

## Corporate Governance Report 1/2015

Date of preparation: 27 November 2015

### **Subject: notification of the Company's non-compliance with a rule of Best Practice for WSE Listed Companies**

In accordance with Article 29.3 of the Warsaw Stock Exchange Rules, the Management Board of LW BOGDANKA S.A. (Company), hereby informs you of a deviation from rule III.6 specified in the Best Practice for GPW Listed Companies, as attached to Resolution No. 19/1307/2012 of the Warsaw Stock Exchange Supervisory Board of 21 November 2012 (Best Practice).

Rule III.6 of the Best Practice provides that at least two members of the Supervisory Board should meet the criteria of being independent from the company and entities which remain in a significant relation with the Company. However, in accordance with this rule, a relation with a shareholder precluding the independence of a member of the Supervisory Board is, *inter alia*, an actual and significant relation with a shareholder who has the right to exercise at least 5% of all votes at the General Shareholders Meeting.

As a result of recent changes to the composition of the Company's Supervisory Board, i.e. the dismissal of Mr Robert Bednarski, Mr Witold Daniłowicz, Mr Raimondo Eggink, Mr Dariusz Formela, Mr Eryk Karski, Mr Stefan Kawalec, and Mr Tomasz Mosiek, who, along with Mr Michał Stopyra, were independent members of the Supervisory Board, and further to the appointment of the new members of the Supervisory Board, Mr Michał Stopyra is currently the only member of the Supervisory Board, who meets the independence criteria described in rule III.6 of the Best Practice.

Due to the fact that the decisions regarding the composition of the Company's Supervisory Board are made by the Company's General Shareholders Meeting is not possible to establish whether or not this deviation from the Best Practice is permanent.