.

The overall economic situation in Poland has an impact mainly on the number of vehicles using the A4 motorway (this factor affects mainly the heavy goods vehicle traffic), and thus on the level of revenue from toll collection generated by the Concessionaire. The Group reduces this risk by means of an adequate (optimal) price policy and by taking actions aiming at improving the customer service quality on the motorway section managed by the Group by the replacement of toll collection equipment (currently in progress), diversifying the range of toll payment methods available to the customers.

As far as the construction works market is concerned, a buoyant mood on that market increases the prices of construction services and decreases the profitability of the A4 Katowice–Kraków project, while in the period of slowdown on that market, the Group may negotiate more favourable conditions for the execution of the necessary works, thus keeping more funds available to the shareholders. The Company seeks to reduce the risk within this area by active management, within the scope of powers granted to it under the Concession Agreement, of the schedule of the construction works planned and carried out.

Institutional and legal instability of the environment regulating the infrastructure sector in Poland is the main factor from the political and legal risk group. The Company seeks to counteract these risks for instance by promoting best practices and solutions aimed at creating an appropriate legal framework for the execution of infrastructure projects and by actively participating in the public debate regarding new legislative solutions. This risk group also includes the potential efforts to amend the existing law, which may affect the revenue or expense level of the A4 Katowice–Kraków project. It is worth emphasising at this point that the Concession Agreement includes provisions which make it possible to claim compensation from the State Treasury if the public party performs activities that adversely affect the profitability of the A4 Katowice–Kraków project.

Additional risks are also related to the decision of the Office of Competition and Consumer Protection (hereinafter UOKiK) of 2008, in which the Office stated, among other things, that the Concessionaire's practice restricted competition by "imposing unfair prices for using the toll section

of the motorway in the amount specified in the price list, in spite of the repair works being carried out at the same time on that section, resulting in major traffic disruption” and ordered that these practices be ceased. When performing future repair works causing substantial traffic disruption, the Concessionaire should respect the provisions of that decision in its toll rate policy. The Company reduced this risk by introducing the following documents for application: (i) the Rules of performance of works causing traffic disruption on the motorway, and (ii) the Principles of charging reduced toll rates if construction/repair works are being performed between the toll plazas leading to the failure to meet the motorway standard.

Within the scope of lease of office space and investment of the funds held, the risks that should be mentioned are related to the overall economic situation and to the investment climate, as well as to the market interest rate risk.

The overall economic situation in Poland directly affects the office space lease market and thus the size of the unoccupied (unleased) space and the rent rates. The Company mitigates this risk by applying a flexible pricing policy and by making other efforts to increase the attractiveness of the office space and to improve the safety of its users. Furthermore, the Company makes constant efforts to win new lessees.

As a result of the revenue structure and of the nature of the business, the Company’s financial results are burdened by an interest rate risk. This risk is related to the volatility of the financial markets and manifests itself in changes in the value of money. Stalexport Autostrady reduces this risk by diversifying the terms of the deposits in which the Company invests its funds.

The institutional and legal instability of the environment mentioned above affects not only the implementation of the A4 Katowice–Kraków project, but also all of the Company’s and of the Group’s activities, with particular emphasis on the functioning of Stalexport Autostrady as a public company.

The Company seeks to counteract these risks by constant monitoring of all changes to legal regulations (both national and EU ones), by using consultancy services provided by companies specialising in the given fields, by participation of the Management Board and of the employees responsible for the given business area in training courses and conferences related to the new regulations, and by implementing appropriate procedures and best practices, both in the Company and in the entire Group.

Due to the limited scale of activity of Stalexport Autostrady S.A. and the small number of people employed at the Company, no organisational units were separately established within the organisational structure of Stalexport Autostrady S.A. in charge of implementing tasks in the individual systems and functions referred to in recommendation no. III.R.1, with the exception of the function of compliance, for which a Compliance Officer was appointed within the Company. The Compliance Officer reports directly to the President of the Management Board and has the option of reporting directly to the Supervisory Board of Stalexport Autostrady S.A. In 2018, just like in previous years, the Supervisory Board commissioned the performance of a Compliance Audit, during which no irregularities were found in the area of compliance in the Company’s case.

In the remaining areas, i.e. internal control and audit as well as risk management, the individual functions and tasks are performed by Members of the Management Board of Stalexport Autostrady S.A. in accordance with the division of competences.

The Supervisory Board's Audit Committee monitored, in accordance with rule no. III.Z.5, the effectiveness of the systems and functions referred to in rule no. III.Z.1, while the Supervisory Board performed an annual evaluation of the operating effectiveness of such systems and functions.

The Audit Committee and the Supervisory Board evaluated positively the functioning of the internal control system and of the system for the management of risk significant for the Company.

Since the Company did not establish a separate unit performing the internal audit function, and the tasks within that area are carried out within the individual organisational divisions, the Audit Committee and the Supervisory Board have found that, given the nature and size of the Company's activity, the solution applied has so far been and continues to be fully sufficient, and as at the date of preparation of this report, there is no need to establish an organisationally separate internal audit function within the Company.

IV. EVALUATION OF THE COMPANY'S COMPLIANCE WITH THE INFORMATION OBLIGATIONS RELATED TO THE APPLICATION OF CORPORATE GOVERNANCE RULES, DEFINED IN THE STOCK EXCHANGE RULES AND IN THE REGULATIONS CONCERNING CURRENT AND PERIODIC INFORMATION PROVIDED BY ISSUERS OF SECURITIES

The Rules of Giełda Papierów Wartościowych S.A. w Warszawie [Warsaw Stock Exchange] (hereinafter: GPW) and the Ordinance on current and periodic information set forth the information obligations of the issuers concerning the application of corporate governance rules on their part.

The collection of corporate governance rules the Company was subject to in 2018, i.e. the DPSN 2016, is publicly available on the following web pages:

- of the Warsaw Stock Exchange (www.corp-gov.gpw.pl);
- of the Polish Association of Stock Exchange Issuers (www.seg.org.pl);
- of the Company (www.stalexport-autostrady.pl).

Pursuant to §29(3) of the rules of Giełda Papierów Wartościowych w Warszawie S.A., Stalexport Autostrady submitted, on 8 January 2016, report no. 1/2016, via the Electronic Information Database (EBI), concerning the non-observance of specific rules included in the DPSN 2016 collection.

According to the said report by Stalexport Autostrady, the Company did not observe 3 recommendations: VI.R.1., VI.R.2., VI.R.3. as well as 4 specific rules: I.Z.1.9., II.Z.8., III.Z.3., VI.Z.1.; however, recommendation VI.R.3 and rule II.Z.8 were observed from 20 May 2016. The rules from which the Company departed are presented in the table below, with an explanation of the reasons.

TABLE

Rules from which the Company departed with an explanation of the reasons

| Rule no. | Rule contents | Reasons for the Company's departure from observance of the rule |
|----------|---|--|
| I.Z.1.9 | Information on dividend planned and paid by the company in the period of the last 5 financial years, including data concerning the record date, the payment dates and the dividend amounts: in total and per share, | As far as planned dividend is concerned, the Company does not intend to observe that rule, due to the fact that the planning of dividend of significant value by Stalexport Autostrady depends on whether its subsidiary, i.e. Stalexport Autostrada Małopolska S.A., obtains consent from the banks financing that company's activity (on a project finance basis) to the payment of dividend by SAM. |
| III.Z.3. | The rules of independence set forth in generally recognised, international standards of professional practice for internal audit, apply to the person in charge of the internal audit function and | This rule is not observed, except the function of compliance supervision, for which a Compliance Officer was appointed in the Company. |

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|---|--|---|
| <p>to the other persons responsible for the performance of its tasks.</p> | <p>VI.Z.1. The incentive programmes should be structured in such a way as to make sure, among other things, that the level of remuneration of members of the company's management board and of its key managers depends on the actual, long-term financial position of the company and on the long-term increase of value for shareholders and stability of the enterprise's functioning.</p> | <p>The Company has appropriate incentive programmes (long-term programmes) in place for the Management Board members, The Company did not introduce a similar incentive programme for key managers not being members of the Management Board.</p> |
|---|--|---|

Source: Management Board`s Report on the activities of the Company and the Capital Group of Stalexport Autostrady S.A. in 2018

In compliance with the obligation stipulated in § 70 (4)(7) of the Ordinance concerning current and periodic information, the Management Board of Stalexport Autostrady prepared a statement of compliance by the Company's application of the corporate governance rules specified in the DPSN 2016 in the period from 1 January until 31 December 2018. The said statement will be made available to the general public together with the Company's separate and consolidated annual report, which is planned to take place on 1 March 2019.

The Supervisory Board has familiarised itself with the representation on compliance included in the Management Board`s Report on the activities of the Company and the Capital Group of Stalexport Autostrady S.A. in 2018. In the Supervisory Board's opinion, the Company meets in a diligent and complete manner the information obligations concerning compliance with corporate governance rules.

V. EVALUATION OF THE RATIONALITY OF THE POLICY PURSUED BY THE COMPANY, REFERRED TO IN RECOMMENDATION I.R.2 OF THE DPSN 2016, OR INFORMATION ON THE ABSENCE OF SUCH A POLICY

The Company does not pursue any activity consisting in sponsorship or charity, or any other similar activities, and consequently it does not have any policy in place concerning such activities. Activity of this type is carried out, on the other hand, by subsidiaries, including in particular Stalexport Autostrada Małopolska S.A.

Nevertheless, it has a procedure in place concerning donations and sponsorship, adopted by the Management Board of Stalexport Autostrady on 6 December 2013.

In accordance with the said procedure, in January of each year, i.e. after the end of the previous budget year, the Chief Specialist for Marketing and Investor Relations prepares a report on donations, containing the following information: the name of the donee, the value and purpose of the donation, the donated item in the case of in-kind donations, and whether the relevant entity is a public benefit organisation. The report is submitted to the Company's Management Board, to the Compliance Officer at Stalexport Autostrady and to the Chief Accountant. Subsequently, the report accepted by the Company's Management Board is sent to the Supervisory Board members.

VI. EVALUATION OF THE RATIONALITY OF THE POLICY PURSUED BY THE COMPANY WITH REGARD TO DIVERSITY IN RELATION TO THE COMPANY'S AUTHORITIES, INCLUDING WITH RESPECT TO GENDER, EDUCATION, AGE AND PROFESSIONAL EXPERIENCE, OR INFORMATION ON THE ABSENCE OF SUCH A POLICY

Taking into account the size of the activity carried out and guided by the principle of adequacy, the Company has not drawn up and does not implement a policy of diversity.

The main criteria for evaluation applied when selecting members of the Company's authorities and its key managers are qualifications, expertise, and professional experience of the individual candidates, confirming that they are prepared to perform the relevant function in terms of their knowledge concerning the relevant field.

VII. CONCLUSIONS

The Supervisory Board submits the following motions to the Ordinary General Meeting of Stalexport Autostrady S.A.:

- for approval of the Management Board's Report on the activities of the Company and the Capital Group of Stalexport Autostrady S.A. in 2018, of the separate financial statements of Stalexport Autostrady S.A. for 2018 and of the consolidated financial statements of the Stalexport Autostrady S.A. Capital Group for 2018,
- for the acknowledgement of the fulfilment of duties by the members of the Company's Management Board in 2018,
- for the adoption of a resolution on distribution of net profit for 2018, in accordance with the motion submitted by the Company's Management Board.

**Secretary
of the Supervisory Board**

/Stefano Rossi/

**Deputy Chairman
of the Supervisory Board**

/Aleksander Galos/

28 February 2019

LIST OF RESOLUTIONS OF THE SUPERVISORY BOARD ADOPTED IN 2018

| No | Resolution no. | Resolution regarding: | Adopted on |
|----|----------------|--|-------------|
| 1 | 01/01/2018 | providing an opinion on the draft resolutions of the Extraordinary General Meeting of Stalexport Autostrady S.A. | 19 Jan 2018 |
| 2 | 02/01/2018 | completing the composition of the Audit Committee of the Supervisory Board of Stalexport Autostrady S.A. | 30 Jan 2018 |
| 3 | 03/01/2018 | completing the composition of the Remuneration Committee of the Supervisory Board of Stalexport Autostrady S.A. | 30 Jan 2018 |
| 4 | 04/01/2018 | adoption of the consolidated text of the Company's Statutes | 30 Jan 2018 |
| 5 | 01/03/2018 | approval of the Supervisory Board's reports for the financial year 2017 | 01 Mar 2018 |
| 6 | 02/03/2018 | providing an opinion on the draft resolutions of the Ordinary General Meeting of Stalexport Autostrady S.A. regarding: the election of the chairman of the Ordinary General Meeting, the decision not to elect the Returning Committee and approval of the agenda | 01 Mar 2018 |
| 7 | 03/03/2018 | providing an opinion on the draft resolutions of the Ordinary General Meeting of Shareholders of Stalexport Autostrady S.A. regarding: the approval of the Management Board's report on the Company's activities in the financial year 2017, the separate financial statements of Stalexport Autostrady S.A. for the financial year 2017, and distribution of net profit for the financial year 2017 | 01 Mar 2018 |
| 8 | 04/03/2018 | providing an opinion on the draft resolutions of the Ordinary General Meeting of Stalexport Autostrady S.A. regarding: the approval of the Management Board's report on the Company's activities in the financial year 2017 and of the consolidated financial statements of the Stalexport Autostrady S.A. Capital Group for the financial year 2017 | 01 Mar 2018 |
| 9 | 05/03/2018 | providing an opinion on the draft resolution of the Ordinary General Meeting of Stalexport Autostrady S.A. concerning the distribution of the net profit for the financial year 2017 | 01 Mar 2018 |
| 10 | 06/03/2018 | providing an opinion on the draft resolution of the Ordinary General Meeting of Stalexport Autostrady S.A. regarding the acknowledgement of the fulfilment of duties in the financial year 2017 by the President of the Management Board, Emil Wąsacz | 01 Mar 2018 |
| 11 | 07/03/2018 | providing an opinion on the draft resolution of the Ordinary General Meeting of Stalexport Autostrady S.A. regarding the acknowledgement of the fulfilment of duties in the financial year 2017 by the Vice-President of the Management Board, Mariusz Serwa | 01 Mar 2018 |
| 12 | 08/03/2018 | providing an opinion on draft resolutions of the Ordinary General Meeting of Stalexport Autostrady S.A. regarding the acknowledgement of the fulfilment of duties by members of the Supervisory Board | 01 Mar 2018 |
| 13 | 09/03/2018 | selection of the statutory auditor/auditing firm to audit the Company's financial statements for the years 2018–2020 | 01 Mar 2018 |
| 14 | 10/03/2018 | change of the remuneration of the Vice-President of the Company's Management Board determined in the Managerial Contract | 01 Mar 2018 |
| 15 | 01/07/2018 | granting of the annual reward for 2017 to Members of the Management Board | 16 Jul 2018 |
| 16 | 02/07/2018 | setting bonus tasks for 2018 for Members of the Management Board | 16 Jul 2018 |

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|-----------|------------|--|-------------|
| 17 | 03/07/2018 | election of the Deputy Chairman of the Audit Committee of the Company's Supervisory Board | 16 Jul 2018 |
| 18 | 04/07/2018 | election of the Deputy Chairman of the Remuneration Committee of the Company's Supervisory Board | 16 Jul 2018 |
| 19 | 05/07/2018 | granting authorisation to perform an audit with regard to the compliance of the Company's activities with the regulations binding upon the Company (Compliance Audit). | 16 Jul 2018 |
| 20 | 06/07/2018 | approval of the investment plan for the Company and for the Stalexport Autostrady S.A. Group for the year 2018 | 16 Jul 2018 |
| 21 | 01/09/2018 | authorising an additional person to perform an audit with regard to the compliance of the Company's activities with the regulations binding upon the Company (Compliance Audit). | 14 Sep 2018 |

**REPORT ON THE ACTIVITIES OF THE AUDIT COMMITTEE
OF THE SUPERVISORY BOARD OF STALEXPORT AUTOSTRADY S.A. IN 2018**

The Audit Committee of the Supervisory Board of Stalexport Autostrady S.A. operates in accordance with the Regulations of the Audit Committee approved by the Supervisory Board, the Act of 11 May 2017 on statutory auditors, audit firms and public supervision, the Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC.

The Audit Committee supports the work of the Supervisory Board and is an advisory body working collectively within the framework of the Supervisory Board of Stalexport Autostrady S.A.

The basic scope of activities of the Committee consists in providing advice and support to the Supervisory Board in the performance of the latter's control and supervision obligations pursuant to the Statutes, with regard to the following:

1. monitoring of the financial reporting process;
2. monitoring the efficacy of internal control systems, risk management systems, as well as compliance and internal audit, including with regard to financial reporting;
3. monitoring of performance of financial auditing activities, including in particular audit carried out by the auditing firm, taking into account all conclusions and findings of the Audit Supervision Committee resulting from the inspection carried out at the auditing firm;
4. controlling and monitoring the independence of the statutory auditor and of the auditing firm, in particular if the auditing firm performs services other than auditing for the Company;
5. informing the Supervisory Board about the results of the audit and explaining how the audit contributed to ensuring that the Company's financial reporting is true and fair, as well as the role of the Committee in the audit process;
6. assessing the independence of the statutory auditor and expressing consent to the performance by the latter of permitted services other than audit at the Company, after the Committee has performed an evaluation of threats to his independence and of measures guaranteeing that independence;
7. preparing a policy of performance by the auditing firm conducting the audit, by entities related to that auditing firm, and by a member of the auditing firm's network, of permitted services other than the audit, referred to in §5 (1)(c);
8. submitting recommendations to the Supervisory Board concerning matters related to the appointment of statutory auditors or auditing firms;
9. presenting recommendations supposed to ensure reliability of the financial reporting process in the Company.

The composition of the Audit Committee changed in the reporting period.

Until 30 January 2018, the Audit Committee was composed of the following members:

- Aleksander Galos – Chairman,

- Marco Pace,
- Tadeusz Włudyka.

On 30 January 2018, in relation to the resignation of Mr Tadeusz Włudyka as member of the Supervisory Board of Stalexport Autostrady, the Supervisory Board completed the composition of the said committees, appointing Mr Tomasz Dobrowolski as their member. From that moment until the date of preparation of this Report, the Audit Committee of Stalexport Autostrady S.A. worked in the following composition:

- Aleksander Galos – Chairman,
- Marco Pace – Deputy Chairman (from 16 July 2018),
- Tomasz Dobrowolski.

Mr Tomasz Dobrowolski and Mr Aleksander Galos meet the criteria of independence envisaged for independent Audit Committee members, set forth in Article 129(3) of the Act of 11 May 2017 on statutory auditors, auditing firms and public supervision (Dz.U. of 2017, item 1089), and §3(5) of the Regulations of the Audit Committee, and the criteria of independence envisaged for independent Remuneration Committee members, as defined by Annex II to Commission Recommendation 2005/162/EC of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board, as well as by the guidelines included in the DPSN 2016.

Mr Tadeusz Włudyka also met the above criteria in the period in which he performed his functions on the Supervisory Board of Stalexport Autostrady.

Mr Aleksander Galos and Mr Marco Pace have knowledge and skills in the field of accounting or auditing of financial statements (which they confirmed by submitting the appropriate declarations, and which results from their education (Mr Marco Pace), experience and many years of professional practice (Mr Marco Pace and Mr Aleksander Galos). Detailed information concerning the qualifications and experience of the Supervisory Board members mentioned above is available on the Company's corporate website (www.stalexport-autostrady.pl).

Mr Tomasz Dobrowolski, Mr Aleksander Galos and Mr Marco Pace have knowledge and skills with regard to the sector in which the Company operates, which they acquired in the course of their professional career, for instance during work or by performance of services for other entities from the Atlantia Group. Detailed information concerning the qualifications and experience of the Supervisory Board members mentioned above is available on the Company's corporate website (www.stalexport-autostrady.pl).

In 2018, the Audit Committee met once on 1 March 2018, and that meeting preceded the Supervisory Board's meeting related to presentation, review and analysis of:

1. the additional Report for the Audit Committee, made by the Auditor in accordance with the provisions of Article 11 of the Regulation (EU) No 537/2014 of the European Parliament and of the Council on the detailed requirements regarding statutory audit of public-interest entities (...) of 16 April 2014;
2. the Report of the Management Board on the activities of Stalexport Autostrady S.A. in 2017, the separate financial statements of Stalexport Autostrady S.A. for 2017, the Management Board's

motion concerning the distribution of net profit for the financial year 2017 and the draft report of the statutory auditor on the audit of the separate financial statements of Stalexport Autostrady S.A. for 2017;

3. the Report of the Management Board on the activities of the Stalexport Autostrady S.A. in 2017, the consolidated financial statements of Stalexport Autostrady S.A. Group for 2017 and the draft report of the statutory auditor on the audit of the consolidated financial statements of the Stalexport Autostrady S.A. Group for 2017;
4. the Reports of the Supervisory Board for 2017, including the Report of the Audit Committee and issuing recommendations for the Supervisory Board in relation to the evaluation of the said reports;
5. the Report of the CFO on the procedure of selection of the statutory auditor/auditing firm to audit the financial statements in the Company for the years 2018–2020;
6. the conclusions and recommendations made by the CFO in order to issue the recommendation for the Audit Committee concerning the selection of the statutory auditor/auditing firm by the Supervisory Board to audit the financial statements in the Company for the years 2018–2020.

In 2018, the Audit Committee adopted the following resolutions:

1. regarding issuing of a recommendation concerning the evaluation of the Report of the Management Board on the activities of Stalexport Autostrady S.A. in 2017, the separate financial statements of Stalexport Autostrady S.A. for 2017, the Management Board’s motion concerning distribution of profit for the financial year 2017, the Report of the Management Board on the activities of the Stalexport Autostrady S.A. Group in 2017, the consolidated financial statements of the Stalexport Autostrady S.A. Group for 2017, and adopting the Reports of the Supervisory Board for the year 2017, including the Report of the Audit Committee (no. 01/03/2018);
2. regarding issuing of a recommendation concerning the selection of the statutory auditor/auditing firm to audit the Company’s financial statements for the years 2018–2020 (no. 02/03/2018);
3. regarding expressing consent to perform permitted services other than auditing of financial statements (no. 01/06/2018).

Bearing in mind the above facts, members of the Audit Committee evaluate the Committee’s activities positively in terms of the Committees competence to perform the tasks entrusted to it and the effectiveness of their performance.

Rome, 2019.02.27

Tomasz Dobrowolski
Member of the Audit
Committee

Marco Pace
Deputy Chairman of
the Audit Committee

Aleksander Galos
Chairman of
the Audit Committee