

**Resolution No. 30/X/2017  
of the Supervisory Board of Impel S.A.  
of 20 April 2017**

*on the approval of the Supervisory Board's Report on the examination of the Directors' Report on the operations of Impel S.A. and the Company's financial statements for the fiscal year 2016 and the Management Board's proposal concerning the distribution of profit for the year 2016.*

**Acting pursuant to Art. 382.3 of the Polish Code of Commercial Partnerships and Companies and Art. 19.2.1 and Art. 19.2.2 of the Company's Articles of Association:**

§1

- 1. The Supervisory Board endorses the Financial Statements of Impel S.A. for the period from 1 January to 31 December 2016 together with the Independent Auditor's Opinion and Independent Auditor's Report on the Audit of the Financial Statements for the Fiscal Year from 1 January 2016 to 31 December 2016, including:**
  - a) statement of financial position prepared as at 31 December 2016, disclosing the total of assets and equity and liabilities of PLN 301,992 thousand,
  - b) statement of comprehensive income for the period from 1 January 2016 to 31 December 2016, disclosing the comprehensive income of PLN 18,700 thousand,
  - c) statement of changes in equity for the period from 1 January 2016 to 31 December 2016, disclosing an increase in equity of PLN 34,526 thousand,
  - d) statement of cash flows for the period from 1 January 2016 to 31 December 2016, disclosing a decrease in net cash of PLN 22,717 thousand,
  - e) notes to financial statements.
- 2. The Supervisory Board endorses the Directors' Report on the operations of Impel S.A. for the period from 1 January 2016 to 31 December 2016.**
- 3. The Supervisory Board confirms the auditor's findings that the audited financial statements of Impel S.A. in all crucial aspects present reliably and clearly all information relevant for assessing the financial result of business activities for the period from 1 January 2016 to 31 December 2016 as well as the financial position of the audited Company as at 31 December 2016, have been drawn up in accordance with the International Financial Reporting Standards, which have been approved by the European Union, and on the basis of properly maintained accounting records and are consistent with the regulations governing the preparation of financial statements and the provisions of the Company's Articles of Association that affect the form and content of the financial statements.**
- 4. The Supervisory Board informs the General Shareholders Meeting of Impel SA that the financial statements of Impel S.A. cannot be the sole basis for assessing financial position of the Company, which is the Parent Undertaking of Impel Group. In addition to the financial statements of Impel S.A., the Company prepared the consolidated financial statements of Impel Group, for which it is the Parent Undertaking.**

§2

The Supervisory Board endorses resolution No. 20/2016 of the Management Board of Impel S.A. of 28 February 2017 on the distribution of profit for 2016, whereby Management Board recommended that the entire net profit for 2016 be allocated to reserve capital with no dividend paid.

§3

- 1. The Supervisory Board requests the approval of the above-mentioned reports and statements by the General Shareholders Meeting.**
- 2. The Supervisory Board requests the approval by the General Shareholders Meeting of the distribution of net profit in accordance with the provisions of Art. 2 herein.**

The Resolution becomes effective upon its adoption.

**Resolution No. 31/X/2017  
of the Supervisory Board of Impel S.A.  
of 20 April 2017**

*on the approval of the Supervisory Board's Report on examination of the Directors' Report on the operations of Impel Group and of the Group's consolidated financial statements for the fiscal year 2016.*

**Acting pursuant to Art. 6.2.6.11 of the Rules of Procedure for the Supervisory Board in conjunction with Art. 395.5 of the Polish Code of Commercial Partnerships and Companies and Art. 63.c.4 of the Accounting Law:**

§1

1. **The Supervisory Board endorses the Consolidated Financial Statements of Impel Group for the period from 1 January 2016 to 31 December 2016 together with the Independent Auditor's Opinion and Independent Auditor's Report on the Audit of the Consolidated Financial Statements for the Fiscal Year from 1 January 2016 to 31 December 2016, including:**
  - a) consolidated statement of financial position prepared as at 31 December 2016, disclosing the total of assets and equity and liabilities of PLN 978,292 thousand,
  - b) consolidated statement of comprehensive income for the period from 1 January 2016 to 31 December 2016, disclosing the comprehensive income of PLN 24,147 thousand,
  - c) consolidated statement of changes in equity for the period from 1 January 2016 to 31 December 2016, disclosing an increase in equity of PLN 3,896 thousand,
  - d) consolidated statement of cash flows for the period from 1 January 2016 to 31 December 2016, disclosing an decrease in net cash of PLN 3,322 thousand,
  - e) notes to financial statements.
2. **The Supervisory Board endorses the Directors' Report on the operations of Impel Group for the period from 1 January 2016 to 31 December 2016.**
3. **The Supervisory Board confirms the auditor's findings that the audited consolidated financial statements in all crucial aspects present reliably and clearly all information relevant for assessing the financial result of business activities for the period from 1 January 2016 to 31 December 2016 as well as the financial position of the audited Group as at 31 December 2016, have been drawn up in accordance with the International Financial Reporting Standards, which have been approved by the European Union, and are consistent with the regulations governing the preparation of financial statements that affect the form and content of the financial statements.**

§2

**The Supervisory Board requests the approval of the above-mentioned reports and statements by the General Shareholders Meeting.**

The Resolution becomes effective upon its adoption.

**Resolution No. 32/X/2017  
of the Supervisory Board of Impel S.A.  
of 20 April 2017**

*on the approval of the Supervisory Board's Report on the supervision of the Company together with a brief assessment of the Company's situation, taking account of the internal control and risk management systems, compliance and internal audit as well as the way rules of the corporate governance information obligations are fulfilled by the Company*

**THE SUPERVISORY BOARD'S REPORT ON EXERCISING THE SUPERVISION OVER THE OPERATIONS OF IMPEL S.A., INCLUDING A BRIEF ASSESSMENT OF THE COMPANY'S STANDING AND EVALUATION OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS, COMPLIANCE AND INTERNAL AUDIT AS WELL AS THE WAY RULES OF THE CORPORATE GOVERNANCE INFORMATION OBLIGATIONS ARE FULFILLED BY THE COMPANY**

**I. OPERATIONS OF THE SUPERVISORY BOARD IN 2016.**

The Supervisory Board of Impel S.A. operates pursuant to the provisions of the Polish Code of Commercial Partnerships and Companies, the Company's Articles of Association, and the Rules of Procedure for the Supervisory Board of Impel S.A. Pursuant to the Articles of Association, the Supervisory Board consists of at least five and not more than nine members.

In 2016, as well as in 2015, the Supervisory Board of Impel S.A. operated with the following composition:

- Professor Krzysztof Obłój – Chairman of the Supervisory Board,
- Dr Andrzej Malinowski – Vice-Chairman of the Supervisory Board,
- Edward Laufer – Secretary of the Supervisory Board,
- Piotr Urbańczyk,
- Piotr Pawłowski,
- Józef Biegaj.

In 2016, the Board held 4 meetings and adopted 18 resolutions. The meetings of the Supervisory Board were focused on control and supervision over the Company's current activities. The Supervisory Board gave opinions on current and planned activities of the Company on the basis of documents and information submitted by the Management Board. As in previous years, the Supervisory Board's priorities included:

- fulfilment of the statutory obligations of corporate supervision – in particular, assisting the Management Board in market analysis, formulation of a plan for further development, and formulation of strategic objectives of the Management Board,
- support for the Management Board in setting business priorities and financial plans – the Supervisory Board approved Impel Group's Financial Plan for 2016 and conducted ongoing analysis of its implementation;
- analysis of financial performance and cost structure of Impel S.A. and individual companies of Impel Group, as well as the results isolated within the composition of the Group, Business Units, and Product Lines.

In 2016, the operations of the Supervisory Board included:

- re-organisation of Impel Group and different allocation of responsibilities between members of the Management Board;
- analysis of the market and competitors in terms of challenges they pose for the implementation of the Group's strategy;
- analysis of valorisation of contracts, quality of service and customer satisfaction;
- analysis of the operation of business units and product lines;
- analysis of the integration of units after acquisition
- analysis of implementation of key business projects and investments;

- analysis of the Group's companies which have not reached the assumed results and potential strategies of disinvestment;
- analysis of the dynamics of business risks
- policies and costs of sponsoring;
- communication process and implementation of disclosure obligations resulting from the public nature of Impel S.A.;
- evaluation of financial statements and reports on operations – the Supervisory Board assessed the financial statements of Impel S.A. and Impel Group and the Management Board's Reports on operations of the Company and the Group in 2016
- giving opinion on the matters submitted to the General Shareholders Meeting for consideration – the Supervisory Board gave an opinion on the agenda and the draft resolutions of the Ordinary General Meeting of Impel S.A.

In 2016, the Supervisory Board appointed its Audit Committee with the following composition:

- Piotr Urbańczyk – Chairman of the Committee,
- Edward Laufer – Member of the Committee,
- Józef Biegaj – Member of the Committee.

The Audit Committee met several times with the Independent Auditor of the Group to discuss:

- results of the semi-annual review of the report for the 1st half year 2016;
- results of examination of the financial statements and
- issues identified during audit of annual financial statements.

The Audit Committee analyzed organization of internal functions: internal control, internal audit, risk of lack of compliance in the Group. As part of this process, the Committee met with the Group's persons responsible for preparing financial statements, internal checks, management controlling and risk management.

The Audit Committee reviewed the process of financial reporting within the Group, analyzed the map of risks for 2016; it checked Impel S.A.'s performance of reporting obligations as a company listed on WSE and analysed judicial proceedings and disputes with the local Social Insurance Authority and Tax Inspection Authority.

Beside the Supervisory Board's Audit Committee, in 2016 there was no other committee within the body.

## **SELF-ASSESSMENT OF THE SUPERVISORY BOARD AND OPINION ON INDEPENDANCE OF ITS MEMBERS**

While meeting, the Board conducts informal self-assessments, having internal discussions and exchanging opinions with the Management Board. In 2015, the Board used formal system of self-assessment and in 2016, they performed less formal assessment, focusing on issues related to scope of supervision and support offered to the Management Board in the process of restructuring.

Assessment of independence of Members of the Supervisory Board is a real challenge, since it is not about formal issues only. Formally, according to criteria of independence of supervisory board members as referred to in Attachment 2 to European Commission Recommendation of 15 February 2005 2005/162/CE on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board, no Member of the current Board is independent. Non-compliance with independence criteria by one Member of the Board results from his connection with the Company by its shareholding structure (Mr Józef Biegaj), and the remaining members perform their duties in the Board for more than three successive terms.

Members of the Supervisory Board of Impel S.A. appointed for 10th term by the Ordinary GM on 25 April 2015, despite non-compliance with formal criteria of independence of supervisory board members as referred to in Attachment 2 above, are in their opinion independent and supervise the transparency of the Company's operations, proper protection of the interest of its shareholders and performance of supervisory activities in the Company.

## **II. BRIEF ASSESSMENT OF THE COMPANY'S SITUATION, TAKING ACCOUNT OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS, COMPLIANCE AND INTERNAL AUDIT FUNCTION.**

### **1. COMPANY'S FINANCIAL SITUATION AND MARKET POSITION**

In the opinion of the Supervisory Board, at the end of 2016, the situation of Impel S.A. and Impel Group was positive. There are no risks as a going concern for the Company or its Group. However, the Board and the Management Board indicate that from the business point of view, the year 2016 was difficult and 2017 and next years will be even tougher for all players on the outsourcing services market. Business environment is more and more complicated and less and less stable. Legal provisions on increased minimum salary, hourly rates and conditions of public tenders, etc. are evolving very quickly and unpredictably. Contracts are still being re-negotiated and revalorised. Moreover, nowadays supervising authorities take more determined action against business entities. Frequency and direction of the changes make it difficult to predict how customers and providers will adapt to the new and tough economic conditions. This will require the Group to pursue a very flexible strategy and to constantly adapt to new rules.

#### **COMPANY'S FINANCIAL SITUATION:**

##### Operating activities

Revenue from sales and subsidies amounted to PLN 2,066,629 thousand and was higher by PLN 215,312 thousand, i.e. by 11.63% as compared to 2015. The result on sales amounted to PLN 39,964 thousand despite the changes in 2016 related to labour costs, charging civil law contracts with social insurance costs and increase in minimal salaries. Profitability on sales expressed as the ratio of the result on sales to revenues from sales and subsidies decreased from 2.68% in 2015 to 1.93% in 2016. Other operating revenues amounted to PLN 19,746 thousand and decreased by PLN 7,013 thousand, i.e. by 26.21% as compared to 2015, while other operating expenses significantly decreased by PLN 10,454 thousand, i.e. from 28,248 thousand in 2015 to PLN 17,794 thousand. Such economic relations caused deterioration of the result on operating activities by PLN 6,141 thousand as compared to 2015. The effect of other operating activities increased the result which at the operating level totalled PLN 41,916 thousand.

##### Net result

Financial activity decreased the financial result by PLN 15,099 thousand, i.e. by PLN 391 thousand more compared to 2015. The gross result, taking into account the financial activity, amounted to PLN 26,817 thousand. This result was subject to income tax of PLN 2,199 thousand. Impel Group ended the year 2016 with the net result of PLN 24,712 thousand, just as in 2015. Net profit per the Dominant Undertaking shareholder amounted to: PLN 20,016 thousand.

In the opinion of the Supervisory Board, taking into account the lower net profit and concurrent increased revenue, the Supervisory Board notices the need for ongoing monitoring of profitability and cost levels and structure so that the Group does not lose its ability to generate stable positive financial results. In particular, the Supervisory Board advised the Management Board to prioritize improvement of margins on contracts and to avoid accepting contracts that were becoming virtually unprofitable as a result of price wars in the various market segments (especially the segments dominated by public tenders or very high bargaining power of purchasers).

##### Financial cash flows and liquidity

In 2016, the operations of the Group resulted in an increase in net cash by PLN 3,322 thousand. Net cash flows from operating activity totalled PLN 28,454 thousand and were lower as compared to 2015 by PLN 40,525 thousand. Investing activities caused a reduction in cash by PLN 26,350 thousand, PLN 2,225 thousand more as compared to 2015, when the activity had totalled PLN 24,125 thousand. In 2016, financial activities decreased cash by PLN 5,419 thousand. The contracted loans and credits provided PLN 83,499 thousand. At the same time, expenditures amounted to: PLN 88,918 thousand, in particular credits and loans of PLN 44,529 thousand were paid, a dividend of PLN 12,865 thousand was paid, and interest and leasing agreement obligations of PLN 21,164 thousand were paid.

### Balance sheet structure

The share of equity in financing of total assets decreased at the end of 2016 (from 35,2% to 32,6%). Non-current assets were fully financed with non-current components of the financing structure such as equity, reserve funds and non-current liabilities. Share of current assets in asset structure increased compared to non-current assets.

In 2016, the company used short-term financing to a greater extent. That situation resulted predominantly from the increased demand for current assets being the result of sales revenue growth. Working capital expressing the difference between current assets and current liabilities is positive and amounts to PLN 67,457 thousand as at 31 December 2016.

In 2016, the net debt rose by PLN 40,1 thousand, i.e. 20,9%. It is a positive result given the rise of sales and subsidies by 11,63%.

### Dividends

In 2017, the Management Board decided to recommend the Supervisory Board and the Ordinary General Meeting of the Company not to pay any dividend from 2016 profit. While deciding whether to pay dividends or not, the Management Board takes into consideration the current financial situation of the Company and its Group, including their ability to keep sufficient financial liquidity, as well as its development plans. The Supervisory Board supports the position of the Management Board.

## **COMPANY'S MARKET SITUATION:**

The Company operates on a very competitive and demanding market of services which has entered the most turbulent phase for years, both in business and public sectors. Many legal regulations are being concurrently and significantly modified, in particular those regarding minimal rates, minimal salaries, employment contracts and public tenders. As a result, current contracts with most of the contractors and employment conditions must be changed. Due to increased prices of external services, some entities start to use insourcing, other still seek for the cheapest vendors, offering rates lower than legally acceptable via public tenders. At the same time, controls increased in number and intensity. Many controls are related to VAT calculation, labour law and employment contracts used in the past. Neither criteria nor scope of such controls applied by the controlling authorities are clearly specified. This applies to all business entities, in particular those operating on a large scale, who use temporary labour force and temporary contracts.

The Group tries to proactively react to those risk and challenges by putting in place and implementing the project of restructuring which changes the way product lines and areas cooperate. The Group implements strategic projects (supported by consulting companies), undertakes revalorisation activities (related to amended provisions on increased remuneration rates and charging civil law contracts with social insurance costs), introduces innovating products to make the Group's offer more attractive to contractors and modifies employment conditions. Impel Group has always operated with flexibility and has been always keen to evolve, but it seems that never before was the Group forced to implement so many changes at a one time, requiring from managers the highest expertise and full focus.

## **2. INTERNAL CONTROL SYSTEM**

### Internal control.

The system of internal control is based primarily on supervision performed by superiors in accordance with the organizational structure of the group. Depending on the business decisions to be taken, their type, and value, the decision-taking level of the organizational structure increases. The quality of control is strengthened by SAP, an integrated IT system.

The Corporate Management Board of Impel Group is responsible for maintaining effective systems of internal control, risk management, compliance and internal audit in the Group.

The internal control system includes:

- Procedures for giving authorizations and their management
- Procedures for acceptance of financial expenses
- Systems of management registration

- Accounting procedures

The process of managing user authorizations and the roles within authorizations in SAP in Impel Group is provided for in the procedure "Managing user authorizations in SAP". The procedure relates to all Group's companies using the System in their operations. Performance of the procedure is supervised by the Management Board's Proxy for Impel Group IT.

#### Preparation of financial statements

The system of internal control and its effectiveness in the process of preparation of financial statements is the responsibility of the Corporate Management Board (the Management Board of Impel S.A.).

In the process of financial reporting the Company's effective internal audit and risk management systems operate by way of:

- rules set down in the Impel Group's internal procedures and the scope of reporting, accountability in respect of drawing up periodical reports and financial statements, including assurance of their quality and correctness, approval and publication;
- regular reviews of the published financial statements by an auditor.

**With respect to financial reporting, one of the primary elements of control of the process of drawing up and assuring correctness of the published financial statements is their verification by an independent external auditor. Semi-annual and annual reports of the Group's undertakings are subject to evaluation by an auditor. The financial statements of the Group's major undertakings for the year 2016 were audited by Ernst&Young Audyt Polska Sp. z o.o. S.K. based in Warsaw.**

The books of accounts of the Group's respective undertakings are kept by Impel Business Solutions Sp. z o.o., which provides accounting and bookkeeping services for Impel S.A. and other Group's undertakings. The books of accounts are kept in the integrated IT system, based on accounting principles adopted by Impel Group and International Accounting Standards (IAS). When preparing financial statements, a uniform tool format is used, also for calculating taxes (CIT and VAT). Depending on nature and value of transaction, the rule of double (and sometimes triple) checking of posted business transactions is used and the uniform accounting procedures used for posting identical business transactions are implemented. Reporting packets are verified by auditors examining the Group's companies.

### **3. RISK MANAGEMENT SYSTEM**

The Corporate Management Board (Management Board of Impel S.A.) is responsible for managing risk relevant for Impel Group, whereas at the level of Business Units (FM and BPO) such responsibility is assumed by their respective Management Boards. As part of building Impel Group's strategy, the following main areas of risk were diagnosed. These areas generally have not changed as compared to the previous years.

Commercial risk – including a threat of selling contracts with too low margins, which would not ensure a satisfactory profitability and risk of terminating contracts due to their revalorisation. Currently, the Vice-President of the Management Board - Commercial Director is responsible for monitoring this area and taking relevant steps. In connection with the adopted strategic priorities for the Group's development in 2017, the Group wants to continue sales growth and, concurrently, to improve the profitability through synergies, new technologies, new segments and new markets.

Operating risk – including a risk of incurring costs which are higher than those anticipated in calculations for contracts, as a result of e.g. price and wages rises during the execution of the contract. Monitoring and minimising this type of risk is the responsibility of the Vice-Presidents of the Management Boards for FM and BPO. The Group operates on the basis of the approved budget. In the course of a year, the Management Board analyses current financial results comparing them to the adopted budget, making use of the management reporting employed in the Group.

Financial risk – threats connected, among others, with ensuring the funds for Impel Group's operation and development and the safe liquidity ratios. Monitoring and counteracting of this type of risk is assigned to the Vice-President of the Management Board responsible for Finance of Impel S.A as part of a centralised position in the Finance Office. At the level of Impel S.A. the financial functions are performed by a dedicated Financial Centre.

Tax risk – the Group has a business entity Accounting Audyt Partner Sp. z o.o. S.K.. Tax advisors supervise tax policy of the Group and its modification to current needs. They also conduct fiscal audits to verify tax risks of the Group, policy of transfer prices in the Group, and take other actions to keep to risk strategies. The whole area is supervised by the Vice-President of the Management Board responsible for Finance of Impel S.A.

Risk inherent in human resources management – the area is managed by Vice-President for HR. The risk related to this area relates mainly to acquisition and maintenance of employees and their development, under doubled pressure conditions. On one hand, the minimum wages and pay expectations are increasing, and on the other hand, the company has to maintain the strictest pay discipline, as personnel expenses are the main costs, and the pressure to reduce prices for services does not relent.

Legal risk – changes in the legal environment, in particular with regard to effective costs of labour, have a significant impact on the functioning of the Group. The Legal Department monitors legislative changes informing in advance other - in particular operational – departments of the possible changes of the applicable laws in order to prepare for such changes.

Investment risk – including threats related to the investment process and acquisitions. The Investment Committee operates in Impel S.A., which analyses significant investments and provides advice on them.

MAR Risk – including risks related to newly introduced European Union-wide Market Abused Regulations which apply to Market abuse and new reporting obligations and for which practice is not established yet.

The Group operates on the basis of the budget prepared under the direction of the Management Board of Impel S.A. The budget for each subsequent year is approved annually by the Management Board of Impel S.A. and presented to the Supervisory Board. Due to ever-changing market, first, the Supervisory Board analyses the provisional budget, and then they approve the final budget in the course of a year. In the course of a year, the Management Board analyses current financial results by comparing them against the approved budget, using the management reporting system adopted in the Company. Upon each calendar month closing, middle-level and senior managers, supervised by the Member of the Management Board, at the end of each calendar month analyse the Company's financial results in comparison with budget assumptions.

The above risks are identified and monitored during the process of development and verification of the Impel Group's strategy. To assess risks, the Group uses risk maps – a graphic representation of risk assessment – on the basis of which it analyses risks and assesses their effects. Identification, analysis, and assessment of strategic risks is periodically discussed at meetings of the Management Board of Impel S.A. and at meetings of the Supervisory Board of Impel S.A.

The Supervisory Board assessed the Company's situation as stable in terms of its financial conditions. The biggest financial challenge is the need to revalorise contracts due to constantly increasing costs of labour and related increased debt of the Company. The Supervisory Board gave its favourable assessment of the internal control and risk management systems implemented in the Company. In the Supervisory Board's opinion, the system takes account of all identifiable and predictable risks significant for the Company.

#### **4. RISK OF LACK OF COMPLIANCE**

The Group maintains a legal department (Legal office, a specialized organizational units controlling licensed areas of operation, Organization Department), in charge of monitoring adherence to internal regulations and the law. The Legal Office keeps ongoing monitoring of changes in legal environment and informs the management of changes affecting business operations, along with giving

recommendation of steps to be taken. Legal staff participate in all material processes relating to the Group's operations.

The rules of procedure of Impel Group are included in acts of internal law. The system is supervised by the President of the Management Board. Regulations governing the functioning of the entire Group and its units are issued as part of organisation of the Group. The regulations are prepared by the Organization Department. The President of the Management Board and managing directors of the Company issue the regulations depending on the scope and competence. The acts include directives, rules, procedures and circular letters.

### **III. ASSESSMENT OF REPORTING OBLIGATIONS OF THE COMPANY**

In 2016, the Company timely provided periodical reports which were prepared according to accounting rules and applicable laws. The Company also prepared current reports which informed correctly about major corporate and business events. In particular, following the entry into force of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation - MAR) on 3 July 2016, the Company developed internal rules, ie. Regulations concerning confidential data management and access protection and reporting obligations in Impel Group.

In 2016, Impel S.A. observed the corporate governance rules, published in the document entitled "The Code of Best Practice for WSE Listed Companies", in the meaning of Resolution 19/1307/2012 of the WSE Board dated 21 November 2012, excluding the following recommendations and rules I.R.2. I.Z.1.16., I.Z.1.20., II.Z.2., II.Z.3., II.Z.8., II.Z.10.4, III.R.1., III.Z.2., III.Z.3., IV.R.2., IV.Z.2., V.Z.6., VI.Z.4. As of 2016 Impel S.A. observes the corporate governance rules, published in the document entitled "The Code of Best Practice for WSE Listed Companies at WSE 2016" (DPSN 2016) published in Resolution 26/413/2015 of the WSE Board dated 13 October 2015. The Company disclosed a report of the new Best Practice and published on its website [www.impel.pl](http://www.impel.pl), fulfilling rule I.Z.1.13, the current observance of recommendations and rules included in DPSN 2016.

The Supervisory Board read the statement concerning observance of corporate governance included in the Annual Report of Impel S.A. for 2016 and the comments of the Company relating to the current observance of recommendations and rules included in DPSN 2016. The Supervisory Board finds the Company in reliable and full compliance with the reporting obligations concerning their application of corporate governance rules.

### **IV. CONCLUSION**

Acting pursuant to the provisions of Art. 382.3 of the Polish Code of Commercial Partnerships and Companies and the Company's Articles of Association, the Supervisory Board on the basis of the Audit Committee's report and the auditor's opinion and report analyzed and assessed the following documents in respect of their compliance with the books and documents and the factual circumstances:

- financial statements of Impel S.A. for the fiscal year 2016,
- Directors' report on the operations of Impel S.A. for the fiscal year 2016,
- consolidated financial statements of Impel Group for the fiscal year 2016,
- Directors' report on the operations of the Group for the fiscal year 2016,
- Management Board's recommendation for the non-payment of dividend from profit for the fiscal year 2016.

The above-mentioned financial statements for 2016 were audited by Ernst&Young Audyt Polska Sp. z o.o. S.K. based in Warsaw. The reports on the audit and the statutory auditors' opinions, forming the synthesis thereof, were the main analytical material assessed by the Supervisory Board. Thence, accepting the findings and assessments contained in the listed source materials and considering them as competent and exhaustive, the Supervisory Board stated that the financial statements for 2016 were drawn up, in all their material aspects, in compliance with the provisions of law in force, accounting principles and standards and factual circumstances disclosed in the books. The Supervisory Board recommends to the General Shareholders Meeting to approve the financial statements of Impel S.A. and Impel Group for the fiscal year 2016.

The Supervisory Board also analysed the Directors' reports on the operations of Impel S.A and Impel Group for the fiscal year 2016. The Supervisory Board stated that the reports reliably presented business activities of the Company and its Group and made it possible to access their financial situation.

**The Supervisory Board read the recommendation of the Management Board concerning non-payment of dividend for 2016, and taking into account the explanation of the Management Board to the motion. The Supervisory Board approved the suggestion to keep the 2016 profit in the Company.**

The Supervisory Board put forward a motion to the General Shareholders Meeting to acknowledge to the members of the Company's Management Board the performance of their duties in the accounting year 2016.