

**Report**  
**on activities of Supervisory Board of Dekpol S.A.**  
**for financial year 2016**

Legal basis:

Best Practice of GPW Listed Companies 2016

Pinczyn, May 2017

**Report includes information on the following topics:**

- I. Composition of Supervisory Board of Dekpol S.A. and its Committees.
- II. Meeting of independence criteria by Members of Supervisory Board of Dekpol S.A.
- III. Number of meetings of Supervisory Board of Dekpol S.A. and its Committees within reported period.
- IV. Evaluation of rationality in carried by the Company policies of sponsorship and charity activities or other of a similar type.
- V. Self-evaluation of work of Supervisory Board of Dekpol S.A.

**I. Composition of Supervisory Board of Dekpol S.A. and its committees.**

**I.A.**

In accordance with the provisions of § 18 of the Articles of Association, the Supervisory Board consists of 3 to 5 members and, in case of obtaining by the Company of public company status, consists from five to seven members. Supervisory Board members are appointed and withdrew by resolution of the General Meeting of Shareholders. General Meeting of Shareholders delegates the function of a Chairman to one of its members and to another member the function of Vice-Chairman of Supervisory Board.

In financial year 2016, the Supervisory Board consisted of the following persons:

- 1) Roman Suszek - Chairman of Supervisory Board.
- 2) Jacek Grzywacz – Vice-Chairman of Supervisory Board.
- 3) Piotr Stobiecki – Member of Supervisory Board.
- 4) Krzysztof Czerkas - Member of Supervisory Board
- 5) Jacek Kędzierski - Member of Supervisory Board.

**I.B.**

In accordance with the provisions of § 4. 4 of the Regulations of Supervisory Board, within the Council might be created internal committees (including the Audit Committee), whose main function is advisory and assessment as well as formulation of recommendations and evaluation in selected matters being in a competence of Supervisory Board. Committees are created and abolished in the way of resolution of Supervisory Board. In resolution on the establishment, Supervisory Board, in particular:

- 1) indicates the name of the committee,
- 2) specifies the minimum number of members,
- 3) appoints members of a committee, including the chairman of a committee,
- 4) defines the scope of issues and tasks of a committee, which may also occur by indication of specific provisions of Regulations.

The Audit Committee in the Company Dekpol S.A. was created on the basis of the resolution of Supervisory Board dated on 29 September 2014.

In financial year 2016, within Supervisory Board has been functioning the Audit Committee, which consisted of 4 members of Supervisory Board:

- 1) Jacek Kędzierski – Chairman of Audit Committee,
- 2) Jacek Grzywacz – Member of Audit Committee,
- 3) Krzysztof Czerkas - Member of Audit Committee,
- 4) Roman Suszek – Member of Supervisory Board.

Audit Committee held regular internal audit in the Company. Committee dealt basically with the analysis of financial data, including consolidated data. The Audit Committee gave the Supervisory Board current recommendations, including the appointment of the independent auditor, financial statements, approval of annual reports of the Company and the Capital Group.

## **II. Meeting of independence criteria by members of Supervisory Board of Dekpol S.A.**

According to declarations submitted by members of the Supervisory Board, the criteria of independence met in 2016 four (4) members of Supervisory Board:

- 1) Piotr Stobiecki
- 2) Roman Suszek
- 3) Krzysztof Czerkas
- 4) Jacek Kędzierski

## **III. Number of meetings of Supervisory Board of Dekpol S.A. and its Committees within reported period**

In the financial year 2016, Supervisory Board of Dekpol S.A. has met 5 times, on:

- 1) 03.02.2016
- 2) 16.03.2016
- 3) 23.05.2016
- 4) 15.09.2016
- 5) 25.11.2016

In addition, Supervisory Board adopted in 2016 three (3) resolutions by means of direct remote communications:

- 1) from 19.07.2016, on the basis of § 20 section 4, § 21 section 2 point 11 of Company's Articles of Association, about selection of independent senior auditor for audit of interim separate financial statement of the Company for the period from 1 January to 30 June 2016,
- 2) from 03.08.2016, on the basis of § 20 section 4, § 21 section 2 point 14 of Company's Articles of Association and article 379 of Commercial Companies Code about approval for establishment by the Company of a separate apartment ownership and the sales of premises for the member of Management Board of the Company,
- 3) from 03.08.2016, on the basis of § 20 section 4, § 21 section 2 point 11 of Company's Articles of Association about selection of independent senior auditor for audit of a separate financial statement of the Company for the period from 1 January to 30 June 2016.

In financial year 2016, Audit Committee has met 4 times, on:

- 1) 03.02.2016
- 2) 23.05.2016
- 3) 15.09.2016
- 4) 25.11.2016

**IV. Evaluation of rationality in carried by the Company policies of sponsorship and charity activities or other of a similar type.**

The Company does not conduct sponsorship activities, charity or any other of a similar nature, and therefore the company does not pursue a policy in this respect.

**V. Self-evaluation of work of Supervisory Board of Dekpol S.A.**

Supervisory Board of Dekpol S.A. evaluates its work in 2016 as effective. The meetings usually took place with full attendance. Occasionally, in justified cases, one member of the Supervisory Board did not participate in the meetings, but remained at the full disposal of Supervisory Board by means of direct remote communication. Legally required quorum has been always maintained.

In financial year 2016, all members of Supervisory Board were duly involved in all works of Supervisory Board. All Supervisory Board Members remained in constant contact with Management Board by conducting consultations on matters related to the business activities of the Company. Supervisory Board Members also stayed in constant contact with each other on matters relating to the current business activities of the Company, irrespective of the dates of meetings of Supervisory Board.

The functioning of the Supervisory Board meets all requirements set in rules of Best Practice of GPW Listed Companies.

..... - Chairman of Supervisory Board

..... - Vice-Chairman of Supervisory Board

..... - Member of Supervisory Board

..... - Member of Supervisory Board

..... - Member of Supervisory Board