

Report of the Supervisory Board of Asseco Business Solutions S.A. for 2017 covering the assessment of: the Company's position, the internal control systems, risk management, compliance, Company's corporate governance statement.

I. Assessment of the Company's position, including the assessment of the internal control systems, risk management, compliance and internal audit function

The Supervisory Board is positive about the system of internal control employed at the Company and the system of management of risks significant for the Company.

The Company is aware of the risks related to its business. Therefore, it implemented a consistent system of risk factor control. The system relied on a set of internal procedures and guidelines covering the key areas of the Company's operation. They enable efficient information flow between the organizational units of the Company, as well as ensuring an appropriate level of alert in the event of significant risks. Most processes (as part of the system) have been automated and are supported by the in-house, integrated ERP management system. Additionally, the system provides an ongoing functional control, handled by both every employee and their immediate supervisor. Moreover, in order to improve the control and information flow in the Company, regular meetings are held with the representatives of the key organizational units. During these meetings, the analysis of new or non-standard factors (problems, threats) is performed, surfacing in the various areas of Company's operations.

Supervision over the process of internal control and the risk management system is exercised by the department directors. Besides, they are responsible for the ongoing evaluation of execution procedures and reporting to the management on the effectiveness of the risk management systems put in place.

In the opinion of the Supervisory Board, the existing system of internal control is effective, and the implemented solutions enable the detection of risks that are significant for the Company's business, their management and the establishment of their acceptable level.

There are no separate internal audit capabilities and compliance services in the Company's structure as the size of the Company does not require so. In the opinion of the Supervisory Board, there is no need to isolate the internal audit function within the organization. Compliance is ensured by the Legal Department.

In the opinion of the Supervisory Board, the Management Board of the Company has properly identified the types of risk significant for the Company and has managed them effectively in the volatile business environment.

II. Report of the Activities of the Supervisory Board of Asseco Business Solutions S.A. in the financial year 2017

1. The organisation of the Supervisory Board

In 2017 the Supervisory Board of Asseco Business Solutions S.A. consisted of:

Supervisory Board	Term
Romuald Rutkowski	1 Jan 2017 - 31 Dec 2017
Adam Góral	1 Jan 2017 - 31 Dec 2017
Zbigniew Pomianek	1 Jan 2017 - 31 Dec 2017
Adam Pawłowicz	1 Jan 2017 - 31 May 2017
Grzegorz Ogonowski	1 Mar 2017 - 20 Apr 2017
Piotr Stępnik	1 June 2017 - 31 Dec 2017
Jozef Klein	20 Apr 2017 - 31 Dec 2017

On 20 April 2017, due to the expiration of the previous term, the Ordinary General Meeting of Asseco Business Solutions S.A. appointed the following persons as Members of the Supervisory Board for a new joint term (covering the years 2017-2022):

- Adam Góral,
- Romuald Rutkowski,
- Zbigniew Pomianek,
- Jozef Klein,
- Adam Pawłowicz.

The Supervisory Board so composed was constituted on 15 May 2017. Mr Jozef Klein was elected Chairman of the Supervisory Board and Mr Adam Góral Vice-Chairman of the Supervisory Board.

On 24 April 2017, Mr Adam Pawłowicz resigned as Member of the Supervisory Board effective from 31 May 2017.

On 22 May 2017, the Extraordinary General Meeting of Asseco Business Solutions S.A., in connection with the resignation of Mr Adam Pawłowicz, appointed Mr Piotr Stępnik as Member of the Supervisory Board effective from 1 June 2017 to fill the vacancy.

Composition of the Audit Committee

Until 2 October 2017, the Company had not had a separate Audit Committee. Its tasks, in accordance with Article 86(3) of the Act on statutory auditors, their self-governing organisation, entities authorised to audit financial statements and on public oversight government, entities authorized to audit financial statements and public supervision, were handled by the five-person Supervisory Board. The Audit Committee was also guided by the guidelines included in the Recommendations in relation to Audit Committees published by the Polish Financial Supervision Authority in November 2010.

In connection with the entry into force of the Act on statutory auditors, audit firms and public oversight, during its meeting on 2 October 2017, the Supervisory Board appointed, from among its members, an Audit Committee composed of:

Piotr Stępniaak – Chairman of the Audit Committee,
Romuald Rutkowski – Member of the Audit Committee,
Adam Góral – Member of the Audit Committee.

The Supervisory Board, acting pursuant to Article 129 of the Act on statutory auditors, audit firms and public oversight as well as § 8 of the Rules of Procedure of the Supervisory Board, assessed the appointees' compliance with the requirements for the Audit Committee acknowledging that:

- 1) Romuald Rutkowski and Piotr Stępniaak meet the independence criteria, the latter also having knowledge and competence in auditing financial statements,
- 2) all Members of the Supervisory Board have the knowledge of the industry in which Asseco Business Solutions S.A.

From 2 October 2017 until the date of this report, the composition of the Supervisory Board had not changed.

Responsibilities of the Supervisory Board related to the performance of the duties of the Audit Committee

In 2017 two meetings of the Supervisory Board were held to perform the tasks of the Audit Committee (28 February 2017 and 1 August 2017). The following tasks were covered:

1. Monitoring of the process of financial reporting, the operation of internal control systems and risk management

The Supervisory Board held meetings with the auditor, Ernst & Young Audyt Polska Sp. z o.o. Sp.k., before the publication of the financial results for 2016 and the first half of 2017. Representatives of Ernst & Young Audyt Polska Sp. z o.o. Sp.k. submitted a summary report on the audit of accounts of the Company and the Asseco Business Solutions Capital Group. All relevant issues related to the financial statements were discussed.

With a view to carrying out an in-depth financial analysis, the Chairman of the Supervisory Board had requested the auditor to deliver additional data; it was discussed both at the meeting and made available to Members of the Supervisory Board separately.

The Supervisory Board was positive about the functioning of internal control in the Company and in the Asseco Business Solutions Capital Group. The Company did not maintain an Internal Audit Unit in 2017.

In 2017 the Supervisory Board looked into:

- the process of preparing financial statements and the effectiveness of the key procedures ensuring that the financial statements and management and financial reports are drawn up properly and contain reliable data,
- Company's exposure to specific risks, methods of identification and monitoring of risks and the operation of the Management Board aimed to mitigate their impact on the Company's operations.

2. Verification of independence of the statutory auditor or entity authorized to audit financial statements

The Supervisory Board assessed the audit process as independent and the auditor as meeting the requirements for providing an impartial and independent opinion on the audit, in accordance with the relevant provisions of national law and professional standards.

Scope of work of the Audit Committee

After the entry into force of the Act on statutory auditors, audit firms and public oversight, two meetings of the Audit Committee were held (16 October 2017 and 12 December 2017) during which the Committee handled the tasks provided for in Article 130 of the said act:

1. Development of a policy and procedure of selecting an audit firm and a policy for the provision of permitted services

At the meeting of the Audit Committee on 16 October 2017, in order to satisfy the requirements imposed by the said act, resolutions were adopted on the content of: The Audit Firm Selection Policy and the Audit Firm Selection Procedure as well as the Permitted Services Provision Policy. These documents were approved by the Supervisory Board on 16 October 2017.

Performance of statutory duties

In 2017 the Supervisory Board exercised a continuous supervision over the Company's ongoing operations; in the exercise of its supervisory powers, the Supervisory Board held ten meetings (including the Supervisory Board meetings related to the performance of Audit Committee's tasks).

Most of the meetings were attended by all members of the Supervisory Board; any absences were justified by the Chairperson.

The main focus of the Supervisory Board in 2017 was to assess the current performance of the Company, budget execution by the Management Board and to review the Company's strategy in all its provinces of activity. The Management Board regularly advised the Supervisory Board of the practicability of meeting the planned strategic objectives of the Company as well as of the Company's financial results. The Company's specific objectives and strategic agenda were reported and discussed during the meetings of the members of the Supervisory Board and the Management Board of the Company and obtained the Supervisory Board's approval.

The Supervisory Board resolves that the Management Board's strategy and the current activities of the Company in 2017 led to the occurrence of many positive and significant development factors resulting in the strengthening of the Company's position.

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

The Supervisory Board is positive about the Company's compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Rules of the Warsaw Stock Exchange and the regulations on current and periodic reports published by the Company.

- IV. Assessment of the efficiency of the Company's policy as referred to in Recommendation I.R.2 of the Code of Best Practices for WSE Listed Companies 2017.

The Supervisory Board is positive about the extent of charitable initiatives carried out by the Company. The Company's charitable activity is mainly the sponsoring of community organisations aiding people in need and supporting disadvantaged individuals and families. In addition, the Company co-finances socially useful charitable initiatives contributing to the promotion of culture, sports, and education.



Jozef Klein
Chairman of the Supervisory Board