



Statement on applying corporate governance in Qumak S.A. in 2014

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STATEMENT ON APPLYING CORPORATE GOVERNANCE RULES IN QUMAK S.A. IN 2014

This statement is prepared in accordance with the Regulation of the Minister of Finance of 19 February 2009 concerning the current and periodic information published by the issuers of securities and conditions of considering as equivalent information required in the regulations of law of a non-member country.

I. Indicating corporate governance rules Qumak S.A. is subject to

Qumak S.A. applies the corporate governance rules contained in: "Best Practices of WSE Listed Companies" being an Attachment to the Resolution no 12/1170/2007 of the Exchange Council of 4 July 2007, modified with the resolutions no 17/1249/2010 of 19 May 2010, no 15/1282/2011 of 31 August 2011, no 20/1287/2011 of 19 October 2011, and 19/1307/2012 of 21 November 2012. Full text of the rules can be found at <http://www.corp-gov.gpw.pl>.

II. Waivers from resolutions the corporate governance set of rules

We undertake all the effort in order to comply in the Company's every day operations with the corporate governance rules described in the Best Practices of WSE Listed Companies, implementing recommendations and guidelines directed to management boards, supervisory boards and shareholders, in this way providing the greatest Company's transparency.

In 2014 the Company applied majority of the regulations in the chapters II-IV of the "Best Practices of WSE Listed Companies". Moreover, the Company applies most of the recommendations included in the chapter I apart from the rules described below, which were not applied permanently or temporarily:

Guideline I.5

Company should have a remuneration policy and rules of defining the policy. The remuneration policy should in particular determine the form, structure, and the level of remuneration of members of supervisory and management bodies. When establishing the remuneration policy for members of supervisory and management bodies there should be applied the European Commission Recommendation of 14 December 2004 on supporting appropriate system for remuneration of directors of listed companies (2004/913/EC) supplemented by the EC Recommendation of 30 April 2009 (2009/385/EC).

Management Board members' remuneration is set by a resolution of the Supervisory Board on the grounds of recommendations of the Remuneration Committee acting within the Board. Management Board particular members' remuneration is depending on an individual job description, as well as vested in him responsibilities. The Supervisory Board, on the grounds of the Bonuses Rules of 11 December 2013 for members of the Company's Management Board, decides on granting and the amount of merit bonuses for Management Board members for achieved results in a given business year (after meeting criteria described in the abovementioned Rules) and an input of work of members of the Management Board.

Supervisory Board members' remuneration is set by the resolution of a General Meeting and depends on an individual job description and a function fulfilled in the Board.

Guideline I.9

The WSE recommends to public companies and their shareholders that they ensure a balanced proportion of women and men fulfilling management and supervisory functions in companies, thus reinforcing the creativity and innovation of the company's business activity.

Decisive criteria of electing in the Company the Supervisory and Management Board members are professional qualifications of a candidate, his/her knowledge, experience and competencies in the area that is necessary to hold a particular function. This rule pertains to every employee of the Company, allows operating in a healthy manner and builds competitive advantage on the market. Information on the topic of presence of female and male employees in the Company's bodies is published on the Company's website.

Guideline I.10

If a company supports various forms of artistic and cultural expression, sport activities or an activity concerning education or science, and perceives this activity as an element of its business' mission and strategy for development, and an element which influences the company's innovativeness and its competitiveness, it is considered a good practice to publish in a way adopted by the company the regulations of conducted activity within this scope.

In 2013 the Company made a document setting own sponsoring policy including business strategy for 2013-2016. It sets in details rules of engaging the company in various actions. Within support granted by the Company there was recommended: education initiatives, e.g. activities supporting talented youth, creating equal social chances for children and the youth, supporting technological innovativeness. For a particularly important area of engagement there is considered a cooperation on a business and educational line, because acquiring the cooperation of universities will allow gaining access to potential employees, will also create a chance for development of young scientists and transfer of modern technologies. In terms of charity sponsoring, it was recommended to cooperate with established organizations having a good brand and social trust. Meaning foundations, associations and organizations for public purposes. Within the culture and art the Company will aim at projects that include modern technologies, ways of presentations (e.g. multimedia projections shows of 3D type).

Guideline I.12

Company should provide shareholders with a possibility to exercise in person or by proxy a voting right during a general meeting, while being outside the place where a general meeting is held, through the use of means of electronic communication.

The Company's Articles of Association do not allow taking part in a general meeting through the use of means of electronic communication. As a consequence, shareholders have no possibility to execute in person or by proxy a voting right during a general meeting, while being outside the place where a general meeting is held, with the use of electronic means of communication. The Company does not preclude applying this recommendation of Good Practices in future.

Rule IV.10

Company should provide shareholders with the possibility of taking part in a general meeting through the use of electronic means of communication, and this incorporates:

- 1) live transmission of a general meeting course,*
- 2) bilateral live communication, in which shareholders can speak out during the course of a general meeting while being located in a different place than the place of such a meeting.*

The Company's Articles of Association do not include resolutions concerning allowing taking part in a general meeting through the use of means of electronic communication. Moreover, in the Management Board's opinion transmission of a general meeting and enabling bilateral communication during a meeting is burdened with technical and organizational difficulties that could influence the general meeting, which may create doubts in a legal sense of the matter.

The Company undertakes all the effort for the information policy on general meetings to be executed in a clear and reliable manner. All information determined by law are published in the form of current reports and on the Company's website in General Meetings tab, timely and in a proper period of time in advance, so that shareholders are granted with enough time to get acquainted with materials being on a general meeting's agenda. The Company informs that on its website there is published a record from a general meeting course.

The Company does not preclude applying this recommendation of Good Practices in future.

Moreover, on 16 June 2014 the Management Board of the Company informed on an **incidental failure to apply** by a General Meeting of the Company a corporate governance rule included in the chapter IV point 6 of Good Practices.

Rule IV.6

Day of setting a right to dividend and day of payment of dividend should be set in a way so that the period of time between them is as short as possible, and in any case so that it is not longer than 15 working days. Setting a longer period of time between these dates requires a special justification.

Breaching this rule took a form of setting a day of a dividend payment in a period that is longer than 15 working days from the day of setting rights to dividend. This was a result of a content of a resolution on allocation of net profit for the business year 2013 and setting a dividend day and a payment of dividend day, adopted on 16 June 2014 by General Meeting, where a dividend day was set on 15 September 2014 and dividend payment day on 1 December 2014.

For future reference the Company ensures its intention to apply the abovementioned rule of corporate governance by setting in a request, submitted by the Company and concerning the matter of allocation of profit for a business year, the shortest possible period of time between these both days from the corporate events (dividend day and payment of dividend day). However, the Company does not have an influence on the content of drafts of resolutions submitted by the entitled entities.

III. Description of general meeting operation and its fundamental entitlements as well as rights of shareholders and way of exercising them

General Meeting is convened by a Management Board of the Company within a period of six months after the end of every business year. Extraordinary General Meeting is convened by a Management Board upon its own initiative or on demand of shareholders representing at least one twentieth of the Company's share capital. General Meeting can also be convened by a Supervisory Board in case when a Management Board does not convene it in a required under the rules term for a General Meeting, or when deems necessary. The Qumak S.A. General Meeting, pursuant to the Articles of Association, is held in Warsaw, and the body authorized to convene a General Meeting is obliged to determine its location and time to facilitate the participation of the widest group of shareholders in the meeting.

Shareholders may participate in a General Meeting in person or by proxy.

All shares of the Company are bearer shares, which give right to one vote at a General Meeting.

The floor can be given only in matters covered by adopted agenda and discussed at the time. Each shareholder has the right to ask questions in all matters covered by adopted agenda. Each shareholder has the right to make a proposal of changes to or completing drafts of resolutions included in a meeting's agenda until the end of discussion on this particular point of a meeting's agenda.

Resolutions of a General Meeting are adopted with the absolute majority of votes, unless the Articles of Association or the Code of Commercial Companies state otherwise.

General Meeting resolutions are required in the following cases:

- Considering and approving the Management Board's report on the Company's activity and financial statements of the Company for a previous year, granting acknowledgment of fulfillment of duties as members of the Company's bodies, allocation of profit or covering loss;
- Any resolutions concerning claims for compensation due to damage made during the Company's formation or its management or supervision;
- Selling and leasing of an enterprise or its part or its organized part and establishing a right to use;
- Buy and sale of real estate, perpetual usufruct or shares in real estate;
- Convertible securities issue;

- Supervisory Board members appointing or dismissal;
- Share capital increase or decrease;
- Other issues provided under the Commercial Companies Code.

Detailed rules concerning the way of convening a Meeting, its entitlements and participation forms at a meeting, meeting's agenda, are included in the General Meeting By-Laws.

Rights of shareholders

Right to participate in a General Meeting and right to vote

Pursuant to Article 412 § 1 of the Commercial Companies Code, shareholders can participate in a General Meeting and execute voting rights deriving from registered shares, in person or by proxy. Every share shall give the right to one vote at a General Meeting.

Pursuant to Article 4061 § 1 of the Commercial Companies Code, entitled to participate in a General Meeting are persons who are Company's shareholders at least 16 days before the date of a General Meeting, i.e. during the registration day to participate in a General Meeting.

Right to demand convening Extraordinary General Meeting or including particular matters in agenda of a next General Meeting

Pursuant to Article 400 § 1 of the Commercial Companies Code, a shareholder or shareholders holding at least on twentieth of the Issuer's share capital can demand convening a Company's Extraordinary General Meeting, as well as including certain matters on agenda of a next General Meeting. The Company's Articles of Association do not provide different resolutions on this matter.

Right to take an action to repeal a General Meeting resolution

In case when a resolution is contradictory with the Company's Articles of Association or good practices and negatively influences the Company's business or is intended to harm a shareholder, pursuant to Article 422 § 1 of the Commercial Companies Code, a shareholder can bring a lawsuit against the Company to repeal a General Meeting's resolution. To bring a lawsuit is entitled:

- a shareholder who voted against the General Meeting's resolution and after its adoption demanded to register his/her objection in the meetings minutes;
- a shareholder unreasonably not admitted to participate in a General Meeting;
- a shareholder who did not participate in a General Meeting, however, only in case when the General Meeting was not convened properly or in case of adoption of a resolution upon a matter not included in the General Meeting's agenda.

Pursuant to Article 424 § 2 of the Commercial Companies Code, a legal action to repeal a General Meeting's resolution should be undertaken not later than a month after a shareholder received a notice on adopting a resolution, but not later than three months after adopting a resolution by a General Meeting.

Right of a shareholder to take an action to conclude invalidity of a General Meeting resolution

Shareholders entitled to take an action to conclude the invalidity of a General Meeting's resolution, can also pursuant to Article 425 § 1 of the Commercial Companies Code take an action against the

Company to conclude a nullity of a General Meeting's resolution that is against the law. Such an action should be instigated up to thirty days after the General Meeting's resolution publication, but not later than a year after the General Meeting's resolution adoption.

Right to demand election of a Supervisory Board of the Company by voting in separate groups

Pursuant to Article 385 § 3 of the Commercial Companies Code, on request of shareholders representing at least one fifth of share capital of the Company, a Supervisory Board should be elected by way of voting in separate groups, even if the Articles of Association provide for a different way of appointing a Supervisory Board. Shareholders representing at a General Meeting this part of shares that derives from division of a total number of shares represented at a General Meeting by number of members of a Supervisory Board, can create a separate group in order to elect one member of a Supervisory Board, however they do not participate in electing the other members of a Supervisory Board. The mandates for a Supervisory Board not filled by an appropriate group of shareholders created pursuant to rules stated above shall be filled by way of voting in which take part all the shareholders of the Company who have not cast their vote while electing members of a Supervisory Board being elected by separate groups voting.

Right to demand performing an audit by a certified auditor of a particular matter related with establishing a public company or conducting its operations (auditor for special cases)

Resolution concerning this matter is adopted by a General Meeting on request of a shareholder or shareholders representing at least 5% of total number of votes at the Company's General Meeting (Public Offering Act, Article 84); if a General Meeting dismisses such request for designating a certified auditor for special cases, claimants can bring the case to the District Court within 14 days from adopting a resolution to appoint such an auditor.

Right to demand providing information on the Company by the Company's Management Board

Pursuant to Article 428 § 1 of the Commercial Companies Code, a shareholder can bring up during the course of a General Meeting a demand for a Management Board to provide information concerning the Company, if providing such information by the Management Board is relevant in order to assess an issue included in a General Meeting's agenda. Management Board is obliged to provide the information requested by a shareholder, however, pursuant to Article 428 § 2 of the Commercial Companies Code, the Management Board in certain circumstances should refuse providing such information. What is more, pursuant to Article 428 § 5 of the Commercial Companies Code, in justified circumstances the Management Board can provide the information requested by a shareholder of the Company in writing, not later than 2 weeks after the day of bringing up such demand during a General Meeting.

Right to request copies of the Management Board's report on the Company's activity and financial statements including a copy of the Supervisory Board's report and a certified auditor's opinion, not later than 15 days before a General Meeting (Article 395 § 4 of the Commercial Companies Code).

Right to view in the Management Board's office a list of shareholders entitled to participate in a General Meeting and request a copy of such a list with cost return for its preparation, as well as sending such a list free of charge via an electronic mail (Article 407 § 1 and § 11 of the Commercial Companies Code).

Right to demand verification of an attendance list of shareholders present at a General Meeting

Pursuant to Article 410 § 1 of the Commercial Companies Code, immediately after electing a chairman of a General Meeting, an attendance list should be drawn up containing the General Meeting's participants including a number of the Company's shares held by each participant and a corresponding number of votes. Chairman is obligated to sign such a list and make it available during the course of a General Meeting.

Pursuant to Article 410 § 2, on shareholders' request having 10% of share capital represented at this General Meeting, an attendance list should be verified by an elected for this purpose committee.

Right to demand copies of requests concerning matters on a General Meeting's agenda

Pursuant to Article 407 § 2 of the Commercial Companies Code, each shareholder has the right to demand a copy of applications concerning matters included in the agenda of a next General Shareholders' Meeting. Such demand should be submitted to the Management Board of the Company.

Right to view a minutes book and demand signed by a Management Board copies of resolutions (Article 421 § 2 of the Commercial Companies Code).

Right to take a legal action to mend damages caused to the Company

Pursuant to Article 486 and 487 of the Commercial Companies Code, if the Company does not take a legal action against an entity that caused damages to the Company within a year from the date of revealing an action that caused the damages, a shareholder has the right to take such a legal action.

Right to view documents and demand in the Company's premises free of charge copies of the documents, enumerated in Article 505 § 1 of the Commercial Companies Code (in case of a merger of companies), in Article 540 § 1 of the Commercial Companies Code (in case of dividing a company), and in Article 561 § 1 of the Commercial Companies Code (in case of a conversion of a company).

Right to view the Share Register and demand an excerpt with cost return for its preparation (Article 341 § 7 of the Commercial Companies Code).

Right to share the Company's profit, including the right to dividend

The Company's shareholders, pursuant to Article 347 § 1 of the Commercial Companies Code, have the right to share the Company's profit pointed in the Company's financial statements, audited by a certified auditor, which has been allocated by a General Meeting to be paid to shareholders. Profit allocated to be paid to the Company's shareholders is calculated on the basis of a number of shares held by a given shareholder on the dividend day that was set by a General Meeting. Pursuant to Article 348 § 3 of the Commercial Companies Code, the dividend day can be set at the day of adopting a resolution on its payment or during the next three months, counting from the day of adopting the resolution, provided there are kept the dates pointed in the regulations of the Central Securities Depository of Poland.

Pursuant to Article 395 of the Commercial Companies Code, an entity entitled to adopt a resolution concerning the allocation of profit (or losses coverage) and dividend payment is a General Meeting. Information concerning payment of dividend is published in the form of current reports.

The Company's Articles of Association do not include any detailed rules concerning the way to allocate a profit.

Conditions for receiving a dividend are set pursuant to the regulations of the Central Securities Depository of Poland.

Right to acquire

In case of a new issue, pursuant to Article 433 § 1 of the Commercial Companies Code, shareholders have the preferential right to acquire new shares in relation to the number of already held shares (right to acquire).

In the Company's best interest, pursuant to Article 433 § 2 of the Commercial Companies Code, after meeting certain criteria a General Meeting can deprive those who are shareholders of the Company at the time, in whole or partially of the right to acquire shares.

Right to share in assets that remained after liquidation of a joint-stock company

In case of a joint stock company liquidation the liquidation trustees should end the company's current businesses, collect their active receivables, complete the company's liabilities and liquidate the company's assets, pursuant to Article 468 § 1 of the Commercial Companies Code. Pursuant to Article 474 § 1 of the Commercial Companies Code, after satisfying or securing the company's creditors, the remaining part of the Company's assets can be shared between shareholders. Assets remaining after satisfying or securing the company's creditors, pursuant to Article 474 § 2 of the Commercial Companies Code, are shared between the company's shareholders with regard to an amount paid by each of the shareholders for the company's share capital. The amount paid for the company's share capital by a given shareholder is set on the basis of a number and value of shares held by the shareholder.

Right to transfer shares

Pursuant to Article 337 § 1 of the Commercial Companies Code, shares are transferrable. The Company's Articles of Association do not provide any limitations on transferring shares.

IV. Membership and rules for activity of the Company's managing and supervising bodies and their committees

Management Board

In the period from 1 January to 31 December 2014 the Management Board operated in the following membership:

Paweł Jaguś	- President of the Management Board
Aleksander Plata	- Vice President of the Management Board
Jacek Suchenek	- Member of the Management Board (since 1 January 2015 fulfilling the function of a Vice President of the Management Board)

Detailed tasks of the Company's Management Board are set in the Articles of Association and Management Board By-Laws, which are adopted by the Management Board and validated by the Supervisory Board.

Management Board is responsible for overall managing of the Company's operations and representing the Company in court and outside a court. To issue statements and signing on behalf of the Company are authorized two Management Board members jointly or one Management Board member jointly with a proxy. All matters related to managing the Company, not reserved by the Articles of Association or resolutions to competences of a General Meeting or the Supervisory Board, are dedicated to be in the Management Board powers.

Management Board of the Company is responsible for managing current issues of the Company, and in particular for:

- determining a strategy of the Company's development;
- adopting the plans that are necessary for the Company's correct operating, dividing tasks among its members;
- dividing tasks among the Company's employees, supervision and control over their realization;
- adopting corporate organization rules of the Company and other rules deemed necessary for the Company's correct operating (including in particular rules of documents flow, rules for budgeting);
- convening General Meetings and Extraordinary General Meetings under the law and the Articles of Association, as well as setting agenda for such Meetings;
- requesting and submitting to other Boards of the Company reports, statements, opinions and other necessary documents upon cases requiring a resolution;
- preparing the Company's current year financial statements and submitting these statements after being audited by certified auditors together with a written report on activity of the Company for a given period to proper bodies of the Company;
- submitting and receiving declarations of intent on behalf of the Company;
- granting and revoking power of attorney;
- granting and revoking joint commercial representation;
- representing the Company in court and outside a court, including appearing on behalf of the Company before authorities, offices, institutions and other third parties, including entering into any agreements;
- appointing and dismissing the Company's departments' directors;
- managing the Company's assets on current basis;
- preparing the Company's annual budget;
- implementing a General Meeting's and the Supervisory Board's resolutions;
- keeping bearer shares register and temporary certificates or outsourcing keeping a shares register to a bank or brokerage house;
- corporate governance in entities, of which the company is a shareholder (shares/stocks).

Basic form of work of the Management Board is holding sittings and adopting resolutions (also outside sittings) regarding management of the Company's matters and performance of management. Sittings of the Management Board are usually held once a month.

Competencies of particular Management Board's members are specified in Organizational Rules of the Company and in appropriate Management Board's resolution.

Supervisory Board

In the period from 1 January to 31 December 2014 the Supervisory Board operated in the following membership:

Marek Michałowski – Chairman of the Supervisory Board
Jan Pilch – Vice Chairman of the Supervisory Board
Monika Hałupczak – Member of the Supervisory Board
Maciej Matusiak - Member of the Supervisory Board
Wojciech Włodarczyk - Member of the Supervisory Board

Supervisory Board elects among its members a Chairman, a Vice Chairman and if necessary a Secretary of the Supervisory Board.

The Supervisory Board acts under Qumak S.A. Supervisory Board By-Laws.

The Supervisory Board exercises a constant supervision over the Company's operations, and except matters reserved by the Articles of Association and Commercial Companies Code regulations, its competencies include:

- delegating its members to individually perform particular supervision activities;
- defining a number of Management Board members;
- appointing, dismissing and suspending members of the Company's Management Board;
- delegating its member or members to temporarily perform duties of Management Board of the Company in case when individual members or the entire Management Board is suspended or dismissed, or when for other reasons the Management Board is prevented from performing its duties;
- approving the Management Board's By-Laws;
- approving to incur by the Company liabilities due to loans, guaranties, bank bonds, short-term bank credits, lease agreements, and long-term credits, i.e. with payment period longer than 12 (twelve) months, of the value during a year greater than the amount of PLN 3,000,000.00 (three million zloty) or 15% (fifteen percent) of the Company's net assets in accordance with the last Company's balance sheet examined by a certified auditor;
- approving the Company's assets burdening with a value greater than the amount of PLN 3,000,000.00 (three million zloty) or 15% (fifteen percent) of the Company's net assets in accordance with the last Company's balance sheet examined by a certified auditor, in one or in few transactions made jointly during 12 (twelve) months by setting mortgage, deposit, collateral transfer of ownership or other agreements leading to similar encumbrance;
- approving acquiring stocks, shares and bonds of other legal entities, as well as any other form of the Company's participation in other entities, if the transaction's value is greater than PLN 1,000,000.00 (million zloty);
- approving the Company's assets sale, value of which is greater than 10% (ten percent) of the Company's net assets value, in one or in few transactions made jointly during 12 (twelve) months;
- approving annual Company's business plans, including investments and financial plans (budget);
- issuing opinion on agenda and terms of shareholders general meetings convened by the Management Board;
- issuing opinion on profit allocation or appropriation, or on coverage of loss;
- electing a certified auditor to conduct an audit of the Company's financial statements;
- setting the Management Board members' remuneration.

The Supervisory Board evaluates the Management Board's requests presented to a General Meeting in order to adopt resolutions, in particular concerning:

- amendments to the Articles of Association;
- increase or decrease of share capital;
- the Company's merger or conversion;
- the Company's dissolution or liquidation;
- issue of bonds, including convertible loan stock;
- selling and leasing of the Company, establishing right to use or disposal of real estates of the Company;
- approving of buying real estates and other fixed assets by the Company within the period of 12 (twelve) months at a value greater than 15% (fifteen percent) of the Company's net assets in accordance with the value pointed in the last Company's balance sheet audited by a certified auditor.

The Supervisory Board convenes a General Meeting, when:

- the Management Board of the Company did not convene a General Meeting within an appropriate time;
- if deems it necessary (Extraordinary General Meeting). Agenda of such an Extraordinary General Meeting is set by the Supervisory Board.

In order to perform its duties the Supervisory Board can:

- scrutinize every part of the company's activity;
- demand reports and explanations from the Company's Management Board and employees;
- perform assets revision;
- supervise the Company's books and any other documents of the Company.

The Supervisory Board adopts resolutions with an absolute majority of votes and its resolutions are valid only in the presence of at least half of its members at a meeting. Matters not covered in agenda can be addressed only if all Supervisory Board's members are present at the meeting.

Members of the Supervisory Board can participate in adopting the Supervisory Board's resolutions by casting their vote in writing through another member of the Supervisory Board. The Supervisory Board resolutions can be adopted without having meeting, by voting in writing or by using means of remote direct communication. A resolution adopted in the abovementioned way is valid provided that all Supervisory Board members took part in such voting.

Committees acting within the Supervisory Board

Within the Supervisory Board there are:

- Audit Committee
- Remuneration Committee

Audit Committee consists of 3 members; at least one of them should meet criteria of independence and have accounting or financial auditing qualifications. Audit Committee's members are elected among the Supervisory Board members.

Tasks of an Audit Committee include in particular:

- a) monitoring a process of financial reporting;
- b) monitoring the effectiveness of systems of internal control, internal audit and risk management;
- c) monitoring performing a financial audit in a company;
- d) monitoring the independence of a certified auditor and an entity authorized to audit financial statements;
- e) recommending to the Supervisory Board an entity authorized to audit financial statements to conduct an audit in a company;
- f) overview transactions with related entities.

What is more, the Audit Committee exercises control over financial targets' implementation using the current financial situation analysis made on every Supervisory Board's meeting, in this way supervising the Company's financial standing and the Management Board's realization of agreed budget.

By-Laws of Audit Committee of the Supervisory Board set membership, way for appointing, tasks, scope of activity and work mode of the Committee.

The Company does not set in the Articles of Association criteria for independence, but it does that in the Supervisory Board By-Laws. By criteria for independence of members of the Committee it is understood:

- a) not holding any titles of ownership of shares and other financial instruments of the Company or its related entity;
- b) non participation within previous last 3 years in keeping accounting books or in preparing financial statements of the Company;
- c) lack of any personal relations to persons being members of the Supervisory Board and the Management Board of the Company.

In 2014 the membership of this Committee was the following:

Marek Michałowski – Chairman of the Committee
Monika Hałupczak
Maciej Matusiak

Remuneration Committee consists of two members, elected among the Supervisory Board members.

Remuneration Committee acts under its By-Laws adopted by a resolution of the Supervisory Board of 1 October 2013, and its tasks include:

- a) periodic evaluation of rules on remuneration for the Management Board members and delivering to the Supervisory Board appropriate recommendations in this scope;
- b) preparing proposals for remuneration and granting bonuses, in particular within a program of options for managers regarding particular members of the Management Board, to be considered by the Supervisory Board;
- c) analyzing and providing opinion on the Company's remuneration policy.

These actions are undertaken to adjust the level of remuneration for members of the Management Board to the Company's business and its financial results.

Remuneration Committee operated in the following membership:

Wojciech Włodarczyk – Chairman of the Committee
Jan Pilch

V. Description of basic features of internal control and risk management systems applied in the company in relation with a process of preparation of financial statements

The Management Board of Qumak S.A. is responsible for the Company's internal control system and its effectiveness in accordance with a process of preparation of financial statements and periodic reports prepared and published pursuant to the Regulation of the Minister of Finance of 19 February 2009, as amended, concerning current and periodic information published by the issuers of securities and conditions to consider as equivalent information required in the regulations of law of non-member states (Dziennik Ustaw [Journal of Laws] of 2009 No. 33 item 259).

The Company prepares financial statements pursuant to the International Financial Reporting Standards published by European Union. The Company on a current basis monitors changes to the laws and external regulations concerning preparing financial statements, on a current basis there are updated also internal rules of the Company to adjust them to changing laws.

Internal control and risk management system in relation with the process of preparation of financial statements in the Company is implemented according to existing in the Company procedures of financial statements preparation and their validation. This system ensures effective and reliable financial information flow, and merit supervision is provided by the Chief Financial Officer – Vice President of the Management Board.

Financial statements are prepared by financial and accountant staff under supervision of the Chief Accountant and the Vice President of the Management Board, Chief Financial Officer, and validated by the Company's Management Board. Thereafter, financial statements are verified by an independent auditor – certified auditor selected by a Supervisory Board resolution (applies to annual and semi-annual reports). Every year the Supervisory Board evaluates the Company's financial statements within the scope of their compatibility with the books and documents, also with the actual state of affairs, as well as the Management Board's statement on the Company's activity in a given business year. The Supervisory Board informs shareholders on findings of its assessment, and the fact that the Supervisory Board members are independent guarantees the impartiality of actions. Within the Supervisory Board there is an Audit Committee, which during its meetings with a certified auditor analyzes results and opinions on financial statements audit.

The Company has a functional control system, attributable to individual job positions, which include certain tasks within the control scope resulting from delegated employees' duties. In the Company's organizational structures there are units the aim of which is creating in the Company a measurable information system enabling assessment of realized tasks, corrections of plans and indicating risks within the scope of performing projects. Additionally, the Company has series of rules (i.e. Work Rules, Organizational Rules, Rules for Sensitive Data Flow), as well as instructions for flow of documents. They describe, among others, rules for financial, merit and financial control of documents stored in accounting systems, as well as concerning personal responsibility. Confirmation of effectiveness of implemented procedures for control and management of risk in a process of preparing financial statements are opinions of certified auditors issued on the basis of audits of financial statements of the Company, and issued with no objections.

The Company has an accredited budgeting and budget realization control system.

VI. Shareholders holding directly or indirectly significant blocks of shares

In accordance with knowledge of the Company on 31.12.2014 the shareholders holding directly or indirectly through subsidiaries at least 5% of the total number of votes at a General Meeting of the Company were:

Shareholder	Number of shares	Share in capital	Number of votes	Share in total number of votes on GM
Legg Mason TFI	974.894	9.40%	974.894	9.40%
including: Legg Mason Parasol FIO	843.008	8.13%	843.008	8.13%
OFE PZU „Złota Jesień”	558 597	5.38%	558.597	5.38%
PTE Allianz Polska S.A.	849.603	8.19%	849.603	8.19%
Aviva Powszechne Towarzystwo Emerytalne Aviva BZ WBK SA	761.210	7.34%	761.210	7.34%
QUERCUS TFI S.A.	565 5 82	5.45%	565 582	5.45%

The above table was prepared on the basis of information on settlement of tax on dividend (as of 15 September 2014).

VII. Owners of special control entitlements from securities

All shares of the Company are non-preference shares, granting the same right to vote on a General Meeting of the Company as well as to share in capital.

VIII. Limitations in executing right to vote and transferring ownership rights of securities

There are no limitations concerning transferring ownership rights, nor limitations concerning executing voting rights connected with shares of the Company.

IX. Description of rules concerning appointing and dismissing management

1. Management Board

The Management Board consists of 2 to 5 members appointed by the Supervisory Board. Number of members of the Management Board is set by the Supervisory Board. The Supervisory Board appoints and dismisses members of the Management Board, including the President of the Management

Board, and one or more Members of the Management Board. Term of office of the Management Board lasts three years, except for the first Management Board, which is in office for a period of two years. Management Board's Members are appointed for a joint term in office.

2. Supervisory Board

The Supervisory Board consists of 5 to 7 members appointed for a common term in office. Number of members of the Supervisory Board is determined by a General Meeting. Term in office of a Supervisory Board lasts three years. The term in office of members of a Supervisory Board expires on the day of a General Meeting which approves financial statements for the last full business year of their office. Term in office of members of the Supervisory Board, elected as a result of a supplementary election, ends with the expiry of the term in office of the Supervisory Board for which they were elected.

X. Description of rules on amending the Articles of Association of the Company

The Company's Articles of Association can be amended by a General Meeting through adopting a resolution on that matter with the three-fourths majority of cast votes.

Warsaw, 24 April 2015

President of the
Management Board

Vice President of the
Management Board

Vice President of the
Management Board

Paweł Jaguś

Aleksander Plata

Jacek Suchenek