

## **Report no 1/2016 (EBI)**

### **Report on the scope of compliance with the Best Practice 2016**

Pursuant to Article 29.3 of the Rules of the Warsaw Stock Exchange, Stalexport Autostrady Spółka Akcyjna presents the report on compliance with the detailed principles of the "Best Practice for GPW Listed Companies 2016".

#### **DISCLOSURE POLICY, INVESTOR COMMUNICATIONS**

**I.Z.1.9.** information about the planned dividend and the dividend paid out by the company in the last 5 financial years, including the dividend record date, the dividend payment date and the dividend amount, in aggregate and per share;

**The principle is not applied.**

*In the past 5 financial years Stalexport Autostrady S.A. (STXA) did not pay out any dividend.*

*When it comes to the planned dividend, the Company does not intend to apply this principle due to the fact that whether or not STXA will plan to pay out any dividend depends on obtaining by its subsidiary – Stalexport Autostrada Małopolska S.A. (SAM) – approvals for SAM to pay out dividends granted by the banks funding its activity (under the project finance scheme).*

**I.Z.1.10.** financial projections, if the company has decided to publish them, published at least in the last 5 years, including information about the degree of their implementation;

**The principle not applicable.**

*The Company has not published projections so far and does not intend to publish them.*

**I.Z.1.15.** information about the company's diversity policy applicable to the company's governing bodies and key managers; the description should cover the following elements of the diversity policy: gender, education, age, professional experience, and specify the goals of the diversity policy and its implementation in the reporting period; where the company has not drafted and implemented a diversity policy, it should publish the explanation of its decision on its website;

**The principle is applied.**

**Comments of the Company:** *The Company has not drafted and implemented a diversity policy. The explanation of that decision was published on the Company's website.*

#### **MANAGEMENT BOARD, SUPERVISORY BOARD**

**II.Z.8.** The chair of the audit committee should meet the independence criteria referred to in principle II.Z.4.

**The principle is not applied.**

*The present Chair of the Audit Committee does not meet these criteria. The Company's Management Board intends to follow this principle in the future. However, following this principle depends on adopting relevant resolutions by the Supervisory Board.*

## **INTERNAL SYSTEMS AND FUNCTIONS**

**III.Z.2.** Subject to principle III.Z.3, persons responsible for risk management, internal audit and compliance should report directly to the president or other member of the management board and should be allowed to report directly to the supervisory board or the audit committee.

**The principle is applied.**

**Comments of the Company:** *Having regard to the limited scope of activities of Stalexport Autostrady S.A. and a small number of people employed by the Company, Stalexport Autostrady S.A. has not established any organisational units responsible for the performance of tasks in individual systems and functions referred to in recommendation III.R.1, except for the function of supervision of compliance, for the performance of which a Compliance Officer has been appointed. The Compliance Officer reports directly to the Board's President and can report directly to the Supervisory Board of Stalexport Autostrady S.A.*

*As far as control, internal audit and risk management are concerned, relevant functions and tasks are performed by the Members of the Management Board of Stalexport Autostrady S.A. according to their responsibilities.*

**III.Z.3.** The independence rules defined in generally accepted international standards of the professional internal audit practice apply to the person heading the internal audit function and other persons responsible for such tasks.

**The principle is not applied.**

*This principle is not applied except for the function of supervision of compliance, for the performance of which the Compliance Officer has been appointed.*

## **GENERAL MEETING, SHAREHOLDER RELATIONS**

**IV.Z.2.** If justified by the structure of shareholders, companies should ensure publicly available real-time broadcasts of general meetings.

**The principle not applicable.**

*The Articles of Association of the Company and the rules of the Company's General Meeting do not allow shareholders to participate in the general meeting using electronic communication, in particular through real-time broadcast of the general meeting.*

*Moreover, the Company believes the application of this recommendation is not reasonable due to the shareholding structure and the fact that so far no one has informed the Company of the need to hold general meetings using electronic communication.*

*Notwithstanding the foregoing, the Management Board believes the application of this principle would entail numerous technological risks. In particular, this principle creates an actual risk of technological interruptions which prevent uninterrupted, bilateral communication with the shareholders being in places other than the meeting venue.*

*The Company's Board thinks that the existing rules for participation in general meetings allow for the proper and efficient exercise of the rights arising from shares and adequately secure the interests of all the shareholders.*

*At the same time, the Management Board of Stalexport Autostrady S.A. informs that it does not exclude the possibility of changing its view on this matter in the future.*

## **REMUNERATION**

**VI.Z.1.** Incentive schemes should be constructed in a way necessary among others to tie the level of remuneration of members of the company's management board and key managers to the actual long-term financial standing of the company and long-term shareholder value creation as well as the company's stability.

### **The principle is not applied.**

*The Company has relevant (long-term) incentive schemes for the members of the Management Board. However, the Company does not have a similar incentive scheme for the key managers who are not members of the Management Board.*

**VI.Z.2.** To tie the remuneration of members of the management board and key managers to the company's long-term business and financial goals, the period between the allocation of options or other instruments linked to the company's shares under the incentive scheme and their exercisability should be no less than two years.

### **The principle not applicable.**

*The incentive schemes for the members of the Management Board and the key managers adopted by the Company do not provide for the allocation of options or other instruments linked to the Company's shares.*