

JW. CONSTRUCTION HOLDING SA

The statement on the application of corporate governance standards included in “Good Practices in Public Companies 2005

NO	PRINCIPLE	YES/NO PARTIALLY/ NA	COMPANY COMMENTS
GENERAL PRINCIPLES			
I.	<p>Company Objective The basic objective of the Company authorities is to act in the interest of the Company understood as the increase of the value of the property entrusted to the Company by the Shareholders, with consideration of the rights and interests of other subjects (except of Shareholders) engaged in the Company functioning, particularly the creditors of the Company and its personnel.</p>	YES	
II.	<p>Majority Governing and Minority Protection The joint stock company is a capital undertaking. Therefore the capital majority governing rule and consequentially the supremacy of the majority over the minority must be recognized in the Company. The economic risk incurred by the Shareholder contributing the higher capital is also higher. Therefore it is justified to consider His/ Her interest proportionally to contributed capital. The minority rights must be protected in reasonable manner, within the limits determined by valid law and good practices. The minority interests should be considered by majority shareholder exercising His/Her rights.</p>	YES	
III.	<p>Honest Intentions and non- abuse of rights The exercise of rights and reliance on legal institutions should be based upon honest intentions (good faith) and cannot reach beyond the purpose and economic reasons for which these institutions have been established. No activities should be taken which exceed the limits so set and, thus, constitute an abuse of the law. The minority should be protected against abuse of ownership rights by the majority and the interests of the majority should be protected against abuse by the minority of its rights, thus, ensuring the best protection of equitable interests of the shareholders and other market participants.</p>	YES	

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IV.	<p>Judicial Review The company’s authorities and persons chairing a general meeting cannot decide on issues witch should be resolved by court judgments. This does not apply to activities, which are within the powers of the company’s authorities and persons chairing general meetings or which they are obliged to undertake by force of law.</p>	YES	
V.	<p>Independence of opinions ordered by the Company When choosing an entity which is to provide expert services including, in particular, the service of an expert auditor, financial and tax advisory service, as well as legal service, the company should consider whether there exist circumstances limiting the independence of this entity when performing the entrusted tasks.</p>	YES	
GOOD PRACTICES OF THE GENERAL ASSEMBLIES			
1.	The General Meeting should take place at the place and time required to facilitate the attendance of the widest number of the shareholders as possible	YES	In accordance with the Company Statutes, the General Meeting is arranged in Ząbki or in Warsaw
2	A request for convening a general meeting and placing certain issues on its agenda, made by parties entitled to do that, should be justified. Draft resolutions proposed to be adopted by the general meeting and other key documents should be presented to the shareholders along with a justification and an opinion of the supervisory board prior to the general meeting, in advance so as to allow them to review and evaluate the same.	YES	
3	The general meeting convened at the request of shareholders should be held on a date given in the request, and if this date cannot be kept, on the closest date, which will allow the general meeting to settle the issues placed on its agenda.	YES	

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4.	A general meeting whose agenda includes certain issues at the request of authorized entities or which has been convened at such request may be cancelled only upon consent of the requesting parties. In all other instances, a general meeting may be cancelled if its holding is hindered (force majeure) or is obviously groundless. The meeting is called off in the same manner as it has been convened, ensuring as little negative consequences for the company and its shareholders as possible, and in any case no later than three weeks prior to the original date of the meeting. A change in the date of the general meeting is made in the same manner as the cancellation, even if the proposed agenda does not change.	YES	
5.	In order for a representative of a shareholder to participate in a general meeting, his right to act on behalf of the shareholder should be duly documented. It should be presumed that a written document confirming the right to represent shareholder at a general meeting is in conformity with the law and does not require any additional confirmations and acknowledgement unless its authenticity or validity prima facie raises doubt of the company’s management board (upon drawing-up the attendance list) or the chairman of the general meeting.	YES	In order to participate in a general meeting and to exercise the voting right, power of attorney is required (in writing under the penalty of nullity) granted by duly authorized persons in accordance with copy from relevant register or with civil code rules – in case of natural persons
6.	The general meeting should have regular by-laws setting forth the detailed principles of conducting the meetings and adopting resolutions. The by-laws should contain, in particular, provisions concerning elections, including elections to the supervisory board by voting in separate groups. The by-laws should not be subject to frequent changes; it is advisable that the changes enter into force as of the subsequent general meeting.	YES	The principle is reflected in the General Meeting Rules
7	A person opening the general meeting should procure an immediate election of the chairman of the meeting, and should refrain from any substantial or formal decisions.	YES	The principle is reflected in the General Meeting Rules an Company Statutes
8	The chairman of the general meeting ensures an efficient conduct of the meeting and observance of the rights and interests of all shareholders. The chairman should counteract, in particular, the abuse of rights by the participants of the meeting and should guarantee that the rights of minority shareholders are respected. The chairman should not, without sound reason, resign from his function, or put off the signing of the minutes of the meeting.	YES	The principle is reflected in the General Meeting Rules

JW. CONSTRUCTION HOLDING SA

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9	A general meeting should be attended by members of the supervisory board and the management board. An expert auditor should be present at an annual general meeting and at an extraordinary general meeting if financial matters of the company are to be discussed thereat. An absence of the supervisory or the management board member requires justification. The justification should be presented during the general meeting	YES	The principle is reflected in the General Meeting Rules and Supervisory Board Rules in relation to the members and expert auditor. The members of management shall attend in general meeting if it is justified by agenda. In accordance with the General Meeting Rules the auditor should be present at ordinary general meeting, and on the request of Management or Supervisory Board, at extraordinary general meeting.
10	Members of the supervisory board and the management board and the expert auditor of the company should, within their powers and to the extent necessary for the settlement of issues discussed by the general meeting, provide the participants of the meeting with explanations and information concerning the company	YES	
11	All answers provided by the management board to the questions posed by the general meeting should take into account the fact that the reporting obligations are performed by a public company in a manner which follows from the Law on Public Trading in Securities, and certain information cannot be provided otherwise	YES	
12	Short breaks in the session which do not defer the session ordered by the chairman in justified cases, cannot be aimed at hindering the exercise of the rights by the shareholders	YES	
13	Voting on issues placed on the agenda may be carried out only on issues related to the conduct of the meeting. This voting procedure cannot apply to resolutions, which may have impact on the exercise by the shareholders of their rights.	YES	The principle is reflected in the General Meeting Rules
14	A resolution not to consider an issue placed on the agenda may be adopted only if it is supported by sound reasons. A motion in this respect should be accompanied by a detailed justification. The removal of an item from the agenda or a decision not to consider an issue placed on the agenda at the request of shareholders requires a resolution of the general meeting upon the previous consent of all shareholders present at the meeting, who filed such a motion, supported by 75% of votes of the general meeting.	YES	The principle is reflected in the Company Statutes.

JW. CONSTRUCTION HOLDING SA

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15	A party objecting to a resolution must have an opportunity to concisely present the reasons for its objection.	YES	The principle is reflected in the General Meeting Rules
16	Due to the fact that the code of Commercial Companies does not provide for court control in the event where a resolution is not adopted by the general meeting, the management board or the chairman of the meeting should form the resolutions in such a way that each person who does not agree with a decision being the subject of the resolution, have the possibility of challenging the same; provided that he is entitled to do so.	YES	
17	At the request of a participant in the general meeting, his written statement is recorded in the minutes.	YES	The principle is reflected in the General Meeting Rules
18	The supervisory board submits to the general meeting an annual concise evaluation of the company’s standing. The evaluation should be part of the annual report of the company, made available to all shareholders early enough to allow them to become acquainted with the same before the ordinary general meeting.	YES	
19	A member of the supervisory board should have relevant education, professional and practical experience, be of high morale and be able to devote all time required to properly perform the function on the supervisory board. Candidates for members of the supervisory board should be presented and supported by reasons in sufficient detail to allow an a correct choice.	YES	
20	a) At least one-half of the supervisory board members should be independent members, with the reservation of point d). Independent members of the supervisory board should not have any relations with the company and its shareholders or employees, which relations could have significant impact on the ability of the independent member to make impartial decisions.	YES	One of Company shareholders is a majority shareholder and is in the possession of more than 50% Company shares (directly and indirectly)

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	<p>b) Detailed criteria of independence should be laid down in the statutes of the company</p> <p>c) Without consent of the majority of the independent members of the supervisory board, no resolutions should be adopted on the following issues:</p> <ul style="list-style-type: none"> - performances of any kind by the company and any entities associated with the company in favour of members of the management board; - consent to the execution by the company or its subsidiary of a key agreement with an entity associated with the company, member of the supervisory board or the management board, and with their associated entities; - appointment of an expert auditor to audit the financial statements of the company. <p>d) For companies where one shareholder is an owner of shares with over 50% of the total number of votes assigned, at least two of the supervisory board members should be independent members, and one of them should be an independent chairman of an audit committee if such a committee has been established.</p> <p><i>The principle no 20 can be implemented by the Company at the time different than remaining principles included in the present collection, but not later than on 30th of June 2005.</i></p>	YES	<p>In accordance with the present principle, the Supervisory Board should encompass at least two independent members. The principle is reflected in the Statutes of the Company. According with Statutes of the Company, two independent members meeting the criteria determined in the Statutes of the Company should be assigned. One of them should perform the function of the Vice – Chairman of the Supervisory Board</p>
21.	A supervisory board member should, most of all, bear in mind the interests of the company.	YES	
22.	Members of the supervisory board should take relevant actions in order to receive from the management board regular and complete information on any and all significant issues concerning the company’s operations and on the risk related to the carried out business and ways of managing such risk.	YES	
23	A supervisory board member should inform the remaining members of the board of any conflict of interest arises, and should refrain from participating in discussions and from voting on passing a resolution on the issue in which the conflict of interest has arisen	YES	The principle is reflected in the By-laws of Supervisory Board

JW. CONSTRUCTION HOLDING SA

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24	Information on person, actual, and organizational connections of a supervisory board member with a given shareholder, and, in particular, with the majority shareholder, should be available to public. The company should have a procedure in place for obtaining information from members of the supervisory board and for making it available to the public	YES	
25.	Supervisory board meetings, save for issues which directly concern the management board or its members, and, in particular, removal, liability, and setting remuneration, should be accessible and open to members of the management board.	YES	The principle is reflected in the By-laws of Supervisory Board
26.	A supervisory board member should enable the management board to present publicly and in an appropriate manner information on the transfer or acquisition of the shares of the company or of its dominant company or a subsidiary, and of transactions with such companies, provided that such information is relevant for his financial standing.	YES	
27.	Remuneration of members of the supervisory board should be determined based on transparent procedures and principles. Remuneration of members of the supervisory board should be fair, but should not constitute a significant cost item in the company's business or have material impact on its financial results. The remuneration should be in reasonable relation to the remuneration of member of the management board. The aggregate remuneration of all members of the supervisory board, and also the itemized remuneration of individual members of the supervisory board, should be disclosed in the annual report	YES	
28.	<p>The supervisory board should operate in accordance with its bylaws which should be available to the public. The by-laws should anticipate the establishment of at least two committees:</p> <ul style="list-style-type: none"> · Audit committee · Remuneration committee <p>The Audit committee should consist of at least two independent members and at least one member with skills and experience in the accounting and financial scope. The tasks of the committees should be determined in detailed manner in the by-laws. The committees should submit annual reports on their activities to the Supervisory Board. The reports should be made available by the Company to the Shareholders</p>	YES	The Supervisory Board has its By-laws, which are available at the company's registered office and on its website.

JW. CONSTRUCTION HOLDING SA

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29	The agenda of a supervisory board meeting should not be amended or supplemented during the meeting which it concerns. This requirement does not apply if all members of the supervisory board are present and agree to the amendment or supplementation of the agenda, and in instances where the adoption of certain activities by the supervisory board is necessary in order to protect the company against damage and in the case of a resolution which concerns the determination whether there exists a conflict of interest between a supervisory board member and the company	YES	The principle is reflected in the By-laws of Supervisory Board
30.	A supervisory board member delegated by a group of shareholders to permanently exercise supervision should submit to the supervisory board detailed reports on the performance of his task.	YES	
31.	A supervisory board member should not resign from his function during a term of office if this could render the functioning of the board impossible, and, in particular, if it could hinder the timely adoption of an important resolution.	YES	
32	Bearing in mind the interest of the company, the management board sets forth the strategy and the main objects of the company’s operations, and submits them to the supervisory board. The management board is liable for the implementation and performance of the same. The management board cares for transparency and effectiveness of the company management system and the conduct of its business in accordance with the legal regulations and best practice.	YES	
33.	While making decisions on corporate issues, members of management board should act within the limits of justified economic risk, i.e. after consideration of all information, analyses and opinions, which, in the reasonable opinion of the management board should be taken into account in a given case in view of the company’s interest. While determining the interest of the company, one should keep in mind the justified in long term perspective interests of the shareholders, creditors, employees of the company and other entities and persons cooperating with the company, as well as the interests of local community	YES	

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34	In transactions with shareholders and other persons whose interests have impact on the interest of the company, the management board should act with utmost care to ensure that the transactions are at arms' length	YES	
35.	A management board member should display full loyalty towards the company and avoid actions, which could lead to implementing exclusively own material interest. If a management board member receives information on the possibility of making an investment or another advantageous transaction concerning the objects of the company, he should present such information immediately to the management board for the purpose of considering the possibility of the company taking advantage of it. Such information may be used by a management board member or be passed over to a third party only upon consent of the management board and only when this does not infringe the company's interest	YES	
36.	A management board member should treat shares in the company and in its dominant companies and subsidiaries as long-term investment	YES	
37.	Management Board members inform the Supervisory Board of each conflict of interest in connection with the function they perform or of the risk of such conflict	YES	
38.	The remuneration of management board members should be set based on transparent procedures and principles, taking into account its incentive nature and ensuring effective and smooth management of the company. The remuneration should correspond to the size of the company's business enterprises, should be in reasonable relation to the economic results, and be related to the scope of liability resulting from a given function, taking into account the level of remuneration of members of management boards in similar companies in a similar market.	YES	The remuneration of management board members is set by the Supervisory Board and meets the criteria described in the present principle
39.	The aggregate remuneration of all members of the management board, and also the itemised remuneration of individual members of the management board, should be disclosed in the annual report together with information on procedures and principles pursuant to which it has been determined.. If the amount of remuneration of individual members of the management board significantly differs, it is recommended that a relevant explanation be published.	YES	

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40.	The management board should lay down the principles and procedure of operations and allocation of powers in the by- laws, which should be open and generally available.	YES	The principle is reflected in the Management Rules which are available on Website
41	The selection of an expert auditor for a company should guarantee impartiality of performance of the entrusted tasks	YES	
42.	In order to ensure proper impartiality of opinion, the company should change the expert auditor at least once every five years. The change of the auditor also means the change of a person who conducts the audit. Additionally, the Company should not use for a longer period the same entity to conduct the audit	YES	
43	The expert auditor should be selected by the supervisory board of the Company, upon receiving recommendations from the audit committee or by the general meeting upon receiving recommendations from the supervisory board containing recommendations of the audit committee. Any choice made by the supervisory board or the general meeting other than the one recommended by the audit committee should meticulously be justified. The information of the choice of the expert auditor, together with a respective justification, should be published in the annual report	YES	
44.	An auditor auditing, currently or in the period to which the audit refers, accounts of a company or its subsidiaries cannot act as a special purpose auditor for the same company.	YES	
45.	A company should acquire its own shares in such a way that no group of shareholders be privileged.	YES	

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46	The statutes of the company, its basic internal regulations, information and documents related to general meetings, and the financial statements should be made available in the registered office of the company and its websites.	YES	
47.	The company should have proper media relations procedures and regulations and an information policy, ensuring coherent and reliable information about the company. The company should, in compliance with the legal regulations and taking into account its interests, make available to mass media representatives information on its current operation and business, standing, and enable their presence at general meetings.	YES	
48	In its annual report, a company should make public its statement on the application of corporate governance standards. If the standards are not applied to any extent, the company should also publicly explain this fact	YES	