Activities in the field of research, innovation and development are driven by research and development departments located within the Group's companies, in collaboration with external entities, such as technical universities, as well as independent groups and research institutions, which the Group signed partnership agreements. We maintain close contact with selected universities departments and research institutes having a good standing, who have experience in developing products and technologies relevant to the Group's operations. Partner research institutes include the Institute of Heavy Organic Synthesis "Blachownia", Institute of Fertilizers including the "Inorganic Chemistry Insitiute's" department in Gliwice, Institute of Industrial Organic Chemistry and Industrial Chemistry Research Institute and the universities: Warsaw University of Technology, Poznan University of Technology, University of Technology and Life Sciences in Bydgoszcz, Wroclaw University of Technology, West Pomeranian University of Technology in Szczecin, Rzeszów University of Technology, University of Nicolaus Copernicus in Toruń and AGH University of Science and Technology in Kraków.
The Group constantly and actively seeks possibilities for cofounding projects in scope of research, innovations and development from European Union funds and also domestic and regional support funds.

Expenditure on research, innovation and development in the year ended 31 December 2013 amounted to PLN 2 193 thousand. Projects in research, innovation and development implemented during this period included:

- Research on baking soda crystallization process aim to obtain baking soda of quality required by pharmaceutical sector including dialysis sector. In 2013, the first stage of research in laboratory scale was finished. In 2014 the second stage will begin, including pilot-scale researches. Project is realized in cooperation with Institute of Fertilizers including the "IChN" – Organic Chemistry Department in Gliwice.
- Research on innovative solution implementation in distillation and carbonization node of ash soda production installation. Project is realized in cooperation with Polish and foreign design offices. The aim of the project is to improve economic efficiency of ash soda production process.
- In 2013 the research project "The development of low molecular weight epoxy resin modern manufacturing technology" was finished. Project was realized in cooperation with Institute of Heavy Organic Synthesis "Blachownia". Implementation works were begun

24 Information about significant contingent items

Information about significant contingent items has been presented in the section II.33.

25 Information concerning agreements that may influence the changes in the proportions of shares owned by current shareholders and bond holders

As of the date of the publishing of this report, no agreements were signed that could influence the changes in the proportions of shares owned by current shareholders.

26 Information concerning the control system of employee share programs

No employee share programs are applied in the CIECH S.A. or in any Ciech Group's company

27 Remuneration for the Management Board and the Supervisory Board

Information has been presented in the section II.39.5.

28 Determination of the total amount and nominal value of all Company shares and of shares and stocks in related parties in the possession of the management and supervisory board

Acording to declarations submitted by management and supervisory persons, as of the day of 31 December 2013 and as of the day of report approval:

- Mr. Dariusz Krawczyk – President of the Management Board owned 40 000 shares in CIECH S.A.
- Mr. Artur Osuchowski – Member of the Management Board owned 3 825 shares in CIECH S.A.

Other management and supervisory persons did not posses shares in CIECH S.A. or shares or stock in related parties as of 31 December 2013

29 Declaration on the application of Corporate Governance

29.1 Corporate governance rules which the Company is subject to

The Company is subject to rules of corporate governance, contained in the dokument adopted by the Resolution of 17/1249/2010 of Supervisory Board of the Warsaw Stock Exchange in Warsaw dated 19 May 2010 (with further amendments).

This set of principles for corporate governance is available on the website (www.corp-gov.gpw.pl), Warsaw Stock Exchange official page, dedicated to issues of corporate governance of Companies Listed on the WSE Main Market and on New Connect.

The Management Board of CIECH S.A. („the Company") informs that in 2013 in the Company did not adhere the following rules of corporate governance, included in the document „Code of Best Practice for WSE Listed Companies" adopted by Resolution No 17/1249/2010 of the WSE Supervisory Board dated on 19 May 2010 (with further amendments).

29.2 Corporate governance rules not applied by the Company

29.2.1 Part I „Recommendations for Best Practice for Listed Companies"

In 2013, the Company reported a partial exemption from the recommendation 1 tiret 1. The Company did not maintain the company webside as the pattern indicated at http://naszmodel.gpw.pl/. At the same time, the Company informs that information posted on its webside contains most of the information required by the model service. Internet service is reliable and useful source of information about the Company for the capital market representatives. The content of the internet service is prepared transparently and solid, to enable investors and analysts making decisions based on information presented by the Company. The Company provides equal access to the information published on its corporate website for all persons concerned.

In 2013 the Company did not apply the rule established in point 5, due to the fact that regulations included in the applicable law confronted with the CIECH S.A. Statute and the Supervisory Board Regulations on the remuneration of the supervisory and managing bodies members are sufficient. Establishment of principles of remuneration and the amount of remuneration for Management Board members is a Supervisory Board competence the amount of remuneration for Supervisory Board Mambers is established by the General Meeting. The remuneration policy does not constitute a separate item on the agenda of the Ordinary General Meeting and is not subject to voting. The Company has not uploaded a "declaration concerning remuneration" on its website. Nonetheless, the Company gives access to a series of information that should be contained in the declaration in various documents.

With regard to point 9 about balanced proportion of women and men in management and supervisory functions, the Company announces that during selection of candidates for members of managing and supervisory authorities, the bodies entitled (The General Meeting) are guided by the interest of the Company and its shareholders, taking into account the candidates qualifications. The following summary presents the participation of women and men in the supervisory and managing authorities of the Company in the last three years, including 2013.

Participation of women and men in the Company's Supervisory Board in the last three years:

As at	Number of women	Number of men
1 January 2011	1	6
26 April 2012	1	8
28 May 2012	1	7
31 December 2012	1	7
31 December 2013	1	7

Participation of women and men in the Company's Management Board in the last three years:

As at	Number of women	Number of men
1 January 2011	0	4
31 December 2011	0	4
27 April 2012	0	3
31 December 2012	0	3
31 December 2013	0	3

In the reporting period the Company did not apply the rule established in point 12 regards enabling its shareholders to exercise the voting right during a General Meeting outside the venue of the General Meeting, using electronic communication means. The Company does not possess the infrastructure required to exercise the voting rights using electronic communication means. In accordance with the Company Statute and the provisions of law, the Company enables its shareholders exercise voting right either in a person or through a

plenipotentiary. The Company Statute does not allow participating in the General Meeting through electronic communication means, including the exercise of the right to vote.

29.2.2 Part II „ Best Practice for Management Boards of Companies Listed"

In 2013, the principle established in point 7, i.e regarding publishing on the corporate webside shareholder's questions on issues on the agenda, questions before and during a General Meeting recording process in form of audio or video, was not applied due to the fact that the Company does not record detailed process of the General Meeting which include all statements and questions. The chairman of the General Meeting decides to place certain issues in the minutes of the general meeting, guided by the law and the legitimate demands of the shareholders.

In the reporting period the Company did not apply the rule established in the point 9a), which means the Company did not record the general meetings in audio or video form, because does not have the infrastructure that allows recording. In the future the Company will analyse the possibilities of conforming to corporate governance recommendation in this area and will consider possibility of recording process of the general meetings.

29.2.3 Part IV „ Best Practice of Shareholders"

In 2013 the principle established in point 10 was not applied by the Company, the Company did not provide shareholders the possibility to participate in the General Meeting using electronic communication through:

- real-life broadcast of General Meetings,
- real-time bilateral communication where shareholders may take the floor during a General Meeting from a location other than the General Meeting,
- exercise their right to vote during a General Meeting either in person or through a plenipotentiary,

as the Company Statute does not provide possibility to participate in the General Meeting using electronic communication means, and in accordance with principles of the Commercial Companies Code the possibility to participate in the General Meeting using electronic communication is required to be allowed by the Company Statute.

29.3 Internal control and risk management system in the process of developing financial statements and consolidated financial statements

The Management Board of CIECH S.A. is responsible for the internal control system in the Company and its efficiency in the process of development of financial statements and periodical reports prepared and published in accordance with the principles of the Ordinance of the Minister of Finance of 19 February 2009 on current and periodical information submitted by issuers of securities and conditions for acknowledging as equivalent information required by the legal provisions of a country that is not a member country.
The Company's effective internal control and risk management system in the financial reporting process functions by means of:

- the preparation of procedures specifying the principles and division of responsibilities for developing financial statements including for ensuring of their quality,
- establishment of the scope of reporting related on applicable International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) accepted for implementation in the European Union and interpretations announced in the form of European Commission Regulations,
- development, implementation and supervision of the use of coherent accounting principles in Ciech Group's companies
- semi-annual reviews and annual inspections of published financial statements of CIECH S.A. and the Ciech Group by an independent auditor,
- authorization procedures for financial statements before publishing.

Supervision over the process of preparation of Company financial statements and periodical reports is effected by the Management Board Member responsible for financial matters. The Finance and Accounting Division is reponsible for the organization of work related to the preparation of financial statements and is directly subject to a CIECH S.A. the Management Board Member. The uniformity of applied standards in the Group makes it possible for all companies to apply the uniform accounting principles of the Ciech Group as well as uniform consolidation principles according to IAS/IFRS.

The scope of data disclosed in published periodical reports results from the Company's accounting records and additional information submitted by individual organizational units of CIECH S.A. Companies of the Capital Group submit the required data in the form of reporting packages for the purpose of the development of a consolidated financial statements for the Group. The scope of data disclosed within the framework of the Capital Group is defined and results from the informational obligations specified in IAS/IFRS. Monitoring of changes in the IAS/IFRS is conducted in an ongoing fashion in order to determine the necessity of updating the scope of reporting.

In accordance with applicable regulations, the Company subjects its financial statements to audit and reviews by the independent certified auditor.

The Supervisory Board selects the certified auditor from a group of reputable auditing companies, guaranteeing high service standards and the required independence. So far, agreements for audit of financial statements by the certified auditor were signed every year with the auditor selected by the Supervisory Board.

On 4 June 2013, the Supervisory Board of CIECH S.A. selected KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw, as a certified auditor to perform the half-year review and to audit the annual separate financial statements of CIECH S.A. and the consolidated financial statements of the Ciech Group for 2013, 2014 and 2015 with the possibility of termination of the contract after each year.

Financial report authorization procedures are defined in the Company. Reports for the I, III and IV quarter are not subject to verification by an auditor and are approved by the Management Board before being published. Semi-annual and annual periodical reports are submitted to the Supervisory Board and Company Shareholders after the conclusion of the appropriate review or inspection by an auditor. Annual reports accepted by the Company Board, after being opined by the Audit Committee and assessed by the Supervisory Board, are approved at the General Shareholders' Meeting.

Before publishing of the annual or semi-annual financial statements, conclusions from the audit of the financial statements are presented to the Audit Committee. Representatives of the Audit Committee analyze the results of audit and review at closed meetings with the Company auditor. The certified auditor also presents a Letter to the Management Board, which contains recommendations for the Management Boards of Group's Companies based on the results of audit or review of the financial statements for a given year. The recommendations received from the auditor are discussed by the Audit Commitee along with the Management of the Finance and Accounting Division for the purpose of their implementation.

Financial data constituting the basis of financial statements and periodical reports comes from the finance and accounting system, in which transactions are registered in accordance with the Company's accounting policy (approved by the Management Board) based on International Accounting Standards. The accounting ledgers of CIECH S.A. are kept in the ERP integrated IT system. The modular structure of the system provides a transparent division of competences, coherence of operation records in ledgers, and inspections of compliance between the general ledger and subsidiary ledgers. The capabilities of the system make it possible to adapt to changing accounting principles or other legal regulations in an ongoing fashion. The system possesses full technical and operational documentation, which is updated periodically pursuant to paragraph 10 of the Acounting Act dated 29 September 1994.

Access to the informational resources of the IT system is limited by the appropriate authorizations to authorized employees. Employees only have access to those areas of the system that they are concerned with. Access control is present at every stage, starting with the input of source data, through data processing and ending with the generation of output information.

The effects of the application of control and risk management procedures in the preparation of CIECH S.A. and Ciech Group's financial statements are reflected in the efficiency and high quality reports, as confirmed by the opinions issued by certified auditors after financial statements audit, high scores of report recipients, and high rankings of CIECH S.A. in The Best Annual Report contest, organized by the Institute of Accounting and Taxes under the patronage of the Warsaw Stock Exchange.

Selection of the entity authorized for audit of the financial statements of CIECH S.A. and of the Ciech Group is among the competences of the Company's Supervisory Board (after prior recommendation by the Audit Committee to the Supervisory Board), which has specified the following principles of Auditor selection for the purpose of ensuring the independence of the opinion:

- the entity authorized to financial statements audit may not conduct audits of the Company/Group for more than 5 subsequent years;
- the entity authorized to financial statements audit may resume the audit of the Company/Group after at least 2 years have passed;
- a key certified auditor may not perform financial auditing activities of the Company/Group for a period of more than 5 subsequent years;
- a key certified auditor may resume the performance of financial auditing activities of the Company/Group after at least 2 years have passed.

29.4 CIECH S.A. shareholders holding significant share packages

CIECH S.A.'s shares are listed on the Warsaw Stock Exchange. As at 1 January 2013 the share capital of the Company was PLN 263 500 965 and was divided into 52 699 909 shares with a face value of PLN 5 each including:

- 20 816 A-series bearer common shares
- 19 775 200 B-series bearer common shares
- 8 203 984 C-series bearer common shares
- 23 000 000 D-series bearer common shares
- 1 699 909 E-series bearer common shares.

On 21 January 2013, the District Court for the Capital City of Warsaw, XIII Commercial Department of the National Court Register issued the decision on the entry in the Register of Enterpreneurs in the range of share capital of CIECH S.A. due to the decision on the division of SODA MĄTWY S.A. and JANIKOSODA S.A. executed under Art. 529 § 1 point 4 Commercial Companies Code by transferring part of assets of the divided companies and related to increase in share capital of CIECH S.A. by the issue of 2 F-series registered common shares.

Therefore, the share capital of the Company is PLN 263 500 975 and is divided into 52 699 911 shares with a face value of PLN 5 each, including:

- 20 816 A-series bearer common shares,
- 19 775 200 B-series bearer common shares,
- 8 203 984 C-series bearer common shares,
- 23 000 000 D-series bearer common shares,
- 1 699 909 E-series bearer common shares,
- 2 F-series registered common shares.

On 22 May 2013, the Ordinary General Meeting of CIECH S.A. agreed to purchase by CIECH S.A. above mentioned own shares for the purpose of redemption.

On 21 June 2013, by District Court for the Capital City of Warsaw, XIII Commercial Department of the National Court Register issued the decision on the entry the changes of the Company's share capital and shares number into the Register of Enterpreneurs, due to the Company's decision of shares redemption.

After register of share capital decrease and share redemption, and as of the day of publishing of this report, the share capital of the Company is PLN 263 500 965 and is divided into 52 699 909 shares with a face value of PLN 5 each, including:

- 20 816 A-series bearer common shares,
- 19 775 200 B-series bearer common shares,
- 8 203 984 C-series bearer common shares,
- 23 000 000 D-series bearer common shares,
- 1 699 909 E-series bearer common shares.

To the knowledge of the Company, as of the day of publishing of this report, there were three entities owning significant stakes of shares (at least 5%): State Treasury, Otwarty Fundusz Emerytalny PZU „Złota Jesień" S.A. and ING Otwarty Fundusz Emerytalny.

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Shareholder	Type of share	Number of shares	Percentage of share capital (%)	Number of votes at the General Meeting	Percentage in the general number of votes at the General Meeting
State Treasury*	Common bearer	20 407 437	38.72%	20 407 437	38.72%
Otwarty Fundusz Emerytalny PZU "Złota Jesień" S.A.**	Common bearer	4 850 000	9.20%	4 850 000	9.20%
ING Otwarty Fundusz Emerytalny**	Common bearer	4 500 000	8.54%	4 500 000	8.54%

** according to information dated 23 August 2011 provided by the shareholder on the basis of Art. 69 par.2 p.2 of Act on Public Offer and Conditions of Introducing Financial Instruments to the Organized Public Trading and Public Companies (cr 59/2011-correction)*

*** based on a list of shareholders possessing at least 5% of votes at the Ciech S.A. Ordinary General Meeting as of 22 May 2013 (Art. 70 p. 3 of the Act on Public Offer and Conditions of Introducing Financial Instruments to the Organized Public Trading and Public Companies – General Shareholders' Meeting list above 5%*

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29.5 Shareholders possessing special control authorization with a description of such authorization

As of the publication date of the financial statements, all CIECH S.A. shares are ordinary bearer shares. The issuer's Statute does not provide any special control rights for Company shareholders.

29.6 Restrictions concerning the performance of the right to vote

At the CIECH S.A., there are no restrictions concerning the performance of the right to vote, such as the right to vote by holders of a specific part or number of votes, time limits concerning the performance of the right to vote, or regulations, according to which, with the company's cooperation, the capital rights related to securities are separated from the possession of securities. Restrictions concerning the performance of the right to vote in Company may results only from generally applicable law regulations.

29.7 Restrictions concerning the transfer of ownership rights to the issuer's securities

The statute of CIECH S.A. does not impose any restrictions concerning the transfer of ownership rights to securities issued by the Company.

29.8 Description of authorization for making decisions on the issue or redemption of shares

The authorization of in the management is specified by the regulations of the Code of Commercial Companies and the Company Statute. Persons holding management positions do not have special authorization to make decisions on the issue or redemption of shares.

29.9 Principles of changing the Issuer's statute

Changes to the Company Statute are made under the principles specified in the regulations of the Code of Commercial Companies. The Statute does not introduce detailed regulations relating to the above regulations. Changes to the Statute require a resolution by the Company's General Meeting and an entry in the entrepreneur's register. A resolution of the General Meeting concerning changes to the Company Statute is made by a majority of three quarters of votes. After the changes to the Statute are entered into the entrepreneurs' register, CIECH S.A. issues a current report on this subject to public knowledge. The Company's General Meeting may authorize the Supervisory Board to establish the consolidated text of the Statute.

In 2013 changes were made to § 6 (1) of CIECH S.A. Statute, based on the expansion of the objective of the Company's activity by service activities supporting land transportation (PKD 52.21.Z) and service activities supporting sea transportation (PKD 52.22.Z).

Another changes to the Statute made in 2013, concerned § 7 (1). It resulted from the increase in Company's share capital from PLN 263 500 965 to PLN 263 500 975 by the issue of 2 F-series common registered shares in relation to the decision on division of SODA MATWY S.A. and JANIKOSODA S.A. (a decision of the District Court for the Capital City of Warsaw, XIII Commercial Division of the National Court Register on an entry in the Register of Enterpreneurs made on 21 January 2013, as the Company annonced in the Current report No 6/2013 dated 29 January 2013), and reduction of the share capital from PLN 263 500 975 to PLN 263 500 965 by above mentioned shares redemption on the basis of the Resolution of the Extraordinary General Meeting which took place on 22 May 2013 (a decision of the District Court for the Capital City of Warsaw, XIII Commercial Division of the National Court Register on an entry in the Register of Entrepreneurs made on 21 June 2013, as the Company announced in the Current report No 25/2013 dated 27 June 2013).

29.10 Method of activity of the general meeting and its primary authorization with a description of shareholder rights and the method of their performance

The method of functioning of the CIECH S.A. General Meeting and its authorization are regulated by the Company Statute and the Regulations of the CIECH S.A. General Meeting. These documents are available on the corporate website of CIECH S.A. www.ciechgroup.com in the sections: "CIECH S.A./Company Documents" and "Investor Relations/General Meeting Regulations".

The CIECH S.A. General Meeting is held as ordinary or extraordinary in accordance with the regulations of the Code of Commercial Companies and the Statute under the principles specified in the General Meeting Regulations. The General Meeting is convened in the method and under the principles indicated in generally applicable regulations. The General Meeting is convened by an announcement uploaded to the Company's website and through the submission of a current report. The announcement is to be made at least twenty six days before the date of the General Meeting. An Ordinary General Meeting is convened by the Company's

Management Board. The Supervisory Board may convene an Ordinary General Meeting if the Management Board does not convene it by the appointed date. The following are entitled to the right to convene an Extraordinary General Meeting:

1) the Management Board,
2) the Supervisory Board if it deems its convening as necessary,
3) shareholders representing at least half of the share capital or at least half of the general number of votes in the Company.

A shareholder or shareholders representing at least 1/20 of the share capital may demand the convening of an Extraordinary General Meeting and may put specific matters on the agenda of this Meeting. The demand should be reported to the Management Board in writing or in electronic form to the e-mail address indicated on the Company's website, along with substantiation. A shareholder or shareholders representing at least 1/20 of the share capital may:

1) demand the inclusion of specific matters in the agenda of the nearest General Meeting – such demand should be reported to the Management Board in writing or in electronic form to the e-mail address indicated on the Company's website, no later than twenty one days before the appointed date of the Meeting and is to contain substantiation or a draft of the resolution concerning the proposed item on the meeting agenda;
2) submit drafts of resolutions concerning the matters put on the agenda of the General Meeting or matters that are to be introduced to the meeting agenda to the Company in writing or by means of electronic communication to the e-mail address indicated on the Company website before the date of the General Meeting.

According to the Regulations of the General Meeting, the Meeting may be cancelled if its convening encounters extraordinary obstacles (forces majeures) or if it is apparently aimless. Cancellation of a Meeting, the agenda of which contains specific matters included upon the request of authorized entities, or which was convened upon such a request, is only possible with the consent of the requesting parties. Cancellation takes place in the same way as convening, in such a way that shareholders will be subject to the least negative effects. Changing of the date of the Meeting takes place in the same way as its cancellation, even if the proposed meeting agenda is not subject to change.

According to the Statute of CIECH S.A. the competences of the General Meeting include in particular:

1) consideration and approval of the Management Board's report on Company's activities, the financial statements for the previous year, the consolidated financial statements and the report on the capital group's activities, in which the dominant entity is the Company, as long as the Company prepares them, and the annual written statement of the Supervisory Board, as well as acknowledging the fulfillment of duties by Company's bodies;
2) making of resolutions on profits distribution or losses covering;
3) adoption of the General Meeting Regulations;
4) changing of the Company Statute;
5) changing of the Company's subject of activity;
6) sale or leasing of the company or of its organized part and establishment of a limited property law on it;
7) appointment and dismissal of Supervisory Board members and establishment of the amount of remuneration for Supervisory Board members;
8) appointment and dismissal of Management Board members, including the President of the Management Board;
9) increase or reduction of share capital;
10) making a resolutions concerning the bonds issue, including bonds exchangeable for shares;
11) merging of the Company with other companies, division and transformation of the Company;
12) dissolution of the Company;
13) expressing of consent for the purchase of shares by the Company for the purposes of redemption and resolving terms of share redemption;
14) passing of other resolutions provided for in legal provisions or in this Statute.

According to § 21 (2) point 3 of the CIECH S.A. Statute, matters raised at the General Meeting of CIECH S.A. are considered and opined on by the Supervisory Board of CIECH S.A

Shareholders may participate in the Meeting and perform their right to vote in person or through representatives. Proxy is to be granted in writing or in electronic form. A shareholder granting or revoking proxy for participation in the General Meeting in electronic form will inform the Company by e-mail to the address wza@ciechgroup.com.

According to the CIECH S.A. General Meeting Regulations, besides the participants of the Meeting, members of the Management Board and Supervisory Board also take part, in an attendance making it possible to give meritorious answers to the questions posed during the Meeting. In addition, the following persons may take part in the Meeting:

1) experts, advisors and Company's employees, the presence of which is recognized as purposeful by the Management Board, Supervisory Board or the Chairman,
2) persons servicing the Meeting,
3) representatives of mass media, as long as the Meeting does not object to their presence by resolution,

4) persons referred to Art. 370 § 3 and Art. 395 § 3 sentence 2 of the Code of Commercial Companies.

The Chairman of the Meeting is selected from the participants of the Meeting. The Chairman directs the course of the Meeting in accordance with the accepted meeting agenda, legal regulations, Statute and General Meeting Regulations, ensuring an efficient course of the Meeting with respect to the rights and interests of all Shareholders.

The competences of the Chairman of the General Meeting include in particular:

1) keeping watch over adherence to the regulations, including the General Meeting regulations by participants of the Meeting and if necessary, making of the appropriate ordinal decisions in this scope,
2) opening discussions on individual items on the meeting's agenda, giving the floor,
3) taking the floor in the case of statements:
   - ✓ exceeding the established time limit for statements or replicas, or
   - ✓ on matters not included in the meeting's agenda, or
   - ✓ containing insulting content,
4) closing of discussion on individual items of the meeting's agenda,
5) closing of the lists referred to in § 42 (44) of General Meeting Regulations of CIECH S.A. (list of candidates for members of the Management Board, including the President of the Management Board or Supervisory Board),
6) establishment – on the basis of accepted applications – of the content of drafted Meeting resolutions,
7) calling for votes, watching over the correct course of voting, signing of all documents containing voting results and announcement of voting results,
8) issuance of ordinal dispositions applicable in the meeting place,
9) settlement of procedural doubts and clarification – if necessary, based on obtained legal opinions – of legal and regulatory matters,
10) statement of the conclusion of the meeting's agenda,
11) adjourning the Meeting after the conclusion of the meeting agenda,
12) making of other decisions of an ordinal nature.

The Chairman may independently order breaks in the meeting other than the breaks ordered by the Meeting on the basis of Art. 408 § 2 of the Code of Commercial Companies. Breaks should be ordered by the Chairman in such a way, that the Meeting can be concluded on the day of its commencement.

The Chairman may introduce the consideration of an application and making of a resolution on appointing an extraordinary general meeting to the meeting agenda, as well as other ordinal matters, including in particular:

1) admission to the meeting place of the persons referred to in § 8 (2) p. 1-3 in General Meeting Regulations of CIECH S.A,
2) application for a change in the order of considering matters contained in the meeting agenda,
3) selection of commissions provided for in the Regulations.

Participants of the Meeting may place substantive applications concerning the matters included in the meeting's agenda, ordinal applications and an application for convening an extraordinary general meeting.

Drafts of resolutions proposed for acceptance by the Meeting are uploaded to the Company website. Resolutions of the CIECH S.A. General Meeting are passed by an absolute majority of votes unless the regulations of the Code of Commercial Companies states otherwise.
The General Meeting Regulations do not provide for the possibility of voting by correspondence as referred to in Art. 411^1 of the Code of Commercial Companies.
The Statute does not provide for the possibility of participating and making statements during the Meeting using means of electronic communication.

Voting is carried out as open voting. Secret voting is ordered:

1) during elections,
2) for applications for dismissal/appointment of members of Company's bodies,
3) for applications for dismissal of Company liquidators,
4) for applications for holding accountable the persons specified in points 2) and 3),
5) in personel matters,
6) upon the demand of even one of the participants of the Meeting.

The right to demand secret voting is not applicable when resolutions are made on ordinal matters. The Meeting may repeal the secret of voting in matters concerning the selection of the commissions appointed by it.

In 2013, 1 (one) General Meetings was held. On 22 May 2013, the Ordinary General Meeting adopted a resolution on the approval of the annual report on the Company's and Ciech Capital Group activities and the financial statements for 2012, on the acknowledgement of the fulfillment of duties by all members of the Supervisory Board and the Company's Management Board and also on the covering of losses for 2012 from the

Company's Reserve Capital. Furthermore, the Meeting agreed to purchase own shares for the purpose of redemption and decided to redeem by voluntary redemption 2 F-series ordinary registered shares with a face value of PLN 5 each. The decrease in capital resulting from the shares redemption occurred by amending the Company's Statute without maintaining a convocation procedure, due to the fact that the remuneration for redeemed shares was paid from the amount that could be distributed.

29.11 Composition of the management supervisory and administrative bodies of the Issuer and of their committees and changes made to it during the last year of turnover as well as a description of the activities of these bodies.

Management Board of CIECH S.A.

According to § 23 (1) of the Company Statute, the Management Board consists of three to five persons. The joint term of the Management Board members lasts three years. The seat of a Board Member expires at the latest with the day on which a General Meeting is held approving the financial report for the last full financial year of the Member's function as a Board Member. The expiration of a Member's seat also takes place as a result of death, resignation or dismissal from the Board.
The Board's competences include all matters and economic decisions and other decisions not reserved by the regulations of the Code of Commercial Companies or the stipulations of the Company Statute as belonging solely to the General Meeting or Supervisory Board. The President of the Board independently, two Board members jointly or one Board member together with an proxy are authorized to make statements of will and to sign them in the name of the Company.

The current joint term of the Company Board commenced with 22 May 2013. A detailed division of the competences of individual Board Members has been specified in a Management Board resolution.

The Management Board of CIECH S.A. operates on the basis of the regulations passed by the Management Board and approved by the Supervisory Board. Management Board resolutions are passed with an absolute majority of votes. In the case of a tie of votes, the vote of the President of the Management Board is decisive. In accordance with the principles of best practices, Management Board Regulations state, that in the event of a conflict of the Company's interest with the personal interests of a Board Member his spouse relatives or kinsman of the second degree or persons with whom he has a personal relationship, he should abstain from participation in the settlement of such matters, and request for this to be noted in the Board meeting protocol.

According to the wording of the Regulations Board resolutions are required by matters exceeding the scope of ordinary Company activities including in particular:

1) approval and changing of the Board Regulations;
2) approval and changing of the Company Organizational Regulations;
3) acceptance of applications directed to the Supervisory Board or General Meeting;
4) convening of General Meetings and acceptance of proposed agendas;
5) acceptance of annual and long-term financial plans and development strategies for the Company;
6) granting of procuration or general power of attorney;
7) contracting of credit and loans;
8) granting of loans and donations;
9) disposal of a right or contraction of a commitment of a value exceeding 500 thousand PLN;
10) application for bank guarantees contraction of commitments from bills of exchange granting of all types of guarantees and the establishment of other indemnities.

A Board resolution is also required in matters not exceeding the scope of ordinary Company activities if its passing is requested by any Board Member.

As of 1 January 2013 the CIECH S.A. Board fulfilled its function in the following composition:

1) Dariusz Krawczyk – President of the Board
2) Andrzej Kopeć – Board Member
3) Artur Osuchowski – Board Member.

As at 31 December 2013 and as at the date of approving of the financial statement the Board fulfilled and fulfills its function in unchanged composition.

The body responsible for establishing the principles and amounts of remunerations for Board members is the CIECH S.A. Supervisory Board.

Detailed information about CIECH S.A. Board Members is presented below.

Name and surname	**Dariusz Krawczyk**
Position	**President of the Board of CIECH S.A. as of 28 May 2012.**

Name and surname	**Dariusz Krawczyk**
Qualifications	A graduate of Warsaw University of Technology (1993) completed Tax Studies (1996) Manager Studies (1997) and Post-graduate Studies in management of company value (2002) at the Warsaw School of Economics. Since 1993 he is in possession of a license of a securities broker.
Experience	From 1993 – 1998 employed at the Brokers' Office of Bank Handlowy Center of Capital Operations at the position of Director of the Turnover and Sales Office. In the years 1998—1999 fulfilled the function of President of the Board at Expandia Polska S.A. In the years 1999-2000 he was a Director of the Investment Banking Department at PKO BP. In 2001 he became Board Member at Nafta Polska S.A. In 2000-2002 he fulfilled the function of Director of the Shareholder Supervision Office at PKN ORLEN S.A. In 2002-2003 – Director of the Department of Capital Investments at PSE S.A. In 2004-2005 – President of the Board of PSE Centrum S.A. In 2005-2011 he fulfilled the function of President of the Board of Synthos S.A. A member of many supervisory boards including Rafineria Trzebinia S.A. Rafineria Glimar S.A. II Narodowy Fundusz Inwestycyjny S.A. Huta Buczek S.A. Warszawska Giełda Towarowa S.A. Warta Vita S.A. Petrolot Sp. z o.o. Petrogaz Płock Kauçuk a.s. Active Zone Group S.A. Firekom S.A. He is currently the chairman of supervisory boards at Firekom S.A. and Active Zone Group S.A.

Scope of responsibilities in the Ciech Group	**Supervision over organizational units:**
	• Strategy Department
	• Human Resources Department
	• Shareholder Supervision Department
	• Legal and Organizational Department
	• Innovation and Development Department
	• Audit and Contorl Department
	• Communications Department
	• PROCUREMENT DIVISION including:
	  ○ Raw materials and materials purchasing department
	  ○ IT and Administrative Purchases Department
	• PRODUCTION DIVISION including:
	  ○ Production Department
	  ○ Purchasing Investment Department
	  ○ Energy Department
	  ○ Kaizen Department

Name and surname	**Andrzej Kopeć**
Position	**Board Member of CIECH S.A. as of 28 May 2012.**
Qualifications	Graduate of the Academy of Finance of the Government of the Russian Federation in Moscow Faculty of International Economic Relations majored in Economics (1993). Graduated with a master's degree for management staff in administration and management (Executive MBA at GFKM and RSM Erasmus University (2010) and numerous professional courses in the field of financial sector issues including finance management. He has a diploma from ACI – ACI U. K. The Financial Markets Association – in the scope of knowledge and skills concerning operations on financial markets in accordance with international standards.
Experience	During the years 1993-2001 he fulfilled the function of Director of the Treasury Department at Bank Śląski S.A. member of the ALCO Committee. During the years 2001-2003 he was employed at ING BSK S.A. at the position of Asst. Director of the Department of Accounting and Reporting Advisor to the President of the Board for Management of Assets and Liabilities and Secretary of the ALCO Committee. During the years 2003-2006 he fulfilled the function of Vice-President of Bank Gospodarki Żywnościowej and since 2005 also the Bank Financial Director. In the years 2006-2009 – Board Member of DZ BANK Polska. During the years 2009-2012 he was a Board Member of Zakłady Azotowe Puławy.

Scope of responsibilities in the Ciech Group	**Supervision over organizational units:**
	• FINANCE AND ACCOUNTING DIVISION including:
	  ○ Accounting Department
	  ○ Finance Management Department
	  ○ Controlling Department
	  ○ Inowroclaw Office
	• Property Management and Environmental Protection Department
	• IT Department
	• Project Management Department
	• European Funds Department

Name and surname	**Artur Osuchowski**
Position	**Board Member of CIECH S.A. as of 2 April 2008**
Qualifications	Graduate of the Private Higher School of Business and Administration in Warsaw Faculty of Economics majored in Finance and Banking. Completed professional courses in management of company value appraisal of companies on the capital market restructuring of company activity. Holder of a scholarship of the "Die Zeit" weekly magazine American Council on Germany Dreager Foundation.
Experience	During the years 1996-1997 analyst in the Management Accounting Department at Raiffeisen Bank Polska. From 1998 to 2001 senior consultant in the Corporate Finance department at Ernst & Young (responsible for merger and takeover projects on the capital market and strategic projects related to the restructuring and reorganization of company business. During the years 2001-2003 he was senior consultant at the Corporate Finance Department at Capgemini. Responsible for merger and takeover projects on the capital market and strategic projects related to restructuring and reorganization of company business. During the years 2003-2008 he fulfilled the function of manager at KPMG Advisory in the Economic Consulting Department. Responsible for the development of services in the scope of strategic projects reorganization of company business and projects related to the business financing as well as support of direct investments.
Scope of responsibilities in the Ciech Group	**Supervision over organizational units:** • SALES DIVISION including: ○ SODA Sales Department ○ SULFUR Sales Department ○ Logistics Department ○ Sales Marketing and Analysis Department • Independent positions: ○ Agent of the Board of CIECH S.A. for matters of the Integrated Quality Management System and Security of Information ○ Information Security Administrator at CIECH S.A. ○ Agent for matters of Security of Classified Information at CIECH S.A.

Supervisory Board of CIECH S.A.
According to § 20 par. 1 the Supervisory Board consists of five to nine members appointed by the General Meeting. The joint term of Supervisory Board members lasts three years. On 30 June 2011 the Ordinary General Meeting of CIECH S.A. appointed the Supervisory Board of CIECH S.A. for another joint term.

The Supervisory Board of CIECH S.A. operates on the basis of the regulations passed by the Supervisory Board and approved by the General Meeting. Appointment and dismissal of Supervisory Board members are among the competences of the General Meeting. The Supervisory Board appoints a Chairman of the Supervisory Board from among its members and if necessary his deputy and secretary. The Supervisory Board supervises the Company's activity.

The competences of the Supervisory Board include in particular:
1) assessment of the Board's report on Company activity and of the financial report for the previous year of turnover and the consolidated financial report and the report on the activity of the capital group, in which the dominant entity is the Company, as long as the Company develops them in the scope of their compliance with ledgers and documents, as well as with the factual state and Board's applications, concerning division of profits or covering of losses and submission to the General Meeting of an annual written report on the results of these assessments;
2) opining of Company activity programs developed by the Board;
3) consideration and opining of matters that are to be the object of resolutions at the General Meeting;
4) adoption of the Supervisory Board regulations;
5) approval of the Board regulations;
6) establishment of principles of remuneration and the amount of remunerations for Board Members, including the President of the Board;
7) selection of an expert auditor for performance of a review of the Company's financial report and of the consolidated financial report of the Company's capital group;
8) expression of consent for disposal of rights or contracting of a commitment, which on the basis of one or several related legal activities, exceeds the equivalence of the amount of 10 million PLN, with the exception of:
a) raw material, semi-product, and product sales agreements related to the object of the Company's activity;
b) activities requiring the consent of the General Meeting.

The Supervisory Board passes resolutions with an absolute majority of votes in the presence of at least half of the members of the Supervisory Board and in the event of a tied vote the Chairman's vote is decisive. According to

the Statute of CIECH S.A., the Supervisory Board may pass resolutions without convening a meeting, by way of written voting or voting by means of direct communication at a distance, however in order for the adoption of a resolution to be effective in such a case, it is necessary to inform all Supervisory Board members of the content of the draft of the resolution. Supervisory Board Members may participate in the adoption of resolutions by the Supervisory Board by casting their vote in writing, through another Supervisory Board Member. Casting of a vote in writing may not be concerned with matters introduced to the agenda during a meeting of the Supervisory Board.

Supervisory Board meetings are held as needed however no less frequently than once per quarter.

Every year the Supervisory Board of CIECH S.A. submits a Report on the Activity of the Supervisory Board for the given trading year to the Ordinary General Meeting of the Company. The report contains a detailed discussion of the activity of the Supervisory Board, discussion of the realization by the Company Board of programs of action, assessment of the Company Board's report on the activity of the Company and the Ciech Capital Group, a financial report of the Company and the Ciech Capital Group and the conclusions of the Company Board concerning division of profits or covering of losses.

With consideration of the highest standards and best practices and in order to provide the possibility for reliable assessment of the Company by shareholders, the Supervisory Board of CIECH S.A. makes a concise assessment of the situation of CIECH S.A. This assessment is presented annually during the Ordinary General Meeting of the Company, at a time allowing CIECH S.A. shareholders to become acquainted with the document.

As at 1 January 2013 the Supervisory Board fulfilled its function in the following composition:
1) Ewa Sibrecht-Ośka – President of the Supervisory Board
2) Przemysław Cieszyński – Deputy Chairman of the Supervisory Board
3) Mariusz Obszyński – Secretary of the Supervisory Board
4) Arkadiusz Grabalski – Supervisory Board Member
5) Zygmunt Kwiatkowski – Supervisory Board Member
6) Maciej Lipiec – Supervisory Board Member
7) Waldemar Maj – Supervisory Board Member
8) Sławomir Stelmasiak – Supervisory Board Member.

As at 31 December 2013 and as at the date of approving of the financial statement the Supervisory Board fulfilled and fulfills its function in unchanged composition.

The body responsible for establishing the principles and amounts of remunerations for Board members is the CIECH S.A. General Meeting.

The total value of remunerations given by the Company to all Supervisory Board Members fulfilling their functions in 2013 amounted to 803 thousand PLN

Detailed information on the amounts of remunerations paid to individual Supervisory Board Members can be found in the section II.39.5.

Detailed information about CIECH S.A. Supervisory Board Members is presented below.

Name and surname	**Ewa Sibrecht - Ośka**
Position	**President of the Supervisory Board of CIECH S.A. from 22 October 2009 a Supervisory Board Member since 14 September 2009.** **Does not conduct competitive activity relative to CIECH S.A.**
Qualifications	Graduate of the Faculty of Law of the University of Łódź. Legal advisor since 1994 completed her advisor application in Warsaw.
Experience	1991-2001 employed at the legal department of the Ministry of Finance. 1995-1996 Law Offices of Baker McKenzie 1998-2001 Cavere Law Offices 2000-2011 Office of the European Integration Committee 2001-2006 Nafta Polska S.A. 2006-2007 Legal advisor at Korporacja Polskie Stocznie S.A. 2007- Legal advisor at the City Hall of the Capital City of Warsaw Shareholder Supervision Department and at Progres Services Sp. z o.o. 2007 - Minister's Advisor at the Department of Shareholder Supervision and Privatization at the Ministry of Treasury; since May 2009 Director of the Analysis Department at the Ministry of Treasury. Currently she is

Name and surname	**Ewa Sibrecht - Ośka**
	the Director of the Department of Owernship Supervision at the Ministry of Treasury. Mrs. Ewa Sibrecht-Ośka took part in work on drafts of the act on tax consulting and the act on compensation proceedings in entities of particular significance to the Polish shipbuilding industry and was involved in preparing the LOTOS S.A. Group for their IPO on the stock exchange. In addition she was involved in the privatization process of the Wielka Synteza Chemiczna sector (Z. Ch. "Organika-Sarzyna" S.A. and ZACHEM S.A.) – project for preparation of the sale of company shares to investors including the acceptance of pre-privatization analyses, agreements with privatized companies and negotiations of agreements with investors, including matters of public aid.

Name and surname	**Przemysław Cieszyński**
Position	**Deputy Chairman of the Supervisory Board of CIECH S.A. since 12 July 2011, a Supervisory Board Member since 21 June 2010.** **Does not conduct competitive activity relative to CIECH S.A..**
Qualifications	Graduate of the Information Technology and Management Faculty of the Wrocław University of Technology; Master of Science Engineer specializing in informational systems. Fullbright scholarship holder – studied Management at Vanderbilt University in Nashville (USA) – MBA degree..
Experience	1990-1993 consultant at the IT Department of Cabinet Office. 1994-1998 project leader and systems(IT) manager at Tricon Restaurants International Warsaw (a division of PepsiCo). 1998-2003 Senior Manager at Accenture Warszawa – concerned with financial services and matters of strategy. 2003-2004 Executive Director at CII Group Warsaw (currently Alvarez & Marsal). 2004-2005 Board Member Financial Director of the Banking Services Division at Polcard S.A. March-November 2005 Director of the Restructuring Department at Telewizja Polska S.A. Since December 2005 a partner in Raitaro Consulting a company rendering complete management consulting services. Additionally Mr Przemysław Cieszyński fulfilled the function in bodies of other companies and organizations: 1991-1993: Member of the Rada Dolnośląskiej Izby Przemysłowo-Handlowej; since 2006: WSiP S.A. (Chairman and Deputy Chairman), Sygnity S.A. YAWAL S.A. (till now), Sokółka S.A. (President of the Board - temporary management), Bomi S.A. (Deputy Chairman), Rabat Service S.A., TC Debica S.A., Rafako S.A., Fornetti Sp. z o.o. (currently - Deputy Chairman).

Name and surname	**Arkadiusz Grabalski**
Position	**Supervisory Board Member of CIECH S.A. since 21 June 2010.** **Does not conduct competitive activity relative to CIECH S.A.**
Qualifications	A graduate of the Faculty of Law and Administration of the University of Warsaw. Since 1998 he is registered on the list of legal advisors at the Regional Chamber of Legal Advisors in Warsaw..
Experience	1995 - 1996 - employed at the legal department of the Ministry of Ownership Transformation. 1996 – 1998 - employed at Creditanstalt SCG Fund Management S.A. – the company managing NFI Hetman S.A. 1998 – 2005 - employed at White & Case, W. Daniłowicz, W. Jurcewicz Law Offices Sp.k. Since 2005 - partner at Stolarek & Grabalski Law Offices Sp.k. Mr. Arkadiusz Grabalski specializes in capital market law, M&A transactions and private equity transactions. A significant part of his practice is concerned with restructuring processes, bankruptcy law, public aid and legal disputes. He was involved in processes of preparing companies for privatization and selling of privatized company shares to investors. He actively participated in mergers of several banks and other companies, including public companies. He has advised many companies during public offering processes (IPO) as well as during successive issuances including issuances of bonds exchangeable for shares. He took part in the process of creating one of the first securitization funds. He represented entrepreneurs in restructuring processes of obtaining financing for investment as well as in important legal disputes.

Name and surname	**Zygmunt Kwiatkowski**

Name and surname	Zygmunt Kwiatkowski
Position	**Supervisory Board Member of CIECH S.A.; does not conduct competitive activity relative to CIECH S.A.**
Qualifications	A graduate of the Marie-Curie Skłodowska University – Faculty of Mathematics Physics and Chemistry (1979). Completed post-graduate studies for bank management staff at the faculty of Economic Sciences at the University of Warsaw (1997). Completed doctorate studies at the Faculty of Organization and Management of the University of Warsaw. Obtained the title of Doctorate Major in Business Administration at the Northwest Columbia University (2004). Completed courses and training in the scope of financial analysis management financial instruments and stock exchange matters.
Experience	2002-2006 - President of the Board at Z.A. Puławy. 2012-2011 - President of the Board of Wiko Company S.A. Currently Deputy President of the Board of Kruszywa Niemce S.A. and conducts his own economic activity in the company Cooperation and Global Consulting Zygmunt Kwiatkowski. He held seats in the supervisory boards of Z.A. Puławy (2001-2002) Z.Ch. Police S.A. (2010) F.S. Holding in Lublin (2002) Z.A.O. A.F.K. in Kiemierowo (Russian Federation) – construction of a wood processing industrial complex and holds a seat on the Supervisory Board of P.P.M.B. Niemce S.A.

Name and surname	Maciej Lipiec
Position	**Supervisory Board Member of CIECH S.A. since 26 April 2012** **Does not conduct competitive activity relative to CIECH S.A.**
Qualifications	Graduate of the Academy of Economics in Cracow (2000), graduated from the Małopolska School of Public Administration and from the University of Copenhagen with the degree of Master of Public Administration (MPA) and held a scholarship at the University of Stockholm (School of Business).
Experience	2000 – 2002 – employed at Commercial Union Financial Services and PTE Open Retirement Fund BPH CU WBK. 2002 – 2003 - employed at the Ministry of Economy, Labor and Social Policy in the EFS Department. 2003 – 2004 - Advisor to the Deputy Prime Minister and to the Minister of Economy and Labour. 2004—2005 - director of the Secretariat of the Deputy President of the Council of Ministers at the Office of the Prime Minister. 2005—2011 - employed at Agencja Rozwoju Przemysłu S. A. Currently - President of the Board at Operator ARP Sp. z o.o. Mr. Maciej Lipiec holds the certificates of Project Manager PRINCE2 and Risk Manager. He has held seats on supervisory boards in Krakowskie Zakłady Garbarskie S.A. (2005 – 2006), Operator ARP Sp. z o.o. (2007 – 2011) and in Z.E. Elsen S.A. (since 2011).

Name and surname	Waldemar Maj
Position	**Supervisory Board Member of CIECH S.A. since 21 June 2010.** **Does not conduct competitive activity relative to CIECH S.A.**
Qualifications	Graduated from the Faculty of Technical Physics and Applied Mathematics of the Warsaw University of Technology (1980). Obtained the degree of doctor at the Physics Institute of PAN (1989) and an MBA at Harvard Business School in the USA (1996).
Experience	Since 2012 Chairman of the Supervisory Board of PZU S.A. (member of the Supervisory Board since 2009). In previous years, he served on the supervisory boards, among others: Bank BGZ S.A. (Chairman of the Committee for the IPO), Stock Spirits Group in Luxembourg (Chairman of the Audit Committee), Unipetrol A.S in the Czech Republic (Chairman of the Audit Committee) and at the Bank Gdański S.A. (Chairman of the Supervisory Board). Partner-founder of Metropolitan Capital Solutions, a company providing strategic consulting and corporate finance services (since 2009). In previous years - Vice President, Chief Financial Officer at PKN Orlen S.A., responsible for financial and investor relations (2007/2008); Vice President of Bank BGZ S.A., responsible for corporate banking and treasury (2005-2007), member of the Management Board and CEO of DZ Bank Polska S.A. (2002-2005), senior associate at the American strategic consulting firm McKinsey & Company in Warsaw (2000-2002), senior investment officer at the International Finance Corporation / World Bank Group in Washington, DC (1996-2000), advisor to the

Name and surname	Waldemar Maj
	Minister of Finance and President of the Foundation for Development Financial System (1991-1994). In the years 1981-1991 an assistant and later an assistant professor at the Institute of Physics, Polish Academy of Sciences, a postdoctoral fellow in the Laboratory of Kamerlingh Onnes in Leiden in the Netherlands. He was also awarded the Officer's Cross of the Order of Polonia Restituta

Name and surname	Mariusz Obszyński
Position	**Supervisory Board Member of CIECH S.A. since 19 January 2012** **Does not conduct competitive activity relative to CIECH S.A.**
Qualifications	Graduate of the Marie-Curie Skłodowska University in Lublin Faculty of Economics.
Experience	Employed, among other places, at Przedsiębiorstwo Eksploatacji Rurociągów Naftowych Przyjaźń S.A. as Board Member, PGNiG S.A. as the management advisor, director of the mergers and acquisitions department at Agencja Rozwoju Przemysłu S.A. and director of the shareholder supervision department at the Nafta Polska S.A. Currently employed as the Director of the Strategy Analysis and Shareholder Supervision Office at OLPP Sp. z o.o. He held seats on the supervisory boards of the following entities: Rafineria Czechowice S.A., Zakłady Chemiczne Police S.A., Zakłady Azotowe in Tarnów-Mościce S.A, the LOTOS Group, PERN Przyjaźń S.A., OLPP Sp. z o.o. and Naftoserwis sp. z o.o

Name and surname	Sławomir Stelmasiak
Position	**Supervisory Board Member of CIECH S.A. since 14 September 2009.** **Does not conduct competitive activity relative to CIECH S.A.**
Qualifications	Graduate of the Faculty of Chemistry of the A. Mickiewicz University in Poznań. Completed postgraduate studies in mediation and negotiation (Poznań School of Social Sciences) internal audits (Higher School of Commerce and Accounting in Poznań) and doctorate studies at the Faculty of Management of the Poznań University of Economics. In 1997 he passed the exam for members of supervisory boards of State Treasury companies.
Experience	Since 2003 member of the Supervisory Board of MPK Poznań Sp. z o.o. Participated in numerous training, seminars and conferences on the subject of environmental protection, financing of investments in environmental protection, energy market and renewable energy sources. Since 1988 he has conducted individual economic activity as a shareholder and stockholder in commercial companies. He has taken part in investment projects as a member of management and supervisory boards in the branches of: commerce, real estate, mining and chemistry. In the years 1998-2010 a member of the governing body of the Wielkopolska Association of Commerce and Services. A member of the Financial Council and advisor to the rector of the Poznań Trade and Commerce University. In the years 2008-2010 at Enea Group – advisor to Board on matters of renewable energy sources and President of the Board of BHU S.A. (Enea Group). Currently President of the Stomil-Poznań S.A.

Committees of the Supervisory Board of CIECH S.A.

The following Committees function within the framework of the Supervisory Board of CIECH S.A.: Audit Committee of the Supervisory Board of CIECH S.A. and Remuneration Committee of the Supervisory Board of CIECH S.A.

Audit Committee

The Audit Committee of the Supervisory Board of CIECH S.A. was appointed by Resolution No. 57/IV/2005 of 16 February 2005.

According to the Audit Committee Regulations the tasks of the Audit Committee include in particular:

1) monitoring of the financial reporting process
2) monitoring of the effectiveness of the internal control system
3) monitoring of the effectiveness of the internal auditing system
4) monitoring of the effectiveness of the risk management system
5) monitoring of the performance of financial review activities
6) monitoring of the independence of the expert auditor and entity authorized for inspection of the Company's financial reports.

The Audit Committee of the Supervisory Board of CIECH S.A. submits an annual report on its activity which is part of the Report on the activity of the Supervisory Board of CIECH S.A. provided to Shareholders during the Ordinary General Meeting of CIECH S.A.

As at 1 January 2013 the Audit Comittee of the Supervisory Board of CIECH S.A. functioned in the following composition:
1) Waldemar Maj - Chairman
2) Przemysław Cieszyński – Committee Member
3) Mariusz Obszyński – Committee Member
4) Sławomir Stelmasiak – Committee Member.

As at 31 December 2013 and as at the date of approving of the financial statement the composition of Audit Committee remained unchanged

Remuneration Committee of the Supervisory Board of CIECH S.A.

The Remuneration Committee was appointed by Resolution No. 66/IV//2005 of the Supervisory Board of CIECH S.A. According to the Remuneration Committee Regulations the primary task of the Committee is to advise the Supervisory Board on matters related to the establishment of the principles and amounts of remuneration for the Company Board members of CIECH S.A.

In particular the Committee's tasks include:
1) presenting the the Supervisory Board with proposals in the scope of the principles of remuneration for Company Board members of CIECH S.A., which should account for all forms of remuneration, in particular as regards: base remuneration, remuneration system based on results, retirement system and severance payments;
2) presenting the Supervisory Board with proposals in the scope of amounts of remuneration for each member of the Company Board of CIECH S.A.;
3) presenting the Supervisory Board with drafts of agreements, regulating the performance of responsibilities by the members of the Company Board of CIECH S.A.;
4) discussion (with or without the involvement of the Company Board) of all problems or reservations that may arise in matters related to the remuneration of members of the Company Board of CIECH S.A.
5) consideration of all other matters to which the Committee or Supervisory Board has directed attention;
6) informing the Supervisory Board of all significant matters in the general context of the Committee's activity.

The Remuneration Committee of the Supervisory Board of CIECH S.A. submits an annual report on its activity, which is part of the Report on the activity of the Supervisory Board of CIECH S.A., provided to Shareholders during the Ordinary General Meeting of CIECH S.A.

As at 1 January 2013 the composition of the Remuneration Committee was as follows:
1) Arkadiusz Grabalski
2) Zygmunt Kwiatkowski.

As at 31 December 2013 and as at the date of approving of the financial statement, the Remuneration Committee fulfilled and fulfills its function in unchanged composition.

29.11.1 Information concerning agreements signed between the issuer and persons in management positions providing for compensation in the event of their resignation or dismissal from their position without just cause or when their dismissal takes place as a result of the issuer's merging through a takeover

In the case of dismissal of Board Members from their positions, they are entitled to a one-time cash severance package that does not exceed six months of remuneration. The non-competition agreement with Board Members after the termination of the employment relationship provides for payment of damages in the amount of 100% of monthly remuneration for a period that does not exceed 6 months.

30 Information required in connection with the issuance of foreign bonds according to the Offering Memorandum

The information required by the Offering Memorandum is presented in the following sections of this report:

1) Operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, liquidity and capital resources – section I.5 I.6 and a I.8.
2) Description of material commitments and contingent liabilities – section II.33
3) Description of critical accounting policies – section II.2.
4) Description of the market – section I.6.

5) Description of management of Ciech S.A. – section I.29.11
6) Information about the shareholders of the parent company CIECH S.A. – section I.29.4
7) Description of all material affiliate transactions - section II.39.
8) Indebtedness and material financing arrangements – section I.8 and II.27.
9) Description of all material contractual arrangements including material debt instruments – section I.8 and II.27.
10) Description of material risk factors – section I.4 and II.35.
11) Information about the recent developments in the business of Ciech S.A. and its subsidiaries – section I.3 and II.41.