

**Resolution No. 5/2017**  
**of the Supervisory Board of SECO/WARWICK S.A. of Świebodzin**  
**dated April 27th 2017**

*concerning: Review and approval of the report of the SECO/WARWICK S.A. Supervisory Board on its activities in 2016*

Acting pursuant to Art. 382.3 of the Commercial Companies Code, the Supervisory Board of SECO/WARWICK Spółka Akcyjna submits its report on the supervision of the Company's operations in 2016.

**Report of the Supervisory Board**  
**of SECO/WARWICK S.A. of Świebodzin**  
**on its activities in 2016**

Acting under Art. 382.3 of the Commercial Companies Code, the Supervisory Board of SECO/WARWICK Spółka Akcyjna hereby submits a report on its performance of supervision over the Company's operations in 2016.

1. In the reporting period, the Supervisory Board of SECO/WARWICK Spółka Akcyjna operated as:

The Supervisory Board of the third term of office, consisting of (January 1st – June 24th 2016):

1. Andrzej Zawistowski – Chairman of the Supervisory Board
2. Henryk Pilarski – Deputy Chairman of the Supervisory Board
3. Jeffrey Boswell
4. Jim Goltz
5. Gutmann Habig
6. Zbigniew Rogóż
7. Witold Klinowski.

The Supervisory Board of the third term of office, consisting of (June 24th – December 31st 2016):

1. Andrzej Zawistowski – Chairman of the Supervisory Board
2. Henryk Pilarski – Deputy Chairman of the Supervisory Board
3. Jeffrey Boswell
4. Jim Goltz
6. Marcin Murawski
7. Paweł Tamborski.

The members of the Supervisory Board of the third term of office meeting the independence criteria were Marcin Murawski and Paweł Tamborski.

From January 1st to June 24th 2016, the Audit Committee of the Supervisory Board of the third term of office consisted of:

- |                     |   |           |
|---------------------|---|-----------|
| 1. Marcin Murawski  | – | Chairman  |
| 2. Witold Klinowski | – | Secretary |
| 3. Henryk Pilarski  | – | Member.   |

From June 24th to December 31st 2016, the Audit Committee of the Supervisory Board of the third term of office consisted of:

- |                    |   |           |
|--------------------|---|-----------|
| 1. Marcin Murawski | – | Chairman  |
| 2. Henryk Pilarski | – | Secretary |
| 3. Paweł Tamborski | – | Member.   |

2. In the reporting period, the Supervisory Board exercised ongoing supervision over the Company's operations in each field and area of its activity.
3. During the reporting period, the Supervisory Board reviewed the Company's financial performance, regularly assessed the Company's economic standing, and examined the information on the Company's development prospects and growth presented by the Management Board.
4. The Supervisory Board met five times in the reporting period.
5. The Audit Committee met four times in the reporting period.
6. In the reporting period, the Supervisory Board's activities included in particular review and assessment of:
  - a) all SW Group companies, their current business situation and prospects for the next three years, and the SWIM 2020 Programme,
  - b) business strategy for the SECO/WARWICK Group for 2017-2021,
  - c) adoption of the Rules of Procedure for the Company's Management Board incorporating new corporate governance standards,
  - d) the Company's restructuring and organisational development,
  - e) resolving the issue of the Brazilian subsidiary,
  - f) enhancement of the Company's competitive edge,
  - g) the Company's financial plans and budget,
  - h) the Company's investment plans,
  - i) product development,
  - j) major risks identified at SECO/WARWICK Group companies and relating to the situation on the companies' markets,
  - k) implementation of the cost savings programme,
  - l) diversity policy for the Company's governing bodies and its key managers,
  - m) services provided to Group companies by members of the Management and Supervisory Board,
  - n) cooperation with the Audit Committee,
  - o) the Company's fulfilment of disclosure requirements,
  - p) the event of November 19th 2016 and its potential implications for SECO,
  - q) changes on the Company's Management Board,
  - r) giving opinion on matters to be included in the resolutions of the General Meeting.

All matters discussed during individual meetings of the Supervisory Board were recorded in the minutes of those meetings.

The Audit Committee operated as the analytical and controlling body, according to the Rules of Procedure of the Supervisory Board and the guidelines set out in the Code of Best Practice for WSE Listed Companies. Its activities included in particular:

- a) monitoring of the financial reporting process,
- b) monitoring of risk management systems used to control key risks to which the Company was exposed,
- c) monitoring of the operating risks of the Group companies based abroad (India, China, Brazil, and SWC),
- d) monitoring of compliance with the auditor's instructions,
- e) verification of information which relates to the Company and is intended for publication,
- f) submission of recommendations concerning appointment of an auditor, and
- g) meetings with auditing firms.

All matters discussed during individual meetings of the Audit Committee were recorded in the minutes of those meetings.

## **CONCLUSIONS**

The Supervisory Board hereby expresses a positive opinion on its activities and the activities of its individual members in the financial year 2016.

In performance of its obligations under the Commercial Companies Code and the Company's Articles of Association, having examined and assessed the Directors' Report on the Company's operations in 2016 and the Company's financial statements for 2016 for their consistency with accounting records and documents, as well as for their truthfulness and accuracy, and having read the auditor's opinion on the Company's financial statements for 2016, the Supervisory Board has adopted relevant resolutions concerning:

1. Assessment and approval of the financial statements of the Company for 2016.
2. Assessment and approval of the Directors' Report on the Company's operations in 2016.
3. Assessment of the Management Board's proposal concerning coverage of loss for 2016.

The Supervisory Board submits those resolutions to the Company's General Meeting for approval.

The Supervisory Board prepared, approved and resolved to submit to the General Meeting this Report on its activities in 2016, as well as the report on the assessment of the Company's financial statements for 2016 and the Directors' Report on the Company's operations in 2016.

While submitting the above resolutions and reports to the General Meeting, the Supervisory Board requests the General Meeting to:

1. Grant discharge to members of the Company's Management Board in respect of their duties in 2016

2. Grant discharge to members of the Company's Supervisory Board in respect of their duties in 2016.

This resolution becomes effective as of its date.

The resolution was voted on in an open ballot.

*List of members of the Supervisory Board present:*

*Votes in favour of the resolution:* \_\_\_\_\_

*Votes against the resolution:* \_\_\_\_\_

*Abstaining votes:* \_\_\_\_\_