

Report of the Supervisory Board of Asseco South Eastern Europe S.A for the year 2017

I. Report on the activity of the Supervisory Board of Asseco South Eastern Europe S.A in the year 2017

Organizational matters of the Supervisory Board

In 2017 the Supervisory Board operated in the following composition:

The Company complies with the principle on the fulfillment of independence criteria by the Supervisory Board Members in reference to only one Member of the Supervisory Board.

In 2017 the Supervisory Board operated in the following composition:

I. In the period from 1 January 2017 to 30 March 2017

Adam Góral	Chairman of the Supervisory Board
Artur Kucharski	Member of the Supervisory Board
Gabriela Žukowicz	Member of the Supervisory Board
Jacek Duch	Member of the Supervisory Board
Jan Dauman	Member of the Supervisory Board
Przemysław Sęczkowski	Member of the Supervisory Board

II. Following 31 March 2017 – the date of appointment of the Supervisory Board of the new, joint term of office – the Supervisory Board was composed as follows:

Jozef Klein	Chairman of the Supervisory
Adam Góral	Vice-Chairman of the Supervisory Board
Artur Kucharski	Member of the Supervisory Board
Gabriela Žukowicz	Member of the Supervisory Board
Jacek Duch	Member of the Supervisory Board

III. Following 18 October 2017 the composition of the Supervisory Board is as follows:

Jozef Klein	Chairman of the Supervisory
Adam Góral	Vice-Chairman of the Supervisory Board
Artur Kucharski	Member of the Supervisory Board
Jacek Duch	Member of the Supervisory Board
Adam Pawłowicz	Member of the Supervisory Board

The Company applies the rule referring to independency criterion of the supervisory board members towards two members of the Supervisory Board.

The Audit Committee of the Supervisory Board

Organization and functioning of the Audit Committee are regulated by the provisions of the Point IV of the By-laws of the Supervisory Board (in its wording approved on 18 October 2017).

Composition of the Audit Committee in 2017:

(i) until 18 October 2017

Artur Kucharski	– Chairman of the Audit Committee
Jacek Duch	– Member of the Audit Committee
Gabriela Žukowicz	– Member of the Audit Committee

(ii) with the effect from 18 October 2017 Gabriela Žukowicz resigned from the function of the Member of the Supervisory Board thus also from the function of the Secretary of the Audit Committee. In the composition of the Audit Committee she was replaced by the new Member of the Supervisory Board – Adam Pawłowicz.

Until the day of drafting of this report, i.e. 27 March 2018 the composition of the Audit Committee has not been changed and is as follows:

Artur Kucharski	– Chairman of the Audit Committee
Jacek Duch	– Member of the Audit Committee
Adam Pawłowicz	– Member of the Audit Committee

On the Meeting of 18 October 2017, the Supervisory Board, acting on the basis of the article 129 of the Act on Statutory Auditors, Audit Firms and Public Supervision, dated 11 May 2017r. and §8 of the By-laws of the Supervisory Board, confirmed meeting the independence requirements towards Audit Committee. It was confirmed that Artur Kucharski and Adam Pawłowicz meet the independence criterion. Additionally, Artur Kucharski is qualified in accounting and auditing of financial statements'. Simultaneously, all members of the Audit Committee has the knowledge referring to sector in which the Company operates.

Scope of works of the Audit Committee

In 2017 the Audit Committee held 4 meetings during which it performed its duties as provided by the Article 130 Act on Statutory Auditors, Audit Firms and Public Supervision. The Committee monitored events, among others, in the following areas: monitoring of the financial reporting process, effectiveness of internal control systems and risk management. The Audit Committee positively confirmed functioning of the internal audit in the Company and within the Capital Group of Asseco South Eastern Europe.

The Audit Committee was verifying process of preparation of the financial statements and effectiveness of the key procedures enabling to produce financial statements and managerial, financial reports in the appropriate way and to include in their content reliable data and information on Company's exposure to risks, tools to identify and monitor them, as well as Management's activities to mitigate risks' potential impact on Company's functioning.

The Audit Committee confirmed the audit process as being independent, as the certified auditor met requirements to present objective and independent opinion on the audit, in accordance with relevant statutory provisions and professional norms.

On the meeting held on 13 October 2017, in order to fulfill requirements established by Act (act on Statutory Auditors, Audit Firms and Public Supervision dated 11 May 2017r.), the Audit Committee adopted resolution on: Policy on selection of an audit firm, Procedure on selection of an audit firm and Policy on granting the consent for rendering permissible non-audit services. The aforementioned documents were subsequently approved by the Supervisory Board on 18 October 2017.

Enforcement of statutory duties

In 2017, the Supervisory Board have conducted permanent supervision of the ongoing activities of the Company, in connection with performance of its supervisory powers held four meetings of the Supervisory Board.

Significant area of the Supervisory Board activities in 2017 was to assess the current performance of the Company, performance of budget by the Management Board and to analyze the Company's strategy in all directions of its activity. The Management Board regularly informed the Supervisory Board of the feasibility of achieving the planned strategic objectives of the Company, as well as financial results of the Company. Specific objectives and strategic intentions of the Company were reported and discussed during the meetings between members of the Supervisory Board and Management Board of the Company and have been approved by the Supervisory Board. The Supervisory Board received detailed information and explanations on the state and perspectives of cooperation with companies under the holding company and within the Capital Group and on the results of Company's subsidiaries.

In addition, the Supervisory Board finds that the situation of the Company in the year 2017 must be assessed by prism of the purpose for which the Company was formed, which is building a holding structure, which gather information technology companies from countries in the Central and Eastern Europe. The intention is to make as the main source of the Company's revenues dividends paid by Company's subsidiaries.

The Supervisory Board confirms the continuation of the very good cooperation with the Management Board of Asseco South Eastern Europe S.A.

II. An assessment of the company's standing including an assessment of the internal control, risk management and compliance systems and the internal audit function

The Supervisory Board positively evaluates the system of internal control, the system of management of risk significant to the Company, compliance system and internal audit function.

In the Supervisory Board's opinion, the existing system of internal control, risk management, compliance and internal audit function are effective and implemented solutions enable to identify the types of risks significant to the Company, manage them and keep it at an acceptable level. The system of internal control, management of risk, compliance and internal audit function is designed to include the types of risks connected with both the operating and holding activities of the Company.

The system of internal control is based on the mechanisms of risk control (included in bylaws, instructions, procedures, job descriptions of respective employees) and control exercised by employees. Key personnel is responsible for design, implementation and monitoring of an effective and efficient internal control system as well as for identification and review of any risk exposures. Responsibilities under the internal control and risk management systems, as adopted by ASEE S.A. in the process of preparing its financial statements, are performed by the Management Board, Supervisory Board, Audit Committee and other employees.

The Company's structure does not include the separated and formal system of internal control and compliance, because it is not justified taking into account the size of the Company. Internal audit function is performed by the controlling department, and the compliance function is ensured by the legal department, Management Board and other employees.

The Management Board decided on employment of the internal auditor as of 1 March 2018, who shall be responsible for review and assessment of the controlling mechanisms existing in the Company and the Group as well as building the risk map.

In the Supervisory Board's opinion, the Management Board properly identified the types of risks significant to the Company and managed them effectively in a dynamically changing environment.

III. An assessment of the company's compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities

The Supervisory Board gives its positive assessment of the company's compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities.

IV. Other

Due to very limited scope of sponsorship activities, the Company does not have the formal policy in this regard, which is not questioned by the Supervisory Board.