

**STATEMENT ON THE APPLICATION OF CORPORATE GOVERNANCE STANDARDS SET FORTH IN “THE BEST PRACTICES IN PUBLIC COMPANIES 2005”**

No.	RULE	YES/NO Partially/ N/A	COMMENTS
<p><b>INTRODUCTION</b></p> <p>Note: 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 “<b>Board of Directors</b>”) and a chief executive officer (the “<b>Chief Executive Officer</b>”) 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. Following the completion of the initial public offering in Poland the Board of Directors shall be composed of at least seven members at least four of whom are Non-Executive Directors i.e. the members of the Board of Directors who are not Senior Officers or employees of the Company or the group of companies with a holding structure consisting of the Company as holding entity and direct or indirect subsidiaries of the Company. 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.</p>			
<p><b>GENERAL RULES</b></p>			
I.	<p><b>Objective of the Company</b> The basic objective of operations of a company’s authorities is to further the interest of the company, i.e. to increase the value of the assets entrusted by its shareholders, with consideration to the rights and interests of entities other than shareholders, involved in the functioning of the company, including, in particular, the company’s creditors and employees.</p>	<p><b>YES</b></p>	
II.	<p><b>Majority Rule and Protection of Minority</b></p>	<p><b>YES</b></p>	

	A joint-stock company is a capital venture, and, therefore, it must respect the principle of capital majority rule, and the primacy of majority over minority. A shareholder that contributes more capital also bears a higher economic risk. It is, therefore, justified that its interests be taken into consideration in proportion to the contributed capital. The minority must have a guarantee of proper protection of their rights, within limits set by the law and commercial integrity. While exercising its rights, the majority shareholder should take into account the interests of the minority.		
III.	<b>Honest Intentions and No-Abuse of Rights</b> The exercise of rights and the reliance on legal institutions should be based on 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.	YES	
IV.	<b>Court Control</b> The company's authorities and persons chairing a general meeting cannot decide on issues which 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.	YES	There are many differences between the Polish and Luxembourgian legal systems and corporate laws. As a result, while ACE agrees as a general principle that certain matters may only be satisfactorily resolved by litigation in the courts, an issue which a court must decide under the Polish system (for example, eligibility to attend a shareholders' meeting) may not even be an appropriate subject for litigation in Luxembourg courts.
V.	<b>Independent Opinions Ordered by the Company</b> When choosing an entity which is to provide expert services, including, in particular, the services of an expert auditor, financial and tax advisory services, as well as legal services, the company should consider whether there exist circumstances limiting the independence of this entity when performing the entrusted tasks.	YES	

<b>BEST PRACTICES OF GENERAL MEETINGS</b>			
1.	A general meeting should take place in a location and at a time to allow the participation of as many shareholders as possible.	<b>YES</b>	The Annual General Meeting shall be held on the date specified in the Articles of Association of the Company at the registered office of the Company, or at such other place in the municipality of its registered office as may be specified in the notice of meeting. Any other general meeting may be held at such place and time as may be specified in the respective notices of meeting.
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.	<b>YES</b>	
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.	<b>YES</b>	Pursuant to Luxembourg law the Board of Directors is obliged to convene a general meeting so that it is held within one month if shareholders representing (in the aggregate) 10% of the issued share capital so require in writing.
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.	<b>PARTIALLY</b>	The Regulations of the General Shareholders Meeting provide that the notice of cancellation of the shareholders meeting shall be published in the same manner as the convening notice for such meeting, at least five days before such meeting.

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 a 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 <i>prima facie</i> raises doubts of the company's management board (upon drawing-up the attendance list) or the chairman of the general meeting.	YES	
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	A meeting of shareholders is regulated by the Regulations of the General Shareholders Meeting. Such Regulations contain the provisions concerning elections however they do not contain any provisions regarding voting by separate groups with respect to the election of members of the Board of Directors.
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	
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	
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. The absence of any member of the supervisory board or management board from the general meeting should be justified. Such justification should be presented at the general meeting.	YES	The Regulations of the General Shareholders Meeting states that the Directors have the right to participate in general shareholder's meeting. According to the Regulations of the general Shareholders Meeting the Company's independent auditor shall be present at the proceedings of the annual general meeting or other general shareholder's meeting if the agenda refers to the approval of the annual accounts of the Company.

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 ["administrative"] 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	
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. Removing an item from the agenda or refraining from considering an issue placed on the agenda at the request of the shareholders requires a resolution of the general meeting adopted by 75% of the votes at the general meeting, upon the consent of all of the shareholders present that requested the inclusion of such item on the agenda.	YES	According to the Regulations of the general Shareholders Meeting the general shareholders' meeting, upon a shareholder's request, shall not be authorized to remove or alter items included in the agenda without the unanimous approval of all the Company's shareholders i.e. 100% of the share capital of the Company. Any shareholder's request in this respect should be accompanied by a detailed justification.
15.	A party objecting to a resolution must have an opportunity to concisely present the reasons for its objection.	YES	
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	
<b>BEST PRACTICES OF SUPERVISORY BOARDS</b>			
18.	The supervisory board submits to the general meeting an annual concise evaluation of the company's standing. The evaluation should be made available to all shareholders early enough to allow them to become acquainted with the same before the annual general meeting.	YES	According to Luxembourg law, the Articles of Association of the Company and the Regulations of the Board of Directors of the Company the Board is obliged to prepare a management report and make it available to shareholders at the registered office of the Company 15 (fifteen) calendar days before the annual general meeting together with the balance sheet, profit and loss account and auditor's report.
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 educated choice.	YES	
20.	(a) At least one-half of members of the supervisory board should be independent members, subject to item (d) below. Independent members of the supervisory board should not have any relations with the company and its shareholders or employees that might have a significant impact on the ability of the independent member to make impartial decisions.	NO	After IPO 2 Board of Directors Members are independent
	(b) Detailed criteria of independence should be laid down in the statutes of the company.	YES	

<p>(c) Without the consent of majority of independent supervisory board members, no resolutions should be adopted on the following issues:</p> <ul style="list-style-type: none"> <li>- performances of any kind by the company and any entities associated with the company in favor of members of the management board;</li> <li>- 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; and</li> <li>- appointment of an expert auditor to audit the financial statements of the company.</li> </ul>	<p>PARTIAL Y</p>	<p>According to the Articles of Association resolutions of the Board of Directors relating to:</p> <ul style="list-style-type: none"> <li>• a proposal to the General Meeting regarding the appointment of an auditor;</li> <li>• transactions between the Company and Directors, significant Shareholders, Shareholders with the Board of Directors representation or other persons related thereto; and</li> <li>• any increase in the subscribed share capital within the limits of the authorized share capital in accordance with certain provisions of the Articles of Association and any decision to limit or cancel the preferential subscription rights of existing Shareholders in accordance with certain provisions of the Article of Association;</li> </ul> <p>require the approval of the majority of the votes of the Directors present or represented at the meeting provided that the majority includes at least one Independent Director (when the number of Independent Directors in the Board of Directors is no more than two) and two Independent Directors (when the number of Independent Directors in the Board of Directors is more than two).</p>
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	<p>(d) In the companies in which one shareholder holds a stake representing over 50% of the total number of votes, the supervisory board should comprise of at least two independent members, including at least an independent president of the audit committee, if such committee has been appointed.</p> <p><i>The above rule No. 20 may be implemented by the company on a date different than that for the remaining rules of the set, but no later than by the end of June 30, 2005</i></p> <p><i>* The Committee for Good Practices recommends rules that comply with the European standards included in the Commission Recommendation on strengthening the role of non-executive or supervisory directors</i></p> <p><a href="http://europa.eu.int/comm/internal_market/company/independence/index_en.htm">http://europa.eu.int/comm/internal_market/company/independence/index_en.htm</a></p>	N/A	
21.	A supervisory board member should, most of all, bear in mind the interests of the company.	YES	This Rule is to be applied in respect of the Directors of the Company.
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.	N/A	There is no supervisory board nor management board in the Company, as that there is only one board - the Board of Directors.
23.	A supervisory board member should inform the remaining members of the board of any conflict of interest that 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	This Rule is to be applied in respect of the Directors of the Company.
24.	Information on personal, actual, and organizational connections of a supervisory board member with a given shareholder, and, in particular, with the majority shareholder, should be available to the 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	The Regulations of the Board of Directors provide that the Board shall make information publicly available regarding personal, actual and organisational connections of directors with a given shareholder, particularly with the majority shareholder.

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.	N/A	There is no supervisory board nor management board in the Company, as that there is only one board - the Board of Directors.
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.	N/A	There is no supervisory board nor management board in the Company, as that there is only one board - the Board of Directors.
27.	Remuneration of supervisory board members should be determined on the basis of transparent procedures and principles. The remuneration 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 management board members. The aggregate remuneration of all supervisory board members, as well as the remuneration of each supervisory board member broken-down to its components, should be disclosed in the annual report, together with information regarding the procedures and principles of determining the remuneration.	YES	This Rule is to be applied in respect of the Directors of the Company.
28.	<p>The supervisory board should operate in accordance with its by-laws which should be available to the public. The by-laws should provide for the appointment of at least two committees:</p> <ul style="list-style-type: none"> <li>- an audit committee; and</li> <li>- a compensation committee.</li> </ul> <p>The audit committee should be comprised of at least two independent members and at least one member with qualifications and expertise in the area of accounting and finance. The supervisory board by-laws should specify the responsibilities of the committees, which should provide the supervisory board with annual reports on their activities. The company should make these reports available to its shareholders.</p>	PARTIALLY	<p>The Board of Directors has its own Regulations of the Board of Directors of the Company. These Regulations and the Articles of Association provide that the Board of Directors may adopt a resolution establishing an audit committee. According to the provisions of the Regulations of the Board of Directors of the Company, the Audit Committee shall be comprised of not less than three and not more than five Directors, all of whom shall be Non- Executive Directors and at least one of whom shall be an Independent Director.</p> <p>The work of the Audit Committee shall be chaired by an Independent Director appointed by the Chairman of the Board. At least one member of the Audit Committee shall possess the relevant qualifications and experience in accounting and</p>

			finance.
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.	PARTIALLY	According to Luxembourg law, if the agenda is changed without the consent of all the Directors this is leaving open the possibility for the decisions taken at such meeting to be challenged. If there is a conflict of interest the relevant Director must abstain from voting but there is no change to the agenda.
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.	N/A	There is no supervisory board nor management board in the Company - there is only one board - the Board of Directors.
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	This Rule is to be applied in respect of the Directors of the Company.
<b>BEST PRACTICES OF MANAGEMENT BOARDS</b>			
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	This Rule is to be applied in respect of the Board of Directors of the Company.
33.	While making decisions on corporate issues, members of the 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	This Rule is to be applied in respect of the Board of Directors of the Company.

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	This Rule is to be applied in respect of the Directors of the Company.
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	This Rule is to be applied in respect of the Directors of the Company.
36.	A management board member should treat his shares in the company and in its dominant companies and subsidiaries as a long-term investment.	YES	This Rule is to be applied in respect of the Directors of the Company.
37.	Management board members should inform the supervisory board of each conflict of interest in connection with the performed function or of the risk of such conflict.	N/A	There is no supervisory board nor management board in the Company, - there is only one board - the Board of Directors.
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 enterprise, 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	This Rule is to be applied in respect of the Directors of the Company.
39.	The aggregate remuneration of all management board members, and the remuneration of each individual management board member, broken-down to particular components, should be disclosed in the annual report, together with information regarding the procedures and principles of determining the remuneration. If the amount of remuneration of individual management board members differs significantly, it is recommended that a relevant explanation be published.	YES	This Rule is to be applied in respect of the Directors of the Company.
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	YES	The principles and procedure of operations and allocation of powers were laid down in the

	generally available.		Regulations of the Board of Directors of the Company
<b>BEST PRACTICES IN RELATIONS WITH THIRD PARTIES AND THIRD PARTY INSTITUTIONS</b>			
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 impartiality of opinion, the company should change the expert auditor at least once every five years. A change in the person who audits the financial statements is deemed to constitute a change in the auditor. Additionally, the company should not use the same auditing company for a prolonged period of time.	YES	Luxembourg law provides that the terms of office of the auditor may not exceed six years. The independent auditor is appointed by the general shareholders meeting and may be removed at any time with or without cause.
43.	The audit company, acting as the auditor, should be selected by the supervisory board upon receiving recommendations from the audit committee, or by the general meeting upon a recommendation of the supervisory board, reflecting the recommendations of the audit committee. If the supervisory board or the general meeting makes a choice other than that recommended by the audit committee, such choice should be substantiated in detail. Information regarding the appointment of the audit company should be disclosed in the annual report, along with a substantiation thereof.	YES	According to the Articles of Association the independent auditor(s) will be appointed by the General Meeting which will determine their number, their remuneration and the term of their office. The auditor shall be proposed by the Board of Directors upon advice of the Audit Committee.
44.	The entity acting at a given time, or at any time during the reporting period, as the auditor for 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	
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 on its website.	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.	<b>YES</b>	
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