

Report of the Supervisory Board of Asseco Poland S.A. on its activities in the year 2016 ("Report")

This Report contains:

- 1. Summary of activities undertaken by the Supervisory Board (the "Board") and the Audit Committee in the year 2016, including a self-assessment of the Board's work, in accordance with principle II.Z.10.2. of the "Best Practice for WSE Listed Companies 2016" (the "Best Practice").*
- 2. Assessment of the fulfillment of disclosure obligations regarding compliance with the "Best Practice for WSE Listed Companies 2016", in accordance with principle II.Z.10.3. of the Best Practice.*
- 3. Report on assessment of the rationality of sponsorship, charity or other similar activities conducted by Asseco Poland S.A., in accordance with principle II.Z.10.4. of the Best Practice.*
- 4. Report on assessment of the reports on operations of Asseco Poland S.A. and Asseco Group in the financial year 2016, assessment of the financial statements of Asseco Poland S.A. and Asseco Group for the financial year 2016, as well as assessment of the Management Board's proposal for distribution of the net profit for the financial year 2016, prepared with the objective to be submitted to the General Meeting of Shareholders, in accordance with art. 382 § 3 of the Commercial Companies Code.*
- 5. Brief assessment of Asseco Poland S.A.'s standing in the year 2016, including an assessment of the internal control, risk management and compliance systems, and the internal audit function, in accordance with principle II.Z.10.1. of the Best Practice.*

1. Summary of activities undertaken by the Supervisory Board and the Audit Committee in the year 2016, including a self-assessment of the Board's work.

a) Compositions of the Supervisory Board and the Audit Committee

In 2016, the Supervisory Board of Asseco Poland S.A. was composed of the following persons:

Supervisory Board	Period of service
Jacek Duch	01.01.2016 – 31.12.2016
Adam Noga	01.01.2016 – 31.12.2016
Dariusz Brzeski	01.01.2016 – 31.12.2016
Artur Kucharski	01.01.2016 – 31.12.2016
Piotr Augustyniak	01.01.2016 - 31.12.2016
Dariusz Stolarczyk ¹	01.01.2016 - 28.04.2016

¹ *Dariusz Stolarczyk resigned from his position with effect from April 28, 2016*

On April 29, 2016, the General Meeting of Shareholders of the Company passed resolutions on the appointment of the Members of the Supervisory Board for the new, joint, five-year term. On January 16, the Supervisory Board, during its first meeting, appointed its Chairman and Vice Chairman:

Jacek Duch - Chairman of the Supervisory Board

Adam Noga – Vice Chairman of the Supervisory Board

Izabela Albrycht – Member of the Supervisory Board

Dariusz Brzeski - Member of the Supervisory Board

Artur Kucharski - Member of the Supervisory Board

Piotr Augustyniak - Member of the Supervisory Board

As at the date of publication of this report, the composition of the Company's Supervisory Board remained unchanged.

The Supervisory Board has appointed the Audit Committee. The activities of the Audit Committee have been regulated and described in Chapter X of the Bylaws of the Supervisory Board.

In 2016, the Audit Committee was composed of the following persons:

Audit Committee	Period of service
Adam Noga	01.01.2016 – 31.12.2016
Jacek Duch	01.01.2016 – 31.12.2016
Artur Kucharski	01.01.2016 – 31.12.2016
Piotr Augustyniak	01.01.2016 – 31.12.2016

On February 22, 2016, Mr. Adam Noga resigned from the position of the Chairman of the Audit Committee. This resignation was submitted in order to enable Asseco Poland S.A. to comply with the principle II.Z.5 contained in the Best Practice for WSE Listed Companies 2016. Therefore, the

Supervisory Board appointed Mr. Artur Kucharski to perform the duties of Chairman of the Audit Committee of the Supervisory Board.

Mr. Artur Kucharski has met the independence criteria as defined in Annex II to the European Commission Recommendation 2005/162/EC of February 15, 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board, as well as in the Best Practice for WSE Listed Companies.

On April 29, 2016, the General Meeting of Shareholders of the Company passed resolutions on the appointment of the Members of the Supervisory Board for the new, joint, five-year term. On January 16, the Supervisory Board, during its first meeting, appointed the Audit Committee in the following composition:

Artur Kucharski - Chairman of the Audit Committee;

Jacek Duch - Member of the Audit Committee;

Adam Noga- Member of the Audit Committee;

Piotr Augustyniak- Member of the Audit Committee.

As at the date of preparation of this report, this is on March 16, 2016, the composition of the Audit Committee of the Company's Supervisory Board remained unchanged.

b) Fulfillment of the independence criteria

All Members of the Supervisory Board have submitted appropriate statements of either meeting or failure to meet the independence criteria as defined in Annex II to the European Commission Recommendation 2005/162/EC of February 15, 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board, as well as in the Best Practice for WSE Listed Companies 2016.

During its meeting held on February 22, 2016, the Supervisory Board got familiar with the submitted statements and identified whether there exist any relationships or circumstances which may affect the fulfillment of the independence criteria by each Member of the Supervisory Board.

In accordance with their respective statements, the independence criteria have been met by the following Members of the Supervisory Board: Mr. Piotr Augustyniak, Mr. Artur Kucharski, and Mr. Dariusz Stolarczyk. Furthermore, Mr. Artur Kucharski is also qualified in the field of accounting or financial auditing, pursuant to art. 86 sect. 4 of the Act of May 7, 2009 on certified auditors, their self-government, entities authorized to audit financial statements and on public supervision.

During its first meeting in a new term, held on January 16, 2016, the Supervisory Board got familiar with the submitted statements and identified whether there exist any relationships or circumstances which may affect the fulfillment of the independence criteria by each Member of the Supervisory Board.

In accordance with their respective statements, the independence criteria have been met by the following Members of the Supervisory Board: Mr. Piotr Augustyniak, Mr. Artur Kucharski, and Mrs. Izabela Albrycht.

c) Summary of work performed by Supervisory Board and the Audit Committee in the year 2016

The Supervisory Board operates on the basis of the Commercial Companies Code, the Articles of Association of Asseco Poland S.A., Bylaws of the Supervisory Board, as well as in compliance with the "Best Practice for WSE Listed Companies". In the reporting period, the Supervisory Board, bearing in

mind the proper and safe operation of Asseco Poland S.A. and exercising utmost diligence, maintained continuing supervision over all areas of the Company's operations, including in the scope of risk management and internal control systems, acting directly by itself as well as through the Audit Committee. In 2016, the Supervisory Board held 5 meetings and passed 8 resolutions. Most of these meetings were attended by all Members of the Supervisory Board, and any absence of a Member of the Supervisory Board was excused by the Chairman.

During the year 2016, the Supervisory Board actions focused on assessment of the Company's current financial performance, execution of the budget by the Management Board and analysis of the Company's strategy in all the areas of its operations, and in particular the consolidation and acquisition processes undertaken by the Company. The Supervisory Board was kept informed both about the most important events and decisions taken by the Management Board. The Management Board informed the Supervisory Board on a systematic basis about the feasibility of achieving the planned sales revenues as well as about actual performance of individual divisions operating within the Company. Individual goals and strategic plans of the Company were presented and discussed during the Supervisory Board meetings attended by the Management Board, and they won the Supervisory Board's approval. The Board also obtained detailed information and explanations on the results of operations in particular segments of the market, on the status and future outlook for cooperation with the key clients and contractors, implementation of new products, as well as on the efforts made in order to gain new clients.

Performing statutory obligations, the Supervisory Board chose Ernst & Young Audyt Polska Sp. z o.o. Sp.k., seated in Warsaw, as the certified auditor authorized to review and audit the financial statements of Asseco Poland S.A. and Asseco Group for the financial year 2016.

In the Supervisory Board's opinion, the composition of the Board constitutes a premise to conclude that the Supervisory Board gave an assurance of proper performance of the assigned tasks in the reporting period. Members of the Supervisory Board are duly qualified to perform their supervisory duties by way of their education, knowledge and skills supported by many years of professional experience. Furthermore, the Supervisory Board composition is diversified in terms of age. Professional CVs of all Members of the Supervisory Board are posted on the Company's website.

The Audit Committee held five meetings during the year 2016. During these meetings, the Audit Committee met with the auditing firm Ernst & Young Audyt Polska Sp. z o.o. Sp.k. prior to the publication of financial results for the year 2015 as well as for the first half of 2016. Each time, the representatives of Ernst & Young Audyt Polska Sp. z o.o. Sp.k. presented their report from the audit of financial statements of Asseco Poland S.A. Subsequently, the meeting participants discussed all significant issues concerning those financial statements.

On May 19, 2016, the Supervisory Board adopted a resolution on choosing Ernst & Young Audyt Polska Sp. z o.o. Sp.k., seated in Warsaw, as the certified auditor authorized to review and audit the financial statements of Asseco Poland S.A. and Asseco Group for the financial year 2016.

The Audit Committee was directly contacting and cooperating with the Director of the Internal Audit Department, namely Magdalena Jędrzejewska, who also attended all the three meetings of the Committee. The Committee got familiar with reports on implementation of the audit plan in 2015, and received information from the Director of the Internal Audit Department on activities performed with regard to the audit plan as well as on other matters within the scope of competence of the Audit Department, as well as reports on the audits carried out during the year 2016.

The Audit Committee was actively involved in the preparation of the working plan for 2016 by submitting suggestions for the areas of operations to be audited.

The Chairman of the Audit Committee has examined and made comments on the formal documents of the Internal Audit Department. As a result, in the fourth quarter of 2016, the Company's Management Board decided to:

- change the subordination status of the Director of the Internal Audit Department, who will be subject to the Audit Committee. The Director will continue to be administratively subject to the President of the Management Board;
- authorize the Audit Committee to approve significant decisions of the President of the Management Board related to the Director of the Internal Audit Department and functioning of this Department;
- send internal audit reports to the Audit Committee;
- set up a dedicated unit responsible for systemic risk management in the Company, which would take over the responsibilities related to the preparation and annual update of the Risk Assessment Profiles from the Internal Audit Department.

On May 19, 2016, the Audit Committee met with the Compliance Department Director Jolanta Adamska, who presented the functioning system of the supervision of the Company's compliance with the law and the rules of business adopted by the Company.

Regular analyses conducted during the meetings of the Supervisory Board's Audit Committee in 2016 focused on the following subjects:

1. Activities of the Internal Audit Department and the Compliance Department along with the identified significant findings, issued recommendations and efficient monitoring of the process of their implementation.
2. Review of the efficiency, adequacy and effectiveness of the Company's Internal Control System.
3. Monitoring of the activities of external auditors hired by the Company, including their independence and the key findings in relation to the financial reporting process.
4. Issues in the areas of risk, finance and regulatory compliance based on the information presented by the Company's organizational units as well as by external auditors.
5. Supporting the actions aiming to increase the efficiency and quality of implementation of the internal audit function.

2. Assessment of the fulfillment of disclosure obligations regarding compliance with the "Best Practice for WSE Listed Companies 2016".

The Supervisory Board familiarized itself on an ongoing basis with the reports published by Asseco Poland S.A. and hereby concludes that in 2016 the Company fulfilled its disclosure obligations properly, following the 'comply or explain' approach. In connection with the decision of the Supervisory Board of the Warsaw Stock Exchange (WSE) to adopt a new set of corporate governance standards entitled the "Best Practice for WSE Listed Companies 2016", which has become effective since January 1, 2016, the Company has confirmed adhering to all principles set forth in the Best Practice, except for Recommendation IV.R.2. and Principles I.Z.1.16., IV.Z.2., VI.Z.1., VI.Z.2., about which the Company informed in the "Statement on the Company's compliance with the corporate governance recommendations and principles contained in the Best Practice for WSE Listed Companies 2016" that has been posted on the website of Asseco Poland S.A.

3. Report on assessment of the rationality of sponsorship, charity or other similar activities conducted by Asseco Poland S.A.

Asseco Poland S.A. continues to undertake initiatives in the field of corporate social responsibility (CSR), including sponsorship, charity and educational activities.

Sponsorship activities conducted by Asseco are primarily related to providing support to sporting events. Asseco Poland S.A. is the major sponsor of the volleyball team Asseco Resovia Rzeszów. The Company also supports Asseco Gdynia, one of the Polish basketball league teams.

In the area of sports, Asseco's activities are arranged on the basis of long-term action plans and the following assumptions:

- support is provided to institutions;
- preference is given to cooperation under multi-annual programs with clearly identified goals;
- supported programs should enjoy wide public reception and be available through the media.

The Company is engaged in programs aiming to prevent social exclusion, support the development of sports and youth education.

Social programs are implemented mostly with the voluntary support from the Company's employees, and they include the provision of support to people at risk of social exclusion (sick or disabled persons) as well as the organization of targeted actions, for example, collections of various goods.

The Company's social benefit programs are also addressed to students and graduates. They are provided with an opportunity to gain their initial professional experience and knowledge in the field of information technology by taking part in trainings and internships organized by Asseco. Moreover, the Company collaborates with universities in an effort to support their teaching programs by offering professional and financial assistance.

The Supervisory Board considers the charity and sponsorship activities undertaken by the Company to be rational and socially beneficial, not only because they provide direct financial or in-kind support to people in need, including especially sick or disabled children living in an orphanage, but also make a positive contribution to the development of sports in Poland. The Supervisory Board believes that such an attitude builds a positive company image and inspires confidence to Asseco Poland S.A., also as an institution abiding by the principles of corporate social responsibility.

4. Report on assessment of the reports on operations of Asseco Poland S.A. and Asseco Group in the financial year 2016, assessment of the financial statements of Asseco Poland S.A. and Asseco Group for the financial year 2016, as well as assessment of the Management Board's proposal for distribution of the net profit for the financial year 2016, prepared with the objective to be submitted to the General Meeting of Shareholders.

Assessment and examination of the financial statements by the Supervisory Board

The Supervisory Board of Asseco Poland S.A., acting on the basis of art. 382 §3 the Commercial Companies Code of September 15, 2000 (Journal of Laws of 2000 No. 94, item 1037, as amended), §13 sect. 11 of the Company's Articles of Association, and chapter III §10 sect. 2 item d) of the Bylaws of the Supervisory Board, made an assessment of the stand-alone financial statement of the Company and the consolidated financial statement of Asseco Group for the financial year 2016, both accompanied by opinions and reports of certified auditors, as well as an assessment of the reports on operations of the Company and Asseco Group in the financial year 2016.

The examination and assessment covered:

1. Stand-alone financial statement of Asseco Poland S.A. seated in Rzeszów, including:

- Statement of financial position made as at December 31, 2016, which shows the total assets as well as the total liabilities of PLN 5,599.9 million;

- Income statement for the period from January 1, 2016 to December 31, 2016, which shows the net profit of PLN 353.4 million;

- Statement of changes in equity for the period from January 1, 2016 to December 31, 2016, which shows an increase in the total equity by the amount of PLN 120.5 million;

- Statement of cash flows for the period from January 1, 2016 to December 31, 2016, which shows a net decrease in cash and cash equivalents by the amount of PLN 23.4 million; and

- Supplementary information and explanatory notes.

2. Report on operations of Asseco Poland S.A. in the period from January 1, 2016 to December 31, 2016.

The examination and assessment also covered:

1. Consolidated financial statement of Asseco Group, the parent company of which is Asseco Poland S.A., seated in Rzeszów, including:

- Consolidated statement of financial position made as at December 31, 2016, which shows the total assets as well as the total liabilities of PLN 12,791.2 million;

- Consolidated income statement for the period from January 1, 2016 to December 31, 2016, which shows the net profit attributable to shareholders of the parent company amounting to PLN 301.3 million;

- Consolidated statement of changes in equity for the period from January 1, 2016 to December 31, 2016, which shows an increase in the total equity by the amount of PLN 342.7 million (including an increase in the total equity attributable to shareholders of the parent company by the amount of PLN 144.4 million);

- Consolidated statement of cash flows for the period from January 1, 2016 to December 31, 2016, which shows a net decrease in cash and cash equivalents by the amount of PLN 88.3 million; and

- Supplementary information and explanatory notes.

2. Report on operations of Asseco Group in the period from January 1, 2016 to December 31, 2016.

In the process of making such assessment, the Supervisory Board took into account the opinions issued by certified auditors as well as the supplementary reports to those opinions. In order to make its decision, the Supervisory Board also needed to carry out an analysis using the results of work performed by the Audit Committee. Furthermore, the Supervisory Board performed additional verification work at the Company's seat and made inquiries to the Company's Management Board and independent auditors. Having conducted an in-depth analysis, the Supervisory Board concludes that the stand-alone financial statement of the Company and the consolidated financial statement of Asseco Group for the financial year 2016, as well as the report on operations of the Company and the report on operations of Asseco Group in the financial year 2016, are all in conformity with the accounting books and evidence as well as with the actual situation.

Assessment of the Management Board's proposal for distribution of the net profit

The Supervisory Board gave a positive opinion on the proposal made by the Management Board of Asseco Poland S.A. to distribute the Company's net profit for the financial year 2016 which amounted to **PLN 352,073,738,82 PLN** (in words: three hundred and fifty two million seventy three thousand seven hundred and thirty eight zlotys and 82/100) in the following way:

1/ **PLN 249,830,912.03 PLN** (in words: two hundred and forty nine million eight hundred and thirty thousand nine hundred and twelve zlotys and 03/100) shall be distributed to the Company's Shareholders through the payment of a dividend amounting to **PLN 3.01** (in words: three zlotys and 01/100) per share;

2/ kwota **102.242.826,79 PLN** (in words: one hundred and two million two hundred and forty two thousand eight hundred and twenty six zlotys and 79/100) shall be allocated to the Company's reserve capital.

The Supervisory Board hereby recommends to the General Meeting of Shareholders to approve the financial statement of the Company and the financial statement of Asseco Group for the financial year 2016, and the Management report on operations of the Company and the Management report on operations of Asseco Group in the financial year 2016, as well as to acknowledge the fulfillment of duties in 2016 by all Members of the Management Board: Adam Góral, Zbigniew Pomianek, Przemysław Borzestowski, Rafał Kozłowski, Tadeusz Dyrga, Marek Panek, Włodzimierz Serwiński, Przemysław Sęczkowski, Robert Smułkowski, Paweł Piwowar, Krzysztof Groyecki and Andrzej Dopierała.

5. Brief assessment of Asseco Poland's standing in the year 2016, including an assessment of the internal control, risk management and compliance systems, and the internal audit function.

This section of the Supervisory Board Report contains an assessment of the Company's standing which is provided by the Supervisory Board in accordance with the requirements of principle II.Z.10.1. of the "Best Practice for WSE Listed Companies 2016".

In order to make a proper assessment of the Company's standing in 2016, the Supervisory Board got familiar with and carefully analyzed, among others, the below mentioned parameters relating to the core business areas of Asseco Poland S.A.:

- sales revenues reached PLN 936.8 million in 2016;
- operating profit amounted to PLN 191 million, while the operating margin equalled 20.4%;
- EBITDA amounted to PLN 243.4 million, while the EBITDA margin equalled 26.1%;
- net profit amounted to PLN 353.4 million, while the net profit margin equalled 37.6%;
- total assets amounted to PLN 5,599.9 million;
- cash flows generated from operating activities before taxes amounted to PLN 176.1 million;
- cash conversion rate equalled 61.86%;
- debt/equity ratio equalled 3.4%.

Moreover, the Supervisory Board got acquainted with the factors that exerted a significant adverse impact on the Company's annual results:

1. Major internal factors observed in 2016:

- write-down in the amount of PLN 6.5 million for the impairment of trade receivables from KT Corporation

2. External factors:

- increasing salary pressure and expectations of employees, particularly in the IT industry.
- delays in the announcement of tenders related to EU funds.

- delay in expected rebound in the announcements of new tenders related to the absorption of the EU funds.

With regard to the above, despite hardly predictable one-off events that took place in 2016 and were the primary cause of reporting a lower than budgeted amount of net profit, the Supervisory Board has concluded that the Company achieved satisfactory results in many segments of its operations.

After the implementation and consolidation of billing systems in Enea and Tauron, the Company continued working with clients on the development of the AUMS system. Also, the system was being implemented in the Information Network Security Agency (INSA) in Ethiopia. The smaller scope of implementation work negatively affected revenues, which dropped by 14.9% to PLN 184 million in whole year. In cooperation with Huawei, in 2016, the Company completed the migration of 3 million Orange customers to the new billing system.

Sales revenues increased in the capital market segment. Sales revenues increased in 2016 by 3.8% to PLN 316.7 million. In 2016, the Company continued the implementation of PROMAK Powiernik and Portfel systems in leading Polish brokerage houses. At the same time, work was continued on extending the functionality of the PROMAK software - that helped with adapting it to the regulatory requirements of the MIFID II Directive, which will apply from 2018.

In 2016, the Company continued cooperation with the Social Insurance Institution (ZUS) with regard to the maintenance and development of the Comprehensive Information System (CIS). In October 2016, Asseco Poland and ZUS extended the contract for the maintenance of the system by the end of June 2018.

The achievement of such good results, despite the existing difficulties, was possible thanks to the efficient organization of the Company's management and control systems, maintenance of cost discipline, provision of high quality services, as well as the competence and commitment of employees.

Favourable economic ratios achieved in 2016 are the basis for ensuring a safe position for the Company's operations in the next year.

Following an in-depth analysis of the financial statement and results of Asseco Poland S.A. for 2016, the Supervisory Board has made a positive assessment of the Company's financial condition and future business outlook.

The Supervisory Board, acting through its Audit Committee, monitors the quality of the internal control system as well as adequate performance of its functions on a regular basis.

The Internal Audit Department adheres to the international standards for the professional practice of internal auditing. It continually gathers and analyzes information on the activities of individual business units as well as from designed control mechanisms. This provides the basis for risk assessment performed together with business units. Subsequently, the schedule of planned audits is created based on the results of such risk assessment. During an audit, this Department evaluates the effectiveness of implemented controls. The Company operates a system of functional separation and division of tasks in the area of financial reporting.

Having conducted the said supervisory activities and having made a reasonable assessment, the Supervisory Board provides assurance that the internal control system, treated as a whole, is compliant with the regulatory requirements.

With regard to the above, the Supervisory Board is hereby expressing its gratitude to the Management Board and employees of Asseco Group for a consecutive year of their commitment and effective work. The Supervisory Board also appreciates the efforts made by the Management Board in order to gain a high position among IT companies in Poland as well as to strengthen the Asseco Poland brand awareness in the Polish market. These activities have also been reflected by awards and distinctions won by Asseco Poland S.A., especially as a producer of software.