

Corporate Governance Report

REPORT No. 1/2016 dated 29/01/2016

Pursuant to Article 29(3) of the Rules of the Warsaw Stock Exchange, Asseco Business Solutions Spółka Akcyjna submits a report on non-application of the specific principles set out in the Code of Best Practice of WSE Listed Companies 2016.

Disclosure Policy, Investor Communications

I.Z.1.3. a chart showing the division of duties and responsibilities among members of the management board drawn up according to Principle II.Z.1,
The Company does not apply this principle.
The principle is not applied because of non-application of Principle II.Z.1.

I.Z.1.10. financial forecasts – if the company has decided to publish them, published in the period of at least the last five years, along with information on the degree of their implementation,
Not applicable.
This principle does not apply to the Company, so it does not publish financial forecasts.

I.Z.1.14. materials provided to the General Meeting, including assessments, reports and positions indicated in Principle II.Z.10, submitted to the General Meeting by the Supervisory Board,
The Company does not apply this principle.
The Company publishes on its corporate website the Annual Report of the Supervisory Board submitted to the Ordinary General Meeting by the Supervisory Board and a report on the assessment of the Company's position, including an assessment of internal control system and a risk management system relevant for the Company and the Report of the Supervisory Board on the Assessment of the Management Board's Report on the Operations of Asseco Business Solutions S.A. Hitherto, the Supervisory Board have not tabled to the Ordinary General Meeting the positions listed in Principle II.Z.10. If the Supervisory Board submits the positions listed in Principle II.Z.10 to the Ordinary General Meeting, the principle will be applied.

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 apply this principle.
The Company has not framed a diversity policy in relation to its governing bodies and its key managers. However, the individuals making decisions on the election of board members or supervisory board members strive to ensure both the versatility and diversity of these bodies.

I.Z.1.16. information on the planned broadcast of the General Meeting – no later than seven days before the date of the General Meeting,
The Company does not apply this principle.
The principle is not applied because of non-application of Principle IV.Z.2.

I.Z.1.20. audio or video recording of the general meeting, The Company does not apply this principle.
With regard to this principle, the Company follows generally applicable law. The Company publishes and announces on its website the convention of the General Meeting, including its agenda, draft resolutions, information on adopted resolutions, as well as information on taking items off the agenda and information about objections recorded in the minutes.

Management Board, Supervisory Board

II.Z.1. The internal division of responsibilities for individual areas of the company's activity among management board members should be clear and transparent, and a chart describing that division should be available on the company's website.
The Company does not apply this principle.
The members of the Management Board manage all the Company's operating areas in accordance with generally applicable laws.

II.Z.6. The supervisory board should identify any relationships or circumstances which may affect a supervisory board member's fulfilment of the independence criteria. An assessment of supervisory board members' fulfilment of the independence criteria should be presented by the supervisory board according to Principle II.Z.10.2.

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The Company does not apply this principle.

If the supervisory board submits to the Ordinary General Meeting an assessment of fulfilment of the independence criteria by the members of the Supervisory Board, the principle will be applied.

II.Z.8. The chairperson of the audit committee should meet the independence criteria indicated in Principle II.Z.4. Not applicable.

The principle does not apply to the Company due to the fact that the Supervisory Board performs the function of the audit committee in the Company.

II.Z.10.2. annual report of the supervisory board, including at least the information on:

- - 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 does not apply this principle.

The principle is not applied only with regard to the inclusion in the Annual Report of the Supervisory Board of the information on the Supervisory Board members' fulfilment of the independence criteria. If the Annual Report of the Supervisory Board tabled to the Ordinary General Meeting contains information on the Supervisory Board members' fulfilment of the independence criteria, this principle will be applied.

II.Z.10.3. The assessment of the Company's compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Rules of the Warsaw Stock Exchange and the regulations on current and periodic reports provided by issuers of securities; The Company does not apply this principle.

If the Supervisory Board submits to the Ordinary General Meeting an assessment of the Company's compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Rules of the Warsaw Stock Exchange and the regulations on current and periodic reports published by issuers of securities, this principle will be applied.

II.Z.10.4. assessment of the efficiency of the company's policy as referred to in Recommendation I.R.2 or information about the absence thereof.

The Company does not apply this principle.

If the Supervisory Board submits to the Ordinary General Meeting the information about the absence of the policy referred to in Recommendation I.R.2., this principle will be applied.

Internal Systems and Functions

III.Z.2. Subject to Principle III.Z.3, persons responsible for risk management, internal audit and compliance should report directly to the president or other member of the management board and should be allowed to report directly to the supervisory board or the audit committee.

The Company does not apply this principle.

Most processes of the internal control and risk management systems have been automated because they are supported by the Company's integrated ERP system. Additionally, the system provides an ongoing functional control, handled by both every employee and their immediate supervisor. In order to strengthen control and the flow of information, the Company holds regular meetings of the representatives of its key organisational units. During the meetings, analyses are carried out of any non-standard factors and occurrences emerging in the different areas of the business. Supervision over the process of internal control and the risk management system is exercised by the department directors.

III.Z.3. The independence rules defined in generally accepted international standards of the professional internal audit practice apply to the person heading the internal audit function and other persons responsible for such tasks.

The Company does not apply this principle.

The principle is not applied because of non-application of Principle III.Z.2.

III.Z.4. The person responsible for internal audit (if the function is separated in the company) and the management board should report to the supervisory board at least once per year with their assessment of the efficiency of the systems and functions referred to in Principle III.Z.1 and table a relevant report.

The Company does not apply this principle.

The Company has not established a separate internal audit function.

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III.Z.6. Where the company has no separate internal audit function in its organisation, the audit committee (or the supervisory board if it performs the functions of the audit committee) should review on an annual basis whether such function needs to be separated.

The Company does not apply this principle.

The Supervisory Board performs the function of Audit Committee. If the Supervisory Board performs an annual assessment of whether there is a need to establish the internal audit function within the Company, this principle will be applied.

General Meeting, Shareholder Relations

IV.Z.2. If justified by the structure of shareholders, companies should ensure publicly available real-time broadcasts of general meetings.

The Company does not apply this principle.

The principle is not applied because of non-application of principle IV.R.2. The Company provides all the information relating to its general meetings in the published current reports and on the corporate website.

Conflicts of Interest, Related Party Transactions

V.Z.5. Before the company concludes a significant agreement with a shareholder who holds at least 5% of the total vote in the company or with a related party, the management board should request the supervisory board's approval of the transaction. Before giving its approval, the supervisory board should evaluate the impact of the transaction on the interest of the company. The foregoing does not apply to typical transactions and transactions at arm's-length made as part of the company's operations between the company and the members of its group. If the decision concerning the company's significant agreement with a related party is made by the general meeting, the company should give all shareholders access to information necessary to assess the impact of the transaction on the interest of the company before the decision is made.

The Company does not apply this principle.

The Company supports the opinion that the regulations concerning the powers of the governing bodies to enter into transactions/agreements contained in the applicable laws and provisions of the Company's Articles of Association are sufficient and point to the Management Board as the body responsible for Company's affairs. The capacity of the Management Board to take independent decisions ensures the efficient management of the Company's current operations.

V.Z.6. In its internal regulations, the company should define the criteria and circumstances under which a conflict of interest may arise in the company, as well as the rules of conduct where a conflict of interest has arisen or may arise. The company's internal regulations should, among others, provide for ways to prevent, identify and resolve conflicts of interest, as well as rules of excluding members of the management board or the supervisory board from participation in reviewing matters subject to a conflict of interest which has arisen or may arise.

The Company does not apply this principle.

With regard to this principle, the Company follows generally applicable law. According to Section III(18), Exercise of the Management, of the Rules of Procedure of the Management Board, the board members are obliged to inform the Supervisory Board of any real or potential conflict of interest in connection with their function.

Remuneration

VI.Z.2. In order to tie the remuneration of members of the management board and key managers to the company's long-term business and financial goals, the period between the granting of stock options or other instruments linked to the company's shares under an incentive scheme and the possibility of their realization should be at least two years. Not applicable.

This principle does not apply to the Company because the Company does not run any incentive schemes based on stock options or other instruments related to the Company's shares.

VI.Z.4. In this activity report, the company should report on the remuneration policy including at least the following:

- 1) general information about the company's remuneration system,
- 2) information on the terms and amount of remuneration of each member of the management board, divided into fixed and variable fee components, with an indication of the key criteria for determining the variable fee components and the terms of severance payments and other payments due for the termination

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of employment contract, mandate contract, or other legal relationship of a similar nature: separately for the company and each entity of the capital group,

- 3) information about non-financial remuneration components due to each management board member and key manager,
- 4) significant amendments of the remuneration policy in the last financial year or information about their absence,
- 5) assessment of the implementation of the remuneration policy in terms of achievement of its goals, in particular long-term shareholder value creation and the company's stability.

The Company does not apply this principle.

With regard to this principle, the Company follows generally applicable law. The remuneration for the Management Board is determined by the Supervisory Board based on the qualifications, scope of responsibilities and experience of a Management Board member. Contracts with the board members contain provisions commonly used in management contracts. The remuneration of the Supervisory Board is determined by the General Meeting. The remuneration of managers and supervisors is fully dependent upon the scope of tasks and responsibilities in a given function, and are reasonably related to their economic performance. In the report on its operations, the Company only discloses the remuneration of the members of the Management Board and of the Supervisory Board.