

The Management Board's Report on the Operations of Grupa KĘTY S.A. in 2015

16 MARCH 2016

CONTENTS

1.	THE LETTER FROM THE PRESIDENT OF THE MANAGEMENT BOARD.....	2
2.	GENERAL INFORMATION	4
2.1.	A COMPANY WITH A FINANCIAL AND PRODUCTION POTENTIAL.....	4
2.2.	THE MOST IMPORTANT EVENTS AND ACCOMPLISHMENTS IN 2015.....	5
2.3.	THE COMPANY'S ORGANISATIONAL CHART	5
2.4.	BUSINESS ACTIVITIES.....	6
3.	SHARES AND SHAREHOLDING STRUCTURE OF GRUPA KĘTY S.A.....	8
3.1.	SHARES AND SHAREHOLDERS.....	8
3.2.	SHARE QUOTATIONS AT WARSAW STOCK EXCHANGE.....	8
3.3.	INVESTOR RELATIONS	9
3.4.	DIVIDEND POLICY.....	9
4.	THE COMPANY'S AUTHORITIES	10
4.1.	GENERAL MEETING OF SHAREHOLDERS.....	10
4.2.	SUPERVISORY BOARD.....	10
4.3.	MANAGEMENT BOARD.....	10
5.	THE ASSESSMENT OF THE COMPANY'S FINANCIAL SITUATION	13
6.	INVESTMENT PROJECTS AND R&D ACTIVITIES.....	14
6.1.	INVESTMENT PROJECTS	14
6.2.	RESEARCH AND DEVELOPMENT	15
7.	FACTORS DETERMINING THE DEVELOPMENT OF THE CAPITAL GROUP.....	16
7.1.	EXTERNAL FACTORS.....	16
7.2.	INTERNAL FACTORS.....	18
7.3.	ANNUAL FORECASTS AND STRATEGY 2020.....	19
8.	DECLARATION ON NON-FINANCIAL INFORMATION.....	22
8.1.	CORPORATE SOCIAL RESPONSIBILITY	22
8.2.	STAKEHOLDERS.....	23
8.3.	PROFESSIONALISM AND ETHICS	24
8.4.	THE COMPANY AND ITS EMPLOYEES	26
8.5.	SOCIAL COMMITMENT.....	30
8.6.	THE GROUP FOR THE WORLD.....	31
8.7.	ABOUT THE REPORT	37
8.8.	GRI INDICATORS.....	38
9.	DERIVATIVE FINANCIAL INSTRUMENTS	41
10.	BORROWINGS AND OTHER LIABILITIES.....	41
10.1.	BANK LOANS AND FINANCE LEASE.....	41
10.2.	CONTINGENT LIABILITIES.....	42
11.	THE PRINCIPLES OF FINANCIAL RISK MANAGEMENT	44
12.	ADDITIONAL INFORMATION	44
12.1.	RELATED PARTY TRANSACTIONS.....	44
12.2.	THE AGREEMENT WITH THE ENTITY AUDITING THE FINANCIAL STATEMENTS.....	45
12.3.	PENDING PROCEEDINGS.....	46
12.4.	DIFFERENCES BETWEEN ACCOMPLISHED FINANCIAL RESULTS AND PUBLISHED FORECASTS	46
12.5.	THE METHOD OF USING THE PROCEEDS FROM THE ISSUE BY THE ISSUER...	46
12.6.	PURCHASE OF TREASURY SHARES	46
12.7.	EVENTS AFTER THE REPORTING PERIOD.....	46
13.	CORPORATE GOVERNANCE STATEMENT	47
14.	OTHER STATEMENTS OF THE MANAGEMENT BOARD.....	55

1. THE LETTER FROM THE PRESIDENT OF THE MANAGEMENT BOARD

GRI G4 1

Dear Shareholders,

In the Company's long history, 2015 will be noted as an exceptional year due to record-breaking results: consolidated sales revenue exceeded **2 billion PLN** and generated consolidated net profit reached **210 million PLN**. Such excellent results were possible owing to high sales on foreign markets, which turned out to be much higher than originally planned.

When, over a decade ago, we developed the international development strategy for the Capital Group, we focused on quality and investments in modern production plants, which were supposed to manufacture competitive products for the Polish and foreign markets. Today, we can declare that we made good decisions, were successful and became the manufacturer of state-of-the-art, high-quality products that are used in prospective business sectors. Over time, we expanded our capacity with eleven foreign subsidiaries, whose activities and success became a powerful driving force behind the growth of the sales abroad. The export value in 2015 was again record-breaking: it amounted to **868 million PLN** and accounted for 43 % of total sales. It was also higher by almost 130 million PLN than in the previous year.

What is our asset? The quality of products is extremely important; when combined with good technical support and service flexibility, makes it possible for our sales departments to continue to acquire new customers. The visits of potential foreign partners in our facilities in Kęty, Bielsko-Biała and Tychy, held for the first time on such a large scale, also played a huge role in winning new orders. Guests from all over the world, seeing the scale of our plants, were each time assured that we are a company with substantial production and financial capacities, which ensures steady and long-term cooperation.

The year 2015 was a period of further strengthening of the Capital Group's potential. In Kraków Technology Park SEZ in Oświęcim, we launched a large project worth ca. 150 million PLN, carried out by Alupol Films Sp. z o.o. which represents the Flexible Packaging Segment. Its aim is to build up the position of the Flexible Packaging Segment on the European market and to expand its offer with new products.

In 2015, we acquired another foreign company, this time in Belgium. Its main objective is to grow the sales of roller-blind, window & door and façade systems on large and attractive markets of the Benelux countries and northern France.

Dear Shareholders,

It is a great pleasure to present in this annual report the first declaration on non-financial information, which supplemented the document with social and environmental data. The Sustainable Development and Social Responsibility Steering Committee appointed by the Company in 2015 provides the conscious policy of the Capital Group in the area of Corporate Social Responsibility.

This year, we celebrated the 20th anniversary of the first quotation of the Company's shares on Warsaw Stock Exchange. This historic event for the Company had place on 30 January 1996. The stock exchange has turned out to be — as we can see well in retrospect — the perfect environment for the sustainable development of the Company and of the Capital Group for the last two decades. In this period, we have developed, invested huge money in new facilities, state-of-the-art technologies and machines. For a dozen or so years now, we have paid dividend. The Company's success was reflected in shares quotations which, in 2015, reached their historical maximum and were priced at over 300 PLN, i.e. almost 11 times higher than on the Company's stock exchange debut day. This means that the Company's market capitalisation has increased in twenty years from ca. 300 million PLN to almost 3 billion PLN. This success can be attributed to former and present employees, management staff, but also trade unions, which, owing to their rational behaviour, have always supported the Company's and the Capital Group's development.

We must face further challenges. We initiated the implementation of the strategy for 2015-2020. After its first year, due to good results, we were able to move towards the main objective, i.e. further, significant increase in the Company's market capitalisation.

Dariusz Mańko

President of the Management Board

2. GENERAL INFORMATION

2.1. A COMPANY WITH A FINANCIAL AND PRODUCTION POTENTIAL

GRI G4 3; GRI G4 4; GRI G4 5; GRI G4 7

Grupa Kęty S.A. has been operating in the aluminium processing sector since 1953. The Company was established as a result of the transformation of a state-owned company Zakłady Metali Lekkich "KĘTY" into a sole-shareholder company of the State Treasury pursuant to the notary deed dated 3 March 1992. The Company is registered at the address: 32 650 Kęty, ul Kościuszki 111. Grupa Kęty S.A. is the parent company for the Capital Group composed of five core business segments operating in the following areas:

- the production of aluminium profiles and components (Extruded Products Segment, EPS)
- designing and production of architectural systems and external aluminium roller shutters (Aluminium Systems Segment, ASS)
- the production of flexible packaging (Flexible Packaging Segment, FPS)
- building and assembly services for aluminium façades (Building Services Segment, BSS)
- the production of accessories for windows and doors assembly (Building Accessories Segment, BAS)

GRI G4 6; GRI G4 9

The Capital Group comprises 22 companies; half of them are foreign subsidiaries. The holding company processes ca. 70 thousand tons of aluminium materials annually and the total sales revenue in 2015 exceeded 2.0 billion PLN. At the end of 2015, the employment in the Capital Group amounted to 3,846 employees, including 1,085 employees in Grupa Kęty S.A. All the companies of the Capital Group focus on their development and modern technologies. Since 2010, the Capital Group has spent over half a billion Polish zloty on investments in machines, new products and services. Owing to the expenditure, the companies of the Capital Group joined the group of the most modern manufacturing companies in Europe in their respective industries. In its strategy by 2020, the Capital Group assumes that it will spend another 930 million PLN on investments.

The Capital Group operates on a global scale providing its products and services to customers in 50 countries. The figure below shows the scale of the Capital Group's activities.



2.2. THE MOST IMPORTANT EVENTS AND ACCOMPLISHMENTS IN 2015

10 February – the publication of forecasts for 2015 and of the objectives of a new strategy for 2015-2020.

24 March – the appointment of the present members of the Management Board for a new term of office.

23 April – the Ordinary General Meeting of Shareholders – approval of the financial statements, profit distribution, adopting a new incentive program.

23 July – signing a loan agreement amounting to 50 million PLN with BGŻ BNP Paribas Polska S.A.

30 September – signing an annex to the loan agreement amounting to 80 million PLN with PKO BP S.A.

30 October – signing an annex to the loan agreement amounting to 180 million PLN with PEKAO S.A.

16 December – the disposal of shares in Alupol LLC to Aluform Sp. z o.o. (a wholly-owned subsidiary of Grupa Kęty S.A.) as part of the reorganisation of the Capital Group's structure.

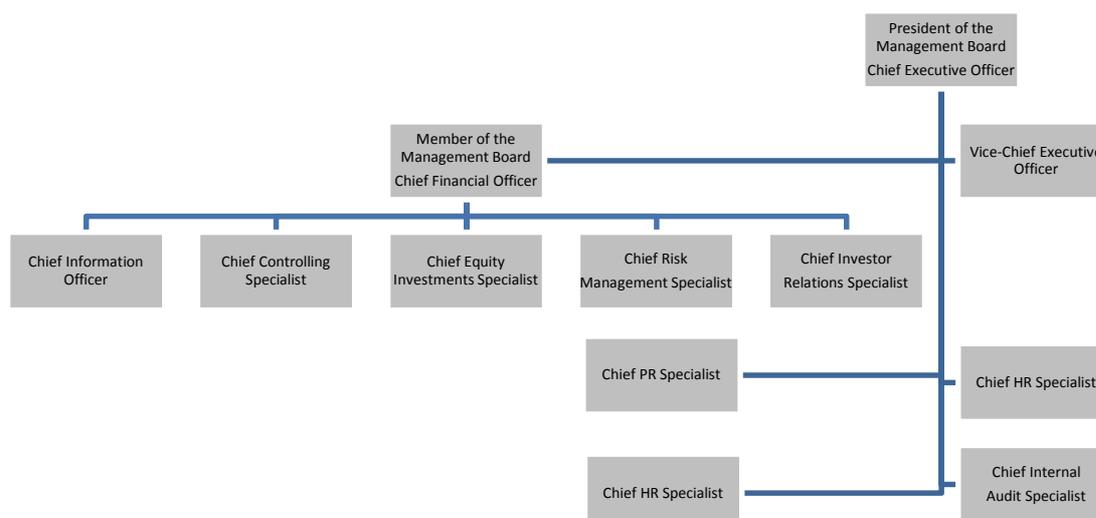
22 December – the publication of preliminary results of the fourth quarter – the announcement concerning the complete accomplishment of the annual forecast.

23 December – the acquisition of the enterprise from the subsidiary Alutrans as part of the reorganisation of the Capital Group's structure (adding the business to the Extruded Products Segment).

2.3. THE COMPANY'S ORGANISATIONAL CHART

GRI G4 7; GRI G4 13

The organisational chart of Grupa KĘTY S.A. as at 31 December 2015 was as follows:



In 2015, the Company created the position of a Chief Internal Audit Specialist.

2.4. BUSINESS ACTIVITIES

GRI G4 4; GRI G4 8; GRI G4 13

The Extruded Products Segment of Grupa Kęty S.A. is the biggest Polish manufacturer of aluminium profiles with an estimated ca. 30-percent share in the Polish market. For several years now, it has also been listed among the most significant European manufacturers, with a ca. 2-percent share in this market. Grupa Kęty S.A. has 13 production lines for the extrusion of aluminium profiles (located in Kęty, Tychy, Borodianka in Ukraine), owing to which the Company is able to flexibly utilise its production capacity throughout the year (70,000 tons of extruded products annually) and adapt to any possible changes in the periodical structure of customer orders. The extensive product portfolio which makes it possible to supply aluminium profiles, elements and components to customers representing many diversified market segments is an additional asset. Apart from customers from traditional segments, including the leading one, i.e. building and construction industry, a significant portion of sale is made to customers from fast-growing industries such as automotive and transport, including rail transport. Fabricated components are also supplied to the electrical engineering and engineering industries. In addition, the segment manufactures various types of accessories for the furniture or furnishings industries.

MARKET SITUATION, SALES, CUSTOMERS

GRI G4 8; GRI G4 9

The size of the aluminium profiles market in Europe in 2015 (production volume: 2,867,000 tons) was very similar to the previous year's size (2,860,000 tons), and this fact can be moderately optimistic for the aluminium industry, as the upward trend is upheld (+0.3 %). In such a market situation, the results of the Extruded Products Segment are very good. The Segment recorded, within the scope of its operations (the production and prefabrication of aluminium profiles), an increase by 18 %. However, one should take note of differences in the growth rates of sales revenue on particular markets, proving that they are not distributed evenly by analogy to the growth rate for the entire segment. Slower growth was noticeable on the Polish market (+12 %), which was probably the result of a more and more aggressive competition. For this reason, the Segment had to win new customers on foreign markets, where Grupa Kęty brand is recognised and accepted by foreign clients with high quality requirements. The sales growth rate on foreign markets was at the level of 22 %, and the growth of export sales was accompanied by favourable fluctuations of EUR/PLN exchange rates. Good results of Grupa Kęty Italia, which was established in 2014 in order to acquire new customers on the Italian market, should be highlighted. The sales growth rate for Grupa Kęty Italia in the period of the last four months of 2015 was 14 %, which is quite optimistic, as the Italian market is the second largest export market for Grupa Kęty S.A. after the German market.

OPERATING ACTIVITIES

At the same time, the company carried out a lot of R&D projects. As a result, monthly deliveries only to companies from the automotive industry and transport amounted to a dozen or so thousand components. In addition, the Segment continued the collaboration with large recipients of profiles, who, encouraged by good experiences and uninterrupted cooperation, commissioned new projects or extended existing contracts; in some cases, they expanded the scope of the cooperation with, e.g. the picking process and deliveries directly from the press shop to production lines. Very good cooperation with international concerns made it possible to build the brand and image of Grupa Kęty in Europe. Consequently, the company has become a major supplier for many companies abroad.

THE SUPPLY CHAIN

GRI G4 12; GRI G4 EC9

Primary aluminium, aluminium scrap and semi-finished products based on aluminium (e.g. ingots) are the basic group of raw materials used in the company. Due to the necessity of maintaining high quality of the production, the purchasing policy of the Group is based on the cooperation with selected suppliers who guarantee a proper standard of the cooperation. Simultaneously, such diversification of suppliers so as to ensure safety and maintain the competitiveness of supplies is the basic assumption. Being aware of its impact on the environment, the Company is trying, in the first place, to use the services of local or national suppliers. Unfortunately, due to the nature of the industry, it is possible only to a very limited extent (aluminium scrap, auxiliary materials for production, packaging). The vast majority of raw materials (ca. 85 - 90 %) are imported. Currently, they are purchased in the whole Europe. In terms of sales, ca. 60 % of products are sold to Polish customers, while the remaining part (ca. 40 %) to customers abroad in 50 countries serviced by the company.

3. SHARES AND SHAREHOLDING STRUCTURE OF GRUPA KĘTY S.A.

3.1. SHARES AND SHAREHOLDERS

GRI G4 13

The Company's shares have been quoted on Warsaw Stock Exchange since 30 January 1996. At present, the Company's shares are quoted as part of mWIG40 index. As at 31 December 2015, the number of all issued shares of Grupa KĘTY S.A. amounted to 9,441,988 shares with the nominal value of 2.50 PLN each. The list of shareholders holding more than 5 % of shares as at 31 December 2015 and 2014 is as follows:

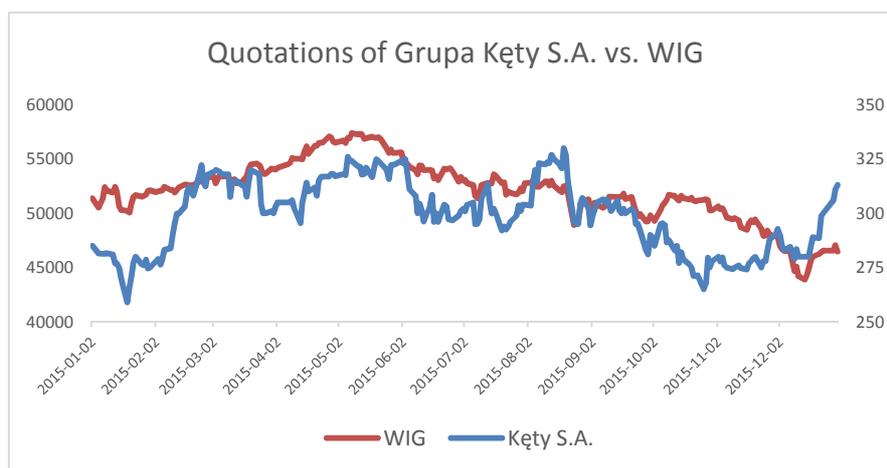
	No. of shares as at 31.12.2015	Interest in capital	No. of shares as at 31.12.2014	Interest in capital
Aviva OFE	1 691 276	17.91%	1 691 276	18.00%
Nationale-Nederlanden OFE	1 610 534	17.06%	1 610 534	17.15%
OFE PZU ŻŁOTA JESIEŃ	921 000	9.75%	921 000	9.80%
PTE Allianz Polska	499 748	5.29%	499 748	5.32%
Others	4 719 430	49.99%	4 670 980	49.73%
Total	9 441 988	100.00%	9 393 538	100.00%

After the balance sheet date, there were no material changes in the structure of shareholders holding more than 5% of shares at the Company's General Meeting of Shareholders. Furthermore, the Management Board did not have any information about any agreement, including any agreement concluded after the balance sheet date, as a result of which significant changes in the shareholding structure of Grupa KĘTY S.A. might occur.

3.2. SHARE QUOTATIONS AT WARSAW STOCK EXCHANGE

In 2015 (on the basis of the closing prices):

- the average share price amounted to 298.86 PLN;
- the minimum share price (19 January) amounted to 259.00 PLN;
- the maximum share price (19 August) was 330.00 PLN;
- price change throughout the year (between 31 December 2015 and 31 December 2014) amounted to 9.8 %; in the same period, WIG index fell by 9.6 %;
- the average per session trading volume was 6,599 shares;
- 1,656,293 shares changed hands during the year (an increase by 15% as compared to the previous year).



3.3. INVESTOR RELATIONS

The information policy of Grupa Kęty S.A. is based on open relations with existing and potential shareholders with due observance of the fundamental principles governing equal access to information.

In 2015, the strategy for 2015-2020 published in February was the most important event from the point of view of investor relations. The activities in the first half of the year focused on meetings and presentations on this subject. Apart from meetings with Polish investors, the Company presented its plans in London, Frankfurt, Vienna and Prague. Each year, the building of knowledge about the Company and its prospects, results in the publication of a number of reports and recommendations by leading brokerage houses.

Traditional information channels are supported by electronic channels. Already in the previous year, the Company altered the appearance of its website and fine-tuned it to recent trends in the area of content presentation on the Internet.

We believe that all these activities support our shareholders and provide them with knowledge, which allows them to consciously determine the level of risks related to investments in the Company's shares.

3.4. DIVIDEND POLICY

Since 2001, the Company has paid dividend on a regular basis; until 2014, it had been at the level of ca. 40% of consolidated net profit. In the strategy for 2015-2020 announced in 2015, the Management Board of Grupa Kęty S.A. declared that the dividend payment ratio would rise to 60% of consolidated net profit. Pursuant to the adopted policy, the Management Board, on 10 February 2016, recommended the payment of 60% of the consolidated net profit for 2015 in the form of dividend.

4. THE COMPANY'S AUTHORITIES

4.1. GENERAL MEETING OF SHAREHOLDERS

On 23 April 2015, the Ordinary General Meeting of Shareholders of Grupa KĘTY S.A. was held. It approved of the separate and consolidated financial statements of the Company for 2014. In addition, the General Meeting of Shareholders distributed the Company's net profit for 2014 amounting to 98,009,459.57 PLN as follows:

- a) the amount of 97,589,234.57 PLN for the payment of the dividend to shareholders;
- b) the amount of 420,225.00 PLN to cover actuarial losses related to post-employment employee benefits;
- c) shareholders also decided to use the Company's reserve capital by allocating 38,483,392.63 PLN to the payment of the dividend to the Company's shareholders.

The total amount allocated to dividend amounts to 136,072,627.20 PLN.

The General Meeting of Shareholders discharged all members of the Supervisory Board and of the Management Board for the performance of their duties in the financial year 2014.

4.2. SUPERVISORY BOARD

The composition of the Supervisory Board from 1 January 2015 to 31 December 2015 was as follows:

Maciej Matusiak	Chairman
Szczepan Strublewski	Vice-Chairman
Jerzy Surma	Member
Paweł Niedziółka	Member
Jerzy Marciniak	Member

GRI G4 51; GRI G4 LA12

In the two most recent financial years, the participation of women in the Supervisory Board of Grupa Kęty S.A. was at the level of 0%.

	No. of shares of Grupa KĘTY S.A. held as at 31.12.2015	Remuneration in the period from 1.01 to 31.12.2015
Maciej Matusiak	0	150,230.61 PLN
Szczepan Strublewski	0	125,192.19 PLN
Jerzy Surma	0	100,153.74 PLN
Paweł Niedziółka	0	100,153.74 PLN
Jerzy Marciniak	0	100,153.74 PLN

4.3. MANAGEMENT BOARD

The Management Board headed by its President manages the Company's affairs and represents the Company vis-a-vis third parties. If the Management Board consists of more than one member, two members of the Management Board acting jointly or one member of the Management Board acting jointly with the Proxy are authorised to make statements and sign documents on behalf of the Company. Any matters related to the management of the Company's affairs, not reserved to other authorities of the Company, are handled by the Management Board. The work of the Management Board is determined in detail in the By-laws of the Management Board approved of by the Supervisory Board. The meetings of the Company's Management Board, convened by its President, are held at least once a month. As at the last day of the reporting period, the Management Board was composed of:

Dariusz Mańko	- President
Adam Piel	- Member

In the two most recent financial years, the participation of women in the Company's Management Board was at the level of 0%.

The basic remuneration of the members of the Company's Management Board in the reporting period was as follows:

President of the Management Board	- 1,025,200.00 PLN
Member of the Management Board	- 617,200.00 PLN

Furthermore, the members of the Management Board received an annual bonus for the previous year amounting to 1,539,712 PLN in the case of the President of the Management Board, and to 923,827 PLN in the case of the Member of the Management Board. According to the declarations made as at the last day of the reporting period, the Management Board of the Company held 161,681 ordinary bearer shares of Grupa KĘTY S.A., including: the President of the Management Board – 126,550 shares, and the Member of the Management Board – 35,131 shares. In addition, on the basis of incentive programmes adopted at the General Meeting of Shareholders on 29 May 2012 and on 23 April 2015, members of the Management Board have:

- the right to acquire 11,604 series H bonds with the pre-emptive right to subscribe for series G ordinary bearer shares, including: the President of the Management Board – 7,231 bonds, and the Member of the Management Board – 4,373 bonds; due to the accomplishment of the conditions laid down in the programme;
- the right to acquire 27,280 series I bonds with the pre-emptive right to subscribe for series G ordinary bearer shares, including: the President of the Management Board – 17,000 bonds, and the Member of the Management Board – 10,280 bonds; under the conditions laid down in the programme.
- the right to acquire 28,000 series J bonds with the pre-emptive right to subscribe for series G ordinary bearer shares, including: the President of the Management Board – 17,500 bonds, and the Member of the Management Board – 10,500 bonds; under the conditions laid down in the programme.
- the right to acquire 15,000 series K bonds with the pre-emptive right to subscribe for series H ordinary bearer shares, including: the President of the Management Board – 9,000 bonds, and the Member of the Management Board – 6,000 bonds; under the conditions laid down in the programme.

The Corporate Collective Bargaining Agreement (CCBA) concluded with the corporate trade unions on 30 June 1992 (as amended) is the basic corporate document concerning the remuneration policy. According to the CCBA, the employees of Grupa Kęty S.A. are entitled to the following remuneration components:

- the basic remuneration;
- the extra remuneration (e.g. for overtime or night shifts);
- incentive bonuses and discretionary awards and/or on-target bonuses.

In the companies of the Capital Group, depending on the headcount, remuneration principles are specified in remuneration rules or in contracts of employment. The Management Board of Grupa Kęty S.A. and key managers of the Capital Group are entitled to the following remuneration components:

- the basic remuneration;
- the annual bonus depending on the accomplishment of financial parameters with a limited maximum bonus level;
- discretionary awards;
- incentive programmes described in the financial statements, based on financial ratios and the share price.

In the opinion of the Management Board, the existing remuneration policy accomplishes the objectives of the long-term growth for shareholders, ensuring the stability of the Company's operations.

Members of the Management Board are not entitled to other, non-financial remuneration components, apart from those listed above. In the reporting period, Grupa Kęty S.A. neither concluded any material transactions with related, supervising and managing persons nor granted loans, guarantees or sureties to such persons and such persons' relatives. There are no agreements between Grupa KĘTY S.A. and managing persons which provide for any compensation in the case of their resignation or dismissal from their positions for no important reason or where their dismissal is related to the Issuer's merger by acquisition, except for the conditions included in the term of notice and conditions included in non-competition agreements. Managing persons do not receive any remuneration for being members of managing or supervisory authorities of other companies of the Capital Group of Grupa Kęty S.A.

5. THE ASSESSMENT OF THE COMPANY'S FINANCIAL SITUATION

GRI G4 EC1

Selected financial figures concerning the financial statements pursuant to the IFRS

ITEMS OF THE INCOME STATEMENT, COMPREHENSIVE INCOME AND CASH FLOW STATEMENT	in '000' PLN		in '000' EUR	
	2015	2014	2015	2014
Net sales revenue	806 993	706 838	192 839	168 725
Profit on operating activities	147 912	103 937	35 345	24 810
Profit before tax	146 910	98 821	35 106	23 589
Net profit	150 821	98 009	36 040	23 395
Total net income	148 117	100 110	35 394	23 897
Net cash flow from operating activities	231 820	111 607	55 396	26 641
Net cash flow from investing activities	-62 298	-28 246	-14 887	-6 742
Net cash flow from financing activities	-162 400	-84 913	-38 807	-20 269
Total net cash flow	7 122	-1 552	1 702	-370
Earnings per ordinary share (in PLN/EUR)	16.01	10.45	3.83	2.49
Diluted earnings per ordinary share (in PLN/EUR)	15.99	10.43	3.82	2.49
BALANCE SHEET ITEMS	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Total assets	944 775	974 701	221 700	228 680
Liabilities and provisions for liabilities	213 363	260 039	50 068	61 009
Long-term liabilities	70 776	73 429	16 608	17 228
Short-term liabilities	142 587	186 610	33 459	43 782
Equity	731 412	714 662	171 633	167 671
Share capital	67 505	67 352	15 841	15 802
Number of shares	9 441 988	9 393 538	9 441 988	9 393 538
Book value per share (in PLN/EUR)	77.46	76.08	18.18	17.85
Diluted book value per share (in PLN/EUR)	77.29	75.83	18.14	17.79
Dividend per share – declared or paid (in PLN/EUR)	13.30	14.41	3.12	3.38

The above financial figures for 2015 and 2014 were translated into EUR as follows:

- assets and liabilities – at the average exchange rate of the National Bank of Poland (NBP) as at 31.12.2015; – 4.2615 PLN/EUR and as at 31.12.2014 – 4.2623 PLN/EUR;
- the items of the income statement, of the statement of comprehensive income and of the cash flow statement – at the exchange rate being an arithmetic mean of the exchange rates of the NBP for the last two days of each month: of 2015 – 4.1848 PLN/EUR; of 2014 – 4.1893 PLN/EUR.

COMMENTS TO THE FINANCIAL FIGURES

Sales revenue increased by ca. 14 % to 807.0 million PLN as a result of the increase in aluminium prices expressed in the Polish zloty (ca. 6 %) and better business conditions on European markets, also on the Polish market. Fast-growing export (+ 20%) against an over 10 % increase on the Polish market was the main driver for the revenue. As a result, taking into account income from dividend from subsidiaries, operating profit increased by more than 40 % to 147.9 million PLN and net profit amounted to 150.8 million PLN (an increase by over 50 %).

As estimated by the Management Board, the Company's balance sheet has a safe borrowing structure. Despite continuous development and considerable investment projects, equity still accounts for the major part of the balance sheet total. As at the balance sheet date, it accounted for 77 % of total equity and liabilities, which denotes an increase by 4 p.p. as compared to the end of 2014. The Company continues to invest in its development; therefore, property, plant and equipment are a significant item of assets. In the period, they accounted for 37 % of total assets (the level higher by 5 p.p. than at the end of 2014). Shares and interests are a significant item (380 million PLN), as the

Company is a parent company in a capital group. The value of current assets as at the balance sheet date amounted to 209.4 million PLN and accounted for ca. 22 % of total assets (a decrease by 5 p.p. as compared to last year's figures). The Company's interest-related debt decreased from 130.1 million PLN at the beginning of the year to 96.7 million PLN at the end of the year.

Cash flows owing to which the Group's companies are able to continue their development is one of very important parameters from the point of view of the Management Board. In the reporting period, cash flow from operating activities amounted to 232 million PLN and was more than twice higher than the level recorded in the corresponding period of the previous year (mainly due to the increase in profits and a decrease in receivables and inventories). However, the cash flow is sufficiently safe and stable and it does not influence further policy of financing future development. As intended by the Management Board, further development is to be financed essentially from this source (cash from operating activities) and bank loans.

Summing up, the Management Board has a positive opinion about generated financial results in all material respects. The Capital Group is based on solid financial foundations and is ready to face further challenges related to the implementation of the new strategy for 2015-2020.

6. INVESTMENT PROJECTS AND R&D ACTIVITIES

6.1. INVESTMENT PROJECTS

For many decades now, investment projects have been the driving force behind the Capital Group's growth. The funds allocated to the construction of new facilities, the purchase of modern technologies, plant and machinery confirm that. Since 2000, the Capital Group has spent on investment projects ca. 1.7 billion PLN and, until the end of 2020, it intends to spend, in line with its development strategy, another 700 million PLN. In total, in the period of 20 years from 2000, the capital expenditure will amount to ca. 2.4 billion PLN.

The launch of a 18MN press equipped with the latest eco Logic 2.0. system, which is a highly energy-efficient system without compromising quality, was the largest investment project in the Extruded Products Segment of Grupa Kęty S.A. It is a state-of-the-art and all-inclusive line with innovative solutions used to extrude aluminium profiles from AlMgSi alloys. Thanks to its production capacity, the Segment has become the key supplier for many large customers, as evidenced by numerous awards, including the Excellence Supplier award. At the same time, multiple new investment projects were implemented in the Advanced Aluminium Products Department. They were necessary for the plant to carry out projects for and make deliveries to automotive customers. Thanks to the investment projects, Grupa Kęty is in a position to offer components with the highest degree of complexity, including welded and laminated products, and products assembled to form components ready for installation.

Total capital expenditure on the purchase of property, plant and equipment, intangible assets, and shares and interests in acquired entities in Grupa KĘTY S.A. in the reporting period was as follows:

	2015	2014
Total expenditure (in million PLN)	62.2	28.6

The Capital Group's planned capital expenditure in the next 12 months will amount to ca. 55 million PLN. The said expenditure will be allocated to the following crucial projects:

- Launching the upgrade of the production of the so-called hard alloys (the press and auxiliary equipment).
- Further expansion of the Advanced Aluminium Products Unit in the Extruded Products Segment;
- Improving the efficiency of existing devices.

The remaining part of the expenditure comprises the current expenditure on maintaining machines in an appropriate technical condition or small projects with an individual value not exceeding 1 million PLN. Capital expenditure made and scheduled is financed from own funds and bank loans.

6.2. RESEARCH AND DEVELOPMENT

High quality, innovative products and investments in state-of-the-art technologies and machinery are the basis of the operating philosophy and strategy of Grupa Kęty S.A. as regards offered products and services. Over the years, the Company has consistently built its advantage by developing products, investing in human capital and the latest technologies. This approach is successful; the products of the companies of Grupa Kęty S.A. are purchased by more and more customers in Poland and worldwide.

The Research and Development Centre (R&DC) in the Extruded Products Segment launched in 2011 - was partially co-financed by the European Union from the European Regional Development Fund under the Operational Programme Innovative Economy 2007-2013. In retrospect, the establishment of this Centre proved to be a shrewd decision, as it enabled Grupa Kęty S.A. to attempt to win new markets that require the observance of high quality standards and the implementation of new innovative solutions. Owing to its activities, the R&DC ensured further upgrade and diversification of offered products in an effort to build up their competitiveness in existing and potential new markets. In addition, R&DC is a strong promotional element, which distinguishes Grupa Kęty from other companies from the aluminium industry.

In order to demonstrate the scale of the R&DC's activities, one should highlight several thousand technological tests conducted in 2015 as part of announced and implemented projects. In addition, several innovative technologies developed in the previous year in the Research and Development Centre in Kęty are worth mentioning:

- the development of the technology of manufacturing and controlling elements of crumple zones in cars that meet C24 class requirements;
- the extrusion of a section with a rotating, controlled material outflow;
- the introduction of a new EN-AW6182 alloy to the production process;
- the introduction of EN-AW6101B alloy in overaged states to the production process.

Research and development activities also include broadly-understood logistics, which is often underestimated and overlooked. A logical, and thus, only the necessary material flow in a plant is invaluable in terms of costs, smooth production, shipping and cooperation. Wise decisions in this area make it possible to eliminate unnecessary logistics operations. It is a titanic effort which, step by step, transforms plants into homogeneous, precisely functioning organisms.

7. FACTORS DETERMINING THE DEVELOPMENT OF THE CAPITAL GROUP

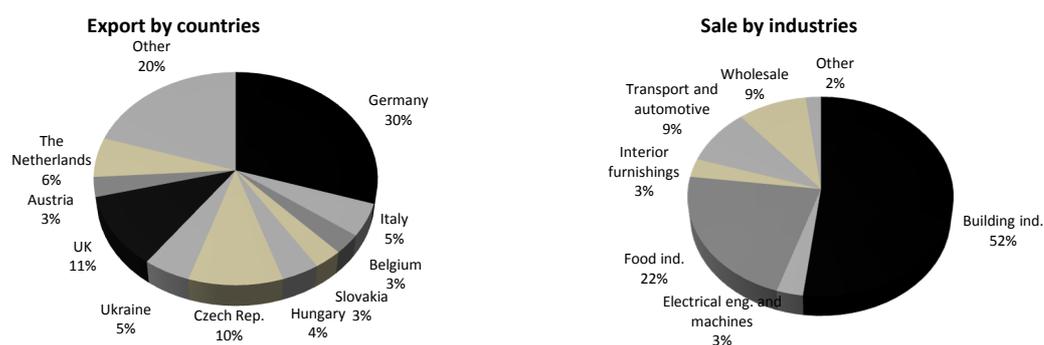
7.1. EXTERNAL FACTORS

GRI G4 2; GRI G4 8

Taking into account the materiality of the impact of the remaining companies of the Capital Group upon the picture of the financial standing of Grupa Kęty S.A. as well as the risks to which the Company is exposed, if not stated otherwise, the presented factors are related to the whole Capital Group of Grupa Kęty S.A.

BUSINESS CONDITIONS ON MARKETS

The companies of the Capital Group are exposed to demand fluctuations occurring both in the Polish economy, which is the recipient of ca. 56 % of the sale, and in the economies of other European countries, which receive ca. 44 % of the Group's total sales. The situation on the markets of Germany, the Czech Republic, Italy, the UK, the Netherlands and Ukraine, which receive 68 % of the export sale and, to a lesser degree, on the markets of Slovakia, Hungary, Austria, Belgium, Romania, Russia, France, Switzerland and the USA, is of special importance for the sale growth. At the same time, when analysing the sale by industries, one can notice high concentration of the Group's sale in the building industry (ca. 52 % of the consolidated sale value), thus, all factors affecting business conditions in the building industry (availability of loans, the level of investments) on the Polish market and the main export markets exert substantial influence on the sale generated by the Capital Group.



Source: own study

EU CUSTOMS POLICY

Since May 2007, the customs for aluminium imported from the states of the former USSR have been decreased from 6 % to 3 %; the producers located in these states are the main suppliers of the main raw material for the Company. The continuation of such activities, i.e. the reduction to 0 % in further

years, may positively affect the Company's financial results. In turn, the return to previous rates (6 %) will affect the financial results in a disadvantageous way.

AVAILABILITY OF RAW MATERIALS

Primary aluminium, aluminium scrap as well as semi-finished products based on aluminium (sheet aluminium and aluminium tape as well as ingots made from aluminium and its alloys) are the basic group of raw materials used in the Capital Group. In the production of flexible packaging, the Group also uses various types of films and plastics granulates (polyethylene, polypropylene), printing paper, paints, adhesives and binders. The list of basic raw materials is supplemented with accessories for the production of aluminium systems and semi-finished steel products. Due to the necessity of maintaining high quality of the production, the purchasing policy of the Group is based on the cooperation with selected suppliers who guarantee a proper standard of the cooperation. Simultaneously, such diversification of suppliers so as to ensure safety and maintain the competitiveness of supplies is the basic assumption.

PRICES OF RAW MATERIALS

In terms of shaping the selling prices of extruded products, the Capital Group depends on world aluminium prices, which may significantly affect the changes in sales value, profitability and financial results as well as the level of working capital. All supplies of primary aluminium and semi-finished products based on aluminium (ingots), which are the basic raw materials used in the manufacturing processes, are based on aluminium prices established at the London Metal Exchange. A major increase in the prices of primary aluminium, if not balanced by the increase in the products prices, may have a significant detrimental impact upon financial results. To mitigate the risk of the volatility of aluminium prices, the companies of the Capital Group apply price formulae based on exchange quotations of aluminium, transferring a part of the risk to customers, or they conclude futures for the purchase of aluminium. In the case of other raw materials groups, the companies of the Capital Group do not use derivatives to hedge their exposure. However, in selected cases, they apply mechanisms of the indexation of product prices depending on the level of prices of the main groups of raw materials (e.g. plastics and paper in the Flexible Packaging Segment).

EXCHANGE RATES

According to the Company's estimates, in the reporting period, ca. 45 % of sales were generated in PLN and ca. 50 % in EUR. The remaining 5 % was sales in USD, GBP and UHR. As regards expenses, ca. 33 % of costs are costs incurred in PLN, 40 % are costs in USD, 26 % are costs in EUR and ca. 1 % are costs in other currencies (GBP, UHR). Having regard for the foregoing, the PLN/EUR, PLN/USD and EUR/USD exchange rates will materially affect the Company's results. The companies of the Capital Group take measures to mitigate the currency risk by entering into currency forwards, purchasing options or maintaining a part of their debt in foreign currencies.

COMPETITION

Since the 1990s, we have observed steady increase in the competition due to the attractiveness of the Polish market and the vicinity of the markets of Eastern Europe. In the reporting period, the number of competitors in particular business segments did not change substantially. According to the Management Board's estimates, the main competitors in particular business areas are as follows:

Extruded Products Segment	Sapa Aluminium, Yawal and Final (Yawal Group), Eurometal, Cortizo, Kaye Aluminium, Extral Aluminium, Aliplast, Albatros
Aluminium Systems Segment	Sapa Building System, Schuco, Hydro Building System, Ponzio, Yawal, Aliplast, Blyweert, Heroal, Alukon, Reynaers
Building Services Segment	Dispersed market; several dozen private companies with annual turnovers not exceeding 40-50 million PLN
Building Accessories Segment	Roto, Winkhaus, G-U, Maco, Siegenia, Assa Abloy, Vorne
Flexible Packaging Segment	Amcor, Constantia Teich, Mondi Packaging, Suominen Polska, Fuji Seal Polska, Schur Flexibles Poland

Source: own study

LOANS

The companies of the Capital Group systematically invest cash into further technical and technological development, using borrowings. Furthermore, due to the standards applicable on the market, it partially finances its customers by granting trade credits to them. It means that, despite generated cash from operating activities, the restrictions concerning the access to borrowing in the form of bank loans may have significant impact upon the Company's development opportunities. It may also affect the amount of the dividend paid by Grupa Kęty S.A. The level of interest rates will directly affect the finance costs disclosed by particular companies, hence upon the generated net profit.

POLITICAL AND ECONOMIC SITUATION IN UKRAINE

In Ukraine, the Capital Group has two companies: Alupol Ukraina LLC, a production company, and Aluprof System LLC, a trading company. The unstable political and economic situation in Ukraine results in the exposure of the said assets to the risk exceeding the usual economic risk. The Management Board has been analysing the situation of subsidiaries in Ukraine on an ongoing basis. As at the balance sheet date, the recoverable amount determined pursuant to IAS 36 amounted for Alupol Ukraina LLC to 12,188 thousand PLN. Any possible future write-downs related to the deteriorating economic situation or potential military actions in Ukraine may affect the results in further years.

7.2. INTERNAL FACTORS

GRI G4 2

INVESTMENTS IN THE DEVELOPMENT OF TECHNOLOGIES AND OF THE DISTRIBUTION AND SALE NETWORK

The operation of the Group on a highly competitive market calls for constant meeting of the requirements of the competition and customers. Those requirements can only be met through technological development, new products, greater potential as well as the development of the distribution and sale network. The Company is aware of those requirements, therefore it has been implementing systematically its strategic plan that ensures the Company's development in all key areas which guarantee high competition level with respect to the other players on the market.

STAFF COMPETENCE LEVELS AND THE EMPLOYMENT STRUCTURE THAT ENSURES THE MEETING OF THE CHALLENGES POSED BY THE FAST DEVELOPING MARKET

The Group's success partially depends on the work of the management staff and the ability to retain and motivate highly qualified staff. The loss of services provided by qualified and experienced staff may have significant adverse impact upon the functioning of the Capital Group. Therefore, the Group implemented a worked-out policy of recruitment and retention of key and valuable employees, whose work and contribution translates directly into its success.

THE ABILITY TO FINANCE CURRENT OPERATIONS AND INVESTMENT PROJECTS

The continuous development of the Group depends on the preservation of the stable financial situation (high operating profitability and large cash flow generated from operating activities). Therefore, the Management Board pays a lot of attention to continuous improvement of production processes and logistics, which should result in high effectiveness of activities, further reflected in profits. Appropriate currency risk management is also an important factor for the accomplishment of stable results. It results from the Company's high exposure to foreign currencies as regards both purchases and sale.

7.3. ANNUAL FORECASTS AND STRATEGY 2020

The Management Board of Grupa Kęty S.A. assumes that 2016 will be another year of the growth of the Group's sales and profits. This expectation is based on the stable economic growth in Poland and the systematic development of export to markets in Europe and in the USA. On the basis of adopted assumption concerning the prices of raw materials and exchange rates, particular segments forecast the following sales revenue:

- Extruded Products Segment – 860 million PLN (+5 %)
- Aluminium Systems Segment – 930 million PLN (+9 %)
- Flexible Packaging Segment – 470 million PLN (+8 %)
- Other segments – 170 million PLN (-1 %)

Consolidated sales revenue will amount to 2,145 million PLN and will be ca. 6 % higher than the revenue generated in 2015. The Management Board is projecting that consolidated operating profit will amount to 250 million PLN, i.e. it will be higher than in the previous year by 5 %. EBITDA (operating profit less depreciation and amortisation) will amount to 360 million PLN, i.e. it will increase by 9 %. The expected financing activities balance in 2016 will amount to -16.5 million PLN and is based solely on the calculation of loan costs. In addition, when calculating net profit for 2016, the Company took account of 50 million PLN of deferred tax asset due to operations in the Special Economic Zone. As a result, consolidated net profit will amount to 245 million PLN.

The table below shows the forecast of basic consolidated financial figures for 2016 in million PLN as compared to preliminary results for 2015:

	2015	2016*	Change
Sales revenue	2,027.1 mill. PLN	2,145 mill. PLN	+ 6 %
EBIT	244.4 mill. PLN	250 mill. PLN	+ 2 %
EBITDA	336.1 mill. PLN	360 mill. PLN	+ 7 %
Net profit	209.8 mill. PLN	245 mill. PLN	+17 %
Capital expenditure	210.9 mill. PLN	359 mill. PLN**	

* forecast

** including 36 million PLN of payments carried forward from investment projects in 2015

The above forecasts were prepared on the basis of the following macroeconomic ratios:

- aluminium price – 1,600 USD/ton
- average USD exchange rate – 4.05 PLN
- average EUR exchange rate – 4.30 PLN
- EUR/USD relation – 1.06
- GDP growth – 3.6 %

Financing: According to the Company's estimates, at the end of 2016, the interest-related debt due to bank loans and lease will amount to ca. 564 million PLN, so it will be higher by ca. 250 million PLN than at the end of 2015, mainly due to the record-level investment programme (359 million PLN), assumed dividend payment (as per the dividend policy) and the needs related to the financing of working capital. The Management Board expects that credit lines held by the companies of the Capital Group along with cash generated during the year satisfy the needs for the financing of the assumed expenditure.

Dividend policy: Despite the record level of investments, the Management Board upholds its decision to increase the dividend payment ratio to 60 % of consolidated net profit.

Potential acquisitions: The forecasts for 2016 do not take into account any effects of potential acquisition projects. However, the Management Board is considering two directions of potential acquisitions:

In the Extruded Products Segment – they may be related to the development of existing competences or the acquisitions of new competences in the area of profiles processing and the production of components based on aluminium profiles. Potential projects may be related to entities with sales revenue of up to 50 million EUR.

In the Aluminium Systems Segment – they may be related to the geographic or product-related development on new markets. Potential projects may be related to entities with sales revenue of up to 20 million EUR.

Strategy 2020 focuses on the systematic development in the areas with high levels of required competences and on the consistent expansion of the added value chain. For this reason, already in the first year of the strategy implementation, a number of projects meeting these criteria were launched. As regards the market, the Group's activity among international customers operating in demanding industries or seeking a specific product is on the increase. For example, the Group launched the

cooperation on the US market related to the assembly of structural façades with laminated glass. The Extruded Products Segment has been developing its offer of aluminium-based components, collaborating more and more often with customers from the public transport sector (including aviation). From the technical and product-related point of view, the companies of the Capital Group have launched the largest investment programme so far worth over 900 million PLN to be carried out in the period of six years. As part of the programme, the Group initiated the construction of a brand new production plant in the Flexible Packaging Segment, whose products will supplement the added value chain of this Segment.

Despite multiple tasks of an organisational and investing nature, the ongoing work on the market has not been forgotten. As a result, the Group boasts record-breaking financial results, which exceeded, for the first time in the Group's history, 200 million PLN of consolidated net profit.

8. DECLARATION ON NON-FINANCIAL INFORMATION

8.1. CORPORATE SOCIAL RESPONSIBILITY

GRI G4 1; GRI G4 42; GRI G4 56

Management boards of all companies of the Group knowingly and voluntarily take into account in their activities social interests, environmental protection as well as relations with various groups of stakeholders. For us, being responsible does not mean only the satisfaction of all formal and legal requirements, but also greater investments in human resources, environmental protection and relations with local communities, i.e. voluntary commitment.

The Sustainable Development and Corporate Social Responsibility Steering Committee established in 2015 treats as priority the implementation of the Company's development strategy in such a way so that it is fully aligned with the Company's mission, vision and values. Our approach to business is not focused exclusively on commercial and economic aspects. We understand the idea of shared responsibility and we feel the need to care about the future of next generations. The Committee is composed of the Management Board of Grupa Kęty S.A., presidents of management boards of all business segments of the Capital Group and the Chief CSR Specialist, who initiates, from the level of the Group, the events and processes in the area of corporate social responsibility. The composition of the Committee ensures an informed policy and strategy in the area of the sustainable development in the entire Group.

The adopted CSR policy is the main document and the philosophy of our company in the area of corporate social responsibility. It determined our activities in this area a long time ago.



GRI G4 14; GRI G4 15

Throughout 2015, the organisation carried out the phase (launched in 2014) of the formalisation of processes and of the preparations to become members of organisations and associations which significantly affect sustainable development and social responsibility areas. The Company treats the membership of such organisations as individual development of our organisation, defining new standards in it and a long-term determination of our business horizons.

Stosujemy wytyczne:



Spółka notowana na:



Jesteśmy sygnatariuszami:



8.2. STAKEHOLDERS

GRI G4 24; GRI G4 25; GRI G4 26; GRI G4 27

We believe that the long-term success of Grupa KĘTY S.A. depends on the cooperation with a broadly-defined group of stakeholders. For many years, the Company defined its stakeholders in an intuitive way. The preparations for the first declaration on non-financial information and the incorporation of GRI guidelines related to the involvement of stakeholders made it possible to finally order all groups of stakeholders and pick out the most important ones from the organisation's point of view.

In addition, the process was aided with the knowledge gained during internal training, where the subject of the Company's internal and external environment was discussed.

From the full range of stakeholders of a listed company, the project team responsible for the preparation of the report selected a group of leading stakeholders that we define as our stakeholders. We are aware of the importance of each group, but the leading stakeholders are as follows: employees, customers, suppliers, shareholders and supervisory authorities, i.e. those groups that exert the greatest impact on the business value of our organisation. The table below presents individual groups of stakeholders and the method of communicating with them:

The map of stakeholders of Grupa Kęty S.A.	Communications method	Frequency (minimum)	Key topics raised by stakeholders	Reference to a given topic in the Management Board's report
Employees	Intranet, <i>Aluway Express</i> newsletter Periodical meetings with managers Team-building meetings	On an ongoing basis	Safety at work Payroll policy Additional processes and supporting programmes	Chapter: The Company and its employees Chapter: Social commitment
Customers	Face-to-face meetings Newsletters Telephone calls Trade fairs	On an ongoing basis	Quality of products and services Product innovation R&D activities Production safety	Chapter: Investment projects and R&D activities Chapter: Risk management
Shareholders and potential shareholders	Face-to-face meetings General Meetings of Shareholders Stock exchange announcements Website www.grupakety.com	Annually or more frequently, as needed by particular groups of shareholders	Dividend policy Corporate governance Development strategy The Company's current activities	Chapter: Grupa Kęty S.A. on the capital market Chapter: Annual forecasts and Strategy 2020 Chapter: Corporate governance statement
Suppliers	Face-to-face meetings Telephone calls Trade fairs	On an ongoing basis	Transparent cooperation terms	Not discussed in the report
Supervisory Board	Face-to-face meetings Stock exchange announcements	On a quarterly basis	Risk management Corporate governance Development strategy The Company's current activities	Chapter: Risk management Chapter: Annual forecasts and Strategy 2020 Chapter: Corporate governance statement
Polish Financial Supervision Authority	Announcements Face-to-face meetings	On an ongoing basis	Compliance with legal regulations	Chapter: Corporate governance statement
Warsaw Stock Exchange	Announcements Face-to-face meetings	On an ongoing basis	Compliance with legal regulations Corporate governance principles	Chapter: Corporate governance statement

Local authorities	Face-to-face meetings	Once in 6 months	Supporting local initiatives The development of the local labour market	Chapter: Social commitment Chapter: The Company and its employees
Local communities	Participation in local sports and social events Face-to-face meetings, e.g. with educators from children's homes	Annually or more frequently, as needed by particular groups	Supporting local initiatives Assistance for children from children's homes Sport development	Chapter: Social commitment
Issuers organisations	Participation in the works of the Polish Association of Listed Companies	On an ongoing basis	Corporate governance principles	Chapter: Corporate governance statement
Business organisations	Participation as part of the membership of selected business organisations	On an ongoing basis	Completing joint projects	Not discussed in the report
Mass media	Press conferences Face-to-face meetings	On an ongoing basis	The Company's current activities The Company's strategy	Chapter: Annual forecasts and Strategy 2020
Competition	Trade fairs Industry meetings	On an ongoing basis	Market conditions Business environment Business issues	Not discussed in the report
Trade unions in the organisation	Face-to-face meetings	Once in 6 months or more frequently, as needed	Working conditions The Company's current activities The Company's strategy	Chapter: The Company and its employees Chapter: Annual forecasts and Strategy 2020

Grupa Kęty S.A., in an attempt to observe the obligations imposed by the WSE, presents, on an ongoing basis and in a transparent manner, its activities on its website www.grupakety.com. The Company's social activities are reported on external portals: www.grupakety.com/odpowiedzialny_biznes and www.dziecipodbeskidzia.pl and on Facebook profile of 'Grupa Kęty Dzieciom Podbeskidzia' Foundation ('Grupa Kęty to the Children of Podbeskidzie Region' Foundation). Through our daily work, business meetings, team-building events, telephone conversations and available information channels, we communicate with our stakeholders. We inform them about our business plans, development plans for our organisation and our impact on local communities and the environment. We react to their expectations, which resulted, among other things, in the establishment of 'Grupa Kęty Dzieciom Podbeskidzia' Foundation, which is the response of our business to the real needs of local communities, or our involvement in local sports events and our pro-employee policy. Following GRI guidelines, in the coming years, we intend to consult our business activities with stakeholders and to have an open dialogue with them to an even greater extent.

When creating the reporting process, we consulted selected groups of stakeholders (e.g. employees and representatives of local communities) at working meetings.

8.3. PROFESSIONALISM AND ETHICS

GRI G4 56; GRI G4 57; GRI G4 58

An open letter of Dariusz Mańko, President of the Management Board, which is the first page of the Company's Code of Ethics, fully captures the approach of Grupa Kęty S.A. to ethics. In 2015, the PRINCIPLES OF BUSINESS ETHICS AND CONDUCT IN THE CAPITAL GROUP OF GRUPA KĘTY S.A. applied in the Company for many years now was expanded with complementary policies, i.e. the Dignity at Work Policy and the Diversity Policy.

In 2015, the Management Board of Grupa Kęty S.A. decided to appoint the Business Ethics Ombudsman, whose main role is to ensure compliance with standards and values contained in the Code of Ethics, which the Capital Group of Grupa Kęty S.A. treats as overriding in its business, and the main tasks of the Business Ethics Ombudsman are as follows:

- receiving from employees/business partners official reports of violations of the Code of Ethics. Reports may be submitted through a number of channels, i.e. to the Business Ethics Ombudsman personally, or in the form of a letter or an e-mail sent to a special e-mail address—all these channels are listed in the Code of Ethics);
- participating in the development of ethics systems in the Capital Group of Grupa KĘTY S.A.;
- participating in information and educational campaigns to popularise the Code of Ethics and the Company's organisational culture.

The Business Ethics Ombudsman in the Capital Group of GRUPA KĘTY S.A. is a function performed free of charge for the sake of employees. In 2015, the Business Ethics Ombudsman did not receive any report concerning a violation of the Code of Ethics, including a violation of human rights. The Code of Ethics provides for the methods of reporting official violations and of reporting doubtful ethical behaviour. The Company does not operate any separate helplines or advice lines. In 2015, the Company conducted three training courses on ethics for the management staff during which 27 people were trained.

The Code of Ethics also clearly defines and governs our approach to the participation in public life, namely: "We maintain transparent relations with local government officials and representatives of the political stage, free from corruption and improper pressures."

GRI G4 SO6, GRI G4 HR12; GRI G4 LA16

In 2015, the Company did not make any donations to political parties.

The Company's employees are subject to the regulations laid down in the Dignity at Work Policy, which is aimed at the prevention of undesirable behaviour. It is an elaboration on and a supplement to the principles described in the Code of Ethics, and it focuses on building and using tools to effectively prevent any forms of conduct contrary to the ethical and moral standard of the Company. The employer clearly highlights that he does not accept such behaviour as discrimination, sexual harassment or mobbing, or other acts of violence in the workplace. In addition, he does not tolerate any abuse of one's position to humiliate or harm others. The most important activities under this Policy include: raising awareness of employees, both as regards prevention and response to any potential unacceptable situations. Therefore, in 2015, Grupa Kęty S.A. held training courses for the management staff. Further training courses are planned in the educational programme, also in the form of e-courses. In 2015, there were no reported violations of the Dignity at Work Policy in Grupa Kęty S.A.

8.4. THE COMPANY AND ITS EMPLOYEES

HR POLICY

The Human Resources Policy of the Capital Group of Grupa Kęty S.A. is built on the idea that employees are the most precious resources in the organisation. Their knowledge, abilities and skills create the identity of the enterprise and its product value, and build the company's competitive edge. The objectives of our HR Policy refer to our mission, vision and values. HR management in the companies of the Capital Group of Grupa Kęty S.A. is based on shared standards, with a focus on their high quality and professionalism. This way, all basic HR processes are regulated, developed on an ongoing basis and improved. In our organisation, we strive to ensure EQUAL OPPORTUNITIES for all employees as regards the access to benefits, SAFETY at work and individual DEVELOPMENT.

ENSURING EQUAL OPPORTUNITIES

In the companies the Capital Group of Grupa Kęty S.A., all HR processes, including recruitment, development processes, payroll systems, and situations when an employee leaves the organisation, are carried out so as to ensure equal access to all offered benefits. We accomplish this goal using the developed communications system – employees receive information about applicable rules (e.g. salary ranges for various positions), about the possibility of taking advantage of additional benefits (e.g. individual training courses, university studies).

The tools used under the equal opportunities policy comprise e.g. procedures published in a way ensuring transparency. Other information channels ensuring access to information for all employees comprise notice boards, the Intranet or appraisal meetings. At least twice a year, the Company holds meetings during which employees are informed about the Company's results and important plans for successive periods. We foster mutual relationships and we base them on trust and respect. We strive to ensure proper communication within our day-to-day cooperation.

The situation in the HR area is monitored, inter alia, through the analysis of the headcount, taking into consideration such aspects as gender, age or forms of employment. In an attempt to ensure the sense of security, we use fixed-term contracts only for the period necessary to verify the qualifications and competences of an employee in the context of the needs related to a given job.

GRI G4 10; GRI G4 LA1

As at 31.12.2015, Grupa Kęty S.A. hired 1,085 employees, and 78 % of them were male. 4% of employees are managers and members of supervisory bodies. 82 % of employees were employed under permanent contracts. In terms of age, employees aged 30-50 are the largest group of employees. This group is made up of 592 employees, which accounts for 55 % of the entire workforce: 43 % of them are male, and 38 % are administrative employees. Employees aged 50+ form the second biggest group of employees (26 % of the workforce); they support our organisation with their expertise and experience, and their long-term service is proof of their commitment to the Company's development. In the youngest age group (30 years old and younger), the Company hires 19 % of employees, 16 % in administrative jobs. In 2015, Grupa Kęty S.A. recruited 162 employees; 53 % of them are employees 30 years old and younger. 77 % of new recruits are male. Out of the employees leaving the Company in 2015, employees aged 30 or younger form the largest group (30 %) and 84 % of them are men.

In 2015, there were no employees hired under a mandate contract, a contract to perform a specific task, a substitution contract, or other civil-law contracts. Also, the Company did not employ temporary workers.



GRI G4 LA2

Grupa Kęty S.A. offers its employees a group unit-linked life insurance plan called 'Pogodna Przyszłość'. The programme is available to employees who worked with the Company for at least one year. In December 2015, there were 939 insured employees, who represent 87 % of all employees. Regulations such as work regulations, wage regulations, incentive fund regulations, the regulations of the corporate social benefits fund describe in detail the conditions that must be met to obtain individual benefits.

GRI G4 11

Grupa Kęty S.A. has its Corporate Collective Bargaining Agreement, which applies to all employees of the Company, i.e. 100% of its workforce. It is a form of the cooperation between the employer and trade unions, which represent employees' interests. Pursuant to the Trade Unions Act, the employer informs trade unions about matters falling within their powers, in accordance with the deadlines laid down in this act. The Company has various means of communications through which employees receive important and interesting information. They include the official website with the content for the general public. Next, there is the Intranet that can be accessed by employees, with news about the Company and tools needed for work, such as manuals or links to various programmes. Once a month, employees receive an electronic *Aluway Express* newsletter; and a few times a year, the Company issues its corporate newspaper called *Aluway*. To communicate with those employees who do not have their corporate e-mail boxes, the Company uses notice boards where announcements are displayed.

GRI G4 LA4

In accordance with the agreement on informing employees and consultations with them concluded between the employer and the Workers Council, every 6 months, the Company's Management Board provides employees with the information about:

- the Company's activities and economic situation, and expected changes in this area;
- the status, structure and projected changes in employment, and measures taken to maintain the level of employment in the Company;
- the activities that may cause significant changes in the work organisation or in the basis of employment in the Company.

GRI G4 LA12, GRI G4 HR3; GRI G4 LA16

DIVERSITY POLICY

The Diversity Policy is a crucial element of the strategy of activities in the area of human resources management. It focuses on the alignment of workplaces and working conditions with specific needs of

employees; activities promoting tolerance and preventing discrimination against employees or contractors, because of their sex, age, disability, health, race, nationality, ethnic origin, religion, denomination, irreligiousness, political views, trade union affiliation, psycho-sexual orientation, gender identity, family status, lifestyle, the form, scope and basis of employment, other types of cooperation or other discriminatory grounds. The Diversity Policy is the elaboration on the guidelines laid down in the Principles of Business Ethics and Conduct in the Capital Group of Grupa Kęty S.A. In 2015, there were no violations of the Diversity Policy in Grupa Kęty S.A.

GRI G4 LA13

The average salary of women to the average salary of men ratio is 83 %. The smallest discrepancies are recorded in the group of managerial positions, where women's salaries equal, on average, 90 % of men's salaries. In the case of workers, the difference is 14 %.

GRI G4 LA3

In 2015, there were 52 employees in the Company entitled to maternity leave and paternity leave. All entitled employees used this option. At the same time, 35 employees returned in 2015 to work from parental leaves and others will continue their leaves in the next year.

GRI G4 LA9

THE DEVELOPMENT OF THE ORGANISATION'S INTELLECTUAL POTENTIAL

In 2014, the role of the management staff in the area of risk management both in particular companies and in the whole organisation was emphasised. Due to the update of the Group's Mission and Vision, the competence model was discussed. The division into three groups was upheld, i.e. corporate competences – common for all employees of the Group; managerial competences – dedicated to the management staff; and specialist competences – defined in particular companies for specific professional groups. The Company implemented the management by objectives system. It defines the procedure regarding the assignment and settlement of objectives, highlighting the objectives related directly to the strategy of a given company. We improve the skills of our employees so that, when striving to achieve the business objectives of the organisation, they also had the opportunity to fulfil their own ambitions. We notice specific competences of our employees; therefore, we build profiles that are the best suited to the needs of particular occupational groups. In 2015, 518 employees took part in training courses; 14 % of them were women. Within 1,592 training hours, the average number of training hours per course participant was 3 hours (women – 2.5 h, men – 3.2 h).

GRI G4 SO4

In 2015, Grupa Kęty S.A. did not conduct any training courses on anti-corruption procedures. Such training has been scheduled for 2016 as part of an educational programme, which aims at raising the awareness of employees as regards the Company's standards laid down in the Code of Ethics.

OCCUPATIONAL HEALTH AND SAFETY

Safe workplace is a priority for our organisation; therefore, we do not take only obligatory measures provided for by law. This area is subject to our Safe Work Programme, launched in 2010, aiming at eliminating potential risks in the workplace. Preventative measures comprise, apart from basic statutory ones, e.g. additional H&S and fire protection training courses with reference to the specific nature of the operations of a given company. Educating employees and making them aware that everyone is responsible for both their and their colleagues' safety, is a crucial element of the

programme. The Company introduced the suggestions system that can be used to share knowledge or propose improvements, which are an additional source of information about potential risks that may arise in the workplace. Thanks to our reporting system, we constantly analyse the results of our measures and potential risks. Grupa Kęty S.A. appointed a team of H&S specialists responsible for monitoring the work environment. In addition, managers of particular organisational units appoint teams under their leadership composed of the corporate occupational health and safety officer, employee representatives, shift foreman and other specialists, as appropriate, who:

- identify hazards that employees as well as visitors and other people in the workplace may face in a particular job or in a given area of the Company;
- identify the sources of hazards and possible effects of such hazards;
- estimate the occupational hazard;
- suggest preventative measures aimed at reducing or eradicating occupational hazard.

As a result of such measures, the Company evaluates the occupational hazard for a given job.

GRI G4 LA5; GRI G4 LA6

All employees (100%) of the Company are represented in official H&S committees. In 2015, Grupa Kęty S.A. recorded seven accidents at work.

In 2015, the National District Sanitary Inspectorate did not detect any occupational diseases in Grupa Kęty S.A. Lost days incident rate (days of sick leaves due to accidents to total days of sick leaves in %) in Grupa Kęty S.A. for 2015 is 3.47 % (as compared to 5 % in 2014). Sickness absences totalled 22,701 days (2014: 17,629 days), including 788 days (2014: 889 days) of absences due to accidents at work. Total sickness per employee absences amounted to 21 days (2014: 17.8 days). At workstations where the norms for factors posing hazard to health (noise, vibrations, UV radiation) are exceeded, employees are required to use personal protective equipment. Measurements of harmful factors are carried out in accordance with regulations by a third party laboratory accredited by the Polish Centre for Accreditation to take tests and measurements of work environment parameters.

As part of the initial training, the Company conducted a general training for 123 employees hired by Grupa Kęty S.A., and 19 trainees. Pursuant to applicable regulations, the Company also conducted training courses for 630 third party employees who work in Grupa KĘTY S.A., and 13 visitors to the plant. In addition, as part of PZU Preventive Fund, the Company also held first aid training course for 60 employees designated to give first aid. This course was conducted by the State Higher School of Vocational Education in Oświęcim.

PROJECTS FOR EMPLOYEES

The Company's activities aim at engaging employees and initiating projects dedicated to them. The most important activities in 2015 in the area of corporate social responsibility include:

- an art contest for children of employees – more than 70 thousand PLN allocated by the entire Capital Group for prizes for children, and over 15 thousand PLN by Grupa Kęty S.A. itself (we describe this initiative in more detail in the chapter: *The Group for the World / Ecological sensitivity*, as ecology was the main subject of the contest);
- sport – the Company has always tried to engage employees in all sports-related initiatives (we describe all these projects in more detail in chapter: *Educating through sport*).
- employees' voluntary work – we support and foster employees' voluntary work initiatives, e.g. through the programme called 'Razem z GRUPĄ' ('Together with the GROUP'), and the involvement of our employees in initiatives and programmes organised by 'Grupa Kęty for the

Children of Podbeskidzie Region' Foundation. 'The Christmas of Children's Dreams' is the most spectacular, cyclical initiative of this type; employees voluntarily prepare Christmas gifts for children supported by the Foundation. They take letters hung by children on Christmas trees in the Group's companies and fulfil their dreams. The Foundation organises Christmas parties for children where the gifts are given. In 2015, the employees of the Capital Group of Grupa Kęty S.A. prepared more than 200 gift boxes. As many as 20 projects are to be implemented as part of 'Together with the GROUP' programme. Grupa Kęty S.A. allocated 40 thousand PLN for this purpose. As part of the said projects, grants were given to four schools, four sports clubs, six kindergartens, two Voluntary Fire Brigades, two local associations, one community day-care centre and one district library. Ca. 1,000 beneficiaries benefited from the projects.

8.5. SOCIAL COMMITMENT

GRI G4 SO1

Fundacja Grupa Kęty Dzieciom Podbeskidzia ('Grupa Kęty for the Children of Podbeskidzie Region' Foundation) is the 'social face' of the Capital Group of Grupa Kęty S.A. The activities of this organisation focus mainly on the provision of assistance to the residents of special educational establishments and children's homes to help them get education, knowledge and qualifications, which, accordingly, will allow them to have a better start in their adult lives and to become independent. The Foundation also aims at ensuring equal opportunities for these children through active participation in various local and nationwide cultural and sports events. "To ensure a better start" is the motto which has been the guiding principle for the Foundation from its very beginning. Today, it actively supports six special educational establishments from such counties as bielski, pszczyński, cieszyński, oświęcimski and żywiecki. The Foundation, together with the young people who go through the stage of becoming independent in adult lives, who are also supported by it, has taken care of nearly 200 children. Major programmes and projects carried out in 2015 include:

TRANSITIONAL LIVING FLAT – Recognising the needs of local communities, 'Grupa Kęty for the Children of Podbeskidzie Region' Foundation opened in Kęty a transitional living flat for young people leaving children's homes to help them become independent. Such transitional living flats help such young people begin their better lives. Maximum four people can live in the flat for a period not longer than two years. In 2015, two girls resided there.

HARRY POTTER ACADEMY – this project was addressed at the brightest pupils from the Children's Home in Kęty and Bielsko-Biała. These children are talented in arts, humanities as well as mathematics and natural sciences. By engaging them, the Foundation, in the collaboration with the Jagiellonian University (*The Irresistible Project*), fostered the development of their talents and interests.

'A LIKE ART' PROGRAMME comprised two initiatives in 2015. We conducted an open art contest for all children from children's homes cooperating with the Foundation. The subject of the contest was consistent with the activities of the Group: "ECO-STRONG – What can I do to be environmentally-friendly?". The Foundation received 63 works on ecology. 'EcoFashion' photography workshop was the second project of 'A like Art' programme; nominated children learnt how to use cameras. A special photo shoot for workshops participants in 'Eco'-costumes made by them from waste or biodegradable materials was the final result of the workshops. As each year, the works from the workshops became the inspiration for the Foundation's calendar.

'GET TO KNOW OUR GROUP' – by visiting the companies of the Capital Group abroad, the programme is designed to arouse curiosity in young people; to broaden their horizons through contacts with other

cultures; to encourage them to learn foreign languages; and to help young people have faith in their own talents and abilities. Each year, five adult young people designated by children's homes take part in the programme.

The HOLIDAY TOURNAMENT was the final event of the summer holiday programme of the integration of groups at risk of exclusion in Kęty.

THE IDEA OF EDUCATING THROUGH SPORT

The idea of educating through sport is continued and developed in our Company on an ongoing basis. Each year, we get involved in various sports initiatives which aim mainly at encouraging children and young people to practise sports. Each sport-related project of the Group involves encouraging and engaging employees to participate in joint sport activities. Employees or their children have the opportunity to sign up for a given tournament or a sports event. The Management Board of Grupa Kęty pays their enrolment fees and provides other necessary items such as passes to use ski lifts or sportswear for matches. Employees take part in such events willingly. In 2015, the Company supported the following events:

- Reksio The Dog's Cup (skiing);
- 'Młoda Plaża Open' beach volleyball tournament;
- the 3rd Football Tournament for Children of Podbeskidzie Region
- the 39th Bielski Family Bike Race

8.6. THE GROUP FOR THE WORLD

ENVIRONMENTAL ASPECTS MANAGEMENT

The report includes the total of 12 environmental indicators covered by the GRI standard. The process of defining reporting areas comprised the prioritisation of environmental aspects identified within the framework of the Company's management system based on ISO 140001. The aspects register covers all elements of Grupa KĘTY S.A. business, including goods and services, which can interact with the environment. The analysis of the importance of a given aspect to stakeholders and of its environmental impact was the basis for priority assignment. As a result, the following GRI G4 indicators were selected: EN1, EN2, EN3, EN8, EN10, EN15, EN21, EN22, EN23, EN29, EN31, EN34, as being related to the Company's business and its environmental impact to the greatest extent. These indicators are associated with environmental areas and components that the Company can influence to a great extent, i.e. water, emissions, effluents and waste, materials/energy, compliance, environmental grievances.

PRECAUTIONARY PRINCIPLE

GRI G4 14

The objective of the management of environmental impact risks in Grupa Kęty is to minimise environmental risks. This purpose is achieved thanks to the integrated management system, in which potential events that may have an adverse impact on the environment have been identified. Grupa Kęty S.A. monitors and assesses those risks on an ongoing basis, taking measures referred to in the operational control procedures for processes with material aspects. Such activities do not come down only to the monitoring of emissions. First and foremost, the Company takes preventative measures or measures aiming at eliminating potential hazards. In 2015, the Company monitored 67 environmental aspects and implemented 24 preventative measures.

ENVIRONMENTAL IMPACT

GRI G4 EN15

Emission to air

When analysing the environmental impact, we focus mainly on emissions of gases and dust to air, which are a source of the direct environmental impact. Total greenhouse gas emissions level is low due to the nature of processes and low total thermal power of devices. The Company is not subject to the EU system for greenhouse gas emission allowance trading. CO₂ is the only greenhouse gas emitted from the systems of Grupa KĘTY S.A. Emitted carbon dioxide originates from the combustion of natural gas in heaters and in aluminium heat-treating furnaces.

Łączne bezpośrednie emisje gazów cieplarnianych

RODZAJ EMISJI	Jednostka	2015
Emisja CO ₂	Mg/rok	11352
Emisja łączna CO ₂ na jednostkę produkcji	Mg/Mg	0,138

GRI G4 EN21

Apart from carbon dioxide, Grupa KĘTY S.A. emits to air sulphur dioxide, nitrogen oxides, carbon monoxide, dust and small amounts of inorganic compounds. Natural gas combustion is the main source of emissions. The plant does not use substances that deplete the ozone layer. As part of its environmental impact monitoring measures, the plant takes measurements of emissions from systems.

Emisja związków NO_x, SO_x i innych istotnych związków do powietrza według rodzaju związku

RODZAJ EMISJI	Jednostka	2015
Pył og.	Mg/rok	1,26
SO ₂	Mg/rok	0,79
NO _x	Mg/rok	7,96
CO	Mg/rok	2,22
Fluor	Mg/rok	0,02
Chlor	Mg/rok	0,01
Kwas siarkowy	Mg/rok	3,00
Wodorotlenki metali	Mg/rok	3,01

GRI G4 EN1

Materials consumption

Major raw materials used by Grupa KĘTY S.A. in the production of aluminium components include aluminium, alloy components, aluminium scrap. The Company manufactures aluminium ingots from them, which are the input material for the sections extrusion process. The secondary smelting process uses aluminium scrap produced in the plant and purchased from the market. The materials supplied to the plant are checked for contaminants. For the time of inspections and tests, delivered product is labelled and secured so that it is not used in the process. The plant has its own facilities to carry out specific tests and appropriate inventories of raw materials; therefore, it does not use materials in the production prior to their verification. The control is carried out according to the procedures of ISO9001 system. The use of raw materials is controlled in such a way so as to optimise the process and minimise emissions. Additional control is carried out through ISO 14001 environmental management system.

Wykorzystane surowce/materiały według wagi i objętości

Wyszczególnienie	Jednostka	2015
Aluminium	Mg	16 087,67
Składniki Stopowe	Mg	498,48
Zaprawy	Mg	893,44
Złomy zakupione	Mg	3 030,70
Wlewki alumin.	Mg	24 151,87

In Grupa KĘTY S.A., the percentage of recycled materials in the final production is high. The Company manages 100% of aluminium waste produced in the plant, and also collects and processes waste from the market. The waste is applied as a component of input materials for the production of new elements extruded from aluminium and aluminium alloys. The plant selectively collects particular grades of alloys and, as a result, in the secondary melting process, it does not apply covering fluxes that are harmful to the environment. The company acquires both post-consumer aluminium waste (originating from end users) and pre-consumer aluminium waste (waste from manufacturing processes). The process is subject to strict requirements regarding the quality of purchased scrap. As a result, there is no contaminated aluminium in the secondary melting process and no hazardous substances, which could pose a risk to the environment, are emitted to air. By recovering aluminium from scrap, the plant saves a lot of the energy needed to produce primary aluminium obtained from bauxite (its smelting is very energy-consuming). The recycling of secondary aluminium also helps reduce air and water pollution.

GRI G4 EN3; GRI G4 EN6

Energy efficiency

We treat energy efficiency of the systems of Grupa KĘTY S.A. as a priority. In order to ensure energy efficiency, the Company has implemented a special system of technical and organisational solutions in accordance with ISO 14001 and ISO 50001 guidelines. The consumption of energy is subject to planning and monitoring. The plant's individual units must report their actual energy consumption, and, when planned volumes are exceeded, the growth cause analysis is carried out. The Company raises its energy efficiency levels through continuous upgrades of production lines. The implementation of a modern aluminium profiles extrusion line was the most vital project in 2015; at the same time, the energy inefficient 2503 press was removed. As a result of completed projects and owing to rational utilities management, the Company has recorded permanent reduction of the demand for utilities per production unit.

Bezpośrednie zużycie energii wg głównych źródeł energii

Wyszczególnienie	Jednostka	2015
Energia elektryczna	GJ	236618
Gaz ziemny	GJ	200394
Zużycie energii elektr. na jednostkę produkcji	GJ/Mg	2,88
Zużycie gazu na jednostkę produkcji	GJ/Mg	67,8

GRI G4 EN8

Water usage

Grupa KĘTY S.A. takes water from its own sources, i.e. from its well and from the dewatering of the plant's soil. The well is a source of drinking water for the plant and is used primarily for domestic purposes and by employees. Water is also used for fire protection purposes and for industrial purposes in the case of greater demand. Water from the process of dewatering soils near the plant is the main source of water for production purposes. The industrial water system is ring-based, which

makes it possible to switch off particular sections of the system. Water is used pursuant to permits required under the Water Law obtained by the Company. Actual water intake is consistently maintained much below permitted limits.

Łączny pobór wody według źródła

ŹRÓDŁO WODY	Jednostka	2015
Podziemna	m ³	245328
Z odwadniania gruntów	m ³	359778

GRI G4 EN10

The plant aims at increasing to maximum the percentage of recycled water in the total amount of water used in production processes. This enables the Company to reduce the use of the environment to minimum. In 2015, the volume of recycled water amounted to 3,055 thousand m³. This effect is produced by cooling thermal processes related to aluminium smelting and processing in a closed circulation system. Such a closed circulation system allows for substantial savings in terms of water consumption. Dirty water is discharged or clean water is replenished periodically in small volumes only to prevent the accumulation of suspended solids and petroleum-based substances. Cooling water is discharged to the central wastewater treatment plant.

GRI G4 EN22

Całkowita objętość ścieków według jakości i docelowego miejsca przeznaczenia

Wyszczególnienie	Jednostka	2015
Do kanalizacji miejskiej	tyś m ³ /rok	20
Do wód powierzchniowych	tyś m ³ /rok	693
w tym ścieki z obróbki chem. aluminium	tyś m ³ /rok	182

GRI G4 EN23

Waste management

Waste produced in Grupa KĘTY S.A. is managed in accordance with EU and Polish regulations, ensuring safety for the environment. Aluminium scrap and melting loss are typical waste. Waste is collected selectively. Waste storing areas are separated from the ground, and waste is kept in special hermetic containers. The Company keeps quantitative and qualitative waste records. An advanced ERP system is applied to monitor waste turnover. Waste not managed in-house is handed over to companies with required permits. A large majority of it will be recovered. Waste management processes were monitored in the Company's ISO 14001-compliant environmental management system.

Odpady wytworzone oraz sposób postępowania z odpadami w Grupie KĘTY

Wyszczególnienie	Jednostka	2015
Wytworzone odpady niebezpieczne	Mg	2002
Wytworzone odpady inne niż niebezpieczne	Mg	22092
Wytworzone odpady łącznie	Mg	24073
Wytworzone odpady na jednostkę produkcji	Mg/Mg	0,293
Odpady przekazane do odzysku	Mg	4574
Odpady unieszkodliwione	Mg	1872

GRI G4 EN2

Aluminium waste is a valuable material for the production of aluminium profiles. For this reason, the corporate foundry recycles it and, as a result, aluminium scrap is transformed into ready input material. The Company reuses 100% of aluminium waste produced in the plant, and also collects and processes waste from the market, both post-consumer aluminium waste (originating from end users)

and pre-consumer aluminium waste (waste from manufacturing processes). The total percentage of recycled materials is ca. 35 %.

Odpady odzyskane w instalacji do wtórnego wytopu aluminium

Wyszczególnienie	Jednostka	2015
Recykling odpadów aluminium	Mg	24722
Recykling odpadów na jedn. produkcji	Mg/Mg	0,30

GRI G4 EN29

Compliance

The Company complies with all applicable legal regulations and laws. The results of the audit performed in October 2015 by the Provincial Environmental Protection Inspectorate and by independent auditors from TUV NORD Cert. confirmed the compliance. The Company's measurements and analyses of the environment quality are an additional confirmation of the compliance with standards. For the emission of pollutants to the environment, the plant pays regular and timely charges required by law and submits reports to respective offices. In 2015, there were no fines or other sanctions for non-compliance with environmental laws and regulations.

Wysokość opłat i kar z tytułu korzystania ze środowiska

Wyszczególnienie	Jednostka	2015
Opłaty za emisję do powietrza	PLN	19223
Opłaty za pobór wody	PLN	50082
Opłaty za ścieki	PLN	50277
Opłaty środ. łącznie	PLN	119582
Kary środ. łącznie	PLN	0

GRI G4 EN31

Environmental protection spending

Grupa Kęty S.A. accounts for all environmental costs, studies their structure and analyses their changes over time. The sources of data for the financial evaluation of environmental activities are as follows: capital expenditure; the costs of maintaining and operating environmental protection devices; legal charges for using the environment; product-related charges, etc. The accounting is a tool facilitating the decision-making process in the area of environmental activities as well as investment projects and organisational measures.

Nakłady na ochronę środowiska

Wyszczególnienie	Jednostka	2015
Łączne koszty środowiskowe	PLN	3645631
Koszty ochrony powietrza i klimatu	PLN	729675
Koszty gospodarki ściekowej	PLN	819323
Koszty gospodarki odpadami	PLN	439926
Koszty ochrony gleby oraz wód	PLN	1592518
Pozostałe koszty OŚ	PLN	64265
Opłaty recyklingowe	PLN	19990
Zagospodarowanie odpadów	PLN	417 387

GRI G4 EN34

Environmental impact grievances

The Company received no stakeholders' grievances concerning exceeded limits related to the use of the environment. The absence of complaints from local residents confirms that the plant's environmental impacts are under control. The Company's open information policy, including the publication of annual environmental reports, helped increase stakeholders' awareness of the nature and extent of the Company's impact on the environment.

ECOLOGICAL SENSITIVITY

When Grupa Kęty S.A. joined UN Global Compact initiative, it significantly affected the scope and nature of its environmental measures. We focused even more on the preventative approach to the environment, the application of ecological technologies and projects aiming at the promotion of ecological responsibility attitude. We increased the effectiveness of the use of natural resources, and modernised the infrastructure to a large extent. The measures were implemented in a formal manner on the basis of international environmental standards. In addition to operational activities and processes that continuously influence our business philosophy in the area of ecology, which claims: "We are aware that we impact the environment in a direct and indirect way, therefore we operate in such a way so as to reduce this influence to minimum," the Company carries out a number of educational activities and programmes to promote ecological attitudes and behaviour. The most important measures in this area in 2015 include:

'A Top to Get a Wheelchair' Programme – In 2015, the entire Capital Group of Grupa Kęty S.A. and the establishments collaborating with 'Grupa Kęty for the Children of Podbeskidzie Region' Foundation, continued an ecological and charity programme called 'A Top to Get a Wheelchair' ('Nakrętka na wózek'). The money obtained from the sale will be donated to a mother from Międzyrzecze whom the Foundation supports in her efforts to purchase a wheelchair for her disabled son. Ecology combined with charity brings about measurable effects; the weight of bottle tops collected since the programme launch has been ca. 1.7 tons.

'Eco-Strong' – An art contest for children of employees from all Group companies. Children of employees of the Capital Group of Grupa Kęty S.A. sent in over 700 artistic works to 'Eco-Strong' contest, which is part of the Company's CSR activities.

Eco-local commitment – The Company gets involved on a regular basis in the ecological contest run by the Environmental Protection Department of the County Office in Oświęcim. In 2015, it was an educational contest – children showed how to protect the air, which was the main topic of the contest. Grupa Kęty S.A., for which environmental protection is a crucial aspect of the CSR policy, was one of the sponsors of the project and funded prizes for winners in the form of sports bags and two Samsung tablets.

E-invoices in the Group – To protect the environment and improve business efficiency, the Group companies have introduced e-invoices. They encourage their partners to use them by providing information and showing the benefits related to e-invoices, and, if possible, they choose such an option in the cooperation with suppliers. In 2015, the percentage of e-invoices in the total number of invoices was 25 %.

8.7. ABOUT THE REPORT

GRI G4 17; GRI G4 18; GRI G4 19; GRI G4 20; GRI G4 21; GRI G4 22; GRI G4 23; GRI G4 28; GRI 29; GRI G4 30; GRI G4 31; GRI G4 32; GRI 33

This declaration has been prepared for the first time. When preparing the report, the Company was inspired by the guidelines of GRI G4 standard. As non-financial information is published for the first time, there have been no changes as compared to the previous year. Previous report of a similar nature was published in March 2014; however, it contained only financial data. Therefore, this year's report will be the basis for the reporting process in the coming years. The Company reports such information on an annual basis; hence, the information contained herein refers to the calendar year 2015. Disclosed information refers to Grupa Kęty S.A., except when the text refers to activities carried out at the level of the entire Capital Group of Grupa Kęty S.A. (e.g. ethics, the activities of the Foundation). The reporting scope is also presented in the GRI Table. The Company has not introduced any corrections of the information presented in the previous report.

When preparing the report, we applied selected indicators proposed in GRI G4 in the CORE version. The report was drawn up in the collaboration with the internal project team, which featured many employees responsible for particular aspects discussed in the report, including HR, environmental protection, investor relations, CSR, sales, production, procurement, etc.

Mr. Zbigniew Paruch, Chief PR Specialist, is the person supervising the process of the report preparation and the contact person for the report. The report preliminary content and structure were consulted with an independent external expert, without the final verification. The dedicated project team, which prepared this report in the cooperation with the Management Board of Grupa Kęty S.A., identified material aspects for the organisation that we present in this report. They were selected mainly on the basis of our CSR Policy, which is the primary document and the Company's philosophy in the area of corporate social responsibility. It determined our activities in this area a long time ago. In the report, we focused on these aspects, trying to present them in a credible, transparent, balanced, comparable, accurate and timely manner. When presenting them, we tried to observe GRI principles:

- Stakeholder inclusiveness
- Materiality
- Sustainability context
- Completeness

The Sustainable Development and Social Responsibility Steering Committee plays an important role in the process of determining the philosophy of activities and areas of commitment. At its meetings, the Committee takes important decisions concerning the operational management of the entire Capital Group in accordance with the vision, mission and values, which are paramount for us. The report was audited by an independent auditor selected by the Company's Supervisory Board. The audit covered financial figures only.

8.8. GRI INDICATORS

INDICATOR AND ITS DESCRIPTION	PAGE NUMBER IN THE REPORT OF THE MANAGEMENT BOARD OF GRUPA KĘTY S.A.	GLOBAL COMPACT PRINCIPLES
STRATEGY AND ANALYSIS		
G4-1 Statement from CEO or equivalent senior position about the relevance of sustainability to the organisation and the organisation's strategy.	2-3; 21	
G4-2 Description of key impacts, risks, and opportunities.	16-19; 43	
ORGANISATIONAL PROFILE		
G4-3 Name of the organisation.	4	
G4-4 Primary brands, products, and services.	4	
G4-5 Location of the organisation's headquarters.	4	
G4-6 Number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report.	4	
G4-7 The nature of ownership and legal form.	4-5	
G4-8 Markets served, including geographic breakdown, sectors served, and types of customers and beneficiaries.	5-6; 16	
G4-9 Scale of the organisation.	4; 6	
G4-10 Total number of employees and workforce by employment type, employment contract type, region, and gender.	25	Principle 1
G4-11 Percentage of total employees covered by collective bargaining agreements.	26	
G4-12 Description of the organisation's supply/value chain.	6-7	
G4-13 Any significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain.	5; 8	
G4-14 Report whether and how the precautionary approach or principle is addressed by the organisation.	30	Principle 8
G4-15 Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.	21	
G4-16 Memberships of associations (such as industry associations) and/or national or international advocacy organisations.	21	
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17 The organisational structure of the organisation, including main departments, subsidiaries, related parties and joint ventures, indicating which of them are not covered by the report.	5; 35	
G4-18 Process for defining the report content and the Aspect Boundaries. The implementation of the Reporting Principles for Defining Report Content.	36	
G4-19 All the material Aspects identified in the process for defining report content.	36	
G4-20 For each material Aspect, report the Aspect Boundary within the organisation.	36	
G4-21 For each material Aspect, report the Aspect Boundary outside the organisation.	36	
G4-22 Effect of any restatements of information provided in previous reports, and the reasons for such restatements.	36	
G4-23 Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	36	
STAKEHOLDER ENGAGEMENT		
G4-24 A list of stakeholder groups engaged by the organisation.	22-23	
G4-25 Basis for identification and selection of stakeholders with whom to engage.	22-23	
G4-26 Organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	22-23	
G4-27 Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded, including through its reporting, indicating the stakeholder groups that raised each of the key topics and concerns.	22-23	
REPORT PROFILE		

G4-28 Reporting period.	36	
G4-29 Date of most recent previous report.	36	
G4-30 Reporting cycle.	36	
G4-31 Contact point for questions regarding the report or its contents.	36	
G4-32	36	
a) 'In accordance' option the organisation has chosen.	36	
b) GRI Content Index for the chosen option.	36	
c) Reference to the External Assurance Report, if the report has been externally assured.	36	
G4-33 Organisation's policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided and the relationship between the organisation and the assurance providers.	36	
GOVERNANCE		
G4-34 Governance structure of the organisation, including committees of the highest governance body, indicating any committees responsible for decision-making on economic, environmental and social impacts.	51	
G4-35 The process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	48	
G4-42 The highest governance body's and senior executives' roles in the development, approval, and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	21; 51	
G4-51 The remuneration policies for the highest governance body and senior executives.	10-11	
ETHICS AND INTEGRITY		
G4-56 Organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	21; 23-24	Principles 1, 2, 3, 5, 7, 8,10
G4-57 The internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organisational integrity, such as helplines or advice lines.	23-24	
G4-58 The internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	23-24	
ECONOMIC		
Economic Performance		
G4-EC1 Direct economic value generated and distributed.	12	
G4-DMA Management approach to the Economic Performance Aspect.	12	
Procurement Practices		
G4-EC9 Proportion of spending on local suppliers at significant locations of operation.	6-7	
G4-DMA Management approach to the Procurement Practices Aspect.	6-7	
ENVIRONMENTAL		
Materials		
G4-EN1 Materials used by weight or volume.	31	
G4-EN2 Percentage of materials used that are recycled input materials.	33	
G4-DMA Management approach to the Materials Aspect.	31; 33	
Energy		
G4-EN3 Energy consumption within the organisation.	32	
Water		
G4-EN8 Total water withdrawal by source.	32	
G4-EN10 Percentage and total volume of water recycled and reused.	33	
G4-DMA Management approach to the Water Aspect.	32	

Emissions		
G4-EN15 Direct greenhouse gas (GHG) emissions by weight.	30-31	
G4-EN21 NO _x , SO _x and other significant air emissions by compound type and weight.	31	
G4-DMA Management approach to the Emissions Aspect.	30-31	
Effluents and Waste		
G4-EN22 Total water discharge by quality and destination.	33	
G4-EN23 Total weight of waste by type and disposal method.	33	
G4-DMA Management approach to the Effluents and Waste Aspect.	33	
Compliance		
G4-EN29 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	34	
G4-DMA Management approach to the Compliance Aspect.	34	
Overall		
G4-EN31 Total environmental protection expenditures and investments by type.	34	
Environmental Grievance Mechanisms		
G4-EN34 Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	34	
SOCIAL		
Labour Practices and Decent Work		
Employment		
G4-LA1 Total number and rates of new employee hires and employee turnover by age group, gender, and region.	25	
G4 LA2 Benefits provided to full-time employees that are not provided to temporary or part-time employees.	26	
G4-LA3 Return to work and retention rates after parental leave, by gender	27	Principles 1, 6
G4-DMA Management approach to the Employment Aspect.	25	Principle 1
Labour/Management Relations		
G4-LA4 Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	26	
Occupational Health and Safety		
G4-LA5 Percentage of total workforce represented in formal joint management-worker health and safety committees.	28	
G4-LA6 Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	28	
G4-DMA Management approach to the Occupational Health and Safety Aspect.	27-28	
Training and Education		
G4-LA9 Average hours of training per year per employee by employee category.	27	
G4-DMA Management approach to the Training and Education Aspect.	27	
Diversity and Equal Opportunity		
G4-LA12 Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	10	
G4-DMA Management approach to the Diversity and Equal Opportunity Aspect.	26-27	
Equal Remuneration for Women and Men		
G4-LA13 Ratio of basic salary and remuneration of women to men by employee category.	27	Principles 1, 6
Labour Practices Grievance Mechanisms		
G4-LA16 Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms.	24	Principles 2, 6
G4-DMA Management approach to the Labour Practices Grievance Mechanisms Aspect.	24	Principles 2, 6
Human Rights		

Non-discrimination		
G4-HR3 Total number of incidents of discrimination and corrective actions taken	26	Principles 1, 6
G4-DMA Management approach to the Non-discrimination Aspect.	26	Principles 1, 6
Human Rights Grievance Mechanisms		
G4 HR 12 Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.	24	Principles 2, 6
G4-DMA Management approach to the Human Rights Grievance Mechanisms.	24	Principles 2, 6
Society		
Local Communities		
G4-SO1 Percentage of operations with implemented local community engagement, impact assessments, and development programmes.	29	Principles 1, 8
G4-DMA Management approach to the Local Communities Aspect.	29-30	Principles 1, 8
Anti-Corruption		
G4-SO4 Communication and training on anti-corruption policies and procedures.	27	
Public Policy		
G4-SO6 Total monetary value of financial and in-kind political contributions made by the organisation by country and recipient/beneficiary	24	Principle 10

9. DERIVATIVE FINANCIAL INSTRUMENTS

Details concerning derivative financial instruments are presented in note 38 to the Financial Statements of Grupa Kęty S.A. for 2015.

10. BORROWINGS AND OTHER LIABILITIES

10.1. BANK LOANS AND FINANCE LEASE

LONG-TERM LOANS				
Lender	Loan currency	Security	31.12.2015	31.12.2014
BGŻ BNP Paribas Polska	PLN	First capped mortgage on real properties owned by Grupa Kęty S.A. and Alupol Packaging Kęty sp. z o.o. up to 50 million PLN, including the assignment of rights from insurance policies for the said real properties up to 35 million PLN.	3 798	10 904
BGŻ BNP Paribas Polska	PLN	Collective mortgage on the Company's real properties up to 36 million PLN. The assignment of rights from the insurance policy for the said real property amounting to 36 million PLN.	20 000	10 000
TOTAL LONG-TERM LOANS:			23 798	20 904

SHORT-TERM LOANS				
Lender	Loan currency	Security	31.12.2015	31.12.2014
BGŻ BNP Paribas Polska	PLN	Short-term part of long-term loans – the same securities as in the case of the long-term loan.	17 329	9 946
ING Bank Polska	EUR, PLN	Joint and several liability of the following companies: Grupa KĘTY S.A. and Metalplast Stolarka Sp. z o.o.	3	9
BGŻ BNP Paribas Polska	PLN, EUR	Joint and several liability of the following companies: Grupa KĘTY S.A. (up to 100 million PLN), Metalplast Stolarka Sp. z o.o. (up to 10 million PLN), Alupol Packaging S.A. (up to 20 million PLN), Aluprof S.A. (up to 10 million PLN), Romb S.A. (up to 50 million PLN), Alupol Packaging Kęty sp. z o.o. (up to 20 million PLN), Alupol Films sp. z o.o. (up to 10 million PLN) + blank promissory notes of the aforementioned companies	4 979	8 607
Bank PeKaO S.A.	EUR, USD, CHF	Joint and several liability of the following companies: Grupa KĘTY S.A. (up to 180 million PLN), Alupol Packaging S.A. (up to 40 million PLN), Aluprof S.A. (up to 55 million PLN), Metalplast-Stolarka sp. z o.o. (up to 40 million PLN), Alupol Packaging Kęty sp. z o.o. (up to 25 million PLN), Alupol Films sp. z o.o. (up to 5 million PLN).	42 026	71 645
Bank Societe Generale	EUR, PLN	Surety of Aluprof S.A. up to 5 million PLN	3 705	15 768
Bank PKO BP	PLN, EUR, USD	Joint and several liability of the following companies: Grupa KĘTY S.A. (up to 80 million PLN), Alupol S.A. (up to 20 million PLN), Aluprof S.A. (up to 60 million PLN), Alu Trans System sp. z o.o. (up to 8 million PLN), Alupol Packaging Kęty sp. z o.o. (up to 20 million PLN), Romb S.A. (up to 10 million PLN)	3 312	1 682
Alutech Sp. z o.o.	PLN	N/A	1 500	1 500
TOTAL SHORT-TERM LOANS:			72 854	109 157

All loans bear interest at Wibor/Euribor rates plus the bank's margin. Loans repayments resulted from the repayment schedule. Borrowings are related to the management of the Company's liquidity.

10.2. CONTINGENT LIABILITIES

Item	31.12.2015	31.12.2014
Bank guarantee for LC Corp Sky Tower concerning the proper performance of the contract*	0	3 593
Bank guarantee securing production hall rental payments	411	0
Total granted guarantees	411	3 593

* Related to construction works on Sky Tower building in Wrocław. The guarantee expired on 31.01.2015.

In addition, the Company received or granted guarantees and sureties presented in the table below. According to the Company's present estimates, the guarantees and sureties presented below will not be realised.

For:	Purpose	Amount	Maturity
Aluprof S.A.	Security for a working capital loan	5 000	31-03-2016

From:	Purpose	Amount	Maturity
Aluprof S.A.	Loan security	5 000	31-06-2016
Alupol Packaging Kęty sp. z o.o.	Loan security	50 000	30-12-2016

In addition:

Grupa Kęty S.A., Alupol Packaging S.A., Aluprof S.A., Alutrans sp. z o.o., Alupol Packaging Kęty sp. z o.o. and Romb S.A. entered into an agreement with PKO BP S.A. for an overdraft facility up to the total amount of 80 million PLN. All the companies being parties to this agreement are jointly and severally liable for the liabilities related to this loan. The amounts of the said loan utilised by other companies as at the balance sheet date amounted to 6,795 thousand PLN. The agreement is valid until 30.09.2016.

Grupa Kęty S.A., Alupol Packaging S.A., Aluprof S.A., Alupol Packaging Kęty sp. z o.o., Alupol Films and Metalplast Stolarka sp. z o.o. entered into an agreement with Pekao S.A. for an overdraft facility up to the total amount of 180 million PLN. All the companies being parties to this agreement are jointly and severally liable for the liabilities related to this loan. The amounts of the said loan utilised by other companies as at the balance sheet date amounted to 59,265 thousand PLN. The agreement is valid until 31.10.2016.

Grupa Kęty S.A. and Metalplast Stolarka sp. z o.o. entered into an agreement with ING S.A. for an overdraft facility up to the total amount of 65 million PLN. All the companies being parties to this agreement are jointly and severally liable for the liabilities related to this loan. The amount of the said loan utilised by Metalplast Stolarka as at the balance sheet date amounted to 21,186 thousand PLN. The agreement is valid until 30.05.2016.

Grupa Kęty S.A., Aluprof S.A., Alupol Packaging S.A., Metalplast Stolarka Sp. z o.o., Alupol Packaging Kęty Sp. z o.o., Alupol Films Sp. z o.o. and ROMB S.A. entered into an agreement with BGŻ BNP Paribas Polska S.A. for an overdraft facility up to the total amount of 100 million PLN. All the companies being parties to this agreement are jointly and severally liable for the liabilities related to this loan. The amount of the said loan utilised by the companies as at the balance sheet date amounted to 41,047 thousand PLN. The agreement is valid until 01.06.2016.

Grupa Kęty S.A. and Metalplast Stolarka sp. z o.o. entered into an agreement with BGŻ BNP Paribas Polska S.A. for a guarantee facility up to the total amount of 20 million PLN, and Grupa Kęty S.A. granted its surety for the said agreement. As at the balance sheet date, Metalplast Stolarka issued guarantees under this agreement amounting to 7,453 thousand PLN. This agreement will be valid until the expiry of the guarantees; and the last guarantees for this loan will expire in 2023.

Grupa Kęty granted its surety for bills of exchange securing a guarantee line agreement amounting to 20,000 thousand PLN between Metalplast-Stolarka Sp. z o.o. and Euler-Hermes. As at the balance sheet date, the value of issued guarantees amounted to 1,273 thousand PLN. The guarantee is valid until 28.02.2018.

Grupa Kęty assumed liability for the guarantees of Euler-Hermes issued for customers of Metalplast-Stolarka Sp. z o.o. As at the balance sheet date, the value of issued guarantees amounted to 2,367 thousand PLN. The guarantee is valid until 11.04.2017.

Apart from the aforementioned liabilities, there are no other contingent liabilities for entities from outside the Capital Group.

11. THE PRINCIPLES OF FINANCIAL RISK MANAGEMENT

GRI G4 2

The basic risks as well as objectives and principles of risk management in Grupa Kęty S.A. did not change as compared to the ones published in the most recent annual financial statements of Grupa Kęty S.A. for 2014. Details concerning 2015 are presented in note 37 to the Financial Statements of Grupa Kęty S.A. for 2015.

12. ADDITIONAL INFORMATION

12.1. RELATED PARTY TRANSACTIONS

Transactions within the Capital Group from the point of view of the parent company:

Subsidiary		Sales	Purchases	Dividends	Receivables (net)	Liabilities	Revaluation write-downs for receivables
Aluprof S.A.	2015	187 189	3 241	71 000	31 215	218	0
	2014	150 291	4 061	66 725	38 352	769	19
Alupol Packaging S.A.	2015	1 128	0	40 000	111	0	0
	2014	1 026	0	30 000	282	0	0
Alutech Sp. z o.o. w likwidacji	2015	14	0	0	0	0	0
	2014	4	0	0	0	0	0
Alu Trans System Sp. z o.o.	2015	5 750	212	0	0	0	0
	2014	9 882	108	0	4 432	37	1 310
Dekret Sp. z o.o.	2015	768	1 384	69	67	281	0
	2014	745	1 305	190	65	136	0
Aluprof Węgry Ltd	2015	585	318	0	20	107	0
	2014	342	518	0	0	92	0
Metalplast Stolarka Sp. z o.o.	2015	4 872	394	0	1 495	38	0
	2014	6 148	310	0	2 612	93	0
Alupol Ukraina Sp. z o.o.	2015	2 566	5 588	0	980	452	6 855
	2014	2 944	1 182	0	3 844	0	9 583

ROMB S.A.	2015	977	3	0	258	0	0
	2014	590	8	0	132	1	0
Aluform Sp. z o.o.	2015	1 717	48 695	13 000	134	3 947	0
	2014	2 188	51 108	15 468	486	4 367	0
Alupol Packaging Kęty Sp. z o.o.	2015	8 086	130	0	1 060	113	0
	2014	9 685	429	0	1 301	383	0
Aluprof System Czechy Ltd	2015	0	451	0	0	26	0
	2014	0	146	0	0	77	0
Group Kęty Italia Ltd	2015	0	1 343	0	0	223	0
	2014	0	491	0	125	84	0
Total	2015	213 652	61 759	124 069	35 340	5 405	6 855
Total	2014	183 845	59 666	112 383	51 631	6 039	10 912

In addition, on 31 December 2015, the Company acquired, for 5,371 thousand PLN, the enterprise of Alu Trans System sp. z o.o. More information on this topic is available in note 22. As at the balance sheet date, due to this transaction, the Company had a liability amounting to 771 thousand PLN and a receivable amounting to 99 thousand PLN.

In addition, in December 2015, the Company sold, for 12,188 thousand PLN, to Aluform sp. z o.o., 100% of its shares in Alupol Ukraina LLC. As at the balance sheet date, due to this transaction, the Company had a receivable amounting to 3,188 thousand PLN.

The Company also has a liability related to a loan of 1,500 thousand PLN borrowed from Alutech sp. z o.o. in mid-2013. The said loan bears interest on market terms.

In the present year, the Company reversed a write-down for receivables from Alupol LLC Ukraina amounting to 2,728 thousand PLN. In the previous year, the Company recognised as cost the write-down for receivables from Alupol Ukraina amounting to 9,583 thousand PLN.

In addition, during 2015, the Company established a revaluation write-down for interests in Alupol Ukraina amounting to 4,829 thousand PLN. In the previous year, the Company established a revaluation write-down for interests in Alupol Ukraina amounting to 14,715 thousand PLN.

In addition, the Company reversed a revaluation write-down for interests in Alu Trans System sp. z o.o. amounting to 912 thousand PLN.

Furthermore, in the reporting period, the Company paid a donation to 'Grupa Kęty Dzieciom Podbeskidzia' ('Grupa Kęty for the Children of Podbeskidzie Region') Foundation amounting to 15 thousand PLN (previous year: 54 thousand PLN). The said Foundation was established by Grupa Kęty S.A. in 2011.

Apart from the transactions described in note 34 (guarantees and sureties) and note 36.5, the Group did not carry out any other related party transactions.

The transactions with the Management Board and the Supervisory Board are described in note 36.4 of the Financial Statements. There were no other significant related party transactions apart from the aforementioned transactions and balances.

12.2. THE AGREEMENT WITH THE ENTITY AUDITING THE FINANCIAL STATEMENTS

On 25 May 2012, the Group entered into an agreement with PricewaterhouseCoopers Sp. z o.o. on the audit of the Financial Statements and of the Consolidated Financial Statements for the years 2012-2015 and the review of Condensed Separate Financial Statements and of Consolidated Financial

Statements for six months ending on 30 June 2012, 2013, 2014 and 2015. The table below presents the auditor's remunerations in 2015 and 2014:

	2015	2014
Remuneration for the audit of annual separate and consolidated financial statements	54,000 PLN	54,000 PLN
Remuneration for semi-annual reviews	30,000 PLN	30,000 PLN
Additional procedures related to works on financial statements (energy-related assets)	15,000 PLN	0
Auditor's total remuneration for the period	99,000 PLN	84,000 PLN

Apart from the above-mentioned services, the Group did not take advantage of other services rendered by the auditor auditing the financial statements of the parent company.

12.3. PENDING PROCEEDINGS

The companies of the Capital Group of Grupa Kęty S.A., as at the last day of the reporting period and as at the date of this report, were not a party to any proceedings pending in the court, competent arbitration court or public administration authority with the total value accounting for at least 10% of the equity of Grupa Kęty S.A.

12.4. DIFFERENCES BETWEEN ACCOMPLISHED FINANCIAL RESULTS AND PUBLISHED FORECASTS

Published financial results are not very different from the forecasts published on 10 February 2015.

12.5. THE METHOD OF USING THE PROCEEDS FROM THE ISSUE BY THE ISSUER

As part of the programme of the issue of employee shares in the reporting period, eligible employees subscribed for the total of 48,450 series F shares from the second and the third parts of the 2009 programme. Detailed information is presented in the table below. The related proceeds were allocated to the financing of the current operations of the Company.

Shares	Issue price	Quantity	Value ('000' PLN)
Series F shares (third part) – the 2009 programme	125.57	48 450	6 083.9
TOTAL	-	48 450	6 083.9

12.6. PURCHASE OF TREASURY SHARES

The Company did not purchase treasury shares in the period covered by this report.

12.7. EVENTS AFTER THE REPORTING PERIOD

On 10 February 2016, the Management Board of Grupa Kęty S.A. published forecasts for 2016 and the recommendation concerning the payment of dividend amounting to 60% of the consolidated net profit.

13. CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE PRINCIPLES AND SCOPE OF APPLICATION

Grupa Kęty S.A. had had the obligation to apply corporate governance principles contained in the *Code of Best Practice for WSE Listed Companies* (BPLC), which had been in force until 31 December 2015. This document is available on the website of Warsaw Stock Exchange (<http://www.gpw.pl>) in the section concerning the corporate governance of listed companies. In 2015, Grupa Kęty S.A. observed all the principles contained in the BPLC, with the exception of principle No. 10.2, in Part IV, on ensuring the possibility for shareholders to participate in the general meeting of shareholders by means of electronic communications. 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. 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 to effectively exercise rights vested in shares.

From 1 January 2016, Grupa Kęty S.A. has applied new principles issued by the trade organiser, i.e. *Best Practice of GPW Listed Companies 2016* (BPLC 2016). This document is available on the website of Warsaw Stock Exchange (<http://www.gpw.pl>) in the section concerning the corporate governance of listed companies. Grupa Kęty S.A. takes measures to adjust its internal regulations to all the requirements of the aforementioned document.

The complete statement of Grupa Kęty S.A. on the application of BPLC 2016 is available on the Company's website, in the section on corporate governance of Grupa Kęty S.A.

THE DESCRIPTION OF THE MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS APPLIED GRUPA KĘTY S.A. IN RELATION TO THE PROCESS OF PREPARING FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

The Group's Management Board is responsible for the development and implementation of an appropriate, effective and efficient internal control and risk management systems in relation to the process of preparing financial statements. The Financial Function, supervised by a Member of the Management Board of Grupa Kęty S.A. is responsible for the preparation of financial statements, interim financial reporting and ensuring management information. The Supervisory Board supervises the operation of the internal control system, evaluating its appropriate nature, effectiveness and efficiency via its Audit Committee and the Internal Audit unit.

The financial statements are prepared directly by Dekret Centrum Rachunkowe sp. z o.o., a wholly-owned subsidiary of Grupa Kęty S.A. Dekret employs accounting specialists, who have knowledge supported with required certificates and education, and appropriate experience needed to prepare such statements in an appropriate way.

Grupa Kęty S.A. adopted the Accounting Policy conforming to the International Financial Reporting Standards, the chart of accounts and reporting databases, having regard for the format and detailed nature of financial figures presented in financial statements.

The internal control system in the process of preparing financial statements aims at ensuring accurate, complete and correct accounting for all business transactions in a given period, and is based on the division of duties, the approval of transactions and data on multiple levels, and the verification of the correctness of obtained information.

The process of preparing financial statements comprises control mechanisms of technical nature (numerical and logical control formulas) and substantive nature (the analysis of outcomes of control reports). The following risks were identified in the process of preparing financial statements:

- erroneous input data;
- faulty data presentation system;
- the application of erroneous estimates;
- lack of the integration of IT systems.

The risks are mitigated by:

- the uniform system of mapping data from source systems to financial statements, which ensures the proper presentation of data;
- reviews conducted by internal specialists, mainly so as to confront their knowledge with financial figures and detect any possible improper presentations of data and erroneous input data;
- estimates are based on the best knowledge of the Management Board and certain estimates are prepared with the assistance of independent advisors (e.g. licensed actuaries or property appraisers);
- the Company's and the Capital Group's financial statements are audited on an annual basis and reviewed every six months by an independent auditor; annual audits and reviews conducted every six months are supposed to detect material irregularities, including omissions, in the process of preparing financial statements;
- the Company operates an integrated IT system, which ensures full data integration; the verification of data from the IT system is monitored according to the Company's IT systems security procedures.
- the reporting of the companies of the Capital Group which is maintained according to the uniform principles pursuant to the uniform Chart of Accounts applicable in the Group.

The observance of respective laws and regulations (compliance-related tasks).

The risk management structures in Grupa Kęty S.A. allow for the coordination of measures aiming at ensuring compliance with respective laws and regulations both in particular business segments and at the level of the Capital Group. The structures comprise departments in the Head Office of Grupa Kęty S.A. responsible for separate areas; corresponding structures in subsidiaries; the Group's procedures system called OrangeBook; defined competencies of departments; and the structures of the developed ERM system.

ERM system ensures, in organisational terms, a multi-directional circulation of information between the companies of the Capital Group, and provides a system improvement mechanism for the entire Group. And, the established system of guidelines called OrangeBook allows the companies of the Capital Group to take advantage of the knowledge and have a proper approach to the issues related to the legal requirements and the conducting of business activities.

SHAREHOLDERS HOLDING DIRECTLY OR INDIRECTLY SIGNIFICANT SHAREHOLDINGS AND THE NUMBER OF SHARES HELD BY SUCH ENTITIES, THEIR PERCENTAGE SHARE IN THE SHARE CAPITAL, THE NUMBER OF VOTES RESULTING FROM THEM AND THEIR PERCENTAGE SHARE IN THE TOTAL NUMBER OF VOTES AT THE GENERAL MEETING OF SHAREHOLDERS

The information concerning major shareholders can be found in item 3.1 of this Report.

THE HOLDERS OF ANY SECURITIES WITH SPECIAL CONTROL RIGHTS AND A DESCRIPTION OF THOSE RIGHTS

The Company did not issue securities with special control rights to shareholders or other entities. The shares of Grupa Kęty S.A. are ordinary bearer shares. Each share entitles its holder to one vote at the General Meeting of Shareholders.

ANY RESTRICTIONS ON VOTING RIGHTS, SUCH AS LIMITATIONS OF THE VOTING RIGHTS OF HOLDERS OF A GIVEN PERCENTAGE OR NUMBER OF VOTES, DEADLINES FOR EXERCISING VOTING RIGHTS, OR SYSTEMS WHEREBY, WITH THE COMPANY'S COOPERATION, THE FINANCIAL RIGHTS ATTACHING TO SECURITIES ARE SEPARATED FROM THE HOLDING OF SECURITIES

The Company did not introduce any special restrictions on voting rights.

ANY RESTRICTIONS ON THE TRANSFER OF SECURITIES OF GRUPA KĘTY S.A.

The transfer of securities issued by the Company is not restricted. No issued series of shares give their holders any special control rights concerning the issuer. They also do not impose limitations concerning the exercising of voting rights or other rights of shareholders. In addition, there are no restrictions on the transfer of the issuer's securities.

THE RULES GOVERNING THE APPOINTMENT AND DISMISSAL OF MANAGEMENT BOARD MEMBERS AND THEIR POWERS, IN PARTICULAR THE POWER TO ISSUE OR BUY BACK SHARES

GRI G4 35

The Management Board is composed of 1 to 5 Members, where the remaining Members of the Management Board are appointed upon the motion of the President of the Management Board. Members of the Management Board may be appointed and dismissed at any time by the Supervisory Board with a simple majority of the votes cast. The term of office of the Members of the Management Board is three years.

Any matters related to the management of the Company's affairs, not reserved to other authorities of the Company, are handled 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 <http://www.grupakety.com/pl/18,dokumenty-spolki.html>.

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 right to initiate measures concerning the issue or redemption of shares.

THE RULES GOVERNING THE AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Any amendment to the Articles of Association calls for a resolution of the General Meeting of Shareholders adopted with the majority of 3/4 of votes, and the amendment must be registered in the National Court Register (Article 430 of the Polish Code of Commercial Companies). Amendments to

the Articles of Association become effective upon the entry of a given amendment to the National Court Register. The obligation 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 adoption of an appropriate resolution.

THE OPERATION MODE OF THE GENERAL MEETING OF SHAREHOLDERS AND ITS BASIC RIGHTS, AND THE DESCRIPTION OF THE RIGHTS OF SHAREHOLDERS AND OF THE METHOD OF THEIR EXERCISING, PARTICULARLY THE PRINCIPLES RESULTING FROM THE BY-LAWS OF THE GENERAL MEETING OF SHAREHOLDERS, IF SUCH BY-LAWS WERE ADOPTED, IF THE RELEVANT INFORMATION DOES NOT FOLLOW DIRECTLY FROM THE LAW

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 registered office in Bielsko-Biała or in Warsaw. They are convened by the Management Board on the basis of a notice published on the Company's website and in the manner specified for the publication of current information according to the provisions on public offer and the conditions for introducing financial instruments to an organised 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 share capital. Shareholders representing at least 5 % of the share capital may request the convening 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 authorised 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 Polish 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 16 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 Polish 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 authority 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 decided 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 registered office/on the premises of the Management Board of the Company three business days prior to the General Meeting of Shareholders.

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, paying 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 Polish 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 at a chosen time.

THE COMPOSITION AND ITS CHANGES IN THE PREVIOUS FINANCIAL YEAR, AND THE OPERATION OF THE MANAGEMENT, SUPERVISORY OR ADMINISTRATIVE AUTHORITIES OF GRUPA KĘTY S.A. AND OF THEIR COMMITTEES

MANAGEMENT BOARD

The composition of the Management Board of Grupa Kęty S.A. did not change during the year and, as at 31.12.2015, was as follows:

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

SUPERVISORY BOARD

The composition of the Supervisory Board of Grupa Kęty S.A. did not change during the year and, as at 31.12.2015, was as follows:

Maciej Matusiak	– Chairman (an independent member)
Szczepan Strublewski	– Vice-Chairman (an independent member)
Jerzy Marciniak	– Member (an independent member)
Paweł Niedziółka	– Member (an independent member)
Jerzy Surma	– Member (an independent member)

THE OPERATION OF THE MANAGEMENT BOARD

The Company's Management Board headed 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 handled by the Management Board. The operation of the Management Board is determined in detail in the By-laws of the Management Board approved of by the Supervisory Board.

The detailed powers of the Management Board are provided for in the By-laws of the Management Board available at <http://www.grupakety.com/pl/18,dokumenty-spolki.html>.

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.

THE OPERATION OF THE SUPERVISORY BOARD

GRI G4 34; GRI G4 42

The work of the Supervisory Board is coordinated by its Chairman. The Supervisory Board holds its meetings at least once 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 powers 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 operating and financial results; expresses its consent to incur liabilities by the Management Board; assesses the Management Board's reports on the operation of the Company and the Management Board's motions concerning the distribution of profit 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 <http://www.grupakety.com/pl/18,dokumenty-spolki.html>.

THE OPERATION OF THE COMMITTEES OF THE SUPERVISORY BOARD

GRI G4 34

The following committees of the Supervisory Board operate in Grupa Kęty S.A.: the Audit Committee and the Remunerations Committee. 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 Audit Committee at 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 virtue of a resolution adopted 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 appointment procedure. The Committee members do not receive any additional remuneration for their work in the Committee.

The main objective of the Audit Committee is the cooperation with the Management Board of Grupa Kęty S.A. in order to ensure the coherence of financial statements of the Company, the compliance with legally binding regulations and principles, the independence of the auditor's opinion and the conducting of internal audits in the Company, as well as drawing the 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.

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 remunerations 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.

14. OTHER STATEMENTS OF THE MANAGEMENT BOARD

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

The Management Board of Grupa Kęty S.A. hereby declares that, according to their best knowledge, the financial information and comparable data recognised in the financial statements included in the Annual Report 2015 of Grupa Kęty S.A. were prepared according to the accounting principles in force and they present a true and fair view of the financial standing and assets of Grupa Kęty S.A. The Management Board's Report for 2015 included in this document presents a true view of the development and accomplishments as well as of the standing, including the description of basic risks and threats, of Grupa Kęty S.A. in 2015.

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

The entity authorised to audit financial statements that audits the annual financial statements of Grupa Kęty S.A. for 2015, i.e. PricewaterhouseCoopers Spółka z ograniczoną odpowiedzialnością, was selected according to the law. The entity and the auditors performing the audit observed the conditions for the issuance of 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, 16 March 2016