

**Rawlplug S.A.**  
**based in Wrocław**  
**("Company")**

REPORT BY  
THE SUPERVISORY BOARD OF RAWLPLUG S.A.,  
INCLUDING AUDIT COMMITTEE ACTIVITY,  
ASSESSMENT OF FINANCIAL STATEMENTS FOR 2016 AND ASSESSMENT OF  
RAWLPLUG S.A.'S SITUATION

## CONTENTS

- 1 Introduction
- 2 Information on the Supervisory Board's term, composition and functions, including changes in composition during the financial year
- 3 Information on independence criteria being met by Supervisory Board members
- 4 Information on significant issues that the Supervisory Board dealt with and the number of meetings held and resolutions adopted
- 5 Report on audit committee activities in 2016
- 6 Supervisory Board self-assessment
- 7 Assessment of the Company's and Group's financial statements for 2016
- 8 Assessment of the Company's situation, taking into consideration an assessment of internal control, risk management and compliance systems as well as the internal audit function
- 9 Assessment of the way in which the Company fulfils its information obligations resulting from corporate governance rules
- 10 Assessment of the rationality of the Company's sponsorship, charity or other similar policy if the Company is involved in such activities
- 11 Conclusions for the General Meeting

Acting pursuant to art. 382 § 1 of the Polish Commercial Companies Code and the provisions of Best Practices for WSE-Listed Companies 2016, the Supervisory Board of Rawlplug S.A. ("Supervisory Board") hereby provides the Ordinary General Meeting with a Report on the activities of the Supervisory Board in the financial year 2016.

The Supervisory Board assessed the following:

- ✓ whether Supervisory Board Members meet the relevant independence criteria
- ✓ the Company's situation, taking into consideration an assessment of internal control, risk management and compliance systems as well as the internal audit function
- ✓ method in which the Company fulfils its information obligations pertaining to corporate governance rules, as specified in the WSE Regulations and provisions concerning current and periodic information disclosed by issuers of securities.
- ✓ rationality of the Company's sponsoring, charity or other similar policy

According to rules specified in Best Practices 2016, the Supervisory Board presents the above-mentioned assessments, included in this report, to the Ordinary General Meeting.

At the same time, this report contains a detailed description of the activities and operations of the Supervisory Board and Audit Committee in the financial year 2016.

### **Information on the Supervisory Board's term, composition and functions, including changes in composition during the financial year**

The Company's Supervisory Board operated pursuant to the provisions of the Polish Commercial Companies Code and the Company's Articles of Association. In accordance with the Articles of Association of Rawlplug S.A., the Supervisory Board comprises from five to eight members, appointed by the General Meeting for a joint three-year term.

Composition of Rawlplug S.A.'s Supervisory Board throughout 2016 was constant, as follows:

1. Krystyna Koelner – Chairperson of the Supervisory Board
2. Tomasz Mogilski – Deputy Chairperson of the Supervisory Board
3. Zbigniew Szczypiński – Member of the Supervisory Board
4. Zbigniew Pamuła – Member of the Supervisory Board
5. Zbigniew Stabiszewski – Member of the Supervisory Board
6. Wojciech Heydel – Member of the Supervisory Board
7. Janusz Pajka – Member of the Supervisory Board

The composition of the Company's Supervisory Board did not change as of the date on which this report was drafted.

### **INFORMATION ON SUPERVISORY BOARD MEMBERS' COMPLIANCE WITH INDEPENDENCE CRITERIA**

At least two members of the Supervisory Board should meet the independence criteria (independent members of the Supervisory Board). The term independent member of the Supervisory Board means an independent member of the supervisory board in the meaning of Commission Recommendation 2005/162/EC of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board, taking into account Best Practices 2016 and the Company's Articles of Association.

In line with rule II.Z.6 of Best Practices 2016, the Supervisory Board assessed whether or not there are any connections and circumstances that might have an impact on Supervisory Board members' fulfilment of the independence criteria.

The following table presents information about Supervisory Board Members' observance of the independence criteria.

Table 1. Observance of independence criteria by Supervisory Board Members

1. Krystyna Koelner – Chairperson of the Supervisory Board - does not meet the independence criteria
2. Tomasz Mogilski – Deputy Chairperson of the Supervisory Board - does not

3. Zbigniew Szczypiński – Member of the Supervisory Board - does not
4. Zbigniew Pamuła – Member of the Supervisory Board - does not
5. Zbigniew Stabiszewski – Member of the Supervisory Board - meets the independence criteria
6. Wojciech Heydel – Member of the Supervisory Board - meets the independence criteria
7. Janusz Pajka – Member of the Supervisory Board - does not

**Information on significant issues taken up by the Supervisory Board and number of meetings and adopted resolutions**

The main form of the Supervisory Board's activities was meetings, which took place in a composition and according to a procedure allowing resolutions to be adopted. Supervisory Board Members' participation in specific meetings is documented in roll calls.

During the reporting period, the Supervisory Board held four meetings:

- 1) 1 April 2016
- 2) 20 May 2016
- 3) 23 September 2016
- 4) 9 December 2016

In 2016, the Supervisory Board adopted 26 resolutions (Table 2):

<b>Resolutions adopted by the Supervisory Board of Rawlplug S.A. in 2016</b>			
<b>Meeting date</b>	<b>Minutes number</b>	<b>Resolution number</b>	<b>Concerning</b>
	written resolution adopted by circulation	1/P/2016	increase of the Company's liabilities related to a credit limit issued based on a credit agreement with ING Bank Śląski S.A.
	written resolution adopted by circulation	2/P/2016	sale of perpetual usufruct rights for land and property rights for a building situated on a plot of land in Chorzów
1 April 2016	01/01042016	no resolutions	
20 May 2016	02/20052016	1/20160520	assessment and approval of the management report on the Company's operations in 2015
		2/20160520	assessment and approval of the Company's financial statements for 2015
		3/20160520	assessment and approval of the management report on Rawlplug Group's operations for 2015

	4/20160520	assessment and approval of Rawlplug Group's consolidated financial statements for 2015
	5/20160520	assessment and approval of the Management Board's request on allocation of the Company's 2015 net profit and payment of a dividend
	6/20160520	approval of the report on Supervisory Board activities in 2015
	7/20160520	submission of request to the Ordinary General Meeting to grant a vote of approval to President of the Management Board Radosław Koelner for 2015
	8/20160520	Submission of request to the Ordinary General Meeting to grant a vote of approval to Management Board members for 2015 (Piotr Kopydłowski)
	9/20160520	Submission of request to the Ordinary General Meeting to grant a vote of approval to Supervisory Board members for 2015 (Krystyna Koelner)
	10/20160520	Submission of request to the Ordinary General Meeting to grant a vote of approval to Supervisory Board members for 2015 (Tomasz Mogilski)
	11/20160520	Submission of request to the Ordinary General Meeting to grant a vote of approval to Supervisory Board members for 2015 (Zbigniew Pamuła)
	12/20150520	Submission of request to the Ordinary General Meeting to grant a vote of approval to Supervisory Board members for 2015 (Zbigniew Szczypiński)
	13/20160520	Submission of request to the Ordinary General Meeting to grant a vote of approval to Supervisory Board members for 2015 (Zbigniew Stabiszewski)
	14/20160520	Submission of request to the Ordinary General Meeting to grant a vote of approval to Supervisory Board members for 2015 (Wojciech Heydel)
	15/20160520	Submission of request to the Ordinary General Meeting to grant a vote of approval to Supervisory Board members for 2015 (Janusz Pajka)
	16/20160520	appointment of Management Board members for another term (Radosław Koelner)
	17/20160520	appointment of Management Board members for another term (Piotr Kopydłowski)
	18/20160520	Selection of the entity to review the 2016 separate and consolidated financial statements
	19/20160520	recommendation that the General Meeting adopts a resolution on amendment of the Company's

			Articles of Association and adoption of a consolidated text of the Company's Articles of Association
		20/20160520	recommendation that the General Meeting adopts a resolution on approval of a new consolidated text of the Supervisory Board Rules
23 September 2016	03/23092016	1/20160923	Consent for a non-revolving working capital credit agreement executed between Rawlplug S.A., based in Wrocław, and PKO BP, based in Warsaw, on 14 July 2016
9 December 2016	04/09122016	1/20161209	draft of a new agenda for the meeting of Rawlplug S.A.'s Supervisory Board on 9 December 2016
		2/20161209	Consent for the formation of a company in China
		3/20161209	Consent for the formation of a company in Singapore

During the meetings, the Supervisory Board examined matters stemming from the requirements of the Polish Commercial Companies Code, the Company's Articles of Association and as dictated by considerations of effective supervision over the Company's on-going business.

Members of the Company's Management Board were invited to all Supervisory Board meetings. The Supervisory Board Chairperson and her Deputy maintained continuous working contacts with the Company's Management Board, thanks to which they could properly plan the agenda and frequency of Supervisory Board meetings.

Monitoring the Company's financial standing was of key interest to the members of the Supervisory Board. The Supervisory Board analysed Rawlplug S.A.'s separate financial results, comparing these with the Management Board's budget as well as consolidated results. Presenting results and discussing the current situation of the Company and its subsidiaries were a regular item on the agenda of Supervisory Board meetings. Any divergences from the plan and events significant from the viewpoint of the Company and its shareholders were explained by the Management Board on an on-going basis. The scope of form of presented financial information ensured a comprehensive view of the Company's condition. The Supervisory Board was able to compare data with the plan and with the same items from the previous year.

The Supervisory Board's activities were not limited to formal meetings. To support the Management Board, members of the Supervisory Board participated in working meetings and consultations. In addition, members of the Supervisory Board participated in the work of an internal advisory body – the Supervisory Board's Audit Committee.

The Supervisory Board's operations in 2016 focused primarily on the following matters:

1. control of the budget objectives of Rawlplug S.A. and Rawlplug Group for 2016,
2. audit carried out in the area of complaints, together with recommendations from the Company's internal auditor,
3. expansion and monitoring of the Company's risk map,

4. Management Board recommendations concerning application of "Best Practices for WSE-Listed Companies 2016" by the Company as regards the operation of the Supervisory Board,
5. work on an energy audit at the Company,
6. implementation of "Procedure for limitations in purchasing and selling Rawlplug S.A. securities by persons discharging managerial duties and close relatives" at the Company, and the associated training,
7. procedures for preparing and publishing current and periodic reports, implemented at the Company,
8. implementation of "Regulations for the circulation of inside information at RAWLPLUG S.A."
9. audit carried out in the area of inventories management at Rawlplug Group's Wrocław-based companies,
10. rules for cooperation between the Audit Committee and the Supervisory Board and the audit in accordance with regulations related to statutory auditors and entities authorised to audit the financial statements of public purpose entities,

The Supervisory Board also selected a statutory auditor to audit the Company's and Rawlplug Group's financial statements. The statutory auditor to audit the separate and financial statements for 2016 was selected by the Supervisory Board through a resolution passed on 20 May 2016.

A detailed description of activities taken by the Supervisory Board in 2016 is presented in Supervisory Board meeting protocols, which together with the adopted resolutions are stored at the Company's registered office.

### **REPORT ON AUDIT COMMITTEE ACTIVITIES IN 2016**

In the financial year 2016, i.e. from 1 January 2016 to 31 December 2016, the Audit Committee remained unchanged and consisted of the following:

1. Zbigniew Szczypiński
2. Wojciech Heydel
3. Zbigniew Stabiszewski

Zbigniew Szczypiński served as Chairperson of the Audit Committee throughout the entire year 2016.

During the reporting period, the Audit Committee held four meetings.

In the course of these meetings, the Audit Committee examined the following:

- assessment of the effectiveness of the internal audit system and the process to improve the internal control and risk management system. The committee based its work on reports on audit tasks related to specific areas of activity, as indicated in the audit plan, submitted by the person responsible for internal audit at the Company and the Group,
- assessment of the process of implementing procedures and standards arising under Commission Implementing Regulation (EU) 2016/347 of 10 March 2016 laying down implementing technical standards with regard to insider information and insider lists,

- review and assessment of separate and consolidated financial statements to verify that they are complete and that all material events at the Company and the Group are correctly recognised,

Having assessed the separate and consolidated financial statements for 2016, the Audit Committee concluded that they accurately and clearly depict the Company's and the Group's financial and asset situation as at 31 December 2016 and are true as to content and form with regulations applicable to Rawlplug Group, as well as the Parent's Articles of Association, and recommended that the Supervisory Board approves them.

### **Supervisory Board self-assessment**

The Supervisory Board confirms that throughout 2016 it carried out continuous and on-going supervision of the Company's activities in accordance with its competences and legal requirements pertaining to public limited companies. According to the Supervisory Board, all of its members exercised due care in the performance of their Supervisory Board duties, using their knowledge and experience in supervising commercial companies. The Supervisory Board is well-prepared to perform its legal and statutory competences and exercises them in an appropriate manner, guaranteeing proper oversight for the Company in all significant areas of activities.

The Supervisory Board positively assessed its work in 2016. Members of the Supervisory Board assure that they exercised due care to ensure that their duty to carry out continuous supervision over the Company's activities properly and in accordance with existing regulations, the Company's Articles of Association and the Supervisory Board Rules.

In light of the above, the Supervisory Board requests that members of the Supervisory Board of Rawlplug S.A. be given a vote of confidence for the performance of their duties in the period from 1 January 2016 to 31 December 2016.

### **ASSESSMENT OF THE COMPANY'S AND GROUP'S FINANCIAL STATEMENTS FOR 2016**

The audit of the Company's financial statements for the period from 1 January 2016 to 31 December 2016, as defined by the Accounting Act, was conducted by statutory auditors from Grant Thornton Polska Sp. z o.o. sp. k., based in Poznań, ul. Abpa Antoniego Baraniaka 88 E, which is an entity authorised to audit financial statements, entered into the list of entities authorised to audit financial statements held by the National Statutory Auditors Chamber in Poland under number 4055.

The audit of the Company's financial statements was led, on behalf of Grant Thornton Polska Sp. z o.o. Sp. k., by statutory auditor Jan Letkiewicz, register number 9530.

Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością sp. k. was selected by the Supervisory Board on 20 May 2016 to audit the Company's financial statements for the financial



year ended 31 December 2016. The audit of these financial statements was performed pursuant to an agreement signed on 10 June 2016 with the Company's Management Board.

Pursuant to art. 382 par. 3 of the Polish Commercial Companies Code and the provisions of the Company's Articles of Association, having examined the Company's financial statements and the auditor's opinion on audit of the Company's financial statements for the financial year ended 31 December 2016, the Company's Supervisory Board carried out an assessment of the financial statements for the period 1 January 2016 to 31 December 2016, which consisted of the following:

1. Introduction to the financial statements,
2. balance sheet prepared as at 31 December 2016, showing PLN 598 830 thousand on the asset side and on the equity and liabilities side,
3. consolidated statement of profit and loss for the period 1 January 2016 - 31 December 2016, showing PLN 2 264 thousand in net profit,
4. statement of changes in equity for the period 1 January 2016 - 31 December 2016, showing a PLN 8 481 thousand decrease in equity,
5. statement of cash flows for the period from 1 January 2016 to 31 December 2016, showing an increase in cash during the period from 1 January 2016 to 31 December 2016 by PLN 7 275 thousand,
6. additional information and explanations

and having examined the statutory auditor's opinion and report, concluded that the above financial statements are in compliance with accounts, documents and the factual state, and thus decided to approve them.

In addition, having examined the Management Board report and the auditor's opinion on audit of Rawlplug Group's consolidated financial statements for the financial year ended 31 December 2016, the Company's Supervisory Board carried out an assessment of Rawlplug Group's consolidated financial statements for the period 1 January 2016 to 31 December 2016, which consisted of the following:

1. consolidated statement of financial position prepared as at 31 December 2016, showing PLN 852 450 thousand on the asset side and the equity and liabilities side,
2. consolidated statement of profit and loss for the period 1 January 2016 - 31 December 2016, showing PLN 37 574 thousand in net profit,
3. consolidated statement of comprehensive income for the period 1 January 2016 - 31 December 2016, showing PLN 38 312 thousand in comprehensive income - profit,
4. consolidated statement of changes in equity for the period 1 January 2016 - 31 December 2016, showing a PLN 27 684 thousand increase in equity,

5. consolidated statement of cash flows for the period 1 January 2016 - 31 December 2016, showing a PLN 9 643 thousand increase in cash flows,
6. additional information

and having examined the statutory auditor's opinion and report, concluded that the above financial statements are in compliance with accounts, documents and the factual state, and thus decided to approve them.

According to the Supervisory Board, the audited financial statements, in all significant aspects:

- ✓ reliably and clearly present information significant for assessment of the Company's asset and financial situation as at 31 December 2016, as well as its financial result for the year from 1 January 2016 to 31 December 2016,
- ✓ were prepared in accordance with the accounting principles (policy) specified in the Accounting Act and on the basis of correctly maintained accounts,
- ✓ present data in accordance with the requirements of the Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information disclosed by issuers of securities and on the conditions for recognising as equivalent information required by the laws of a non-member state (Polish Journal of Laws of 2009 no. 33, item 259, as amended),
- ✓ are in compliance with the legal regulations and the provisions of the Company's Articles of Association that have an impact on the content of financial statements.

Taking the above into account, the Supervisory Board concluded that the Company's financial situation is safe. Thanks to activities intended to increase revenue and diversify sales markets - on-going and future activities allow the Company to achieve its long-term objectives. The Supervisory Board assessed the financial statements and Management Board reports as complete and comprehensive, and has approved the activities of the Company's Management Board in 2016.

#### **Assessment of the Company's situation, taking into consideration an assessment of internal control, risk management and compliance systems as well as the internal audit function**

In assessing Rawlplug S.A.'s situation, the Supervisory Board notes that no threats to going concern occurred in 2016.

In line with Best Practices 2016, the Supervisory Board carried out an assessment of the internal control, risk management and compliance systems as well as its internal audit function, including all significant control mechanisms, particularly those pertaining to financial reporting and operating activities.

Moreover, in line with recommendation III.R.1 of Best Practices 2016, entities responsible for the above-mentioned systems and functions were separated, while in accordance with rule III.Z.3 of

Best Practices 2016, persons responsible for risk management, compliance and audit are directly subordinate to the President of the Management Board.

Rawlplug Group has an Internal Audit Manager, whose objective is to plan and perform audit tasks, including in an advisory capacity, as well as to conduct ad-hoc inspections. The ways and rules in which this is performed by the Internal Audit Manager were approved through a resolution of the Supervisory Board at the meeting on 27 March 2015.

The Internal Audit Manager conducts tasks through annual audit plans covering Rawlplug S.A. - eventually all Rawlplug Group companies. To assess risk, the Company uses risk maps - graphic presentations of risk assessments - based on which it carries out analyses of threats and evaluates their effects. The identification, analysis and evaluation of strategic risks are periodically discussed at Management Board meetings and briefed during Supervisory Board meetings. Results of internal audit work contain recommendations correcting the Company's audit mechanisms, including changes in effectiveness.

Compliance at specific organisational units of Rawlplug S.A. is carried out by persons responsible for the operation of these units, with support from legal and audit staff at these units. This system is not formalised and operates based on general formal and legal rules.

#### Preparation of financial statements

The Company's Management Board is responsible for the internal control system at the Company and its effectiveness in the process of preparing financial statements.

As regards financial reporting, one of the main elements of control of the process of preparing and validity of financial statements is their verification by an independent external auditor. Rawlplug Group companies' semi-annual and annual financial statements are subject to audit by a statutory auditor. The Company's financial statements for 2016 were audited by Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością sp. k., based in Poznań.

In the Supervisory Board's assessment, the Company has systems for managing key risks, i.e. operational, legal and financial risks. The Company's existing internal control system and internal audit functions consist of risk control mechanisms (set out in the Company's internal regulations and IT systems), together with functional control (exercised by all employees).

#### **Assessment of the way in which the Company fulfils its information obligations resulting from corporate governance rules**

The Company's Supervisory Board positively assessed the way in which the Company fulfilled its information obligations in 2016. Through current and periodic reports published using the ESPI system, the Company disclosed information on all significant events pertaining to the Company in 2016, in an accurate and exhaustive manner. The Supervisory Board considers the Company's policy to be in compliance with the existing regulations and offers sufficient access to all significant information about the Company and its activities.

In 2016, the Company fulfilled most of the corporate governance rules specified in Best Practices for WSE-Listed Companies 2016. The relevant list, updated and disclosed by the Company, is available at the following address: [www.rawlplug.pl/pl/relacje-inwestorskie/ad-korporacyjny/stosowanie-ladu-korporacyjnego/](http://www.rawlplug.pl/pl/relacje-inwestorskie/ad-korporacyjny/stosowanie-ladu-korporacyjnego/)

It should be emphasised that during the period from the date on which the Company's shares were admitted to public trading to 31 December 2016, no violations of the adopted corporate governance rules were noted.

### **Assessment of the rationality of the Company's sponsorship, charity or other similar policy if the Company is involved in such activities**

Social responsibility is a value permanently inscribed in RAWLPLUG Group's development strategy.

A range of activities in this area took place in 2016:

- Renovation of Lone Mother's Home in Chyliczki

As part of support for students of Warsaw-based technical universities who are renovating the Lone Mother's Home in Chyliczki under the Work-camp programme, the Company once again provided fixings and tools for renovation work.

- Grants for Children's University pupils

In September 2016, RAWLPLUG S.A. for the second time funded grants to the Children's University for employees' kids in Wrocław. In the coming academic year, they will participate in activities aimed at developing knowledge and passion for science.

- Co-financing for a trip of the Polish national team in Ultimate Frisbee to the world championship 2016

RAWLPLUG Group financed some of the costs of Poland's national ultimate frisbee team travel to London for World Ultimate & Guts Championships 2016. Nearly 3000 players from 39 countries participated in the competition.

- Funding for another edition of Association of Children's Friends summer camps

RAWLPLUG S.A. also provided funding for camps organised by the Association of Children's Friends in Wrocław. Nearly 500 school-age kids spent their summer by the sea.

- Participation in Noble Box

As part of the Noble Box campaign, RAWLPLUG Group companies provided mechanical and power tools necessary to renovate an apartment for a large family in need.

- Gold-plated fixings auctioned off for Great Orchestra of Christmas Charity

At the initiative of subsidiary Koelner Łańcucka Fabryka Śrub Sp. z o.o., two 23.5-karat gold-plated construction fixings were given for auction. All proceeds from their sale went to the Great Orchestra of Christmas Charity.

- Financial support for rehabilitation centre

At the initiative of subsidiary Koelner-Ukraine LLC, we participated in a charity event in support of rehabilitation centre Źródło, which helps children with paralysis, Down syndrome and other

development diseases. All proceeds from the event went towards the needs of the centre and its patients.

- Promoting sporting activities amongst children and youth

Rawlplug Group companies are involved in promoting sporting activities amongst kids and youth by long-term support of the "Wrocław Loves Basketball" programme. The Group sponsors the basketball team WKS Śląsk Wrocław and professional volleyball league Orlen Liga as well as Plus Liga.

In 2016, RAWLPLUG Group cooperated with the Lower Silesia-based Klub Avasatare Taekwon-Do, which has almost 100 members of all ages. Wishing to continue the club's successes and support its members' development, KOELNER - one of RAWLPLUG Group's four own brands - sponsored Avasatare Taekwon-Do. Children of RAWLPLUG S.A. employees were able to participate in a summer sports camp organised by Avasatare Taekwon-Do.

- Funding for dance group Fame Kids

The money was used for participation in WADF European Championships. The team won a total of six medals, including European Championship - 11 year old category Trio and European Championship - 11 year old category Showcase.

- Funding for trip for students of Gimnazjum nr 13 in Wrocław.

The funds were used for a trip and participation in the finals of an international creative educational programme Destination Imagination in Knoxville, U.S. The Wrocław students won the "ASAP" category and the jury also appreciated their creativity in preparing costumes from the available materials.

The Sustainable Development Report is available online at [www.sustainable.rawlplug.com](http://www.sustainable.rawlplug.com).

According to the Supervisory Board, the Company rationally implemented its policy in the area of sponsoring, charity and similar activities in 2016.

### **CONCLUSIONS FOR THE GENERAL MEETING**

As a result of the assessment of the documentation provided, i.e. the financial statements of Rawlplug S.A. for the financial year 2016 and the Management Board report on the Company's operations during the period 1 January 2016 to 31 December 2016, and having examined the statutory auditor's opinion and report on audit of the Company's financial statements for the year ended 31 December 2016, the Supervisory Board has assessed that the above financial statements are in compliance with the accounts, documents and the actual state of affairs, and has motioned that the General Meeting approves them.

As a result of the assessment of the documentation provided, i.e. the consolidated financial statements of Rawlplug Group for the financial year 2016 and the Management Board report on the Group's operations during the period 1 January 2016 to 31 December 2016, and having examined the statutory auditor's opinion and report on audit of the Rawlplug Group's financial statements for the year ended 31 December 2016, the Supervisory Board has assessed that the

above financial statements are in compliance with the accounts, documents and the actual state of affairs, and has motioned that the General Meeting approves them.

Acting pursuant to art. 382 par. 3 of the Polish Commercial Companies Code, the Supervisory Board has decided to positively assess a request by the Management Board of Rawlplug S.A. to:

1. allocate all of the Company's net profit for the financial year 2016, covering the period from 1 January 2016 to 31 December 2016, amounting to PLN 2 263 623.38, to pay out a dividend to the Company's shareholders,
2. establish the amount of the dividend at PLN 10 744 800.00, i.e. PLN 0.33 per share,
3. dividend payment:
  - from the 2016 net profit, in the amount of PLN 2 263 623.38,
  - from the Company's supplementary capital: PLN 8 481 176.62.
4. The Supervisory Board also decided to positively assess the Management Board's request, pursuant to which the Management Board proposed to set the following:
  - a. to establish the ex-dividend date on 9 August 2017
  - b. to establish the dividend payment date on 25 August 2017

The Company's Supervisory Board positively assessed the Management Board's activities in terms of both financial results achieved and economic tasks carried out. The policy being pursued by the Company's Management Board, aimed at long-term growth and development of the Company, is rational and is yielding the expected results. In light of the above, the Supervisory Board has motioned for the General Meeting to grant a vote of approval to the Management Board for 2016:

1. Radosław Koelner for the period 1 January - 31 December 2016,
2. Piotr Kopydłowski for the period 1 January - 31 December 2016,

Pursuant to rule II.Z.11 and provisions of the Company's Articles of Association, the Supervisory Board, having examined the Management Board's proposals, decided to positively assess the issues, submitted by the Company's Management Board, that are to be placed on the agenda for the Ordinary General Meeting.

1. Krystyna Koelner
2. Tomasz Mogilski
3. Wojciech Heydel
4. Janusz Pajka
5. Zbigniew Pamuła
6. Zbigniew Stabiszewski
7. Zbigniew Szczypiński