

hawe SA

The HAWE Group

**DECLARATION ON THE APPLICATION OF
CORPORATE GOVERNANCE IN 2010**

Warsaw, 21 March 2011

This declaration constitutes a distinct part of the Management Board's reports on the activity of HAWE S.A. and the HAWE Group in 2010. It has been drawn up in accordance with §91(5)(4) of the Order of the Finance Minister of 19 February 2009 on current and periodic information supplied by issuers of securities and conditions for recognition of the equivalence of information required by the laws of a non-member state (Dz.U. no. 33 item 259).

a) Set of principles of corporate governance to which the issuer is subject, and place where that set of principles is publicly available

Until 1 July 2010, HAWE S.A. adhered to the principles of corporate governance contained in the document "Best Practices for Companies Listed on the Warsaw Stock Exchange", being an annex to Resolution 12/1170/2007 of the Exchange Supervisory Board of 4 July 2007.

As from 1 July 2010 changes to the Best Practices for Companies Listed on the Warsaw Stock Exchange came into force, introduced by way of Resolution 17/1249/2010 of the Supervisory Board of Warsaw Stock Exchange of 19 May 2010.

The text of the set of principles is available on the Warsaw Stock Exchange's website at http://corp-gov.gpw.pl/lad_corp.asp

b) Information on deviations from provisions of the aforementioned set of principles of corporate governance, indication of those provisions and explanation of the reasons for the deviation

In 2010 the Company gave notice on three occasions of one-off deviations from the application of principles of corporate governance:

- On 29 June 2010 the Company gave notice, in current report 1/2010, that the proceedings of the General Meeting of Shareholders were not transmitted on the Internet or published on the Company's website, as mentioned in principle no. 1 of part I of the code "Best Practices for Companies Listed on the Warsaw Stock Exchange". This decision was due to the fact that the Company had not received any report of interest in following the proceedings of the General Meeting in that form.
- On 1 July 2010 the Company provided information in current report 2/2010 concerning principles of corporate governance to which the Company would not adhere:

Principle I.1 states that the Company should in particular maintain its website with the scope and manner of presentation modelled on the example investor relations website available at <http://naszmodel.gpw.pl>

This principle is temporarily not applied because the Company is in the course of reconstructing its website, which will include, among other things, adaptation to conform to the example investor relations website.

and the Company should enable transmission of the proceedings of its general meeting using the Internet, record the proceedings and publish them on its website.

This principle will not be applied because, to date, the Company has not received any report of interest in following the proceedings of the general meeting in that form. In the future, however, the Company does not rule out the use of modern multimedia techniques in the organization of its general meetings.

Principle II.2 states that the Company should provide an English-language version of its website, at least within the scope indicated in part II item 1.

This principle is temporarily not applied because the Company is in the course of reconstructing its website, which will include, among other things, adaptation to conform to the example investor relations website and implementation of a multi-language website.

Principle IV.10 (1) and (2) states that the Company should enable shareholders to take part in the general meeting using means of electronic communication, involving:

- 1) transmission of the proceedings of the general meeting in real time,
- 2) two-way communication in real time, under which shareholders can make statements in the course of the proceedings of the general meeting while not being present at the place of the meeting.

The Company will not provide transmission of the proceedings of the general meeting using the Internet. Also the Company will not record the proceedings and will not publish them on its website. This decision is due to the fact that the Company has not received any report of interest in following the proceedings of the general meeting in that form. The Company does not rule out that, in accordance with the recommendations, this principle will be applied as from 1 January 2012.

- On 30 December 2010 the Company gave notice in current report 3/2010 that the proceedings of the General Meeting were not transmitted using the Internet or published on the Company's website, as mentioned in principle no. 1 of part I of the code "Best Practices for Companies Listed on the Warsaw Stock Exchange". This decision was due to the fact that the Company has not received any report of interest in following the proceedings of the general meeting in that form.

Moreover the Company has not adhered to the principle laid down in principle no. 1(5) of part II of the code "Best Practices for Companies Listed on the Warsaw Stock Exchange", due to the fact that candidates for new members of the Company's Supervisory Board were put forward by shareholders in the course of the Extraordinary General Meeting of Shareholders on 30 December 2010.

The Company did not apply the principle laid down in principle no. 3 of part III of the code "Best Practices for Companies Listed on the Warsaw Stock Exchange". Non-adherence to the aforementioned principle was incidental in nature, arising from the General Meeting's not giving consideration to any matters of substance requiring the participation of members of the Supervisory Board.

c) Description of main features of the systems applied in the issuer's business for internal controls and risk management in relation to the process of preparing financial statements and consolidated financial statements

The Management Board is responsible for the system of internal controls at the company and the effectiveness of its functioning in the process of preparing the financial statements.

Material supervision over the process of preparing the Company's financial statements and periodic reports is exercised by the Finance Director/Chief Accountant in conjunction with the Financial Controller.

The Company keeps constant track of the changes required by laws and external regulations relating to stock-exchange reporting requirements, and prepares for their implementation in good time.

A system of internal controls has been developed and is applied to the accounting documentation. The system of internal controls also applies to the approval of the Company's cost documents (which are subject to two levels of verification and acceptance). The system used enables the Company to ensure supervision and constant monitoring of the state of its liabilities, the level of costs and results.

After the closure of the accounting books for a given month, management personnel and members of the Management Board receive reports analysing the key financial data of significance for the Company. The financial data on which the financial statements and periodic reports are based originate from the financial accounting system, in which documents are registered in accordance with the Company's accounting policy, which is based on the International Accounting Standards. Annual and semi-annual financial statements undergo independent audit and review by the Company's auditor, the firm PKF Audyt Sp. z o.o.

d) Shareholders directly or indirectly possessing significant shareholdings, their numbers of shares, the corresponding percentage of the share capital, the number of associated votes and the corresponding percentage of the total number of votes at a general meeting

As at the day of the submission of the report for 2010, the shareholders having at least 5% of the total number of votes at the General Meeting of Shareholders of HAWE S.A. were as follows:

Shareholders	Number of shares held	Percentage of share capital	Number of votes	Percentage of votes
Presto Sp. z o.o.	30 236 888	28.73%	30 236 888	28.73%
Marek Falenta	13 526 340	12.85%	13 526 340	12.85%
TFI Pioneer	10 236 872	9.73%	10 236 872	9.73%
Petrenams Ltd.	9 751 041	9.27%	9 751 041	9.27%
Aneta Gajewska-Sowa	7 730 000	7.35%	7 730 000	7.35%
Others (<i>free float</i>)	33 755 923	32.08%	33 755 923	32.08%
TOTAL	105 237 064	100.00%	105 237 064	100.00%

e) Holders of any securities providing special control entitlements, with description of those entitlements

The Company has not issued securities providing special control entitlements. The Statutes of HAWE S.A. do not provide for special control entitlements for any of the Company's shareholders.

f) Any limitations relating to the exercise of voting rights, such as limitation on the exercise of voting rights by holders of a specified proportion or number of votes, time-related limitations relating to the exercise of voting rights, or rules according to which, with the company's cooperation, the equity rights in securities are separated from the possession of the securities

The Company has not issued any securities with restricted voting rights. The Statutes of HAWE S.A. do not provide for limitations on entitlements for any of the Company's shareholders. The Company is not aware of any circumstances causing a limitation on shareholders' exercise of their voting rights.

g) Any limitations relating to the transfer of ownership of the issuer's securities

The Company's Statutes do not contain any provisions relating to limitations on the disposal of securities issued by HAWE S.A. The Company is not aware of any circumstances causing a limitation on the possibility of transferring the ownership of securities issued by HAWE S.A.

On 20 December 2010 HAWE S.A. offered to its President, Robert Kwiatkowski, 2 000 000 series B Subscription Warrants, where one Subscription Warrant would give an entitlement to take up correspondingly one series G share. Mr Robert Kwiatkowski has agreed not to sell the warrants until 15 July 2012 (lock up).

On 20 December 2010 the warrants were taken up by Robert Kwiatkowski. The warrants were taken up outside the regulated market.

h) Principles relating to the appointment and dismissal of persons responsible for management, and their entitlements, in particular the right to take decisions on the issuing or redemption of shares

The Management Board of HAWE S.A. is appointed and dismissed by the Supervisory Board. The Management Board is the body which conducts the Company's affairs and represents it in dealings with outside parties, except in matters reserved for the General Meeting of Shareholders or Supervisory Board. Members of the Management Board are responsible for the proper conduct of the Company's affairs.

In accordance with the Statutes of HAWE S.A., the Management Board is composed of one to five members – including the President, and in the case of a two-person Management Board, the President and a Management Board Member/Vice-President – appointed for a common term of office lasting for three years.

Authorization to make declarations of will in the Company's name belongs to the President if the Management Board consists of only one person, and to two members of the Management Board acting jointly or a member of the Management Board acting jointly with a proxy if the Management Board consists of at least two persons.

On 29 August 2008 the Extraordinary General Meeting of Shareholders of HAWE S.A. made an amendment to the Company Statutes and granted authorization to the Management Board to increase the share capital within the limits of the target capital by an amount not greater than 5 011 288 PLN in the period to 31 July 2011. The increases in the share capital are to be made for the purpose of the motivational programme for executive personnel in the HAWE Group. Registration of the aforementioned change to the Statutes relating to the target capital took place on 24 September 2008.

On 26 November 2010 the Supervisory Board of HAWE S.A. gave consent for the deprivation of existing shareholders of the pre-emptive rights to acquire Subscription Warrants and consent for the deprivation of existing shareholders of the pre-emptive rights to acquire 2 000 000 shares issued within the limits of the target capital in exchange for Subscription Warrants.

On 20 December 2010 HAWE S.A. offered to its President, Robert Kwiatkowski, 2 000 000 series B Subscription Warrants, where one Subscription Warrant would give an entitlement to take up correspondingly one series G share. Mr Robert Kwiatkowski agreed not to sell the warrants until 15 July 2012 (lock up). On 20 December 2010 the warrants were taken up by Robert Kwiatkowski. The warrants were taken up outside the regulated market.

The Management Board does not have any other entitlements to take decisions on the issuing or redemption of shares.

i) Principles governing changes to the issuer's statutes or articles of association

Principles governing changes to the Company Statutes are subject to the regulations of the Commercial Companies Code. The Statutes of HAWE S.A. do not lay down any stricter requirements in this regard than those provided by the Commercial Companies Code.

Detailed principles relating to actions of the General Meeting of Shareholders are described under j).

j) Manner of action of the general meeting and its fundamental entitlements, and description of the rights of shareholders and the way in which they are exercised, in particular the principles arising from the rules of the general meeting, if such rules have been adopted, except where the relevant information results directly from provisions of the law

The General Meeting of Shareholders of HAWE S.A. is the highest controlling body of the Company. The General Meeting acts on the basis of the provisions of the Commercial Companies Code and the Statutes of HAWE S.A. and in accordance with the Rules of the General Meeting of Shareholders of HAWE S.A., which have been adopted by the General Meeting and regulate the organization and proceedings of Meetings.

In accordance with the Statutes a General Meeting takes place at the Company's seat and is called in the form of either an ordinary or extraordinary meeting.

- An Ordinary General Meeting of Shareholders should take place within 6 months of the end of each financial year. If the Management Board does not call an Ordinary General Meeting within 5 months of the end of a financial year, an Ordinary General Meeting may be called by the Supervisory Board.
- The right to call an Extraordinary General Meeting of Shareholders belongs to the Management Board or shareholders representing at least one half of the share capital or at least one half of the votes in the company. The Supervisory Board has the right to call an Extraordinary General Meeting if it considers it appropriate to do so. A shareholder or shareholders representing at least one twentieth of the share capital may request the calling of an Extraordinary General Meeting or the inclusion of particular matters in the agenda of the nearest General Meeting. Such request should be made in writing to the Management Board or in electronic form. If such a request for the calling of an Extraordinary General Meeting is received, the Management Board should call an Extraordinary General Meeting within two weeks of the request, such that it can take place not later than 2 months after the date of the request.

The calling of a General Meeting is also subject to the provisions of the Commercial Companies Code.

A General Meeting is called by means of an announcement made on the company's website and in the manner laid down for the supply of current

information in accordance with the Act on public offers (i.e. in the ESPI system). The announcement should be made at least 26 days before the date of the General Meeting.

The following are entitled to participate in a General Meeting:

- Shareholders who:
 - a) are shareholders of the Company on the Registration Day, namely 16 days before the date of the General Meeting, and
 - b) have applied, not earlier than after the announcement of the calling of the General Meeting and not later than on first working day after the Registration Day, to the entity with which they hold a securities account for the issuing of a named certificate of the right to participate in the General Meeting,
- members of the Management Board and Supervisory Board,
- members of the Company's controlling bodies whose membership expired prior to the day of the General Meeting,
- other persons invited by the Management Board whose participation is justified, i.e. representatives of the auditor, representatives of legal and financial advisors – when complex issues of a legal and economic nature are addressed.

The list of Shareholders entitled to participate in a General Meeting, signed by the Management Board, containing their forenames and surnames or names, place of residence or registered address, quantity, type and number of shares and number of votes, is displayed on each occasion at the Company's head office for three working days prior to the General Meeting.

Shareholders may participate in the General Meeting and exercise their voting rights in person or through representatives, where the relevant powers of attorney should be made in writing on pain of invalidity and appended to the minutes of the General Meeting or given in electronic form (a form for a power of attorney is always appended to the announcement of the calling of the General Meeting). If a power of attorney is given in electronic form, the Company must be notified of that fact using means of electronic communication in the form of information sent by e-mail to wza@hawesa.pl, making every effort to enable the effective verification of the validity of the power of attorney, and for that purpose a power of attorney sent to the Company electronically should be scanned in PDF format. The representative submits the power of attorney when signing the attendance list. If persons acting for shareholders being corporations (as members of their authorities) participate in the General Meeting, they should demonstrate their right of representation by means of an official extract from the appropriate register.

The General Meeting is opened by the Chairman of the Supervisory Board or by another person appointed by him, or in their absence by the President or a person appointed by the Management Board. After the election of a Chair, the attendance list is drawn up and displayed, containing a list of participants in the General Meeting with the number of shares and the votes to which the shareholders are entitled. After signing the attendance list the Chair presents the agenda for the General Meeting as given in the announcement of the calling of the Meeting.

The agenda for a General Meeting is determined by the Management Board of HAWE S.A., where the Supervisory Board or a shareholder or shareholders representing at least one twentieth of the share capital may request the inclusion of particular matters in the agenda for the General Meeting. The request should be made to the Management Board not later than 21 days before the date set for the Meeting. The request should contain reasoning or a draft resolution relating to the proposed agenda item. The request may be made in electronic form to wza@hawesa.pl.

A shareholder or shareholders of the Company representing at least one twentieth of the share capital may, prior to the date of the General Meeting, submit to the Company in writing or using means of electronic communication to wza@hawesa.pl draft resolutions relating to the matters included in the agenda for the General Meeting or matters which are to be included in the agenda. Moreover, during an Extraordinary General Meeting of Shareholders any shareholder may put forward draft resolutions relating to matters which have been included in the agenda.

Resolutions of the General Meeting are adopted by an absolute majority of votes, unless provisions of the Commercial Companies Code or the Statutes lay down stricter requirements. The most important regulations from the Code in this regard state that a resolution concerning a significant change to the registered objectives of the company requires a majority of two-thirds of votes, and a resolution relating to a change to the Statutes, a merger of companies or liquidation of the Company requires a majority of 3/4 (three-quarters) of votes cast.

A shareholder is entitled to lodge a complaint against a resolution of the General Meeting by way of legal action for the overturning or invalidation of the resolution.

Apart from the matters laid down in the Commercial Companies Code and the Statutes, resolutions of the General Meeting are required in the following matters:

- appointment and dismissal of members of the Supervisory Board,
- determination of the number of members of the Supervisory Board,
- determination of principles of remuneration and the amount of remuneration for members of the Supervisory Board,
- approval of the Supervisory Board Rules,
- creation and liquidation of reserve funds.

The Company does not provide the possibility of:

- participation in a General Meeting using means of electronic communication,
- the making of statements during a General Meeting using means of electronic communication,
- exercise of voting rights by correspondence or using means of electronic communication.

k) Composition of the bodies managing, supervising or administering the issuer, and their committees, changes in composition during the last financial year, and description of their actions

As at 1 January 2010 the Management Board and Supervisory Board of HAWE S.A. were composed of the following persons:

Robert Kwiatkowski	- President of the Management Board
Andrzej Laskowski	- Vice-President of the Management Board
Małgorzata Głąbicka	- Member of the Management Board
Robert Szydłowski	- Chairman of the Supervisory Board
Waldemar Falenta	- Vice-Chairman of the Supervisory Board
Jarosław Dziewa	- Member of the Supervisory Board
Paweł Filipiak	- Member of the Supervisory Board
Mariusz Pawlak	- Member of the Supervisory Board
Ryszard Strużak	- Member of the Supervisory Board

On 20 April 2010 Ms Małgorzata Głąbicka resigned as Member of the Management Board.

On 20 April 2010 Mr Andrzej Laskowski resigned as Vice-President of the Management Board.

On 20 April 2010 the Supervisory Board appointed Mr Piotr Kubaszewski as Member of the Management Board for the term of office which began on the day of the Ordinary General Meeting of Shareholders approving the statements for 2008, namely 16 June 2009. Mr Piotr Kubaszewski supervised the area of finance in the HAWE Group, while also acting as Vice-President (Finance) in the dependent companies HAWE Telekom Sp. z o.o. (formerly PBT HAWE Sp. z o.o.) and HAWE Budownictwo Sp. z o.o.

On 29 June 2010, the day of the Ordinary General Meeting of Shareholders approving the statements for the 2009 financial year, the Supervisory Board's term of office expired. The General Meeting of Shareholders elected, for the subsequent term of office, a Supervisory Board consisting of Jarosław Dziewa, Waldemar Falenta, Paweł Filipiak, Dariusz Maciejuk, Paweł Miller, Mariusz Pawlak and Robert Szydłowski.

On 9 July 2010 the Supervisory Board constituted and elected Mr Jarosław Dziewa as its Chairman and Mr Mariusz Pawlak as its Vice-Chairman.

On 29 December 2010 Mr Robert Szydłowski resigned from the Supervisory Board.

On 29 December 2010 Mr Paweł Filipiak resigned from the Supervisory Board.

On 30 December 2010 Mr Jarosław Dziewa resigned from the Supervisory Board.

On 30 December 2010 Mr Paweł Miller resigned from the Supervisory Board.

On 30 December 2010 the Company's Extraordinary General Meeting of Shareholders appointed Mr Jerzy Karney as Member of the Supervisory Board.

On 30 December 2010 the Company's Extraordinary General Meeting of Shareholders appointed Mr Andrzej Kleszczewski as Member of the Supervisory Board.

As at 31 December 2010 the Management Board and Supervisory Board of HAWE S.A. were composed of the following persons:

Robert Kwiatkowski	- President of the Management Board
Piotr Kubaszewski	- Member of the Management Board
Mariusz Pawlak	- Vice-Chairman of the Supervisory Board
Waldemar Falenta	- Member of the Supervisory Board
Jerzy Karney	- Member of the Supervisory Board
Andrzej Kleszczewski	- Member of the Supervisory Board
Dariusz Maciejuk	- Member of the Supervisory Board

As at 29 December 2010 the Committees of the Supervisory Board of HAWE S.A. were composed of the following persons:

Audit Committee:

Paweł Miller	- Committee Chair
Jarosław Dziewa	- Committee member
Dariusz Maciejuk	- Committee member

Remuneration Committee:

Mariusz Pawlak	- Committee Chair
Paweł Filipiak	- Committee member
Robert Szydłowski	- Committee member

By resolution of the Supervisory Board, on 12 January 2011 the Supervisory Board's Audit Committee and Remuneration Committee were wound up. The Supervisory Board decided to appoint Supervisory Board committees at its next meeting.

After the end of the reported period, on 12 January 2011, the Supervisory Board constituted and elected Mr Waldemar Falenta as Chairman of the Supervisory Board.

After the end of the reported period, on 20 January 2011, the Supervisory Board dismissed Mr Robert Kwiatkowski from the position of President and Mr Piotr Kubaszewski from the position of Member of the Management Board. On the same day the Supervisory Board appointed Mr Krzysztof Rybka as President of the Management Board.

After the end of the reported period, on 21 February 2011, the Company's Extraordinary General Meeting of Shareholders appointed Mr Arkadiusz Gierałt, Mr Lesław Podkański and Mr Jacek Ryński as Members of the Supervisory Board.

After the end of the reported period, on 4 March 2011, Mr Jerzy Karney resigned from the Supervisory Board.

After the end of the reported period, on 4 March 2011, Mr Krzysztof Rybka resigned from the position of the President of the Management Board.

After the end of the reported period, on 4 March 2011, the Supervisory Board appointed Mr Jerzy Karney as President of the Management Board and Mr Krzysztof Rybka as Vice-President of the Management Board.

As at the day of publication of this Report, the Management Board and Supervisory Board of HAWE S.A. are composed of the following persons:

Jerzy Karney	- President of the Management Board
Krzysztof Rybka	- Vice-President of the Management Board
Waldemar Falenta	- Chairman of the Supervisory Board
Mariusz Pawlak	- Vice-Chairman of the Supervisory Board
Arkadiusz Gierałt	- Member of the Supervisory Board
Andrzej Kleszczewski	- Member of the Supervisory Board
Dariusz Maciejuk	- Member of the Supervisory Board
Lesław Podkański	- Member of the Supervisory Board
Jacek Ryński	- Member of the Supervisory Board

Action of the Management Board and of the Supervisory Board and its committees

Management Board

The Management Board is composed of one to five members appointed and dismissed by the Supervisory Board. The number of members of the Management Board is determined by the Supervisory Board. Members of the Management Board are appointed for the period of a common term of office. The Management Board's term of office lasts for three years.

The Management Board represents the Company and conducts the Company's affairs, with the exception of the matters reserved for the General Meeting of Shareholders or Supervisory Board.

Declarations of will may be made in the Company's name by two members of the Management Board acting jointly or a member of the Management Board acting jointly with a proxy, or if the Management Board consists of only one person, by the President acting alone.

A member of the Management Board may not without the Supervisory Board's consent engage in competitive business or be a member of the controlling bodies of competing firms.

The President may call meetings of the Management Board whenever he considers it appropriate to do so, and is obliged to call a meeting at the written request of any member of the Management Board within 14 days of receiving the request. If the President does not call a meeting within that time, the applicant may call a meeting independently.

The President chairs meetings of the Management Board. In the absence of the President meetings are chaired by a member of the Management Board

appointed by the President. Management Board resolutions are adopted by an absolute majority of votes. In case of equal numbers of votes the vote of the President is decisive.

The detailed range of competences and procedures of the Management Board, including the range of matters requiring a resolution of the Management Board, is laid down in the Management Board Rules, whose consolidated text was adopted by way of Management Board Resolution 1/Z/2007 of 23 February 2007 and approved by way of Supervisory Board Resolution 6/RN/2007 of 12 March 2007. The text of the Rules is available at www.hawesa.pl on the Corporate Documents page.

Each member of the Management Board has the right and duty to manage the Company's ordinary affairs, and may without a prior resolution of the Management Board conduct matters which do not go beyond the Company's ordinary actions, while adhering to the provisions of the law, the Company's Statutes and the resolutions and rules of the Company's controlling bodies.

Decisions relating to the current management of the Company's ordinary affairs may also be taken by proxies and authorized representatives appointed by the Management Board, within the scope of the power of attorney granted. Legal acts of the Company as an employer are performed by the President acting alone.

Members of the Management Board are obliged to participate in meetings of the Management Board, keep the proceedings of meetings secret unless the Management Board decides otherwise, and attend the General Meeting of Shareholders. Absence of a member of the Management Board from a General Meeting requires on each occasion a written explanation to be presented at the General Meeting.

Subject to the terms of the Company's Statutes, resolutions of the Management Board are adopted by an absolute majority of votes. In case of equal numbers of votes the vote of the President is decisive. The Management Board may adopt resolutions if at least one half of its members are present at the meeting and all of its members were invited. The Management Board may adopt resolutions only in the matters listed in the agenda appended to the invitation, unless all members of the Management Board are present at the meeting and consent to the adoption of the resolution. Voting is conducted openly. Secret voting takes place at the request of any member of the Management Board. The member of the Management Board making the initiative for the adoption of a given resolution votes first; the President votes last.

Supervisory Board

The Supervisory Board is composed of five to nine members appointed and dismissed by the General Meeting of Shareholders. At least two members of the Supervisory Board must be independent members. The number of members of the Supervisory Board is determined by the General Meeting of Shareholders. Members of the Supervisory Board are appointed for the period of a common three-year term of office. If a member of the Supervisory Board resigns, the remaining members may temporarily co-opt a new member to the Supervisory Board.

Members of the Supervisory Board receive remuneration and reimbursement of costs on account of the performance of their functions in accordance with principles laid down by resolution of the General Meeting of Shareholders. Members of the Supervisory Board may perform their functions without remuneration.

The Supervisory Board performs its duties on a collegial basis, but may delegate its members to perform specified supervisory actions independently or in the form of committees. Persons not being members of the Supervisory Board may participate in an advisory role in the Supervisory Board's supervisory and control actions. In such cases the Supervisory Board is obliged to ensure that those person have undertaken to maintain the confidentiality of any information obtained in relation to participation in the Supervisory Board's supervisory and control actions.

The Supervisory Board exercises permanent supervision over the Company's activity. The competences of the Supervisory Board include in particular:

- evaluation of the Company's financial statements,
- evaluation of the Management Board's report on the Company's activity and the Management Board's proposals as to the distribution of profits or coverage of losses,
- submission to the General Meeting of Shareholders of a written report on the results of those evaluations,
- appointment and dismissal of members of the Management Board,
- determination of the number of members of the Management Board,
- suspension, for good cause, of individual members or all members of the Management Board,
- submission to the General Meeting of Shareholders of proposals concerning the granting of discharges to members of the Management Board,
- determination of amounts of remuneration for serving as a member of the Management Board, in particular under employment contracts or other contracts concluded with members of the Management Board, and determination of bonuses for members of the Management Board and principles for their employment with the Company,
- approval of the Management Board Rules,
- selection of an auditor for the financial statement,
- issuing of opinions in matters included by the Management Board in the agenda of a General Meeting of Shareholders and in other matters included in the agenda of a General Meeting of Shareholders if the Supervisory Board considers it appropriate to do so,
- expression of consent for the making of advance payments on account of expected dividends at the end of the financial year,
- delegation of one or more members of the Supervisory Board, for a period of not more than three months, to perform temporarily the duties of members of the Management Board who have been dismissed, have resigned or for other reasons are not able to perform their duties,
- expression of consent for the Company's concluding a significant contract with an affiliated entity of the Company or a member of the Supervisory Board or Management Board or with entities affiliated with them. The aforementioned obligation shall not apply to standard transactions concluded on terms within

the Company's operational activity with a dependent entity in which the Company holds a majority capital share. For the purposes of this section the definition of an affiliated entity is adopted from the Order of the Minister of Finance issued pursuant to Article 60(2) of the Act of 29 July 2005 on public offers and conditions for the introduction of financial instruments to an organized trading system and on public companies (Dz.U. no. 184 item 1539 as amended),

- expression of consent for the acquisition and disposal of assets of the Company or of its dependent company with value exceeding 5 000 000 (five million) zloty or its equivalent in other currencies according to the National Bank of Poland average exchange rate for the day of the transaction,
- expression of consent for the acquisition, disposal and encumbering of real property (understood to include rights of perpetual usufruct) or shares in real property by the Company with value exceeding 5 000 000 (five million) PLN or its equivalent in other currencies according to the National Bank of Poland average exchange rate for the day of the transaction,
- presentation to the Ordinary General Meeting of Shareholders of a concise evaluation of the Company's situation,
- approval of long-term strategic plans for the development of the Company and approval of the Company's annual financial plans (budgets),
- expression of consent for the acquisition or disposal by the Company or its dependent company of shares in other companies,
- expression of consent for the establishment of dependent companies,
- expression of consent for the conclusion of contracts between the Company or its dependent company and a member of the Management Board or Supervisory Board or a Shareholder controlling 20% or more of the votes at a general meeting of shareholders of the Company or an Affiliated Entity, or entities affiliated with members of the Management Board or Supervisory Board or Shareholders controlling 20% or more of the votes at a general meeting of shareholders of the Company or an Affiliated Entity,
- at least once a year, preparation of an evaluation of its own work and presentation thereof to the ordinary general meeting of shareholders.

On 21 February 2011 the Extraordinary General Meeting of Shareholders of HAWE S.A. adopted a resolution on amendments to the Company Statutes. As at the day of publication of the present declaration a request for registration of the changes has been submitted to the registering court appropriate to the Company's registered address.

Meetings of the Supervisory Board are called by the Chairman or Vice-Chairman of the Supervisory Board at least four times in a financial year. A meeting of the Supervisory Board may also be called at the written request of the Management Board or of a member of the Supervisory Board.

A meeting of the Supervisory Board may take place even without being formally called if all of the Supervisory Board's members are present at the meeting and none of them has objected to its taking place.

Resolutions of the Supervisory Board are adopted by an absolute majority of votes. In case of equal numbers of votes the vote of the Chairman of the Supervisory Board is decisive. The Supervisory Board may adopt resolutions if at

least one half of its members are present at the meeting and all of its members were invited.

Members of the Supervisory Board may participate in the adoption of Supervisory Board resolutions by voting in writing through another member of the Supervisory Board. Voting in writing is not permitted in matters added to the agenda at the Supervisory Board meeting. The Supervisory Board may adopt resolutions by circulation among members or using means of remote direct communication. The resolution is valid if all members of the Supervisory Board have been informed of the wording of the draft resolution. Voting by circulation is preceded by a declaration consenting to that procedure for adopting a **resolution, with** simultaneous notification of the other members of the Supervisory Board. In such a situation the Chairman or Vice-Chairman of Supervisory Board should call a meeting of the Supervisory Board at the earliest possible date with the agenda including an item relating to the proposed resolution.

The detailed principles governing the actions of the Supervisory Board of HAWE S.A. are laid down in the Statutes and in the Supervisory Board Rules approved by the General Meeting of Shareholders on 29 June 2010. These documents are available on the Company's website www.hawesa.pl on the Corporate Documents page.

Supervisory Board committees

A Supervisory Board consisting of six or more members appoints the following permanent committees: an Audit Committee and a Remuneration Committee. A Supervisory Board consisting of not more than five members may appoint those committees. The Supervisory Board may appoint other committees, including a Strategy Committee. Committees are appointed for the period of the term of office of the Supervisory Board, from among the members of the Supervisory Board.

From among the members of a committee the Supervisory Board appoints the chair of that committee, who directs the committee's work.

The range of actions of the Audit Committee includes the exercise of permanent supervision over the Company's accounts and finances. The entitlements and duties of the Audit Committee include in particular: monitoring of the Company's operating and financial results; analysis of contracts, transactions and understandings made between the Company and affiliated entities; monitoring of the work of the Company's auditors and presentation of recommendations to the Supervisory Board as to the selection and remuneration of the Company's auditors; discussion with the Company's auditors, before the start of each annual audit of the financial statement, of the nature and scope of the audit, and monitoring of the coordination of work between the Company's auditors; reviewing of the Company's periodic and annual financial statements; preparation of guidelines for the Supervisory Board relating to evaluation of the Company's financial statements; preparation of guidelines for the Supervisory Board relating to consent for the making of advance payments on account of dividends expected at the end of the financial year; and notification of the Supervisory Board of any other matters of importance within the scope of its competences.

The range of actions of the Remuneration Committee includes the exercise of permanent supervision over the level and manner of payment of remuneration at the Company.

The entitlements and duties of the Remuneration Committee include in particular: presentation of proposals concerning the wording of contracts for the performance of the duties of a member of the Management Board; presentation of proposals relating to the system of remuneration and bonuses for members of the Management Board and the system for evaluating the Management Board's work and results; expression of an opinion on the Company's policy on remuneration and bonuses for employees, with particular attention to managerial staff; statement of a position regarding the need to suspend a member of the Management Board or delegate a member of the Supervisory Board to perform temporarily the duties of a member of the Management Board who is not able to perform his duties; expression of an opinion on the wording of information concerning the remuneration of members of the Management Board and Supervisory Board which is required to be made public; and notification of the Supervisory Board of any other matters of importance within the scope of its competences.

Jerzy Karney
President

Krzysztof Rybka
Vice-President