



**REPORT ON COMPLIANCE  
OF ASSECO SOUTH EASTERN EUROPE S.A.  
WITH THE CORPORATE GOVERNANCE STANDARDS  
FOR 2014**

**Rzeszów, 18 February 2015**

**Declaration of Asseco South Eastern Europe S.A. on compliance with the Corporate Governance Standards, prepared pursuant to § 91 sec. 5 item 4) of the Regulation of the Minister of Finance of 19 February 2009 regarding current and periodic information to be submitted by issuers of securities and conditions for recognizing as equivalent information required by laws of a non-member state (Journal of Laws 2014 item 133).**

**1. THE SET OF CORPORATE GOVERNANCE STANDARDS APPLICABLE TO THE ISSUER AND THE PLACE WHERE IT IS PUBLICLY AVAILABLE.**

Asseco South Eastern Europe S.A. ("Company") is bound by the Code of Best Practice for WSE Listed Companies adopted by a resolution of the Board of the Warsaw Stock Exchange on 21 November 2012.

The report on corporate governance standards applied by the Company was included in the current report No. 6/2009 of 28 October 2009 as well as in the form of the "Declarations of compliance with the corporate governance standards" prepared for the years 2009-2013, which constituted a separate parts of the annual reports for these particular years.

The set of corporate governance standards is available from the Warsaw Stock Exchange website at the address: <http://www.corp-gov.gpw.pl>

**2. CORPORATE GOVERNANCE STANDARDS WHICH HAVE BEEN PARTIALLY OR ENTIRELY WAIVED BY THE ISSUER AND THE RATIONALE FOR DOING SO.**

The Management Board of the Company indicated the Company's withdrawal from application of the following corporate governance rules:

**Recommendation I.5**

*A company should have a remuneration policy and rules of defining the policy. The remuneration policy should in particular determine the form, structure, and level of remuneration of members of supervisory and management bodies. Commission Recommendation of 14 December 2004 fostering an appropriate regime for the remuneration of directors of listed companies (2004/913/EC) and Commission Recommendation of 30 April 2009 complementing that Recommendation (2009/385/EC) should apply in defining the remuneration policy for members of supervisory and management bodies of the company.*

Determination of the remuneration payable to members of the Company's Supervisory Board falls

within the authority of the General Meeting; whereas, the remuneration of members of the Management Board is determined by the Supervisory Board.

The amount of remuneration payable to individual members of the Management Board depends upon the obligations, competence and responsibility involved in their positions as well as upon their economic performance. Furthermore, in every annual report the Company provides information on the remuneration payable to its management and supervisory personnel, in accordance with § 91 sec. 6 item 17) of the Regulation of the Minister of Finance regarding current and periodic information to be submitted by issuers of securities.

**Recommendation I.9**

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

Members of the Company's Management Board and Supervisory Board are elected by an independent decision of the Supervisory Board and the General Meeting, respectively. Nonetheless, the main criteria for the election of persons to perform management and supervisory functions in the Company include the candidate's competence, professionalism and skills, while other factors, such as gender, are not taken into account in this respect.

**Recommendation I.12**

*A company should enable its shareholders to exercise the voting right during a General Meeting either in person or through a plenipotentiary, outside the venue of the General Meeting, using electronic communication means.*

The Company does not plan to make it possible to exercise the voting right during a General Meeting outside the venue of the General Meeting, using electronic communication means.

In the Company's opinion, the implementation of this recommendation would involve high risks of both technical and legal nature. Allowing the shareholders to exercise the voting right during a General Meeting using means of electronic communication, would result in technical and legal risks for the proper and efficient conduct of such General Meeting. The Company does not preclude application of this recommendation in the future.

**Rule II.1.9a**

*1. A company should operate a corporate website and publish on it, in addition to information required by legal regulations:*

(...)

*9a) a record of the General Meeting in audio or video format*

The Company does not plan to record the General Meeting in audio or video format and will not publish the General Meeting's record on its website. In Company's opinion the current manner of documenting the course of the General Meetings provides transparency of the Company's operations and protects the rights of its shareholders. The Company discloses the content of resolutions in the form of current reports and publications on its website. What is more, detailed information on the voting results, as well as any objections to the adopted resolutions are made available in the same form. Thus, investors have the opportunity to become familiar with the essential elements of the course of the General Meeting. The Company does not preclude application of this rule in the future.

**Rule III.6**

*III. Best Practice for Supervisory Board Members*

*6. At least two members of the Supervisory Board should meet the criteria of being independent from the company and entities with significant connections with the company. The independence criteria should be applied under 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. Irrespective of the provisions of point (b) of the said Annex, a person who is an employee of the company or an associated company cannot be deemed to meet the independence criteria described in the Annex. In addition, a relationship with a shareholder precluding the independence of a member of the Supervisory Board as understood in this rule is an actual and significant relationship with any shareholder who has the right to exercise at least 5% of all votes at the General Meeting.*

The Company has no influence on the application of the rule relating to fulfilment of the criteria of being independent from the company by the members of the Supervisory Board, since they are elected by an independent decision of the General Meeting. It is a fundamental ownership right of shareholders resulting from holding a stake of shares. Furthermore, the Company would neither have the ability or adequate tools to maintain

ongoing control whether such independence criteria are actually met by independent members of the Supervisory Board in performing their supervisory functions, and therefore the Company would be largely forced to rely on the declarations made by candidates themselves or by shareholders proposing their candidacy.

**Rule IV.10**

*10. A company should enable its shareholders to participate in a General Meeting using electronic communication means through:*

- 1) real-life broadcast of General Meetings;*
- 2) real-time bilateral communication where shareholders may take the floor during a General Meeting from a location other than the General Meeting.*

The Company does not plan to enable shareholders to participate in a General Meeting using electronic communication means. Firstly, it should be noted that application of this rule by the Company is not currently possible due to the lack of relevant provisions in Company's Articles of Association. Pursuant to art. 406<sup>5</sup> § 1 of Commercial Companies Code real-life broadcast and real-time bilateral communication where shareholders could take the floor during the General Meeting from the location other than the General Meeting, requires the Articles of Association to include provisions authorizing to carry out such measures. In the absence of such provisions in the Company's Articles of Association, it is not currently possible to implement this rule. Notwithstanding the abovementioned, implementation of this rule would involve technical and legal risks. Real-life broadcast of General Meetings and, in particular, the possibility for shareholders to take floor in the course of the General Meeting without their physical presence at the meeting, by means of electronic communication, involves both technical and legal risks for proper and efficient conduct of the General Meeting. In particular, it creates a real risk of interference, which could prevent a continuous, two-way communication with shareholders located in places other than the meeting room. In the Company's opinion, the current principles of participation in General Meetings provide proper and effective implementation of rights arising from shares and sufficiently protect the interests of all shareholders. The Company does not preclude application of this rule in the future.

**3. MAIN FEATURES OF THE INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS APPLIED BY THE ISSUER IN THE PROCESS OF PREPARING ITS SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS.**

The Company's separate and consolidated financial statements are prepared in compliance with the International Accounting Standards ("IAS") as well as the International Financial Reporting Standards ("IFRS"). Both IAS and IFRS include interpretations approved by the International Financial Reporting Interpretations Committee ("IFRIC").

One of the key mechanisms of control in the process of preparing the Company's financial statements involves periodical verification of such financial statements by independent certified auditors, and in particular the review of semi-annual financial statements as well as the audit of annual financial statements.

Certified auditors are selected by the Company in such a way as to ensure that their entrusted tasks are performed impartially. For the sake of such impartiality, the Company changes the entity authorized to audit its financial statements at least once every five years. The change of certified auditors should be also understood as changing the chief auditor carrying out an audit. Certified auditors are each year selected by the Supervisory Board from among reputable auditing firms, which can guarantee high standards of service and independence. Auditing agreements are concluded for one-year periods.

In order to ensure accuracy of the Company's accounting books as well as generation of highly reliable financial data, the Management Board adopted the following documents:

- 1) Accounting Policy and Chart of Accounts, both consistent with the International Financial Reporting Standards,
- 2) Numerous internal procedures regulating the Company's operations with significant exposure to risk.

Quality of the accounting data, which provide basis for the preparation of financial statements, is additionally guaranteed by the fact that the Company's accounting books are maintained in an integrated ERP system.

The most significant area of the Company's risk exposure is market risk, including in particular the foreign currency risk and interest rate risk. Exposure to such types of risk results from the Company's active use of financial instruments as well as from entering into the implementation contracts denominated in foreign currencies. The principles of measurement and management of

individual types of risk have been described both in the consolidated and separate financial statements for the year ended 31 December 2014.

The Management Board continues to monitor the Company's exposure to particular types of risk and in the event of excessive risk concentration it undertakes hedging transactions, especially in relation to the implementation contracts (where currency forward contracts are used). In the event no hedging transactions are available, the Management Board observes market changes of the parameter being the source of risk exposure, and monitors the total potential impact on the Company's financial results.

The internal control and risk management procedures applied in the process of preparing the Company's financial statements are very effective and enable production of high quality reports, which is best proved by the opinions expressed by certified auditors following their audits of Company's financial statements.

**4. SHAREHOLDERS WHO, DIRECTLY OR INDIRECTLY, HOLD SIGNIFICANT STAKES OF SHARES INCLUSIVE OF THE NUMBERS OF SHARES AND EQUITY INTERESTS HELD, AND THE NUMBERS OF VOTES AND VOTING INTERESTS THEY ARE ENTITLED TO AT THE GENERAL MEETING.**

To the best knowledge of the Company's Management Board, as at the publication date of this report, i.e. on 19 February 2014, the Shareholders who, either directly or through their subsidiaries, held at least 5% of the total votes at the General Meeting were as follows:

<b>NAME OF SHAREHOLDER</b>	<b>Number of shares held and votes at GM</b>	<b>Equity interest and voting interest at GM</b>
Asseco Poland S.A.	26 494 676	51,06%
EBOiR	4 810 880	9,27%
Liatris d.o.o.	3 838 683	7,40%
Aviva OFE	3 820 000	7,36%
Other shareholders	14 003 951	26,98%
	<b>51 894 251</b>	<b>100,00%</b>

**5. HOLDERS OF ANY SECURITIES CARRYING SPECIAL RIGHTS WITH REGARD TO CONTROL OF THE COMPANY AND DESCRIPTION OF SUCH RIGHTS.**

- 1) In accordance with § 13 sec. 3 point 1) of the Company's Articles of Association, our major

shareholder Asseco Poland SA ("ACP") shall be entitled to:

- appoint and dismiss 3 (three) members of the Supervisory Board in the event the Supervisory Board is composed of 5 (five) members,
- appoint and dismiss 4 (four) members of the Supervisory Board in the event the Supervisory Board is composed of 6 (six) members,
- appoint and dismiss 4 (four) members of the Supervisory Board in the event the Supervisory Board is composed of 7 (seven) members.

2) In accordance with § 13 sec. 3 point 2) of the Company's Articles of Association European Bank for Reconstruction and Development shall appoint and dismiss one member of the Supervisory Board.

3) In accordance with the Shareholders Agreement concluded on 1 June 2009 ("Agreement") between the Company, ACP and Renato Rubeša, Marinko Čulina, Biber d.o.o., Isokissa d.o.o., Krilab d.o.o., Hardbit d.o.o., Goran Vučković, Aragorn d.o.o., Grigore-Remus Dorobantu, Catalin-Radu Georgian, Adriana-Gratzuela Bailescu, Drazen Pehar, Emir Memić, Boris Nanut, Dragos Serban Stan, Ion C. Coltan, Alexandru Visan, SRMI INVEST d.o.o., MINI INVEST d.o.o., Liatris d.o.o., I4-INVENTION d.o.o. ("Minority Shareholders"):

- a) provided the Minority Shareholders' equity interest in the Company is higher than 12.5%, they shall be entitled to recommend 1 (one) member of the Supervisory Board, in which situation ACP should exercise all of its voting rights at the General Meeting to appoint such recommended person as member of the Supervisory Board;
- b) the Supervisory Board member appointed following a recommendation of Minority Shareholders, as referred to in item a) above, shall be entitled to recommend 1 (one) member of the Management Board, in which situation ACP should instruct its Supervisory Board members to vote for appointment of such recommended person as member of the Management Board.

**6. LIMITATIONS ON THE EXERCISE OF VOTING RIGHTS, SUCH AS LIMITATIONS ON VOTING BY HOLDERS OF A CERTAIN PORTION OR NUMBER OF VOTES, TIMING LIMITATIONS ON VOTING, OR OTHER PROVISIONS UNDER WHICH,**

**IN COOPERATION WITH THE COMPANY, OWNERSHIP OF SECURITIES IS DEPRIVED OF SOME RIGHTS INCIDENTAL THERETO.**

None

**7. LIMITATIONS ON TRANSFERABILITY OF OWNERSHIP RIGHTS TO THE ISSUER'S SECURITIES.**

None

**8. RULES REGARDING APPOINTMENT AND DISMISSAL OF THE MANAGEMENT MEMBERS AND DETERMINING THEIR AUTHORITY, IN PARTICULAR THE RIGHT TO DECIDE ON ISSUANCE OR REDEMPTION OF SHARES.**

The Management Board shall manage the Company's operations and assets and represent the Company outside in relations with courts, administration bodies, and other third parties. The Management Board shall take decisions concerning all the matters which, under the provisions of law or these Articles of Association, are not specifically reserved for the Supervisory Board or General Meeting.

The Management Board shall be composed of 1 (one) to 9 (nine) members, including the President, Vice-Presidents and remaining members of the Management Board. The joint term of office of Members of the Management Board shall last 5 (five) years. Each Member of the Management Board may be reappointed to the next term of office. Members of the Management Board may be appointed from among the Company's shareholders or other persons.

The Management Board shall be appointed and dismissed by the Supervisory Board, whereas any motions for determining the number of persons in the Management Board composition, or for appointment of the remaining Members of the Management Board, shall be submitted by President of the Management Board to Chairman of the Supervisory Board. Should President of the Management Board fail to submit adequate motions in due time, which guarantees efficient functioning of the Management Board, the Supervisory Board shall take actions on its own initiative.

President of the Management Board shall submit to the Supervisory Board motions for determining the remuneration of Members of the Management Board other than himself/herself. Should President of the Management Board fail to submit adequate motions in due time, which guarantees efficient functioning of the Management Board,

the Supervisory Board shall take actions on its own initiative. The remuneration of President of the Management Board shall be determined by the Supervisory Board at its own discretion.

Mandates of Management Board Members shall expire at the latest on the date of holding the General Meeting that approves the report on the Company's operations and its financial statements for the last full financial year when the Management Board Members performed their functions.

A Member of the Management Board may be dismissed at any time. Such dismissal shall not deprive the dismissed person of any rights under their employment contract or any other legal relationship incidental to performing the function of the Management Board Member. A dismissed Member of the Management Board shall be entitled and obliged to provide explanations during preparation of the Company's management report and financial statements for the period when he/she acted as Member of the Management Board, as well as to participate in the General Meeting which is to approve the report and statements referred to in art. 395 § 2 item 1) of the Polish Commercial Companies Code. Responsibilities and authority of the management staff are described in art. 371 and subsequent articles of the Polish Commercial Companies Code as well as in item 11) of this report.

## **9. RULES REGARDING AMENDMENT OF THE ISSUER'S ARTICLES OF ASSOCIATION.**

Amendments of the Articles of Association of a joint-stock are regulated in detail in chapters 4, 5 and 6 of the Polish Commercial Companies Code (art. 430 and subsequent articles). The Company's Articles of Association do not contain any detailed regulations pertaining to amendments thereof. In this respect the Company adheres to the provisions of the Polish Commercial Companies Code, under which an amendment of the Articles of Association shall require:

- a resolution of the General Meeting, and
- an entry in the National Court Register (art. 430 of the PCCC).

An amendment of the Articles of Association may be adopted by the General Meeting. In order to initiate amendment of the Articles of Association, the notification of calling a General Meeting must include both the existing provisions of the Articles of Association and the proposed amendments. If the intended amendments are extensive, the General Meeting announcement may also contain a draft of the consolidated text of the Articles of Association, along with a specification of new or amended provisions thereof.

Amendments of the Articles of Association shall be

adopted by the General by a three-quarters majority of votes. The Articles of Association may impose stricter requirements as regards both the majority of votes and the quorum; however, the Company's Articles of Association do not stipulate such stricter requirements. In the event an amendment concerns the provisions on:

- the scope of the Company's business operations – such amendment shall require a two-thirds majority of votes, with the reservation that in voting over a significant change of the scope of business operations any preferred shares shall be deprived of their preference voting rights;
- an increase of the shareholders' contributions or a reduction of their personal rights – such amendment shall be agreed to by all the involved shareholders.

If the Company has shares with different rights (e.g. preferred shares and ordinary shares), an amendment of its Articles of Association that may adversely affect the rights of holders of a given class of shares must be adopted by passing a relevant resolution separately in every group (class) of shares. Such resolution may be passed by the required majority of votes cast in each of those groups. In a resolution on amendment of the Articles of Association, the General Meeting may authorize the supervisory board to prepare a consolidated text of the amended Articles of Association or to make other corrections of editorial nature.

In exceptional circumstances, the Articles of Association may be amended by a resolution of the Management Board recorded by a notary public, and not by a resolution of the General Meeting. This may happen in certain cases determined in the Polish Commercial Companies Code such as a decrease of the company's share capital (for instance, through the retirement of treasury shares which were not purchased by the Company's employees during a given year).

### *Registration obligations:*

An amendment of the Articles of Association shall become effective once it is entered in the National Court Register. Any amendment of the Articles of Association shall be submitted for registration by the company's Management Board, within 3 months from the adoption of a relevant resolution. However, when the Articles of Association are amended following an increase of the company's share capital, such amendment may be submitted for registration within 6 months from the adoption of a resolution on the share capital increase, or from the date of an approval to introduce the newly issued shares to public trading if such approval is granted, provided a request for such approval or an announcement

of a share issuance is made within 4 months from the adoption of a resolution on the share capital increase.

**10. THE MANNER OF OPERATION AND ESSENTIAL AUTHORITIES OF THE GENERAL MEETING, DESCRIPTION OF THE SHAREHOLDERS' RIGHTS AND THE EXERCISE THEREOF, AND IN PARTICULAR THE RULES SET FORTH BY THE BYLAWS OF THE GENERAL MEETING PROVIDED SUCH BYLAWS HAVE BEEN ADOPTED, UNLESS SUCH INFORMATION IS DETERMINED DIRECTLY BY THE PROVISIONS OF LAW.**

The General Meeting constitutes the Company's supreme governing body. The General Meeting operates pursuant to the generally applicable legal regulations as well as in accordance with the Company's Articles of Association, and the Bylaws of the General Meeting.

The rules of functioning of the General Meeting are set out in details in the By-rules of the General Meeting, adopted by the General Meeting on 27<sup>th</sup> of April 2010, amended on 24<sup>th</sup> of April 2014. The Statute and the By-laws of the General Meeting have been published on the Company's website.

Sposób funkcjonowania Walnego Zgromadzenia szczegółowo opisuje Regulamin Walnego Zgromadzenia, przyjęty przez Walne Zgromadzenie w dniu 27 kwietnia 2010 roku, zmieniony przez Walne Zgromadzenie w dniu 24 kwietnia 2014 roku. The General Meeting is competent in the following matters:

- 1) considering and approving the Management's report on the Company's business operations and the financial statements for the prior year,
- 2) adopting resolutions on the distribution of profit or coverage of loss, on determining the amounts of appropriations to the Company's reserve capital or other funds, on establishing the dividend right date, amount of dividend, and the dividend payment date,
- 3) acknowledging the fulfilment of duties by members of Company's governing bodies,
- 4) make decisions as to the claims concerning the redress of the damage inflicted in the establishment of the Company, performance of management or supervision
- 5) passing resolutions on disposal, leasing or establishing a limited property right on the Company's enterprise or on any organized part thereof,
- 6) passing resolutions on the Company's merger with another company, on liquidation of the Company and appointment of a liquidator,
- 7) passing resolutions on issuance of convertible

or privileged bonds or subscription warrants as indicated in art. 453 § 2 of the Commercial Companies Code,

- 8) amending the Company's Articles of Association, inclusive of passing resolutions on increase or decrease of the Company's share capital,
- 9) changing the scope of the Company's business operations,
- 10) defining the principles for remuneration payable to members of the Supervisory Board,
- 11) adopting the Bylaws of the General Meeting,
- 12) passing resolutions on cancellation of shares,
- 13) taking other decisions provided for in the provisions of law and the Articles of Association, as well as settlement of cases submitted by the Company's shareholders, Management Board or Supervisory Board.

The General Meeting may adopt resolutions concerning all the Company's matters, irrespective of the number of shares represented thereat, unless otherwise stated in the Commercial Companies Code and the Articles of Association.

**11. COMPOSITIONS, LAST YEAR CHANGES IN THE COMPOSITIONS, AND OPERATIONS OF THE ISSUER'S MANAGEMENT, SUPERVISORY AND ADMINISTRATIVE BODIES AND THEIR COMMITTEES.**

**Management Board:**

The Management Board operates pursuant to the Polish Commercial Companies Code, in particular art. 371 and subsequent articles of the PCCC, as well as in accordance with the Company's Articles of Association, and the Management Board Bylaws.

The Management Board shall manage the Company's operations and assets and represent the Company outside in relations with courts, administration bodies, and other third parties. The Management Board shall take decisions concerning all the matters which, under the provisions of law or these Articles of Association, are not specifically reserved for the Supervisory Board or General Meeting.

*Execution of Management Functions:*

The Management Board shall operate basically by holding meetings and passing resolutions that concern the Company's business and execution of management functions. Activities of the Management Board shall be managed by President of the Management Board, and during his absence by another Member of the Management Board designated by the President. Members of the Management Board are obliged to take an active part in the Management Board meetings.

Periodical (holiday) leaves from the execution of management functions shall be allowed to Members

of the Management Board by President of the Management Board.

President of the Management Board shall exercise superior control over all the Company's employees and organizational units which are directly subordinated to Members of the Management Board.

President of the Management Board is entitled to take individual final decisions on the Company's internal relations, and in particular on the employee relations. Given such authority President of the Management Board may overrule a decision made by another Member of the Management Board, unless a prior resolution of the Management Board or the provisions of law require otherwise.

The Management Board may temporarily assign to any of its Members additional responsibilities, other than those resulting from the regular distribution of work, by adopting a resolution stipulating the scope and the period of performing such tasks.

The Management Board may grant a power of attorney. The power of attorney may be granted by a resolution adopted unanimously by all Members of the Management Board. The Management Board may also appoint proxies in order to perform specific assignments, who shall be authorized to act within the limitations of the received letter of proxy.

The Management Board shall pass resolutions particularly on the following matters:

- 1) Determining a development strategy both for the Company and its Capital Group, and introducing any necessary modifications during the implementation of such strategy, as well as defining the principles for ownership supervision and management of the Capital Group, inclusive of its financial management.
- 2) Determining the Company's asset and financial plans and their implementation schedules.
- 3) Taking decisions concerning the establishment or liquidation the Company's organizational entities or units.
- 4) Determining the Company's organizational regulations, work regulations, and employee remuneration regulations, as well as introducing amendments of such regulations.
- 5) Accepting annual financial statements of the Company and annual consolidated financial statements of the Capital Group, as well as annual reports on the Company's operations and on the Group's operations, in sufficient time to receive opinion of the Supervisory Board and approval by the General Meeting in accordance with the Company's the Articles of Association and the applicable provisions of law.

- 6) Delegation of responsibilities among the Management Board Members.
- 7) Determining and amending the Management Board Bylaws.
- 8) Granting a power of attorney.
- 9) Submitting motions to the Supervisory Board or the General Meeting in all the matters which, under the provisions of law and the Company's Articles of Association, are specifically reserved to the competence of those governing bodies.
- 10) Convening of Ordinary and Extraordinary General Meetings of Shareholders, as well as proposing the meeting agenda and preparing draft resolutions.

Each Member of the Management Board shall be entitled and obliged to manage the matters assigned to him/her under the Management Board resolution on delegation of responsibilities among the Management Board Members.

However, if before taking a decision on a particular matter, any of the remaining Members of the Management Board raises an objection or the matter needs to be addressed by collective decision (pursuant to the Commercial Companies Code, the Company's Articles of Association or the Management Board Bylaws), then such matter shall be decided by a resolution of the Management Board.

Bearing in mind the best interest of the Company, the Management Board sets forth the strategy and the main objectives of the Company's operations, and submits them to the Supervisory Board. The Management Board is liable for the implementation and performance of the same. The Management Board cares for transparency and effectiveness of the Company management system and the conduct of its business in accordance with the legal regulations and best practice.

While making decisions on corporate issues, Members of the Management Board should act within the limits of justified economic risk, i.e. after consideration of all information, analyses and opinions, which, in the reasonable opinion of the Management Board, should be taken into account in a given case in view of the Company's interest. While determining the interest of the Company, one should keep in mind the justified in long-term perspective interests of the shareholders, creditors, employees of the Company and other entities and persons cooperating with the Company, as well as the interests of local community.

In transactions with shareholders and other persons whose interests have impact on the interest of the Company, the Management Board should act with utmost care to ensure that the transactions are conducted at arms' length.

A Management Board Member should display full loyalty towards the Company and avoid any actions which could lead to implementing exclusively own material interest. If a Management Board Member receives information on the possibility of making an investment or another advantageous transaction concerning the subject of the Company's business, he/she should present such information immediately to the Management Board for the purpose of considering the Company's ability to take advantage of such opportunity. Such information may be used by a Management Board Member or passed over to a third party only upon consent of the Management Board and only when this does not infringe the Company's interest.

Members of the Management Board are obligated to inform the Supervisory Board of each conflict of interest in connection with the performed function or of the risk of such conflict.

*Meetings of the Management Board:*

The Management Board shall hold meetings at least once per two months. Meetings of the Management Board shall be held at the Company's registered seat or in other places as may be indicated by President of the Management Board. The Management Board meetings may be held via electronic means of communication with the use of online multi-media communication. Meetings of the Management Board shall be called by President or instead of him/her by Vice-President of the Management Board. In justified cases any Member of the Management Board may convene a meeting. The person calling a meeting of the Management Board shall notify the Management Board Members accordingly at least 7 days before the date of such meeting, in writing or by electronic mail. In case of emergency, President or instead of him/her Vice-President of the Management Board may decide on another manner or deadline to notify Members of the Management Board about the meeting date.

A notification of the Management Board meeting should provide the meeting agenda as well as the materials concerning the issues included in the meeting agenda, unless such materials shall be prepared for presentation at the meeting. The meeting agenda may be changed during the meeting provided none of the attending Members of the Management Board raises an objection against such change.

Each Member of the Management Board shall be entitled to request for including a certain issue in the meeting agenda on condition he/she prepares a relevant draft resolution of the Management Board and an appropriate, written or oral, justification thereof two days in advance, with

reservation that President of the Management Board may request for including a certain issue in the meeting agenda at any time.

All the support activities related to convening and conducting a meeting of the Management Board shall be performed by the Management Office or by a person so designated by President of the Management Board. Minutes of the Management Board meeting shall be taken in complete or abridged version. The preparation of the meeting minutes may be abandoned on condition the resolutions of the meeting are entered onto separate minutes. The meeting minutes shall be subject to acceptance by the Management Board during the same meeting.

Subsequently the accepted meeting minutes shall be signed by President and all Members of the Management Board participating in the meeting covered by such minutes, as well as by the person taking the minutes. The original meeting minutes shall be retained in the Register of the Management Board Work.

*Passing of Resolutions:*

Resolutions of the Management Board shall be adopted by a simple majority of votes, except for granting the power of attorney which shall be subject to obtaining consent of all the Management Board Members. Effective resolutions of the Management Board may be adopted on provision that all Members of the Management Board have been notified of the meeting and at least half of them are present at the meeting. In case the numbers of votes "for" and "against" are equal, the President's vote shall prevail.

Meetings of the Management Board may be participated via means of direct remote communication among all the Management Board Members participating in the meeting. Resolutions passed in this manner shall be effective provided all Members of the Management Board have been notified of the text of draft resolutions and that the meeting minutes are signed by Members of the Management Board participating in such meeting. Chairman of the Management Board meeting shall sign the meeting minutes on behalf of Members of the Management Board participating in such meeting via phone or other means of communication, in which case the meeting minutes signed in this manner shall be appended with the votes cast by Members of the Management Board participating in such meeting through the means of direct remote communication. Absent Members of the Management Board may also sign a separate document containing the minutes of the Management Board meeting, in which case such document shall be attached to the meeting minutes signed by other Members of the Management Board.

Members of the Management Board may also participate in adopting resolutions by casting their votes in the form of a signature under the document containing the text of a proposed resolution; however, resolutions passed in this manner shall be effective provided they are signed by all Members of the Management Board.

The Management Board may invite to its meeting the Company's employees or other persons competent in the issues to be discussed. Voting of the Supervisory Board shall be open. However, upon request of even one of the attending Members of the Management Board, President of the Management Board or the person in charge of the meeting shall administer a secret ballot.

Resolutions of the Management Board shall come into effect from the day when passed or on the date indicated therein. A resolution may be amended by passing a new resolution on the same issue.

During 2014, the composition of the Management Board was as follows:

Piotr Jeleński	President of the Management Board
Calin Barseti <sup>1</sup>	Member of the Management Board
Marcin Rulnicki	Member of the Management Board
Miljan Mališ	Member of the Management Board
Miodrag Mirčetić	Member of the Management Board

As at publication of this report, i.e. 19 February 2014 the Company's Management Board was composed of the following persons:

Piotr Jeleński	President of the Management Board
Marcin Rulnicki	Member of the Management Board
Miljan Mališ	Member of the Management Board
Miodrag Mirčetić	Member of the Management Board

#### **Supervisory Board:**

The Supervisory Board operates pursuant to the Polish Commercial Companies Code, the Company's Articles of Association, and the Supervisory Board Bylaws which were adopted by a resolution of the Supervisory Board of 18 January 2010 with the amendments implemented by the

<sup>1</sup> Calin Barseti resigned from the function of the Management Board Member as of 31 December 2014

Supervisory Board's resolution from 8 August 2012 and Supervisory Board's resolution from 24 September 2013.

The Supervisory Board shall exercise continuing supervision over the Company's activities in all areas of business. The Supervisory Board shall be composed of 5 (five) to 7 (seven) members to be appointed in accordance with the Company's Articles of Association. Each Member of the Supervisory Board may be reappointed to perform this function.

Mandate of a Member of the Supervisory Board shall expire prior to the end of the term of office in the event of:

- 1) filing a written resignation to the Supervisory Board Chairman;
- 2) dismissal in accordance with the Company's Articles of Association;
- 3) death.

In the event of early expiry of the mandate of a Supervisory Board Member, the composition of the Supervisory Board shall be supplemented pursuant to the Company's Articles of Association.

Members of the Supervisory Board may be also appointed or dismissed during the term of office subject to the procedure determined by the Company's Articles of Association. Mandates of the Supervisory Board Members shall expire on the date of holding the General Meeting that approves the Company's financial statements for the last full financial year when the Supervisory Board Members performed their functions.

Members of the Supervisory Board may be paid remuneration as determined by a resolution of the General Meeting.

Members of the Supervisory Board shall provide to the Management Board quarterly statements on their organizational relationships with certain shareholders, in particular with majority shareholders, in order to enable the Company to disclose such information to the public.

A Member of the Supervisory Board is obliged to inform the Management Board about sale or purchase of the Company's shares or shares in the Company's parent or subsidiary as well as about any transactions with such companies provided these transactions have significant impact on the Member's financial standing. The Member of the Supervisory Board shall provide the above-mentioned information without delay so that it could be disclosed to the public by the Management Board in accordance with the provisions of law. If publication of such information is not required by law, any public disclosure thereof shall be subject to obtaining a prior consent of the Supervisory Board Member involved.

*Authorities of the Supervisory Board:*

The Supervisory Board shall exercise continuing supervision over the Company's business activities and its obligations include in particular:

- 1) examining the financial statement as to their compliance with the books and records and the state of affairs,
- 2) assessment of the Management Board recommendations concerning the distribution of profit or coverage of loss, or motions for issuance of corporate bonds,
- 3) submitting a written report to the General Meeting on the results of actions specified in items 1 and 2 above.

In order to fulfil its responsibilities specified above, the Supervisory Board is authorized and obliged to examine activities of any kind undertaken by the Company's organizational units or employees, review the Company's assets, and inspect the Company's books and documents. The Supervisory Board should obtain regular information from the Management Board on any and all issues significant for the Company's business operations as well as on the risk involved therein and ways of managing such risk. To this effect, the Supervisory Board may impose a deadline for preparation of relevant reports and explanations.

In addition to the above obligations, the Supervisory Board shall be responsible for:

- 1) representing the Company in the agreements with members of the Management Board as well as in any disputes with the Management Board or its members,
- 2) defining the principles for employment and remuneration of members of the Management Board,
- 3) approving the Bylaws of the Management Board,
- 4) choosing certified auditors to audit the Company's financial statements,
- 5) determining the consolidated text of the amended Articles of Association and making other corrections of editorial nature as specified in a resolution of the General Meeting,
- 6) appointing members of the Management Board (inclusive of President, Vice-Presidents, and Members of the Management Board),
- 7) adopting the Bylaws of the Supervisory Board,
- 8) expressing consent to granting a commercial power of attorney by the Management Board,
- 9) approving of the Company's annual financial plans and long-term business plans,
- 10) giving consent, by a resolution, to an acquisition of own shares by the Company,
- 11) giving consent to the granting of loans or taking out bank loans or borrowings by the Company, or to the assumption of other

financial liabilities in excess of PLN 100,000 (one hundred thousand zlotys) or its equivalent in other currencies, in a single transaction or in a series of related transactions that have not been provided for in the Company's financial plans or business plans approved in accordance with the Articles of Association,

- 12) giving consent to a purchase or disposal of real estate or a share in real estate or the right of perpetual usufruct, regardless of the value of assets to be purchased or disposed, if such a transaction has not been provided for in the Company's financial plans or business plans approved in accordance with the Articles of Association,
- 13) giving consent to the incurring of expenses or capital expenditures by the Company or its subsidiaries and associates, and to the assumption of liabilities in excess of EUR 250,000 or its equivalent in other currencies, in a single transaction or in a series of related transactions that have not been provided for in the Company's financial plans or business plans approved in accordance with the Articles of Association,
- 14) giving consent to the granting of any guarantees or sureties, and to the assumption of other off-balance-sheet liabilities or of an obligation to repair a damage, if such an action has not been provided for in the Company's financial plans or business plans approved in accordance with the Articles of Association,
- 15) giving consent to a disposal, rental, pledge or registered pledge, mortgage or any other encumbrance or transfer of any part of the Company's assets, if such an action has not been provided for in the Company's financial plans or business plans approved in accordance with the Articles of Association,
- 16) giving consent to the Company to purchase or acquire shares in other commercial companies as well as to enter into any personal or civil law partnerships,
- 17) giving consent to a disposal of the Company's assets with a value exceeding 10% (ten percent) of the total net book value of fixed assets of the seller's entity to be determined on the basis of the latest financial statements examined by certified auditors, if such a transaction has not been provided for in the Company's financial plans or business plans approved in accordance with the Articles of Association,
- 18) giving consent to a disposal, encumbrance, or free-of-charge transfer of copyrights and rights in inventions, industrial property rights, or other intellectual property rights, and in

- particular rights in the software source codes and trademarks, if such a transaction has not been provided for in the Company's financial plans or business plans approved in accordance with the Articles of Association,
- 19) giving consent to the Company or its subsidiaries and associates to conclude agreements with the Company's Management Board or Supervisory Board members, shareholders or their related entities, where the total annual expenses exceed PLN 100,000 or its equivalent in other currencies, in a single transaction or in a series of related transactions that have not been provided for in the Company's financial plans or business plans approved in accordance with the Articles of Association. For the purposes of this provision the "related entity" means a person, company, or other entity that has either financial or family ties to any member of the Company's Management Board or Supervisory Board, or to the Company's shareholder. The "related entity" shall in particular include: (i) spouse, (ii) children, (iii) grandchildren, (iv) parents, (v) grandparents, or (vi) brothers and sisters as well as (vii) any entity indirectly or directly controlled by the persons specified above, or from which the persons specified above obtain significant economic benefits,
- 20) giving consent to the Company to hire any advisors or other persons, who are not employees of the Company, in the capacity of consultants, lawyers, agents, etc. if the annual cost of hiring such a person exceeds EURO 100,000 or its equivalent in other currencies.

Members of the Supervisory Board appoint from themselves the Members obliged to participate in the Company's General Meetings, in such a composition as to be able to provide substantive answers to any questions asked at the General Meeting.

*Organization of the Supervisory Board Operation:*

The Supervisory Board shall fulfil its obligations by holding meetings and passing resolutions. The Supervisory Board may also engage in control and consultancy activities.

During the first meeting in a given term of office, the Supervisory Board shall appoint a Chairman from among its members, who will chair the Supervisory Board meetings and manage its work, and appoint a Vice-Chairman to replace the Chairman during his absence.

The first meeting of a newly elected Supervisory Board shall be opened by the Chairman of the prior term of office, who shall chair the meeting until the

new Supervisory Board is constituted. In case of the prior Chairman's absence, the meeting shall be opened and chaired by the prior Vice-Chairman until the new Supervisory Board is constituted, and in case of his absence – by the oldest by age Member of the Supervisory Board.

The Supervisory Board may at any time dismiss its Chairman or Vice-Chairman and appoint another Member of the Supervisory Board to perform this function. Such dismissal and reappointment shall be carried out during the same meeting of the Supervisory Board.

Meetings of the Supervisory Board shall be held at least once per 3 months. A meeting shall be convened by the Chairman or, in case of his absence, by Vice-Chairman of the Supervisory Board. Whereas, in the event Vice-Chairman is absent a meeting shall be convened by another Member of the Supervisory Board duly authorized in writing by Vice-Chairman.

Chairman of the Supervisory Board is obliged to convene a meeting of the Supervisory Board within 2 weeks of receiving a written motion filed by the Management Board or a Member of the Supervisory Board. Along with such motion the petitioners shall enclose a proposed agenda for the meeting.

If, in the event referred to above, Chairman of the Supervisory Board does not convene a meeting of the Supervisory Board, the petitioners may call such meeting on their own and shall notify about the date, place and proposed agenda for the meeting.

The meeting agenda shall also include the issues proposed by Members of the Supervisory Board, provided a motion for doing so is filed at least 14 days before the meeting date or at the previous meeting of the Supervisory Board.

If all Members of the Supervisory Board are present at the meeting, any Member of the Supervisory Board or Member of the Management Board attending the meeting may request the meeting agenda to be supplemented with new issues that were not included in the agenda distributed before the meeting. Such a motion may be also submitted in spite of absence of some Members of the Supervisory Board, but then only and solely concerning actions that must be taken by the Supervisory Board in order to protect the Company against suffering a loss, or in the event it is necessary to pass a resolution on determining whether there is any conflict of interest between a Member of the Supervisory Board and the Company. The motion shall be put to a vote and adopted/rejected by a simple majority of votes.

A written notification indicating the date, place and agenda for the meeting should be delivered to Members of the Supervisory Board not later than a week before the date of the Supervisory Board meeting. In case of emergency, the Chairman may order delivery of a notification about the meeting to the Supervisory Board Members within a deadline shorter than one week. The notification shall be delivered by fax, electronic mail or by other means, provided they produce a confirmation of delivery of the invitation by a Member of the Supervisory Board. Such notification shall indicate the date, place, and the proposed agenda for the Supervisory Board meeting.

A Member of the Supervisory Board that is unable to participate in a meeting should inform the Supervisory Board Chairman accordingly and specify the reason for his/her absence.

Meetings of the Supervisory Board shall be held at the Company's registered seat, in Warsaw or in another place as may be indicated the notification.

Meetings of the Supervisory Board, save for issues which directly concern the Management Board or its Members, and, in particular, dismissal or holding such persons accountable, or determining their remuneration, should be open to Members of the Management Board.

Chairman of the Supervisory Board, on his own initiative or to a request of a Member of the Supervisory Board, may also invite other persons to attend a meeting of the Supervisory Board, depending on the subject matters under consideration.

A meeting of the Supervisory Board should be managed and led by Chairman of the Supervisory Board, or in case of his absence by Vice-Chairman of the Supervisory Board, or in case of the Vice-Chairman's absence by another Member of the Supervisory Board designated in writing by the Chairman.

A meeting of the Supervisory Board shall be deemed valid provided it is participated by at least half of the Supervisory Board Members and that each of its Members has been properly notified about the date and place of the meeting.

Resolutions of the Supervisory Board shall be adopted by a simple majority of votes unless the provisions of law of the Company's Articles of Association impose stricter conditions for adoption of such resolutions.

Meetings of the Supervisory Board may be participated through the means of direct telecommunication. Resolutions passed in this manner shall be effective provided all Members of

the Supervisory Board have been notified of the text of draft resolutions.

A record of voting with the use of direct telecommunication means, containing information on the subject of voting, Members of the Supervisory Board participating in the vote, voting procedure applied, and detailed voting results shall be drawn up.

Furthermore, a separate document confirming the contents of the adopted resolution, indicating the voting procedure applied and the date of its adoption shall be drawn up; such document shall be immediately signed by all Members of the Supervisory Board participating in the vote and subsequently attached to the record described above.

Members of the Supervisory Board may participate in adopting resolutions by casting their votes in writing through another Member of the Supervisory Board.

Votes in writing cannot be cast on the issues introduced into the meeting agenda during a meeting of the Supervisory Board. The minutes of the Supervisory Board meeting should contain a clear description of any votes cast in writing, including the name of the Supervisory Board Member who has cast such vote and the name of the Supervisory Board Member through whom such vote has been communicated.

In case the numbers of votes "For" and "Against" are equal, the vote of Chairman of the Supervisory Board shall prevail, or in case of his absence – the vote of Vice-Chairman, or in case of the Vice-Chairman's absence – the vote of the person acting as the meeting chairman.

Voting of the Supervisory Board shall be open. A secret ballot shall be administered by Chairman of the Supervisory Board in the following cases:

- 1) suspending the President or a Member of the Management Board from their duties;
- 2) appointment or dismissal of Chairman or Vice-Chairman of the Supervisory Board;
- 3) in other matters, upon request of even one of the Supervisory Board Members taking part in voting.

Effective resolutions of the Supervisory Board may be adopted on condition that at least half of the Supervisory Board Members are present at the meeting and that all of its Members have been notified about the meeting date and place.

Resolutions of the Supervisory Board shall come into effect from the day when passed unless otherwise stated in a given resolution.

Minutes shall be taken from meetings of the Supervisory Board.

On 31 December 2014 and at publication of this report, i.e. 19 February 2014 the Company's Supervisory Board was composed of the following persons:

Adam Góral	Chairman of the Supervisory Board
Mihail Petreski	Vice-Chairman of the Supervisory Board
Andrzej Mauberg	Member of the Supervisory Board
Gabriela Żukowicz	Member of the Supervisory Board
Jacek Duch	Member of the Supervisory Board
Jan Dauman	Member of the Supervisory Board
Przemysław Sęczkowski	Member of the Supervisory Board

### **Audit Committee**

On 17 May 2010, the Supervisory Board of Asseco South Eastern Europe SA, in order to fulfil the obligation under art. 86 sec. 3 and 7 of the Law of 7 May 2009 on certified auditors, their self-government, entities authorized to audit financial statements and on public supervision established an Audit Committee, the functioning of which was described in the By-laws of the Audit Committee, adopted by the Audit Committee on 24<sup>th</sup> of August 2010.

On 31 December 2014 and at the day of publication of this report, i.e. 18 February 2015 the Audit Committee was composed of the following persons, that were appointed by the Supervisory Board on 8 August 2012:

Andrzej Mauberg	Chairman of the Audit Committee
Gabriela Żukowicz	Member of the Audit Committee
Jacek Duch	Member of the Audit Committee.

In 2014 the Audit Committee hold 2 meetings: before the publication of the financial results for 2013 and for the first half-year of 2014, in which the Committee met with the auditor Ernst&Young Audyt Polska sp. z o.o.