

Corporate Governance Report 1/2013

Date of preparation: 29 May 2013

Subject: Information on non-application of selected rules of the Code of Best Practice for WSE Listed Companies by the Company

In connection with amendments in the Code of Best Practice of the WSE Listed Companies (the “Code of Best Practice”) introduced by virtue of resolution No. 19/1307/2012 of the WSE Board of 21 November 2012, having become effective on 1 January 2013, the Management Board of LW BOGDANKA S.A. (the “Company”) hereby announces that the Company intends to diverge from the rule contained in Part IV.10 of the Code of Best Practice on providing shareholders with the possibility to participate in general shareholders meeting with the use of electronic communication involving the transmission of the GSM's sessions in real time as well as the two-way communication in real time in which shareholders, who are located elsewhere, may speak during the sessions.

The Company diverged from that rule due to the existence, in the Company's belief, risk factors associated with technical and legal matters. In the Company's opinion, the possibility to participate in general shareholders meetings with the use of electronic communication means may involve the risk of improper identification of persons authorised to participate in the GSM as well as the risk of interruptions in the course of the meeting, and in consequence may lead to possible challenging the validity of adopted resolutions.

The Company believes that the rules of participating in the general shareholders meetings, applicable at LW BOGDANKA S.A., are sufficient to exercise rights attached to shares held and protect the interests of all of the Company shareholders.

The Company admits a possibility to provide shareholders with the option of two-way communication in real time during the sessions of the general shareholders meeting in future.

Legal Basis: Article 29.3 of the Rules of Giełda Papierów Wartościowych w Warszawie S.A.