
15. THE STATEMENT OF THE MANAGEMENT BOARD CONCERNING THE APPLICATION OF CORPORATE GOVERNANCE PRINCIPLES IN GRUPA KĘTY S.A. IN 2013

'The statement concerning the application of corporate governance in 2013' included in this chapter has been prepared pursuant to § 91 Clause 5 item 4 of the Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information to be published by issuers of securities and conditions of considering information required by the law of countries which are not EU members as equal. Furthermore, the information contained herein satisfies the requirements for the report on the application of corporate governance principles set out in § 29 Clause 5 of the By-laws of Giełda Papierów Wartościowych w Warszawie S.A. ('Warsaw Stock Exchange', 'WSE') and in § 1 of Resolution t and several of the Management Board of Warsaw Stock Exchange of 11 December 2007. Consequently, in accordance with Resolution No. 718/2009 of the Management Board of Warsaw Stock Exchange of 16 December 2009, the preparation of 'The statement concerning the application of corporate governance in 2013' on the basis of the said regulations and its publication as part of the annual financial statements is tantamount to the satisfaction of the obligation to submit the report on the application of corporate governance to Warsaw Stock Exchange.

15.1. THE SET OF CORPORATE GOVERNANCE PRINCIPLES BY WHICH THE ISSUER IS GOVERNED, AND THE PLACES WHERE THE TEXT OF THE SET OF THE PRINCIPLES IS PUBLICALLY AVAILABLE

The corporate governance principles by which Grupa Kęty S.A. was governed in 2013 are contained in the document titled 'The Code of Best Practice for WSE Listed Companies', which forms an attachment to Resolution No. 19/1307/2012 of the Management Board of Warsaw Stock Exchange dated 21 November 2012. The text of the set of principles is available at WSE's website (<http://corp-gov.gpw.pl/>).

15.2. THE APPLICATION OF THE CORPORATE GOVERNANCE PRINCIPLES

In 2013, Grupa Kęty S.A. applied corporate governance principles, except for one principle set out under No. 10 item 2 in part IV of 'The Code of Best Practice for WSE Listed Companies'. The respective statement concerning the non-application of this principle was submitted to WSE via EBI (Electronic Information Base) system on 22 February 2013. The said principle provides for ensuring the possibility for shareholders to participate in the General Meeting of Shareholders by means of electronic communications. Since 2012, Grupa Kęty S.A. has been organising real-time broadcast of the General Meeting of Shareholders; however, it does not allow for two-way online communication during which shareholders can express their opinions in the course of the General Meeting of Shareholders while staying in a place other than the place of the meeting. In the opinion of the Company's Management Board, in view of the absence of any established market practice, holding General Meetings of Shareholders by means of electronic communications is subject to both legal and technical risks. The present regulations do not solve the problem of the status of a shareholder participating in the General Meeting of Shareholders by means of electronic communications, despite the fact that they do not participate in the voting, which creates unnecessary legal risks. In addition, in the opinion of the Management Board, the principles governing the participation in General Meetings of Shareholders applied by the Company make it possible for all shareholders, including minority shareholders, to effectively exercise their rights from shares and protect their interests. The Company does not exclude the possibility of applying the said principle in the future on the basis of established market standards.

With reference to the recommendations listed in 'The Code of Best Practice for WSE Listed Companies', the following points call for separate comments:

Point 5 of the Recommendations referring to remunerations policy.

The remunerations of the Members of the Supervisory Board are determined by the General Meeting of Shareholders, and the remunerations of the Members of the Management Board are determined by the Supervisory Board, where the Remunerations Committee functions. It is responsible mainly for the determination of the remunerations of the Management Board members on the basis of the scope of their duties, competences and responsibilities resulting from performed functions and on the basis of accomplished economic results, as well as for the determination of recommendations and control of the remunerations of the members of the Management Board. The remunerations system is transparent and ensures the linking of the remunerations of the top management staff with financial results of the Company and the effects of the work of remunerated persons. The assumptions of the remunerations system comprise a number of principles resulting from the Commission Recommendation of 14 December 2004 concerning the fostering of an appropriate regime for the remuneration of directors of listed companies (2004/913/EC) and the Commission Recommendation of 30 April 2009 complementing that Recommendation (2009/385/EC). The rules comprise, e.g. defining the fixed and variable elements of the remunerations of the Management Board; linking short-term variable components of remunerations with defined result-based criteria; and linking long-term variable components of remunerations in the form of options programmes.

Each year, in its annual report, the Company publishes information about the remunerations of members of supervisory and management bodies and detailed information about the options programme.

Item 9 of Recommendations referring to the demand concerning a balanced proportion of women and men in management and supervisory functions in companies.

The selection of the Members of the Management Board and of the Supervisory Board is an independent decision of the Supervisory Board and of the General Meeting of Shareholders accordingly, and the main criteria behind the selection of the members of the Company's authorities comprise the competences of the candidates for members of the Management Board and of persons recommended to the Supervisory Board by the Company's Shareholders. Other factors, including the gender of a given person, are not determinants in this respect.

15.3. SHAREHOLDERS HOLDING DIRECTLY OR INDIRECTLY SUBSTANTIAL STAKES

The information concerning major shareholders can be found in item 3 of this report.

15.4. RIGHTS AND LIMITATIONS CONCERNING THE COMPANY'S SECURITIES

The shares of Grupa Kęty S.A. are regular bearer shares. The Company's Articles of Association do not provide for any special rights associated with the Company's shares. No shares are privileged, and each share entitles its holder to one vote at the General Meeting of Shareholders. The nominal value of one share amounts to 2.50 PLN. All issued shares are paid up in full.

15.5. SPECIAL CONTROLLING RIGHTS

The shares of Grupa Kęty S.A. are regular bearer shares. The Company's Articles of Association do not provide for any special rights associated with the Company's shares. No shares are privileged, and each share entitles its holder to one vote at the General Meeting of Shareholders.

15.6. THE LIMITATIONS CONCERNING THE EXERCISING OF VOTING RIGHTS

The voting rights of shareholders are not limited in any way.

15.7. THE RESTRICTIONS ON THE TRANSFER OF OWNERSHIP TITLES TO THE ISSUER'S SECURITIES

The Articles of Association of Grupa Kęty do not provide for any restrictions on the transfer of ownership titles to the securities issued by the Company.

15.8. THE RULES OF APPOINTING AND DISMISSING MEMBERS OF THE MANAGEMENT BOARD AND THE RIGHTS OF THE MANAGEMENT BOARD, INCLUDING THE RIGHT TO DECIDE TO ISSUE OR REDEEM SHARES

Members of the Management Board are appointed by the Supervisory Board for the joint term of three years. According to the Articles of Association, the Management Board may be composed of 1-5 members, where the remaining Members of the Management Board are appointed upon the motion of the President of the Management Board. The Supervisory Board may dismiss any Member of the Management Board at any time.

The Company's Management Board directed by its President manages the Company's affairs and represents it vis-a-vis third parties. Any matters related to the management of the Company's affairs, not reserved to other authorities of the Company, are resolved by the Management Board. The working procedure of the Management Board is determined in detail in the By-laws of the Management Board, adopted by the Management Board and approved of by the Supervisory Board, which are available at www.grupakety.com/pl/dokumenty-spolki.

In particular, the Management Board is authorised to determine the Group's strategy; approve of the economic and financial plan; establish, transform and wind-up the Company's business units; exercise owner supervision over the Group's companies. Members of the Management Board do not have the right to decide on the issue or redemption of shares; they only have the rights to initiate the taking of measures concerning the issue or redemption of shares.

15.9. AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION

As regards amendments to its Articles of Association, the Company applies the provisions of the Code of Commercial Companies, according to which an amendment to the Articles of Association of a joint stock company requires: a resolution of the General Meeting of Shareholders; an entry in the National Court Register (Article 430 of the Code of Commercial Companies). The procedure begins with the adoption by the Company's Management Board of a resolution containing draft amendments, which is further presented for the approval of the Supervisory Board of Grupa Kęty. When the approval is granted, the draft amendments are presented to the General Meeting of Shareholders. Resolutions of the General Meeting of Shareholders concerning amendments to the Articles of Association are made with a majority of votes pursuant to the principles set out in the Code of Commercial Companies and the Company's Articles of Association. Amendments to the Articles of Association become effective upon the entry of a given amendment to the National Court Register. The duty to report the

amendment to the Articles of Association is the responsibility of the Company's Management Board. The Management Board has an obligation to report an amendment to the Articles of Association within three months from the making of an appropriate resolution.

**15.10. THE OPERATION OF THE GENERAL MEETING OF
SHAREHOLDERS, ITS BASIC RIGHTS, AND THE RIGHTS OF
SHAREHOLDERS AND THE METHOD OF EXERCISING THEM,
PARTICULARLY THE PRINCIPLES RESULTING FROM THE BY-LAWS OF
THE GENERAL MEETING OF SHAREHOLDERS, IF THEY WERE ADOPTED,
UNLESS, IN THIS RESPECT, THEY RESULT DIRECTLY FROM LEGAL
REGULATIONS**

1) Pursuant to the Company's Articles of Association and the By-laws of the General Meeting of Shareholders, General Meetings of Shareholders are held in the Company's seat in Bielsko-Biała or in Warsaw. They are summoned by the Management Board through a notice published on the Company's website and in the manner defined for the publication of current information according to the provisions on public offer and the conditions for introducing financial instruments to an organized trading system and on public companies. A General Meeting of Shareholders may be convened also by the Supervisory Board or shareholders representing at least half of the initial capital. Shareholders representing at least 5% of the initial capital may request the summoning of the General Meeting of Shareholders and including certain specific items in the agenda of the Meeting.

A General Meeting of Shareholders is valid regardless of the number of the shares represented at it. Pursuant to the adopted By-laws, the General Meeting of Shareholders is opened by the Chairman of the Company's Supervisory Board or a person indicated by him/her; afterwards the aforementioned person orders to elect the Chairman of the General Meeting of Shareholders from among persons having voting rights. Candidates for the position of the Chairman of the General Meeting of Shareholders may be put forward by persons authorized to vote at the General Meeting of Shareholders. Following the election of the Chairman, he/she declares that the General Meeting of Shareholders is validly held and that it is capable of adopting resolutions as regards matters included in the agenda, and orders to adopt the agenda. During the meeting, the Chairman is responsible and has the right to supervise the compliance of the proceedings of the General Meeting of Shareholders with the Code of Commercial Companies, the Company's Articles of Association and the By-laws of the General Meeting of Shareholders, to give and take the floor to the participants of the General Meeting of Shareholders, to order breaks during discussions, to order voting on resolutions, to confirm that the discussion on them is properly held and its results are correct and valid.

Due to the fact that the Company is a public company, only the shareholders who are owners of bearer shares sixteen days prior to the date of the General Meeting of Shareholders may participate in it and exercise their voting rights. They must properly register the participation in the General Meeting of Shareholders pursuant to the Code of Commercial Companies. Furthermore, members of the Management Board and of the Supervisory Board as well as the Company's Certified Auditor and other persons invited by the body convening the General Meeting of Shareholders may participate in the General Meeting of Shareholders, unless, upon the request of shareholders filed before proceeding to the discussion over issues included in the agenda, the General Meeting of Shareholders resolves otherwise with a simple majority of votes.

The list of shareholders entitled to participate in the General Meeting of Shareholders, signed by the Management Board, including the names and surnames or business names of entitled persons or companies, their addresses (addresses of registered offices), the number of their shares and the number of their votes, is available in the Company's seat three business days prior to the General Meeting of Shareholders.

2) Pursuant to the Company's Articles of Association, the By-laws of the General Meeting of Shareholders of Grupa Kęty S.A. and legal regulations, the Company's shareholders may:

- participate in the General Meeting of Shareholders and exercise their voting rights in person or through proxies;
- run for the Chairman of the General Meeting of Shareholders or propose one candidate for the position of the Chairman of the General Meeting of Shareholders who will be included in the minutes;
- ask questions concerning each item on the agenda;
- raise objections to decisions of the Chairman of the General Meeting of Shareholders; the General Meeting of Shareholders decides by virtue of its resolution whether a decision of the Chairman of the General Meeting of Shareholders should be upheld or overruled; submit proposals of amendments and supplements to draft resolutions included in the agenda of the General Meeting of Shareholders, by the time of closing the discussion on the items of the agenda concerning the draft resolutions to which such proposals pertain;
- demand confidential vote;
- demand information from the Company's Management Board concerning the items on the agenda of the General Meeting of Shareholders in the case of and subject to exceptions provided for in legal regulations;
- demand the list of shareholders to be e-mailed to them free of charge, stating the e-mail address to which such a list should be sent; shareholders may examine the list of shareholders on the Management Board's premises and demand a copy of the list reimbursing the costs of its preparation;
- examine the books of minutes of the General Meeting of Shareholders and request copies of resolutions certified by the Management Board;
- appeal against resolutions of the General Meeting of Shareholders in the cases provided for in legal regulations.

The proceedings of the General Meeting of Shareholders are recorded in the minutes by a notary public and an excerpt from the minutes along with the proof of convening the General Meeting of Shareholders and the powers of attorney granted by shareholders are attached by the Company's Management Board to the book of minutes that the shareholders may view and demand issuing from it copies of resolutions certified by the Management Board. Resolutions of the General Meeting of Shareholders are adopted with the majority of votes as set out in the Articles of Association and the Code of Commercial Companies. Votes are cast and counted in an electronic votes counting system. The voting is open. A confidential vote is ordered during the elections and with regard to motions to dismiss members of the Company's authorities, bringing them to justice as well as with respect to personal issues. Confidential vote is also ordered when at least one shareholder present or represented at the General Meeting of Shareholders requests so. After discussing all matters included in the agenda, the Chairman announces the closing of the General Meeting of Shareholders.

The proceedings of the General Meeting of Shareholders are broadcast live on the Internet for all interested parties, and also recorded and uploaded to the website of Grupa Kęty S.A. to be watched later.

15.11. THE COMPOSITION AND ITS CHANGES THAT TOOK PLACE IN THE PREVIOUS FINANCIAL YEAR, AND THE OPERATION OF THE COMPANY'S MANAGEMENT, SUPERVISORY OR ADMINISTRATIVE AUTHORITIES AND OF THEIR COMMITTEES

15.11.1. THE COMPOSITION OF THE MANAGEMENT BOARD AND OF THE SUPERVISORY BOARD

The composition of the Management Board of Grupa Kęty S.A. did not change during the year and, as at 31.12.2013, was as follows:

Dariusz Mańko	President of the Management Board, Chief Executive Officer
Adam Piela	Member of the Management Board, Chief Financial Officer

The composition of the Supervisory Board of Grupa Kęty S.A. did not change during the year and, as at 31.12.2013, was as follows:

Maciej Matusiak	Chairman
Szczepan Strublewski	Vice-Chairman
Krzysztof Głogowski	Member
Tadeusz Iwanowski	Member
Jerzy Surma	Member

The eighth term of office of the Supervisory Board expires on the date of the General Meeting of Shareholders approving of the financial statements for the financial year ended on 31 December 2013.

15.11.2. THE OPERATION OF THE MANAGEMENT BOARD

The Company's Management Board directed by its President manages the Company's affairs and represents it vis-a-vis third parties. Any matters related to the management of the Company's affairs, not reserved to other authorities of the Company, are resolved by the Management Board. The work of the Management Board is determined in detail in the By-laws of the Management Board approved by the Supervisory Board. The detailed powers of the Management Board are provided for in the By-laws of the Management Board available at www.grupakety.com/pl/dokumenty-spolki.

The Company's Management Board passes resolutions in open voting with an absolute majority of the votes cast. In the case of an equal number of votes cast for and against a resolution, the casting vote is exercised by the meeting chairman. Particular Members of the Management Board manage the areas of the Company's operations assigned to them.

15.11.3. THE OPERATION OF THE SUPERVISORY BOARD

The work of the Supervisory Board is coordinated by its Chairman. The Supervisory Board holds its meetings at least once in a quarter. The Management Board or a Member of the Supervisory Board may demand to convene the meeting of the Supervisory Board, submitting its proposed agenda. The Chairman of the Supervisory Board convenes the meeting within 14 days from the date of such a request. The Supervisory Board adopts resolutions by a simple majority of the votes cast in the presence of at least half of the members of the Supervisory Board. In the case of the voting resulting in the same number of 'for' and 'against' votes, the Chairman of the Supervisory Board has the casting vote.

The competences of the Supervisory Board are in particular as follows: appointing members of the Management Board and determining their remunerations; appointing independent auditors and supervising the Company's operations. As part of its supervising role, the Supervisory Board, among other things, examines the strategic plan and the annual budget of the Company and of the Capital Group; monitors operational and financial results; expresses its consent to incur liabilities by the Management Board; assesses the Management Board's reports on the operations of the Company and the Management Board's motions concerning the distribution of profits or the covering of losses. The Supervisory Board is a collective body; however, it delegated some of its powers to specific committees described below. The By-laws of the Supervisory Board are available at www.grupakety.com/pl/dokumenty-spolki.

15.11.4. THE OPERATION OF THE COMMITTEES OF THE SUPERVISORY BOARD

The Supervisory Board may appoint committees and employees responsible for their management. The committees are appointed to make the current work of the Supervisory Board more efficient by preparing, on a current basis, draft decisions of the Supervisory Board concerning its own motions or the motions submitted by the Management Board for examination. The following committees of the Supervisory Board operate in Grupa Kęty S.A.: the Audit Committee and the Remunerations Committee.

The Audit Committee in the Supervisory Board of Grupa Kęty S.A. was appointed on 23 September 2004 by virtue of the Resolution of the Supervisory Board No. V/13/04. The Committee's works are governed by the by-laws adopted by the Supervisory Board on 23 September 2004. The Committee Members are appointed by a resolution passed by the Supervisory Board, from among the Board's members, and perform their functions until their resignation has been accepted or until their dismissal, in accordance with the appointments procedure. Committee members do not receive any additional consideration for their work in the Committee. The fundamental aim of the Audit Committee is the cooperation with the Management Board of Grupa Kęty S.A. in order to ensure coherence of financial statements of the Company, conformance to legally binding regulations and principles, independence of auditor's opinion and conducting internal audits in the Company, as well as drawing a Committee's report, which is attached to the annual report on the operations of the Company's Supervisory Board submitted to the General Meeting of Shareholders. The Committee's most important tasks are as follows: the review of selected issues related to the application of accounting principles and the presentation of financial statements; the rules of applying transfer prices by the companies of the Capital Group; the provisions establishment policy; reporting according to the IFRS; the cooperation with certified auditors auditing subsidiaries. The Committee also discusses, with the Management Board and the Company's internal and external auditors, the risk assessment and risk management policies. Such discussion should account for major financial risks for the Company and measures taken by the Management Board with a view to monitor and control these risks. The Committee presents recommendations to the Supervisory Board in the form of resolutions; however, the Committee's resolutions are not binding for the Supervisory Board. In 2013, the Audit Committee was composed of three members: Maciej Matusiak (chairman), Szczepan Strublewski and Jerzy Surma.

The Remunerations Committee was appointed on 19 May 2005 by the Resolution of the Supervisory Board No. VI/4/05. The Committee is mainly responsible for establishing and controlling remunerations of the Members of the Company's Management Board. The basic objective of the Remunerations Committee is as follows: the control and supervision over the remuneration system for members of the Management Board of Grupa Kęty S.A.; an analysis of the system of remuneration for members of the Management Board as compared with other systems implemented in other entities operating on the market; drawing a report of the Committee, which is attached to the annual report on the operations of the Company's Supervisory Board submitted to the General Meeting of Shareholders. In 2013, the Remunerations Committee was composed of two members: Krzysztof Głogowski (chairman) and Tadeusz Iwanowski.

16. OTHER STATEMENTS OF THE MANAGEMENT BOARD

THE STATEMENT OF THE MANAGEMENT BOARD OF GRUPA KĘTY S.A. CONCERNING THE TRUTH AND FAIRNESS OF THE PREPARATION OF THESE CONSOLIDATED FINANCIAL STATEMENTS

The Management Board of Grupa Kęty S.A. hereby declares that, according to their best knowledge:

- the annual consolidated financial statements and comparable data were prepared according to the accounting principles in force and they present a true and fair view of the financial standing, assets and financial result of the Capital Group of Grupa Kęty S.A.

- the Management Board's report on the operation of the Capital Group of Grupa Kęty S.A. for 2013 presents a true view of the development and accomplishments as well as of the standing of the Capital Group of Grupa Kęty S.A., including the description of basic risks and threats.

THE STATEMENT OF THE MANAGEMENT BOARD OF GRUPA KĘTY S.A. CONCERNING THE SELECTION OF THE ENTITY AUTHORIZED TO AUDIT FINANCIAL STATEMENTS

The entity authorized to audit financial statements, i.e. PricewaterhouseCoopers Spółka z ograniczoną odpowiedzialnością that audits the annual consolidated financial statements of the Capital Group of Grupa Kęty S.A. for 2013 was selected according to the law. The entity and the auditors observed the conditions necessary to issue an impartial and independent opinion on the audit, according to the law and professional standards.

Dariusz Mańko

President of the Management Board

Adam Piela

Member of the Management Board

Kęty, 20 March 2014