

DECLARATION ON CORPORATE GOVERNANCE APPLIED IN BORYSZEW S.A.

The Management Board of Boryszew S.A., on the basis of § 91 section 5 point 4 of the Ordinance of the Finance Minister of 19 February 2009 on the matter of ongoing and periodic information provided by issuers of securities and the conditions on which information required under the legal provisions of a country which is not a member country is acknowledged as equivalent, hereby presents a report on the application of corporate governance rules in Boryszew S.A. in 2012.

THE CORPORATE GOVERNANCE RULES WHICH APPLY TO BORYSZEW S.A., WHERE THESE RULES ARE AVAILABLE, THE EXTENT OF THE COMPANY'S DEPARTURE FROM THE SET OF CORPORATE GOVERNANCE RULES AND THE REASONS FOR THIS.

The Management Board of Boryszew S.A. hereby declares, that as a company listed on the Warsaw Stock Exchange (WSE) in accordance with § 29 of the Stock Exchange Regulations it is must observe the set of corporate governance rules set out in the "Best Practices of WSE Listed Companies", adopted by the WSE Council on 4 July 2007, as amended.

The corporate governance rules are available to the general public on www.corp-gov.gpw.pl, which is the official web site of the Warsaw Stock Exchange, devoted to corporate governance issues of listed companies.

In 2012 the Company observed all the corporate governance rules in the "Best Practices of WSE Listed Companies", with the exception of:

Recommendation no I.1

Boryszew S.A. applied these rules with the exception of those relating to broadcast of discussions of the General Meeting over the internet, recording the course of the meeting and publishing the recoding on the company web site.

Recommendation no. I. 5

The Company does not have a remunerations policy. The rules of remunerating Supervisory Board Members are defined by the General Meeting and remuneration of the Management Board is set by the Supervisory Board. Remuneration of the Management Board is linked to the financial results the Company achieves. The Company publishes annually information in a report on the remuneration of managerial and supervisory personnel in accordance with §91 section 6 point 17 of the Ordinance of the Minister of Finance on ongoing and periodic information of 19 February 2009.

Recommendation no. I. 9

The Company does not apply the rule of a balance in proportion of females and males in the Management Board and Supervisory Board. Management Board and Supervisory Board members are appointed by the Supervisory Board and General Meeting respectively, on the basis of candidates qualifications.

Recommendation no. I. 12

The Company did not adopt this recommendation in 2012. Some of the risks involved in the implementation of this recommendation at present are quality of transfer, delay in the data transfer etc and also it would undermine the effectiveness of the Resolutions adopted by the General Meeting. The Company does not rule out the possibility of implementing this rule in the "Best Practices of WSE Listed Companies" in 2013.

Principle no. II. 5

Candidates for the Supervisory Board are usually put forward and presented during the General Meeting of the Company and therefore it is not possible to display information on candidates on the corporate page of the Company's web site earlier.

THE MAIN CHARACTERISTICS APPLIED IN THE COMPANY'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE PROCEDURE OF COMPILING FINANCIAL REPORTS AND CONSOLIDATED FINANCIAL REPORTS

As the binding procedures in the Boryszew Capital Group relating to the capital market and publishing information must be adapted in line with the current legal provisions, the Management Board of Boryszew S.A. adopted resolution no. 50/2009 on 6 October 2009 on the matter of accepting:

- The information policy of Boryszew S.A.,
- Internal Regulations for the Electronic System for Information Transfer (ESPI),
- Procedures for compiling and publication of ongoing reports,
- Procedures for compiling and publication of consolidated quarterly reports,
- Procedures for compiling and publishing six-monthly reports,
- Procedures for compiling and publishing annual reports,
- Limitations in the scope of acquisition and alienation of securities in Boryszew S.A.

The abovementioned Procedures define in a transparent manner the responsibility of persons who are involved in compiling and verification of the Company's financial report.

The Financial Director is responsible for supervising the compilation and verification of financial reports from a formal aspect.

The method and schedule for compiling a financial report is defined on each occasion in a separate document prepared by the Chief Bookkeeper.

The Chief Bookkeeper supervises the preparation work for financial reports.

The various Department Managers in Boryszew S.A. are responsible for submitting information which is the subject of financial reports to the Chief Bookkeeper on time and reliably.

The Presidents of affiliated and jointly controlled companies, Branch Managing Directors are responsible for designating persons responsible (entrusted persons) for ensuring that information which is the subject of financial reports is submitted to the Chief Bookkeeper on time and reliably.

The Company's annual and six-monthly financial reports are subject to independent examination and review as appropriate by a chartered accountant.

The Company manages risk involved in the process of compiling financial reports also by at all times keeping abreast of the changes in provisions and internal regulations relating to the reporting requirements of companies and prepares their implementation well in advance of time.

The Company updates the accountancy rules on an ongoing basis, based on which it prepares financial reports.

INDICATION OF THE SHAREHOLDERS DIRECTLY OR INDIRECTLY HOLDING SIGNIFICANT PACKETS OF SHARES

The table below shows the shareholders who hold over 5% of the share capital and total number of votes as at 31.12.2012 :

Shareholders	No. of shares	% capital	No. of votes	% votes
Roman Krzysztof Karkosik *)	1 287 687 990.	57.06%	1 287 687 990	57,06%
Others	969 027 702	42.94%	969 027 702	42,94%
Total:	2 256 715 692	100.00%	2 256 715 692	100,00%

*) together with affiliated entities

The Company is not aware of any agreements, as a result of which changes may occur in the future in the proportion of shares held by the existing shareholders.

The Company has not issued securities, which entitle special control rights.

There are no restrictions on the exercise of the right to vote from securities, such as restrictions of holders of a defined portion or number of shares in exercising the right to vote, time restrictions relating to exercise of the right to vote or provisions according to which, with the Company's cooperation, capital rights connected with securities are separated from possession of securities.

The table below shows the shareholders holding over 5% of the share capital and the total number of votes as at the date of approval of the report for publication:

Shareholders	No. of shares	% capital	No. of votes	% votes
Roman Krzysztof Karkosik *)	1 287 687 990.	57.06%	1 287 687 990	57,06%
Others	969 027 702	42.94%	969 027 702	42,94%
Total:	2 256 715 692	100.00%	2 256 715 692	100,00%

*) together with affiliated entities

RESTRICTIONS RELATING TO ASSIGNMENT OF OWNERSHIP RIGHTS TO SECURITIES ISSUED BY BORYSZEW S.A.

The Company's shares are alienable.

RULES FOR APPOINTMENT AND RECALL OF MANAGERIAL PERSONNEL FROM OFFICE AND THEIR RIGHTS

Under the Company Statute duties of the Supervisory Board include appointing and recalling from office Management Board Members; the Supervisory Board first appoints a President and on his proposal the remaining Management Board Members.

The Management Board's term of office is three years and is common to all Management Board members.

Under the President's direction the Management Board conducts Company matters and represents the Company. The Management Board's area of competence includes all matters which are not reserved in the legal provisions or the Company Statute.

RULES OF AMENDMENT OF THE STATUTE

The Statute is amended by a resolution of the General Meeting and a record is entered in the register.

In order to amend the Statute, the Management Board in its notification of a General Meeting includes the provisions in force of the Statute and the wording of the proposed amendments. If the proposed amendments are considerable, the Management Board in its notification of the General Meeting also includes a draft of the new consolidated text of the Statute and itemizes its new or amended provisions.

Amendment of the Statute may be adopted by the General Meeting by a three quarters majority of votes.

In exceptional circumstances amendment of the Statute does not take place by a resolution of the General Meeting, but a resolution of the Management Board recorded in Minutes by a notary public. This occurs in strictly defined cases in the Commercial Companies Code in the reduction of the share capital (e.g. in depreciating own shares, which were not bought up within the year by the Company's employees).

Amendment of the Statute takes legal effect on the registration of the amendment in the National Court Register (KRS). The duty to announce the amendment of the Statute rests on the Company Management Board. The Management Board must notify the amendment of the Statute within 3 months of adopting the relevant resolution. If the amendment of the Statute consist of an increase in the Company's share capital, it may be notified within 6 months of the resolution increasing the share capital, and if consent has been granted to introduce a new issue of shares into public trading – from the day on which this consent was granted, providing the application to grant consent or notification of the issue is filed before the elapse of four months from the date on which the resolution to increase the share capital was adopted. The KRS should be notified of a resolution to reduce the share capital within 6 months from the date it was adopted.

When notifying the register court of the amendment the Management Board appends the consolidated text of the Statute with the incorporated amendments.

HOW THE GENERAL MEETING FUNCTIONS AND ITS FUNDAMENTAL RIGHTS AND SHAREHOLDERS RIGHTS AND HOW THEY ARE EXERCISED

The General Meeting of Boryszew S.A. acts on the basis of the Commercial Companies Code and the Company Statute. Under the Company Statute the General Meeting may adopt the General Meeting Regulations by resolution defining the rules under which it functions. The Regulations of the General Meeting were adopted in the Company. The Company Statute and Regulations of the General Meeting are to be found on the corporate web site at www.ir.boryszew.com.pl.

The Management Board convenes the General Meeting. The Supervisory Board may convene a General Meeting if the Management Board does not convene it within the set period, and an Extraordinary General Meeting if it deems it necessary to do so. Shareholders representing at least half of the share capital or at least half of the entire votes in the Company may convene an Extraordinary General Meeting. The shareholders appoint the Chairman of the Meeting. A shareholder or shareholders representing at least one twentieth of the share capital may demand that an Extraordinary General Meeting is convened and that specific matters are placed on the agenda of the Meeting;

A General Meeting convened by the Management Board by ordinary procedure takes place once a year at the latest in June. In 2011 the General Meeting of Boryszew S.A. took place on 7 June.

The agenda of the General Meeting is set by the Management Board. A shareholder or shareholders representing at least 1/20 (one twentieth) of the share capital may request that specific matters be placed on the agenda of the next General Meeting. The Management Board must be notified of the demand at least twenty one days before the designated date of the General Meeting.

The General Meeting is convened by a notice on the Company web site and in the manner defined for conveying current information in accordance with the legal provisions. The notice is displayed at least twenty six days before the designated date for the General Meeting.

A Shareholders Meeting which has been duly convened is valid, irrespective of the number of shares represented at it, and resolutions are adopted by an absolute majority of votes unless the legal provisions or Statute state otherwise.

According to the Statute of Boryszew S.A., apart from other matters indicated in the Commercial Companies Code, resolutions of the General Meeting are required for:

- 1) analysis and approval of the Management Board's report of the Company's activity and financial report for the previous financial year,
- 2) approval of the resolution on the division of profit or coverage of loss,
- 3) acknowledgement that the members of the Company bodies have duly fulfilled their duties,
- 4) amendment of the Company's Statute, including increase or decrease of the share capital and change of the subject of the Company's activity,
- 5) adopting a decision relating to the claims for the rectification of damage caused in establishing the Company or in exercising management or supervision.
- 6) appointment and recall of Supervisory Board members from office,
- 7) determining the rules and level of remuneration of the Supervisory Board members,
- 8) depreciating shares and defining the conditions for depreciation,
- 9) issue of convertible bonds or bonds with a priority right,
- 10) sale and lease of the enterprise or its organized parts and establishing a limited property right on them,
- 11) dissolution of the Company and selection of liquidators,
- 12) determining the dividend day and the date on which dividends are paid out.

A resolution of the General Meeting that a matter on the agenda be left unexamined may only be adopted where there are significant grounds. Resolutions on removal from the agenda or that the matter on the agenda be left unexamined, which were placed on the agenda on proposal of shareholders, requires a 75% majority of votes cast, with the stipulation the shareholders present at the General Meeting who proposed that this point be included in the agenda, have already consented to its removal from the agenda or that it be left unexamined.

All matters proposed at the General Meeting are first put before the Supervisory Board for analysis.

Shareholders take part in the General Meeting personally or through their proxies.

The proxy to participate in the General Meeting and exercise the right to vote must be in writing otherwise being invalid.

The proxy authorizing participation in the General Meeting of a public company and exercise the right to vote must be granted in writing or in the electronic system. The grant of a proxy in the electronic system does not require a secure electronic signature verified by a valid qualified certificate.

A Management Board member and company employee may be proxy holders at the General Meeting of a public company.

If the proxy holder at the General Meeting of the public company is a Management Board member, Supervisory Board member, liquidator, employee of a public company or member of the bodies or an employee of an affiliated company or co-operative of this company, the proxy may authorize representation at one General Meeting only. The proxy holder must disclose to the shareholder any circumstances indicating that a conflict of interests exists or may exist. Grant of a further proxy is excluded.

The proxy holder votes according to the instructions received from the shareholder.

The rules for participation at General Meetings and exercising the right to vote are regulated in the Regulations for Discussions of the General Meeting of Boryszew S.A.

Voting at the General Meeting is by open ballot. Secret ballot is ordered in selection and in a proposal to recall members of the governing bodies or the Company liquidators, or in holding them liable, and also in personal matters. Furthermore, voting by secret ballot is ordered even if only one of the shareholders present or represented at the General Meeting demands this.

Resolutions of the General Meeting are adopted by an ordinary majority of votes, unless the Commercial Companies Code states otherwise.

In accordance with the accepted practice in the Company all the significant materials at the General Meeting are made available to the shareholders in accordance with the binding provisions of the Commercial Companies Code and the Ordinance of the Council of Ministers of 19 February 2009 on the matter of ongoing and periodic information provided by issuers of securities and the conditions under which information required by the legal provisions of a country which is not a member country is acknowledged as equivalent (Journal of Laws No. 33, item 259 2009).

In accordance with the Regulations of Discussions at the General Meeting the Chairman ensures the proper and efficient course of the discussions. The Chairman of the General Meeting also ensures that the rights and interests of all shareholders are respected. The Chairman cannot resign from his office without significant grounds.

COMPOSITION OF MEMBERS AND RULES ON WHICH THE MANAGING AND SUPERVISORY BODIES OF THE COMPANY AND COMMITTEES FUNCTION

SUPERVISORY BOARD

In accordance with the Company Statute, the Supervisory Board comprises at least five members. The Supervisory Board members are appointed and recalled from office by the General Meeting. The Supervisory Board has a duty to appoint another person in place of a Supervisory Board member whose term of office has expired during the term of office of the Supervisory Board. When a Supervisory Board member is called to office during the term of office of the Supervisory Board this must be approved at the next General Meeting. In the event that any of the members of the Supervisory Board called to office during the term of office of the Supervisory Board are refused approval, the General Meeting selects another Supervisory Board member in place of the person whose appointment was not approved.

The term of office of a Supervisory Board member is three years and is common for all Supervisory Board members.

The Supervisory Board selects a Chairman, Vice Chairman and Secretary from its members.

The tasks of the Supervisory Board include:

- 1) assessment of the Management Board's report of the activities of the Company and Capital Group, financial report of the Company and Capital Group and proposals of the Management Board regarding the division of profit and coverage of loss,
- 2) submitting a written report to the General Meeting on the results of the assessment referred to in point 1,
- 3) determining the number of Management Board members within the bounds defined in § 11 section 1,
- 4) appointment and recalling the Management Board members from office; The Supervisory Board first appoints a President and then on his proposal the other Management Board members,
- 5) suspension of Management Board members on serious grounds, and also assigning its members to carry out acts on a temporary basis for Management Board members who are unable to carry out their functions,
- 6) determining the rules and level of remuneration of the Management Board members,
- 7) approval of annual plans for the Company's activity and the long term programs for its development,
- 8) approving the following proposals of the Management Board:
 - a) establishing and closing branches and other separate organizational units of the Company,
 - b) acquisition and alienation of real estate, perpetual usufruct or participation in the real estate,
 - c) acts relating to taking up, sale or purchase of shares and stocks where the value of the transaction exceeds 10,000,000 PLN (ten million PLN),
 - d) acquisition of rights or incurring obligations, the value of which exceeds 5 (five) million PLN, if as a result of these acts the Company is to acquire fixed assets, within the meaning of the tax provisions.
- 9) providing an opinion on proposals and matters requiring a resolution of the General Meeting,
- 10) determining the consolidated wording of the Company's Statute,
- 11) setting issue prices for new shares,
- 12) providing an opinion on the Management Board's proposal to conclude an agreement with a sub-issuer.

The Chairman convenes Supervisory Board meetings and in his absence, the Vice Chairman of the Supervisory Board. Supervisory Board meetings should be convened also on the written proposal of the Management Board or Supervisory Board member containing the proposed agenda; in such circumstances the meeting should take place not later than within two weeks from the date a written proposal is received.

The presence of at least half of the Supervisory Board members is required for its resolutions to be valid, on condition that all the Supervisory Board members have been invited to the meeting. Supervisory Board resolutions are adopted by an absolute majority of votes. In the event of a tie in the voting the chairman has the casting vote.

Supervisory Board resolutions may be adopted without a meeting by written voting or by direct distance communication, providing all Supervisory Board members consent to this. A resolution is valid if all the Supervisory Board members have been notified of the contents of the draft resolution. A Supervisory Board resolution may be adopted if an absent Supervisory Board member casts his vote in writing through another Supervisory Board member who is present at the meeting, providing all Supervisory Board members have been notified of the contents of the draft resolution. Votes cast in writing cannot relate to matters added to the agenda at the Supervisory Board meeting.

Resolutions regarding selection of the Chairman and Vice Chairman, appointing a Management Board member and recalling and suspending these persons in office are not adopted by written vote or direct distance communication.

Under § 8 in conjunction with § 1a of the Regulations of the Supervisory Board of Boryszew S.A. the structure of the Supervisory Board includes an Audit Committee and Remuneration Committee. As at the date of approval of the report for publication the Remuneration Committee has not been appointed.

On 20 June 2012 the Supervisory Board adopted a resolution in the matter of appointing an Audit Committee, comprising Mr Zygmunt Urbaniak and Mr Tadeusz Pietka.

On the 7 August 2012 the Supervisory Board appointed another Audit committee member, Mr Dariusz Jarosz.

CHANGES IN THE COMPOSITION OF THE SUPERVISORY BOARD

SUPERVISORY BOARD OF BORYSZEW S.A.

As at 1 January 2012 the Supervisory Board of Boryszew S.A. comprised the following members:

Mr Arkadiusz Krężel – Chairman of the Supervisory Board
Mr Zygmunt Urbaniak – Vice Chairman of the Supervisory Board
Mr Mirosław Kutnik – Secretary of the Supervisory Board
Mr Dariusz Jarosz – Supervisory Board member
Mr Tadeusz Pietka – Supervisory Board member

On the 28 May 2012 the Ordinary General Meeting of Boryszew S.A. appointed Mr Sebastian Bogusławski to the Supervisory Board.

On the 20 June 2012 due to the resignation of Mr Arkadiusz Krężel from office as Chairman, the Supervisory Board appointed Mr Sebastian Bogusławski as Chairman of the Supervisory Board of Boryszew SA.

As at 31 December 2012 the Supervisory Board comprises:

Mr Sebastian Bogusławski – Chairman of the Supervisory Board
Mr Zygmunt Urbaniak – Vice Chairman of the Supervisory Board
Mr Mirosław Kutnik – Secretary of the Supervisory Board
Mr Dariusz Jarosz – Supervisory Board member
Mr Arkadiusz Krężel – Supervisory Board member
Mr Tadeusz Pietka – Supervisory Board member

COMPANY MANAGEMENT BOARD

According to the Statute of Boryszew S.A., the Company Management Board comprises between one and five persons, including the President, up to two Vice Presidents and Management Board members.

The term of office of the Management Board is three years and is common to all Management Board members.

The Management Board under the direction of the President conducts Company matters and represents the Company.

The competence of the Management Board includes all matters which have not been reserved in the legal provisions or this Statute for the competence of the General Meeting or Supervisory Board.

The President of the Management Board acting alone or two Management Board members acting jointly or a Management Board member acting with the commercial proxy are authorised to make declarations of will and to sign documents in the name of the Company.

The Regulations adopted by the Management Board specify the detailed method of its activity. The Regulations define, amongst other things, matters which require collegiate examination and the adoption of a resolution by the Management Board.

Matters which fall outside the scope of ordinary management must be adopted by Management Board resolutions, in particular:

- 1) those which must be approved by the Supervisory Board:
 - a) establishing and closing branches and other separate organizational units of the Company,
 - b) acquisition and alienation of real estate, perpetual usufruct or participation in real estate,
 - c) carrying out acts for the purpose of taking up, sale or purchase of shares and stocks where the value of the transaction exceeds 10,000,000 PLN (ten million PLN),
 - d) acquisition of rights or incurring obligations, the value of which exceeds 5,000,000 (five million PLN), if, as a result of these actions the Company is to acquire fixed assets, within the meaning of the tax provisions.
- 2) other matters addressed to the Supervisory Board or which require its resolution and which relate to, amongst other things, actions of the Supervisory Board consisting of:
 - a) an opinion on proposals and matters requiring a resolution of the General Meeting including the Company's financial reports and consolidated reports of the Capital Group and Management Board reports on the activity of the Company and Capital Group for the financial year, proposals for the division of profit and coverage of loss.
 - b) setting the issue price of new shares,
 - c) opinion of the proposal of the Management Board regarding the conclusion of an agreement with the sub-issuer.
- 3) Proposals to the General Meeting:
- 4) Approval of the Management Board's Regulations,
- 5) Approval of six-monthly and annual reports of the Management Board on the activity of the Company and Capital Group and financial reports of the Company and consolidated reports of the Capital Group for publication,

- 6) Approval of the development program of the Company and Capital Group,
- 7) Approval of the budget of the Company and Capital Group,
- 8) Appointing commercial proxies, although in this case the consent of all the Management Board members is required,
- 9) Approval of the Company's Organizational Regulations,
- 10) Approval of the Work Regulations.

Resolutions of the Management Board are adopted by an absolute majority of votes, with the stipulation that in the event of a tie in the votes the President of the Management Board has the casting vote.

Management Board resolutions may be adopted providing all the members have been correctly notified of the Management Board meeting.

Management Board resolutions are valid if at least half of the members are present, on condition that all the Management Board members have been informed of the meeting.

Management Board resolutions may also be adopted without a meeting by written voting or direct distance communication, providing all the Management Board members consent to this. Such resolution is then valid when all Management Board members have been notified of the contents of the draft resolution. Resolutions adopted by circulation are accepted for inclusion in the Minutes at the next Management Board meeting.

CHANGES IN THE COMPOSITION OF THE MANAGEMENT BOARD

As at 1 January 2012 the Management Board of Boryszew S.A. comprised the following members:

Ms Małgorzata Iwanejko – President of the Management Board
Mr Robert Bednarski – Vice President of the Management Board
Mr Kamil Dobies – Vice President of the Management Board
Mr Paweł Miller – Management Board member

At the Supervisory Board meeting of Boryszew S.A. on the 28 May 2012 Ms Małgorzata Iwanejko submitted a declaration stating that as the term of office of the Company Management Board had ended she would not be standing as candidate for the next term of office as she has been assigned the function of President of the Management Board of Impexmetal S.A.

Furthermore, Mr Robert Bednarski and Mr Kamil Dobies also submitted declarations stating that they would not be standing as candidates for the Company Management Board for the term of office commencing the day after the Ordinary General Meeting.

On 28 May 2012 the Supervisory Board of Boryszew S.A., adopted a resolution on the appointment of the Management Board of Boryszew S.A. for the next term of office, comprising:

Mr Piotr Szeliga – President of the Management Board, Director General,
Mr Miłosz Wiśniewski – Vice President of the Management Board, Finance Director,
Mr Paweł Miller – Management Board member, Director for Development of the Automotive Sector.

On the 16 November 2012 Mr Paweł Miller submitted his resignation from office as Management Board member. Mr Paweł Miller stated that the resignation from office was due to his planned commencement of office as President of the Management Board of the investment fund with registered office in Munich.

On the 7 December 2012 the Supervisory Board adopted a resolution by virtue of which it appointed Mr Paweł Surówka as Management Board member of Boryszew S.A., Director for development of the Automotive Sector commencing on 14 January 2013.

As at the date of compiling the report the Company Management Board comprises:

Mr Piotr Szeliga – President of the Management Board, Director General,
Mr Miłosz Wiśniewski – Vice President of the Management Board, Finance Director,
Mr Paweł Surówka – Management Board member, Director for Development of the Automotive Sector.

SIGNATURES OF THE MANAGEMENT BOARD OF BORYSZEW S.A.

Piotr Szeliga
President of the Management Board

Miłosz Wiśniewski
Vice President of the Management Board

Paweł Surówka
Management Board member

Warsaw, 26.4.2013