

Date: 29 July 2016

***Statement on the application of Warsaw Stock Exchange corporate governance rules***

The Board of Directors of ASTARTA Holding N.V. with its corporate seat in Amsterdam, the Netherlands (the “Company”) presents the statement on the application of Warsaw Stock Exchange corporate governance rules. This statement is passed with reference to the consolidated annual report for financial year 2015, published on 29 March, 2016.

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**REPORT ON COMPLIANCE  
WITH THE WSE CORPORATE GOVERNANCE RULES**

**Dated 29 July 2016**

The Board of Directors of ASTARTA Holding N.V. (the “Company”) presents a report on the observance of corporate governance rules included in the “Best Practice for GPW Listed Companies 2016” (the “WSE Corporate Governance Rules”) to the form and extent determined by the Resolution of the Supervisory Board of the Warsaw Stock Exchange (the “WSE”) dated October 13, 2015, which came into force from January 1, 2016.

**1. The Rules of the WSE Corporate Governance Rules which were not observed by the Company**

The Company intended to observe all of the WSE Corporate Governance Rules, however some principles were observed only partially. Moreover, certain principles have applied to the Company accordingly, with due observance of Dutch corporate law and the Company's corporate structure, especially the single board structure as opposed to the two-tier system that the WSE Corporate Governance Rules assume. The Company does not have two separate governing bodies (supervisory board and management board) which are obligatory in Polish joint stock companies. Instead, the board of directors of the Company (the “Board of Directors”) performs both the management and supervisory functions. As a result, the Company has applied those principles of the WSE Corporate Governance Rules which refer to relations between supervisory board and management board not directly, but accordingly. In all cases, the Company has endeavored to create procedures maintaining the spirit of all principles applied accordingly. Therefore, the Company is of an opinion that it has complied with the rules of the WSE Corporate Governance Rules that refer to relations between supervisory board and management board or to the functioning of those bodies.

The Company is registered under Dutch law, and although it has intended to comply with all of the WSE Corporate Governance Rules, some of them were observed only partially, subject to provisions of Dutch law. This is as follows:

**I. Disclosure Policy, Investor Communications**

**I.Z.1.15.** *information about the company's diversity policy applicable to the company's governing bodies and key managers; the description should cover the following elements of the diversity policy: gender, education, age, professional experience, and specify the goals of the diversity policy and its implementation in the reporting period; where the company has not drafted and implemented a diversity policy, it should publish the explanation of its decision on its website.*

The Company does not have Diversity policy, as the separate document, however since 2007 year the Company has adopted Rules of the Board of Directors, which include Profile of the Board of Director, Resignation schedule for members of the Board of Directors and other documents regulating the Board of Directors' composition, decision making process, working method, allocation of powers and general functioning. Corporate documents of the Company don't contain the information in respect of gender or

age requirements to members of the Board of Directors as the main principles in engagement of Directors are their qualifications, experience and compliance with the independence criteria and principles of their past and current activity in other companies. The Company has consistently applied a policy whereby governing and managerial positions are filled by competent, creative individuals possessing the necessary experience and education.

## **II. Management Board, Supervisory Board**

**II.Z.3.** *At least two members of the supervisory board should meet the criteria of being independent referred to in principle II.Z.4. and II.Z.4. Annex II to the European Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board applies to the independence criteria of supervisory board members.*

*Irrespective of the provisions of point 1(b) of the said Annex, a person who is an employee of the company or its subsidiary or affiliate or has entered into a similar agreement with any of them cannot be deemed to meet the independence criteria. In addition, a relationship with a shareholder precluding the independence of a member of the supervisory board as understood in this principle is an actual and significant relationship with any shareholder who holds at least 5% of the total vote in the company.*

There is one independent Non-Executive Director in the Board of Directors. Moreover, our Executive Director B is also independent. However, the Company believed that due to its single board structure, it was not necessary to appoint more independent Non-Executives Directors. That composition of the Board of Directors allowed protecting properly interests of both minority and majority shareholders and ensured the transparency in functioning. However, if the Company considers that protection of shareholders' interests is not sufficient, another independent member of the Board of Directors will be immediately suggested to be appointed.

**II.Z.5.** *Each supervisory board member should provide the other members of the supervisory board as well as the company's management board with a statement of meeting the independence criteria referred to in principle II.Z.4.*

The Company has a one-tier board structure, managerial and supervisory duties are joined by the Board of Directors consisting of Executive and Non-Executive Directors. Non-Executive Directors perform supervising duties. Subject to Rules of the Board of Directors, at least fifty per cent (50%) of the total number of Non-Executive Directors shall be independent in the meaning provided in the Articles of Association of the Company. If the Company has a shareholder holding shares carrying more than fifty per cent (50%) of all voting rights at the General Meeting, then the Board of Directors shall consist of at least two independent Non-Executive Directors. As there are no shareholders holding more than fifty per cent (50%), the Company has one independent Non-Executive Director. The information in respect of profile of the Non-Executive Directors and their activity is set in corporate governance report which is the part of the annual report.

**II.Z.10.2.** *a report on the activity of the supervisory board containing at least the following information:*

- full names of the members of the supervisory board and its committees;
- supervisory board members' fulfilment of the independence criteria;
- number of meetings of the supervisory board and its committees in the reporting period;
- self-assessment of the supervisory board.

The Company has a one-tier board structure, there are Executive and Non-Executive Directors in the Board of Directors of the Company. The information in respect of the Non-Executive Directors and their activity is set in corporate governance report which is the part of the annual report.

## **IV. General Meeting, Shareholder Relations**

**IV.R.2.** *If justified by the structure of shareholders or expectations of shareholders notified to the company, and if the company is in a position to provide the technical infrastructure necessary for a general*

*meeting to proceed efficiently using electronic communication means, the company should enable its shareholders to participate in a general meeting using such means, in particular through:*

- 1) real-life broadcast of the general meeting;*
- 2) real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the general meeting;*
- 3) exercise of the right to vote during a general meeting either in person or through a plenipotentiary.*

The corporate documents of the Company provide that all the meetings take place where the company's registered office is situated, in the municipality Haarlemmermeer (Schiphol) or any other place within the Netherlands agreed upon by the Board of Directors. In a meeting held elsewhere, valid resolutions can only be taken if the entire issued capital is represented. The Company however supports its shareholders to exercise their voting rights by authorizing the company's proxies who are bound by instruction or a third party.

## **2. The functioning and the power of the General Meeting together with the rights of shareholders and the way of their execution**

The annual General Meeting shall be held within six months after the end of each financial year. The General Meetings may be convened by the Board of Directors, subject to the time limit stipulated in the Articles of Association. Shareholders that represent alone or in aggregate at least 10% of the issued share capital may, pursuant to the Dutch Civil Code, request that a General Meeting be convened. An extraordinary General Meeting can be held whenever the Board of Directors deems it necessary. The Board of Directors as well as shareholders and others entitled to attend the General Meeting that hold shares representing at least one hundred (1/100) of the issued capital may determine the items on the agenda of such meeting.

At the annual General Meeting shall consider the following matters:

- a written annual report prepared by the Board of Directors;
- an adoption of the annual accounts;
- the Company's reserves and dividend policy and any proposal to pay dividends;
- in connection with the adoption of the annual report, a formal release of the Board of Directors from legal liability under Dutch law for their business role over the previous year;
- an appointment and dismissal of Board of Directors' members;
- any proposals placed on the agenda by the Board of Directors or shareholders.

Unless otherwise required by the Articles of Association or Dutch law, all resolutions of the General Meeting shall in principle be adopted by an absolute majority of votes cast, unless it concerns certain explicitly described matter, in which case a super majority is required, which, amongst others, include:

- limitation or exclusion of pre-emptive rights or designation of the Board of Directors as the authorised corporate body to adopt a resolution on limitation or exclusion of pre-emptive rights;
- reduction of the Company's share capital; and
- approval of certain Board of Directors' resolutions.

Under the Articles of Association the General Meeting may only be held in the place where the Company's registered office is situated, in the municipality Haarlemmermeer (Schiphol) or any other place within the Netherlands agreed upon by the Board of Directors. In the event the General Meeting is held in other places, including places outside the Netherlands, valid resolutions can only be taken provided that the entire share capital is represented.

Holders of shares may take part in the General Meeting and vote in person, by a proxy attending the meeting in person or by mail by completing and returning the proxy. The Company will publish in Poland information of any General Meeting of Shareholders at least 30 days prior to the date of a given General Meeting, by filing with the Polish Financial Supervisory, the WSE a current report containing invitation to the General Meeting with agenda of the meeting and information on the proxy voting procedure. Also the

notice of each General Meeting shall be published on the Company's website. Invitation to the General Meeting, together with any accompanying documents, will be published in English on the website of the Company. No resolution of the General Meeting may be adopted on a matter not included in the agenda, except where the entire share capital is represented at the General Meeting. Under Dutch law there is no requirement that the content of draft resolutions which are to be adopted at the General Meeting must be disclosed. However, the Company will present draft resolutions that are to be adopted at the General Meeting within a proper period, not later than 7 days prior to the date of the General Meeting, by way of a current report.

A natural or legal person that may be appointed by the shareholders to act as a proxy for the purpose of voting at the General Meeting and that will be given a voting instruction shall be indicated by the Company in the invitation to the General Meeting. The voting instruction card should be accompanied by a depository certificate issued by the broker or custodian maintaining the securities account on which the shares held by such voting shareholder are registered. The depository certificate should contain, *inter alia*, the name of the shareholder, the number of shares held, as well as a statement of the broker or the custodian that the shares will have been blocked in the securities account until the date of the General Meeting indicated in the current report containing the invitation to the General Meeting. It is an additional option for a shareholder to appoint a proxy indicated by the Company. Each shareholder may take part in the General Meeting personally or may as well appoint its individual proxy. The shareholder may as well on each occasion both before and in the middle of the General Meeting revoke the authorisation given to the proxy indicated by the Company. The proxy indicated by the Company will follow the voting instructions of a shareholder as an individual proxy of each shareholder that has granted the authorization to him. The shareholder may also send the voting instruction card or abstain from voting in particular resolutions. Abstentions will be excluded from the vote, but they will count for purposes of determining whether a quorum is present. The proxy may be revoked at any time prior to its exercise by mailing or personal delivery of a revocation notice to the address indicated in the invitation to the General Meeting, provided that the revocation notice is received at least two business days prior to the General Meeting. The proxy as well should receive the revocation notice. A shareholder may also revoke the voting instruction by voting in person at the General Meeting. In the event that during the General Meeting the content of a draft resolution has been changed, the proxy will vote in a manner which, in his/her opinion, is the closest to the intentions of the principal. If due to mistake or malicious intentions a proxy while voting on behalf of the shareholder does not follow the shareholder's instruction, such vote will be valid and the shareholder may demand the redress of a damaged from such a proxy. Even though the Company designated a proxy, a shareholder may attend the General Meeting and vote on it by itself.

The shareholders may request a copy of the invitation to the General Meeting, together with any accompanying documents, free of charge, by sending a request to the Investors Relations Office of the Company at its registered office.

#### *Voting rights*

At the General Meeting, each share confers the right to cast one vote. Each shareholder is entitled to attend the General Meeting either in person or through a written proxy, and to address such meeting and exercise voting rights, in accordance with the Articles of Association.

A shareholder shall have the right to vote shares that are subject to a right of usufruct (*vruchtgebruik*) or a right of pledge. The usufructuary or the pledgee shall, however, have the right to vote shares if so determined upon the establishment of the usufruct or pledge.

#### *Pre-emptive rights*

Each holder of shares shall have pre-emptive rights to subscribe for any issue of shares pro rata to the aggregate amount of such holder's existing holding of the shares. Each holder shall, however, have no pre-emptive right on shares issued for a non-cash contribution. In addition, each shareholder shall have no pre-

emptive right with respect to shares issued to the Company's or its subsidiaries' employees or to a person who exercises a previously acquired right to subscribe for shares.

Pre-emptive rights may be restricted or excluded by a resolution of the General Meeting, or by the Board of Directors if so delegated. This shall apply mutatis mutandis to the granting of rights to subscribe for shares, but shall not be applicable to the issue of shares or persons exercising a previously granted right to subscribe for shares.

If the Company decides to issue new shares in the future and does not waive the pre-emptive rights of existing shareholders then the Company will publish the decision by placing an announcement on its website. In addition, the decision will be published in Poland as a current report filed with the Polish Financial Supervisory Authority, the WSE. The announcement will specify the period in which the pre-emptive right may be exercised. Such period may not be shorter than two weeks from the day of publication on the website. Dutch law does not provide for any procedure for determining the pre-emptive right exercise date and such date is always defined in the relevant resolution on the issue of shares. The Company will agree upon the draft resolution regarding issue of new shares, which will be offered as a result of the exercise of pre-emptive right, with the National Deposit of Securities (the "NDS") and the WSE. The announcement will also specify the details regarding procedure for exercise of the pre-emptive rights. The pre-emptive right is exercised by placing an order with the Company and paying for the newly issued shares. If the Company decides to apply for admission of newly issued shares to trading on a regulated market in Poland then the pre-emptive rights will be exercised, and the payment for new shares will be made, in accordance with the rules of the WSE and of the NDS. Under Dutch law pre-emptive rights are transferable and tradable property rights.

#### *Dividends*

Each year, the Board of Directors shall determine which part of the Company's profits for the year, if any, shall be placed in a reserve account. The remaining profits, if any, shall be available to the General Meeting for distribution as dividend on the shares or be further added to the reserves or for such other purpose within the objects of the Company as the meeting shall decide.

Distributions to shareholders may only be made insofar as the shareholders' equity exceeds the sum of the paid up and called up share capital and the reserves required to be maintained by applicable law and the Articles of Association. Any distribution of profit through a dividend may only be made after the adoption of the financial statements by the General Meeting.

The General Meeting may decide to announce one or more interim dividend, as permitted under applicable law and our Articles of Association. The General Meeting may decide that a dividend distribution shall be made wholly or partly in the form of the Company's shares.

Distributions are payable as of the date determined by the General Meeting or else immediately upon declaration. Distributions that have not been claimed within five years as from the date that they have become available shall lapse in favour of the Company.

It is expected that the dividends (if any) will be paid through the NDS. The Company will transfer the dividend, less the tax due under Dutch law, to the NDS on the dividend payment date. The NDS will pay that amount to the accounts of its members (investment firms and custodians) that will then pay the dividend directly to the shareholders. The funds will be payable in EUR or in PLN. The NDS will distribute successive dividends (if any) in accordance with the regulations prevailing on the Polish capital market.

#### *Challenging resolutions of the General Meeting*

Under Dutch law and the conflict of law rules, a resolution of the general meeting of shareholders of a Dutch company may only be appealed to a Dutch court in accordance with the Dutch company and civil proceedings law.

Pursuant to Dutch law, a resolution of the general meeting of shareholders may be appealed by each shareholder regardless of the number of shares held by him, if the resolution is (i) in conflict with the statutory law, provisions of the articles of association on the proceedings for taking resolutions, (ii) in conflict with principles of reasonableness and fairness as set forth in Art. 2.8 of the Dutch Civil Code; or (iii) in conflict with the internal regulation of the company itself (*inter alia* the articles of association). Art. 2.8 of the Dutch Civil Code includes a general clause which appeals for the exercise of corporate rights and obligations in compliance with principles of reasonableness and fairness.

The appeal should be filed with a district court having jurisdiction over the relevant company's seat within the period of one year starting from a day of the publishing of such a resolution. In case of the Company the competent court is the District Court of Amsterdam, the Netherlands. The plaintiff should show a legal interest in appealing against resolution. Under Dutch civil proceedings rules, the appeal should be filed in the Dutch language and should be signed by an attorney qualified to practice in the Netherlands. Generally, the appeal will be subject to court fees. If the court finds in favour of the appealing shareholder than the resolution will be nullified (*vernietigd*).

Similarly, under Dutch law each shareholder also has a right to appeal any action of other governing bodies (*i.e.* the Board of Directors) on the same grounds as specified above. The same appeal procedure will apply.

#### *Liquidation Rights*

In the event of the dissolution, the Company must be liquidated according to applicable Dutch law. During liquidation, the Articles of Association shall remain in force insofar as possible. The balance of equity remaining after the payment of debts (and the cost of liquidation) shall be distributed to the shareholders pro rata to the aggregate amount of shares held by each shareholder.

### **3. Composition and functioning of the Company's Board of Directors.**

#### *Composition of the Board of Directors*

As of the date of this report, the Company's Board of Directors consists of five Directors.

<b>Name</b>	<b>Position</b>
Viktor Ivanchyk	Executive Director A, Chief Executive Officer
Viktor Gladky	Executive Director A, Chief Financial Officer
Marc van Campen	Executive Director B, Chief Corporate Officer
Valery Korotkov	Non-executive Director C, Chairman of the Board of Directors
Wladyslaw Bartoszewski	Non-executive Director C, Vice-Chairman of the Board of Directors

The Board of Directors is required to consist of at least one executive director A, one executive director B and one non-executive director C. All members of the Board of Directors may be appointed and/or dismissed by the General Meeting. Also the General Meeting shall determine the number of Directors.

The Directors shall be appointed by the General Meeting for a maximum period of four years, it being understood that this maximum period of appointment expires no later than at the end of the following

general meeting of shareholders to be held in the fourth year after the year of appointment, unless the General Meeting resolves otherwise. Reappointment is possible on each occasion for a maximum period of four years as mentioned above, whereby the Non-Executive Directors may be reappointed with a maximum of three times.

#### *Functioning of the Board of Directors*

The Board of Directors as a whole is charged with the Company's management. The Board of Directors may charge the Executive Director(s) A with the operational management of the Company, the preparation of the decision-making process of the Board of Directors and the implementation of the decision taken thereby. The Executive Director(s) A may subsequently determine which operational duties will be carried out by the Executive Director(s) B. The Non-Executive Director(s) is charged with the supervision of the general policy and the fulfillment of duties by the Executive Directors and the general affairs of the Company.

Under the Articles of Association, the Board of Directors' decision must be approved by the General Meeting when they relate to, amongst others, the following matters:

- a transfer of the business of the Company to a third party;
- a termination of any long-term co-operation of the Company with another legal entity or company or as a fully liable partner in a limited or general partnership if such co-operation or termination is of far-reaching significance to the Company;
- an acquisition or disposal by the Company or by a subsidiary of the Company of a participation in the capital of another company with a value of at least one third of the amount of the assets according to the balance sheet in the most recently adopted annual accounts of the Company.

Only natural persons can be Non-Executive Directors. At least fifty per cent (50%) of the total number of the Non-Executive Directors should be independent from the Company, the shareholders of the Company and the other Directors. Such independent Non-Executive Director may therefore not be:

- an officer, employee or agent of the Company;
- a director, officer, employee or agent of any affiliated company or enterprise;
- a shareholder holding more than one per cent (1%) of all voting right in the Company;
- a director, officer, employee or agent of any shareholder holding more than one per cent (1%) of all voting right in the Company.

If the Company has a shareholder holding shares carrying more than fifty per cent (50%) of all voting rights, then the Board of Directors should have at least two independent Non-Executive Directors.

The Board of Directors shall have at least two meetings each year, to be held where the Company's registered office is situated, in the municipality Haarlemmermeer (Schiphol), the Netherlands, in Kyiv, (Ukraine); in Warsaw, (Poland), in London, (the United Kingdom) or any other place within the Netherlands agreed upon by all Directors. The Board of Directors shall meet as often as a Director requests a meeting. The Board of Directors may also hold meetings and cast votes by way of a teleconference, provided that all Directors are participating in such teleconference, all Directors agreed to participate in the teleconference and they are capable of instant hearing, and speaking to, every Director during the teleconference. The result of the vote shall be recorded in writing and signed by at least two Directors. An Executive Director may authorize another Executive Director to represent him at such meeting by means of a written proxy. Non-executive Directors cannot be represented in this manner.

Without prejudice to the provisions laid down in the Company's Articles of Association, the Board of Directors may adopt rules and regulations setting out – inter alia – the procedure for meetings, the decision-making procedures it will follow, its own working methods and allocation of powers, subject to the approval of the General Meeting. These rules should be clear and generally available. All resolutions of the Board of Directors shall be passed by an absolute majority of the votes cast, provided that the following resolutions shall only be passed by an absolute majority of the votes cast whereby the majority of the Non-

Executive Directors votes in favor of the proposal in a voting in which all Non-Executive Directors are participating, regarding:

- performances of any kind by the Company and any entities associated with the Company in favour of members of the Board of Directors;
- the consent to the execution by the Company or a subsidiary of a key agreement with an entity associated with the Company, a member of the Board of Directors, or with their associated entities; and
- the appointment of an auditor to audit the Company's financial statements, if the General Meeting has failed to do so.

Each Director shall have a single vote. If the vote is tied, the proposal shall be deemed to have been rejected. The Board of Directors shall also be empowered to take decisions outside the meeting if all Directors have stated in writing that they agree to the proposal concerned. The result of the vote shall be recorded in writing.

The Company shall be represented by the Board of Directors. The authority to represent the Company shall also be vested in one Executive Director A and one Executive Director B acting jointly. The Board of Directors shall be empowered to appoint officials with general or limited powers of representation. Each such official shall represent the Company with due observance of the limitations imposed on his powers. The Board of Directors shall determine the titles of such officials.

If a Director is absent or unable to act, the remaining Director(s) shall be temporarily charged with the entire management of the Company. If the sole Director is or all Directors are absent or unable to act, a person appointed by the General Meeting yearly shall be temporarily charged with the management of the Company.

#### **4. The description of main features of the internal audit and risk management systems in respect to the process of financial statements preparation.**

The internal control and audit system is an integral part of corporate management. This system allows ensuring the efficiency of the Company's and its group operations and supports the interests of its shareholders and investors.

International Standards for the Professional Practice of Internal Auditing determine the following segments of the Company's activities as being subject to the assessment of risks, adequacy and efficiency of control:

- achievement of the organisation's strategic objectives;
- reliability and authenticity of information on financial and economic operations;
- profitability and efficiency of economic activities;
- preservation of assets;
- compliance with laws, regulatory acts, and contractual obligations.

All of the aforementioned segments imply the use of the accounting data of the business. Thus, maintaining a sound accounting and reporting system is crucial for performing an internal audit and setting the risk management procedures and internal control system of the Company's group (the "Group").

Therefore, it was recommended by the Audit Committee that specialists of the internal audit department closely participate in introducing IFRS accounting procedures at the Group's subsidiaries. This will facilitate the improvement of accounting and reporting procedures, set a system of internal controls and determine the operations that require focusing the most on managing risks.

The instruments of control include policies, procedures and activities meant to ensure the attainment of the goals and tasks set and keeping risks within the limits set.

Implementation of IFRS accounting procedures at the Group's subsidiaries ensures, most importantly, the reliability of financial and managerial reporting, as well as the efficiency of controls that rely on accounting data (budget control, investment project monitoring, asset integrity control, control of settlements with clients, suppliers, contractors, etc.).

Another priority for the internal audit department is the facilitation and control of the consolidated financial reporting during conducting audit engagement. The requirements with respect to financial statements of companies listed on stock exchanges grow constantly. Thus, the preparation and presentation of accurate and timely financial information used by both the Group's management and external parties is a key task requiring from the Group a high level of IT infrastructure development.

Therefore, the internal audit department initiated a project for the automation of consolidating the Group's financial data, the implementation of which will reduce the time required to compile the Group's consolidated financial statements to decrease the level of complexity of the existing procedures.

The principal goal of an internal audit is perfecting the Company's operations, thus advantaging the business and increasing its value. The implementation of the aforementioned projects complies with this goal. Also, the fulfillment of these tasks further underlines the important role of the internal audit department, not only in corporate management, but in the day-to-day operation of the Group.

The Company realizes that transparency of the accounting, finance reporting and internal controls implies the transparency of the business itself which, correspondingly, contributes to growing the business' value and raising investor interest in it.

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Legal grounds: § 29 of the Warsaw Stock Exchange Rules

SIGNATURES OF INDIVIDUALS AUTHORIZED TO REPRESENT THE COMPANY:

Date:	Name:	Title:	Signature:
29-07-2016	Viktor Ivanchyk	Proxy	Viktor Ivanchyk