

**QUERCUS**  
**TOWARZYSTWO FUNDUSZY INWESTYCYJNYCH**  
**SPÓŁKA AKCYJNA**



**STATEMENT**  
**ON APPLYING THE RULES OF THE CORPORATE GOVERNANCE**  
**included in the Annual Report for the fiscal year 2013**

*This statement on applying the rules of the corporate governance is a part of the Management Board's report on the activity of Quercus TFI S.A. for the fiscal year 2013 (dated on the 22<sup>nd</sup> of February 2014), included in the Annual Report of Quercus TFI S.A. for the fiscal year 2013 (dated on the 22<sup>nd</sup> of February 2014 and published on the 27<sup>th</sup> of February 2014).*

[...]

#### **4. Statement on applying the corporate governance**

##### **4.1. indicating the set of rules of the corporate governance, which the issuer is subject to, and the place where the text of the set of rules is publicly available**

During the reporting period, the Company observed the rules of the corporate governance stipulated in the document „Good Practices of the Companies listed on the WSE”, in the form constituting the attachment to the Resolution no 19/1307/2012 of the Supervisory Board of Giełda Papierów Wartościowych w Warszawie S.A. of the 21<sup>st</sup> of November 2012.

On the day of preparing this report, the Company continues to observe the set of rules of the corporate governance stipulated above.

The set of rules of the corporate governance stipulated above is available at [www.corp-gov.gpw.pl](http://www.corp-gov.gpw.pl).

The issuer has not adopted other rules of the corporate governance to observe.

##### **4.2. within the scope in which the issuer withdrew from the provisions of the set of the corporate governance rules, stipulated in section 4.1., indicating these provisions and explaining the reasons of such withdrawal**

###### **4.2.1. indicating the provisions of the set of the corporate governance rules, from which the Issuer withdrew in a permanent manner and explaining the reasons of such withdrawal**

During the reporting period, the Company observed the rules of the corporate governance stipulated in the document „Good Practices of the Companies listed on the WSE”, in the form constituting the attachment to the Resolution no 19/1307/2012 of the Supervisory Board of Giełda Papierów Wartościowych w Warszawie S.A. of the 21<sup>st</sup> of November 2012, excluding, as in previous years, providing the shareholders with the possibility of exercising, in person or via representative, the voting right during the general meeting, outside the place of conducting the general meeting, with the use of means of electronic communication (rule I.12 – recommendation).

In the Company's opinion, the costs of applying the solutions, which the above mentioned exclusion applies to, would be disproportionately high to potential benefits from using them (currently the Company does not have proper equipment which could enable carrying out the voting with the use of means of electronic communication).

On the day of preparing this report, the Company still applies the exclusion mentioned above.

The Company also notes that the final decision concerning observing some of the rules of Good Practices shall be made by the members of the Supervisory Board and shareholders, whose actions are not influenced by the Management Board.

###### **4.2.1. indicating the provisions of the set of the corporate governance rules, from which the Issuer incidentally withdrew and explaining the reasons of such withdrawal.**

Within the period covered by the Annual Report, the Company did not withdraw from the provisions of the set of good practices in incidental way.

##### **4.3. description of the main features of the internal control and risk management systems applied in the issuer's company with reference to the process of preparing the financial report and consolidated financial reports.**

The internal control system operates in the Company with reference to the process of preparing financial reports which is based on the regulations included in the internal procedures and accounting policy. The Management Board of the Company is responsible for the functioning and effectiveness of control process in the process of preparing the financial reports.

The internal control system ensures among others:

- Completeness of including the costs and revenues in the financial statement,
- Control of expenditures and periodic cost optimization,
- Control of prepared financial reports of the Funds of QUERCUS and the Company,
- Protection of confidential information,
- Quick and efficient correction of incorrectness.

The Company uses many elements aiming at the elimination of error risk and maintenance of the quality of managing the process of preparing the financial reports. Such elements included:

- Division of the duties between particular Departments and responsible persons in the Company, also enabling two-person classification and acceptance of cost and revenue invoices,
- System of rights of access to electronic banking preventing unauthorized access to the financial resources of the Company,
- Accounting policy which sets out the rules of preparing the financial statements based on the provisions of the act of the 29<sup>th</sup> of September 1994 on accounting (consolidated text of the Journal of Laws of 2013, item 330, with further amendments) and regulations issued on its grounds, including the Ordinance of the Minister of Finance of the 18<sup>th</sup> of October 2005 on the scope of information presented in the financial statements and consolidated financial statements, required in an issuance prospectus for the issuers with the seat at the territory of the Republic of Poland, for whom the Polish principles of accounting are applicable (Journal of Laws no 209, item 1743 with further amendments),
- System of verifying current financial statements limiting the risk of error occurrence, enabling efficient verification and introduction of corrections in the Company's books,
- Advanced system for accounting, Symfonia Forte, ensuring the accuracy and credibility of processed information,
- Commissioning the assessment and review of the financial statements to Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp.k. (previously Deloitte Audyt Sp. z o.o.) ensuring the assessment and reviewing services at a high level.
- Commissioning the assessment of the risk management system to Fidelis Accounting Sp. z o.o.

The process of preparing the annual and half-year financial statements involves the participation of the Members of the Management Board, whose task is substantial and quality control. Introduced elements of control combined with the knowledge of a person keeping the books of the Company and the experience and reputation of an audit company allow significant elimination of risk factor and ensure presenting the financial statements accurate and compliant with the current financial condition of the Company.

#### **4.4. indication of shareholders holding, directly or indirectly, large blocks of shares, together with the indication of the number of shares held by these entities, their percentage share in the share capital, number of votes resulting from them and their percentage share in the total number of votes at the general meeting**

The composition of the shareholders of the Company on the 31<sup>st</sup> of December 2013, including the shareholders holding at least 5% of the shares of the Company, determined on the basis of notifications received pursuant to article 160 section 1 of the Act on Financial Instruments Trading, notifications received on the grounds of the article 69 of the Act on Public Offering and the annual financial statement and annual information on the structure of assets of the shareholders who handed in the above mentioned notifications is shown in the table below.

#### **Shareholders of the Issuer holding at least 5% of the Company's shares, on the 31<sup>st</sup> of December 2013**

<b>Shareholder</b>	<b>Number of Shares</b>	<b>Nominal value of shares</b>	<b>Share (%) in the share capital</b>	<b>Share (%) in the number of votes</b>
Sebastian Buczek	17 800 124	1 780 012,40	25,05%	25,05%
Jakub Głowacki	13 611 108	1 361 110,80	19,16%	19,16%
Q1 FIZ	4 000 000	400 000,00	5,63%	5,63%
ING OFE	5 004 213	500 421,30	7,04%	7,04%
<b>Total:</b>	<b>40 415 445</b>	<b>4 041 544,50</b>	<b>56,89%</b>	<b>56,89%</b>

Source: Issuer

#### **4.5. indicating the holders of any securities which give special control rights together with the description of these rights**

There are not securities giving special control rights in relation to the Issuer.

**4.6. indicating any restrictions in relation to exercising voting right, such as restriction of exercising the voting right by the holders of particular part or number of votes, time restrictions concerning the exercising the voting right or provisions, in compliance with which, in cooperation with the company, equity rights connected with the securities are separated from holding the securities.**

There are no restrictions within the scope of exercising the voting right from the Issuer's shares.

**4.7. indicating any restrictions concerning the transfer of the ownership of the Issuer's securities**

Leading shareholders of the Company: Sebastian Buczek, Artur Paderewski, Piotr Płuska, Paweł Cichoń and Jakub Głowacki agreed while forming the Company that they will not sell more than 10% of their original stake a year, within the period of seven years, as of 2008. The original stakes were determined as follows: Sebastian Buczek – 30 million shares, Artur Paderewski – 3 million shares, Piotr Płuska – 1,2 million shares, Paweł Cichoń – 3 million shares, Jakub Głowacki – 12 million shares.

This restriction did not apply in case of shares sold to the employees of the Company by Sebastian Buczek and Jakub Głowacki, shares entered to trading on the NewConnect market, and it does not apply shares purchased after June 2008.

Persons who purchase the registered shares from Sebastian Buczek and Jakub Głowacki, mostly current employees of the Company, obliged themselves not to sell more than 10% of the purchased shares a year, within the period of seven years.

The obligations mentioned above were regulated in the agreements for the sale of shares concluded by Sebastian Buczek and Jakub Głowacki.

Currently, these obligations concern the registered shares of series A and B and the bearer's shares of series A2, A3, B3, B4 and B5, and within the scope of shares of series A2, A3, B3, B4 and B5, which are admitted to trade on the regulated market kept by the WSE, the shareholders' obligation not to sell these shares was additionally regulated in the lock-up agreements described below.

On the 6<sup>th</sup> of December 2010, fifteen shareholders of the Company concluded the lock-up agreement, which was in force until the 30<sup>th</sup> of April 2012. The Agreement was connected with admitting to the trade on the regulated market kept by the WSE the shares of series A1 and B2.

On the 26<sup>th</sup> of April 2011, nine shareholders of the Company concluded another lock-up agreement. The Agreement is connected with admitting to the trade on the regulated market kept by the WSE the shares of series B3.

The shareholders being the parties of the agreement obliged themselves not to sell or in any other way dispose jointly 2 000 000 shares until the 30<sup>th</sup> of April 2013, 1 200 000 shares – within the period between the 30<sup>th</sup> of April 2013 and the 30<sup>th</sup> of April 2014 and 400 000 shares – within the period between the 30<sup>th</sup> of April 2014 and the 30<sup>th</sup> of April 2015.

On the 16<sup>th</sup> of April 2012, ten shareholders of the Company concluded another lock-up agreement. The Agreement is connected with admitting to the trade on the regulated market kept by the WSE the shares of series A2 and B4.

The shareholders being the parties of the agreement obliged themselves not to sell or in any other way dispose jointly 2 025 000 shares until the 30<sup>th</sup> of April 2013, 2 015 000 shares – within the period between the 30<sup>th</sup> of April 2013 and the 30<sup>th</sup> of April 2014 and 2 005 000 shares – within the period between the 30<sup>th</sup> of April 2014 and the 30<sup>th</sup> of April 2015.

On the 4<sup>th</sup> of July 2013, six shareholders of the Company concluded another lock-up agreement. The Agreement is connected with admitting to the trade on the regulated market kept by the WSE the shares of series A3 and B5. Two Shareholders being the parties of the agreement obliged themselves not to sell or in any other way dispose jointly 62 150 shares until the 30<sup>th</sup> of April 2014 and 52 150 shares – within the period between the 30<sup>th</sup> of April 2014 and the 30<sup>th</sup> of April 2015.

The agreements stipulate that in justified cases the Company can grant the shareholder the consent to sell the shares.

The restrictions stipulated in the agreements do not apply:

- 1) in case of announcing the request for selling the shares of the Company as a part of the forced buy-out realized in the mode and on conditions stipulated in the Act on the public offer,
- 2) in case of announcing – in the mode and on conditions stipulated in the Act on the public offer – request for selling or exchanging the sale of the shares of the Company,
- 3) to disposing the shares in case of death (last will).

Restrictions stipulated in the agreement will expire in case:

- 1) when Sebastian Buczek holds less than 25% of the total number of votes at the General Meeting of the Company or at least 2 Members of the Management Board holding their functions on the day of signing this agreement stop holding them irrespective of the reason,
- 2) when a shareholder other than Sebastian Buczek or Jakub Głowacki holds at least 25% of the total number of votes at the General Meeting of the Company.

The agreements can be changed (including termination) in connection with the introduction of additional shares of the Company to trade. Changing the provisions of the agreement requires common decision of all shareholders being the parties of the agreement.

The agreements serve to confirm previous agreements of the above mentioned shareholders, within the scope of the lock-up, in connection with dematerialization of these shares and introducing them to trade.

In compliance with the § 25 of the articles of association of the Company, the Selling or pledging the registered shares requires the consent of the Company, the consent to selling or pledging the shares is granted by the Management Board of the Company.

#### **4.8. description of the rules concerning appointing and dismissing managing persons and their rights, particularly the right to make a decision on issuing or buying out the shares**

The Members of the Management Board are appointed and dismissed by the General Meeting. The General Meeting determines also the functions of the Members of the Management Board (the President, the First Vice-President, the Vice-President or the Member of the Management Board). The tenure of the Members of the Management Board lasts three years. The Members of the Management Board are appointed for the period of the joint tenure. The remuneration of the Members of the Management Board is determined by the Management Board.

Any business not restricted to the competences of other organs of the Company belong to the competences of the Management Board.

Resolutions of the Management Board are passed by an absolute majority of votes. 26. In case of equal number of votes, the vote of the President of the Management Board prevails.

Two Members of the Management Board acting jointly or the Member of the Management Board acting jointly with the proxy are authorized to make statements of will on behalf of the Company.

The organization of the work of the Management Board and the mode of its functioning is stipulated by the bylaws of the Management Board adopted by it with the majority of at least 2/3 of votes.

On the day of preparing this report, the Management Board is not authorized to make a decision on the issuance of shares.

On the day of preparing this report, the Management Board is not authorized to make a decision on buying out the shares.

During the reporting period, the Management Board was authorized to make a decision on the buying out of shares – the General Meeting, with the resolution no 19/2012 of the 25<sup>th</sup> of April 2012, authorized the management Board to take all factual and legal actions within the scope of buying, by the Company, shares of the Company for their redemption, and the purchase of shares could take place until the 31<sup>st</sup> of March 2013. The Management Board has not exercised this right.

#### **4.9. description of the rules of changing the articles of association or the company deed of the issuer**

The changes of the Articles of Association of the Issuer take place in compliance with the rules stipulated in the Commercial Companies Code. The change of the Articles of Association requires the resolution of the General Meeting and an entry to the register.

#### **4.10. mode of action of the general meeting and its basic rights and the description of the shareholders' rights and the mode of their execution, particularly the rules resulting from the regulations of the general meeting, if such regulations were adopted, if the information within this scope does not result directly from the legal regulations.**

The General Meeting of the Issuer acts in compliance with the rules stipulated in the Commercial Companies Code as the Ordinary or Extraordinary General Meeting. The President of the Management Board or other Member of the Management Board opens the General Meeting and carries out the election of the new Chairman of the Meeting. In case if none of them can open the General Meeting, it is opened by the Member of the Supervisory Board.

The rights of the General Meeting are stipulated in the Commercial Companies Code. Additionally, the General Meeting is authorized to appoint the members of the Members of the Management Board.

The resolutions of the General Meeting are adopted with the majority of votes stipulated in the Commercial Companies Code, and the resolution on dissolving the Company adopted on the grounds of the article 397 of the Commercial Companies Code, requires the majority of 3/4 (three fourths) of given votes, in the presence of the shareholders representing at least half of the share capital.

Until now the regulations of the General Meeting has not been adopted.

#### **4.11. composition and changes to it during the last fiscal year and the description of the activity of the managing, supervising or administrative organs of the issuer and their committees.**

##### **4.11.1. Supervisory Board**

###### **On the 31.12.2013 the Supervisory Board of the Company included:**

No.	Name and Surname	Function	Date of appointment	Date of tenure commencement	Date of tenure end
1.	Maciej Radziwiłł	Chairman of the Supervisory Board	25.04.2013	25.04.2013	25.04.2016
2.	Janusz Nowicki	Vice-Chairman of the Supervisory Board	25.04.2013	25.04.2013	25.04.2016
3.	Jerzy Lubianiec	Secretary of the Supervisory Board	25.04.2013	25.04.2013	25.04.2016
4.	Jerzy Cieślík	Member of the Supervisory Board	25.04.2013	25.04.2013	25.04.2016
5.	Andrzej Dadełło	Member of the Supervisory Board	25.04.2013	25.04.2013	25.04.2016

Source: Issuer

On the 25<sup>th</sup> of April 2013, the General Meeting appointed the members of the Supervisory Board of the next, third tenure. Three of the current members of the Supervisory Board and two new members – Mr. Andrzej Dadełło and Mr. Janusz Nowicki - were appointed to the Supervisory Board of the third tenure. Two current members – Mr. Wiesław Dębski and Mr. Andrzej Fierla terminated performing the function of a member of the Supervisory Board.

The competences and the rules of work of the Supervisory Board are regulated by:

- Commercial Companies Code,
- The Articles of Association of the Company (available at the website of the Company),
- The Bylaws of the Supervisory Board (available at the website of the Company).

In compliance with the § 15 of the Articles of Association of the Company, the Supervisory Board consists of 3 (three) to 8 (eight) members, with restriction that, within the period when the Company is a public company, within the meaning of the Commercial Companies Code, the Supervisory Board consists of 5 (five) to 8 (eight) members. The members of the Supervisory Board are appointed and dismissed for the joint tenure by the General Meeting. The tenure of the Members of the Supervisory Board lasts 3 years. In compliance with the § 16 of the Articles of Association of the Company, the Supervisory Board elects from its members the Chairman, the Vice-Chairman and the Secretary. In compliance with the § 18 of the Articles of Association of the Company the remuneration of the Members of the Supervisory Board is determined by the General Meeting.

In compliance with the § 16 of the Articles of Association of the Company the organization of the work of the Supervisory Board and the mode of its functioning is stipulated by the bylaws of the Supervisory Board adopted by it with the majority of at least 2/3 of votes.

In compliance with the § 17 of the Articles of Association of the Company the resolutions of the Supervisory Board are adopted with an absolute majority of votes.

Until the 25<sup>th</sup> of April 2013, the Audit Committee acted within the Supervisory Board, which included: Maciej Radziwiłł – the Chairman of the Audit Committee, Jerzy Cieślík and Wiesław Dębski.

The competences and the rules of work of the Audit Committee of the Supervisory Board were regulated by:

- The act of the 7<sup>th</sup> of May 2009 on auditors and their self-government, entities authorized to assess the financial statements and on public supervision (Journal of Laws no 77, item 649, with further amendments),
- Regulations of the Audit Committee of the Supervisory Board.

On the 25<sup>th</sup> of April 2013 the Supervisory Board composing of five persons was appointed by the resolution of General Meeting and in connection with that, in compliance with the resolution of the General Meeting, the

activity of the Audit Committee was suspended and the tasks of the Audit Committee are performed by the Supervisory Board.

Due to the scale of operations of the Company and the rules of appointing the members of the organs and determining their remuneration, neither the committee for the nominations nor the committee for the remuneration were established within the Supervisory Board.

#### 4.11.2. Management Board of the Company

##### On the 31.12.2013 the Management Board of the Company included:

No.	Name and Surname	Function	Date of appointment	Date of tenure commencement	Date of tenure end
1.	Sebastian Buczek	President of the Management Board	25.04.2013	25.04.2013	25.04.2016
2.	Artur Paderewski	First Vice-President of the Management Board	25.04.2013	25.04.2013	25.04.2016
3.	Piotr Pluska	Vice-President of the Management Board	25.04.2013	25.04.2013	25.04.2016
4.	Paweł Cichoń	Vice-President of the Management Board	25.04.2013	25.04.2013	25.04.2016

Source: Issuer

There were no changes in the composition of the Management Board during the reporting period. On the 25<sup>th</sup> of April 2013, the General Meeting appointed all current members of the Management Board for the next, third tenure.

Competences and rules of work of the Management Board are regulated by:

- Commercial Companies Code,
- Articles of Association of the Company (available at the website of the Company),
- Bylaws of the Management Board (available at the website of the Company).

In compliance with the § 10 of the Articles of Association of the Company, the Management Board of the Company consists of 2 (two) to 6 (six) members, including the President, First Vice-President, Vice-Presidents and/or Members of the Management Board, appointed and dismissed for the joined tenure by the General Meeting. The tenure of the Members of the Board lasts three years. The General Meeting determines the functions of the Members of the Management Board. The remuneration of the Members of the Management Board is determined by the Management Board. In compliance with the § 11 of the Articles of Association of the Company, two Members of the Management Board acting jointly or the Member of the Management Board acting jointly with the proxy are authorized to make statements of will on behalf of the Company.

In compliance with the § 12 of the Articles of Association of the Company the organization of the work of the Management Board and the mode of its functioning is stipulated by the bylaws of the Management Board adopted by the Management Board with the majority of at least 2/3 of the votes.

In compliance with the § 13 of the Articles of Association of the Company, the resolutions of the Management Board are passed with an absolute majority of votes.

[...]

**Warszawa, 22<sup>nd</sup> of February 2013**

Sebastian Buczek  
President of the Management Board

Artur Paderewski  
First Vice-President of the Management Board

Piotr Pluska  
Vice-President of the Management Board

Paweł Cichoń  
Vice-President of the Management Board