

Contents of the report:

Pursuant to Art. 29.3 of the GPW S.A.'s (Warsaw Stock Exchange) Rules and Regulations Polimex-Mostostal Spółka Akcyjna provides a report on non-application of specific rules contained in the set of "good practices for WSE-listed companies 2016" Information and communication with investors policy I.Z.1.15. information that contains the description of the company's diversity policy in relation to the company's management/its key managers; this description should take into account diversity policy elements, such as sex, education, age, work experience, as well as indicate the objectives of diversity policy application and its implementation in a given reporting period; if the company did not developed and does not implement diversity policies, the company should provide an explanation of such decision on the company's website, the Company does not apply the above rule.

A final decision concerning the composition of the Supervisory Board is made by the shareholders at a general meeting, while the Management Board is appointed by the Supervisory Board. This means that the Company does not have any influence on the composition of its bodies and lacks the instruments to require the shareholders to comply with the Company's diversity policy, if any. The criteria used while selecting members of the Company's bodies and its key managers include knowledge, experience and skills.

Considering the fact that a decision concerning the composition of its bodies lies within the exclusive remit of specified bodies and entities, the Company does not plan to publish information containing a description of the applicable diversity policy on the website of the Company.

I.Z.1.16. information about the planned broadcast of the General Meeting-not later than 7 days before the date of the general meeting, the Company does not apply the above rule. The Company does not plan to broadcast any general meeting considering the related expenditures necessary to provide proper technical facilities, as well as previous experience in the scope of the organisation and course of general meetings that do not indicate the need of broadcasting. The Company does not exclude the possibility of applying this rule in the future.

I.Z.1.20. Audio or video recording of the general meeting proceedings, the Company does not apply the above rule.

At present, the Company does not record video of general meetings proceedings, in principle, for the same reasons as in the case of the decision not to broadcast general meetings. The Management Board believes that if this rule was applied, the Company would risk claims from shareholders who do not want to have their image published. At the same time, the Board declares that it will take reasonable efforts to enable recording audio during the deliberations of the General Assembly and the publication of the audio recording on the company's Website, in the case of such a request by the shareholders of the company, with the reservation that recording will be possible only in the case of consent of all shareholders present at the general meeting in question.

General meeting and shareholder relations IV. Z.2. If justified by the structure of the company's shareholders, the company provides a publicly available broadcast of general meetings in real time.

The company does not apply the above rule.

The Company does not plan to conduct general meetings using means of electronic communication by broadcasting general meetings in real time, through bilateral communication in real time or in a form allowing for the exercise of the right of vote during a general meeting. The Company's experience in the scope of the organisation and course of general meetings indicate that the shareholders do not see the need to be offered such solutions. The Management Board believes that giving the shareholders the possibility to participate in general meetings through means of electronic communication implies possible organisational and technical difficulties, which may result in legal doubts as to the regularity of general meetings and, as a result, the consequences of resolutions adopted. It should be noted also that such a solution is not commonly used by public companies operating on the Polish market. The Management Board believes that the decision not to apply this rule will not have any negative impact on the shareholders' active participation in the Company's general meetings. At the same time the Company does not preclude that such a rule may be applied in the future, if the shareholders indicate their interest with regard to universal broadcast of General Meeting proceedings.

IV.Z.3. Media representatives are allowed to be present at general meetings.

The company does not apply the above rule.

In the view of the Company, the transparency of matters on the agenda of general meetings is adequately provided for in the generally applicable provisions of law. The lack of media representatives protects the Company against possible claims of shareholders who do not want to have their image or statements published.

Remuneration

VI.Z.4. The company in a report of its operations present a report on its remuneration policy, containing at least:

- 1) a general information on the remuneration system adopted by the company,
- 2) information about remuneration conditions and amounts of each of its management board members, divided into fixed and variable remuneration components, including key parameters for establishing variable remuneration components and rules for severance payment and other payments related to work, mandate or any other legal contract of similar nature termination -- separately for the company and each entity that is part of the capital group,
- 3) information on fringe benefits to which given management board members and key managers are entitled to,
- 4) indication of significant changes in the remuneration policy (or information on the lack thereof) that have occurred within the last financial year,

- 5) evaluation of the remuneration policy from the point of view of implementation of its objectives, in particular, long-term value increase for the shareholders and stability of company's operations.

The company does not apply the above rule.

The Company does not have a remuneration policy for members of its bodies and key managers. The Company ensures that the level of remuneration determined by the Supervisory Board for its Management Board members – with respect to both its fixed and variable components - depends on the scope of individual duties assigned to specific Management Board members. The Management Board determines the level of remuneration for key managers in the same way. In addition, the Company has a Remuneration Committee, whose main task is to provide the Supervisory Board with assistance in exercising supervisory and inspection responsibilities by giving opinions on draft contracts related to the performance of the function of a Management Board member and assessing proposed changes in the system of remuneration and bonuses for Management Board members. Moreover, in the opinion of the Company, the applicable provisions of law, in particular those concerning preparation of financial statements, adequately provide for the execution of the duties imposed upon the Company in the scope of disclosing remuneration levels. Since the Company has no remuneration policy, it cannot present a related report in a report on its operations.