

Resolution No. 7/2018
of the Supervisory Board of SECO/WARWICK S.A. of Świebodzin
dated April 26th 2018

concerning: *Review and approval of the report of the SECO/WARWICK S.A. Supervisory Board on its activities in 2017*

Acting pursuant to Art. 382.3 of the Commercial Companies Code, the Supervisory Board of SECO/WARWICK Spółka Akcyjna hereby submits a report on its performance of supervisory duties in 2016.

1. In the reporting period January 1st–December 31st 2017, the Supervisory Board of SECO/WARWICK Spółka Akcyjna was composed of:

- | | | | |
|----|---------------------|---|--|
| 1. | Andrzej Zawistowski | – | Chairman of the Supervisory Board |
| 2. | Henryk Pilarski | – | Deputy Chairman of the Supervisory Board |
| 3. | Jeffrey Boswell | | |
| 4. | Jim Goltz | | |
| 5. | Marcin Murawski | | |
| 6. | Paweł Tamborski. | | |

Mr Marcin Murawski and Mr Paweł Tamborski were independent members of the Supervisory Board within the meaning of the applicable regulations.

The Audit Committee of the Supervisory Board was composed of:

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

2. In the reporting period, the Supervisory Board exercised constant supervision over the Company's operations in all areas and aspects of its business.

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 presented by the Management Board.

4. The Supervisory Board held four meetings in the reporting period.

5. The Audit Committee held four meetings and one voting using electronic means of communication.

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 standing,
- b) business strategy for the SECO/WARWICK Group for 2017—2021,
- c) adoption of the Rules of Procedure for the Company's Management Board reflecting new corporate governance standards,

- d) the Company's restructuring and organisational development,
- e) resolving the issue of the Indian subsidiary,
- f) improving the Company's competitive position,
- g) the Company's financial plans and budget,
- h) the Company's investment plans,
- i) product development and standardisation,
- j) main risks identified at the Group companies and relating to the situation on the companies' respective markets,
- k) implementation of the cost savings programme,
- l) cooperation with the Audit Committee and adopting the Regulations of the Audit Committee
- m) the Company's fulfilment of disclosure requirements,
- n) the event of November 19th 2016 and its potential implications for SECO,
- o) changes on the Company's Management Board,
- p) opinions on matters to be covered by resolutions of the General Meeting of the Company.

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

The work of the Audit Committee included analytical and control functions, in line with the Rules of Procedure of the Supervisory Board, Regulations of the Audit Committee and the guidelines set out in the Code of Best Practice for WSE Listed Companies. The Committee's activities included in particular:

- a) monitoring of the Company's and Capital Group's financial reporting process;
- b) monitoring of internal controlling systems, risk management systems used to control the main risks to which the Company was exposed;
- c) monitoring the Company's relationship with related entities;
- d) performing auditing activities, in particular conducting audits of the financial statements of the Company and the Capital Group by the auditing company
- e) monitoring of the operating risks of the Group's foreign companies (India, China, and SWC),
- f) monitoring of the performance of activities by the Company's and the companies of the Capital Group in accordance with the auditor's recommendations;
- g) controlling the independence of the auditor;
- h) reviewing of Company and Capital Group information intended for publication;
- i) performing and abiding by the regulations in the field of Compliance and legal risks,
- j) monitoring of the foreign companies for impairment;
- k) making recommendations for appointment of the internal auditor;
- l) adoption of regulations concerning the functioning of the Audit Committee and the performance of its work, in particular through adopting new regulations concerning: the policy for the selection of the auditor, the policy for the provision of services by the audit firm, and the procedures for the selection of the audit firm,
- m) making recommendations for appointment of the Company's and Capital Group's auditor,
- n) holding meetings with auditing firms,
- o) conducting internal control, in particular as regards compliance of the activities of the Company and companies from the Capital Group with the applicable regulations.

All matters discussed during the meetings of the Audit Committee were recorded in the minutes of those meetings. The Audit Committee submitted a report to the Supervisory Board on its activities in the financial year 2107.

CONCLUSIONS

In the performance of its obligations under the Commercial Companies Code and the Company’s Articles of Association, the Supervisory Board, having analysed and evaluated the Directors’ Report on the Company’s operations and the Company’s financial statements for 2017, with respect to their consistency with the books and documents as well as with the facts, and having familiarised itself with the opinion of the auditor on Company’s financial statements for 2017, adopted resolutions concerning:

- 1. assessment and approval of the financial statements of the Company for 2017
- 2. assessment and approval of the Directors’ Report on the Company’s operations in 2017
- 3. assessment of the Management Board’s proposal concerning coverage of the loss for 2017.

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 2017, as well as the report on the assessment of the Company’s financial statements for 2017 and the Directors’ Report on the Company’s operations in 2017.

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

- 1. grants discharge to members of the Company’s Management Board in respect of their duties in 2017,
- 2. grants discharge to members of the Company’s Supervisory Board in respect of their duties in 2017.

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: _____