



Statement of following  
corporate governance principles  
2014

Warsaw, 19 March 2015

## **1.1 *Specification of corporate governance principles applied by the Company and rules followed voluntarily with the indication where such principles have been publically disclosed and principles which have not been permanently followed by the Company***

ABC Data S.A. observes the rules of corporate governance set out in the Code of Best Practice for WSE Listed Companies constituting Attachment to Resolution No. 19/1307/2012 of the WSE Board of 21 November 2012 on amending the Code of Best Practice for WSE Listed Companies.

The full text is publicly available at the website of Giełda Papierów Wartościowych S.A. in Warsaw in the corporate governance section <http://www.corp-gov.gpw.pl/publicationsP.asp>

The Company does not fully comply with the corporate governance principle specified in the Code of Best Practice for WSE Listed Companies recommending transmission of General Shareholders' meetings over the Internet. Neither has it registered or published the recording of the meetings on its website. Most Shareholders are present at the General Shareholders' Meetings in person. In order to provide Shareholders with access to information concerning GSMS the Company fulfils its information obligations, in particular, it publishes appropriate current reports and other information on its website. At the same time, the Management Board declares that the rule may be followed if a wider group requires that such transmission be provided.

The Company does not fully follow the principle concerning the possibility to exercise the voting right personally or through a proxy at the general shareholders' meeting outside the meeting venue using electronic communication. In 2014 the Shareholders did not notify the Management Board of the Company of any need to provide such methods of participation in General Shareholders' Meetings. Considering legal risks related to inappropriate shareholder identification, costs related to remote participation in general shareholders' meetings and the lack of actual need to implement such solutions, the Company does not intend to implement such a possibility in near future. Still, such solution may be implemented upon request of the Shareholders.

As for the obligation to implement a remuneration policy and the principles of determining such rules, the Company confirms that the remunerations of members of the Supervisory Board are determined by the General Shareholders' Meeting. The Supervisory Board determines the remuneration principles and amounts for the Management Board. The Company has not approved any document specifying the principles of determining the remuneration policy. The remuneration of members of the Company's governing bodies has been presented in working papers.

The Warsaw Stock Exchange's recommendation for public companies and their shareholders to maintain a balance between the number of men and women in management and supervisory positions in companies is not followed. The proportion of women to men in the Supervisory and Management Boards depend on applicants, skills and professional competencies of candidates as well as a decision of the Shareholders and members of the Supervisory Board. The Company has not implemented any regulations concerning the proportion of women to men in the Company's governing bodies. Neither does the entity intend to introduce any in the next 12 months.

The Company presents information on the proportion of women to men in periodic reports by way of describing changes in governing bodies during reporting periods, in particular in the periodic report for the third quarter published every fourth quarter of the year. Consequently, according to the Company the requirement specified in point II.1.2a of the Code of Best Practice for WSE Listed Companies has been met.

## **1.2 *Characteristics of the internal control and risk management system with respect to the preparation of separate and consolidated financial statements***

The Management Board of the Company is responsible for internal controls of the Company and their efficiency in the process of preparing the financial statements and periodic reports drawn up and published in line with the Ordinance.

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The financial statements of the Company are prepared by the management of the Financial and Accounting Division supervised by CFO in charge of the Company's finance.

The financial statements and periodic reports are prepared based on financial data from the financial and accounting system, registered in line with the Company's accounting policy approved by the Management Board and compliant with the International Financial Reporting Standards. Information from the management reporting systems and data provided directly by the Management or the Legal Department are used in the preparation of the financial statements.

The financial statements are reviewed and pre-approved by the Chief Accountant and presented to the CFO for final approval. Before their final approval for publication they are provided to the Audit Committee of the Supervisory Board.

Annual and semi-annual financial statements are reviewed and audited by a certified auditor of the Company. Audit and review recommendations are presented to the Audit Committee. Audit Committee representatives analyze audit and review results during meetings with the Company's certified auditor including those not attended by the Management Board.

### **1.3 Significant shareholdings (direct or indirect)**

Shareholders controlling over 5% of shares in ABC Data S.A. have been presented in point 8.2 hereof.

### **1.4 Holders of securities giving special control rights with respect to the Company and a description of such rights**

None of the holders of securities have any special control rights.

### **1.5 Limitations on exercising the voting rights**

No limitations regarding the exercising of the voting rights exist, except for the Company's treasury shares described in section 8.5 hereof (the Company cannot exercise the voting rights arising from these shares).

### **1.6 Limitations on the right to transfer the ownership title to the Company's securities**

According to the best knowledge of the Management Board, as at the date hereof, no such limitations occur.

### **1.7 Principles regarding appointment and dismissal of managerial staff and their authorization**

The Management Board of ABC Data S.A. has the statutory empowerment to manage the Company's business and represent it before third parties. It operates in accordance to the valid legal regulations, in particular the Code of Commercial Companies and Accounting Act, as well as the Company's Articles of Association. The Management Board exercises its statutory rights subject to the valid corporate governance principles.

The Board is led by its President. Its activities include current business operations of the Company, management and representation before third parties. The Management Board is responsible for all tasks related to the day-to-day running of the business, which have not been delegated to members of other governing bodies under the applicable laws or provisions of the Company's Articles of Association.

The Management Board consists of one to five members, including the President. The term of office of the Board members takes three years. The number of the Management Board members is determined by the Supervisory Board.

The Supervisory Board appoints Management Board members, determines and modifies their tasks and responsibilities, dismisses and suspends them. The mandates of members of the Management Board expire as of the date of the General Meeting approving the financial statements, balance sheet and income statement for the last full financial year of their office term.

Two members of the Management Board acting jointly or one member with a proxy may make statements of will or sign documents on behalf of the Company. A proxy may represent the Company only jointly with a Management Board member.

Management Board resolutions are required among others for issues in excess of ordinary management of the Company. The resolutions of the Management Board are adopted with an absolute majority of votes of all members present. In the event of a tied vote, the President has the deciding vote.

The Management Board is not authorized to make decisions concerning the issue or redemption of shares.

## **1.8 Changes in the Company's Articles of Association**

In accordance with Article 22 (i) of the Company's Articles of Association any changes thereto must be approved in the form a resolution of the General Shareholders' Meeting.

Changes in the Company's Articles of Association result from Article 430 of the Code of Commercial Companies.

## **1.9 Principles applied to the General Meeting and its powers. Shareholder rights and the way in which they are exercised**

The General Shareholders' Meeting of ABC Data S.A. is an authority determining key issues for the Company's business operations. The General Shareholders' Meeting of ABC Data S.A. acts in line with the Code of Commercial Companies, the Company's Articles of Association and the Regulations of the General Shareholders' Meeting dated 30 June 2011. The full text of the Company's Articles of Association detailing the competencies of the GSM and Regulations of the GSM are available at the Company's premises and its website [www.abcddata.eu](http://www.abcddata.eu).

The General Shareholders' Meeting may be either ordinary or extraordinary.

The Ordinary Shareholders' Meeting is convened by the Management Board and held within six months of the end of the financial year. It may also be convened by the Supervisory Board if the Management Board does not convene it within six months of the end of the financial year.

The Management Board convenes an Ordinary Shareholders' Meeting to analyze urgent issues:

- a) at its own initiative;
- b) at a written request of the Supervisory Board (may be filed electronically);
- c) at a written (or electronic) request of shareholders, jointly representing at least 5% (five per cent) of the share capital.

The Management Board convenes an Extraordinary Shareholders' Meeting within 14 days of filing a request. The Supervisory Board may convene an Extraordinary Shareholders' Meeting if the Management Board fails to do so or if it finds it appropriate.

Shareholders representing at least 50% of the share capital or at least 50% of votes in the Company may also call an Extraordinary Shareholders' Meeting. The shareholders appoint the chairman of the meeting. If the shareholders convene an Extraordinary Shareholders' Meeting, as mentioned above, the Company's Management Board will be obliged to promptly carry out activities referred to in Articles 402<sup>1</sup>-402<sup>3</sup> of the Code of Commercial Companies and relating to calling a General Shareholders' Meeting.

The General Meeting is convened at least twenty six days before the planned date of the shareholders' meeting through an announcement published on the Company's website in a manner specified for communicating current

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information, in line with the regulations concerning public offering, conditions governing the introduction of financial instruments to organized trading, and public companies.

The announcement of the general shareholders' meeting of a public company should include:

- 1) date, time and venue of the general shareholders' meeting and a detailed agenda,
- 2) detailed description of procedures concerning participation in the general shareholders' meeting and exercising voting rights, in particular information on:
  - a) shareholders' right to request specified issues in the meeting agenda;
  - b) shareholders' right to present resolution drafts concerning issues on the agenda of the general shareholders' meeting and issues to be added to the agenda before the meeting date;
  - b) shareholders' right to present resolution drafts concerning issues added to the agenda during the general shareholders' meeting;
  - d) method of exercising the voting rights through a proxy, in particular in templates used in the voting through a proxy at the general shareholders' meeting and the method of notifying the company of appointing a proxy, using electronic communication;
  - e) the possibility and method of participating in a general shareholders' meeting using electronic communication;
  - f) the method of voicing one's opinion at a general shareholders' meeting using electronic communication;
  - g) the method of exercising the voting right by mail or using electronic communication;
- 3) general meeting attendee registration date;
- 4) information that in order to participate in the general meeting, one has to be the company's shareholder at the general meeting attendee registration date,
- 5) indicating where and how a given person authorized to participate in the general shareholders' meeting may gain access to the full text of the documentation to be presented to the general meeting and resolution drafts or, if no resolutions are planned to be adopted, comments of the management board or the supervisory board concerning issues on the agenda of the general shareholders' meeting and issues to be added to the agenda before the meeting date;
- 6) specification of the website address where information concerning the general meeting will be published.

Moreover, from the date of calling the general meeting the following information will be available at the Company's website:

- 1) the announcement of convening a general meeting;
- 2) information on the total number of shares in the company and votes related to the shares on the announcement day, and in case of various types of shares – information on share distribution to individual types and number of votes attributable to individual types of shares,
- 3) documentation to be presented to the general meeting,
  - b) resolution drafts or, if no resolutions are planned to be adopted, comments of the management board or supervisory board, concerning issues on the agenda of the general shareholders' meeting and issues to be added to the agenda before the meeting date;
- 5) templates authorizing to exercise the voting right by a proxy or by mail, if not directly sent to all shareholders.

The Management Board of the Company may agree on participation in the General Shareholders' Meeting using electronic communication, in particular:

- a) real-time transmission of general meetings;
- 2) real-time two-way communication where shareholders may take the floor during a general meeting from a location other than the venue of the general meeting;
- 3) the possibility to exercise the voting right during a general meeting either in person or through a proxy.

In accordance with Article 22 of the Company's Articles of Association, the competencies of the General Shareholders' Meeting include:

- a) reviewing and approving Management Report on the activities of the Company, reviewing and approving Supervisory Board's report, reviewing and approving the financial statements of the Company and the consolidated financial statements of the capital group for the previous financial year and discharging members of the Company's governing bodies;
- b) all decisions concerning claims to cure damages related to incorporation of the Company or its management or supervision;
- c) disposal or lease of the Company's enterprise or establishing a usufruct right to the enterprise;
- d) sale of the real estate of the Company;
- e) issue of bonds including senior convertible bonds and issues of subscription warrants;
- f) redemption of Company's shares;
- g) business combination or spin-off of the Company;
- h) profit distribution or loss absorption, determining the dividend record date and the payment date;
- i) amending the Company's Articles of Association;

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- j) increasing or decreasing the share capital of the Company;
- k) approving the Regulations of the Supervisory Board amendments thereto;
- m) appointing and dismissing members of the Supervisory Board;
- n) adopting Regulations of the General Shareholders' Meeting.

The Company's Shareholders exercise their rights in a manner and within limits specified by generally applicable law, the Company's Articles of Association and Regulations of the General Shareholders' Meeting. Shareholders may exercise their voting right during General Shareholders' Meetings in person or through a proxy. All shares are ordinary bearer shares. Each share entitles to one vote. There are no limitations concerning transfer of rights to shares of the Company or exercising voting rights attributable to shares of the Company, other than those resulting from generally applicable law. The Company did not issue securities that would give special control rights with respect to the Company.

## **1.10 Composition and changes in the Company's governing and supervisory bodies and their Committees during the last reporting period**

### **1.10.1 Management Board**

Composition of the Management Board of ABC Data S.A. as at 31 December 2014:

- Norbert Biedrzycki — President of the Management Board
- Ilona Weiss — Vice-President of the Management Board for finance and operations

Changes in the composition of the Management Board during the reporting period have been described in section 7.1.1 of hereof.

Composition of the Management Board of ABC Data S.A. as at the date of the report:

- Ilona Weiss – President of the Management Board
- Juliusz Niemotko – Vice-President of the Management Board

The Management Board's responsibilities include managing current operations of the Company and current supervision over subsidiaries, representing the Company outside and managing the Company's assets.

In particular the Management Board is responsible for:

- 1) developing, updating and implementing the strategy and key operational objectives of the Company and supervision over developing and updating strategies of subsidiaries;
- 2) developing and implementing annual budgets of the Company and the Capital Group, preparing quarterly operational plans and performance monitoring;
- 3) performing duties of a shareholders' meeting/general shareholders' meeting and corporate governance and supervision over other governing bodies in subsidiaries;
- 4) approving financial liabilities not included in the Company's budget and not subject to approval of the Supervisory Board;
- 5) developing and implementing risk management principles in the Company and subsidiaries and monitoring operational processes compliance with procedures approved;
- 6) taking decisions on operational processes in the Company;
- 7) taking decision on payroll systems applied in the Company and changes thereto, in particular concluding and terminating managerial contracts and employment contracts in the scope not related to the Management Board of the Company,
- 8) concluding and terminating all trade contracts with the Company's contractors;
- 9) calling General Shareholders' Meetings and proposing their agendas;
- 10) filing requests and GSM's resolution drafts;
- 11) placing requests to convene a Supervisory Board's meeting with the President of the Supervisory Board;
- 12) preparing a balance sheet, income statement and report of the activities of the Company;
- 13) providing financial statements and reports of the activities of the Company with suggested profit distribution or loss absorption scheme to the Supervisory Board and the General Shareholders' Meeting of the Company;
- 14) analyzing assessments, audit and post-audit recommendations and their implementation;
- 15) carrying out activities related to registration and meeting information requirements of the Company;
- 16) developing media and investors relations procedures and principles and following a communication policy ensuring coherent and reliable communication about the Company and subsidiaries;

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17) filing job descriptions of individual members of the Management Board with replacement plans for approval of the Supervisory Board.

### 1.10.2 Supervisory Board

Composition of the Supervisory Board of ABC Data S.A. as at 31 December 2014:

- Ulrich Kottmann — President
- Mirosław Godlewski – Vice-President
- Nevres Erol Bilecik – Member
- Fabian Bohdziul – Member, related to MCI Management S.A.
- Tomasz Czechowicz — Member, associated with MCI Management S.A.
- Maciej Piotr Kowalski – Member, related to MCI Management S.A.
- Cezary Smorszczewski — Member, associated with MCI Management S.A.

Changes in the composition of the Supervisory Board during the reporting period have been described in section 7.2 hereof.

By the date of publication of this report, composition of the Supervisory Board has not changed.

The Supervisory Board provides continuous general supervision of all areas of the Company's operations in line with the Code of Commercial Companies, Articles of Association of the Company, Regulations of the Supervisory Board, resolutions of the General Shareholders' Meeting and acts of law. The competencies of the Supervisory Board have been specified in the Code of Commercial Companies and the Company's Articles of Association.

Specifically, the Supervisory Board is responsible for analyzing the statements and reports referred to in Article 395.2.1 of the Code of Commercial Companies to ensure that they are consistent with the accounting records, documents and facts and for reviewing Management Board's requests concerning profit distribution or loss coverage and providing the General Shareholders Meeting with an annual report on the results of such assessments.

On 23 June 2014, the General Shareholders' Meeting of the Company passed a resolution approving amendments to the Regulations of the Supervisory Board.

### 1.10.3 Committees

Under Resolution 30/2010 of the Supervisory Board of ABC Data S.A. on 22 June 2010 the Company appointed an Audit Committee operating based on the binding provisions of law, in particular the Regulations of the Supervisory Board and the Act on statutory auditors and their self-governing bodies, entities authorized to audit financial statements and public supervision of 7 May 2009.

On 23 June 2014, the General Shareholders' Meeting of the Company passed a resolution approving amendments to the Regulations of the Supervisory Board. The introduced amendments included the operation of the Audit Committee.

In particular the Audit Committee is responsible for:

- 1) Supporting the Supervisory Board with regard to:
  - a. monitoring of the fairness of financial information presented by the Company, in particular in the form of review of appropriateness and consistency of application of the accounting principles adopted by the Company and its capital group;
  - b. at least once a year, reviewing of internal controls and risk management systems to ensure that key risks are correctly identified, managed and disclosed;
  - c. ensuring of effective operation of the internal audit function, in particular in the form of issuing recommendations on the selection, appointment, re-appointment and dismissal of the internal audit head and regarding the internal audit budget, as well as through monitoring of management's response to its findings and recommendations;
  - d. monitoring of financial operations of the Company and its capital group;

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- 2) issuing of recommendations for the Supervisory Board regarding the selection, appointment, re-appointment and dismissal of an external auditor, as well as terms and conditions of its employment;
- 3) monitoring of independence of the external auditor and its objectivism, in particular in the form of the audit firm's complying with the valid guidelines regarding audit partner turnover, fees paid by the company and relevant regulatory requirements;
- 4) controlling of the nature and scope of non-audit services, in particular based on the total of all fees paid by the company and its capital group to the audit firm and its network, as disclosed by this audit firm, in terms of avoiding a conflict of interests;
- 5) reviewing of the effectiveness of external control and monitoring management's response to recommendations presented by external auditors in letters to the management;
- 6) analyzing of issues underlying the resignation from the services provided by an external auditor and issuing recommendations regarding activities that must be performed.

Composition of the Supervisory Board Audit Committee as at 31 December 2014 and as at the date of submitting this report:

As at 31 December 2014:

1. Fabian Bohdziul
2. Ulrich Kottmann

As at the date of submitting this report:

1. Fabian Bohdziul
2. Ulrich Kottmann
3. Maciej Kowalski

Changes in the composition of the Supervisory Board Audit Committee during the reporting period:

Under a Resolution of the Supervisory Board of 5 March 2014 Fabian Bohdziul was appointed a member of the Audit Committee.

On 4 July Marek Sadowski, Member of the Supervisory Board and Audit Committee, passed away.

On 27 November 2014, under a Supervisory Board's resolution, Fabian Bohdziul was appointed the Chairman of Audit Committee.

Under a Resolution of the Supervisory Board of 13 January 2015 Maciej Kowalski was appointed a member of the Audit Committee.

Under Resolution 36/2010 of the Supervisory Board of ABC Data S.A. on 22 September 2010 the Company appointed a Remuneration Committee operating based on the binding provisions of law and Code of Best Practice for WSE Listed Companies.

On 23 June 2014, the General Shareholders' Meeting of the Company passed a resolution approving amendments to the Regulations of the Supervisory Board. The introduced amendments included the operation of the Remuneration Committee. It changed its name to "Nomination and Remuneration Committee".

The Nomination and Remuneration Committee is responsible for:

- 1) appointing and recommending candidates for vacant positions in the Management Board, to be approved by the Supervisory Board;
- 2) periodic evaluation of the structure, number of members, composition and performance of the Management Board and recommending changes to the Supervisory Board;
- 3) periodic assessment of skills and experience of each Management Board member and presenting the results to the Supervisory Board;
- 4) appropriate analysis of replacement planning issues;
- 5) reviewing the Management Board's policy in terms of selecting and appointing high level managers;
- 6) presenting proposals regarding remuneration of the Management Board members during the first meeting following the annual budget approval for Supervisory Board's acceptance;

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- 7) presenting proposals regarding remuneration of each Management Board member to the Supervisory Board, ensuring their compliance with the remuneration principles adopted by the Company and with performance assessment of a given member;
- 8) presenting the Supervisory Board with proposals regarding appropriate form of agreements concluded with Management Board members;
- 9) supporting the Supervisory Board in the supervision of process ensuring compliance with the binding information obligations regarding remuneration (in particular, remuneration principles adopted and remuneration granted to the Management Board members);
- 10) on behalf of the Supervisory Board, carrying out negotiations with Management Board members regarding managerial contracts;
- 11) issuing general recommendations for Management Board members with regard to the level and structure of remuneration paid to high-level managers;
- 12) monitoring the level and structure of remuneration paid to high-level managers based on relevant information provided by Management Board members;
- 13) with regard to share options or other share-based incentive schemes available to directors, managers or other employees:
  - a. discussing general principles of implementing such systems, in particular share options, and presenting relevant proposals to the Supervisory Board;
  - b. reviewing the related information included in annual reports and presented at GSM, as appropriate;
  - c. presenting the Supervisory Board with proposals to choose between granting share subscription options or share purchase options, indicating the reasons and consequences of each solution;
- 14) carrying out a periodic review of the remuneration system adopted by the Company.

Composition of the Supervisory Board Nomination and Remuneration Committee as at 31 December 2014 and as at the date of submitting this report:

As at 31 December 2014:

1. Ulrich Kottmann
2. Tomasz Czechowicz
3. Cezary Smorszczewski

As at the date of submitting this report:

1. Ulrich Kottmann
2. Tomasz Czechowicz
3. Maciej Kowalski

Changes in the composition of the Supervisory Board Nomination and Remuneration Committee during the reporting period:

On 23 June 2014, General Shareholders' Meeting dismissed and re-appointed Mirosław Godlewski to the Supervisory Board. Therefore, his membership in the Nomination and Remuneration Committee expired.

On 27 August 2014, the Supervisory Board passed resolutions appointing Ulrich Kottmann and Cezary Smorszczewski to the Nomination and Remuneration Committee. Further, Ulrich Kottmann was appointed the Chairman of the Committee.

On 17 August 2015 Cezary Smorszczewski resigned the position of the Nomination and Remuneration Committee member. On the same day, the Supervisory Board appointed Maciej Kowalski a member of the Nomination and Remuneration Committee.