

# 2016

## MANAGEMENT BOARD'S REPORT ON THE ACTIVITIES OF THE COMPANY IN 2016

Mysłowice, | 1 March 2017



**STALEXPORT AUTOSTRADY S.A.**

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This document is a free translation of the Polish original. The binding Polish original should be referred to in matters of interpretation.

## DEFINITIONS AND ABBREVIATIONS

The table below presents the definitions of the abbreviations used in this Report.

<b>ADT</b>	Average Daily Traffic
<b>ASPI</b>	Autostrade per l'Italia S.p.A. with its registered office in Rome (Italy)
<b>Atlantia</b>	Atlantia S.p.A. with its registered office in Rome (Italy)
<b>Financing Banks</b>	Portigon AG (London Branch), Raiffeisen Bank Polska S.A., FMS Wertmanagement, KfW IPEX-Bank GmbH and PEKAO S.A.
<b>Biuro Centrum</b>	Biuro Centrum Sp. z o.o. with its registered office in Katowice
<b>Deloitte</b>	Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp.k. (formerly Deloitte Audyt Sp. z o.o.) with its registered office in Warsaw, Al. Jana Pawła II 22, entered on the list of entities authorised to audit financial statements kept by the National Chamber of Statutory Auditors under No. 73
<b>GDDKiA</b>	General Directorate for National Roads and Motorways
<b>GPW</b>	Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.)
<b>Stalexport Autostrady Group, Group</b>	Stalexport Autostrady S.A. Group in Mysłowice
<b>KSH, Commercial Companies Code</b>	Act of 15 September 2000 – the Code of Commercial Companies and Partnerships (Polish Journal of Laws Dz.U of 2000 No. 94 item 1037 as amended)
<b>Independent Engineer</b>	JPL Project Sp. z o.o. with its registered office in Warsaw
<b>PPP</b>	Public-Private Partnership
<b>Ordinance on current and periodic information</b>	Ordinance of the Minister of Finance of 19 February 2009 concerning current and periodic information provided by issuers of securities and the conditions for considering as

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	equivalent information required by the law of a non-member state as equivalent (Dz.U. of 2014, item 133, uniform text).
<b>SAM, Concessionaire</b>	Stalexport Autostrada Małopolska S.A. with its registered office in Mysłowice
<b>Report</b>	Management Board's Report on the Activities of Stalexport Autostrady S.A. in 2016
<b>Stalexport Autoroute</b>	Stalexport Autoroute S.à r.l. with its registered office in Luxembourg
<b>Stalexport Autostrady, Company, Issuer</b>	Stalexport Autostrady S.A. with its registered office in Mysłowice
<b>Concession Agreement</b>	The Concession Agreement dated 19 September 1997 on building through conversion of the A4 motorway section: Katowice (Murckowska junction, 340.2 km) – Kraków (Balice junction, 401.1 km) to the toll motorway standards and motorway operation on this section, including modifications made on the basis of subsequent amendments, the rights and obligations under which were transferred in their entirety from Stalexport Autostrady to SAM on 28 July 2004
<b>Project Loan Agreement</b>	Loan Agreement dated 28 December 2005, entered into between SAM and the banks, i.e. WESTLB BANK POLSKA S.A., Warsaw, WESTLB AG (London Branch), DEPFA BANK PLC, Dublin, Ireland, KfW Frankfurt, Germany and BANK BPH SPÓŁKA AKCYJNA, Warsaw. The object of the Loan Agreement was to grant a loan of up to PLN 380 million to finance the A4 toll motorway project on the Katowice–Kraków section (i.e. to finance the construction works of Phase II a, and to refinance the construction works of Phase I)
<b>Act on Offering</b>	Act of 29 July 2005 on public offering and conditions governing the introduction of financial instruments to organised trading system and public companies
<b>VIA4</b>	VIA4 Spółka Akcyjna with its registered office in Mysłowice
<b>GM</b>	General Meeting

# 1. Letter from the President of the Management Board of Stalexport Autostrady

Dear Sir, Dear Madam,  
Dear Shareholders,

2016 was an exceptional year for Stalexport Autostrady S.A. in many respects. Above all, in relation to the payment of interim dividends from subsidiaries in the total amount of PLN 177.7 million, a significant increase was recorded in financial revenue and in net profit, which amounted to over PLN 180 million. I have to make it clear at this point, however, that the decision on distribution of that profit will be made by the Ordinary General Meeting of Stalexport Autostrady S.A. in 2017. The said profit, after the requirements set forth in the Code of Commercial Companies and in the Company's Statutes have been met, may be allocated entirely or in part to the implementation of future projects by Stalexport Autostrady S.A. or to dividend payment, among other things.



In the reports for the previous years, I informed you about our projects we undertook to increase of toll plaza flow capacity on the Katowice-Kraków section of the A4 Motorway managed by Stalexport Autostrada Małopolska S.A., a company from the Stalexport Autostrady S.A. Group, in relation to the constantly increasing traffic level on that section.

The toll plazas were initially extended, and after replacement of the toll collection equipment, new toll payment methods were introduced: in 2015 with fleet cards and with fuel cards, and in January 2016: with the kartaA4 proximity cards. Subsequently, after approximately 6 months, following a period of very intense works, the motorway users were offered the quickest and the most convenient method of toll payment, namely electronic toll collection using the A4Go on board units. Last year, nearly 7,000 of those units were issued to customers. The number of transactions using A4Go is growing systematically and currently 10% of all the vehicles passing through the toll plazas use that method in morning hours. This proves that our users have responded to this development positively.

I have already mentioned the traffic intensity increase. In 2016, an average of over 40,000 vehicles a day used the Katowice–Kraków section of the A4 Motorway, which corresponds to an increase of over 10% vs. 2015.

Other important projects which are also being implemented on the Katowice–Kraków section of the A4 are also worth mentioning here. Last year, alteration of the Mysłowice Junction was completed, work was in progress with regard to alteration of the Rudno Junction, motorway drainage modernisation continued (and will continue in 2017), and resurfacing work was performed (which will also continue in 2017).

Our plans for this year also include for instance construction of noise walls, modernisation of bridges, resurfacing on two motorway junctions as well as implementation of an investment related to the traffic management system.

As far as the other area of our activity is concerned, namely management of the office building located in the centre of Katowice, in 2016 modernisation of the ventilation and air-conditioning system was completed there.

You will find more information about the Company and its activity in the year 2016 further below in this report. I hope that you will find it interesting and that it will allow you to learn more about the nature of our business.

I would like to thank our Shareholders and the Supervisory Board for our good collaboration and support last year. I would also like to thank all the employees of the Group for their professional approach, commitment and excellent atmosphere at work.

Enjoy your reading!

Your sincerely,

President of the Management Board  
CEO



Emil Wąsacz



## 2. Basic information on Stalexport Autostrady

### 2.1. Basic corporate data and history of Stalexport Autostrady

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tel. +(48) 32 762 75 45  
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**Management Board:**

Emil Wąsacz -  
President of the  
Management Board,  
CEO

Mariusz Serwa -  
Vice-President of the  
Management Board, CFO

KRS [National Court  
Register]: 0000016854

NIP [VAT No.]:  
634-013-42-11

REGON [National Official  
Business Register No.]:  
271936361

Share capital: PLN  
185,446,517.25  
(paid-up in full)

www:  
stalexport-autostrady.pl

Stalexport Autostrady S.A. plays the primary role in the Group which focuses on the upgrade and expansion of motorway infrastructure. The Company was the first Polish company to be granted a concession to implement the pioneering project with regard to the operation, alteration and adaptation of the Katowice-Kraków section of the A4 motorway to toll motorway requirements.

In 2004, the concession was transferred to an entity established specifically for the purpose of implementing the provisions of the Concession Agreement, i.e. Stalexport Autostrada Małopolska S.A.

Since mid-2006, the Company has been part of the Italian Atlantia Group. At the moment, Atlantia Group manages a network of approximately 5,000 km of toll motorways in Italy, Brazil, Chile, India and in Poland, and it is an electronic motorway toll collection system leader. For more information about Atlantia Group, visit its web page at [www.atlantia.it](http://www.atlantia.it).

Apart from the activities associated with the construction and operation of toll motorways, the Company also leases out office space in a building it co-owns, located in Katowice.

## 2.2. Stalexport Autostrady Group

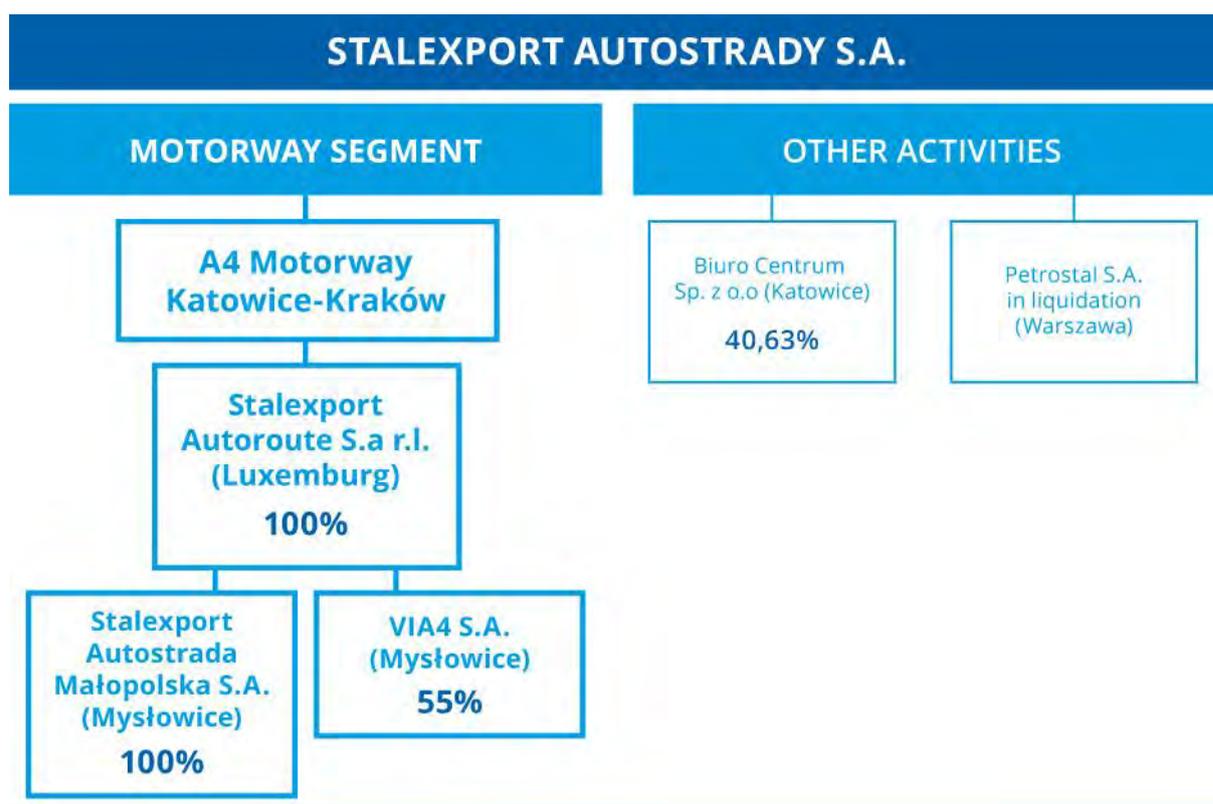
At present, the operations of the Company and of the entities belonging to its Group focus primarily on activities related to motorways. They include operation and maintenance of the Katowice-Kraków section of the A4 motorway. The activities are conducted by SAM and VIA4 through the special purpose holding: Stalexport Autoroute.

Additionally, owing to the fact that Stalexport Autostrady Group co-owns the office building in the centre of Katowice, it provides services related to leasing of office and parking spaces. These activities are carried out by the Company itself, as the co-owner of the property, as well as by its affiliate Biuro Centrum Sp. z o.o., as the property managing entity.

The chart below presents the organisational structure of Stalexport Autostrady Group broken down into: (i) core area of activities, i.e. the motorway segment, and (ii) other activities.

FIGURE 1

Organisational chart of Stalexport Autostrady Group as at 31 December 2016



Source: Internal study

Table 1 includes basic consolidated data of Stalexport Autostrady Group as well as separate data regarding the three major entities belonging to the Group, i.e. Stalexport Autostrady, SAM and VIA4. Apart from the results achieved by the said companies in 2016, for the purpose of comparison, we also included the results achieved by the companies in the corresponding period of the previous year, whereas for the balance sheet data, we presented the figures as at 31 December 2016 and 31 December 2015.

**TABLE 1**

Basic financial data of selected entities from the Group [figures in PLN '000]

balance sheet data	Stalexport Autostrady Group		Stalexport Autostrady		SAM		VIA4	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Non-current assets	1,059,736	1,170,249	78,950	76,516	1,041,300	1,155,278	8,945	9,287
Current assets	386,910	205,048	310,721	134,574	69,023	63,221	14,308	13,929
Total equity	586,828	423,095	387,585	206,836	253,520	271,170	11,110	11,051
Non-current liabilities	682,793	766,960	1,109	69	680,619	765,956	4,971	5,682
Current liabilities	177,025	185,242	977	4,185	176,184	181,373	7,172	6,483
Net debt***	-315,362	-134,382	-300,032	-119,132	-9,454	-7,213	5,573	5,455
performance data	2016	2015	2016	2015	2016	2015	2016	2015
Revenue from sales	292,853	262,508	3,774	3,752	288,394	258,042	42,351	40,736

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Gross profit/loss from sales	251,999	196,924	-261	-165	230,286	175,220	20,671	20,634
EBITDA*	245,367	216,518	-2,928	-3,246	230,845	202,213	17,618	17,731
EBIT	222,761	169,712	-3,474	-3,781	210,362	157,414	16,049	16,278
Profit/loss from financial activities	-21,158	-21,696	181,331	8,854	-24,500	-24,482	-266	-297
Net profit/loss	165,294	119,410	180,747	5,114	149,230	107,191	12,736	12,912
EBIT margin*	76%	65%	-92%	-101%	73%	61%	38%	40%
ROE	28%	28%	47%	2%	59%	40%	115%	117%

\*EBITDA = EBIT + depreciation and amortisation + provision for motorway resurfacing

\*\*EBIT margin = EBIT / revenue from sales

\*\*\* Net debt = total liabilities – provision for capital expenditures – derivative instruments (net of deferred tax impact) – non-current deposits – cash and cash equivalents

Source: Internal study

2016



## 3. Stalexport Autostrady – financial analysis

### 3.1. Presentation of financial results

The table below shows the Company's basic financial results achieved in 2016 and comparative 2015 figures.

TABLE 2

Selected items of the statement of comprehensive income of Stalexport Autostrady in 2016 and 2015 (separate figures)

PLN '000	2016	2015	Change [%]
Revenue from sales	3,774	3,752	1%
Cost of sales	-4,035	-3,917	3%
<b>Gross loss on sales</b>	<b>-261</b>	<b>-165</b>	<b>58%</b>
Other operating revenue	46	155	-70%
General and administrative expenses	-3,226	-3,718	-13%
Other operating expenses	-33	-53	-38%
<b>Loss on operating activities (EBIT)</b>	<b>-3,474</b>	<b>-3,781</b>	<b>-8%</b>
Financial revenue	181,424	9,007	1,914%
Financial expenses	-93	-153	-39%
<b>Balance on financial activities</b>	<b>181,331</b>	<b>8,854</b>	<b>1,948%</b>
<b>Profit before tax</b>	<b>177,857</b>	<b>5,073</b>	<b>3,406%</b>
Income tax	2,890	41	6,949%
<b>Net profit</b>	<b>180,747</b>	<b>5,114</b>	<b>3,434%</b>

Source: Internal study based on the Company's separate financial statements

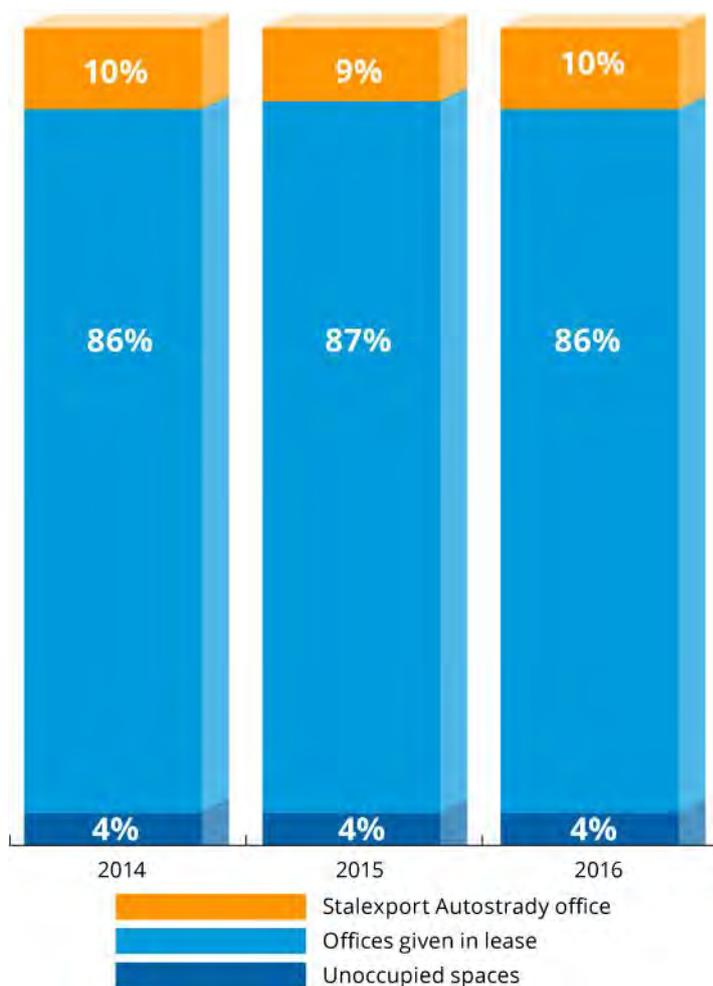
The amount of net profit generated in 2016 was mainly a result of positive financial operations described in detail in section 3.1.3 of this Report.

### 3.1.1. Amount and structure of operating revenue

Stalexport Autostrady runs its motorway business through its subsidiaries. Thus, the separate **revenue from sales** generated by the Company includes mainly revenue from services related to the lease of office space in the office building in Katowice at ul. Mickiewicza 29 and of parking spaces located next to this office building. In 2016, Stalexport Autostrady generated total revenue in relation to this operation in the amount of PLN 3,304 thousand vs. PLN 3,303 thousand in the previous year.

FIGURE 2

The structure of office space utilisation in the office building in Katowice at Mickiewicza 29



Source: Internal study

Stalexport Autostrady is a co-owner of the office building in Katowice at ul. Mickiewicza 29. As such, the Company has at its sole disposal the office space of 4,735 m<sup>2</sup> (and additionally 212 m<sup>2</sup> of conference rooms). As at the end of 2016, 178 m<sup>2</sup> of this office space was occupied by Stalexport Autostrady for its own needs (same as at the end of 2015).

Currently, the unoccupied office space is near to the minimum level possible from the technical point of view that results from a natural turnover of lessees and preparation (refurbishment or redecoration) of spaces in order to lease them out to third parties. This year, the plan is to continue the efforts in order to maintain the current office space occupancy while maintaining the optimum rent rates.

Other revenue from sales amounting to PLN 470 thousand was generated by the Company from the provision of

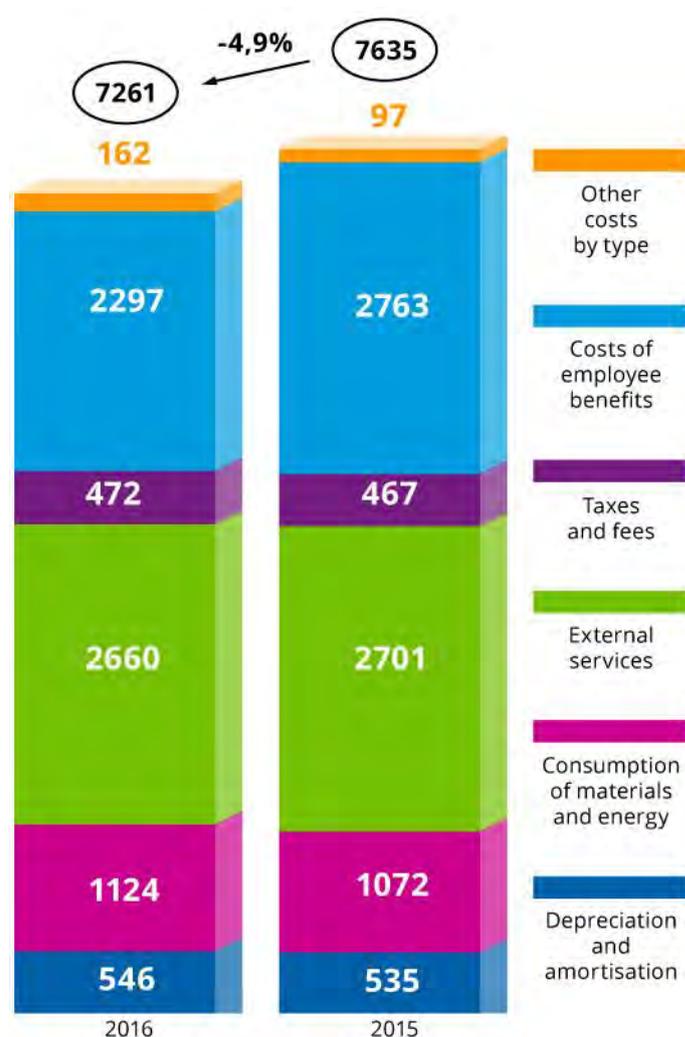
services, including mainly work related to IT services and from the fee received from VIA4 in relation the performance guarantee granted to this company. In 2016, this revenue increased by PLN 21 thousand vs. the previous year. The above-mentioned sources are the **permanent elements of operating revenue** of Stalexport Autostrady and their value in the future periods should be similar to that reported in 2016.

### 3.1.2. Amount and structure of operating expenses

In 2016, the value of expenses incurred by Stalexport Autostrady – including the cost of sales as well as general and administrative expenses – decreased by nearly 5%.

FIGURE 3

The structure of costs by type related to the Company's operations



Source: Internal study (in PLN '000)

The largest item of costs by type incurred by Stalexport Autostrady was represented by costs of outsourced services (including, but not limited to property administration, repair, maintenance and cleaning service, property security, rental and lease and consultancy services). In 2016, these costs decreased slightly vs. 2015 (by approx. 1.5%).

The second largest item in the structure of the Company's costs by type consists of employee benefits, including remuneration, whose value in 2016 also decreased vs. 2015 (by over 16%).

In 2016, the consumption of materials and energy increased by approx. 5% vs. the previous year. Amortisation, taxes and fees and other costs by type in 2016 were slightly higher vs. 2015.

In 2016, other operating expenses amounted to PLN 33 thousand.

### 3.1.3. Financial operations

The financial operations of the Company significantly affect the net profit/loss generated by Stalexport Autostrady. On the one hand, it is a result of the nature of the Company's operations (managing the Group), and on the other hand it results from the amount of funds that may be used to implement future motorway projects.

The figures in this area of operation are affected to the greatest extent by financial revenue which in 2016 included mainly the following:

- dividends received from the subsidiary Stalexport Autoroute (PLN 177,675 thousand);
- interest related to investments consisting in depositing financial resources with banks (PLN 3,444 thousand);
- interest related to finance lease (PLN 290 thousand).

In 2016, total financial revenue amounted to PLN 181,424 thousand and was higher by PLN 172,417 thousand vs. the previous year, mainly as a result of dividend from the subsidiary Stalexport Autoroute.

The amount of financial expenses in 2016, on the other hand, was affected by revaluation write-downs related to the impairment of shares of IDEON S.A. and Dom Maklerski BDM S.A., in the total amount of PLN 93 thousand, lower than in 2015 (PLN 153 thousand).

## 3.2. Assets and financial position

The assets and the financial position of Stalexport Autostrady were presented on the basis of the synthetic statement of financial position presented in the table below. The report shows the structure of assets and liabilities of the Company and the year-on-year dynamics for particular items.

**TABLE 3**

A synthetic report on Stalexport Autostrady's statement of financial position as at 31 December 2016 and 31 December 2015 – separate figures

in PLN'000	31 Dec 2016	31 Dec 2015	Variations	Structure	
			2016/2015	31 Dec 2016	31 Dec 2015
Non-current assets	78,950	76,516	3%	20%	36%
Current assets	310,721	134,574	131%	80%	64%
Total equity	387,585	206,836	87%	99%	98%
Non-current liabilities	1,109	69	1507%	0%	0%
Current liabilities	977	4,185	-77%	0%	2%
Balance sheet total	389,671	211,090	85%	100%	100%

Source: Internal study based on the Company's financial statements

### 3.2.1. Assets

As far as the structure of **non-current assets** is concerned, the main item consists in the shares of the subsidiary running the motorway business, i.e. Stalexport Autoroute (PLN 67,086 thousand). The increase in the value of non-current assets reported in the analysed period was mainly due to an increase in the value of deferred income tax assets by PLN 2,891 thousand (vs. an increase by PLN 77 thousand in 2015) and to an increase in the value of property, plant and equipment and investment property, respectively by PLN 183 thousand and PLN 225 thousand. On the other hand, the amount of non-current assets was also affected by a decrease in the value of finance lease receivables by PLN 865 thousand (vs. a decrease by PLN 576 thousand in 2015).

The amount of **current assets** is determined by the amount of cash and cash equivalents that may be used to implement future motorway projects.. The value of this item increased significantly from PLN 123,386 thousand in 2015 to PLN 302,118 thousand in 2016, mainly as a result of dividend received. Until these funds are allocated to projects related to the core business line of the Company, Stalexport Autostrady invested them in the money market in the form of short-term bank deposits.

Other significant items of Stalexport Autostrady's current assets include the shares held for sale in the amount of PLN 1,488 thousand, short-term lease finance receivables in the amount of PLN 1,867 thousand, as well as trade receivables and other receivables in the amount of PLN 5,248 thousand, including overdue net receivables in the amount of PLN 5,266 thousand.

### 3.2.2. Equity and liabilities

in 2016, retained earnings increased strongly within the equity structure, amounting to PLN 180,753 thousand as at the end of the year (increase by PLN 175,635 thousand vs. 2015). At the same time net profit from the year 2015 was transferred to other supplementary capital (PLN 5,114 thousand).

As at 31 December 2016, the Company's total liabilities amounted to PLN 2,086 thousand and decreased by PLN 2,168 thousand vs. 31 December 2015, which was caused mainly by the decrease in the payables related to other employee benefits by PLN 1,984 thousand.

2016



## 4. Analysis of the core market of the Company's operation

Taking into account the present condition of the road infrastructure and development needs, the Ministry of Infrastructure developed the "Programme for Construction of National Roads for the Years 2014–2023 (with a perspective until 2025)" (hereinafter referred to as the "Programme"). On 8 September 2015, the Programme was approved by a resolution of the Council of Ministers.

The document defines the objectives and priorities, both in terms of investments and of road network maintenance. The Programme indicates the material scope scheduled to be implemented in the years 2014–2023 as far as new road investments are concerned. The estimated level of capital flow for their implementation under the National Road Fund is estimated at PLN 107 billion. This amount is allocated to the implementation of investment tasks consisting in the construction of motorways, expressways and ring roads around certain towns or cities.

Apart from the financing under the National Road Fund, the Programme provides for the construction of motorway sections in the off-budget (commercial) system, but still under the control of the public party, mostly through a special purpose vehicle operating in the road sector. This could potentially concern the construction of certain sections of the motorways A1, A2 and A18, with priority given to the investment consisting in the construction of the Tuszyn–Częstochowa section of the A1 motorway. The Programme does not mention, on the other hand, the financing of road infrastructure in the classic public-private partnership system.

Work is currently in progress at the Ministry of Infrastructure and Construction to update the programme described above. According to what the Ministry has announced, the draft amendments will be presented in 2017 and perhaps will include the construction of some roads sections in the public-private partnership system, so the Company intends to follow the developments in that area on a systematic basis.

If any new invitation to public tender being of interest to Stalexport Autostrady is issued, it will be analysed by the Company and if it is positively verified and meets the strategic objectives of the Group, the Company will decide to participate in such a tender.

The Company does not exclude the option of equity investment in some of the existing concession projects in Poland if another participant of the projects is ready to quit the project or if one of the consortiums looks for additional partners with regard to capital support.

Moreover, bearing in mind the high level of public debt and budget deficit, one should not overlook the possibility of infrastructure privatisation, also with regard to motorways currently under the management of the public party. The experience of Italy and France in this respect

shows clearly that this instrument allows for a rapid reduction of a part of the public debt as well as for acceleration of the process of infrastructure development, in compliance with the standards of safety and quality. This issue, however, is currently not a subject of public debate.

2016



## 5. Other information on Stalexport Autostrady

### 5.1. Information on contracts significant for the Company's and the Group's operating activity, including contracts between the shareholders as well as insurance and cooperation contracts the Company is aware of

**On 15 June 2015**, SAM (hereinafter referred to as the "Employer") signed a significant agreement with the consortium composed of the following: Pavimental Polska Sp. z o.o. with its registered office in Warsaw (00-013), ul. Królewska 16 and Pavimental S.p.A. with its registered office in Italy, Via Giuseppe Donati 174, Rome 00159 (hereinafter referred to as the "Contractor").

The subject of the agreement is the performance of Contract HM-3-2016 "Resurfacing 2016–2017". Lump-Sum Contract with a Fixed Price of PLN 40,227 thousand net (hereinafter referred to as the "Contract").

The General Conditions for the above-mentioned Contract are provided by the "Conditions of Contract for Construction for Building and Engineering Works Designed by the Employer", first ed. 1999, published by Fédération Internationale des Ingénieurs-Conseils (FIDIC), copy in Polish (fourth English-Polish edition, unchanged, 2008). The General Conditions of Contract will be complemented by the Specific Conditions of Contract. The General Conditions of Contract remain in force unless the Specific Conditions of Contract provide otherwise. The General and the Specific Conditions of the Contract together form the Conditions of Contract.

The agreement provides for the following liquidated damages for the Contractor:

- delay damages – the liquidated damages limit under Clause 8.7 of the Conditions of Contract is 15% of the approved net contractual price;
- damages for failure to remedy defects by the fixed date – the liquidated damages limit under Clause 11.4 of the Conditions of Contract is 15% of the approved net contractual price;
- damages for unjustified traffic hindrances – the liquidated damages limit under Clause 8.13 of the Conditions of Contract is 2% of the approved net contractual price,

The Management Board of the Company would also like to inform you that due to the extensive scope of work related to the implementation of the above-mentioned Contract, the "Rules of conduct in the case of repair construction works carried out between toll collection plazas, resulting in failure to meet the motorway standard", adopted for use by Stalexport Autostrada Małopolska S.A. and published on the web page of SAM ([www.autostrada-a4.pl](http://www.autostrada-a4.pl)), are applied.

**On 1 April 2016**, SAM (hereinafter referred to as the "Employer") signed a significant agreement with the consortium composed of the following: Pavimental Polska Sp. z o.o. with its registered

office in Warsaw (00-013), ul. Królewska 16 and Pavimental S.p.A. with its registered office in Italy, Via Giuseppe Donati 174, Rome 00159 (hereinafter referred to as the "Contractor").

The object of that agreement is implementation of Contract F2b-6-2014 – "Alteration of A4 motorway drainage on the Silesian voivodship section – part II". Lump-Sum Contract with a Fixed Price of PLN 23,420 thousand net (hereinafter referred to as the "Contract").

The General Conditions for the above-mentioned Contract will be provided by the "Conditions of Contract for Construction for Building and Engineering Works Designed by the Employer", first ed. 1999, published by Fédération Internationale des Ingénieurs-Conseils (FIDIC), copy in Polish (fourth English-Polish edition, unchanged, 2008). The General Conditions of Contract will be complemented by the Specific Conditions of Contract. The General Conditions of Contract remain in force unless the Specific Conditions of Contract provide otherwise. The General and the Specific Conditions of the Contract together form the Conditions of Contract.

The agreement provides for the following liquidated damages for the Contractor:

- delay damages – the liquidated damages limit under Clause 8.7 of the Conditions of Contract is 15% of the approved net contractual price;
- damages for failure to remedy defects by the fixed date – the liquidated damages limit under Clause 11.4 of the Conditions of Contract is 15% of the approved net contractual price.

**On 22 July 2016**, SAM received a document entitled "Transfer Certificate", containing information about the replacement of one of the lenders being a party to the Project Loan Agreement, i.e. FM Bank PBP S.A. with its registered office in Warsaw (Retiring Lender) with Raiffeisen Bank Polska S.A. (Acceding Lender). This change of a party to the agreement entered into force on 30 September 2016.

Moreover, in relation to the above-mentioned change of the lender, on the same day, SAM:

- obtained an Accession Agreement from the Acceding Lender on accession to the Intercreditor Deed concluded on 22 March 2006 between SAM S.A., Stalexport Autoroute S.à r.l., Stalexport Transroute Autostrada S.A. (now VIA4 S.A.), Stalexport SA (now Stalexport Autostrady S.A.), and the Financing Banks (now Portigon AG London Branch, FM Bank PBP S.A., FMS Wertmanagement, KfW Ipex-Bank GmbH, Bank Pekao S.A.), WestLB Bank London Branch (now FM Bank PBP S.A. after the transfer of the role of Agent to another party) as the Agent, WestLB Bank London Branch (now FM Bank PBP S.A. after the transfer of the role of Security Agent to another party) as Security Agent, and the providers of interest rate hedging ("Hedging Providers") (now FM Bank PBP S.A., FMS Wertmanagement, Bank Pekao SA). The Intercreditor Deed is an agreement regulating technical as well as formal and legal aspects related to the security (guarantees) provided in relation to the conclusion, by SAM S.A., of the Project Loan Agreement;
- entered into an agreement providing for the replacement of the Retiring Lender by the Acceding Lender in the agreement on interest rate hedging concluded on 22 March 2006.

In the reporting period and until the date of this Report, no other contracts significant for the Group's operating activity were entered into.

## 5.2. Information on changes in organisational or capital relations of the Group with other entities

**On 22 December 2016**, the Company received a notice from Atlantia S.p.A., pursuant to the provisions of Article 69(1)(1) of the Act on Offering, in which Atlantia stated that it had purchased from Autostrade per l'Italia S.p.A. (a subsidiary wholly owned by Atlantia), a significant block of shares of Stalexport Autostrady. As a result of that transaction, Atlantia ceased to be an indirect shareholder of Stalexport Autostrady and became a direct majority shareholder of the Company, after acquiring the following shares on 21 December 2016:

- 61,823,463 dematerialised shares of Stalexport Autostrady, constituting 25.00% of the Company's share capital, representing the same number and percentage share in the total number of votes in Stalexport Autostrady;
- 89,500,000 ordinary G-series bearer shares of Stalexport Autostrady, constituting 36.20% of the Company's share capital, representing the same number and percentage share in the total number of votes in Stalexport Autostrady.

**On 13 February 2017**, Stalexport Autostrady acquired 10 shares in CATTERICK INVESTMENTS Limited Liability Company with its registered office in Warsaw, entered into the Register of Entrepreneurs kept by the District Court for the capital city of Warsaw in Warsaw, 12<sup>th</sup> Commercial Department of the National Court Register under the company registration number KRS: 0000636804 (hereinafter referred to as CATTERICK INVESTMENTS), with the nominal value of PLN 50 (fifty Polish zlotys) each share, constituting in total 10% of the share capital of CATTERICK INVESTMENTS, together with all the rights resulting from the said shares. The party selling the said shares was VISTRA SHELF COMPANIES Spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw. The total acquisition price of the 10 CATTERICK INVESTMENTS shares was PLN 1,113.10 (one thousand one hundred thirteen zlotys and ten groszy).

On 20 February 2017 CATTERICK INVESTMENTS submitted an application for participation in procurement procedure ref. DPR.DPR-2.2413.6.2016.DZR.34 for a NATIONAL TOLL SYSTEM, WITH ACTIVITIES RELATED TO ELECTRONIC AND PHYSICAL TOLL COLLECTIONS, announced on 14 December 2016 and conducted by the General Directorate for National Roads and Motorways in the form of competitive dialogue.

No other changes of the said type occurred in the reporting period or until the date of preparation of this Report.

### 5.3. Description of transactions with related parties and information on transactions concluded by the Company or its subsidiaries with related parties on the terms other than market terms

#### (i) Transaction with related parties for the single or total transaction value exceeding in the financial year the amount of EUR 500,000

In the case of the Company, in the financial year, there were four transactions meeting the above-mentioned criteria:

- In 2016, Stalexport Autostrady incurred costs as per maintenance cost estimates and estimates for investments related to the safety and functioning of the office facility located in Katowice at ul. Mickiewicza 29. All of the above-mentioned expenses were covered by the agency of Biuro Centrum and their total amount attributable to Stalexport Autostrady was PLN 3,107 thousand. It is the equivalent of approximately EUR 702 thousand (based on the National Bank of Poland's average exchange rate as at 31 December 2016);
- In 2016, VIA4 transferred (in instalments) to Stalexport Autoroute a dividend in the total amount of PLN 6,954 thousand, which is the equivalent of approximately EUR 1,572 thousand (based on the National Bank of Poland's average exchange rate as at 31 December 2016);
- In 2016, SAM transferred (in instalments) to Stalexport Autoroute a dividend in the total amount of PLN 171,000 thousand, which is the equivalent of approximately EUR 38,653 thousand (based on the National Bank of Poland's average exchange rate as at 31 December 2016);
- In 2016, Stalexport Autoroute transferred (in instalments) to Stalexport Autostrady a dividend in the total amount of PLN 177,675 thousand, which is the equivalent of approximately EUR 40,162 thousand (based on the National Bank of Poland's average exchange rate as at 31 December 2016).

#### (ii) Information on transactions concluded by the Company or its subsidiaries with related parties on the terms other than market terms

All transactions concluded by the Company or its subsidiaries with related parties were carried out on the market terms. However, the Management Board of the Company would like to draw your attention to six significant agreements entered into by its subsidiaries with related parties:

- The first agreement of that kind is the [Operation and Maintenance Agreement](#) which was initially entered into in 1998 by and between Stalexport Autostrady and VIA4. The current agreement was entered into [by and between SAM and VIA4](#) on 22 March 2006.

The Operation and Maintenance Agreement was entered into for the term of the Concession Agreement (until 2027) and its scope includes clearly defined works connected with A4 concession project, including toll collection services and current maintenance and operation of the motorway (including winter maintenance). The contractual level of the operator's remuneration in the term of the Agreement separates in a long term the risk of impact of frequent market price fluctuations on maintenance and operation costs as well as ensures continuity of services and operation through the many years of implementation of the investment project. In 2016, the value of the transactions between SAM and VIA4 under the above-mentioned Agreement amounted to PLN 41,115 thousand.

Considering the specificity and the scope of the above-mentioned Agreement and the fact that that the market for services of that kind is very limited, it is difficult to compare the provisions of the Operation and Maintenance Agreement to the terms which it is possible to obtain on what is referred to as the free market.

Nevertheless, in the opinion of the Company's Management Board, the above-mentioned Agreement was entered into on market terms and its provisions do not differ from the terms which might have been obtained if it had been signed with an entity not belonging to the Group.

- The other agreement is the [contract between SAM and the company Autostrade-Tech S.p.A.](#) (this entity is a member of Atlantia Group which holds 100% of the shares of Autostrade-Tech S.p.A.) for the [Replacement of the Toll Collection Equipment \(RTCE\)](#).

The contractor for this contract was selected on the basis of the established tendering procedures. On 31 May 2012, SAM sent invitations to tender to the selected companies. The following two companies submitted their tenders within the deadline (i.e. by 10 July 2012): (i) Autostrade-Tech S.p.A. and (ii) Egis Project S.A. As a result of the tender committee works with the participation of the Independent Engineer, the tender of Autostrade Tech S.p.A. obtained the highest rating. The contract with this company was entered into on 14 September 2012 upon the approval of the Financing Banks.

The contract envisages replacement of the toll collection equipment at the Balice and Brzeczowice toll plazas as well as equipping with toll collection equipment four new lanes at each toll plaza, built additionally under separate contracts. The contract is being carried out on a Design-Build basis.

Section I has already been completed. Currently, work is in progress related to Section II. The contract value as at the end of 2016, without the variation order subject to further valuation, is PLN 25,342 thousand.

In the opinion of the Company's Management Board, the above-mentioned Agreement was entered into on market terms and its conditions do not differ from the terms which

might have been obtained if it had been signed with an entity not belonging to the Group.

- The third agreement is the [contract between SAM and the consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o.](#) (the said entities belong to the Atlantia group, which holds 99.6% of the shares of Pavimental S.p.A., i.e. the sole shareholder of Pavimental Sp. z o.o.) [for the alteration of the drainage system of the A4 motorway for 11 catchment areas in the Silesian voivodeship.](#)

The contractor for this contract was selected on the basis of a two-stage tendering procedure, the conditions of which were agreed with GDDKiA (pursuant to the provisions of the Concession Agreement, the Concessionaire selects each contractor by means of a tender and GDDKiA has a right to verify the tendering criteria and conditions before announcing each of the tender procedures) and with the Financing Banks. The notice of invitation to tender was published on 22 April 2013. The tender dossier was provided to five prospective tenderers. Only one tender was received within the deadline, i.e. by 5 June 2013, submitted by the consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o. Having opened and having verified the tender, the tender committee found it to be valid and complete. It was also found that the amount offered for the execution of the contract was higher than the value specified in the investor's cost estimate. After an analysis of the tender components carried out by members of the tender committee and after price negotiations with the consortium, the contract value was eventually reduced and approved in the amount of PLN 19,803 thousand. The contract was entered into on 26 July 2013. The work commencement order was issued on 3 September 2013 and the time for the performance of works under this contract is 450 days from that date.

As a consequence of variation orders No. 1 (18 February 2014) and No. 2 (26 March 2015), the scope of works was increased by an additional catchment area and necessary works to clear the ditches, while the deadline for completion of the works was extended to 31 December 2015. The main and supplementary works were completed with the said deadline. As a result of a defect identified in one of the storage reservoirs, caused by a design fault, variation order No. 3 was issued on 27 June 2016 related to repair works in that reservoir. Taking into account all the variation orders, the contract value amounted to PLN 20,369 thousand. The total net value of works invoiced by the consortium on account of this contract amounts to PLN 20,369 thousand (i.e. 100% of the contract value), of which the amount of PLN 625 thousand was invoiced in 2016.

Taking into consideration the procedure for the selection of the entity to execute the above-mentioned contract, in the opinion of the Company's Management Board its terms should be deemed market terms.

- The fourth agreement is the [contract between SAM and the consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o.](#) (the said entities belong to the Atlantia group, which holds 99.6% of the shares of Pavimental S.p.A., i.e. the sole shareholder of

Pavimental Sp. z o.o.) for the [extension of the Mysłowice junction and construction of the Rudno junction](#).

The notice of invitation to tender was published on 4 March 2015 and the tender dossier started to be provided to tenderers on 9 March 2015. The tender submission deadline was set for 20 April 2015. Only one tender was received within the said deadline, submitted by the consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o. The consortium offered to perform the full scope of the Works for the net price of PLN 22,046 thousand. As a result of the tender procedure, the consortium of Pavimental companies became the contractor and the construction work contract was entered into on 15 June 2015.

The work began on 1 July 2015 and the expected time of contract performance is 300 days for the Mysłowice junction and 600 days for the Rudno junction. Mobilisation was completed in 2015, while the basic construction works started in 2016. Variation order no. 1 was issued in 2016, comprising additional costs related to the extension of the time for completion of the works. The current value of the contract is PLN 22,114 thousand. The works related to the alteration of the Mysłowice junction was completed by the end of 2016, a use permit was obtained and the said junction was opened to traffic, while the works related to the alteration of the Rudno junction is still in progress. The total net value of the works invoiced by the consortium on account of this contract amounts to PLN 20,233 thousand (i.e. 91.49% of the contract value), of which the amount of PLN 17,062 thousand was invoiced in 2016.

Taking into consideration the procedure for the selection of the entity to execute the above-mentioned contract, in the opinion of the Company's Management Board its terms should be deemed market terms.

- The fifth agreement is the [contract between SAM and the consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o.](#) (the said entities belong to the Atlantia group, which holds 99.6% of the shares of Pavimental S.p.A., i.e. the sole shareholder of Pavimental Sp. z o.o.) [for resurfacing on motorway sections with a total length of 59.88 km in the years 2016–2017](#)

The contractor in this case was selected on the basis of a tendering procedure. The following three entities submitted their tenders within the deadline: (i) the consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o. (ii) DROGOMEX Sp. z o.o. and (iii) EUROVIA Polska S.A. As a result of the tender committee works with the participation of the Independent Engineer, the tender submitted by the consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o. obtained the highest rating. The contract was entered into for the amount of PLN 40,227 thousand on 5 February 2016, and the time set for completion of the works envisaged by the contract was 620 days from the initial date, i.e. 19 February 2016. After the mobilisation period, performance of the basic works started on 4 May 2016. On 5 May 2016, variation order no. 1 was issued, excluding surface works and accompanying works on the M48 bridge, and on 15 June 2016,

variation order no. 2 was issued, comprising works consisting in the supplementing the signs informing drivers about traffic disruption with panels containing additional information. On 15 November 2016, variation order no. 3 was issued. As a result of all the variation orders, the total value of the contract decreased to the amount of PLN 40,070 thousand. The total net value of works invoiced by the consortium on account of this contract amounts to PLN 16,261 thousand (i.e. 40.58% of the current contract value), the whole of which was invoiced in 2016.

Taking into consideration the procedure for the selection of the entity to execute the above-mentioned contract, in the opinion of the Company's Management Board its terms should be deemed market terms.

- The sixth agreement is the [contract between SAM and the consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o.](#) (the said entities belong to the Atlantia group, which holds 99.6% of the shares of Pavimental S.p.A., i.e. the sole shareholder of Pavimental Sp. z o.o.) [for alteration of A4 motorway drainage on the Silesian voivodeship section – part II](#)

The contractor for this contract was selected on the basis of a two-stage tendering procedure, the conditions of which were agreed with GDDKiA (pursuant to the provisions of the Concession Agreement, the Concessionaire selects each contractor by means of a tender and GDDKiA has a right to verify the tendering criteria and conditions before announcing each of the tender procedures) and with the Financing Banks. The tender dossier was provided to the potential tenderers after the tender was announced. Only one tender was received within the deadline, submitted by the consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o. Having opened and having verified the tender, the tender committee found it to be valid and complete. The contract related to the alteration of the drainage system for 8 catchment areas in the Silesian voivodeship was entered into for the amount of PLN 23,420 thousand on 1 April 2016, and the time set for completion of the works envisaged by the contract was 580 days from the initial date, i.e. 4 May 2016. The construction works started in Q3 2016 after the mobilisation period. The total net value of works invoiced by the consortium on account of this contract amounts to PLN 7,448 thousand (i.e. 31.80% of the contract value), the whole of which was invoiced in 2016.

Taking into consideration the procedure for the selection of the entity to execute the above-mentioned contract, in the opinion of the Company's Management Board its terms should be deemed market terms.

#### 5.4. Information regarding contracts on credits and loans incurred and terminated in the financial year

In 2016, the Company did not incur any credits or loans. No credit or loan agreement was terminated in that period.

#### 5.5. Information on loans granted in the financial year, in particular loans granted to related parties

In 2016, the Company did not grant any loans to related parties or to entities not belonging to the Group.

#### 5.6. Information on sureties and guarantees granted and received in the financial year, in particular sureties and guarantees granted to related parties

In 2016, the Company did not grant nor receive any sureties or guarantees. As at the end of 2016, the Company has a contingent liability under the performance guarantee towards VIA4 in the amount of PLN 21,540 thousand. The Company receives remuneration on this account.

#### 5.7. Information on issuance of securities including the description of the use of the proceeds from the issue by the Company

In 2016, the Company did not issue any securities.

## 5.8. Explanation of differences between the financial results presented in the annual report and previously published financial result forecasts for the financial year

The Company did not publish any financial result forecasts for 2016.

## 5.9. Evaluation (with justification) of funds management, including in particular the Company's ability to pay off its liabilities and determination of potential threats and actions taken by Stalexport Autostrady or actions it intends to take in order to prevent these threats

Currently, there are no threats related to the liquidity risk. The free funds held by Stalexport Autostrady are sufficient to pay off the liabilities and may be used to finance future motorway projects. Currently, free funds are deposited in the form of short-term bank deposits generating additional financial revenue.

## 5.10. Investment plans feasibility assessment

In 2016, the Company allocated the amount of PLN 954 thousand to investments in property, plant and equipment, of which PLN 743 thousand was related to the replacement of ventilation and air-conditioning system devices in the office building in Katowice, and PLN 211 thousand to the purchase of vehicles. CAPEX for 2017 is planned to include PLN 200 thousand for the performance of necessary works related to repairs of the office building at ul. Mickiewicza 29 in Katowice. They will be financed with Stalexport Autostrady's own funds.

### 5.11. Assessment of the factors and extraordinary events affecting the operation results in the reporting period and description of the impact of these factors or extraordinary events on the achieved result

In 2016, the Company did not record any factors or extraordinary events affecting the operation results.

### 5.12. Description of the external and internal factors significant for the Company's development and of the perspectives for business development

Detailed information is presented in the following Sections of this document:

- Section 3 of the Report (Stalexport Autostrady – financial analysis),
- Section 4 of the Report (Analysis of the core market of the Company's operations),
- Section 6 of the Report (Perspectives for development and major risks and threats; description of the external and internal factors significant for Stalexport Autostrady's development).

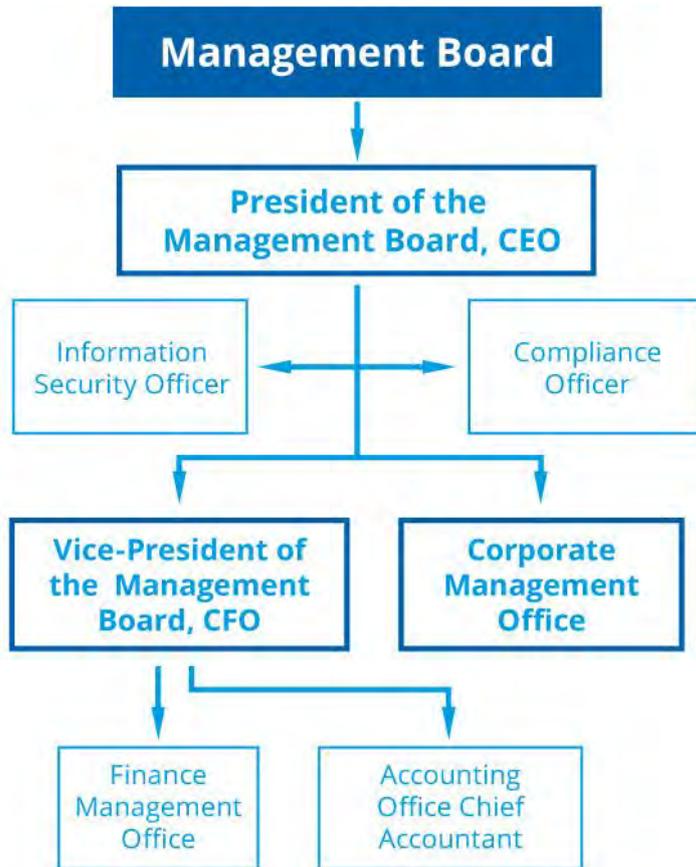
### 5.13. Changes to the basic principles of management of the Company's enterprise and information essential for the assessment of the employment situation at Stalexport Autostrady

#### Organisational structure of Stalexport Autostrady

The Company's organisational structure did not change in 2016. The Company's organisational chart as at 31 December 2016 is shown below.

FIGURE 4

Organisational structure of Stalexport Autostrady S.A. as at 31 December 2016



Source: Internal study

Furthermore, as at 31 December 2016, an increase in the number of employees to 24 ( $6\frac{5}{8}$  FTE) was recorded vs. 31 December 2015, when there were 22 employees ( $6\frac{1}{8}$  FTE).

#### 5.14. Information regarding agreements between the Company and the managing persons providing for compensation if they resign or are made redundant without valid reason or if they are dismissed or made redundant because of Company's merger by acquisition

The contracts with members of the Management Board performing such functions in 2016 provide for the following:

- in the case of Emil Wąsacz – a 6-month severance pay in the case of dismissal before the end of the term of office;

- in the case of Mariusz Serwa – payment of an additional benefit corresponding to 6-month remuneration in the case of termination of the contract by the Company, except termination for reasons attributable to the managing person.

## 5.15. Remuneration of the managing and supervising persons of Stalexport Autostrady

Pursuant to the Statutes of Stalexport Autostrady, the rules for the Management Board members' remuneration payment are defined by the Supervisory Board. In 2016, the total remuneration paid to the Company's managing persons, i.e. members of the Management Board, amounted to PLN 3,226.73 thousand. The total remuneration of the Company's managing persons obtained for being members of subsidiaries' bodies in the same period amounted to PLN 1,062.21 thousand. Detailed information regarding the amount of remuneration of the Company's managing persons in 2016 is presented in the table below.

**TABLE 4**

Remuneration paid in 2016 to the Company's managing persons [figures in PLN '000]

No.	Given name and surname	Position in the Company	Remuneration, rewards or benefits paid within the Company	Remuneration amounts received as members of subsidiaries' bodies	TOTAL
1.	Emil Wąsacz	President of the Management Board CEO	2,735.91	579.86	3,315.77
2.	Mariusz Serwa	Vice-President of the Management Board CFO	490.82	482.35	973.17
x	TOTAL		3,226.73	1,062.21	4,288.94

Source: Internal study

The remuneration amounts presented in the table above include the payment of the amount of PLN 179.78 thousand on account of an annual bonus paid in 2016 and concerning 2015, covered by a provision charged to 2015, and payment of the amount of PLN 2,386.07 thousand corresponding to the three-year incentive plan, covered by a provision charged to the period from 2013 until 2015.

The provision for the Management Board's bonus for 2016, on the other hand, in the amount of PLN 199 thousand, and additionally the provision for payment of the three-year incentive plan (concerning the period from January 2016 until December 2018) in the amount of PLN 1,025.4 thousand, were charged to 2016.

Pursuant to the Statutes of Stalexport Autostrady, the rules for the Supervisory Board members' remuneration payment are defined by the General Meeting.

In 2016, the total remuneration of the members of the Supervisory Board amounted to PLN 67.41 thousand. Detailed information regarding the amount of remuneration paid to individual persons being members of the Supervisory Board of Stalexport Autostrady in this period is presented in the table below.

**TABLE 5**

Remuneration paid in 2016 to the members of the Company's Supervisory Board [figures in PLN '000]

No.	Given name and surname	Position in the Supervisory Board of Stalexport Autostrady	Remuneration amount
1.	Roberto Mengucci	Chairman	did not receive remuneration
2.	Aleksander Galos	Deputy Chairman	36.15
3.	Michelangelo Damasco	Secretary	did not receive remuneration
4.	Stefano Rossi	Secretary	did not receive remuneration
5.	Nicolo Caffo	Member	did not receive remuneration
6.	Costantino Ivoi	Member	did not receive remuneration
7.	Marco Pace	Member	did not receive remuneration

8.	Massimo Sonego	Member	did not receive remuneration
9.	Tadeusz Włudyka	Member	31.26
10.	Pietro La Barbera	Member	did not receive remuneration
	Total		67.41

Source: Internal study

There are no incentive or bonus programmes based on the Company's capital, including programmes based on senior bonds, convertible bonds, warrants (in cash, in kind or any other form), paid, due or potentially due to the Company's managing and supervising persons.

## 5.16. The Company's shares and the related companies' shares held by persons managing and supervising Stalexport Autostrady

The number and nominal value of Stalexport Autostrady's shares and the related companies' shares held by the persons managing and supervising the Company is provided based on representations of those persons. The figures as at 31 December 2016 and as at the date of this Report is presented in the table below.

**TABLE 6**

The number and nominal value of Stalexport Autostrady's shares and the related companies' shares held by persons managing and supervising the Company (as at 31 December 2016 and as at the date of this Report)

No.	Name and surname	Entity	Number of shares [units]	Nominal value
1.	Emil Wąsacz	Stalexport Autostrady	59,000	PLN 44,250
2.	Roberto Mengucci	Atlantia	12,199	EUR 12,199

Source: Internal study based on representations made by the persons managing and supervising the Company

### 5.17. Information on agreements the Company is aware of (including those entered into after the balance sheet date), which in the future may result in changes in proportions of the shares held by the existing shareholders and bondholders

The Company is not aware of any other agreements concluded, as a result of which changes may take place in the future in the proportions of shares held by the existing shareholders.

### 5.18. Information on the control system regarding employee share schemes

There are no employee share schemes in Stalexport Autostrady.

### 5.19. Date of conclusion of the contract with an entity authorised to audit financial statements and consolidated financial statements, the term of that contract, as well as the total amount of remuneration for the separate and consolidated audit in the financial year

In accordance with the scope of authority stipulated in the Statutes of the Company, the Supervisory Board entrusted the audit of the financial statements of the Company and of the consolidated financial statements of Stalexport Autostrady S.A. Group for 2016 to Deloitte. Deloitte is entered on the list of entities authorised to audit financial statements under No. 73.

On 29 May 2014, the Company entered into an agreement with Deloitte for the audit and review of the financial statements in the period 2014–2016.

Deloitte's total remuneration for the audit and review of the financial statements for 2016 was set at the net amount of PLN 73.5 thousand, including remuneration for work related to the following:

- review of the interim separate and consolidated financial statements of Stalexport Autostrady for the period of 6 months ended on 30 June 2016: PLN 22.05 thousand;
- audit of the annual separate and consolidated financial statements of the Company for 2016: PLN 51.45 thousand.

The limit for additional costs subject to reimbursement was set at 5%.

Deloitte's total remuneration for the audit and review of the financial statements for 2015 amounted to PLN 73.5 thousand (net), including remuneration for work related to the following:

- review of the interim separate and consolidated financial statements of Stalexport Autostrady for the period of 6 months ended on 30 June 2015: PLN 22.05 thousand;
- audit of the annual separate and consolidated financial statements of the Company for 2015: PLN 51.45 thousand.

The limit for additional costs subject to reimbursement was set at 5% and the actual additional costs amounted to PLN 3.7 thousand.

## 5.20. Information on proceedings before the court, the authority competent for the arbitration proceedings or a public administration authority

The Company is not a party to any proceedings before any common or arbitration court or any public administration authority in cases in which the value of the amount in dispute exceeds the amount constituting at least 10% of the Company's equity. This concerns both individual proceedings and all proceedings conducted by the Company or against the Company.

# 2016



## 6. Perspectives for development and major risks and threats; description of the external and internal factors significant for Stalexport Autostrady's development

### 6.1. Outlooks for development

The prospects for external development of Stalexport Autostrady result from 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 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 conceived road infrastructure.

An example is 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 by the General Directorate of National Roads and Motorways.

On 20 February 2016 CATTERICK INVESTMENTS, in which 10% of the shares were acquired by Stalexport Autostrady, submitted an application for participation in the above mentioned procedure, as described in paragraph 5.2 of the Report.

As far as internal growth is concerned, the Group has been making and will continue to make efforts to improve the quality of services provided to the motorway users through the advancement of the toll collection system, allowing to diversify the range of toll payment methods available to customers, including electronic toll collection introduced in 2016. These efforts are intended to improve the flow capacity at the toll plazas including the transaction time shortening.

## 6.2. Description of major risks and threats, the external and internal factors significant for Stalexport Autostrady's development and risk prevention methods

The major risks and threats and the external and internal factors significant for the operation of Stalexport Autostrady can be divided into three basic areas related to the following:

- **the A4 Katowice–Kraków project in progress**

Within this scope, risks as well as the economic and financial factors related to the general economic situation and to the current situation on the construction work market, as well as the 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 lorry traffic), and thus on the level of revenue from toll collection generated by the Concessionaire. The Group mitigates 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 work 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, whereas 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 mitigate 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 constructions 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 Polish Office of Competition and Consumer Protection** 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: Rules of performance of works causing traffic disruption on the motorway, and 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.

- **lease of office space and investment of the own funds**

Within this scope, 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 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 mitigates this risk by the diversification of the periods of the deposits in which the Company invests its funds.

- **all activities generally performed by the Company**

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), 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.

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## 7. Statement of the Management Board of Stalexport Autostrady on the Company's compliance with corporate governance rules

### 7.1. Introduction

In compliance with the obligation stipulated in §91(5)(4) of the Ordinance concerning current and periodic information provided by issuers of securities and the conditions for considering as equivalent information required by the law of a non-member state as equivalent (Dz.U. of 2014, item 133, uniform text), the Management Board of Stalexport Autostrady publishes this representation on compliance by the Company's application of the corporate governance rules specified in the "Best Practice of GPW Listed Companies 2016" (hereinafter referred to as "DPSN 2016") in the period from 1 January until 31 December 2016. The DPSN 2016 was adopted by resolution No. 26/1413/2015 of the Supervisory Board of GPW on 13 October 2015 and entered into force on 1 January 2016.

On 8 January 2016, Stalexport Autostrady submitted a current report concerning the scope of application of DPSN 2016. On the same day, in accordance with the rule I.Z1.13 DPSN 2016, information was conveyed to the public on the current application by the Company of the recommendations and principles included in the "Best Practice of GPW Listed Companies 2016", published on the Company's web page and constituting [Enclosure No. 6](#) to this Report.

In relation to the change of the actual situation on 7 June 2016 the Company submitted another current report concerning the scope of application of DPSN 2016 and on the same day conveyed to the public information on the current application by the Company the recommendations and principles included in the "Best Practice of GPW Listed Companies 2016", which was published on the Company's web page and constituting [Enclosure No. 7](#) to this Report. That situation did not change until the date of preparation of the Report.

## 7.2. Corporate governance rules the Company is subject to and their public availability

The Management Board of Stalexport Autostrady declares that the corporate governance rules the Company was subject to in 2016 are publicly available on the following web pages:

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

## 7.3. Information on the extent to which the Company departed from the provisions of the above-mentioned corporate governance rules, identification of these provisions and explanation of the reasons

Pursuant to § 29(3) of the rules of Giełda Papierów Wartościowych w Warszawie S.A. [Warsaw Stock Exchange], 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 "Best Practice of GPW Listed Companies".

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, the recommendation VI.R.3 and the rule II.Z.8 have been observed from 20 May 2016.

The reasons for departure from observance of the above 4 rules by the Company are presented in the following table.

**TABLE 7**

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 on the dividend 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.	In the last 5 financial years, Stalexport Autostrady S.A. did not pay any dividend. 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

		<p>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.</p>
<p>II.Z.8.</p>	<p>The chairman of the audit committee complies with the criteria of independence indicated in rule II.Z.4. (rule complied with since 20 May 2016)</p>	<p>The Chairman of the Audit Committee, Mr Costantino Ivoi (who performed that function until 14 April 2016), did not meet these criteria. The Company's Management Board intended to observe this rule in the future. Observance of the rule depended, however, on the adoption of appropriate resolutions by the Supervisory Board, which happened on 20 May 2016 when Mr Aleksander Galos was appointed Chairman of the Audit Committee by way of a resolution of the Supervisory Board.</p>
<p>III.Z.3.</p>	<p>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 to the other persons responsible for the performance of its tasks.</p>	<p>This rule is not observed, except the function of compliance supervision, for which a Compliance Officer was appointed at the Company.</p>
<p>VI.Z.1.</p>	<p>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, however, for key managers not being members of the Management Board.</p>

Source: Internal study

#### 7.4. Description of the basic attributes of the Company's systems of internal control and risk management as regards drawing up of the separate and consolidated financial statements

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.

## 7.5. Shareholders holding directly or indirectly significant blocks of shares and the number of shares held by these shareholders, their percentage share in the share capital, the number of votes related to these shares and their percentage share in the total number of votes at the General Meeting of the Company

The shareholders holding, according to the best knowledge of the Company, at least 5% of the total number of votes at the Stalexport Autostrady's General Meeting as at 31 December 2016 and as at the date of this Report are listed in the table below.

**TABLE 8**

List of Stalexport Autostrady's shareholders holding significant blocks of the Company's shares (as at 31 December 2016 and as at the date of this Report)

Name of person/entity	Number of ordinary bearer shares [units]	Share in the share capital [%]	Number of votes at the General Meeting [units]	Share in the total number of votes at the General Meeting [%]
Atlantia	151.323.463	61.20%	151.323.463	61.20%

Source: Internal study based on notifications received by the Company from shareholders pursuant to Articles 69 and 69a in relation to Article 87 of the Act on Public Offering, on the Conditions Governing the Introduction of Financial Instruments to Organised Trading and on Public Companies

## 7.6. Holders of any securities giving special control rights and a description of these rights

No shares of Stalexport Autostrady provide shareholders with special control rights towards the Company.

### 7.7. Information on all limitations regarding exercising the voting right, such as limitation of exercising the voting right by the holders of a specified part or number of votes, time limitations regarding exercising the voting rights or provisions under which, with the cooperation of the Company, the capital rights related to the securities are separated from the holding of the securities

The shares of Stalexport Autostrady are not subject to any limitations as far as exercising the right to vote related to the shares is concerned.

### 7.8. Information on all limitations regarding transferring the ownership rights to the Company's securities

The shares of Stalexport Autostrady are not subject to any limitations as far as the transfer of the ownership right is concerned.

### 7.9. Description of the rules of appointing and dismissing managing persons and their rights, in particular the right to decide on the issuance or buyback of shares

Pursuant to §10 of the Company's Statutes, the Management Board is composed of 1 to 3 persons. The President of the Management Board is appointed by the Supervisory Board and other members of the Management Board are appointed by the Supervisory Board at the request of the President of the Management Board.

The powers of the Management Board are specified in the Statutes of the Company, Regulations of the Management Board issued on the basis of these Statutes, the Code of Commercial Companies and other generally applicable laws. The Statutes of the Company and the Regulations of the Management Board form enclosures to this annual report ([Enclosures No. 2 and No. 3](#)) and are also available on the corporate web page of Stalexport Autostrady ([www.stalexport-autostrady.pl](http://www.stalexport-autostrady.pl)).

## 7.10. Description of the rules of amending the Statutes or Articles of Association of the Company

Amendments to the Statutes of the Company are made in accordance with the rules specified in the Code of Commercial Companies. The Statutes do not stipulate otherwise in this respect, except for § 5(2) which concerns material change of the objects of the Company. In such a case, the Statutes do not stipulate the necessity to buy out the shareholders that do not agree to the amendment.

## 7.11. The General Meeting's rules of procedure and its basic powers and the description of the rights of shareholders and the way of exercising these rights, in particular the rules stipulated in the Regulations of the General Meeting if such Regulations were adopted, unless information in this respect results directly from the law

The General Meetings of Stalexport Autostrady are held in line with the rules stipulated in the Code of Commercial Companies, the Statutes and the Regulations of the General Meeting, and these rules do not differ from the rules which are applied by other GPW listed companies. In particular, apart from the shareholders, the members of the Management Board and the Supervisory Board of the Company as well as guests, including experts invited by the body convening the General Meeting, may attend the General Meeting. A representative of the auditor of the Company attends the General Meetings whose agenda comprises financial matters of the Company and provides explanations during such Meetings.

General Meetings are convened in the manner and according to the rules stipulated in the generally applicable regulations. This means that the notice convening the General Meeting is published on the web page of Stalexport Autostrady (at [www.stalexport-autostrady.pl](http://www.stalexport-autostrady.pl)) not later than 26 days before the date of the General Meeting. Moreover, in accordance with §38 of the Ordinance on current and periodic information, the Company provides, in the form of a current report, all the information related to the convening of the General Meeting, required by that regulation.

The shareholders holding shares of Stalexport Autostrady on the 16<sup>th</sup> day before the date of the General Meeting, which is the record date, are entitled to take part in the General Meeting. The basis for permitting a shareholder to attend the General Meeting is the placement of that shareholder on the list made available to the Company by Krajowy Depozyt Papierów Wartościowych S.A. not later than one week before the date of the General Meeting.

The General Meetings are held in the Company's registered office or in Katowice and the specific rules of procedure are specified for them in the Regulations of the General Meeting of Stalexport Autostrady adopted on 27 November 2002. The currently binding text of the Regulations of the General Meeting takes into account the amendments introduced in 2004, 2005, 2006, and 2010, and forms [Enclosure No. 5](#) to this Report. It is also available on the corporate web page of Stalexport Autostrady. The amendments introduced in 2010 take into account the new rules for the organisation of the General Meetings of public (listed) joint stock companies, which were introduced on 3 August 2009 by the amendment to the Code of Commercial Companies of 5 December 2008 (Dz.U. of 2009, No. 2, item 28).

The above-mentioned Regulations specify in particular the scope of rights of shareholders (in relation to the most important right that is exercised by them, i.e. participation in the General Meeting) and the way these rights are exercised, the rules of appointing the Chairman of the General Meeting, the tasks of the Chairman of the General Meeting and his duties, the rules of appointing members of the Returning Committee and its duties. In practice, the Returning Committee is not appointed according to the decision made from time to time by the General Meeting, because the voting is carried out via a computer system of casting and counting the votes, and the printed results of the vote are signed by the Chairman of the General Meeting pursuant to §10a of the Regulations of the General Meetings.

Pursuant to §24 of the Company's Statutes, resolutions of the General Meeting are required in particular in the case of:

- 1) approval, upon review, of the Management Board's Report on the Company's Activities and of the financial statements for the previous financial year;
- 2) distribution of profit/covering of losses;
- 3) acknowledgement of the fulfilment of duties by members of the Management Board and members of the Supervisory Board;
- 4) disposal and lease of the enterprise or of its organised part and establishment of a limited right in rem over them;
- 5) issuing of convertible bonds or senior bonds;
- 6) review and approval of the financial statements of Stalexport Autostrady Group;
- 7) amendment to the Company's Statutes, including change of the objects of the Company, share capital increase or decrease and redemption of shares;
- 8) material change of the objects of the Company;
- 9) dissolution and liquidation of the Company;
- 10) Company's merger, demerger and transformation;
- 11) appointment of members of the Supervisory Board after their number has been determined for the given term of office and their dismissal;
- 12) determination of the remuneration rules for the appointed members of the Supervisory Board.

## 7.12. Composition and its changes which took place in the last financial year and description of the activity of the bodies managing, supervising or administering the Company and of their committees

### (i) Management Board

Pursuant to §10 of the Company's Statutes, the Management Board is composed of 1 to 3 persons. The President of the Management Board is appointed by the Supervisory Board and other members of the Management Board are appointed by the Supervisory Board at the request of the President of the Management Board. The joint term of office of the Management Board members lasts three consecutive years and their mandates expire on the day of holding of the General Meeting approving the financial statements for the last full financial year of performance of the function of Management Board member.

In the reporting period (and until the date of preparation of the Report), the composition of the Company's Management Board did not change and was as follows:

- Emil Wąsacz – President of the Management Board,
- Mariusz Serwa – Vice-President of the Management Board.

On 2 March 2016, by way of decision of the Supervisory Board of Stalexport Autostrady S.A., the Company's Management Board composed of the same members as before was appointed to another term of office:

- Emil Wąsacz – President of the Management Board,
- Mariusz Serwa – Vice-President of the Management Board.



Emil Wąsacz – President of the  
Management Board



Mariusz Serwa – Vice-President of the  
Management Board

**(ii) Supervisory Board**

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 3 April 2013, the Ordinary General Meeting (by way of resolution no. 21) decided that the Supervisory Board of Stalexport Autostrady of the eighth term (2013–2015) would be composed of seven members.

The Supervisory Board operating in the period from 1 January 2016 until 14 April 2016 was composed of the following persons:

1. Roberto Mengucci – Chairman,
2. Aleksander Galos – Deputy Chairman,
3. Michelangelo Damasco – Secretary,
4. Nicoló Caffo,
5. Pietro La Barbera,
6. Costantino Ivoi,
7. Tadeusz Władyka.

On 5 July 2013, acting pursuant to § 23(2) of the Regulations of the Supervisory Board of Stalexport Autostrady and pursuant to the Best Practice of GPW Listed Companies in force at that time, including in particular the best practices followed by members of supervisory boards, the Supervisory Board appointed the Audit Committee and Remuneration Committee from among the Supervisory Board members as follows:

**1) Remuneration Committee:**

- Roberto Mengucci – Chairman,
- Aleksander Galos,
- Costantino Ivoi,
- Tadeusz Władyka;

**2) Audit Committee:**

- Costantino Ivoi – Chairman,
- Aleksander Galos,
- Michelangelo Damasco.

In the period from 1 January 2016 until 14 April 2016, the composition of the above-mentioned committees of the Supervisory Board remained unchanged.

On 14 April 2016, the Ordinary General Meeting of Stalexport Autostrady S.A. 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.

On the same day, acting pursuant to § 23(2) of the Regulations of the Supervisory Board of Stalexport Autostrady and pursuant to the Best Practice of GPW Listed Companies, the Supervisory Board appointed the Audit Committee and the Remuneration Committee from among the Supervisory Board members as follows:

■ **Remuneration Committee:**

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

■ **Audit Committee:**

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

Until the date of preparation of the Report, the composition of the said committees of the Supervisory Board remained unchanged.

**Mr Aleksander Galos** and **Mr Tadeusz Włudyka** meet the criteria of independence from Stalexport Autostrady and persons or entities having significant links with the Company 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, taking into account the Good Practice of GPW Listed Companies in force since 1 January 2016.

The Supervisory Board operates on the basis of applicable provisions of the law, including the Code of Commercial Companies and the Statutes passed by the General Meeting. Moreover, pursuant to the Company's Statutes, the Supervisory Board adopted its own Regulations, constituting its rules of procedure. These Regulations form **Enclosure No. 4** to this Report and are also available on the corporate web page of Stalexport Autostrady ([www.stalexport-autostrady.pl](http://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](http://www.stalexport-autostrady.pl)).

### **(iii) Proxies**

Pursuant to Article 371 §4 of the Code of Commercial Companies, proxies are appointed by the Management Board. In the reporting period, there were no proxies in the Company.

2016

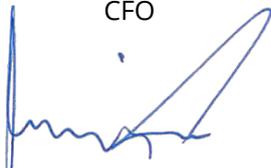


## 8. Summary

Concluding the presentation of the Report, we would like to emphasise that Stalexport Autostrady, operating in the motorway business, has sound financial bases that guarantee the stability of its business and provide opportunities for future implementation of projects related to the construction and management of motorways.

Vice-President of the Management Board

CFO



.....

Mariusz Serwa

President of the Management Board

CEO



.....

Emil Wąsacz

Mysłowice, 1 March 2017

## 9. Statements

- 9.1. Management Board's statement setting forth that, according to their best knowledge, the annual financial statements as well as the comparable data have been drawn up in line with the applicable accounting standards and they give a true and fair view of the Company's assets and financial position, and that the Management Board's Report on the Activities of the Company gives a true presentation of the Company's development, achievements and position, including the description of major threats and risks

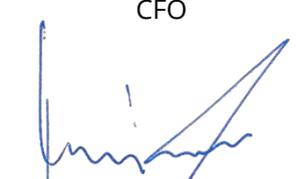
### Statement

We hereby represent that, according to our best knowledge, the annual financial statements of the Company for 2016 and the comparable data have been drawn up in line with the applicable accounting standards and they give a true and fair view of the Stalexport Autostrady's assets and financial position as well as its financial profit or loss.

At the same time we represent that the annual Management Board's Report on the Activities of Stalexport Autostrady S.A. in 2016 gives a true presentation of the Company's development, achievements and position, including the description of major risks and threats.

Vice-President of the Management Board

CFO



Mariusz Serwa

President of the Management Board

CEO



Emil Wąsacz

Mysłowice, 1 March 2017

- 9.2. Management Board's statement stating that the entity authorised to audit the financial statements, auditing the annual financial statements, has been appointed in accordance with the provisions of the law and that this entity as well as the chartered auditors conducting the audit have met the conditions regarding issuing impartial and independent opinion on the audited annual financial statements, in line with applicable provisions of the law and professional standards

### Statement

We hereby represent that Deloitte with its registered office in Warsaw, authorised to audit the financial statements, auditing the annual financial statements for 2016, has been appointed in accordance with the provisions of the law, i.e. pursuant to § 18(3)(8) of the Statutes of Stalexport Autostrady.

At the same time, we represent that the above-mentioned entity and the chartered auditors conducting the audit met the conditions regarding the issuing of an impartial and independent opinion on the audited annual financial statements, in line with applicable provisions of the law and professional standards.

Vice-President of the Management Board

CFO  
  
.....  
Mariusz Serwa

President of the Management Board

CEO  
  
.....  
Emil Wąsacz

Mysłowice, 1 March 2017

## 10. Enclosures

- |                        |                                                                                                                                                                                                                                 |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Enclosure no. 1</b> | Selected financial data of Stalexport Autostrady                                                                                                                                                                                |
| <b>Enclosure no. 2</b> | Stalexport Autostrady's Statutes                                                                                                                                                                                                |
| <b>Enclosure no. 3</b> | Regulations of the Management Board of Stalexport Autostrady                                                                                                                                                                    |
| <b>Enclosure no. 4</b> | Regulations of the Supervisory Board of Stalexport Autostrady                                                                                                                                                                   |
| <b>Enclosure no. 5</b> | Regulations of the General Meeting of Stalexport Autostrady                                                                                                                                                                     |
| <b>Enclosure no. 6</b> | Statement on the Company's compliance with the corporate governance recommendations and principles contained in Best Practice for GPW Listed Companies of 08 January 2016                                                       |
| <b>Enclosure no. 7</b> | Statement on the Company's compliance with the corporate governance recommendations and principles contained in Best Practice for GPW Listed Companies of 07 June 2016 (up-to-date as of the date of publication of the Report) |

The Statutes and the above-mentioned Regulations are also available on the corporate web page of Stalexport Autostrady ([www.stalexport-autostrady.pl](http://www.stalexport-autostrady.pl)).

2016



## Selected financial data of Stalexport Autostrady

STALEXPORT AUTOSTRADY S.A.  
MANAGEMENT BOARD'S REPORT ON THE ACTIVITIES OF THE COMPANY IN 2016  
ENCLOSURE

Financial figures from the Separate Financial Statements of Stalexport Autostrady for the period of 12 months ended 31 December 2016

	in PLN '000		in EUR '000	
	2016	2015	2016	2015
Revenue	3 774	3 752	862	897
Results from operating activities	(3 474)	(3 781)	(794)	(904)
Profit before income tax	177 857	5 073	40 647	1 212
Profit for the period	180 747	5 114	41 307	1 222
Weighted average number of shares at the end of period	247 262	247 262	247 262	247 262
Profit per 1 share (in PLN/EUR)	0.73	0.02	0.17	0.00
Diluted profit per 1 share (in PLN/EUR)	0.73	0.02	0.17	0.00
Net cash from operating activities	(2 873)	(118)	(657)	(28)
Net cash used in investing activities	181 605	6 488	41 503	1 550
Net cash used in financing activities	-	-	-	-
Total net cash flows	178 732	6 370	40 846	1 522
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Total assets	389 671	211 090	88 081	49 534
Non-current assets	78 950	76 516	17 846	17 955
Current assets	310 721	134 574	70 235	31 579
Total liabilities	2 086	4 254	472	998
Non-current liabilities	1 109	69	251	16
Current liabilities	977	4 185	221	982

STALEXPORT AUTOSTRADY S.A.  
MANAGEMENT BOARD'S REPORT ON THE ACTIVITIES OF THE COMPANY IN 2016  
ENCLOSURE

Total equity	387 585	206 836	87 610	48 536
Share capital	185 447	185 447	41 918	43 517

Source: Company's documents

*Selected financial data is converted into EUR according to the following rules:*

- a) items of the separate financial statements concerning comprehensive income and the cash flow statement for 2016 and for 2015 based on the exchange rate being an arithmetic mean of average exchange rates announced by NBP, applicable on the last day of each month during the period, i.e. 4.3757 PLN/EUR and 4.1848 PLN/EUR respectively;*
- b) items of assets and liabilities based on the average exchange rate published by NBP, applicable as at the reporting date, i.e. 4.424 PLN/EUR as at 31 December 2016 and 4.2615 PLN/EUR as at 31 December 2015.*

# Stalexport Autostrady Joint Stock Company

## Statutes<sup>1</sup>

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1. *The consolidated text of the Statutes comprising the amendments adopted by OGM of Stalexport Autostrady S.A. on 14 April 2016, registered by the District Court Katowice - East in Katowice dated 29 June 2016.*

## I. GENERAL PROVISIONS

§1

1. The Company's firm is Stalexport Autostrady Joint Stock Company.

2. The Company may use the abbreviation of the firm: Stalexport Autostrady S.A. and the graphic or verbal-graphic symbol that distinguishes it (logotype).

§2

The city of Myslowice is the seat of the Company.

§3

*(deleted)*

§4

The Company conducts its activity on the basis of this Statutes, the Code of commercial companies and other regulations in force.

## II. THE SUBJECT OF THE COMPANY ACTIVITY

§5

1. The subject of the Company activity:

<b>25.11.Z</b>	Manufacture of metal structures and parts of structures
<b>26.30.Z</b>	Manufacture of Communications equipment
<b>32.99.Z</b>	Other manufacturing n.e.c.
<b>33.11.Z</b>	Repair of fabricated metal products
<b>33.20.Z</b>	Installation of industrial machinery and equipment
<b>38.31.Z</b>	Dismantling of wrecks
<b>41.10.Z</b>	Development of building projects
<b>41.20.Z</b>	Construction of residential and non-residential buildings
<b>42.11.Z</b>	Construction of roads and motorways
<b>42.12.Z</b>	Construction of railways and underground railways
<b>42.13.Z</b>	Construction of bridges and tunnels
<b>42.21.Z</b>	Construction of transmission pipelines and distribution systems
<b>42.22.Z</b>	Construction of utility projects for electricity and telecommunications
<b>42.91.Z</b>	Construction of water projects
<b>42.99.Z</b>	Construction of other civil engineering projects n.e.c.
<b>43.21.Z</b>	Electrical installation
<b>43.29.Z</b>	Other construction installation
<b>43.32.Z</b>	Joinery installation
<b>43.91.Z</b>	Roofing activities
<b>43.99.Z</b>	Other specialised construction activities n.e.c.
<b>45.11.Z</b>	Sale of cars and light motor vehicles
<b>45.19.Z</b>	Sale of other motor vehicles except motorcycles
<b>46.13.Z</b>	Agents involved in the sale of timber and building materials
<b>46.44.Z</b>	Wholesale of china and glassware and cleaning materials
<b>46.51.Z</b>	Wholesale of computers, computer peripheral equipment and software
<b>46.69.Z</b>	Wholesale of other machinery and equipment
<b>46.72.Z</b>	Wholesale of metals and metal ores
<b>46.73.Z</b>	Wholesale of wood, construction materials and sanitary equipment
<b>46.74.Z</b>	Wholesale of hardware, plumbing and heating equipment and supplies
<b>46.75.Z</b>	Wholesale of chemical products
<b>46.76.Z</b>	Wholesale of other intermediate products
<b>46.77.Z</b>	Wholesale of waste and scrap
<b>46.90.Z</b>	Non-specialised wholesale trade

**STALEXPORT AUTOSTRADY S.A.**  
**MANAGEMENT BOARD'S REPORT ON THE ACTIVITIES OF THE COMPANY IN 2016**  
**ENCLOSURE**

<b>47.41.Z</b>	Sale of computer, peripheral units and software in specialized stores
<b>47.42.Z</b>	Retail sale of telecommunications equipment in special stores
<b>49.41.Z</b>	Freight transport by road
<b>52.10.A</b>	Warehousing and storage of gaseous fuels
<b>52.10.B</b>	Warehousing and storage of other goods
<b>52.21.Z</b>	Service activities incidental to land transportation
<b>52.24.C</b>	Cargo handling at other transshipment points
<b>52.29.C</b>	Other transportation support activities
<b>59.20.Z</b>	Sound recording and music publishing activities
<b>61.30.Z</b>	Telecommunications activities
<b>61.90.Z</b>	Other telecommunications activities
<b>62.01.Z</b>	Computer programming activities
<b>62.02.Z</b>	Computer consultancy activities
<b>62.03.Z</b>	Computer facilities management activities
<b>62.09.Z</b>	Other information technology and computer service activities
<b>63.11.Z</b>	Data processing, hosting and related activities
<b>63.12.Z</b>	Web portals
<b>63.99.Z</b>	Other information service activities n.e.c.
<b>64.20.Z</b>	Activities of holding companies
<b>64.30.Z</b>	Trusts, funds and similar financial entities
<b>64.91.Z</b>	Financial leasing
<b>64.92.Z</b>	Other credit granting
<b>64.99.Z</b>	Other financial service activities, except insurance and pension funding n.e.c.
<b>66.19.Z</b>	Other activities auxiliary to financial services, except insurance and pension funding
<b>68.10.Z</b>	Buying and selling of own real estate
<b>68.20.Z</b>	Renting and operating of own or leased real estate
<b>68.32.Z</b>	Management of real estate on a fee or contract basis
<b>69.20.Z</b>	Accounting, bookkeeping and auditing activities; tax consultancy
<b>70.10.Z</b>	Activities of head offices and holding companies except financial holdings
<b>70.21.Z</b>	Public relations and communication activities
<b>70.22.Z</b>	Business and other management consultancy activities
<b>71.11.Z</b>	Architectural activities
<b>71.12.Z</b>	Engineering activities and related technical consultancy
<b>71.20.B</b>	Other technical testing and analysis
<b>73.11.Z</b>	Advertising agencies
<b>73.12.A</b>	Brokerage in the sale of time and space for advertising purposes on the radio and on the television
<b>73.12.B</b>	Brokerage in the sale of space for advertising purposes in printed media
<b>73.12.C</b>	Brokerage in the sale of time and space for advertising purposes in electronic media (the Internet)
<b>73.12.D</b>	Brokerage in the sale of time and space for advertising purposes in other media
<b>74.10.Z</b>	Specialised design activities
<b>74.90.Z</b>	Other professional, scientific and technical activities n.e.c.
<b>77.12.Z</b>	Renting and leasing of other motor vehicles except motorcycles
<b>77.32.Z</b>	Renting and leasing of construction and civil engineering machinery and equipment
<b>77.39.Z</b>	Renting and leasing of other machinery, equipment and tangible goods n.e.c.
<b>77.40.Z</b>	Leasing of intellectual property and similar products, except copyrighted works
<b>78.10.Z</b>	Activities of employment placement agencies

<b>78.20.Z</b>	Temporary employment agency activities
<b>78.30.Z</b>	Other human resources provision
<b>81.10.Z</b>	Combined facilities support activities
<b>82.11.Z</b>	Combined office administrative service activities
<b>82.19.Z</b>	Photocopying, document preparation and other specialised office support activities
<b>82.91.Z</b>	Activities of collection agencies and credit bureaus
<b>82.99.Z</b>	Other business support service activities n.e.c.
<b>85.60.Z</b>	Educational support activities
<b>95.11.Z</b>	Repair of computer and peripheral equipment
<b>95.12.Z</b>	Repair of Communications equipment

2. The General Meeting of Shareholders may pass a resolution on a significant change of the subject of the Company's activity also without buying out the shares of these shareholders who do not accept the change provided that such resolution is passed with the majority of two thirds of votes in the presence of the people who represent at least one half of the stock capital.

### **III. STOCK CAPITAL**

§6

The stock capital of the Company amounts to PLN 185,446,517.25 (one hundred eighty five million four hundred and forty six thousand five hundred seventeen zloty and twenty five).

§7

The stock capital of the Company is divided into 247,262,023 (two hundred forty seven million two hundred sixty two thousand twenty three) of ordinary bearer shares of a nominal value of PLN 0,75 (seventy five) each, including 8,341,030 (eight million three hundred forty one thousand thirty) shares of the a series with numbers from a 000,000,001 to a 008,341,030; 492,796 (four hundred ninety two thousand seven hundred ninety six) shares of the B series with numbers: from B 008,341,031 to B 008,833,826; 4,000,000 (four million) shares of the D series with numbers: from D 008,833,827 to D 012,833,826; 94,928,197 (ninety four million nine hundred twenty eight thousand one hundred ninety seven) shares of the E series with numbers: from E 12,833,827 to E 107,762,023; 50,000,000 (fifty million) shares of the F series with numbers: from F 107,762,024 to F 157,762,023; and 89,500,000 (eighty nine million five hundred thousand) share of the G series with numbers from G 157,762,024 to G 247,262,023.

All shares of the Company are bearer shares.

§8

1. The Shares may be written off with the consent of a shareholder by means of the acquisition by a Company determined in the Resolution of General Meeting.
2. *(deleted)*
- 2.a *(deleted)*

### **IV. THE COMPANY'S AUTHORITIES**

§9

The authorities of the Company are:

1. The Management Board of the Company.
2. The Supervisory Board.
3. The General Meeting.

#### **A. THE MANAGEMENT BOARD OF THE COMPANY**

§10

1. The Management Board consists of 1 to 3 persons.
2. The Supervisory Board appoints the President of the Management Board and the Supervisory Board appoints the other members of the Management Board upon the motion of the President of the Management Board.
3. The joint term of office of the members of the Management Board lasts three consecutive years and their mandates expire on the day of the General Meeting approving the financial report for the last full turnover year of performing the function of the member of the Management Board.
4. *(deleted)*
5. The member of the Management Board can be recalled or suspended in his functions at any time by the Supervisory Board and also by the General Meeting.
6. A person who is a Polish citizen with a place of residence on the territory of the Republic of Poland can be appointed President of the Management Board.

§11

1. The Management Board conducts the matters of the Company and the right of the member of the Management Board to represent the Company concerns all judicial and extrajudicial actions of the company.
2. The Management Board makes its decisions in the form of resolutions or without resolutions being passed. The resolution form is required for decisions concerning:
  - 1) purchasing and selling real properties, and a part of them as well, and the perpetual usufruct or a part of it, with the reservation, that if the the value of the transaction exceeds five million PLN the approval of the Supervisory Board is required,
  - 2) incurring liabilities, including credits, sureties, etc. the value of which exceeds one million PLN,
  - 3) *(deleted)*,
  - 4) convening general meetings and accepting draft resolutions for these meetings,
  - 5) proposing the Supervisory Board the selection of a chartered auditor,
  - 6) purchasing and selling the company shares or shares of other companies,
  - 7) creating a company branch or representation abroad,
  - 8) lay-offs,
  - 9) adopting an investment plan, selling and leasing the enterprise with a group of tangible and intangible assets, as well as transferring the usufruct rights.
3. The resolutions of the Management Board are passed with an absolute majority of votes and in case of an equal amount of votes, the vote of the President of the Management Board is the casting one.
4. The Management Board may also adopt resolutions in all matters it deems material and essential, as long as they fall within the objects of the Company as well as its functioning.
5. The resolutions of the Management Board are recorded and the minutes should include the agenda, the list of the present members of the Management Board, the list of votes cast in regard to the individual resolutions, distinct sentences and signatures of the present members of the Management Board.
6. The Management Board may pass its own regulations. The Management Board regulations are approved by the Supervisory Board.

§12

When the Management Board is numerous, the following persons are entitled to submit declarations on behalf of the Company:

- independently - the President of the Management Board,
- jointly - two members of the Management Board,
- or - the member of the Management Board with the proxy.

§13

The remuneration and other terms of employing the members of the Management Board are determined by the Supervisory Board which concludes suitable contracts with them and also represents the Company in possible disputes with the members of the Management Board.

**B. THE SUPERVISORY BOARD**

§14

1. The Supervisory Board consists of 5 to 9 members including the Chairman and its deputy. The General Meeting decides about the number of members of the Supervisory Board for a given term.
2. The term of the Supervisory Board lasts three years. The mandates of the Supervisory Board's members expire on the day of the General Meeting approving the financial statements for the last full year of performing duties as a member of the Supervisory Board.
3. The Supervisory Board's members are appointed for a joint term. The mandate of a member of the Supervisory Board, appointed before the end of the term, expires simultaneously with the mandates of the other members of the Supervisory Board.
4. The General Meeting appoints and recalls the members of the Supervisory Board. The member of the Supervisory Board shall elect, from among its members, the Chairman of the Supervisory Board and at his request - the Deputy Chairman.
5. In the event of death or resignation of a member of the Supervisory Board is entitled to continue its work within a given term, unless the number of remaining members meet the rules provided by law. Passage 6 of §14 shall apply accordingly.
6. At least two members of the Supervisory Board shall be independent, not bound by any relationships which may significantly impact their ability to make unbiased decisions.
7. Independence criteria for members of the Supervisory Board and other related issues will be specified in detail in the Regulations of the Supervisory Board.

§15

1. The Supervisory Board on its first meeting elects in a secret voting the Chairman of the Supervisory Board, his deputy and its secretary and on the next meeting, in case there is such a need conducts supplementary elections.
2. The Chairman of the Supervisory Board or his deputy or a person indicated by the Chairman convenes the meetings of the Supervisory Board and presides at them. The Chairman of the Supervisory Board of the former term of office or a member of the Supervisory Board indicated by the Chairman convenes and opens the first meeting of the newly elected Supervisory Board and presides at it until choosing the Chairman of the Supervisory Board. Should the first

meeting of the Supervisory Board not be convened as described above within 14 days from the day of the selection, any of the selected members of the Supervisory Board is entitled to convene it.

3. The Supervisory Board may recall the Chairman, his deputy or the Secretary of the Supervisory Board from the performed function in a secret voting.

§16

1. The Supervisory Board should convene meetings if necessary, however not less than three times during the turnover year.
2. The Chairman of the Supervisory Board or his deputy has the duty to convene the meeting of the Supervisory Board upon the request of the Management Board or a member of the Supervisory Board containing the proposed agenda within two weeks from the day of receiving the motion.

§17

1. Taking into consideration the resolutions of section 2, the Supervisory Board passes resolutions with an absolute majority of votes, i.e. the number of votes exceeding half of the cast valid votes when at least half of the Supervisory Board's composition is represented.
2. The Supervisory Board passes its regulations which determine the mode of its proceedings in a detailed way.
3. The members of the Supervisory Board may take part in passing resolutions of the Supervisory Board, casting their vote in writing by hand of another member of the Supervisory Board with the exclusion of matters that are introduced to the agenda on the meeting of the Supervisory Board.
4. The members of the Supervisory Board may participate in passing resolutions casting their vote in a written course or by using means of direct remote communication under the condition of notifying all members of the Supervisory Board about the contents of the resolution draft.

§18

1. The Supervisory Board permanently supervises the activity of the Company in all domains of its activity.
2. The Supervisory Board has, in particular, the following entitlements:
  - 1) to estimate the reports of the Management Board on the Company's activity and the financial report for the previous turnover year in the range of their conformity with the books and documents, as well as, with the real status,
  - 2) to estimate the motions of the Management Board concerning the profit distribution or loss coverage,
  - 3) to submit to the General Meeting an annual report, in writing, on the results of the estimates mentioned in point 1 and 2.
3. The Supervisory Board is also entitled to:
  - 1) to approve the regulations of the Management Board of the Company,
  - 2) to appoint and recall individual or all members of the Management Board (in a secret voting),
  - 3) to conclude contracts with the members of the management, including the establishment of the remuneration and other terms of performing the function of the member of the Management Board,
  - 4) to determine the remuneration for the member of the Supervisory Board delegated to a permanent individual supervision in case of entrusting this entitlement by the General Meeting,
  - 5) to suspend in functions - out of important reasons - individual or all members of the Management Board (in a secret voting),
  - 6) to delegate the members of the Supervisory Board to temporarily perform the functions of the members of the Management Board who are not able to perform their functions,
  - 7) to grant consent for reducing employment if it has a nature of the so called group dismissal according to the interpretation of proper regulations,
  - 8) to choose, upon the motion of the Management Board, an expert auditor in order to examine financial reports,
  - 9) to give consent to acquire and sell real estates, perpetual usufruct or a share in the real estate of a value exceeding five million PLN,
  - 10) to grant the Management Board the consent for acquiring and taking over shares or stocks in other companies the single value of which exceeds one million PLN or 25% in the capital of such company,
  - 11) to grant consent for setting up branch offices or representative offices abroad,
  - 12) to approve the investment plan for the Company and the Stalexport Autostrady Capital Group,
  - 13) to consider and give an opinion on proposed subjects of General Meeting resolutions, particularly on draft resolutions presented by the Management Board to the General Meetings,
  - 14) to give consent to grant guarantees or warranties and also to contract other off- balance sheet liabilities, the single value of which exceeds five million PLN,
  - 15) to give consent - on the motion of the Management Board - to issue the bonds other than convertible ones and with the priority rights,
  - 16) on the motion of the Management Board - to give a consent to transfer the rights and duties resulting from licences and concessions granted the Company by appropriate bodies of administration,
  - 17) on the motion of the Management Board - to give an opinion regarding the sale and leasing of the enterprises as well as tangible and intangible assets and making the right of perpetual usufruct on them,
  - 18) on the motion of the Management Board - to give a consent to sell the shares in the subsidiary companies for which Stalexport Autostrady S.A. with the seat in Katowice, is the dominant company,

- 19) to grant consent for the Management Board members to seat in the management boards or supervisory boards of the companies which do not belong to the Company`s Capital Group.

§19

1. The Supervisory Board carries out its duties collectively, it can, however, delegate its members to an independent performance of definite supervisory functions.
2. The members of the Supervisory Board perform their rights and duties personally.

### **C. THE GENERAL MEETING**

§20

1. The Ordinary General Meeting takes place in a period of 6 months after the passage of each turnover year.
2. The Extraordinary General Meeting may take place in any term when the organs or persons entitled to convene the general meetings acknowledge it as advisable maintaining the binding procedures.
3. The Management Board convenes the General Meeting.
4. The General Meeting shall be convened by publishing the announcement, at least twenty-six days before the date of the meeting, on the company's website and in the manner provided for publishing the current information, in accordance with the provisions of the Act on Public Offering and the conditions for introducing financial instruments to organized trading system and public companies.
5. The Supervisory Board has the right to convene an Ordinary General Meeting, if the Management Board does not convene it in the term defined in section 1 and Extraordinary General Meeting if convening it considers as necessary.
6. The shareholder or shareholders representing at least 1/20 of the stock capital may request to convene an Extraordinary General Meeting.

§21

1. The General Meeting may pass resolutions only in matters covered by the agenda, unless the entire stock capital is represented and no one from the present members submits an objection in regard to passing the resolution.
2. Motions of an orderly nature and the motion on convening the Extraordinary General Meeting may be voted and resolutions in this range passed, despite the fact that they have not been placed on the agenda.
3. Taking off of the agenda or abandonment of examining the question put on the agenda, on motion of the shareholders, requires passing a resolution of the general meeting, after approval given beforehand by all present shareholders, who notified such motion, supported by 75% votes of the general meeting.

§22

The General Meetings are held at the seat of the Company or in Katowice.

§23

1. The General Meeting of Shareholders is opened by the Chairman of the Supervisory Board or his deputy or another member of the Supervisory Board - and in case when the members of the Supervisory Board are absent - the President of the Management Board or a person indicated in writing by the Management Board and next the chairman is chosen from among the persons entitled to participate in the General Meeting.
2. The General Meeting may pass its own regulations, determining the course of conducting the meetings in a detailed way.

§24

1. The resolutions of the General Meeting of Shareholders require, in particular:
  - 1) the approval after considering the Management Board's report on the Company's activity and the financial report for the previous turnover year,
  - 2) the profit distribution or loss coverage,
  - 3) granting the members of the Management Board and the members of the Supervisory Board exoneration from duties performed by them,
  - 4) sale and lease of the enterprise or its organised part and setting up a limited property right upon them,
  - 5) the issue of convertible bonds or bonds with the priority right,
  - 6) consideration and approval of the financial statement of the Stalexport Autostrady Capital Group,
  - 7) the amendment of the Company's Statutes, including the subject of the Company's activity, increase or decrease of the stock capital and also the amortisation of shares,
  - 8) an essential change of the subject of the Company's activity,
  - 9) dissolution and liquidation of the Company,
  - 10) merging, dividing and transforming the Company,
  - 11) appointing members of the Supervisory Board after establishing earlier the number of its members for a given term of office and recalling them,
  - 12) determining the remuneration principles for the appointed members of the Supervisory Board.

§25

An essential change of the subject of the Company's enterprise may take place without the duty to redeem shares with the observance of the adequate provisions of law.

### **V. THE COMPANY'S ECONOMY**

§26

The calendar year is the turnover year of the Company.

§27

1. The reserve capital is formed in order to cover losses up to the value no smaller than 1/3 of the stock capital;
2. The Company may form other reserve capitals for covering particular losses or expenditures.

§28

1. The shareholders have the right to a share in the profit indicated in the financial report unless the General Meeting passes a resolution in this subject;
2. The General Meeting determines the day of the dividend and the date of its payment.

#### **VI. FINAL PROVISIONS**

§29

1. The Company publishes its announcements in the Judicial and Economic Monitor.
2. Moreover, every announcement of the Company should be posted up at the seat of the Company in places that are accessible to all employees.

## REGULATIONS OF THE MANAGEMENT BOARD<sup>2</sup>

of Stalexport Autostrady  
Joint Stock Company

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<sup>2</sup> This document is a free translation of the Polish original. The binding Polish original should be referred to in matters of interpretation.

REGULATIONS<sup>3/3/4</sup>  
OF THE MANAGEMENT BOARD

§1

The Regulations determines the organisation and activities of the Management Board of Stalexport Autostrady S.A.

§2

The Management Board conducts the matters of the Company and represents it, and all the matters which are not restricted for the statutory or legal competence of the Supervisory Board or the General Meeting of Shareholders, are within its competence.

§3

1. In case the Management Board is numerous - the Chairman - individually, two members of the Management Board jointly or a member of the Management Board together with a proxy - are entitled to submit declarations on behalf of the Company.
2. The Management Board may grant proxies.

§4

The Management Board conducts the matters of the Company collectively, and the resolutions of the Management Board form the judicial basis for carrying out the provisions of that acts of the internal law for all organizational units and the employees of the Company.

§5

1. Meetings of the Management Board are held once a month, if there is such a need.
2. Meetings of the Management Board are convened by the Chairman or when he is absent, by the member of the Management Board, appointed by the Chairman - out of his own initiative or on a written motion of each of the members of the Management Board.
3. Meetings of the Management Board are also convened out of the initiative of the Supervisory Board or its Chairman.
4. A meeting convened on motion of the Supervisory Board or a member of the Management Board should be held without delay but not later than within 7 days from the date of submitting the motion.

§6

1. A notification about convening a meeting of the Management Board should be such forwarded so as each member of the Management Board was informed about it in an adequate time.
2. The agenda should be enclosed to the notification about the meeting of the Management Board.
3. Participation of members of the Management Board in the meetings is obligatory.

§7

1. The Management Board passes the resolutions in all matters which, according to it are crucial and important in the activity which constitutes the subject of the Company's enterprise and for functioning of the Company.
2. (deleted).
3. In case of justified absence of a member of the Management Board at the meeting, he may, in matters covered by the agenda, submit his standpoint in writing to the Management Board.

§8

1. In justified cases, a resolution may be passed in a circular course, without holding the meeting of the Management Board.
2. In the remaining matters the current decisions are taken by individual members of the Management Board, according to the competence resulting from the Regulations of the Company's Organisation with maintaining the rule of the appropriate representation in case of need to submit declarations on the behalf of the Company.

§9

1. To make resolutions of the Management Board valid, it is necessary to notify about the meeting all members of the Management Board.
2. The President of the Management Board or a member of the Management Board appointed by him, presides over the meetings of the Management Board.
3. Resolutions are passed by the absolute majority of votes, if there is an equal number of votes, the vote of the President of the Management Board is decisive.

§10

1. The members of the Management Board observe the Best Practices accepted by the Company, in particular:
  - will inform the Management Board if there is possibility of investing by them or concluding other profitable transaction connected with the subject of the Company activity,

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<sup>3</sup> These regulations were passed - on the basis of §11 reg.5 of Statutes by the Management Board of the Company on 13.03.2003 (resolution no. 32/2003) and approved by the Supervisory Board on 26.03.2003 (Resolution no 2/2003).

<sup>3</sup> §10 the Management Board of the Company on 15.04.2004 (resolution no. 26/2004). The change was approved by the Supervisory Board on 26.04.2004 (resolution no. 3/2004).

<sup>4</sup> Section 2 §7 deleted by the Management Board on 02.02.2010 (resolution no 10/2010). The change was approved by the Supervisory Board on 02.03.2010 (resolution no 2/2010).

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- will inform immediately the Supervisory Board about each conflict of interests which already occurred or is possible to occur, in connection with the function they perform.
2. In case of an inconsistency between the Company's business with a personal business of a member of the Management Board, his spouse, relatives and kinsmen, the member of the Management Board should restrain himself from taking part in deciding about such matters and he should demand that this be pointed out in the minutes.

§11

1. Other persons, invited by the President out of his own initiative or on motion of a member of the Management Board, may take part in the meetings of the Management Board.
2. A member of the Management Board has the right to object to the participation of persons from beyond the Management Board. The matter will be settled by the Management Board by means of adopting an adequate resolution.
3. All participants of the meeting are obliged to keep the meetings secret.

§12

Resolutions passed by the Management Board should contain the date and the number according to the order they are passed and a concise definition of their subject. Members of the Management Board, who pass the resolutions, sign them.

§13

1. The meetings of the Supervisory Board are entered on the minutes, signed by the members of the Management Board, present at the meeting as well as by the recorder.
2. Persons taking part in the meeting, the agenda, the subject of the passed resolutions, number of votes cast for particular resolutions and individual opinions and, in case a member of the Management Board is absent, the reasons of this absence should be enclosed in minutes.
3. The minutes are kept in the book of minutes of the Management Board meetings.

**Regulations  
of the Supervisory Board.  
of Stalexport Autostrady S.A.  
with its registered office in Mysłowice**

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**I. GENERAL PROVISIONS**

**§1**

The Supervisory Board of Stalexport Autostrady S.A. (hereinafter referred to as the Supervisory Board or the Board) acts on the basis of the Company's Statutes, the resolutions of the General Meeting of Shareholders as well as on the legal regulations in force, especially the Code of Commercial Companies.

**§2**

The Supervisory Board permanently supervises the operation of the Company in all branches of its enterprise, and the detailed competences are determined in § 18 of the Company's Statutes.

**§3**

The Supervisory Board performs its tasks and duties at the meetings as well as, as determined in § 17 section 3 and 4 of the Company's Statutes, by supervising and monitoring the Company's activities in its all domains.

**II. COMPOSITION AND ELECTION OF THE SUPERVISORY BOARD**

**§4**

The Supervisory Board is composed of 5–9 members chosen in the way determined in the Company's Statutes, who perform their rights and duties personally.

**§5**

1. The joint term of the Supervisory Board lasts 3 years. Simultaneously, both the whole Supervisory Board and each of its members may be dismissed by the General Meeting at any time.
2. The mandates of the members of the Supervisory Board expire:
  - a) with the date of the General Meeting confirming the financial statements of the Company for the last turnover year of performing their duties,
  - b) in case of resigning from the function,
  - c) in case of dismissal by the General Meeting as of the effective date of the appropriate resolution,
  - d) in case of death of the Board member.
3. The Supervisory Board is composed of two members meeting the independence criteria as specified in item II.Z.3 and the following of Good Practices for Companies Listed on the Warsaw Stock Exchange (applicable as of 1 January 2016).
4. A member of the Supervisory Board shall submit a declaration that they meet the above independence criteria to the other members of the Supervisory Board and to the Company Management Board.
5. The Supervisory Board shall assess whether there are any relationships or circumstances which may impact the fulfilment of such independence criteria by the member of the Board. The assessment whether members of the Supervisory Board meet the independence criteria shall be included in the annual report of the Supervisory Board.
6. Apart from activities specified by law, every year the Supervisory Board shall prepare the following documents and submit them to the Ordinary General Meeting of Shareholders:
  - a) Assessment of the Company's situation, considering the assessment of internal control, risk management, compliance and internal audit systems; this assessment shall cover all relevant control mechanisms, including those related to financial reporting and operating activities;
  - b) Report on the Supervisory Board activities, including at least the following information:
    - the composition of the Board and its committees,
    - whether or not the members of the Board meet the independence criteria,
    - the number of meetings held by the Board and its committees in the reporting period,
    - self-assessment of the Management Board;
  - c) Assessment of how the Company meets its disclosure obligations under corporate governance principles as set out in the Regulations of the Warsaw Stock Exchange as well as in the rules and regulations on current and periodic reporting submitted by issuers of securities;
  - d) Assessment of the versatility and diversity policy pursued by the Company in relation to its Corporate Bodies in terms of i.a. gender equality, educational background, age and professional experience; or information on the lack of such a policy.

**§6**

If the composition of the Supervisory Board is diminished during the term, the Chairman of the Board submits a motion to supplement the composition at the nearest General Meeting.

**§7**

On the first meeting of a new term of office, the Supervisory Board chooses from themselves, in secret voting, the Chairman, the Vice Chairman and the Secretary; on the subsequent meeting, should a need arise, complementary elections are held.

**III. SUMMONING TO THE MEETINGS AND THE AGENDA**

**§8**

1. The Supervisory Board's meetings are held if necessary, but not less frequently than three times in a turnover year.
2. It is the duty of the Chairman of the Supervisory Board or their deputy to summon the meeting of the Supervisory Board at the request of the Management Board or a member of the Supervisory Board, including the proposed agenda, within two weeks after the motion has been submitted.

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**§9**

1. The notification of the Supervisory Board meeting together with the agenda should be sent at least 7 days before the planned date of the meeting, by registered mail or fax or by e-mail. In justified cases, Chairman of the Supervisory Board may shorten the above date.
2. Any member of the Supervisory Board who is not able to participate in the meeting shall notify the Chairman of the Supervisory Board by mail, phone, fax or e-mail of the cause of their absence; the information should be sent to the address of the Company's Office in Warsaw.
3. The Management Board is responsible for the distribution of the materials and their protection.

**§10**

1. The agenda of the meeting is determined by the person who summons it or by their authorisation, by the Board Secretary, including the motions to summon to the meeting submitted according to § 8.2. of the Regulations.
2. The resolutions may be passed only in matters covered by the agenda, unless all members of the Board are present at the meeting and agree to supplement the agenda and to vote on the matter that had not been included in agenda.

**§11**

1. Chairman of the Supervisory Board directs the works of the Board, summons the Board's meetings and presides over the meeting. In case the Chairman is absent, their duty is performed by their Deputy.
2. Chairman of the Supervisory Board of the previous term of office summons and opens the first meeting of a newly chosen Board and presides over it until the Chairman of the Supervisory Board of the new term office is chosen.

**§12**

1. The Supervisory Board passes the resolutions by the absolute majority, i.e. the number of votes which exceeds the half of validly cast votes in the presence of at least half of the Supervisory Board members, who have been properly notified.
2. The members of the Supervisory Board may participate in passing resolutions by the Board, casting their votes in writing or through the other member of the Supervisory Board excluding the matters put on agenda at the meeting of the Board.
3. The voting is open. Secret voting is applied during elections and on motions to dismiss a member of the Management Board or the whole Management Board, to prosecute them, as well as in personal matters. Besides, the Board may resolve a secret voting in every matter by absolute majority of votes of the members present at the meeting.

**§13**

The members of the Supervisory Board may participate in passing resolutions by the Board, casting their votes in writing or by means of direct distant communication provided that all members of the Board are notified of the resolution draft (circular course).

**§14**

1. At the meetings, apart from resolutions, the Supervisory Board also passes provisions such as opinions and motions for the General Meeting as well as post-control follow-up recommendations for the Management Board.
2. While passing provisions, the same rules are applied as while passing resolutions.

**§15**

The meetings of the Supervisory Board are entered on the minutes. The minutes should record the date and the agenda of the meeting, names and surnames of the Board members present at the meeting as well as the persons invited; the statement that the Board has capacity to pass resolutions and that all members has been notified of the meeting; the numbers of votes cast during voting on individual provisions together with their tenors and dissenting judgment.

**§16**

The minutes from the meeting are signed by all members of the Supervisory Board present at the meeting. Signing may take place at the subsequent meeting of the Board. The refusal to sign should be justified in writing.

**§17**

1. The Supervisory Board is obliged to keep the minute-book.
2. The Supervisory Board keeps a separate resolutions' book which includes only the resolutions passed by the Board. The resolutions are signed by the Chairman of the Board or by their Deputy and the Secretary (if need be – the member of the Board drawing up the minutes).
3. Secretary of the Supervisory Board is responsible for drawing up the minutes, keeping the minutes' book and the resolutions book.

**§18**

1. President of the Management Board of the Company is invited to the Supervisory Board meetings and may participate in them.
2. Chairman of the Supervisory Board may also invite other persons to the meeting of the Supervisory Board.
3. Chairman of the Management Board may submit a motion to invite other members of the Management Board, proxies or attorneys to individual points of the agenda. The decision in this matter is made by the Chairman of the Board or their Deputy.

**IV. TASKS AND THE RESPONSIBILITIES OF THE SUPERVISORY BOARD**

**§19**

1. The Supervisory Board permanently supervises the activity of the Company in all domains of its business.
2. The Supervisory Board has, in particular, the following entitlements:
  - 1) Assessment of the reports of the Management Board on the Company's operation and the financial statement for the previous turnover year with respect to their conformity with the ledgers and documents as well as the facts;
  - 2) Assessment of the motions of the Management Board concerning profit distribution or loss coverage;
  - 3) Submission to the General Meeting an annual report, in writing, on the results of the assessments mentioned in item 1 and 2.
3. The Supervisory Board is also entitled to the following:
  - 1) Approval of the regulations of the Management Board of the Company;
  - 2) Appointment and dismissal of individual or all members of the Management Board (in a secret voting);
  - 3) Entering into agreements with members of the Management Board, specifically by fixing their remuneration and establishing other terms of performing the function of a member of the Management Board;
  - 4) Determination of the remuneration for a member of the Supervisory Board delegated to permanent individual supervision if such an entitlement has been entrusted by the General Meeting;
  - 5) Suspension individual or all members of the Management Board in their functions for duly important reasons (in a secret voting);
  - 6) Delegating members of the Supervisory Board to temporarily perform the functions of members of the Management Board who are not able to perform their functions'
  - 7) Granting consent for job-cuts in cases of so-called group dismissal actions as understood under relevant regulations;
  - 8) Selection, at the request of the Management Board, an expert auditor in order to examine financial statements;
  - 9) Giving consent to acquire and sell real estates, perpetual usufruct or a share in the real estate of a value exceeding five million PLN'
  - 10) Granting the Management Board the consent for acquiring and taking over shares or stocks in other companies the single value of which exceeds one million PLN or 25% in the capital of such company'
  - 11) Granting consent for setting up branch offices or representative offices abroad;
  - 12) Approval of the investment plan for the Company and the Stalexport Autostrady S.A. Capital Group;
  - 13) Giving an opinion on the resolutions presented by the Management Board at General Meetings;
  - 14) Giving consent to grant guarantees or warranties and also to contract other off-balance sheet liabilities, the single value of which exceeds five million PLN;
  - 15) Giving consent – at the request of the Management Board – to issue bonds other than convertible ones and with priority rights;
  - 16) Giving consent, at the request of the Management Board, to transfer the responsibilities resulting from licenses and concessions granted to the Company by appropriate bodies of administration;
  - 17) Giving an opinion, at the request of the Management Board, regarding the sale and leasing of the enterprises as well as of tangible and intangible assets, and establishing the right of perpetual usufruct on them;
  - 18) Giving consent, at the request of the Management Board, to sell the shares in subsidiary companies for which Stalexport Autostrady S.A. with the seat in Mysłowice is the dominant company.

**§20**

The Supervisory Board is entitled – through the Management Board which is obliged to enter into suitable agreements – to demand to perform for its needs, at the Company's expense, the expert's reports, analyses and other documents necessary to perform its statutory purposes.

**§21**

Members of the Supervisory Board have the right to participate in the Management Board meetings.

**§22**

President of the Board is entitled, performing the resolutions of the Board, to demand that a meeting of the Management Board of the Company should be summoned and particular problems be put on its agenda.

**§23**

1. The Supervisory Board or delegated individual members of the Board have the right to supervise the full range of the Company's operation, and in particular:
  - a) to examine all documents of the Company,
  - b) to demand the reports and explanations from the Management Board and the employees,
  - c) to verify the assets of the Company.
2. The Supervisory Board appoints, out of its members, the Remuneration Committee and the Audit Committee.
3. Their tasks, rights and modus operandi shall be set out in their Regulations attached hereto.
4. Majority of the members of the Remuneration Committee and the Audit Committee, especially the Chairman of Audit Committee shall meet the independence criteria set out in § 5 (3) hereof.

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5. The Remuneration Committee and the Audit Committee shall submit annual reports on their operations to the Supervisory Board.

**§24**

The information undertaken by the members of the Supervisory Board in connection with the performance of their responsibilities is an official secret.

**§25**

1. The Supervisory Board may delegate its members to perform individual particular supervision.
2. The members of the Board delegated to perform such supervision may receive separate remuneration in the amount determined every time by the General Meeting, upon the motion of the Board.

**§26**

The Supervisory Board is entitled to summon the Extraordinary General Meeting if the Management Board does not do so within the time period defined in the Statutes as well as the Extraordinary General Meeting insofar as it is deemed necessary

**§27**

The members of the Supervisory Board receive the remuneration in the amount and on principles resolved by the General Meeting.

**§28**

1. The costs of the Supervisory Board operation are covered by the Company.
2. The Supervisory Board uses the office rooms, devices and materials of the Company.
3. The administrative and technical service is provided by the Company.

**§29**

**The Regulations shall become effective as of the registration date of the amendments to the Company Statutes adopted at the Ordinary General Meeting of Shareholders of Autostrady S.A. approving the Company financial statements for accounting year 2015.**

**Regulations  
of the Remuneration Committee  
of Stalexport Autostrady S.A.**

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**§1**

The Remuneration Committee (hereafter called Committee) is an advisory body, subordinate to the Supervisory Board.

**§2**

1. The Committee is appointed by the Supervisory Board and composed of three Supervisory Board members.
2. Majority of the members of the Remuneration Committee shall meet the independence criteria set out in § 5.3 hereof.
3. The Supervisory Board appoints the Chairman of the Committee (hereafter referred to as "Chairman").
4. The Chairman manages and supervises the work of the Committee.

**§3**

1. The meetings of the Remuneration Committee are held at its discretion.
2. The Chairman of the Committee may invite to the meetings of the Committee any members of the Supervisory Board or of the Management Board, employees of the Company or other persons.
3. The Committee makes decisions by simple majority. In case of equal number of votes, the conclusive vote belongs to the Chairman.
4. The members of the Committee may participate in the meetings of the Committee and vote personally or by means of direct distant communication.
5. The meetings of the Remuneration Committee are summoned by the Chairman. The information on the meeting must be delivered to the members of the Committee at least 5 days before the meeting and not later than one day before the meeting in emergency situations.
6. The Chairman may appoint the secretary of the Committee, the task of whom will be, in particular, preparing the agenda, arranging distribution of the documents and drawing up minutes of the Committee's meetings.

**§4**

1. The task of the Committee is to provide the Supervisory Board with recommendations on the principles governing remuneration of the Management Board members and its amount.
2. The detailed tasks of the Committee cover the following:
  - a) Determination of the terms of employment and remuneration of the members of the Management Board;
  - b) Annual presentation to the Supervisory Board of the proposals of bonus tasks for the members of the Management Board as well as the criteria of assessment of their execution;
  - c) Presentation to the Supervisory Board the recommendations concerning the amount of the bonus for the members of the Management Board;
  - d) Drawing up an annual report on the activity of the Committee for the Supervisory Board.

**§5**

1. The Committee is entitled to the following:
  - a) Examination of any activity of the Company essential from the viewpoint of the tasks of the Committee;
  - b) Obtaining from the Management Board any information, experts' reports, reports and explanations, essential for the activity of the Committee.

**Regulations  
of the Audit Committee  
of the Supervisory Board of Stalexport Autostrady S.A.**

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**§1**

1. The Audit Committee consists of three members of the Supervisory Board – *appointed by the Supervisory Board*. The Supervisory Board appoints the Chairman of the Committee (thereafter called “the Chairman”).
2. Majority of the members of the Audit Committee shall meet the independence criteria set out in § 5 (3) of the Regulations of the Supervisory Board.
3. Chairman of the Audit Committee shall meet the independence criteria set out in § 5 (3) of the Regulations of the Supervisory Board.

**§2**

The tasks of the Audit Committee include in particular:

- a) Monitoring of financial reporting process of the Company;
- b) Monitoring of effectiveness of the internal control systems, the internal audit and risk management in the Company;
- c) Monitoring of financial audits;
- d) Monitoring of independence of auditor and entity authorised to audit financial statements, including other services provided for the Company;
- e) Recommending to the Supervisory Board the entity authorised to audit financial statements which will perform financial audit in the Company;
- f) Reviewing and analysing the periodic and annual financial statements of the Company, both individual and consolidated ones, and next presenting the essential conclusions to Supervisory Board of the Company;
- g) Drawing up an annual report on the activity of the Committee for the Supervisory Board.

**§3**

The Audit Committee is authorised in particular to the following:

- a) Examination of the Company documentation regarding the matters and issues covered by the Committee's tasks, also to receive from the Management Board and through it, from the other employees of the Company any information and explanations concerning the issues covered by the Committee competence;
- b) Cooperation with auditors on issues covered by the tasks of the Committee, including:
  - reception from entity authorised to audit the financial statements of the Company (performing a financial statement audit in the Company) a declaration confirming its independence and also the independence of auditors;
  - reception from the above entity a declaration of other services provided for the Company, such as tax consulting services, preparing the expert opinions or other services;
  - reception from the aforementioned entity information in writing on threats of independence of the entity authorised to audit financial statements and the action taken to limit such threats.

**§ 4**

1. The Audit Committee holds regular meetings at least once a year prior to publication of annual financial statements by the Company.
2. The meetings of the Committee are summoned by its Chairman, who duly informs other members of the Committee about it no later than five days before the date of the meeting or one day before the meeting's date – exceptionally in urgent cases.
3. The Audit Committee takes the decisions by simple majority of votes, with a reservation that in case of casting the equal number of votes in favour and against, the Chairman has the decisive vote.
4. The Audit Committee performs its tasks at the meetings; however, in justified cases, it is acceptable to make a decision by means of direct distant communication such as phone, e-mail, etc.
5. The Chairman of the Audit Committee can designate other member of the Committee to take the responsibility for its business issues and to draw up the minutes of its meetings.

## REGULATIONS OF THE GENERAL MEETING<sup>4</sup>

of Stalexport Autostrady  
Joint Stock Company

Consolidated text<sup>5</sup>

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<sup>4</sup> This document is a free translation of the Polish original. The binding Polish original should be referred to in matters of interpretation.

<sup>5</sup> Determined by the Supervisory Board's resolution no. 25/2010 dated on 15.04.2010.

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Regulations<sup>6/7/8/9/10</sup>  
of the General Meeting

§1

The General Meeting, is the highest organ of authority of Stalexport Autostrady S.A. Convening and preparing the General Meeting is done according to the rules determined in the Commercial Companies Code and in the Charter of Stalexport Autostrady S.A.

§2

1. The right to participate in General Meeting have only persons being shareholders 16 days before the date of the General Meeting.
2. The day of registration on the General Meeting is uniform for entitled persons/shareholders having bearer and inscribed shares.
3. The owners of inscribed shares and temporary certificates as well as lienors (pledgers) and the users, who have the right to vote if they are registered in share book on day of the registration on the General Meeting.

§3

1. A list of shareholders authorized to participate in the General Meeting is made up and signed by the Management Board.
2. The list should include:
  - 1/ names and surnames (firm names) of shareholders or the name of the company authorized to participate,
  - 2/ place of their residence or company's seat,
  - 3/ number and type of shares and the number of votes they are entitled to.
3. The list should be displayed at the office of the Management Board of the Company for three working days immediately preceding the date fixed to hold the General Meeting.
4. Each shareholder may review the list of shareholders at the office of the Management Board and demand the duplicate of the list with the return of the costs of its preparation, or an electronic copy, indicating the email address to which the document is to be sent.

§4

1. A shareholder has the right to participate in the General Meeting and has the right to vote personally or by a proxy. The power of attorney to participate in General Meeting should be made in the written or electronic form. The electronic form does not require to be signed by safe electronic signature verified by a valid qualified certificate.
2. *(deleted)*.

§5

The General Meeting is opened by the Chairman of the Supervisory Board or by his deputy, in case that persons are absent – the President of the Management Board or a person pointed by the Management Board, then a chairman is chosen from amongst the persons entitled to participate in the General Meeting.

§6

1. Each person entitled to participate in General Meeting Has the right to run for the Chairman of the General Meeting as well as to enter to the minutes the candidatures for the post of the Chairman of the General Meeting.
2. The proposed candidate is entered on the list after inserting the statement to the minutes that he agrees to run for the post.
3. The Chairman of the General Meeting is chosen by means of voting for each candidate separately in the alphabetical order in secret vote.
4. The person, who opens the General Meeting supervises the correctness of voting and announces its results.
5. The person from among the proposed candidates who agreed to run for the post and achieved the highest number of validly cast votes becomes the Chairman of the General Meeting.

§7

1. The Chairman of the General Meeting directs the debate according to the agenda, law regulations and the provisions of these Regulations.
2. The duties of the Chairman of the General Meeting are particularly as follows:
  - 1) taking good care of an efficient and proper course of the agenda and voting,
  - 2) granting the right to speak,

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<sup>6</sup> Passed by the Extraordinary General Meeting of Shareholders of STALEXPORT S.A. on 27.11.2002 (resolution no 6)

<sup>7</sup> Point 4 in § 23 was added by EGSM on 15.01.2004 (resolution no 9)

<sup>8</sup> Point 2 in § 11 was added by XII OGSM on 24.06.2005 (resolution no 23)

<sup>9</sup> Point 1 in § 6, point 2 in §10 and point 2 in §22 were changed by the EGSM on 20.10.2006 (resolution no 6)

<sup>10</sup> Changes made by the General Meeting of Stalexport Autostrady S.A. dated on 30.03.2010 r. (resolution no. 21). The changes concern: §1, §2, §3 point 4, §4 point 1 i 2 (deleted), §6 point.1, §14 point.1 and §23 point. 4

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- 3) supervising the factual course of debates,
- 4) issuing the adequate order regulations in the conference room,
- 5) ordaining a break in the debates,
- 6) ordaining voting and supervising its correct course and signing all documents containing the results of voting,
- 7) supervising the exhaustion of the agenda,
- 8) settling doubts resulting from the regulations.

§8

1. The Chairman of the General Meeting immediately after the election, signs the attendance list containing the record of shareholders participating in the General Meeting specifying the number of shares each of them has and the number of votes they are entitled to.
2. The Management Board appoints persons to make up the attendance list. The attendance list is made up on the basis of the shareholders list, referred to in § 3 of these regulations.
3. While making up the attendance list one should:
  - 1) check whether the shareholder is entitled to participate in the General Meeting,
  - 2) check the identity of the shareholder or his proxy on the basis of the identity card or another reliable document,
  - 3) check the correctness of the power of attorney which should then be enclosed to the
  - 4) minutes of the General Meeting, obtain the signature of the shareholder or his proxy on the attendance list,
  - 5) give the shareholder or his proxy a suitable magnetic card for voting or another document that will be used for voting.
4. The Chairman of the meeting has to be addressed in case the entitlement to participate in the General Meeting is called off. The attendance list is displayed during the debates of the General Meeting all the time till it is closed. Persons who make up the attendance list are obliged to introduce, without delay, changes of the persons constituting the General Meeting and at the same time indicate the moment they occurred.
5. At the motion of the shareholders, owing 1/10 of the equity represented at that General Meeting, the attendance list should be made up by the committee chosen for that purpose, including at least three persons, and the applicants have right to choose one member of the committee.

§9

After electing and signing the attendance list, the Chairman of the General Meeting ascertains that the Meeting has been convened in a proper way and confirms its ability to pass resolutions, presents the agenda and ordains the election of the Scrutinizing Committee. When necessary, the Chairman of the General Meeting may appoint a person to perform the function of the Secretary of the Meeting who will help him.

§10

1. The Scrutinizing Committee consisting of 3 to 5 members is chosen by the General Meeting by means of the absolute majority of votes cast in secret vote.
2. Each shareholder has the right to enter any number of candidates proposal to the minutes. The voting is carried out for each candidate separately in the alphabetical order. The indicated persons should give their consent to run in the elections. Those candidates who consecutively received the highest number of votes are considered chosen.
3. The Committee chooses the Chairman and the Secretary from among themselves.
4. The duty of the Committee is to supervise the correct course of voting and the computer service of voting, checking and estimating the results of voting and submitting them to the Chairman of the General Meeting and performing other duties connected with the voting procedure.
5. In case of noting an irregularity in the course of voting, the Committee is obliged to immediately inform the Chairman of the General Meeting and at the same time file motions as to the further procedure.
6. Documents containing the results of each voting are signed by all members of the Committee and the Chairman of the General Meeting.
7. The General Meeting may appoint other committees to perform indicated or commissioned functions in the same course as electing the Scrutinizing Committee.
8. Minutes are taken from the functions of the Committee. After being signed by the Chairman and the Secretary they are submitted to the Chairman of the General Meeting.

§10a

In case the voting is carried out via the computer system of casting and counting the votes, the General Meeting may pass a resolution on not appointing the Scrutinizing Committee. In such case the print of the voting is signed by the Chairman of the General Meeting

§11

1. The General Meeting may pass a resolution to cross out matters from the agenda, as well as to change the order of matters covered by the agenda.
2. Resolutions cannot be passed in subjects not covered by the agenda, unless the whole share capital is represented at the General Meeting and nobody from the present opposes passing the resolution.
3. Taking off of the agenda or abandonment of examining the question put on the agenda, on motion of the shareholders, requires passing a resolution of the general meeting, after approval given beforehand by all present shareholders, who notified such motion, supported by at least 75% votes of the general meeting.

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§12

1. After presenting each consecutive matter included on the agenda, the Chairman of the General Meeting opens the debate, granting the right to speak according to the order of submitted applications.
2. The Chairman of the General Meeting may grant the right to speak to all members of the Management Board and the Supervisory Board beyond the order.
3. The Chairman of the General Meeting may ordain to register applications for the discussion in writing, indicating the name and the surname.
4. In case there are too many applications for discussion over a definite point of the agenda, the Chairman of the General Meeting may submit a motion for voting whether to close the discussion over this point of debate or shorten the time of their speeches.

§13

1. One has the right to speak only in matters covered by the approved agenda and being currently considered
2. While considering each point of agenda, each shareholder has the right to a one 5-minute speech and a 3-minute-retort.
3. The Chairman of the General Meeting has the right to rebuke the speaker, who strays from the point of discussion or exceeds the time limit determined in point 2. The Chairman may deprive of speech those speakers who do not comply with the remarks.

§14

1. Each of the shareholders entitled to participate in General Meeting Has the right to ask questions on each item of the Agenda.
2. Members of the Company's authorities - each within his competences - are obliged to give profound answers and explanations to all questions asked.

§15

1. Each shareholder has the right to submit suggestions of changes and supplements to projects of resolutions covered by the agenda of the debates of the General Meeting - till the discussion over a point of agenda covering the project of the resolution is closed.
2. These suggestions with a short justification should be submitted in writing - separately for each project of the resolution - indicating the name and surname (firm) of the shareholder, to the Chairman of the General Meeting personally. The suggestions of the amendments and supplements of the formal and language character may be submitted verbally with a short justification.

§16

The Chairman of the General Meeting has the right to allow experts to speak, in particular the representatives of the expert auditor.

§17

1. In formal matters the Chairman allows to speak beyond the order. A motion in a formal matter may be submitted by each shareholder.
2. The motions referring to the course of debating and voting are regarded to be motions in formal matters and in particular referring to:
  - 1) limitation, postponement or closing the discussion
  - 2) closing the list of speakers,
  - 3) limitation of the time of speeches,
  - 4) the way of conducting debates,
  - 5) ordaining a break in debates,
  - 6) the order of passing motions.
3. A discussion over formal motions should be opened immediately after they are submitted.
4. In a discussion over motions in formal matters only two speakers can rise to speak one for and one against the submitted motion, unless the General Meeting decides otherwise.
5. Immediately after the discussion, the Chairman of the General Meeting submits a motion in a formal matter for voting which is passed by the absolute majority of cast votes.

§18

1. The General Meeting is valid no matter how many shares are represented at this Meeting except cases determined in the Commercial companies code.
2. The absolute majority of votes is necessary for the validity of the resolutions, except the cases determined in Commercial companies code and the Company's Charter.

§19

A shareholder can vote neither personally nor by a proxy or as well as a proxy of another person over the resolutions concerning:

- his responsibility before the Company whatever the claim is, including granting the discharge,
- discharging form the liabilities towards the Company.
- disputes between him and the Company.

§20

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1. The votings have the form of open ballots.
2. A secret vote is ordained at elections and over motions to call off the members of the Company' s authorities or liquidators, to call the members of the Company' s authorities account, also in personal matters, as well as at the demand of even one of the present shareholders or represented at the General Meeting.

§21

1. After closing the discussion over each point of the agenda, before starting to vote, the Chairman announces which motions were submitted and determines the order of voting. Voting over motions is carried out according to the order they are submitted.
2. The voting is carried out via a computer system of casting and counting voices, ensuring that casting votes at the amount corresponds to the number of owned shares as well as eliminating - in case of secret vote -the possibility of identifying the way of casting votes by individual shareholders, or in another way accepted by the organ convening the General Meeting or passed by the General Meeting.

§22

1. Before starting the election to the Supervisory Board, the General Meeting on motion of the Chairman of the General Meeting determines the number of members of the Supervisory Board each time according to the Statutes of the Company.
2. Each shareholder has the right to propose any number of candidates for a member of the Supervisory Board. Each candidate is proposed orally to the minutes with a brief motivation.
3. The proposed candidate is registered on the list after he enters to the minutes a declaration orally or in writing, that he agrees to candidate.
4. The Chairman of the General Meeting makes the list of proposed candidates for members of the Supervisory Board in an alphabetical order. When the list is made public it is regarded as closed.

§23

1. Elections to the Supervisory Board are carried out by secret vote for each candidate separately in an alphabetical order.
2. Those candidates are regarded to be chosen for members of the Supervisory Board who consecutively achieved the highest amount of votes and achieved the absolute majority of votes.
3. In case the candidates qualified to enter the Supervisory Board achieved an equal number of votes, the Chairman ordains complementary voting. This person is regarded to be chosen who achieved the highest amount of votes.
4. In case of choosing the members of the Supervisory Board – on the shareholders` motion - by voting by groups, it takes place on the basis of a separate attendance list, In a separate place, enabling the choice of the chairman of the meeting of a given group, as well as having a discussion and carrying out the election.

§24

When the course of the agenda is completed, the Chairman of the General Meeting announces the closure of the General Meeting.

§25

1. Resolutions of the General Meeting are entered on the minutes by a notary public under pain of being invalid.
2. The minutes are taken according to the contents of adequate regulations of the Commercial companies code.
3. The Management Board of the Company enters the duplicate of the minutes into the Minute-Book.
4. Shareholders have the right to review the Minute-Book, as well as to demand an issue of copies of resolutions certified by the Management Board.
5. Detailed minutes from the agenda are taken by the Secretary of the General Meeting provided he will be appointed by the Chairman of the General Meeting.

§26

Resolutions of the General Meeting may be appealed to the Court in the course and on conditions determined in art. 422 and subsequent ones of the Commercial companies code.

§27

Regulations of the Commercial companies code and the Statutes of the Company are applied in cases not settled by these Regulations.

§28

The Regulations as well as the amendments take effect beginning from the next General Meeting after the meeting at which the Regulations was passed or its amendments.

**Statement on the company's compliance with the corporate  
governance recommendations and principles contained in  
Best Practice for GPW Listed Companies 2016  
of 8 January 2016**

Warszawa, 2016-01-08

Stalexport Autostrady Spółka Akcyjna

**Statement on the company's compliance with  
the corporate governance recommendations and  
principles contained in Best Practice for GPW Listed  
Companies 2016**

According to the current status of compliance with the Best Practice, the Company does not apply 3 recommendations: VI.R.1., VI.R.2., VI.R.3.

According to the current status of compliance with the Best Practice, the Company does not apply 4 detailed principles: I.Z.1.9. , II.Z.8., III.Z.3., VI.Z.1.

**I. Disclosure Policy, Investor Communications**

**Listed companies should ensure adequate communications with investors and analysts by pursuing a transparent and effective disclosure policy. To this end, they should ensure easy and non-discriminatory access to disclosed information using diverse tools of communication.**

**Recommendations**

**I.R.1.** Where a company becomes aware that untrue information is disseminated in the media, which significantly affects its evaluation, it should immediately publish on its website a communiqué containing its position on such information, unless in the opinion of the company the nature of such information and the circumstances of its publication give reasons to follow a more adequate solution.

*The principle is applied.*

**I.R.2.** Where a company pursues sponsorship, charity or other similar activities, it should publish information about the relevant policy in its annual activity report.

*The principle is applied.*

**I.R.3.** Companies should allow investors and analysts to ask questions and receive explanations – subject to prohibitions defined in the applicable legislation – on topics of their interest. This recommendation may be implemented through open meetings with investors and analysts or in other formats allowed by a company.

*The principle is applied.*

**I.R.4.** Companies should use best efforts, including taking all steps well in advance as necessary to prepare a periodic report, to allow investors to review their financial results as soon as possible after the end of a reporting period.

*The principle is applied.*

**Detailed principles**

**I.Z.1.** A company should operate a corporate website and publish on it, in a legible form and in a separate section, in addition to information required under the legislation:

**I.Z.1.1.** basic corporate documents, in particular the company's articles of association;

*The principle is applied.*

**I.Z.1.2.** the full names of the members of its management board and supervisory board and the professional CVs of the members of these bodies including information on the fulfilment of the criteria of independence by members of the supervisory board;

*The principle is applied.*

**I.Z.1.3.** A chart showing the division of duties and responsibilities among members of the management board drawn up according to principle II.Z.1;

*The principle is applied.*

**I.Z.1.4.** the current structure of shareholders indicating those shareholders that hold at least 5% of the total vote in the company according to information provided to the company by shareholders under the applicable legislation;

*The principle is applied.*

**I.Z.1.5.** current and periodic reports, prospectuses and information memoranda with annexes, published by the company at least in the last 5 years;

*The principle is applied.*

**I.Z.1.6.** information on the dates of corporate events leading to the acquisition or limitation of rights of a shareholder, information on the dates of publication of financial reports and other events relevant to investors, within a timeframe enabling investors to make investment decisions;

*The principle is applied.*

**I.Z.1.7.** information materials published by the company concerning the company's strategy and its financial results;

*The principle is applied.*

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**I.Z.1.8.** selected financial data of the company for the last 5 years of business in a format enabling the recipient to process such data;

*The principle is applied.*

**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.*

**Comments of the Company:** *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.*

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

**I.Z.1.11.** information about the content of the company's internal rule of changing the company authorised to audit financial statements or information about the absence of such rule;

*The principle is applied.*

**I.Z.1.12.** A statement on compliance with the corporate governance principles contained in the last published annual report;

*The principle is applied.*

**I.Z.1.13.** A statement on the company's compliance with the corporate governance recommendations and principles contained herein, consistent with the information that the company should report under the applicable legislation;

*The principle is applied.*

**I.Z.1.14.** materials provided to the general meeting, including assessments, reports and positions referred to in principle II.Z.10, tabled to the general meeting by the supervisory board;

*The principle is applied.*

**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.*

**I.Z.1.16.** information about the planned transmission of a general meeting, not later than 7 days before the date of the general meeting;

*The principle is applied.*

**I.Z.1.17.** justification of draft resolutions of the general meeting concerning issues and determinations which are relevant to or may give rise to doubts of shareholders, within a timeframe enabling participants of the general meeting to review them and pass the resolution with adequate understanding;

*The principle is applied.*

**I.Z.1.18.** information about the reasons for cancellation of a general meeting, change of its date or agenda, and information about breaks in a general meeting and the grounds of those breaks;

*The principle is applied.*

**I.Z.1.19.** shareholders' questions asked to the management board pursuant to Article 428 § 1 or § 6 of the Commercial Companies Code together with answers of the management board to those questions, or a detailed explanation of the reasons why no answer is provided, pursuant to principle IV.Z.13;

*The principle is applied.*

**I.Z.1.20.** an audio or video recording of a general meeting;

*The principle is applied.*

**I.Z.1.21.** contact details of the company's investor relations officers including the full name and e-mail address or telephone number.

*The principle is applied.*

**I.Z.2.** A company whose shares participate in the exchange index WIG20 or mWIG40 should ensure that its website is also available in English, at least to the extent described in principle I.Z.1. This principle should also be followed by companies not participating in these indices if so required by the structure of their shareholders or the nature and scope of their activity.

*The principle is applied.*

## II. Management Board, Supervisory Board

A listed company is managed by its management board, whose members act in the interest of the company and are responsible for its activity. The management board is responsible among others for the company's leadership, engagement in setting and implementing its strategic objectives, and ensuring the company's efficiency and safety.

A company is supervised by an effective and competent supervisory board. Supervisory Board members act in the interest of the company and follow their independent opinions and judgement. The supervisory board in particular issues opinions on the company's strategy, verifies the work of the management board in pursuit of defined strategic objectives, and monitors the company's performance.

### Recommendations

**II.R.1.** To ensure the highest standards of the management board and the supervisory board of a company in efficient fulfilment of their obligations, the management board and the supervisory board should have members who represent high qualifications and experience.

*The principle is applied.*

**II.R.2.** Decisions to elect members of the management board or the supervisory board of a company should ensure that the composition of these bodies is comprehensive and diverse among others in terms of gender, education, age and professional experience.

*The principle is applied.*

**II.R.3.** Functions on the management board of a company should be the main area of the professional activity of management board members. Additional professional activities of management board members must not require so much time and effort that they could adversely affect proper performance of functions in the company. In particular, management board members should not be members of governing bodies of other entities if the time devoted to functions in such other entities prevents their proper performance in the company.

*The principle is applied.*

**II.R.4.** Supervisory board members must be able to devote the time necessary to perform their duties.

*The principle is applied.*

**II.R.5.** If a supervisory board member resigns or is unable to perform his or her functions, the company should immediately take steps necessary to ensure substitution or replacement on the supervisory board.

*The principle is applied.*

**II.R.6.** Being aware of the pending expiration of the term of office of management board members and their plans of further performance of functions on the management board, the supervisory board should take steps in advance to ensure efficient operation of the company's management board.

*The principle is applied.*

**II.R.7.** A company should allow its supervisory board to use professional and independent advisory services necessary for the supervisory board to exercise effective supervision in the company. In its selection of the advisory service provider, the supervisory board should take into account the financial standing of the company.

*The principle is applied.*

### Detailed principles

**II.Z.1.** The internal division of responsibilities for individual areas of the company's activity among management board members should be clear and transparent, and a chart describing that division should be available on the company's website.

*The principle is applied.*

**II.Z.2.** A company's management board members may sit on the management board or supervisory board of companies other than members of its group subject to the approval of the supervisory board.

*The principle is applied.*

**II.Z.3.** At least two members of the supervisory board should meet the criteria of being independent referred to in principle II.Z.4.

*The principle is applied.*

**II.Z.4.** Annex II to the European Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board applies to the independence criteria of supervisory board members. Irrespective of the provisions of point 1(b) of the said Annex, a person who is an employee of the company or its subsidiary or affiliate or has entered into a similar agreement with any of them cannot be deemed to meet the independence criteria. In addition, a relationship with a shareholder precluding the independence of a member of the supervisory board as understood in this principle is an actual and significant relationship with any shareholder who holds at least 5% of the total vote in the company.

*The principle is applied.*

**II.Z.5.** Each supervisory board member should provide the other members of the supervisory board as well as the company's management board with a statement of meeting the independence criteria referred to in principle II.Z.4.

*The principle is applied.*

**II.Z.6.** The supervisory board should identify any relationships or circumstances which may affect a supervisory board member's fulfilment of the independence criteria. An assessment of supervisory board members' fulfilment of the independence criteria should be presented by the supervisory board according to principle II.Z.10.2.

*The principle is applied.*

**II.Z.7.** Annex I to the Commission Recommendation referred to in principle II.Z.4 applies to the tasks and the operation of the committees of the Supervisory Board. Where the functions of the audit committee are performed by the supervisory board, the foregoing should apply accordingly.

*The principle is applied.*

**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.*

**Comments of the Company:** *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.*

**II.Z.9.** To enable the supervisory board to perform its duties, the company's management board should give the supervisory board access to information on matters concerning the company.

*The principle is applied.*

**II.Z.10.** In addition to its responsibilities laid down in the legislation, the supervisory board should prepare and present to the ordinary general meeting once per year the following:

**II.Z.10.1.** an assessment of the company's standing including an assessment of the internal control, risk management and compliance systems and the internal audit function; such assessment should cover all significant controls, in particular financial reporting and operational controls;

*The principle is applied.*

**II.Z.10.2.** A report on the activity of the supervisory board containing at least the following information:

- full names of the members of the supervisory board and its committees;
- supervisory board members' fulfilment of the independence criteria;
- number of meetings of the supervisory board and its committees in the reporting period;
- self-assessment of the supervisory board;

*The principle is applied.*

**II.Z.10.3.** an assessment of the company's compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities;

*The principle is applied.*

**II.Z.10.4.** an assessment of the rationality of the company's policy referred to in recommendation I.R.2 or information about the absence of such policy.

*The principle is applied.*

**II.Z.11.** The supervisory board should review and issue opinions on matters to be decided in resolutions of the general meeting.

*The principle is applied.*

### III. Internal Systems and Functions

Listed companies should maintain efficient internal control, risk management and compliance systems and an efficient internal audit function adequate to the size of the company and the type and scale of its activity.

#### Recommendations

**III.R.1.** The company's structure should include separate units responsible for the performance of tasks in individual systems or functions, unless the separation of such units is not justified by the size or type of the company's activity.

*The principle is applied.*

#### Detailed principles

**III.Z.1.** The company's management board is responsible for the implementation and maintenance of efficient internal control, risk management and compliance systems and internal audit function.

*The principle is applied.*

**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.*

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

**III.Z.4.** The person responsible for internal audit (if the function is separated in the company) and the management board should report to the supervisory board at least once per year with their assessment of the efficiency of the systems and functions referred to in principle III.Z.1 and table a relevant report.

*The principle is applied.*

**III.Z.5.** The supervisory board should monitor the efficiency of the systems and functions referred to in principle III.Z.1 among others on the basis of reports provided periodically by the persons responsible for the functions and the company's management board, and make an annual assessment of the efficiency of such systems and functions according to principle II.Z.10.1. Where the company has an audit committee, it should monitor the efficiency of the systems and functions referred to in principle III.Z.1, which however does not release the supervisory board from the annual assessment of the efficiency of such systems and functions.

*The principle is applied.*

**III.Z.6.** Where the company has no separate internal audit function in its organisation, the audit committee (or the supervisory board if it performs the functions of the audit committee) should review on an annual basis whether such function needs to be separated.

*The principle is applied.*

#### IV. General Meeting, Shareholder Relations

The management board and the supervisory board of a listed company should encourage the engagement of shareholders in matters of the company, in particular through active participation in the general meeting.

The general meeting should proceed by respecting the rights of shareholders and ensuring that passed resolutions do not infringe on reasonable interests of different groups of shareholders.

Shareholders who participate in a general meeting should exercise their rights in accordance with the rules of good conduct.

#### Recommendations

**IV.R.1.** Companies should strive to hold an ordinary general meeting as soon as possible after the publication of an annual report and set the date in keeping with the applicable legislation.

*The principle is applied.*

**IV.R.2.** If justified by the structure of shareholders or expectations of shareholders notified to the company, and if the company is in a position to provide the technical infrastructure necessary for a general meeting to proceed efficiently using electronic communication means, the company should enable its shareholders to participate in a general meeting using such means, in particular through:

- 1) real-life broadcast of the general meeting;
- 2) real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the general meeting;
- 3) exercise of the right to vote during a general meeting either in person or through a plenipotentiary.

*The principle not applicable.*

**Comments of the Company :** *The articles of association of the Company and the rules of the Company's General Meeting donot allow shareholders to participate in the general meeting using electronic communication, in particular through: 1) real-time broadcast of the general meeting; 2) real-time bilateral communication where shareholders may take the floor during a general*

*meeting from a location other than the general meeting; 3) exercise of the right to vote during a general meeting either in person or through a plenipotentiary. 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.*

**IV.R.3.** Where securities issued by a company are traded in different countries (or in different markets) and in different legal systems, the company should strive to ensure that corporate events related to the acquisition of rights by shareholders take place on the same dates in all the countries where such securities are traded.

*The principle not applicable.*

**Comments of the Company:** *Securities issued by the Company are traded only on the Warsaw Stock Exchange.*

#### **Detailed principles**

**IV.Z.1.** Companies should set the place and date of a general meeting so as to enable the participation of the highest possible number of shareholders.

*The principle is applied.*

**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.*

**Comments of the Company:** *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.*

**IV.Z.3.** Presence of representatives of the media should be allowed at general meetings.

*The principle is applied.*

**IV.Z.4.** If the management board becomes aware a general meeting being convened pursuant to Article 399 § 2 – 4 of the Commercial Companies Code, the management board should immediately take steps which it is required to take in order to organise and conduct the general meeting. The foregoing applies also where a general meeting is convened under authority granted by the registration court according to Article 400 § 3 of the Commercial Companies Code.

*The principle is applied.*

**IV.Z.5.** The rules of general meetings and the method of conducting the meeting and adopting resolutions must not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules of the general meeting should take effect at the earliest as of the next general meeting.

*The principle is applied.*

**IV.Z.6.** Companies should strive to ensure that the cancellation of a general meeting, change of its date or break in its proceedings do not prevent or limit the exercising of the shareholders' rights to participate in the general meeting.

*The principle is applied.*

**IV.Z.7. A** break in the proceedings of the general meeting may only take place in special cases, defined at each time in the justification of the resolution announcing the break, drafted on the basis of reasons provided by the shareholder requesting the break.

*The principle is applied.*

**IV.Z.8. A** resolution of the general meeting announcing a break should clearly set the date and time when the proceedings recommence, and such date and time must not be a barrier for most shareholders, including minority shareholders, to participate in the continuation of the proceedings.

*The principle is applied.*

**IV.Z.9.** Companies should strive to ensure that draft resolutions of the general meeting contain a justification, if it helps shareholders to pass a resolution with adequate understanding. If a matter is put on the agenda of the general meeting at the request of a shareholder or shareholders, the management board or the chair of the general meeting should request presentation of the justification of the proposed resolution. In important matters and matters which may give rise to any doubt of shareholders, the company should provide a justification, unless it otherwise provides the shareholders with information necessary to pass a resolution with adequate understanding.

*The principle is applied.*

**IV.Z.10.** Any exercise of the rights of shareholders or the way in which they exercise their rights must not hinder the proper functioning of the governing bodies of the company.

*The principle is applied.*

**IV.Z.11.** Members of the management board and the supervisory board should participate in a general meeting as necessary to answer questions asked at the general meeting.

*The principle is applied.*

**IV.Z.12.** The management board should present to participants of an ordinary general meeting the financial results of the company and other relevant information contained in the financial statements to be approved by the general meeting.

*The principle is applied.*

**IV.Z.13.** If a shareholder request information about the company, the management board of the company should provide an answer to the shareholder's request within 30 days or inform the shareholder of its refusal to provide such information where the management board has made such decision pursuant to Article 428 § 2 or § 3 of the Commercial Companies Code.

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*The principle is applied.*

**IV.Z.14.** Resolutions of the general meeting should allow for a sufficient period of time between decisions causing specific corporate events and the date of determination of the rights of shareholders pursuant to such events.

*The principle is applied.*

**IV.Z.15.** A resolution of the general meeting concerning an issue of shares with subscription rights should specify the issue price or the mechanism of setting the price or authorise the competent governing body to set the price prior to the subscription right record date within the timeframe necessary for investors to make decisions.

*The principle is applied.*

**IV.Z.16.** The dividend record date and the dividend payment date should be set so as to ensure that the period between them is not longer than 15 business days. A longer period between these dates requires a justification.

*The principle is applied.*

**IV.Z.17.** A resolution of the general meeting concerning a conditional dividend payment may only contain such conditions whose potential fulfilment takes place before the dividend record date.

*The principle is applied.*

**IV.Z.18.** A resolution of the general meeting to split the nominal value of shares should not set the new nominal value of the shares below PLN 0.50, which could result in a very low unit market value of the shares, and which could consequently pose a threat to the correct and reliable valuation of the company listed on the Exchange.

*The principle is applied.*

## **V. Conflict of Interest, Related Party Transactions**

For the purpose of this Section, 'related party' is defined under the International Accounting Standards approved in Regulation No (EU) 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

Companies should have in place transparent procedures for preventing conflicts of interest and related party transactions where a conflict of interest may occur. The procedures should provide for ways to identify, disclose and manage such cases.

### **Recommendations**

**V.R.1.** Members of the management board and the supervisory board should refrain from professional or other activities which might cause a conflict of interest or adversely affect their reputation as members of the governing bodies of the company, and where a conflict of interest arises, immediately disclose it.

*The principle is applied.*

#### **Detailed principles**

**V.Z.1.** No shareholder should have preference over other shareholders in transactions concluded by the company with shareholders or their related parties.

*The principle is applied.*

**V.Z.2.** Members of the management board or the supervisory board should notify the management board or the supervisory board, respectively, of any conflict of interest which has arisen or may arise, and should refrain from voting on a resolution on the issue which may give rise to such a conflict of interest in their case.

*The principle is applied.*

**V.Z.3.** Members of the management board or the supervisory board must not accept any benefits which might affect their impartiality and objectivism in making decisions or reflect unfavourably on the assessment of the independence of their opinions or judgements.

*The principle is applied.*

**V.Z.4.** Where a member of the management board or the supervisory board concludes that a decision of the management board or the supervisory board, respectively, is in conflict with the interest of the company, he or she may request that the minutes of the management board or the supervisory board meeting show his or her position.

*The principle is applied.*

**V.Z.5.** Before the company concludes a significant agreement with a shareholder who holds at least 5% of the total vote in the company or with a related party, the management board should request the supervisory board's approval of the transaction. Before giving its approval, the supervisory board should evaluate the impact of the transaction on the interest of the company. The foregoing does not apply to typical transactions and transactions at arm's-length made as part of the company's operations between the company and members of its group. If the decision concerning the company's significant agreement with a related party is made by the general meeting, the company should give all shareholders access to information necessary to assess the impact of the transaction on the interest of the company before the decision is made.

*The principle is applied.*

**V.Z.6.** In its internal regulations, the company should define the criteria and circumstances under which a conflict of interest may arise in the company, as well as the rules of conduct where a conflict of interest has arisen or may arise. The company's internal regulations should among others provide for ways to prevent, identify and resolve conflicts of interest,

as well as rules of excluding members of the management board or the supervisory board from participation in reviewing matters subject to a conflict of interest which has arisen or may arise.

*The principle is applied.*

## VI. Remuneration

A company should have a remuneration policy applicable at least to members of the company's governing bodies and key managers. The remuneration policy should in particular determine the form, structure, and method of determining the remuneration of members of the company's governing bodies and key managers.

### Recommendations

**VI.R.1.** The remuneration of members of the company's governing bodies and key managers should follow the approved remuneration policy.

*The principle is not applied.*

**Comments of the Company :** *Due to the size and type of the Company's activities, the Company does not have an official remuneration policy. According to its articles of association and the rules of the Supervisory Board, remuneration of the members of the Supervisory Board is determined by the General Meeting and remuneration of the members of the Management Board is determined by the Supervisory Board. In addition, every year the Company publishes information on the remuneration of its governing bodies in compliance with the applicable law. Remuneration of key managers is determined on the basis of the Remuneration Rules drawn up in compliance with the Polish Labour Code. This makes the Company's remuneration rules transparent and failure to follow the foregoing principle does not entail any risks or adverse effects.*

**VI.R.2.** The remuneration policy should be closely tied to the company's strategy, its short- and long-term goals, long-term interests and results, taking into account solutions necessary to avoid discrimination on whatever grounds.

*The principle is not applied.*

**Comments of the Company :** *As specified in the note to recommendation VI.R.1, the Company does not have a remuneration policy. However, the said remuneration rules adopted by the Company meet the requirements referred to in recommendation VI.R.2.*

**VI.R.3.** If the supervisory board has a remuneration committee, principle II.Z.7 applies to its operations.

*The principle is not applied.*

**Comments of the Company :** *In our remuneration committee consisting of four people, two members are independent and, pursuant to Appendix I 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, at least a majority of the remuneration committee should be independent.*

**VI.R.4.** The remuneration levels of members of the management board and the supervisory board and key managers should be sufficient to attract, retain and motivate persons with skills necessary for proper management and supervision of the company. Remuneration should be adequate to the scope of tasks delegated to individuals, taking into account additional functions, for instance on supervisory board committees.

*The principle is applied.*

### Detailed principles

**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.*

**Comments of the Company :** *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.*

**Comments of the Company :** *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.*

**VI.Z.3.** The remuneration of members of the supervisory board should not be linked to options or other derivatives or any other variable components, and neither should it be linked to the company's results.

*The principle is applied.*

**VI.Z.4.** In this activity report, the company should report on the remuneration policy including at least the following:

- 1) general information about the company's remuneration system;
- 2) information about the conditions and amounts of remuneration of each management board member broken down by fixed and variable remuneration components, including the key parameters of setting the variable remuneration components and the terms of payment of severance allowances and other amounts due on termination of employment, contract or other similar legal relationship, separately for the company and each member of its group;

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- 3) information about non-financial remuneration components due to each management board member and key manager;
- 4) significant amendments of the remuneration policy in the last financial year or information about their absence;
- 5) assessment of the implementation of the remuneration policy in terms of achievement of its goals, in particular long-term shareholder value creation and the company's stability.

*The principle is applied.*

**Statement on the company's compliance with the corporate  
governance recommendations and principles contained in  
Best Practice for GPW Listed Companies 2016  
of 7 June 2016**

Warszawa, 2016-06-07

Stalexport Autostrady Spółka Akcyjna

**A statement on the company's compliance with  
the corporate governance recommendations and  
principles contained in Best Practice for GPW Listed  
Companies 2016**

According to the current status of compliance with the Best Practice, the Company does not apply 3 recommendations:  
VI.R.1., VI.R.2., VI.R.3.

According to the current status of compliance with the Best Practice, the Company does not apply 3 detailed principles:  
I.Z.1.9. III.Z.3., VI.Z.1.

**I. Disclosure Policy, Investor Communications**

Listed companies should ensure adequate communications with investors and analysts by pursuing a transparent and effective disclosure policy. To this end, they should ensure easy and non-discriminatory access to disclosed information using diverse tools of communication.

**Recommendations**

**I.R.1.** Where a company becomes aware that untrue information is disseminated in the media, which significantly affects its evaluation, it should immediately publish on its website a communiqué containing its position on such information, unless in the opinion of the company the nature of such information and the circumstances of its publication give reasons to follow a more adequate solution.

*The principle is applied.*

**I.R.2.** Where a company pursues sponsorship, charity or other similar activities, it should publish information about the relevant policy in its annual activity report.

*The principle is applied.*

**I.R.3.** Companies should allow investors and analysts to ask questions and receive explanations – subject to prohibitions defined in the applicable legislation – on topics of their interest. This recommendation may be implemented through open meetings with investors and analysts or in other formats allowed by a company.

*The principle is applied.*

**I.R.4.** Companies should use best efforts, including taking all steps well in advance as necessary to prepare a periodic report, to allow investors to review their financial results as soon as possible after the end of a reporting period.

*The principle is applied.*

**Detailed principles**

**I.Z.1.** A company should operate a corporate website and publish on it, in a legible form and in a separate section, in addition to information required under the legislation:

**I.Z.1.1.** basic corporate documents, in particular the company's articles of association;

*The principle is applied.*

**I.Z.1.2.** the full names of the members of its management board and supervisory board and the professional CVs of the members of these bodies including information on the fulfilment of the criteria of independence by members of the supervisory board;

*The principle is applied.*

**I.Z.1.3.** A chart showing the division of duties and responsibilities among members of the management board drawn up according to principle II.Z.1;

*The principle is applied.*

**I.Z.1.4.** the current structure of shareholders indicating those shareholders that hold at least 5% of the total vote in the company according to information provided to the company by shareholders under the applicable legislation;

*The principle is applied.*

**I.Z.1.5.** current and periodic reports, prospectuses and information memoranda with annexes, published by the company at least in the last 5 years;

*The principle is applied.*

**I.Z.1.6.** information on the dates of corporate events leading to the acquisition or limitation of rights of a shareholder, information on the dates of publication of financial reports and other events relevant to investors, within a timeframe enabling investors to make investment decisions;

*The principle is applied.*

**I.Z.1.7.** information materials published by the company concerning the company's strategy and its financial results;

*The principle is applied.*

I.Z.1.8. selected financial data of the company for the last 5 years of business in a format enabling the recipient to process such data;

*The principle is applied.*

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.*

**Comments of the Company:** *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.*

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

I.Z.1.11. information about the content of the company's internal rule of changing the company authorised to audit financial statements or information about the absence of such rule;

*The principle is applied.*

I.Z.1.12. A statement on compliance with the corporate governance principles contained in the last published annual report;

*The principle is applied.*

I.Z.1.13. A statement on the company's compliance with the corporate governance recommendations and principles contained herein, consistent with the information that the company should report under the applicable legislation;

*The principle is applied.*

I.Z.1.14. materials provided to the general meeting, including assessments, reports and positions referred to in principle II.Z.10, tabled to the general meeting by the supervisory board;

*The principle is applied.*

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.*

I.Z.1.16. information about the planned transmission of a general meeting, not later than 7 days before the date of the general meeting;

*The principle is applied.*

I.Z.1.17. justification of draft resolutions of the general meeting concerning issues and determinations which are relevant to or may give rise to doubts of shareholders, within a timeframe enabling participants of the general meeting to review them and pass the resolution with adequate understanding;

*The principle is applied.*

I.Z.1.18. information about the reasons for cancellation of a general meeting, change of its date or agenda, and information about breaks in a general meeting and the grounds of those breaks;

*The principle is applied.*

I.Z.1.19. shareholders' questions asked to the management board pursuant to Article 428 § 1 or § 6 of the Commercial Companies Code together with answers of the management board to those questions, or a detailed explanation of the reasons why no answer is provided, pursuant to principle IV.Z.13;

*The principle is applied.*

I.Z.1.20. an audio or video recording of a general meeting;

*The principle is applied.*

I.Z.1.21. contact details of the company's investor relations officers including the full name and e-mail address or telephone number.

*The principle is applied.*

I.Z.2. A company whose shares participate in the exchange index WIG20 or mWIG40 should ensure that its website is also available in English, at least to the extent described in principle I.Z.1. This principle should also be followed by companies not participating in these indices if so required by the structure of their shareholders or the nature and scope of their activity.

*The principle is applied.*

## II. Management Board, Supervisory Board

A listed company is managed by its management board, whose members act in the interest of the company and are responsible for its activity. The management board is responsible among others for the company's leadership, engagement in setting and implementing its strategic objectives, and ensuring the company's efficiency and safety.

A company is supervised by an effective and competent supervisory board. Supervisory Board members act in the interest of the company and follow their independent opinions and judgement. The supervisory board in particular issues opinions on the company's strategy, verifies the work of the management board in pursuit of defined strategic objectives, and monitors the company's performance.

### Recommendations

**II.R.1.** To ensure the highest standards of the management board and the supervisory board of a company in efficient fulfilment of their obligations, the management board and the supervisory board should have members who represent high qualifications and experience.

*The principle is applied.*

**II.R.2.** Decisions to elect members of the management board or the supervisory board of a company should ensure that the composition of these bodies is comprehensive and diverse among others in terms of gender, education, age and professional experience.

*The principle is applied.*

**II.R.3.** Functions on the management board of a company should be the main area of the professional activity of management board members. Additional professional activities of management board members must not require so much time and effort that they could adversely affect proper performance of functions in the company. In particular, management board members should not be members of governing bodies of other entities if the time devoted to functions in such other entities prevents their proper performance in the company.

*The principle is applied.*

**II.R.4.** Supervisory board members must be able to devote the time necessary to perform their duties.

*The principle is applied.*

**II.R.5.** If a supervisory board member resigns or is unable to perform his or her functions, the company should immediately take steps necessary to ensure substitution or replacement on the supervisory board.

*The principle is applied.*

**II.R.6.** Being aware of the pending expiration of the term of office of management board members and their plans of further performance of functions on the management board, the supervisory board should take steps in advance to ensure efficient operation of the company's management board.

*The principle is applied.*

**II.R.7.** A company should allow its supervisory board to use professional and independent advisory services necessary for the supervisory board to exercise effective supervision in the company. In its selection of the advisory service provider, the supervisory board should take into account the financial standing of the company.

*The principle is applied.*

### Detailed principles

**II.Z.1.** The internal division of responsibilities for individual areas of the company's activity among management board members should be clear and transparent, and a chart describing that division should be available on the company's website.

*The principle is applied.*

**II.Z.2.** A company's management board members may sit on the management board or supervisory board of companies other than members of its group subject to the approval of the supervisory board.

*The principle is applied.*

**II.Z.3.** At least two members of the supervisory board should meet the criteria of being independent referred to in principle II.Z.4.

*The principle is applied.*

**II.Z.4.** Annex II to the European Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board applies to the independence criteria of supervisory board members. Irrespective of the provisions of point 1(b) of the said Annex, a person who is an employee of the company or its subsidiary or affiliate or has entered into a similar agreement with any of them cannot be deemed to meet the independence criteria. In addition, a relationship with a shareholder precluding the independence of a member of the supervisory board as understood in this principle is an actual and significant relationship with any shareholder who holds at least 5% of the total vote in the company.

*The principle is applied.*

**II.Z.5.** Each supervisory board member should provide the other members of the supervisory board as well as the company's management board with a statement of meeting the independence criteria referred to in principle II.Z.4.

*The principle is applied.*

**II.Z.6.** The supervisory board should identify any relationships or circumstances which may affect a supervisory board member's fulfilment of the independence criteria. An assessment of supervisory board members' fulfilment of the independence criteria should be presented by the supervisory board according to principle II.Z.10.2.

*The principle is applied.*

**II.Z.7.** Annex I to the Commission Recommendation referred to in principle II.Z.4 applies to the tasks and the operation of the committees of the Supervisory Board. Where the functions of the audit committee are performed by the supervisory board, the foregoing should apply accordingly.

*The principle is applied.*

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

*The principle is applied.*

**II.Z.9.** To enable the supervisory board to perform its duties, the company's management board should give the supervisory board access to information on matters concerning the company.

*The principle is applied.*

**II.Z.10.** In addition to its responsibilities laid down in the legislation, the supervisory board should prepare and present to the ordinary general meeting once per year the following:

**II.Z.10.1.** an assessment of the company's standing including an assessment of the internal control, risk management and compliance systems and the internal audit function; such assessment should cover all significant controls, in particular financial reporting and operational controls;

*The principle is applied.*

**II.Z.10.2.** A report on the activity of the supervisory board containing at least the following information:

- full names of the members of the supervisory board and its committees;
- supervisory board members' fulfilment of the independence criteria;
- number of meetings of the supervisory board and its committees in the reporting period;
- self-assessment of the supervisory board;

*The principle is applied.*

**II.Z.10.3.** an assessment of the company's compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities;

*The principle is applied.*

**II.Z.10.4.** an assessment of the rationality of the company's policy referred to in recommendation I.R.2 or information about the absence of such policy.

*The principle is applied.*

**II.Z.11.** The supervisory board should review and issue opinions on matters to be decided in resolutions of the general meeting.

*The principle is applied.*

### III. Internal Systems and Functions

Listed companies should maintain efficient internal control, risk management and compliance systems and an efficient internal audit function adequate to the size of the company and the type and scale of its activity.

#### Recommendations

**III.R.1.** The company's structure should include separate units responsible for the performance of tasks in individual systems or functions, unless the separation of such units is not justified by the size or type of the company's activity.

*The principle is applied.*

#### Detailed principles

**III.Z.1.** The company's management board is responsible for the implementation and maintenance of efficient internal control, risk management and compliance systems and internal audit function.

*The principle is applied.*

**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.*

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

**III.Z.4.** The person responsible for internal audit (if the function is separated in the company) and the management board should report to the supervisory board at least once per year with their assessment of the efficiency of the systems and functions referred to in principle III.Z.1 and table a relevant report.

*The principle is applied.*

**III.Z.5.** The supervisory board should monitor the efficiency of the systems and functions referred to in principle III.Z.1 among others on the basis of reports provided periodically by the persons responsible for the functions and the company's management board, and make an annual assessment of the efficiency of such systems and functions according to principle II.Z.10.1. Where the company has an audit committee, it should monitor the efficiency of the systems and functions referred to in principle III.Z.1, which however does not release the supervisory board from the annual assessment of the efficiency of such systems and functions.

*The principle is applied.*

**III.Z.6.** Where the company has no separate internal audit function in its organisation, the audit committee (or the supervisory board if it performs the functions of the audit committee) should review on an annual basis whether such function needs to be separated.

*The principle is applied.*

#### IV. General Meeting, Shareholder Relations

The management board and the supervisory board of a listed company should encourage the engagement of shareholders in matters of the company, in particular through active participation in the general meeting.

The general meeting should proceed by respecting the rights of shareholders and ensuring that passed resolutions do not infringe on reasonable interests of different groups of shareholders.

Shareholders who participate in a general meeting should exercise their rights in accordance with the rules of good conduct.

#### Recommendations

**IV.R.1.** Companies should strive to hold an ordinary general meeting as soon as possible after the publication of an annual report and set the date in keeping with the applicable legislation.

*The principle is applied.*

**IV.R.2.** If justified by the structure of shareholders or expectations of shareholders notified to the company, and if the company is in a position to provide the technical infrastructure necessary for a general meeting to proceed efficiently using electronic communication means, the company should enable its shareholders to participate in a general meeting using such means, in particular through:

- 1) real-life broadcast of the general meeting;
- 2) real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the general meeting;
- 3) exercise of the right to vote during a general meeting either in person or through a plenipotentiary.

*The principle not applicable.*

**Comments of the Company:** *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: 1) real-time broadcast of the general meeting; 2) real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the general meeting; 3) exercise of the right to vote during a general meeting either in person or through a plenipotentiary. 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.*

**IV.R.3.** Where securities issued by a company are traded in different countries (or in different markets) and in different legal systems, the company should strive to ensure that corporate events related to the acquisition of rights by shareholders take place on the same dates in all the countries where such securities are traded.

*The principle not applicable.*

**Comments of the Company:** *Securities issued by the Company are traded only on the Warsaw Stock Exchange.*

**Detailed principles**

**IV.Z.1.** Companies should set the place and date of a general meeting so as to enable the participation of the highest possible number of shareholders.

*The principle is applied.*

**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.*

**Comments of the Company:** *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.*

**IV.Z.3.** Presence of representatives of the media should be allowed at general meetings.

*The principle is applied.*

**IV.Z.4.** If the management board becomes aware a general meeting being convened pursuant to Article 399 § 2 – 4 of the Commercial Companies Code, the management board should immediately take steps which it is required to take in order to organise and conduct the general meeting. The foregoing applies also where a general meeting is convened under authority granted by the registration court according to Article 400 § 3 of the Commercial Companies Code.

*The principle is applied.*

**IV.Z.5.** The rules of general meetings and the method of conducting the meeting and adopting resolutions must not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules of the general meeting should take effect at the earliest as of the next general meeting.

*The principle is applied.*

**IV.Z.6.** Companies should strive to ensure that the cancellation of a general meeting, change of its date or break in its proceedings do not prevent or limit the exercising of the shareholders' rights to participate in the general meeting.

*The principle is applied.*

**IV.Z.7.** A break in the proceedings of the general meeting may only take place in special cases, defined at each time in the justification of the resolution announcing the break, drafted on the basis of reasons provided by the shareholder requesting the break.

*The principle is applied.*

**IV.Z.8.** A resolution of the general meeting announcing a break should clearly set the date and time when the proceedings recommence, and such date and time must not be a barrier for most shareholders, including minority shareholders, to participate in the continuation of the proceedings.

*The principle is applied.*

**IV.Z.9.** Companies should strive to ensure that draft resolutions of the general meeting contain a justification, if it helps shareholders to pass a resolution with adequate understanding. If a matter is put on the agenda of the general meeting at the request of a shareholder or shareholders, the management board or the chair of the general meeting should request presentation of the justification of the proposed resolution. In important matters and matters which may give rise to any doubt of shareholders, the company should provide a justification, unless it otherwise provides the shareholders with information necessary to pass a resolution with adequate understanding.

*The principle is applied.*

**IV.Z.10.** Any exercise of the rights of shareholders or the way in which they exercise their rights must not hinder the proper functioning of the governing bodies of the company.

*The principle is applied.*

**IV.Z.11.** Members of the management board and the supervisory board should participate in a general meeting as necessary to answer questions asked at the general meeting.

*The principle is applied.*

**IV.Z.12.** The management board should present to participants of an ordinary general meeting the financial results of the company and other relevant information contained in the financial statements to be approved by the general meeting.

*The principle is applied.*

**IV.Z.13.** If a shareholder request information about the company, the management board of the company should provide an answer to the shareholder's request within 30 days or inform the shareholder of its refusal to provide such information where the management board has made such decision pursuant to Article 428 § 2 or § 3 of the Commercial Companies Code.

*The principle is applied.*

**IV.Z.14.** Resolutions of the general meeting should allow for a sufficient period of time between decisions causing specific corporate events and the date of determination of the rights of shareholders pursuant to such events.

*The principle is applied.*

**IV.Z.15.** A resolution of the general meeting concerning an issue of shares with subscription rights should specify the issue price or the mechanism of setting the price or authorise the competent governing body to set the price prior to the subscription right record date within the timeframe necessary for investors to make decisions.

*The principle is applied.*

**IV.Z.16.** The dividend record date and the dividend payment date should be set so as to ensure that the period between them is not longer than 15 business days. A longer period between these dates requires a justification.

*The principle is applied.*

**IV.Z.17.** A resolution of the general meeting concerning a conditional dividend payment may only contain such conditions whose potential fulfilment takes place before the dividend record date.

*The principle is applied.*

**IV.Z.18.** A resolution of the general meeting to split the nominal value of shares should not set the new nominal value of the shares below PLN 0.50, which could result in a very low unit market value of the shares, and which could consequently pose a threat to the correct and reliable valuation of the company listed on the Exchange.

*The principle is applied.*

## V. Conflict of Interest, Related Party Transactions

For the purpose of this Section, 'related party' is defined under the International Accounting Standards approved in Regulation No (EU) 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

Companies should have in place transparent procedures for preventing conflicts of interest and related party transactions where a conflict of interest may occur. The procedures should provide for ways to identify, disclose and manage such cases.

### Recommendations

**V.R.1.** Members of the management board and the supervisory board should refrain from professional or other activities which might cause a conflict of interest or adversely affect their reputation as members of the governing bodies of the company, and where a conflict of interest arises, immediately disclose it.

*The principle is applied.*

### Detailed principles

**V.Z.1.** No shareholder should have preference over other shareholders in transactions concluded by the company with shareholders or their related parties.

*The principle is applied.*

**V.Z.2.** Members of the management board or the supervisory board should notify the management board or the supervisory board, respectively, of any conflict of interest which has arisen or may arise, and should refrain from voting on a resolution on the issue which may give rise to such a conflict of interest in their case.

*The principle is applied.*

**V.Z.3.** Members of the management board or the supervisory board must not accept any benefits which might affect their impartiality and objectivism in making decisions or reflect unfavourably on the assessment of the independence of their opinions or judgements.

*The principle is applied.*

**V.Z.4.** Where a member of the management board or the supervisory board concludes that a decision of the management board or the supervisory board, respectively, is in conflict with the interest of the company, he or she may request that the minutes of the management board or the supervisory board meeting show his or her position.

*The principle is applied.*

**V.Z.5.** Before the company concludes a significant agreement with a shareholder who holds at least 5% of the total vote in the company or with a related party, the management board should request the supervisory board's approval of the transaction. Before giving its approval, the supervisory board should evaluate the impact of the transaction on the interest of the company. The foregoing does not apply to typical transactions and transactions at arm's-length made as part of the company's operations between the company and members of its group. If the decision concerning the company's significant agreement with a related party is made by the general meeting, the company should give all shareholders access to information necessary to assess the impact of the transaction on the interest of the company before the decision is made.

*The principle is applied.*

**V.Z.6.** In its internal regulations, the company should define the criteria and circumstances under which a conflict of interest may arise in the company, as well as the rules of conduct where a conflict of interest has arisen or may arise. The company's internal regulations should among others provide for ways to prevent, identify and resolve conflicts of interest,

as well as rules of excluding members of the management board or the supervisory board from participation in reviewing matters subject to a conflict of interest which has arisen or may arise.

*The principle is applied.*

## VI. Remuneration

A company should have a remuneration policy applicable at least to members of the company's governing bodies and key managers. The remuneration policy should in particular determine the form, structure, and method of determining the remuneration of members of the company's governing bodies and key managers.

### Recommendations

**VI.R.1.** The remuneration of members of the company's governing bodies and key managers should follow the approved remuneration policy.

*The principle is not applied.*

**Comments of the Company :** *Due to the size and type of the Company's activities, the Company does not have an official remuneration policy. According to its articles of association and the rules of the Supervisory Board, remuneration of the members of the Supervisory Board is determined by the General Meeting and remuneration of the members of the Management Board is determined by the Supervisory Board. In addition, every year the Company publishes information on the remuneration of its governing bodies in compliance with the applicable law. Remuneration of key managers is determined on the basis of the Remuneration Rules drawn up in compliance with the Polish Labour Code. This makes the Company's remuneration rules transparent and failure to follow the foregoing principle does not entail any risks or adverse effects.*

**VI.R.2.** The remuneration policy should be closely tied to the company's strategy, its short- and long-term goals, long-term interests and results, taking into account solutions necessary to avoid discrimination on whatever grounds.

*The principle is not applied.*

**Comments of the Company :** *As specified in the note to recommendation VI.R.1, the Company does not have a remuneration policy. However, the said remuneration rules adopted by the Company meet the requirements referred to in recommendation VI.R.2.*

**VI.R.3.** If the supervisory board has a remuneration committee, principle II.Z.7 applies to its operations.

*The principle is not applied.*

**Comments of the Company :** *In our remuneration committee consisting of four people, two members are independent and, pursuant to Appendix I 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, at least a majority of the remuneration committee should be independent.*

**VI.R.4.** The remuneration levels of members of the management board and the supervisory board and key managers should be sufficient to attract, retain and motivate persons with skills necessary for proper management and supervision of the company. Remuneration should be adequate to the scope of tasks delegated to individuals, taking into account additional functions, for instance on supervisory board committees.

*The principle is applied.*

### Detailed principles

**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.*

**Comments of the Company :** *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.*

**Comments of the Company :** *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.*

**VI.Z.3.** The remuneration of members of the supervisory board should not be linked to options or other derivatives or any other variable components, and neither should it be linked to the company's results.

*The principle is applied.*

**VI.Z.4.** In this activity report, the company should report on the remuneration policy including at least the following:

- 1) general information about the company's remuneration system;
- 2) information about the conditions and amounts of remuneration of each management board member broken down by fixed and variable remuneration components, including the key parameters of setting the variable remuneration

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components and the terms of payment of severance allowances and other amounts due on termination of employment, contract or other similar legal relationship, separately for the company and each member of its group;

3) information about non-financial remuneration components due to each management board member and key manager;

4) significant amendments of the remuneration policy in the last financial year or information about their absence;

5) assessment of the implementation of the remuneration policy in terms of achievement of its goals, in particular long-term shareholder value creation and the company's stability.

*The principle is applied.*