

Current report no. EBI 1/2017

Date prepared: 14.02.2017

Issuer's abbreviated name: POLIMEX-MOSTOSTAL

Subject: Scope of application of the Good Practices

Legal basis: 29 (3) of the Rules of Procedure of the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.)

Acting pursuant § 29 (3) of the Rules of Procedure of the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.), the Management Board of Polimex-Mostostal S.A. having its registered office in Warsaw (hereinafter referred to as the "**Company**") submits a report regarding a decision not to apply detailed rules laid down in the "Good Practices of WSE-Listed Companies 2016"

- Detailed rule I.Z.1.15. – with respect to publishing information containing a description of the applicable diversity policy on the website of the Company.

A final decision concerning the composition of the Supervisory Board is made by the shareholders at a general meeting, while the Management Board is appointed by the Supervisory Board. This means that the Company does not have any influence on the composition of its bodies and lacks the instruments to require the shareholders to comply with the Company's diversity policy, if any. The criteria used while selecting members of the Company's bodies and its key managers include knowledge, experience and skills. Considering the fact that a decision concerning the composition of its bodies lies within the exclusive remit of specified bodies and entities, the Company does not plan to publish information containing a description of the applicable diversity policy on the website of the Company.

- Detailed rule I.Z.1.16. – with respect to information concerning a planned broadcast of a general meeting

The Company does not plan to broadcast any general meeting considering the related expenditures necessary to provide proper technical facilities, as well as previous experience in the scope of the organisation and course of general meetings that do not indicate the need of broadcasting. The Company does not exclude the possibility of applying this rule in the future.

- Detailed rule I.Z.1.20. – with respect to publishing audio or video recordings of general meetings on the website of the Company

The Company does not anticipate audio or video recording of general meetings generally for the same reasons as in the case of the decision not to broadcast meetings. The Management Board believes that if this rule was applied, the Company would risk claims from shareholders who do not want to have their image published.

- Detailed rule IV.Z.2. – with respect to real-time broadcast of general meetings.

The Company does not plan to conduct general meetings using means of electronic communication by broadcasting general meetings in real time, through bilateral communication in real time or in a form allowing for the exercise of the right of vote during a general meeting. The Company's experience in the scope of the organisation and course of general meetings indicate that the shareholders do not see the need to be offered such solutions. The Management Board believes that giving the shareholders the possibility to participate in general meetings through means of electronic communication implies possible organisational and technical difficulties, which may result in legal doubts as to the regularity of general meetings and, as a result, the consequences of resolutions adopted. It should be noted also that such a solution is not commonly used by public companies operating on the Polish market. The Management Board believes that the decision not to apply this rule will not have any negative impact on the shareholders' active participation in the general meetings of the Company. The Company does not exclude the possibility of applying this rule in the future.

- Detailed rule IV.Z.3. – with respect to allowing representatives of the media to be present at general meetings.

In the view of the Company, the transparency of matters on the agenda of general meetings is adequately provided for in the generally applicable provisions of law. The lack of media representatives protects the Company against possible claims of shareholders who do not want to have their image or statements published.

- Detailed rule VI.Z.4. – with respect to preparation of a remuneration policy and presenting a related report in a report on its operations.

The Company does not have a remuneration policy for members of its bodies and key managers. The Company ensures that the level of remuneration determined by the Supervisory Board for its Management Board members – with respect to both its fixed and variable components - depends on the scope of individual duties assigned to specific Management Board members. The Management Board determines the level of remuneration for key managers in the same way. Further, the Company has a Remuneration Committee, whose main task is to provide the Supervisory Board with assistance in exercising supervisory and inspection responsibilities by giving opinions on draft contracts related to the performance of the function of a Management Board member and assessing proposed changes in the system of remuneration and bonuses for Management Board members. Moreover, in the opinion of the Company, the applicable provisions of law, in particular those concerning preparation of financial statements, adequately provide for the execution of the duties imposed upon the Company in the scope of disclosing remuneration levels. Since the Company has no remuneration policy, it cannot submit a related report in a report on its operations.