

Report on the application of corporate governance by KOFOLA S.A.

In accordance with the requirements of § 91 par. 5 point 4 of the Minister's of Finance Decree of 19 February 2009 on the current and periodic information submitted by the issuers of securities and the conditions for recognizing as equally valid the information required by the regulations of a state that is not a member state, as well as § 29 par. 5 of the Warsaw Stock Exchange Regulations, the Management Board of KOFOLA S.A. with its registered office in Warsaw ("the Company") hereby makes public its declaration on the Company's application of corporate governance principles in the year 2009.

A. Corporate governance principles the issuer is subject to, and the location where the principles may be examined by the public

Based on § 29 par. 2 of the Warsaw Stock Exchange Regulations, KOFOLA S.A. should apply the principles of corporate governance that the Stock Exchange Board may pass with regard to listed companies whose shares are admitted to trading on the stock exchange. Effective 4 July 2007, in its Resolution No. 12/1170/2007 the Stock Exchange Board adopted corporate governance principles in the form of "Good Practices of the Companies Listed on the Warsaw Stock Exchange" ("Good practices", "corporate governance principles"). The corporate governance principles are available to the public on the Stock Exchange's website at: <http://corp-gov.gpw.pl/>.

B. The corporate governance principles that the Company did not apply

In 2009 the Company applied all of the principles referred to in the Good Practices of the Companies Listed on the Warsaw Stock Exchange, with the exception of a few principles, of which it informed in its current reports in accordance with § 29 par. 3 of the Stock Exchange's Regulations. The most common reason for not applying a given principle was the continuation of reorganization and extensive organizational changes at the KOFOLA Group.

In its current report No. 3/2009 dated 7 January 2009 the Company informed that it does not apply the principle referred to in point 6 section III of the Good Practices, i.e. the principle relating to meeting the criteria of independence by at least two members of the Supervisory Board. The breach of the above principle had to do with the continuation of the above described changes at the KOFOLA Group.

As at the date of the present declaration one of the members of the Company's Supervisory Board meets the criterion of independence.

In its current report No. 6/2009 dated 15 January 2009 the Company informed that it has ceased to not apply the principle referred to in point 7 section III of the Good Practices of the Companies Listed on the Warsaw Stock Exchange, i.e. the principle relating to the need for the operation of an Audit Committee as part of the Supervisory Board, because in its Resolution No. 2 of 14 January 2009 the Supervisory Board of KOFOLA S.A. appointed an Audit Committee comprising all of the Members of the Supervisory Board (including one independent member of the Supervisory Board), as well as a Remuneration Committee. It is important to point out that prior to the changes the Company had had an Audit Committee, and that its absence was temporary and had to do with a change in the method used to appoint and dismiss Supervisory Board members.

In its current report No. 24/2009 dated 30 June 2009 the Company informed that it did not apply the principle referred to in point 6 section IV of the Good Practices, which states that the dividend day and the dividend payment day should be set so that the time between them is as short as possible, in no case longer than 15 working days. The Company's failure to apply the above principle was caused by the fact that the dividend day was set for 30 September 2009, whilst the dividend payment day was set for 30 October 2009.

C. Description of the main internal control and risk management features applied at the issuer's company in the preparation of financial statements and consolidated financial statements

The Company's Management is responsible for the Company's internal control system and for its effectiveness in the process of preparing financial statements and periodic reports that are prepared and published in accordance with the provisions of the Decree of 19 February 2009 on the current and periodic information submitted by the issuers of securities.

Throughout the year the Company's Management analyzes current financial results by comparing them with the adopted budget using the Company's management reporting that is based on the Company's accounting principles (International Financial Reporting Standards) and takes into account the format and detailed content of the financial data presented in the Company's and Group's periodic financial statements.

The preparation of the Company's financial statements, periodic financial reports and current management reports is the responsibility of the Finance Department of the Kofola S.A. Group, currently headed by Member of the Board for Financial Matters, Finance Director. The Company's financial statements and periodic reports are prepared by a reporting team as part of the Finance Department of the Kofola S.A. Group based on the financial data presented in the periodic management reports after they are approved by the Finance Director subject to other supplementary data supplied by various employees of other departments.

After closing the accounts for each calendar month the mid and higher level managers of the Group's Finance Department headed by the Board Member for Financial Matters jointly analyze the Company's financial results in comparison to plans and subject to business segments. Any errors are adjusted on an ongoing basis in the Company's books of account and the Group's reporting system in accordance with the adopted accounting policies. The preparation of financial statements and periodic reports begins after the results for the period are approved by the Board Member for Financial Matters.

Half-year and year-end reports are verified by an independent auditor, currently BDO Sp. z o.o. The results of half-year reviews and year-end audits are presented by the auditor at summary meetings and to the Audit Committee. After their review or audit, the financial statements and periodic reports are sent to the Company's Supervisory Board. Before the Management Board approves the periodic reports for publication, an Audit Committee meeting is held at which the Member of the Board for Financial Matters presents the significant aspects of the quarterly/half-year/year-end financial statements, in particular any changes in accounting policies, important estimates and judgments, material disclosures and business transactions. The Audit Committee reviews the periodic financial reports subject to the information presented by the Management Board and the independent auditor, and formulates a recommendation for the Supervisory Board with regard to their approval.

In accordance with the Company's Statute, the Company's auditor is selected by the Supervisory Board. Significant matters relating to periodic reports that are not verified by the auditor are consulted with the auditor in order to avoid any material adjustments in the subsequent reports. In 2009 KOFOLA S.A. kept its books of account using the MFGPRO system (from 2010 using the SAP R/3 system, same as the other key companies of the Group). The system is password protected against unauthorized access. The process of preparing the financial statements involves a specified team of Finance Department employees, and no other persons, except for members of the management boards, have access to the standalone financial reports. The Company's books of account, accounting evidence, documentation and financial statements are stored in accordance with the provisions of the Accounting Act.

D. Shareholders holding directly or indirectly significant packets of shares along with the number of shares held, their percentage of share capital, the resulting number of votes and percentage in the total number of votes at general meeting

According to the Company's information as at the date of the preparation of the present report for the year 2009, i.e. 17 March 2010, the following hold at least 5% of the total number of votes at General Shareholders Meeting of KOFOLA S.A.:

KSM Investment S.A.

13 395 373 shares or 51,18% of share capital of KOFOLA S.A.

13 395 373 shares or 51,18% of total votes at General Meeting of KOFOLA S.A.

CED GROUP S. a r.l. with its registered office in Luxembourg

11 283 153 shares or 43,11% of share capital of KOFOLA S.A.

11 283 153 shares or 43,11% of total votes at General Meeting of KOFOLA S.A.

As at 31 December 2009 the share capital amounted to 26 172 602 PLN and consisted of 26 172 602 shares entitling to 26 172 602 votes.

E. Holders of all types of securities that give special controlling rights, along with a description of those rights

There are no securities at the Company that give special controlling rights, except as described in point 5.7.8 below.

F. All restrictions on voting rights, such as a restriction on the voting rights of holders of a specified part or number of votes, time restrictions on voting rights or provisions according to which, in cooperation with the company, the equity rights related to securities are separated from the ownership of the securities

The Company's Statute does not provide for such restrictions.

G. All restrictions on the transfer of the ownership of securities

The Company's Statute does not provide for such restrictions.

H. Description of the principles used to appoint and dismiss management staff and their powers, in particular the right to make decisions on the issue or purchase of shares

THE PRINCIPLES OF APPOINTING SUPERVISORY BOARD MEMBERS

In accordance with the Company's Statute, the Supervisory Board comprises 5 (in words: five) to 6 (in words: six) members, including one independent Supervisory Board Member, appointed and dismissed by the General Meeting, with the stipulation that:

- as long as the company KSM Investment SA with its registered office in Luxembourg ("KSM") continues to be the Company's shareholder holding at least 35% of the Company's share capital, KSM will appoint and dismiss 3 (three) members of the Supervisory Board, including the Chairman – KSM dismisses and appoints members of the Supervisory Board in the form of a written declaration directed to the Company and to the interested party, and is effective on the date on which such a declaration is submitted to the interested party.

- as long as CED GROUP S. à r.l., limited liability company ("CED") continues to be the Company's shareholder holding at least 15% of the Company's share capital, CED will appoint and dismiss 2 (two) members of the Supervisory Board, including the Vice-Chairman – CED dismisses and appoints members of the Supervisory Board in the form of a written declaration directed to the Company and to the interested party, and is effective on the date on which such a declaration is submitted to the interested party.

THE PRINCIPLES OF APPOINTING MANAGEMENT BOARD MEMBERS

1. The Management Board comprises from 5 to 8 members appointed and dismissed by the Supervisory Board. Members of the Company's Management Board may hold the following positions:

- a) President of the Management Board,
- b) Finance Director – Member of the Management Board,
- c) Operating Directors - Member of the Management Board,
- d) Sales Director - Member of the Management Board,
- e) Marketing Director - Member of the Management Board,
- f) Human Resources and Services Director - Member of the Management Board,
- g) Development Director - Member of the Management Board,
- h) Managing Director - Member of the Management Board.

2. Subject to the other provisions of the Company's Statute, a resolution to appoint or dismiss all or individual members of the Management Board, including the President, is passed by an ordinary majority of votes.

3. In the event of a dismissal of a member or members of the Management Board, as a result of which fewer than 5 members are left on the Board, the Supervisory Board is required to appoint at least one new member of the Management Board at the same meeting.

4. If the term of a member of the Management Board expires as a result of circumstances other than dismissal of a member (members) of the Board, as a result of which fewer than 5 members are left on the Board, the Supervisory Board is required to appoint at least one new member of the Management Board at the next meeting.

5. A Management Board member who has resigned is required to inform of this in writing the Supervisory Board and the other members of the Management Board.

6. Management Board members are appointed for a term of 5 years. Management Board members may be appointed to another term. Management Board members are appointed for a joint term.

7. The mandates of Management Board members expire in accordance with Article 369 § 4 of the Code of Commercial Partnerships and Companies. If a supplementary or extending appointment is made in the course of a Management Board term, the mandate of the newly appointed member expires together with the mandates of the other members of the Company's Management Board.

THE POWERS OF THE SUPERVISORY BOARD

The Supervisory Board oversees the Company's activities in all areas of its operations. The Supervisory Board's powers include, among others:

- a) performing an evaluation of the Company's financial statements and the Directors' Report on the Company's activities with regard to their consistency with the books of account and documents, as well as with the actual state of affairs, and of the Management's proposals as to the distribution of profits and coverage of losses, as well as submitting annual written reports to the General Meeting on the results of this evaluation,
- b) performing an evaluation of the Group's financial statements and the Directors' Report on the Group's activities, as well as submitting annual written reports to the General Meeting on the results of this evaluation,
- c) verifying the realization of budgets,
- d) granting consent to pay to the Shareholders advances towards anticipated dividends,
- e) granting consent to establish limited or general powers of attorney,

- f) providing opinions on matters that are to be the subject of discussion at General Shareholders Meetings,
- g) the matters listed below.

As long as CED is the Company's shareholder holding at least 15% of the Company's share capital, the following matters will require a Supervisory Board resolution passed by an 80% majority of votes:

- a) approval of the consolidated economic and financial plan ("budget") of the Company's group, prepared by the Company's Management, changes to the budget adopted by the Company;
- b) approval of long-term Company activity plans prepared by the Management;
- c) consent to take up, acquire or dispose of shares of other entities, as well as to join a commercial company or partnership, by the Company or any company from its group, with a value in excess of EUR 8.000.000,00 or its equivalent, that was not planned in the budget;
- d) consent to raise the share capital, sell an enterprise or its organized part, split, merge or transform any company from the Company's group, with a value in excess of 15% of the Company's assets listed in the financial statements for the most recent financial year, that was not planned in the budget;
- e) consent to conclude an unbudgeted agreement by the Company or any company from its group, which provides for a liability of the Company or any company from its group in excess of:
 - EUR 30.000.000,00 or its equivalent – with regard to activities undertaken as part of ordinary operations;
 - EUR 3.000.000,00 or its equivalent – with regard to activities undertaken outside of ordinary operations;
- f) consent to conclude by the Company or any company from its group (acting as the lender) an unbudgeted loan agreement (or other similar agreement relating to financial debt) with a value in excess of EUR 2.000.000,00 or its equivalent, with the exception of a payment deferral ("trade credit") as part of ordinary operations;
- g) consent to grant by the Company or any company from its group any unbudgeted guarantees (or other forms of accepting responsibility for the liabilities of third parties) with a value in excess of EUR 2.000.000,00 or its equivalent;
- h) consent to an unbudgeted acquisition or disposal of real estate, perpetual usufruct or interest in a real property (or right of perpetual usufruct) with a value in excess of EUR 5.000.000,00 or its equivalent by the Company or any company from its group;
- i) consent to an unbudgeted disposal of any intellectual property rights of the Company or any company of its group, with an actual market value in excess of EUR 1.000.000,00 or its equivalent;
- j) consent to an unbudgeted disposal by the Company or any company from its group of any assets with a value in excess of 15% of the Company's net assets (or 15% of the net assets of a given company from the Company's group), listed in the financial statements for the most recent financial year;
- k) consent to the liquidation of any company from the Company's group, whose assets exceed in value 15% of the Company's assets listed in the financial statements for the most recent financial year;
- l) agree the principles and terms for remunerating members of the Company's Management Board and members of the management boards and supervisory boards of the companies from the group, if the total annual remuneration (including all bonuses, awards, severance pay and other similar benefits) of a given person was to exceed the following limits:
 - in the case of members of the Company's Management Board – PLN 700.000,00;
 - in the case of members of the management boards of the companies from the group, other than the Company – PLN 700.000,00;
 - in the case of members of the supervisory boards of the companies from the group, other than the Company – PLN 100.000,00;
- m) suspend, for valid reasons, an individual member or all members of the Management Board, and delegate members of the Supervisory Board to temporarily perform the duties of the suspended members of the Management Board, in accordance with the principles and terms arising out the Code of Commercial Partnerships and Companies;
- n) approve the Company's Management Board regulations and all changes to these regulations;
- o) pass the Company's Supervisory Board regulations and all changes to these regulations;
- p) select an auditor to audit the financial statements of the Company and of the companies from the group;

q) consent to the conclusion by the Company or any company from its group of an agreement relating to a transaction with a party related to (i) the Company or (ii) any company from the Company's group or (iii) a shareholder or member of the Supervisory Board or Management Board of the Company or any company from its group;

r) from the day on which Mr. Jannis Samaras ceases to be President of the Company's Management Board: appoint another person to the position of President of the Management Board and dismiss this person;

s) appoint and dismiss the Finance Director – Member of the Company's Management Board;

t) appoint members of the Company's Management Board other than President and Finance Director;

u) consent to appoint National General Directors (i.e. members of the Company's key management, but not members of the Company's Management Board, appointed one each for every country where the Company conducts operations either independently or through its subsidiaries), or establish with him/her a contractual relationship by the Company or companies from its group;

v) from the day of the fourth consecutive dismissal after 26 November 2008 of: (i) a member of the Company's Management Board other than President or Finance Director or (ii) National General Director: consent to dismiss a member of the Management Board other than President or Finance Director;

w) from the day of the fourth consecutive dismissal after 26 November 2008 of: (i) a member of the Company's Management Board other than President or Finance Director or (ii) National General Director: consent to dismiss National General Directors or to dissolve their contractual relationship with the Company or with companies from the its group;

x) pass resolutions further to the adoption, change, performance or completion of the Incentive Program for members of the Company's governing and management staff, passed by the General Meeting in 2009, and identify the persons eligible to take part in the Incentive Program.

THE POWERS OF THE MANAGEMENT BOARD

Representation of the Company and the Board's responsibilities

1. The Management Board represents the Company outside and makes decisions on all matters that in accordance with the Company's Statute and absolutely binding legal regulations have not been reserved for the Company's other organs.

2. The Company is bound by two members of the Management Board acting jointly.

3. The Management Board is required to present to the Supervisory Board the Company's budget for the next financial year no later than 2 months prior to the start of that next financial year.

4. Should the Supervisory Board not approve the economic and financial plan (budget), the Company's Management will conduct operations based on the most recent approved annual economic and financial plan.

5. The Management Board is required to prepare and submit to the Company's Supervisory Board monthly reports on the realization of the consolidated economic and financial plan (budget) within 20 days of the end of each month.

Passing resolutions

1. The Management Board makes decisions in the form of resolutions at meetings called as needed. The resolutions are passed by an ordinary majority of votes, and if the number of votes is equal the President of the Management Board has the deciding vote.

2. The following matters require a resolution of the Management Board:

a) acceptance of the budget,

b) consent to take up, acquire or dispose of shares of other entities, as well as to join a commercial company or partnership, by the Company or any company from its group,

c) consent to raise the share capital, sell an enterprise or its organized part, split, merge or transform any company from the Company's group,

d) consent to an acquisition or disposal of real estate, perpetual usufruct or interest in a real property by the Company or any company from its group,

e) consent to take out a liability or dispose by the Company or any company from its group of their assets as part of activities other than those associated with the current operations of the Company or any company from

its group, that was not planned in the budget of the Company or the company from its group, with a value based on one or several connected acts in law – in excess of PLN 1.000.000,- (in words: one million Polish zlotys),

f) consent to the liquidation of any company from the Company's group,

g) agree the principles and terms of remunerating the management and supervisory boards of the companies from the Company's group,

h) consent to change the articles of association (statute) and approve the supervisory board and management board regulations at the companies from the Company's Group,

i) consent for the Company or any company from its group to guarantee or establish collateral on the assets of the Company or any company from its group to secure the liabilities of entities other than subsidiaries from the Company's group.

3. The Management Board passes the Management Board's regulations that are subject to approval by the Supervisory Board.

4. Subject to other provisions of the Company's Statute, the Management Board consents to the acquisition or sale of real estate, perpetual usufruct or interest in real estate by the Company or any company from its group (excluding the application of Article 393 point 4) of the Code of Commercial Partnerships and Companies).

Acquisition of own shares by the company

The Company may acquire its own shares in cases referred to in Article 362 of the Code of Commercial Partnerships and Companies, with the prior approval of the General Meeting.

I. Description of methods used to change the statute of the issuer's company

In accordance with the Company's Statute and the provisions of the Code of Commercial Partnerships and Companies, any change to the Company's Statute requires the consent of the General Meeting. In the absence of detailed provisions on this matter in the Company's Statute, the procedures for changing the Company's Statute are consistent with the relevant provisions of the Code of Commercial Partnership and Companies.

J. The manner of operation of the general meeting and its basic powers as well as a description of shareholder rights and their performance, in particular the principles arising out of the general meeting regulations, if such regulations have been passed, as long as the relevant information does not arise directly out of legal regulations

CALLING GENERAL MEETINGS

1. An Ordinary Shareholders Meeting is called by the Management Board each year, no later than 6 (in words: six) months after the end of the financial year.

2. Extraordinary Shareholders Meetings are called by the Management Board on its own initiative, at the request of the Supervisory Board or at the request of the Shareholders representing no less than 1/10 (in words: one tenth) of the Company's share capital. A shareholders meeting should be called within 2 (in words: 2) weeks of the submission of such a request, with the date of the meeting set for: (i) in the case of a Shareholders Meeting called at the request of Shareholders, subject to Article 400 § 1 sentence 2 of the Code of Commercial Partnerships and Companies, the date indicated in the request, and if this date is met by significant hindrances, at the closest possible time, enabling the General Meeting to resolve the matters submitted for discussion, as well as (ii) in other cases within 6 (in words: six) weeks of the submission of such a request.

3. If the Board fails to call a General Meeting within the specified time, the right to call the meeting shall be transferred to the requesting party.

4. A request to call a General Meeting should specify the matters submitted for discussion and contain a substantiation.

5. General Meetings are called for days considered in Poland to be working days.

6. A cancellation or postponement of a General Meeting that was called at the request of Shareholders is only possible with the consent of the requesting party. In other cases, a General Meeting may be cancelled if holding the meeting is met by extraordinary hindrances (force majeure) or is obviously irrelevant.

7. Notifications and meetings from General Meetings are prepared in Polish. The meetings are also held in Polish.

THE PASSING OF RESOLUTIONS BY THE GENERAL MEETING

- a) Subject to the provisions of Article 404 of the Code of Commercial Partnerships and Companies, the General Meeting may pass resolutions only on matters provided for in the Code of Commercial Partnerships and Companies and the Company's Statute, and covered by the agenda of a given Meeting.
- b) A resolution to abandon the consideration of a matter covered by the agenda may only be passed in the presence of valid reasons. A request in such a matter should be substantiated in great detail.
- c) A General Meeting is opened by the Chairman of the Supervisory Board or a person by him/her authorized, and in the absence of such authorization, the most senior member of the Supervisory Board present at the Meeting. In the absence of those persons, the General Meeting is opened by the President of the Management Board or a person appointed by the Management Board, or the Shareholder holding the greatest number of the Company's shares. If two or more shareholders meet the criteria of the greatest number of shares, the General Meeting is opened by the most senior among them.
- d) A General Meeting is valid and may pass valid resolutions if it is attended by the Shareholders who hold at least 50% (in words: fifty percent) of the Company's share capital. In the absence of a quorum at the first date of the General Meeting, the Management Board will immediately call another General Meeting with its date set for no sooner than after 4 weeks from the first General Meeting, with the same agenda, indicating that it is a second date and therefore the General Meeting will be valid irrespective of how much capital is represented.
- e) Subject to absolutely binding provisions of the Code of Commercial Partnerships and Companies and otherwise stating provisions of the Company's Statute, resolutions are passed by an ordinary majority of votes. As long as CED GROUP S. à r.l., a limited liability company operating under the laws of the Grand Duchy of Luxembourg ("CED") is the Company's shareholder with at least 15% of its share capital, a 70% majority of 'in favor' votes will be required to pass resolutions on the following matters:
- the payment of a dividend to the shareholders at an amount that exceeds 75% (in words: seventy five percent) of the net profit generated by the Company in the previous financial year;
 - the appointment and dismissal of an independent Supervisory Board member;
 - the dismissal or suspension of members of the Company's Management Board.
- f) The General Meeting passes the General Meeting regulations, specifying the methods for holding meetings and passing resolutions. In the case of changes to the regulations, the changes go into force no sooner than from the next General Meeting.

THE POWERS OF THE GENERAL MEETING

The General Meeting has the authority to handle in particular the following matters:

- a) review and approve the Directors' Report on the activities of the Company and the Group, and the financial statements of the Company and the Group for the previous financial year,
- b) pass resolutions on distributing the Company's profit, either by paying it out in the form of a dividend, or excluding a portion or all of the profit from the payment of a dividend and retaining at the Company for its needs, as well as pass resolutions on the coverage of losses,
- c) grant discharge to members of the Company's governing organs for the duties they have performed,
- d) sell or lease out the Company's enterprise or its organized part and establish limited property rights on them,
- e) transform the legal status of the Company as well as merge the Company with another company or legal entity,
- f) all decisions relating to claims to repair damages done at the formation of the Company or while it exercised supervision or management,
- g) change the Company's statute, raise or lower its share capital,
- h) issue convertible or senior notes,
- i) acquire treasury shares,
- j) subject to other provisions of the Company's Statute, appoint and dismiss members of the Supervisory Board, including the Chairman of the Supervisory Board,

- k) dissolve the Company,
- l) agree the terms and conditions (including payment dates) for remunerating Supervisory Board members,
- m) pass the General Meeting regulations,
- n) set the day that is used to determine the shareholders that are entitled to a dividend for a given financial year, i.e. set the dividend day, subject to the provisions of Article 348 § 2 of the Code of Commercial Partnerships and Companies, and set the dividend payment day,
- o) the matters presented by the Management or Supervisory Board for resolution by the General Meeting,
- p) other matters that based on absolutely binding legal regulations and the provisions of the present Company Statute are to be resolved by the General Meeting.

Binding at the Company are the General Meeting Regulations adopted based on Resolution No. 10 passed by the Extraordinary General Shareholders Meeting of KOFOLA S.A. of 16 September 2008 ("the Regulations").

As at the date of the present declaration work is ongoing on adapting the provisions of the Regulations and the Company's Statute to the amended provisions of the Code of Commercial Partnerships and Companies.

The Regulations specify the principles of operation of the General Shareholders Meeting of KOFOLA S.A., including among others:

a) Opening of a General Meeting and election of its Chairman

1. A General Meeting is opened by the Chairman of the Supervisory Board or a person by him/her authorized, and in the absence of such authorization, the most senior member of the Supervisory Board present at the Meeting. In the absence of those persons, the General Meeting is opened by the President of the Management Board or a person appointed by the Management Board, or the Shareholder holding the greatest number of the Company's shares. If two or more shareholders meet the criteria of the greatest number of shares, the General Meeting is opened by the most senior among them or their representatives.

2. The person opening the General Meeting oversees the submission of candidacies and election of the General Meeting Chairman.

3. The General Meeting Chairman is elected from among the General Meeting's eligible participants.

4. Each eligible participant has the right to submit one candidate.

5. The General Meeting Chairman directs the meeting in accordance with the agreed agenda, binding legal regulations and the provisions of the present Regulations, ensuring that the meeting is conducted and voting held in an efficient and proper manner.

6. The Chairman cannot resign from this position without valid reasons.

7. The powers and responsibilities of the General Meeting Chairman include in particular:

a) preparing an attendance list, signing the list, displaying the list during the General Meeting and attaching it to the minutes;

b) giving the floor;

c) overseeing voting and ensuring that it is conducted correctly;

d) signing documents containing vote results;

e) concluding the completion of the meeting's agenda;

f) resolving procedural matters;

g) overseeing the work of support personnel present at the General Meeting.

b) binding the General Meeting with an agenda

1. Subject to the provisions of Article 404 of the Code of Commercial Partnerships and Companies, the General Meeting may pass resolutions only on matters covered by the agenda of a given Meeting.

2. At the request of a shareholder, the Management Board or the Supervisory Board the General Meeting may pass a resolution to abandon the consideration of a matter on the agenda, or to change the order of the matters on the agenda.

3. A resolution to abandon the consideration of a matter covered by the agenda may only be passed in the presence of valid reasons. A request in such a matter should be substantiated in great detail.

4. A request to call an Extraordinary General Meeting, as well as formal requests may be passed without being placed on the agenda.

c) Voting

1. Subject to the provisions of par. 2 and 3 below, voting is open.

2. Voting is secret when:

a) the vote relates to elections and motions to dismiss members of the Company's organs or liquidators;

b) the vote relates to motions to hold members of the Company's organs or liquidators liable;

c) the vote relates to personal matters.

3. Subject to the provisions of Article 416 § 3 of the Code of Commercial Partnerships, a secret vote is ordered at the request of even one of the present or represented Shareholders.

4. The General Meeting may pass a resolution to waive the secrecy of the vote on matters relating to the election of a Committee appointed by the General Meeting.

5. The provisions of par. 2 and 3 do not apply in cases when the General Meeting is attended by only one Shareholder.

d) Voting in elections

1. Voting in elections is performed separately for each of the submitted candidates, in the order submitted by the Management Board.

2. If candidacies are submitted to the Company's organs, the position for which the person is to be appointed should be indicated: President of the Management Board, Member of the Management Board, Chairman of the Supervisory Board, Member of the Supervisory Board.

3. Prior to the vote the proposed candidate should consent to the submission of his/her candidacy (orally at the General Meeting – which should be confirmed with a relevant entry in the minutes or with a written declaration).

4. If submitted as a candidate to the Company's organs is a person that is part of a Committee, and that person consents to the submission of his/her candidacy, he/she is dismissed from the Committee and a new person is elected in his/her place.

5. Considered to be elected are the candidates that have consecutively received the highest number of 'in favor' votes as part of the number of available seats, no fewer however than 50% of the votes represented at the General Meeting.

6. If candidates receive the same number of votes, or if not all of the seats are filled due to the fact that an insufficient number of candidates received the majority of votes referred to in point 5 of the present paragraph, the Chairman orders a supplementary vote where the candidate with the highest number of 'in favor' votes is considered to be elected.

e) Other provisions

A shareholder has not right to vote personally or by proxy or as a representative of another person on a resolution relating to:

a) his/her responsibility to the Company for any reason, including granting a discharge;

b) releasing him/her from a liability to the Company;

c) disputes between him/her and the Company.

K. The composition and changes made in the most recent financial year, as well as a description of the operation of the issuer's management, supervisory or administrative organs and their committees

CHANGES IN THE COMPOSITION OF THE COMPANY'S MANAGEMENT BOARD

In the period from 1 January 2009 to 31 December 2009 the Company's Management Board comprised:

- a) Mr. Jannis Samaras – President of the Management Board,
- b) Ms. Simona Nováková – Member of the Management Board,
- c) Mr. Martin Mateáš – Member of the Management Board,
- d) Mr. Tomáš Jendřejek – Member of the Management Board,
- e) Mr. René Musila – Member of the Management Board.

As at the date of the present declaration the above composition of the Management Board remained unchanged.

PRINCIPLES OF OPERATION OF THE COMPANY'S MANAGEMENT BOARD

The Management Board operates based on binding legal regulations, the provisions of the Company's Statute. The operations of the Management Board are described in point H of the present declaration.

CHANGES IN THE COMPOSITION OF THE COMPANY'S SUPERVISORY BOARD

All of the members of the Company's Supervisory Board were dismissed effective 11 December 2008, with new members being appointed in accordance with the new provisions of the Company's Statute in the form of shareholder declarations, as follows:

- effective 23 December 2008 the shareholder CED GROUP S. à r.l. appointed:

- a) Mr. Jacek Woźniak – Vice-Chairman,
- b) Mr. Dariusz Prończuk.

- effective 5 January 2009 the shareholder KSM Investment SA appointed:

- a) Mr. Ireneusz Stolarski – Chairman,
- b) Mr. Raimondo Eggink,
- c) Mr. Martin Dokoupil.

Effective 30 June 2009, based on a resolution passed by the General Meeting, Mr. Anthony Brown was appointed to the position of member of the Supervisory Board, as a result of which as at 30 June 2009 the Company's Supervisory Board comprised (until 31 December 2009):

- a) Mr. Ireneusz Stolarski – Chairman,
- b) Mr. Jacek Woźniak – Vice-Chairman,
- c) Mr. Dariusz Prończuk,
- d) Mr. Raimondo Eggink,
- e) Mr. Martin Dokoupil,
- f) Mr. Anthony Brown.

As at the date of the present declaration the above composition of the Supervisory Board remained unchanged.

As at the date of the preparation of the present declaration the Supervisory Board has an Audit Committee and a Remuneration Committee, which operate based on the Good Practices of the Companies Listed on the Warsaw Stock Exchange and the provisions of the Company's Supervisory Board Regulations.

The Audit Committee comprises:

- a) Mr. Raimondo Eggink – Chairman,
- b) Mr. Jacek Woźniak,
- c) Mr. Dariusz Prończuk,
- d) Mr. Ireneusz Stolarski,
- e) Mr. Martin Dokoupil,
- f) Mr. Anthony Brown.

The Remuneration Committee comprises:

- a) Mr. Jacek Woźniak – Chairman,
- b) Mr. Raimondo Eggink,
- c) Mr. Martin Dokoupil.

PRINCIPLES OF OPERATION OF THE COMPANY'S SUPERVISORY BOARD

The Supervisory Board operates based on binding legal regulations, the provisions of the Company's Statute and the provisions of the Supervisory Board Regulations. The operations of the Supervisory Board are partially described in point K of the present declaration.

MEETINGS OF THE SUPERVISORY BOARD

1. The Supervisory Board passes the regulations for the functioning of the Supervisory Board.
2. For a Supervisory Board meeting to be effective, all of the members of the Supervisory Board must be properly invited, and the meeting must be attended by at least half of the Supervisory Board members, including the Chairman or Vice-Chairman. With the consent of all of its members, the Supervisory Board may meet without a formal call.
3. A Supervisory Board meeting is called by: (i) the Chairman of the Supervisory Board or (ii) the Vice-Chairman of the Supervisory Board, on his own initiative or at the request of the Company's Management Board or at least two members of the Company's Supervisory Board. A meeting should be called within 2 (in words: two) weeks of the submission of such a request, with the date of the meeting set for within 4 (in words: four)

weeks of the submission of such a request. A Supervisory Board meeting is called by registered mail, e-mail or fax sent at least 2 (in words: two) weeks prior to the meeting date.

4. The Supervisory Board is required to hold a meeting at least once a quarter. Supervisory Board meetings are held at the Company's registered office or – with the consent of all members – at another location.

5. Subject to Article 388 § 2 and 4 of the Code of Commercial Partnerships and Companies, Supervisory Board members may take part in the passing of resolutions by casting their vote in writing through another member of the Supervisory Board.

6. Subject to Article 388 § 4 of the Code of Commercial Partnerships and Companies, the Supervisory Board may pass resolutions in writing or by using methods of direct communication. A resolution is valid if all of the Supervisory Board members have been notified of the text of the draft resolution.

7. Subject to the other provisions of the Company's Statute (see point K of the present declaration), the Supervisory Board passes resolutions by an ordinary majority of votes cast by Supervisory Board members present at the meeting, and if the number of votes is equal the Chairman of the Supervisory Board has the deciding vote.

8. The Supervisory Board may appoint permanent or ad hoc committees, operating as the Supervisory Board's collegial consulting and opinion forming organs. Two permanent committees are formed as part of the Supervisory Board: the Audit Committee and the Remuneration Committee. The Supervisory Board appoints members of the Audit Committee and the Supervisory Committee from among members of the Supervisory Board.

9. The work of a Committee is directed by the Committee chairman, who is selected at its first meeting, in a resolution passed by its members, from among members of the Committee. The chairman also supervises the preparation of the agenda, organization of document distribution and preparation of Committee meeting minutes.

10. Committee meetings are called in accordance with the same principles that apply to the calling of Supervisory Board meetings.

11. Committee resolutions are passed by an ordinary majority of votes. In votes where an equal number of votes is cast 'in favor' and 'against', the Committee chairman casts the deciding vote.

AUDIT COMMITTEE

1. The Audit Committee is appointed by the Supervisory Board from among its members, and comprises several members. The number of members, including independent members, is determined by the Supervisory Board in the form of a resolution. At least one member of the Audit Committee should be qualified and experienced in accounting and finance.

2. The duties of the Audit Committee include:

a) recommending to the Supervisory Board the selection of an auditor of the financial statements of the Company and of the companies from its Group, and of the consolidated financial statements for the previous financial year,

b) monitoring the audit of the Company's financial statements and the consolidated financial statements for the previous financial year; becoming familiar with the details of the results of these audits at their various stages,

c) presenting to the Board its findings and recommendations relating to the audit and evaluation of the financial statements and consolidated financial statements for the previous financial year, as well as the Management Board's proposed distribution of profit or coverage of loss,

d) presenting to the Board its findings and recommendations on granting discharge to the member of the Company's Management in charge of the economic and finance department for the duties he/she performed,

e) performing other tasks determined by the Board depending on the needs arising out of the Company's current situation;

f) submitting to the Board annual reports on the Committee's operations,

g) other matters as specified in Article 41 of Directive No. 2006/43/EC passed by the European Parliament on 17 May 2006.

REMUNERATION COMMITTEE

1. The Remuneration Committee is appointed by the Supervisory Board from among its members, and comprises several members. The number of members, including independent members, is determined by the Supervisory Board in the form of a resolution.

2. The Remuneration Committee is the Supervisory Board's opinion forming and consulting organ on the following matters:

- a) determining the terms and conditions for remunerating members of the Company's Management Board and members of the management and supervisory boards of the companies from the Company's group,
- b) granting bonuses or other variable remuneration components to members of the Management Board,
- c) remuneration of the Company's Management Board members agreed in the contracts signed with the Company;
- d) the Company's remuneration policies, including in particular the performance of periodic reviews of the system used to remunerate members of the Management Board and management staff working directly under the supervision of members of the Management Board, and submitting to the Supervisory Board proposed changes in those policies in the context of the Company's strategic goals;
- e) incentive plans for higher level managers;
- f) assessing the human resources management system at the Company and at the companies from its Group.