

ASSESSMENT OF WORK OF the Supervisory Board of CIECH S.A. for the year 2010

Acting pursuant to rule III.1.2) of the Code of Best Practice for WSE Listed Companies, which should be applied by companies listed at the Warsaw Stock Exchange, the Supervisory Board presents to the Ordinary General Meeting of CIECH S.A. an assessment of its work in 2010.

In 2010, the composition of the Supervisory Board of CIECH S.A did not change. In 2010, the Company's Supervisory Board was composed of six to seven people.

In the previous reporting period, the Supervisory Board operated effectively. In 2010, the Supervisory Board of CIECH S.A. held 14 meetings. In that period, the Supervisory Board of CIECH S.A. adopted 64 resolutions, of which 2 were adopted outside formal meetings of the Supervisory Board by voting using the written form, in accordance with § 22 section 2 of the Articles of Association of CIECH S.A., and § 4 section 4 of the Regulations of CIECH S.A.'s Supervisory Board.

Most of the meetings of the Board were participated in by all Members and rare absence was always justified. A decided majority of resolutions were adopted by the Supervisory Board unanimously, always with the required quorum.

Within the Company's Supervisory Board, there operated permanent committees adopted by the Board's resolutions. They included:

- Audit Committee,
- Remuneration Committee.

The Board Committees operated effectively, providing the Board with substantive support in making decisions.

In the financial year 2010, the composition of the Supervisory Board included three members with vast legal, managerial, advisory and financial experience. Diversified education, qualifications, professional experience and skills of individual Board Members ensured proper execution of the entrusted supervision over the Company's operations. This diversification affects the operation of the Board, as it provides the view of the Company's affairs from different perspectives and strengthens its independence and effectiveness.

In 2010, as in the previous years, the activity of the Supervisory Board focused both on strategic issues, as well as on matters related to supervision over the current operation of the Company. As part of strategic issues, the Board analyses and discussed in details with the Management Board the Company's position and its operation in a difficult macroeconomic environment, remaining under pressure of the situation on international chemical markets and strong competition in the chemical sector.

The **involvement** of the members of the Supervisory Board in the supervision of the most important projects conducted by the Company enabled to recognize threats quickly. The Supervisory Board actively participated in the assessment of the most important initiatives considering the interest of all Company's shareholders.

The Company's Management informed the Supervisory Board, on an on-going basis, about relevant issues related to the Company's operation and supported the Board in the decision-making process by providing required information and documents which were prepared at a high substantive level. According to the Supervisory Board, the cooperation of the Supervisory Board and the Management Board of the Company in 2010 was appropriate.

The Supervisory Board asserts that in 2010 it exercised supervision of all significant areas of activity of CIECH S.A. with due diligence.

Given the above, the operation of the Supervisory Board in 2010 can be assessed as effective and compliant with the best practice.

**CHAIRPERSON
OF THE SUPERVISORY BOARD OF CIECH S.A.**

Ewa Sibrecht - Ośka