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**Subject:** Information on the compliance with the corporate governance principles contained in the Code of Best Practice for WSE Listed Companies

**Contents of the report:**

Acting pursuant to § 29 (3) of the WSE Rules, the Management Board of TORPOL S.A. (the Company, the Issuer) hereby affirms that the Company is compliant with all the recommendations and rules of corporate governance contained in the Code of Best Practice for WSE Listed Companies (BPLC) annexed to the Resolution No. 19/1307/2012 of the Warsaw Stock Exchange Board of November 21 2012 r., with the exception of those indicated below.

**BPLC Recommendation No. 9 of the section I:**

Contents:

*“The WSE recommends to public companies and their shareholders that they ensure a balanced proportion of women and men in management and supervisory functions in companies, thus reinforcing the creativity and innovation of the companies’ economic business.”*

Grounds:

The Issuer does not intend to apply this rule in finding that the decisive factor for the members of the Issuer shall have the powers and the actual preparation to carry out their managerial and supervisory functions, not their gender.

**BPLC Principle No. 6 of the section III:**

Contents:

*“At least two members of the Supervisory Board should meet the criteria of being independent from the company and entities with significant connections with the company. The independence criteria should be applied under Annex II to the Commission Recommendation of 15 February 2005 on the role of non10 executive or supervisory directors of listed companies and on the committees of the (supervisory) board. Irrespective of the provisions of point (b) of the said Annex, a person who is an employee of the company or an associated company cannot be deemed to meet the independence criteria described in the Annex. In addition, a relationship with a shareholder precluding the independence of a member of the Supervisory Board as understood in this rule is an actual and significant relationship with any shareholder who has the right to exercise at least 5% of all votes at the General Meeting.”*

Grounds:



Currently, none of the members of the Supervisory Board of TORPOL S.A. does not meet the criterion of independence set out in the document "Best Practice for WSE Listed Companies". Issuer's intention is to appoint those who meet the criterion of independence during the next general meeting of the Company.

**BPLC Recommendation No. 12 of the section I:**

Contents:

*"A company should enable its shareholders to exercise the voting right during a General Meeting either in person or through a plenipotentiary, outside the venue of the General Meeting, using electronic communication means."*

**BPLC Principle No. 10 of the section IV:**

*"A company should enable its shareholders to participate in a General Meeting using electronic communication means through:*

- 1) real-life broadcast of General Meetings;*
- 2) real-time bilateral communication where shareholders may take the floor during a General Meeting from a location other than the General Meeting."*

Grounds concerning BPLC Recommendation No. 12 of the section I and BPLC Principle No. 10 of the section IV:

Bearing in mind the need to carry out a number of technical and organizational activities and the herewith related costs and risks and little experience of the market in this respect, the Issuer shall not decide for the real-time broadcast of general meetings, nor for the provision of shareholders with electronic means of communication to participate in general meetings. If the dissemination of the use of this technology and the ensuring of adequate security for its application enhances, the Issuer will consider the introduction of this principle into practice.

**SIGNATURES OF COMPANY REPRESENTATIVES**

Date	Name	Position/Function	Signature
2014-07-11	Krzysztof Miler	Vice President of the Management Board, Chief Production Officer	Krzysztof Miler
2014-07-11	Michał Ulatowski	Vice President of the Management Board, Chief Financial Officer	Michał Ulatowski