

## STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE

### PRINCIPLES

The Board of Impexmetal S.A., pursuant to Article 91 Section 5 and 4 of the 19 February 2009 Regulation of the Minister of Finance Regarding Current and Periodic Information Published by Issuers of Securities and Conditions for Recognising as Equivalent Information Required by the Laws of a Non-Member State, hereby submits a report on the application of corporate governance principles by Impexmetal S.A. in 2014.

#### **I. Indication of corporate governance principles governing Impexmetal S.A. and the place where the text of the principles is available, and an indication of the extent to which the Company has departed from the provisions of the corporate governance principles with the reasons for the departure.**

The Board of Impexmetal S.A. hereby declares that as a company listed on the Warsaw Stock Exchange pursuant to Article 29 of the Rules of the Stock Exchange, it is subject to corporate governance rules contained in the document "Best Practices of WSE Listed Companies" adopted by the Stock Exchange Council on 4 July 2007.

On 31 August 2011 and 19 October 2011, the Stock Exchange Council adopted resolutions on changes to the Best Practice for WSE Listed Companies. The amendments entered into force on 1 January 2012. On 21 November 2012, the Stock Exchange Council adopted a resolution on amendments to the Best Practice for WSE Listed Companies, which entered into force on 1 January 2013.

The corporate governance principles are available on the website dedicated to corporate governance on the Warsaw Stock Exchange: [www.corp-gov.gpw.pl](http://www.corp-gov.gpw.pl)

The Company strives to make every possible effort to apply the principles of corporate governance in all areas. In addition, in order to implement a transparent and effective information policy, the Company provides fast and secure access to information for shareholders, analysts and investors using both traditional and modern technology to publish information about the Company to the greatest possible extent.

In 2013, the Company complied with the principles of corporate governance contained in the document "Best Practices of WSE Listed Companies", with the exception of:

#### **Recommendation No. I.5**

*The Company does not have a remuneration policy adopted arbitrarily. Principles of remuneration of Supervisory Board members shall be determined by the General Meeting of Shareholders and remuneration of the Management Board shall be determined by the Supervisory Board. Remuneration of the Management Board are related to the Company's financial results.*

*The Company publishes annually in the annual report information on the remuneration of managers and supervisors in accordance with Article 91. 6 Section 17 of the Regulation of the Minister of Finance on current and periodic information of 19 February 2009*

#### **Recommendation No. I.9**

*The Company does not apply the principle of parity between men and women in the exercise of functions in the Management Board and Supervisory Board. Election of the Management Board and the Supervisory Board members shall be made respectively by the Supervisory Board and the Annual General Meeting of the Company on the basis of candidate competences.*

#### **Recommendation No. I.12**

*The Company has not complied with this recommendation in 2013. Implementation of this recommendation at the moment entails risks related to, among others, the quality of communication, delays in data transmission, etc., as well as undermining the effectiveness of the Resolutions adopted by the General Meeting. The Company does not exclude the implementation of this principle of Best Practice for WSE Listed Companies in the future.*

#### **Principle No. I. 9a**

*The Company does not record its general meetings. The Company publishes information required under applicable laws relating to the convening of the general meeting, including the agenda and draft resolutions, and immediately after the general meeting, it informs about the content of the resolutions adopted together with*

information on the results of the votes on resolutions, as well as information on withdrawal from consideration any of the items on the agenda and information about the objections raised to the minutes, if such situations occur. Management believes that the publication of current reports and publication of information on the General Meeting on the Company's website guarantees the fulfilment of shareholder rights.

**Principle No. II.1.14)**

The Company has not published information on its website regarding the rules governing changes in the entity authorized to audit financial statements (or lack thereof). This information will be published in the nearest time.

**Principle No. III.6**

In accordance with current law, members of the Supervisory Board are appointed independently by the General Meeting. The Company has no influence on the decisions of shareholders, including it is not able to ensure that they will appoint at least two independent members of the Supervisory Board. Limiting the shareholders with regard to the freedom to choose the members of the Supervisory Board is not justified in the opinion of the Company

**Principle No. III.8**

Due to the fact that the Supervisory Board is composed of five members there are no separate committees established within the Supervisory Board. The tasks of the committees referred to in Appendix I to the Commission Recommendation (...), are performed directly by the Supervisory Board.

**Principle No. IV. 10**

The Company's Articles of Association do not contain provisions allowing participation in the general meeting by electronic means, in accordance with the provisions of the Commercial Companies Code and the Regulations of the General Meeting of the Company do not provide for the exercise of voting rights at the general meeting by correspondence or by means of electronic communication, of which the Company informs in each notice convening a general meeting.

The Company has procedures for documenting general meetings as well as an information policy to ensure that all Shareholders can exercise their rights. The Company does not exclude the possibility of the use of these principles in the future.

**II. Key characteristics of internal control and risk management systems used in the issuer's enterprise, in regard to the process of preparing financial statements and consolidated financial statements.**

The data for the financial reports are generated from the Company's computer accounting system, where all business events are booked. Only authorised individuals have access to this system. The system has password protection and functions limiting access.

**AS PART OF INTERNAL CONTROL AND RISK MANAGEMENT IN REGARD TO THE PROCESS OF PREPARATION OF FINANCIAL STATEMENTS, THE FOLLOWING PROCEDURES HAVE BEEN IMPLEMENTED IN IMPEXMETAL S.A.:**

- Procedure for the preparation and publication of the consolidated quarterly reports,
- Procedure for the preparation and publication of the consolidated semi-annual reports,
- Procedure for the preparation and publication of the annual reports,

**THESE PROCEDURES DEFINE THE SCOPE OF THE TASKS AND RESPONSIBILITIES OF THE VARIOUS DEPARTMENTS/INDIVIDUALS IN THE PREPARATION OF PERIODIC REPORTS, ENSURING THEIR QUALITY AND CORRECTNESS, AND THEIR PUBLICATION.**

All persons involved in the preparation of periodic reports are included in the list of access to confidential information, prepared separately in respect of each interim report, and are required to maintain the confidentiality of information held in connection with the preparation of reports to the time of their publication, in accordance with the Company's "Rules of access, circulation and protection of confidential information in Impexmetal S.A."

CEOs of subsidiaries and joint ventures of Impexmetal S.A. as well as Managing Directors of Branches/Plants are responsible for the appointment of persons responsible (proxies) for timely and accurate transfer of information necessary for the preparation of consolidated reports.

Timetable for the preparation of the financial statements is determined each time in a separate document prepared by the Accounting Department, which prepares the financial statements.

Chief Accountant is responsible for supervising the preparation of the reports and their formal verification.

The Board of Impexmetal S.A. is responsible for approving interim reports, signing statements included in annual and semi-annual reports and statements on the compliance of the financial statements, as well as statements regarding the selection of the entity authorised to audit financial statements.

The annual financial statements are audited by an auditor. The auditor also reviews the semi-annual financial statements of the Company.

The Company continuously monitors changes in laws and external regulations relating to reporting requirements for companies, and updates the accounting principles which are used to prepare financial statements.

**III. List of shareholders owning, directly or indirectly, significant blocks of shares with a listing of the number of shares owned by the said entities, their percentage ownership of the share capital, the number of votes arising from these shares and their percentage of the total number of votes at the General Meeting.**

As of 31 December 2013, shareholders holding blocks of shares exceeding 5% of the share capital and the total number of votes at the General Meeting of Impexmetal S.A. were: Boryszew Group and ING Powszechne Towarzystwo Emerytalne S.A.

The shareholding structure as at the date of the report are presented below:

<b>Shareholders</b>	<b>Number of shares</b>	<b>Share in the share capital</b>	<b>Number of votes</b>	<b>Share in the total number of votes</b>
Boryszew S.A.(*)	106 180 964	53,09%	106 180 964	53,09%
w tym Impexmetal SA(**)	7.210.000	3,60%	7.210.000	3,60%
ING Powszechne Towarzystwo Emerytalne S.A.	16 105 263	8,05%	16 105 263	8,05%
Other shareholders	77 713 773	38,86%	77 713 773	38,86%
<b>All shares/votes</b>	<b>200,000,000</b>	<b>100.00%</b>	<b>200,000,000</b>	<b>100.00%</b>

(\*) Shares purchased under the share buyback programme. Impexmetal S.A. does not exercise the voting rights from own shares at the Annual General Meeting.

**IV. A listing of all owners of securities which grant special rights of control, with a description of these rights.**

The Company did not issue any securities with special control rights. All shares are equal, one share entitles to one vote at the general meeting.

**List of all restrictions on voting rights, such as restrictions on the execution of voting rights by a shareholder of a defined part or amount of votes, time-related restrictions on the execution of voting rights or subscriptions, in accordance with which, in cooperation with the company, equity rights related to securities are separate from the ownership of securities.**

In the Company, there are no restrictions on voting rights, such as restrictions on the execution of voting rights by a shareholder of a defined part or amount of votes, time-related restrictions on the execution of voting rights or subscriptions, in accordance with which, in cooperation with the company, equity rights related to securities are separate from the ownership of securities.

**VI Indication of all restrictions on the transfer of ownership rights to securities of the issuer**

There are no restrictions on the transfer of ownership rights to securities of the Company.

**VII Description of principles respecting the appointment and dismissal of management personnel and their rights, in particular the right to decide on the issuance or buyback of shares**

The Management Board is a statutory body of Impexmetal S.A., which operates under the provisions of the Commercial Companies Code and the Regulations of the Management Board of Impexmetal S.A.

The Management Board may consist of one or more members. The number of Board members is determined by the Supervisory Board.

President of the Management Board is appointed and dismissed by the Supervisory Board. The Supervisory Board appoints and dismisses the other Members of the Board at the request of the President of the Board or on its own initiative.

The term of the Management Board is three years and is shared by all members of the Board. The mandate of the member of the Management Board expires no later than the date of the General Meeting approving the financial statements for the last full financial year of serving as a member of the Management Board.

The decision to issue or repurchase shares, in accordance with the Articles of Association of the Company, belongs to the General Meeting of the Company.

#### **VIII. Description of rules for amending the articles of association of the issuer**

Changes in the Articles of Association of the Company are carried out by the General Meeting of Impexmetal S.A. Draft resolutions for the General Meeting regarding changes to the Articles of Association of the Company, prepared by the Management Board, include the existing provisions of the Articles of Association and the proposed changes. Resolutions of the General Meeting on amendments to the Articles of Association are adopted by a majority of three-fourths of the votes cast. Amendments to the Articles of Association take effect upon entry into the National Court Register. After registering the change in the NCR, the Supervisory Board approves the consolidated text of the Articles of Association of the Company.

#### **IX. The manner of functioning of the general meeting and its basic rights, and a description of the rights of shareholders and the manner of their execution, in particular the principles arising from the regulations of the General Meeting, if such regulations have been passed and are not a direct result of existing law.**

Convening, preparation and conduct of the General Meeting takes place in the manner and on the terms specified in the Code of Commercial Companies, the Articles of Association and Regulations of the General Meeting.

General Meetings are held in the Company's registered office in Warsaw during hours which allow the shareholders to participate in General Meetings.

According to the Articles of Association, the General Meeting has the power to:

- Review and approval of the Company business report and financial statements for the previous financial year and granting acknowledgement of the fulfilment of duties to the Board Members,
- Distribution of profit or covering of loss, including the determination of the amount allocated for dividends,
- Review and approval of the Group's consolidated financial statements,
- Change of the Company's business profile,
- Amendments to the Company's Articles of Association,
- Increasing and decreasing the share capital,
- Redemption of shares,
- Merger, division and transformation of the Company,
- Dissolution and liquidation of the Company,
- Issuance of convertible bonds or bonds with pre-emptive rights and issuance of subscription warrants referred to in Article 453 Section 2 of the Commercial Companies Code
- Sale or lease of the enterprise or its organised part, and establishment of limited property rights,
- Purchase of own shares in the case referred to in Article 362 Section 1.2 of the Commercial Companies Code and authorisation to their acquisition in the case referred to in Article 362 Section 1.8 of the Commercial Companies Code
- All provisions regarding claims for reparation of damage caused by establishing the Company or through its management or supervision,
- Conclusion of the agreement referred to in Article 7 of the Commercial Companies Code.

The Board uses best efforts so that the General Meeting convened at the request of shareholders is held on the dates indicated in the request.

The request to convene the General Meeting and to put certain issues on its agenda, submitted by authorised entities, should be justified.

In line with the practice adopted by the Company, all relevant materials for the General Meeting are made available to shareholders in accordance with applicable provisions of the Commercial Companies Code and Regulation of the Minister of Finance on current and periodic information published by issuers of securities.

Chairman of the General Meeting shall ensure the proper and efficient conduct of the General Meeting. He shall also ensure the protection of the rights and interests of all shareholders.

Shareholders may participate in the General Meeting and execute their voting rights in person or through a proxy. Each person entitled to attend the General Meeting is entitled to submit proposals. Person entitled to attend the General Meeting is entitled, at any point on the agenda, to take the floor once for less than five minutes and to make one reply for less than three minutes.

The General Meeting can adjourn the meeting by a majority of two thirds of votes. In total, the breaks may not exceed thirty days.

The General Meeting shall be valid regardless of the number of shares represented.

Each share gives the shareholder the right to one vote at the General Meeting.

Members of the Supervisory and Management Board shall participate in every General Meeting, and in the case of inability to attend a general meeting, they shall present a written explanation. This explanation is presented at the General Meeting.

If financial matters are to be the subject of the general meeting, an auditor shall participate in the meeting. Members of the Management Board and the Supervisory Board and the auditor - if necessary, who are present at the General Meetings, provide explanations and information to the meeting participants relating to the Company within the limits of their powers and to the extent necessary to resolve issues discussed.

Bodies of the Company shall not limit the information requested, in particular by the General Meeting, but at the same time shall respect the regulations in force in public companies.

All matters submitted to the General Meeting shall first be presented to the Supervisory Board for review.

The General Meeting shall take decisions in the form of resolutions adopted by a vote. Voting on procedural matters relates only to matters related to the conduct of the Meeting. Resolutions shall be passed by an absolute majority of votes cast unless the provisions of the Commercial Companies Code or the Articles of Association of the Company provide other conditions for the adoption of resolutions in individual cases.

The requirement to obtain an absolute majority is met if more than half of the valid votes were cast on the adoption of a given resolution.

The General Meeting is minuted by a notary.

Regulations of the General Meeting are available on the Company's website at: [www.impexmetal.com.pl](http://www.impexmetal.com.pl)

Regulations of the General Meeting in force in the Company include, among others, provisions relating to the conduct of elections, including the possibility to elect the Supervisory Board by voting in separate groups. Candidates for members of the Supervisory Board submitted to the general meeting shall always be justified. Curriculum vitae of the candidate is attached to the materials transmitted.

In 2013, the Company applied the general principle of not cancelling or changing already announced the dates of general meetings.

In 2013, the Company did not take advantage of the possibility of transmitting the general meeting via the Internet.

The website of the Company at [www.impexmetal.com.pl](http://www.impexmetal.com.pl) contains all corporate documents of the Company, as well as current and periodic reports.

The company's website is also available in English.