

## Corporate Governance

### Organisational Structure

As of the end of 2009 the ACE Group comprised the holding company and three operating companies:

Company name	Status	Ownership	Consolidation method
ACE S.A.	Holding Company	-	Full
Fuchosa S.L.	Operating	100%	Full
EBCC Sp. z o.o.	Operating	100%	Full
Feramo s.r.o.	Operating	100%	Full

### Management Committee & Board of Directors

The management of ACE's business is vested in and managed by a Board of Directors and a Chief Executive Officer to whom the Board has delegated the day-to-day management of the Group other than in relation to certain matters specifically reserved to the competence of the Board. The Chief Executive Officer, in the performance of the day-to-day management of ACE, is supported by a Management Committee constituted of senior officers of ACE, appointed by the Board.

The Directors are elected by the General Meeting of Shareholders for a term not exceeding four years and are eligible for re-election at the end of their term. Their terms end as of the fourth Annual General Meeting following the date of their appointment.

Corporate bodies as of the end of December 2009:

#### Management Committee:

José Manuel Corrales	Chief Executive Officer
Raúl Serrano	Senior Officer, Chief Financial Officer
Carlos Caba	Senior Officer, Business Development Manager

#### Board of Directors:

Marek Adamiak	Class A Director
Laurence Vine-Chatterton	Class A Director
José Manuel Corrales	Class B Director
Raúl Serrano	Class B Director
Jerzy Szymczak	Independent Director
Paweł Szymański	Independent Director

On 18 February 2010 the Board of Directors appointed Carlos Caba, Senior Officer of ACE S.A., as Director of the Company to fill the vacancy caused by the resignation of Arkadiusz Podziewski until the next General Meeting, in accordance with Art. 7 of the Articles of Association of the Company and Art. 6

of the Bylaws of the Board.

On the same date, in accordance with Art. 8.1 of the Articles of Association of the Company and Art. 38 of the Bylaws of the Board, the Board appointed Marek Adamiak, Class A Director, as Chairman of the Board. In accordance with Art. 13 of the Articles of Association of the Company and Art. 38 of the Bylaws of the Board, the Board also appointed Marek Adamiak as a member of the Audit Committee, which appointment will expire at the next General Meeting.

On 8 March 2010 the Board of Directors received a formal notification from Laurence Vine-Chatterton of his immediate resignation as a Director of the Board of the Company due to personal reasons.

On 16 March 2010, pursuant to Art. 7.6 of the Articles of Association of the Company and §6 of the Bylaws of the Board, Oliver Robert Günter Schmeer was appointed as a Director of the Company to fill the vacancy caused by the resignation of Mr Vine-Chatterton until the next General Meeting.

Composition of the Board as of the date of publication in April 2010:

Marek Adamiak	Chairman and Class A Director
José Manuel Corrales	Class B Director
Raúl Serrano	Class B Director
Carlos Caba	Director
Oliver Schmeer	Director
Jerzy Szymczak	Independent Director
Paweł Szymański	Independent Director

## **Marek Adamiak**

Mr Adamiak worked from 1988 to 1990 as a manager for Vimar Impet, then in 1990 – 1996 as national manager and later as national director for ICD Group and ICD Polska and was responsible for development of their business and commercial relations in Poland. From 1996 to 1999 Mr Adamiak worked as director of purchasing for the Polish branch of Delphi. Between 1999 and 2002 he served as European director of purchasing at the Delphi branch in Paris, and later as European project manager responsible for the group's accounting centre. From September 2002 to July 2007 Mr Adamiak was general director and president of the Delphi branch in Poland. Since July 2007 he runs his own consulting company, MA Management Solutions.

## **José Manuel Corrales**

ACE CEO since the Group was established, he has worked within Fuchosa for 19 years playing management roles, including the Plant Manager position for more than 7 years. Initially, Mr Corrales started his career working for the Basque Government Health Department and as a lecturer at Deusto University (Bilbao, Spain). He holds a degree in industrial psychology from Deusto University.

### **Raúl Serrano**

Holding a law degree and an MBA from Deusto University, Mr Serrano has over 14 years' experience in finance and administration management within ACE and Fuchosa. Previously, he worked in similar roles for Fundialava SA, Valfundix SA and Excludis SA, and as a financial and tax consultant for Lloyds Bank.

### **Carlos Caba**

An international business administration graduate of Lincolnshire University (UK), Mr Caba has worked within Fuchosa since 1997 in a variety of roles, such as Quality Manager, Division Quality Manager in Groupe Valfond, and most recently as Business Development Manager of Fuchosa. Prior to that, Mr Caba gained industry experience in quality management in different automotive companies.

### **Olivier Schmeer**

Mr Schmeer is a graduate of the Institut Supérieur de Gestion business school in Paris (1980) and San Diego State University, USA (1980). He developed most of his professional career in the automotive industry but also in other industrial sectors like office furniture, electronics and the wiring harness industry, holding board positions in some of them. He also developed his professional career in Groupe Valfond, former owner of two of the current operating companies of ACE.

### **Jerzy Szymczak**

Mr Szymczak worked in 1996 – 2004 as a project manager and consultant for Boston Consulting Group at their offices in Paris, Sydney and Warsaw. In 2004 – 2006 he was a director at Kolago & Co, responsible for a number of merger and acquisition projects in Poland, Germany and Russia. Since April 2006 Mr Szymczak has been a director at A.T. Kearney and is responsible for implementation of mergers in Northern and Central Europe. He has been involved in over 25 merger projects of companies in various economic sectors. He has also participated in a number of strategic building projects for companies entering Central European markets.

### **Paweł Szymański**

Mr Szymański worked from 1994 to 1996 as an equity analyst at Wood & Co in Warsaw. From 1997 to 1999 he worked at a similar position, and later as deputy director of capital markets research, for Schroder Securities in London. Then in 2000 – 2003 he was director of a research team responsible for analysis of Polish stocks. From 2003 to 2004 Mr Szymański was president of Bank Handlowy brokerage house. In 2004 – 2007 he was Vice-President of PKN Orlen responsible for its financial department. From 2007 to 2008 Mr Szymański was Vice-President and CFO at CTL Logistic. Since 2008 he has been an Executive Partner and Deputy President of the Management Board of ICENTIS Corporate Solutions.

## Compensation of Management Committee and Board of Directors Members in 2009

### *Management Committee compensation*

ACE Management Committee members do not receive any salary, pension, retirement or similar benefits from the Group for such role, other than reimbursement of reasonable expenses incurred in attending ACE Management Committee meetings.

Details of compensation received by the Company's directors (including Management Committee members and plant operational managers) for the period from 1 January 2009 through 31 December 2009 are as follows:

	In EUR '000
Current compensation	476
- salary	463
- bonus	13
<b>Total, directors of the Company</b>	<b>476</b>

### *Board of Directors compensation*

Only members appointed in 2007 or later benefit from a compensation plan. The Chief Executive Officer is paid for his service as general manager of ACE. It should be noted further that certain Directors have relationships in other capacities with members of the ACE Group and the terms of such relationships are set out in management contracts with the Company.

Details of the compensation of the Board of Directors members are as follows (EUR):

	Base salary	Bonuses	Other
Arkadiusz Podziewski	-	-	-
Laurence Vine-Chatterton	12,300	-	-
Marek Adamiak	15,300	-	-
José Manuel Corrales	-	-	-
Raúl Serrano	-	-	-
Jerzy Szymczak	15,300	-	-
Paweł Szymański	15,300	-	-

## Information on Supervision of Employee Share Option Plans

An employee share option plan (the "ESOP") was approved by the Board at their meeting held on 22 February 2007. Currently, a manager of EBCC can benefit from the ESOP. The ESOP gives specified persons (the "ESOP Beneficiaries") the opportunity to acquire a stake in the capital of the Company. The extraordinary General Meeting held on 14 March 2007 approved the introduction of authorised share capital of 1,002,505 shares for the purposes, inter alia, of the ESOP. The options granted shall vest pro-rata on a quarterly basis over four years from the Allotment Date, and shall be exercisable on an annual basis from the second anniversary of the completion of the Offer. Options that have not yet vested upon the voluntary resignation or dismissal for cause of the beneficiary will automatically lapse upon the termination of the relationship between the beneficiary and the ACE Group. Where the relationship ends in the voluntary resignation or dismissal for gross negligence, fraud or wilful misconduct, all rights to shares vested over the last 12-month period are cancelled. The total number of shares subject to the ESOP shall not exceed 1,002,505. The strike price will be equal to the Offer Price, which was PLN 20.50.

## Information Required by the Warsaw Stock Exchange in Poland

General statement:

*ACE is a company formed under Luxembourg laws and does not have a supervisory board or a management board. ACE has a Board of Directors. The Board of Directors performs the functions of a supervisory board and a management board in companies incorporated under Polish law. Generally, the directors of a Luxembourg law corporation may be treated as the management authority of a corporation, which however should not be equated with a management board within the meaning of Polish law. The management of ACE's business is vested in and managed by a board of directors (the "Board of Directors") and a chief executive officer (the "Chief Executive Officer") to whom the Board of Directors has delegated the day-to-day management of the Company other than in relation to certain matters specifically reserved to the competence of the Board of Directors. The Chief Executive Officer, in the performance of the day-to-day management of ACE, is supported by a management committee constituted of Senior Officers of ACE, appointed by the Board of Directors. Subject to the above, for purposes of the responses of ACE, references to "supervisory board" and the "management board" in the Best Practices will be treated as references to its Board of Directors.*

In 2009 the Company did not fully comply with the following rules described in the Code of Best Practice for WSE Listed Companies, on a temporary basis:

Section II: 1.7, 1.11, 1.12

Further explanation of non-compliance and proposed improvement actions are described below:

Section II: 1.7, 1.11, 1.12 – All rules refer to the website content. The ACE website still does not contain

information described by rules 1.7, 1.11 and 1.12. However, ACE is constantly improving its content and intends to include such information if it is of material importance for shareholders.

## **General shareholders meeting practices and powers together with a description of shareholders' rights and their execution:**

### *General Meeting practices*

General Meetings may be convened by the Board or, if exceptional circumstances so require, by any two Directors acting jointly. The Board is obliged to convene a General Meeting so that it is held within a period of one month, if Shareholders representing (in the aggregate) one-tenth of the issued share capital so require in writing with an indication of the agenda. Shareholders representing (in the aggregate) one tenth of the issued share capital may also, pursuant to Luxembourg law, request that additional items be added to the agenda of a General Meeting. Such request must be made by registered letter at least five (5) days before the General Meeting.

The annual ordinary General Meeting shall be held each year on the third Tuesday in June and at the latest on June 30. The annual General Meeting shall consider the approval of the annual accounts, the discharge of the Directors and auditors for the period up to the date of the annual accounts, any proposals to pay dividends and any other proposals placed on the agenda by the Board.

Each Share entitles the holder to attend a General Meeting, either in person or by proxy, to address a General Meeting, and to exercise voting rights. Each Share entitles the holder to one vote at a General Meeting. There is no minimum shareholding required to be able to attend or vote at a General Meeting.

The General Meeting shall not be entitled to remove or alter items included in the agenda without the unanimous approval of all the Shareholders of ACE, i.e. 100% of the share capital of ACE.

The Board will convene a General Meeting by notice published twice with a minimum interval of eight days, and the second at least twelve days before the meeting, in the *Mémorial* and in a Luxembourg newspaper. These convening notices will contain the agenda of the meeting and set out the conditions for attendance and representation.

Shareholders whose share ownership is directly registered in the Shareholders' registry will receive the notice by ordinary mail, which mail should be sent to such Shareholders at least twelve days prior to the General Meeting.

The Articles of Association provide that in the case of Shares held through a depositary or a sub-depositary as described in Article 6 of the Articles of Association, a Shareholder may exercise all rights attached to his or her Share(s) and in particular, to participate and vote at a General Meeting upon presentation of a certificate issued by the depositary holding the Shares, certifying the number of

Shares recorded in the relevant account in the name of the relevant Shareholder preceding the General Meeting.

Such certificates should be submitted to ACE at the latest on the fifth business day prior to the General Meeting at its registered address or at the address included in the convening notice or, in case the Shares are listed on a foreign regulated market, with an agent of ACE located in the country of the listing and designated in the convening notice. In the event a Shareholder votes through proxy, the latter has to deposit his or her proxy within the same period of time at the registered office of ACE or with any local agent of ACE duly authorised to receive such proxy.

In addition, if a Shareholder votes by correspondence, the relevant form must be received at the registered office of ACE at least five days before the General Meeting.

The Board may determine all other conditions that must be fulfilled in order to take part in a General Meeting.

The Articles of Association provide that all powers of attorney should be forwarded to ACE within the same time delay as the certificates referred to in the foregoing paragraph. The Board may adopt rules and procedures concerning entry cards and proxy forms in order to allow Shareholders to exercise their right to vote.

#### *Shareholders Rights*

There is no distinction regarding the rights attached to each Share. ACE recognises only one holder per Share. Where a Share is held by more than one person, ACE has the right to suspend the exercise of all rights attached to that Share until one person has been appointed as sole owner vis-à-vis ACE. The same rule shall apply in the case of conflict between a usufruct holder (usufruitier) and a bare owner (nu-propriétaire) or between a pledgor and a pledgee.

#### *Dividend Rights*

All Shares are entitled to participate equally in dividends, if and when declared by the annual ordinary General Meeting, out of funds legally available for such purposes. Each Shareholder shall receive dividends pro rata to the number of Shares held, at the time and place fixed by the Board within the limits of the decision of the annual ordinary General Meeting.

ACE must allocate at least one twentieth of the net profits to the creation of a reserve, which allocation ceases to be compulsory when the reserve has reached 10% of the issued share capital.

The remaining balance of the net profit is at the disposal of the General Meeting, which can decide to distribute such profit in the form of dividends to the Shareholders. The amount of any dividends paid to

Shareholders may not exceed the amount of the profits at the end of the last financial year plus any profits carried forward and any amounts drawn from reserves which are available for that purpose, less any losses carried forward and sums to be placed in reserve in accordance with law or the Articles of Association.

Interim dividends may be paid by the Board within the conditions provided for in the Luxembourg Company Law.

The New Shares will rank *pari passu* with all existing Shares from the date of issue and accordingly will be entitled to any dividend distributions declared following the date of issue of such New Shares.

Distributions that have not been claimed within five years after the date on which they became due and payable revert to ACE.

#### *Rights to share in any surplus in the event of liquidation*

In the event of the liquidation, dissolution or winding-up of ACE, the assets remaining after allowing for the payment of all liabilities will be paid out to the Shareholders *pro rata* to their respective shareholdings. Any decision to liquidate ACE requires the approval of at least seventy-five per cent (75%) of the votes cast at a General Meeting where at least 50% of the issued capital is present or represented.

#### *Voting Rights*

Each Share entitles its holder to one vote on each matter to be voted upon by Shareholders.

Luxembourg law distinguishes between “ordinary” General Meetings and “extraordinary” General Meetings. Extraordinary General Meetings are convened to resolve upon an amendment to the Articles of Association and are subject to the quorum and majority requirements set out below. All other General Meetings are ordinary General Meetings.

Unless otherwise required by the Articles of Association or the laws of Luxembourg, resolutions of the General Meeting duly convened, the purpose of which is not to amend the Articles of Association, will be adopted by a simple majority of the Shareholders present and voting, without any quorum requirements and irrespective of the number of Shares represented.

An extraordinary General Meeting convened for the purpose of amending the Articles of Association or, pursuant to the Articles of Association,

- to change the nature of the business conducted by ACE or any of the Operating Entities;
- to sell, close or otherwise dispose of any Operating Entities; or
- to dissolve, wind-up or liquidate any of the Operating Entities;

must have a quorum of at least 50% of the issued capital of ACE. If such quorum is not reached, the meeting of Shareholders may be reconvened at a later date, with no quorum requirements, by means of notices published twice, at fifteen days interval at least and fifteen days before the meeting in the Luxembourg official gazette, the Mémorial and in two Luxembourg newspapers. Such convening notice shall reproduce the agenda and indicate the date and the results of the previous meeting. At both meetings, resolutions described in this paragraph must be carried by at least 75% of the votes of the Shareholders present or represented.

If the proposed amendments consist of changing ACE's nationality or of increasing the obligations of the Shareholders, unanimous consent of all Shareholders representing the entire issued capital is required.

The Certificate which shall be presented by a Shareholder in order for such Shareholder to be authorised to attend and vote at the General Meeting must, at least five days prior to the General Meeting, be filed with ACE, at its registered office or at the address set out in the convening notice or, in case the Shares are listed on a foreign regulated market, with an agent of ACE located in the country of the listing and designated in the convening notice. In the event that the Shareholder votes through proxy, the latter has to deposit his or her proxy within the same period of time at the registered office of ACE or with any local agent of ACE duly authorised to receive proxies.

A Shareholder may act at any General Meeting by appointing another person, who need not be a Shareholder, as his proxy in writing or by telefax, cable, telegram or telex.

Any Shareholder who casts their vote by correspondence, by means of a form providing the option for a positive or negative vote or for an abstention shall be counted when reckoning a quorum at such General Meeting. The Board shall determine the format of such form. Such form must be received at the registered office of ACE at least five days before the General Meeting.

#### *Issue of Shares and Pre-emptive Rights*

Under Luxembourg law, the articles of association of a company may authorise the board of directors to increase the share capital of the company on one or more occasions up to a specified amount. The general meeting of Shareholders may also grant such authorisation by means of an amendment to the articles of association. The rights attaching to the new shares shall be defined in the articles of association.

Such authorisation given to the board of directors shall be valid for only five years from the date of the publication of the articles of incorporation or the amendment of the articles of association. The authorisation may be renewed on one or more occasions by the general meeting of Shareholders deliberating in accordance with the requirements for amendments to the articles of association, for a period, for each renewal, that may not exceed five years.

Increases within that authorised share capital may be exercised on one or more occasions by the Board within five years from the date of publication of the resolution of the General Meeting approving the authorised capital.

According to the Articles of Association, Shares shall be issued within the limit of the authorised capital, to be paid up in cash or, subject to applicable provisions of the law, in kind at a price or, if Shares are issued by way of incorporation of reserves, at an amount, which shall not be less than the par value. Such increase may be issued and subscribed for in the form of Shares with or without an issue premium, as the Board may determine.

The non-subscribed portion of the authorised capital shall only be used for (i) the conversion of stock options issued by ACE (or its subsidiaries) pursuant to an ESOP in favour of managers of ACE or the Operating Entities and any other stock options issued by ACE; or (ii) the issue of new Shares upon an initial public offering of the Shares of ACE. If, pursuant to the initial public offering of Shares and the ESOP, the limits of the authorised capital have not been reached, the Board may increase the issued capital up to the limits of the authorised capital by the issue of additional Shares, as the Board, in its discretion, shall determine. Whenever the Board has effected a complete or partial increase in capital within the limit of the authorised capital, the Articles of Association shall be amended so as to reflect such increase.

Unless limited or excluded by the General Meeting or the Board, as described below, holders of Shares have a pro rata pre-emptive right to subscribe for any newly issued Shares, except for Shares issued for consideration other than cash (in kind).

The limitation or exclusion of pre-emptive rights is subject to the approval of at least two-thirds of the votes cast at a General Meeting where at least 50% of the issued share capital is present or represented.

In addition, pre-emptive rights can be limited or excluded by the Board, if the General Meeting has delegated the authority to exclude or limit pre-emptive rights at a General Meeting where at least 50% of the issued capital is present or represented. Such authorisation cannot exceed five years. The General Meeting of Shareholders held on 14 March 2007 authorised the Board to exclude such pre-emptive rights for a period of five years from the date of publication of the minutes of such General Meeting.

The Board may also delegate to any duly authorised person the duty of accepting subscriptions and receiving direct payment in cash or in kind of the price of the Shares being the whole or part of such increase of capital.

### *Amendments to the rights of Shareholders*

Any amendment to the rights of Shareholders requires an amendment to the Articles of Association with the quorum and majority requirements for an extraordinary General Meeting.

## Corporate Governance

### Organisational Structure

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The Directors are elected by the General Meeting of Shareholders for a term not exceeding four years and are eligible for re-election at the end of their term. Their terms end as of the fourth Annual General Meeting following the date of their appointment.

Corporate bodies as of the end of December 2009:

#### Management Committee:

José Manuel Corrales	Chief Executive Officer
Raúl Serrano	Senior Officer, Chief Financial Officer
Carlos Caba	Senior Officer, Business Development Manager

#### Board of Directors:

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Marek Adamiak	Chairman and Class A Director
José Manuel Corrales	Class B Director
Raúl Serrano	Class B Director
Carlos Caba	Director
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