

## **INTER CARS MANAGEMENT BOARD'S STATEMENT OF COMPLIANCE WITH THE CODE OF BEST PRACTICE FOR WSE LISTED COMPANIES IN 2012**

### **1. Set of corporate governance rules adopted by Inter Cars S.A.**

Inter Cars S.A. adopted the corporate governance rules laid down in the Code of Best Practice for WSE Listed Companies, as posted on the website at: [www.corp-gov.gpw.pl](http://www.corp-gov.gpw.pl)

### **2. Corporate governance rules not complied with**

The Management Board of Inter Cars S.A. declares that in 2012 the Company complied with the generally applicable corporate governance rules, save for:

- A. Section I. 1)** A company should pursue a transparent and effective information policy using both traditional methods and modern technologies ensuring fast, secure and extensive access to information. Using such methods to the broadest extent possible, a company should in particular ensure adequate communication with investors and analysts, enable on-line broadcasts of General Meetings over the Internet, record General Meetings, and publish the recordings on the company website.

#### ***EXPLANATION:***

*The Company pursues a transparent and effective information policy ensuring adequate levels of communication with investors and analysts by means of traditional methods, and does not intend to broadcast or record the proceedings of the General Meeting using the Internet or to publish such recordings on the Internet.*

- B. Section III. 6)** 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 in accordance with Annex II to the Commission Recommendation of February 15th 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board. Irrespective of the provisions of Section 1. b) of the aforementioned Annex, a person who is an employee of the Company, a subsidiary or an associated company cannot be deemed to meet the independence criteria referred to in the Annex. Furthermore, a connection with a shareholder precluding the independence of a member of the Supervisory Board is understood as an actual and significant connection with any shareholder who has the right to exercise 5% or more of the total vote at the General Meeting.

#### ***EXPLANATION:***

*As required by the Company's Articles of Association, the Supervisory Board is composed of five to thirteen members appointed by the General Meeting. Currently, the Supervisory Board consists of five members. The Supervisory Board members are elected in a vote held among all interested and entitled Shareholders. The names of candidates to the Supervisory Board, their career profiles and qualifications are published in advance and presented during a General Meeting. The election of Supervisory Board members is an independent decision of the Shareholders present at the General Meeting, and there is no justified reason for imposing any restrictions on the selection of candidates.*

**C. Section III. 7)** The Supervisory Board should establish at least an audit committee. The committee should include at least one member independent of the company and entities with significant connections with the company, who has qualifications in accounting and finance. In companies where the Supervisory Board consists of the minimum number of members required by law, the tasks of the committee may be performed by the Supervisory Board.

***EXPLANATION:***

*Currently, the Supervisory Board comprises five members and performs the tasks of an audit committee.*

**D. Section III. 8)** Annex I to the Commission Recommendation of February 15th 2005 on the role of non-executive or supervisory directors... should apply to the tasks and the operation of the committees of the Supervisory Board (...).

***EXPLANATION:***

*Considering that the audit function is performed by the Supervisory Board as a whole and that the Management Board has no control over who serves on the Supervisory Board, the Company has resolved not to comply with the recommendations set out in Annex I to the Commission Recommendation.*

**3. Key features of the Company's internal control and risk management systems used in the preparation of separate and consolidated financial statements**

Financial statements and periodic reports are prepared in accordance with the applicable laws and the Company's accounting policies by the Chief Financial Officer, and reviewed on an ongoing basis by the Management Board, which is responsible for the accuracy and consistency of information released.

Financial statements are drawn up by people authorised to access the Company's inside information, who are obliged to ensure full confidentiality of the information used as the basis for the financial statements, from the time of obtaining access to such information until publication of the statements. All financial data contained in the financial statements and interim reports are sourced from the financial and accounting system, where all business events are recorded in accordance with the Company's accounting policies (approved by the Management Board), based on the International Accounting Standards and the International Financial Reporting Standards. The Company monitors, on an ongoing basis, any changes in the legal and regulatory reporting requirements for listed companies, and prepares in advance for their incorporation in its internal regulations.

Once approved by the Management Board, the financial statements are reviewed or audited by an independent auditor, appointed by the Supervisory Board from among reputed auditing firms.

The Financial Division, in consultation with the auditor, tries to formulate recommendations on how to enhance the Company's internal control system, in reference to the needs identified during an audit of financial statements, for possible implementation.

The Financial Division and Division Heads prepare periodic management information reports, including analyses of key financial data and operating ratios of the business segments, and submit them to the Management Board.

**4. Shareholders holding directly or indirectly large holdings of shares, number of shares and percentage interests in the share capital held by them, and number of votes and percentage of the total vote at GM represented by those shares**

No.	Shareholder	Number of shares	Number of votes	% of total vote	% of share capital
1.	Krzysztof Oleksowicz	4,482,271	4,482,271	31.64%	31.64%
2.	Andrzej Oliszewski	1,402,370	1,402,370	9.90%	9.90%
3.	ING OFE	1,214,728	1,214,728	8.57%	8.57%
4.	AMPLICO OFE	903,347	903,347	6.38%	6.38%
5.	AVIVA OFE	1,429,607	1,429,607	10.09%	10.09%
6.	AXA OFE	713,916	713,916	5.04%	5.04%
7.	Other shareholders	4,021,861	4,021,861	28.39%	28.39%

**5. Holders of any securities conferring special control rights, and description of those rights**

There are no securities conferring special control rights with respect to the Company. There are no restrictions with respect to the transferability of Company shares, nor any limitations on the voting rights attached to them.

**6. Any limitations on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, time limits for exercising voting rights or schemes whereby, with the Company's cooperation, the rights attaching to securities are separated from the holding of such securities**

The Company's Articles of Association do not provide for any limitations on voting rights of holders of a given percentage or number of votes.

**7. Rules governing the appointment and removal from office of the Company's management staff and their powers, including in particular the power to decide to issue or buy back shares**

The Management Board is appointed for a joint three-year term of office. Members of the Management Board are appointed and removed by resolution of the Supervisory Board. They may be appointed from among shareholders or non-shareholders. The Supervisory Board, by virtue of its resolution, appoints President and, optionally, Vice-President of the Management Board from among Management Board members. The term of office of a Management Board member appointed prior to the expiry of a given term of office of the Management Board expires simultaneously with the terms of office of the other Management Board members. The term of office of a Management Board member expires on the date of the General Meeting which approves the financial statements for the last full financial year in which the member served on the Management Board. The term of office of a member of the

Management Board also expires in the event of the member's death, resignation or removal from the Management Board.

A Supervisory Board resolution to appoint or remove from office a member of the Management Board or appoint President and, optionally, Vice-President, is adopted by an absolute majority of votes with a quorum of at least half of all the Supervisory Board members, while a resolution to suspend a Management Board member from duties for a good reason is adopted by a majority of four-fifths of the votes cast with a quorum of at least four-fifths of all the Supervisory Board members.

The Management Board members act on the basis of applicable laws as well as the Company's Articles of Association and the Rules of Procedure for the Management Board of Inter Cars S.A. The Rules of Procedure are adopted by the Management Board and approved by the Supervisory Board. The Rules of Procedure are available on the Company's website. The Management Board members represent the Company in all actions before court and out of court, and their scope of powers covers all Company matters which are not reserved by the Articles of Association or applicable laws for the General Meeting or the Supervisory Board. In its relations with third parties, the Company should be represented by two persons: two Management Board members or one Management Board member and a commercial proxy.

The Management Board makes its decisions in the form of resolutions adopted at its meetings, held at least twice a month. Such resolutions are adopted by a majority of votes. In the event of a voting tie, the President of the Management Board has the casting vote. However, resolutions concerning:

- a. market issues (such as development of the distribution network, creation of the procurement and sales policy etc.) may be adopted by the President or Vice-President and the Management Board member in charge of procurement and sales;
- b. changes in the Company's assets and equity and liabilities exceeding PLN 1 million should be passed with the participation of all the Management Board members (issues relating to purchase or sale of the Company's assets, contracting loans etc.);
- c. any decisions related to the day-to-day operations and organisation of the Company (such as days off work, awards and bonuses, reprimands etc.) should be passed outside Management Board meetings by two Management Board members most closely involved in a given area.

As regards the right to make decisions on the issue or buyback of shares, the provisions of the Commercial Companies Code apply, with a proviso that decisions relating to changes in the Company's share capital or retirement of shares fall within the exclusive powers of the General Meeting.

## **8. Rules governing amendments to the Company's Articles of Association**

An amendment to the Company's Articles of Association requires:

- the General Meeting's resolutions adopted by a three-fourths majority of the votes cast (Art. 415 of the Commercial Companies Code) in the form of a notarial deed (a material change of the Company's business scope requires a resolution adopted by a two-thirds majority of the votes (Art. 416 of the Commercial Companies Code)
- relevant entry in the National Court Register (Art. 430 of the Commercial Companies Code)

## **9. Manner of operation of the General Meeting and its key powers; shareholders' rights and the manner of exercising those rights, including in particular the principles stipulated in the Rules of Procedure for the General Meeting**

The Company's General Meeting operates in accordance with the Company's Articles of Association, the Commercial Companies Code and the Rules of Procedure for the General Meeting, published on the corporate website.

The scope of the General Meeting's powers covers matters specified in the Commercial Companies Code, excluding matters which the Articles of Association reserve for other bodies of the Company. The following matters require a resolution of the General Meeting: increase or reduction of the Company's share capital, creation, increase and use of other funds, accounts and reserves, issue of convertible bonds and bonds with pre-emptive rights, amendments to the Articles of Association, retirement of shares, disposal of the Company's business or its organised part, liquidation, division, merger, dissolution, and transformation of the Company, distribution of profit, coverage of loss, and establishment of capital reserves, appointment and removal from office of members of the Supervisory Board, approval of the Rules of Procedure for the Supervisory Board, determination of the terms of remuneration for members of the Supervisory Board, including amounts of remuneration for members of the Supervisory Board delegated to individually perform certain supervisory functions on a permanent basis. Acquisition or disposal of real property, a perpetual usufruct right or interest in real property does not require the General Meeting's approval.

A General Meeting is convened by the Management Board or – in the circumstances and in the manner specified in the Commercial Companies Code – by other entities. A General Meeting may be held in the Company's registered office, or in Częstków Mazowiecki (Czosnów Commune, Province of Warsaw), or in Kajetany (Nadarzyn Commune, Province of Warsaw). Unless stricter requirements are stipulated by the Commercial Companies Code or the Articles of Association, resolutions of the General Meeting are adopted by an absolute majority of the votes cast.

## **10. Composition and activities of the Company's management, supervisory and administrative bodies and of their committees; changes in their composition in the last financial year**

### **10.1. Composition and activities of the Management Board**

Members of the Management Board in the period January 1st - December 31st 2012:

- Robert Kierzek - President,
- Krzysztof Soszyński - Vice-President,
- Krzysztof Oleksowicz - Member,
- Wojciech Milewski - Member,
- Piotr Kraska - Member.

On August 28th 2012, the Supervisory Board adopted Resolution No. 10 to appoint Mr Witold Kmieciak as Member of the Company's Management Board. Following the appointment, the Management Board membership increased to six members.

On October 30th 2012, the Company was notified by Mr Piotr Kraska that he had submitted a written statement to the Chairman of the Company's Supervisory Board to the

effect that he resigned from his position as Member of the Management Board of Inter Cars S.A. as of December 31st 2012.

Since January 1st 2013, the five-member Management Board has been composed of:

- Robert Kierzek - President,
- Krzysztof Soszyński - Vice-President,
- Krzysztof Oleksowicz - Member,
- Wojciech Milewski - Member,
- Witold Kmiecik - Member.

On April 26th 2013, Mr Wojciech Milewski submitted a written statement to the Chairman of the Company's Supervisory Board to the effect that he resigned from his position as Member of the Management Board of Inter Cars S.A. as of June 30th 2013.

The Management Board is appointed for a joint three-year term of office. The Management Board manages the Company's affairs and represents it in and out of court. All matters not reserved for the General Meeting or the Supervisory Board under the Articles of Association or applicable laws fall within the scope of powers and responsibilities of the Management Board. The Management Board manages the Company's assets and rights to a standard of care required in commercial activity and in strict compliance with applicable laws. Resolutions of the Management Board are adopted by a majority of votes. In the event of a voting tie, the President of the Management Board has the casting vote. The scope of rights and duties of the Management Board and the manner of its work are defined by the Rules of Procedure for the Management Board. The Rules of Procedure for the Management Board are adopted by the Management Board and approved by the Supervisory Board. The full text of the Rules of Procedure is published on the Company's corporate website. The President of the Management Board acting individually, two members of the Management Board acting jointly, or a Management Board member acting jointly with a commercial proxy are authorised to submit declarations of will and sign on behalf of the Company. The terms of remuneration for members of the Management Board are established by the Supervisory Board.

## **10.2. Composition and activities of the Supervisory Board**

The Supervisory Board of Inter Cars S.A. is composed of five members:

- Andrzej Oliszewski - Chairman,
- Maciej Oleksowicz - Member,
- Piotr Płoszajski - Member,
- Jacek Klimczak - Member,
- Michał Marczak - Member.

The Supervisory Board may be composed of five to thirteen members appointed by the General Meeting. The General Meeting appoints the Chairman of the Supervisory Board. From among the remaining Supervisory Board members, the Supervisory Board appoints Deputy Chairman. The number of Supervisory Board members is determined by the General Meeting. In the event of block voting, the Supervisory Board is composed of thirteen members. All members of the Supervisory Board are appointed for a joint five-year term of office. Members of the Supervisory Board may be reappointed for subsequent terms.

Resolutions of the Supervisory Board are adopted by an absolute majority of votes with a quorum of at least half of the members of the Supervisory Board. Resolutions of the Supervisory Board are valid only if all members of the Supervisory Board have been invited to the meeting. Meetings of the Supervisory Board are held at least once a quarter. Meetings are convened by means of a written notice specifying the venue, time, and proposed agenda for the meeting, which is delivered to all members of the Supervisory Board at least 7 (seven) days prior to the date of the meeting. Meetings of the Supervisory Board are convened by the Chairman of the Supervisory Board on the Chairman's own initiative or upon request of a member of the Supervisory Board. Resolutions of the Supervisory Board may be adopted without convening a meeting of the Supervisory Board – by written ballot or with the use of means of remote communication, provided that all members of the Supervisory Board have been informed about the content of the draft resolution and have consented to such manner of voting. A resolution of the Supervisory Board on suspending a member of the Management Board from duties for a good reason and a resolution on delegating a member of the Supervisory Board to temporarily perform the duties of a member of the Management Board is adopted by a majority of 4/5 (four-fifths) of the votes cast with a quorum of at least 4/5 (four-fifths) of the members of the Supervisory Board.

The Supervisory Board exercises supervision over the Company's activities in the manner stipulated by the Commercial Companies Code, the Articles of Association, and the Rules of Procedure for the Supervisory Board, adopted by the General Meeting. Matters reserved for the Supervisory Board include in particular: assessment of the Company's financial statements, assessment of the Directors' Report and the Management Board's proposals on the distribution of profit or coverage of loss, and submission of annual reports on the assessment results to the General Meeting, appointment of an auditor to audit the Company's financial statements on the basis of proposals received by the Management Board, appointment and removal from office of members of the Management Board, appointment from among members of the Management Board of the President of the Management Board, and optionally a Vice-President of the Management Board, execution of contracts with members of the Company's Management Board, determination of the terms of remuneration for members of the Company's Management Board, approval of disposal or acquisition of real property, perpetual usufruct right or interest in real property.

### **Rules governing the appointment and removal from office of the Company's management staff and their powers, including in particular the power to make decisions to issue or buy back shares**

#### **Pursuant to Section 11 of the Articles of Association,**

1. the Management Board may be composed of two to nine members appointed and removed from office by way of a resolution of the Supervisory Board, except for the first Management Board, which was appointed under the deed of incorporation of the Company.
2. The term of office of the Management Board is 3 (three) years, except for the first Management Board, whose term of office was 1 (one) year. Members of the Management Board are appointed for a joint term of office.
3. The Management Board manages the Company's affairs and represents it in and out of court.
4. All matters not reserved for the General Meeting or the Supervisory Board under the Articles of Association or other applicable laws fall within the scope of powers and responsibilities of the Management Board.

5. The Management Board manages the Company's assets and rights to a standard of care required in commercial activity and in strict compliance with applicable laws.
6. Resolutions of the Management Board are adopted by a majority of votes. In the event of a voting tie, the President of the Management Board has the casting vote. The scope of rights and duties of the Management Board and the manner of its work are defined by the Rules of Procedure for the Management Board. The Rules of Procedure for the Management Board are adopted by the Management Board and approved by the Supervisory Board.
7. The terms of remuneration for members of the Management Board are established by the Supervisory Board.

## ***SUPERVISORY BOARD***

### **Section 12.**

1. The Supervisory Board may be composed of five to thirteen members appointed by the General Meeting. The General Meeting appoints the Chairman of the Supervisory Board. From among the remaining Supervisory Board members, the Supervisory Board appoints the Deputy Chairman.
2. The number of Supervisory Board members is determined by the General Meeting. In the event of block voting, the Supervisory Board is composed of thirteen members.
3. The term of office the Supervisory Board is five years. All members of the Supervisory Board are appointed for a joint term of office.
4. Members of the Supervisory Board may be reappointed for subsequent terms.

### **Section 13.**

1. Resolutions of the Supervisory Board are adopted by an absolute majority of votes with a quorum of at least half of the members of the Supervisory Board. Resolutions of the Supervisory Board are valid only if all members of the Supervisory Board have been invited to the meeting.
2. Meetings of the Supervisory Board are held at least once a quarter. Meetings are convened by means of a written notice specifying the venue, time, and proposed agenda for the meeting, which is delivered to all members of the Supervisory Board at least 7 (seven) days prior to the date of the meeting. Meetings of the Supervisory Board are convened by the Chairman of the Supervisory Board on the Chairman's own initiative or upon request of a member of the Supervisory Board.
3. Resolutions of the Supervisory Board may be adopted without convening a meeting of the Supervisory Board – by written ballot or with the use of means of remote communication, provided that all members of the Supervisory Board have been informed about the contents of the draft resolution and have consented to such manner of voting.
4. A resolution of the Supervisory Board on suspending a member of the Management Board from duties for a good reason and a resolution on delegating a member of the Supervisory Board to temporarily perform the duties of a member of the Management Board is adopted by a majority of 4/5 (four-fifths) of the votes cast with a quorum of at least 4/5 (four-fifths) of the members of the Supervisory Board.

### **Section 14.**

1. The Supervisory Board exercises supervision over the Company's activities in the manner stipulated by the Commercial Companies Code, the Articles of Association, and the Rules of Procedure for the Supervisory Board, adopted by the General Meeting.

2. Matters reserved for the Supervisory Board include in particular:

- 1) assessment of the Company's financial statements,
- 2) assessment of the Directors' Report and the Management Board's proposals on the distribution of profit or coverage of loss, and submission of annual reports on the assessment results to the General Meeting,
- 3) appointment of an auditor to audit the Company's financial statements on the basis of proposals received by the Management Board,
- 4) appointment and removal from office of members of the Management Board,
- 5) appointment from among members of the Management Board of the President of the Management Board, and optionally a Vice-President of the Management Board,
- 6) execution of contracts with members of the Company's Management Board,
- 7) determination of the terms of remuneration of members of the Company's Management Board,
- 8) approval of disposal or acquisition of real property, perpetual usufruct right or interest in real property.

#### **Section 15.**

Members of the Supervisory Board may receive remuneration for their work on the Supervisory Board. The remuneration for individual members of the Supervisory Board is established by the General Meeting.