

Global Cosmed Spółka Akcyjna / Global Cosmed Joint Stock Company

Information on how the Company follows the recommendations and principles included in the Code of Good Practice for WSE 2016 - Listed Companies

According to current status of the Good Practices application, the Company does not apply 5 recommendations: I.R.2., IV.R.2., VI.R.1., VI.R.2., VI.R.3.

According to current status of the Good Practices application, the Company does not apply 13 detailed principles: I.Z.1.14., I.Z.1.15., I.Z.1.16., I.Z.1.19., I.Z.1.20., II.Z.8., II.Z.11., III.Z.3., IV.Z.2., IV.Z.3., V.Z.5., VI.Z.2., VI.Z.4.

I. Information policy and communication with investors

A listed Company cares for and ensures proper communication with investors and analysts, conducting a transparent and effective information policy. For this purpose it provides a readily accessible, prompt and non-discriminatory access to the information being disclosed, making use of various communication tools.

Recommendations

I.R.1. If the Company acquired knowledge concerning dissemination in the media of some false information that significantly affects its evaluation, then, immediately after acquisition of such knowledge, it should publish a note on its website containing its standpoint regarding this information – unless in the Company's opinion both the nature of such information and the circumstances of the said publication give grounds for adoption of a different solution as the more appropriate one.

The principle is applied.

I.R.2. If the Company carries out a sponsoring, charity or other activity of a similar character, it shall include information on the policy pursued in this respect.

The principle is not applied.

The Company's commentary: *the Company carries out sponsoring and charity activities on a small scale, and, therefore, has not elaborated a policy in this respect. The decision on taking up sponsoring or charity activities is each time made by the Company's Management Board, at their discretion.*

I.R.3. The Company should enable the investors and analysts to ask questions and obtain – taking into account the prohibitions in force resulting from statutory provisions in this area – explanations on topics of those people interest. This recommendation may be implemented in the form of open meetings with investors and analysts, or in some other form determined by the Company.

The principle is applied.

I.R.4. The Company should make all efforts, inclusive taking up – with sufficient advance – all the actions indispensable for periodic reports preparation, in order to enable investors to get acquainted with the Company's financial results in the shortest possible time after the end of the reporting period.

The principle is applied.

Detailed principles

I.Z.1. The Company runs a corporate website and publishes the following information (in a legible form and in a separate place, in addition to the content required by law):

- I.Z.1.1. basic corporate documents, in particular the Company's Articles of Association,
The principle is applied.
- I.Z.1.2. the composition of Company's Management Board and the Supervisory Board as well as professional CVs of the members of these bodies together with information on Supervisory Board members' compliance with the independence criteria,
The principle is applied.
- I.Z.1.3. a chart depicting allocation of tasks and responsibilities among the members of the Management Board, in accordance with principle II.Z.1,
- I.Z.1.4. the current shareholding structure, indicating the shareholders having at least 5% of the total number of votes in the Company, on the basis of the information provided to the Company by the shareholders in accordance with the applicable rules,
The principle is applied.
- I.Z.1.5. current and periodic reports as well as information memoranda and prospectuses (including annexes) that have been published by the Company within the period of at least the last 5 years.
The principle is applied.
- I.Z.1.6. a calendar of corporate events resulting in the acquisition or restriction of rights on the shareholder's part, a calendar of publication of financial reports and other events relevant to investors – within a time limit permitting the investors to take up investment decisions,
The principle is applied.
- I.Z.1.7. information material published by the Company, on the Company's strategy and its financial performance
The principle is applied.
- I.Z.1.8. selected financial data of the Company for the last 5 years of activity, in a format enabling processing of such data by its recipients,
The principle is applied.
- I.Z.1.9. information on the dividend planned and the dividend paid-off by the Company during the last 5 financial years, containing dividend day data, the payment deadlines and the amount of dividends, jointly and per share,
The principle is applied.
- I.Z.1.10. financial forecasts – if the Company has decided to publish them – the ones published for at least the last 5 years, together with information on the extent of their implementation,
The principle is applied.
- I.Z.1.11. information about the f Company's rules on changing an entity empowered to audit financial statements or the absence of such a rule,
The principle is applied.
- I.Z.1.12. a statement on compliance with the corporate governance rules contained in the last published annual report,
The principle is applied.
- I.Z.1.13. information on how the Company follows recommendations and principles contained in this document, and consistent with information which the Company should provide in this respect on the basis of relevant regulations,
The principle is applied.
- I.Z.1.14. materials submitted to the General Meeting, including assessments, reports and positions indicated in principle II.Z.10, submitted to the General Meeting by the Supervisory Board,
The principle is not applied.
The Company's commentary: *the Company does not apply this principle due to insignificant dispersion of the Company's shareholders and small interest in participating in the Company's General Meetings. The said documents are available at the registered office of*

the Company and the shareholders interested in these documents may view them in accordance with applicable regulations.

- I.Z.1.15.** information including description of the diversity policy used by the Company with respect to the Company's governing bodies and its key managers; the description should include such elements of diversity policy as sex, educational direction, age, professional experience, as well as indicate the objectives of the diversity policy being applied and the manner of its implementation in a given reporting period; if the Company has not developed and does not implement diversity policy, it publishes an explanation of such decision on its website, *The principle is not applied.*

The Company's commentary: the Company does not apply diversity policy to the Company's authorities. The Company is of the opinion that the main criteria for selection of persons holding positions in Company's bodies as well as the key managers should be the skills, professionalism and competence of the candidate to perform a given function, while other factors, including sex and age, should not be a determinant in this respect.

- I.Z.1.16.** information on planned broadcast of the General Meeting – no later than 7 days before the date of the General Meeting, *The principle is not applied.*

The Company's commentary: *the above principle is not applied because the Company does not register the course of its General Meetings, and therefore, does not make public the record of the course of the proceedings on its website during the General Meeting. Non-application of the aforementioned principle is due to low interest of the Company's shareholders in participation in its General Meetings.*

- I.Z.1.17.** justifications to draft resolutions of the General Meeting regarding matters and decisions that are relevant or likely to cause shareholders' doubts – at a date enabling participants of the General Meeting to become acquainted with them and pass a resolution with due consideration. *The principle is applied.*

- I.Z.1.18.** information on the reasons for cancellation of the General Meeting, change of the date or agenda of the meeting, as well as information about the break in the General Meeting and the reasons for ordering the break, *The principle is applied.*

- I.Z.1.19.** shareholders' questions addressed to the Management Board pursuant to art. 428 § 1 or § 6 of the Code of Commercial Companies, together with the Management Board's replies to the questions asked, or detailed indication of the reasons for not replying, in accordance with the principle IV.Z.13, *The principle is not applied.*

The Company's commentary: *the Company does not apply this rule due to the lack of shareholders' questions. In addition, the application of this principle could lead to violation of shareholders' rights.*

- I.Z.1.20.** records of the course of proceedings of the General Meeting, in the form of audio or video, *The principle is not applied.*

The Company's commentary: *this principle is not applied because the Company does not record the course of its General Meetings, and therefore, does not make public the record of the proceedings on its website during the General Meeting. Non-application of the above the principle is due to low interest of the Company's shareholders in participating in its General Meetings.*

- I.Z.1.21.** contact details of persons responsible in the Company for communication with investors, indicating their names and e-mail address or telephone number. *The principle is applied.*

- I.Z.2.** Company which shares are classified in WIG20 or mWIG40 stock indices ensures availability of its website also in English, at least to the extent indicated in principle I.Z.1. This principle should also be applied by companies not listed above, if it is supported by the structure of their shareholders or the nature and scope of their business. *The principle does not apply to the Company.*

The Company's commentary: the Company's shares are not classified in WIG20 or mWIG40 stock market indices. The shareholding structure does not justify the use of the above-mentioned principles – the Company has no information that its shareholders come from outside Poland.

II. Management Board and Supervisory Board

A listed company is managed by the Management Board, its members act in the interest of the company and are responsible for its activities. The company's management includes, in particular, leadership in the company, commitment to setting strategic goals and their achievement as well as ensuring the company's efficiency and security.

The Company is overseen by an effective and competent Supervisory Board. Members of the Supervisory Board act in the interest of the Company and are guided in their actions by the independence of their own opinions and judgments. The Supervisory Board gives its opinion on the Company's strategy and verifies the work of the Management Board within the scope of achieving strategic goals, as well as monitors the results achieved by the Company.

Recommendations

- II.R.1.** In order to achieve the highest standards in the performance of their duties by the Management and the Supervisory Boards of the Company, as well as fulfil them in an effective manner, the Management Board and the Supervisory Board consist of people representing high qualifications and vast experience.
The principle is applied.
- II.R.2.** Persons making decisions on the selection of the Company's Management or Supervisory Board members should strive to ensure versatility and diversity of these authorities, including in terms of sex, education, age and professional experience.
The principle is applied.
- II.R.3.** Performing a function in the Company's Management Board is the core area of the professional activity on the part of a Management Board member. An additional professional activity of a Management Board member shall not lead to such a commitment of time and work effort involvement as to adversely affect proper performance of the function performed in the Company. In particular, a member of the Management Board should not be a member of the bodies of other entities, if the time devoted to the performance of the functions in other entities prevents him/her from diligently performing his/her duties in the Company.
The principle is applied.
- II.R.4.** Members of the Supervisory Board should be able to devote the necessary amount of time to perform their duties.
The principle is applied.
- II.R.5.** In the event of resignation or inability to perform the executive activities by a member of the Supervisory Board, the Company immediately takes appropriate actions to supplement or make changes to the composition of the Supervisory Board.
The principle is applied.
- II.R.6.** The Supervisory Board, having regard to the expiry of the term of office of the Management Board members and their plans as to further performance of the functions on the Management Board, takes actions in advance to ensure effective operations of the Company's Management Board.
The principle is applied.
- II.R.7.** The Company provides the Supervisory Board with an opportunity to use professional, independent advisory services, which, in the assessment of the Board, are necessary for it to exercise effective supervision in the Company. When selecting an entity providing consultancy services, the Supervisory Board shall take into account financial situation of the Company.

The principle is applied.

Detailed principles

- II.Z.1.** Responsibilities for individual areas of the Company's activity should be divided among board members in an unambiguous and transparent manner, and the division scheme should be available on the Company's website.
The principle is applied.
- II.Z.2.** Sitting of the Company's Board Members in the Management Boards or Supervisory Boards of companies from outside the capital group of the Company requires the consent of the Supervisory Board.
The principle is applied.
- II.Z.3.** At least two members of the Supervisory Board meet the independence criteria referred to in principle II.Z.4.
The principle is applied.
- II.Z.4.** As far as independence criteria of the Supervisory Board members are concerned, Annex II to European Commission Recommendation 2005/162/EC of February 15, 2005 on the role of non-executive directors or Supervisory Board members of listed companies and the (supervisory) Board Committees shall apply. Notwithstanding the provisions of point (1) (b) of the document referred to in the previous sentence, a person who is an employee of the Company, a subsidiary or an affiliate, as well as a person related to these entities by a contract of a similar nature, cannot be deemed to meet independence criteria. A type of connection with a shareholder that rules out independence of the Supervisory Board's member within the meaning of this principle shall be understood as an actual and significant affiliation with a shareholder holding at least 5% of the total number of votes in the Company.
The principle is applied.
- II.Z.5.** The Supervisory Board's member provides other members of the Board and the Company's Management Board with a statement on the fulfilment of independence criteria set out in principle II.Z.4.
The principle is applied.
- II.Z.6.** The Supervisory Board assesses whether there are any relationships or circumstances that may affect the compliance of a given member of the Board with independence criteria. The assessment of compliance with independence criteria by members of the Supervisory Board is presented by the Board in compliance with principle II.Z.10.2.
The principle is applied.
- II.Z.7.** Within the scope of tasks and operations of committees operating on the Supervisory Board, the provisions of Annex I to the Recommendation of the European Commission, referred to in principle II.Z.4, apply. In the event that the function of the Audit Committee is performed by the Supervisory Board, the above rules apply accordingly.
The principle is applied.
- II.Z.8.** The chairman of the audit committee meets independence criteria indicated in principle II.Z.4.
The principle is not applied.
The Company's commentary: at present, the Audit Committee does not operate in the Issuer's Supervisory Board.
- II.Z.9.** In order to enable the Supervisory Board to perform its tasks, the Company's Management Board shall provide the Board with access to information on matters concerning the Company.
The principle is applied.
- II.Z.10.** In addition to activities resulting from the law, once a year the Supervisory Board prepares and presents to the Ordinary General Meeting the following:
- II.Z.10.1** assessment of the Company's situation, including assessment of internal control

systems, risk management, compliance and internal audit function; this assessment covers all important control mechanisms, in particular regarding financial reporting and operational activities;

The principle is applied.

II.Z.10.2 report on the Supervisory Board's activities, including at least the information on:

- the Board composition and its committees;
- meeting independence criteria by the members of the Board;
- number of meetings of the Board and its committees in the reporting period;
- self-assessment of the Supervisory Board's operations;

The principle is applied.

II.Z.10.3 assessment of how the Company fulfils its disclosure obligations regarding the application of principles, corporate governance specified in the Stock Exchange Rules and regulations regarding current and periodic information provided by issuers of securities;

The principle is applied.

II.Z.10.4 assessment of rationality of the policy pursued by the Company, as referred to in recommendation I.R.2, or information about the lack of such a policy.

The principle is applied.

II.Z.11. The Supervisory Board considers and gives opinions on matters that are to be the subject of resolutions of the General Meeting.

The principle is not applied.

The Company's commentary: *the principle is not strictly applied; currently the Supervisory Board of the Company is considering and reviewing the most important matters to be the subject of resolutions of the General Meeting.*

III. Internal systems and functions

The listed company maintains effective systems of: internal control, risk management and compliance supervision as well as effective internal audit, suitable to the size of the Company and the type and scale of its operations.

Recommendations

III.R.1. Within the Company's structure, there are separate units responsible for the performance of tasks in particular systems or functions, unless the separation of organizational units is not justified due to the size or type of activity conducted by the Company.

The principle is applied.

Detailed principles

III.Z.1. The Management Board of the Company is responsible for implementation and maintenance of effective systems of internal control, risk management, compliance and internal audit.

The principle is applied.

III.Z.2. Subject to principle III.Z.3, persons responsible for risk management, internal audit and compliance are directly subordinate to the president or another member of the Management Board, and may also report directly to the Supervisory Board or the Audit Committee.

The principle is applied.

III.Z.3. In relation to a person responsible for internal audit and other persons responsible for the performance of his/her tasks, the independence principles set out in universally recognized international standards for the professional practice of internal audit apply.

The principle is not applied.

The Company's commentary: *the principle is not applied because there is no person in the Company*

who is solely responsible for internal audit.

III.Z.4. At least once a year, the person responsible for internal audit (in the case of separation of such a function in the Company) and the Management Board shall submit to the Supervisory Board their own assessment of the effectiveness of the systems and functions referred to in principle III.Z.1, together with the relevant report.

The principle is applied.

III.Z.5. The Supervisory Board monitors the effectiveness of systems and functions referred to in principle III.Z.1, based on reports periodically delivered to it directly by persons responsible for these functions and the Company's Management. It performs an annual assessment of the effectiveness of these systems and functions according to principle II.Z.10.1. If there is an Audit Committee in the Company, then it monitors the effectiveness of the systems and functions referred to in principle III.Z.1, however, it does not exempt the Supervisory Board from an annual assessment of the effectiveness of these systems and functions.

The principle is applied.

III.Z.6. If the Company has not organizationally separated the internal audit function, the Audit Committee (or the Supervisory Board, if it performs the function of the Audit Committee) annually assesses whether there is a need for such a separation.

The principle is applied.

IV. General Meeting and relations with shareholders

The management board of a listed company and its supervisory board should encourage shareholders to get involved in the company's affairs, expressing primarily active participation during general meeting.

The general meeting shall be debating with respect for the rights of the shareholders and strive to ensure that the adopted resolutions do not violate legitimate interests of particular groups of shareholders.

Shareholders participating in general meeting exercise their rights in a way that does not violate good manners.

Recommendations

IV.R.1. The Company should strive to hold the Ordinary General Meeting as soon as possible after the annual report publication, setting the date with regard to relevant legal regulations.

The principle is applied.

IV.R.2. If it is justified due to the shareholder structure or the expectations of shareholders reported to the Company, on condition that the Company is able to provide technical infrastructure necessary for smooth conduct of the General Meeting by means of electronic communication, it should enable shareholders to participate in the General Meeting using such means, in particular through:

- 1) transmission of the General Meeting in real time,
- 2) real-time two-way communication allowing shareholders to express their opinion during the General Meeting, staying in a place other than the venue of the General Meeting,
- 3) exercising, in person or through a proxy, of the right to vote during the General Meeting.

The principle is not applied.

The Company's commentary: *the recommendation is not implemented because the Company does not transmit General Meetings in real time. This derogation from the indicated recommendation is justified by low interest of the Company's shareholders in participating in General Meetings, lack of requests from shareholders to provide such a transmission and lack of technical capabilities to transmit the General Meetings. In the opinion of the Management Board of the Company, so far nothing indicates the need to transmit them in real time.*

IV.R.3. The Company seeks to ensure that, when securities issued by the Company are traded in different

countries (or on different markets) and under different legal systems, corporate events related to the acquisition of rights on the shareholder's part takes place the same day in all countries in which they are listed.

The principle does not refer to the Company.

The Company's commentary: *the Company's shares are traded only on the domestic market.*

Detailed principles

IV.Z.1. The Company determines the place and date of the General Meeting in a manner allowing as many of the shareholders as possible to participate in the meeting.

The principle is applied.

IV.Z.2. If it is justified due to the Company's shareholder structure, the Company provides a universally available broadcast of the General Meeting in real time.

The principle is not applied.

The Company's commentary: *the principle is not applied because the Company does not transmit real-time meetings of General Meetings. This derogation from the indicated recommendation is justified by low interest of the Company's shareholders in participating in General Meetings, lack of requests from shareholders to provide such a transmission and lack of technical capabilities to transmit the General Meetings. In the opinion of the Management Board of the Company, so far nothing indicates the need to transmit them in real time*

IV.Z.3. Representatives of the media are allowed to attend General Assemblies.

The principle is not applied.

The Company's commentary: *the principle is not applied due to low interest of the Company's shareholders in participating in the General Meetings and lack of media attention.*

IV.Z.4. If the Management Board receives information about convening the General Meeting pursuant to art. 399 § 2 - 4 of the Code of Commercial Companies, the Management Board immediately performs actions to which it is obliged in connection with the organization and conduct of the General Meeting. This principle applies also if the General Meeting is convened based on the authorization issued by the Registry Court in accordance with art. 400 § 3 of the Code of Commercial Companies.

The principle is applied.

IV.Z.5. Regulations of the General Meeting as well as the manner of conducting the meeting and adopting resolutions cannot make it difficult for the shareholders to participate in the General Meeting and exercise their rights. Amendments to the rules of the General Meeting should apply to the next General Meeting at the earliest.

The principle is applied.

IV.Z.6. The Company makes every effort to ensure that the cancellation of the General Meeting, changing the date, or ordering a break in the meeting, do not prevent or restrict shareholders from exercising their right to participate in the General Meeting.

The principle is applied.

IV.Z.7. An adjournment of the General Meeting may take place only in specific situations, each time indicated in the justification to the resolution on ordering breaks, prepared on the basis of reasons presented by the shareholder requesting the adjournment.

The principle is applied.

IV.Z.8. The resolution of the General Meeting on ordering breaks clearly indicates the date of resuming the meeting, but such a date cannot constitute a barrier to participation in discussions by the majority of shareholders, including minority shareholders.

The principle is applied.

IV.Z.9. The Company shall ensure that draft resolutions of the General Meeting contain a justification if it makes it easier for the shareholders to pass the resolution with due consideration. If a given issue is put on the agenda of the General Meeting at the request of a shareholder or shareholders, the Management Board or the Chairman of the General Meeting ask for justification of the proposed

resolution. In important matters or in matters likely to raise doubts on the part of the shareholders, the Company shall provide a justification, unless the shareholders are otherwise provided with information ensuring that the resolution is adopted with due consideration.

The principle is applied.

IV.Z.10. Exercising the shareholders' rights and the manner in which the said rights are exercised cannot impede operations of the Company's bodies.

The principle is applied.

IV.Z.11. Members of the Management Board and the Supervisory Board participate in the General Meeting in the composition allowing for substantive answers to questions asked during the General Meeting.

The principle is applied.

IV.Z.12. The Management Board should provide participants of the Ordinary General Meeting with financial results of the Company and other relevant information contained in the financial statements subject to approval by the General Meeting.

The principle is applied.

IV.Z.13. If the shareholder requests information about the Company, the Management Board is obliged, no later than within 30 days, to respond to the shareholder's request or to inform him of refusal to provide such information if the Board adopted such decision on the basis of art. 428 § 2 or § 3 of the Code of Commercial Companies.

The principle is applied.

IV.Z.14. Resolutions of the General Meeting should ensure that there is the necessary time interval between decisions causing specific corporate events and dates on which the rights of shareholders resulting from these corporate events are determined.

The principle is applied.

IV.Z.15. The General Meeting's resolution on the issue of shares with pre-emptive rights should specify the issue price or the mechanism for setting such a price, or oblige the body authorized to set it before the pre-emptive right, within the time enabling the investment decision to be taken.

The principle is applied.

IV.Z.16. The dividend day and dividend payment dates should be set in such a way so that the period between them is no longer than 15 business days. Setting a longer period between these dates requires justification.

The principle is applied.

IV.Z.17. The General Meeting's resolution on payment of conditional dividend may contain only such conditions the potential fulfilment of which would take place before the dividend date.

The principle is applied.

IV.Z.18. The General Meeting's resolution on distribution of the nominal value of shares should not set a new nominal value of shares at a level lower than 0.50 PLN, which could result in a very low unit market value of shares, which in consequence could threaten the correctness and credibility of the valuation of the listed company.

The principle is applied.

V. Conflict of interest and transactions with affiliated entities

For the purposes of this chapter, the definition of an affiliated entity as set out in international accounting standards followed in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as of July 19 2002, on the application of international accounting standards, is hereby adopted.

The Company should have transparent procedures for preventing conflicts of interest and entering into transactions with affiliated entities knowing that the occurrence of conflict of interest is possible. Procedures should provide ways to identify, disclose and manage such situations.

Recommendations

- V.R.1.** A member of the Management Board or Supervisory Board should avoid undertaking professional or non-professional activity that could lead to a conflict of interest or adversely affect his reputation as a member of the Company's governing body, and should disclose it if a conflict of interests arises.
The principle is applied.

Detailed principles

- V.Z.1.** None of the shareholders should be privileged in relation to other shareholders regarding transactions concluded by the Company with shareholders or their affiliated entities.
The principle is applied.
- V.Z.2.** A member of the Management Board or Supervisory Board informs the Management Board or the Supervisory Board accordingly about a conflict of interest or the possibility of its occurrence and does not take part in voting on a resolution if a conflict of interest may arise in relation to him.
- V.Z.3.** A member of the Management Board or Supervisory Board should not accept any unreasonable benefits that could unfavourably affect assessment of his independence in opinions and judgments.
The principle is applied.
- V.Z.4.** If a member of the Management board or the Supervisory Board finds that a decision made by the Management Board or the Supervisory Board respectively, is in conflict with the interest of the Company, he may request that the position of the Management Board or Supervisory Board be included in the minutes of the meeting.
The principle is applied.
- V.Z.5.** Before the Company concludes a material contract with a shareholder holding at least 5% of the total number of votes in the Company or an affiliated entity, the Management Board asks the Supervisory Board to agree to such a transaction. The Supervisory Board assesses the impact of such a transaction on the interest of the Company before giving its consent. The above obligation does not apply to typical transactions and those conducted on market terms as part of the Company's business operations with entities forming part of the Company's capital group. If a decision whether the Company will or will not enter into a material contract with an affiliated entity is made by the General Meeting, before making such a decision, the Company provides all shareholders with access to information necessary to assess the impact of the transaction on the Company's interest.
The principle is not applied.
The Company's commentary: *the Company considered sufficient to apply the generally binding legal regulations in this area. The transactions being executed within Group companies are concluded on market terms..*
- V.Z.6.** The Company defines in its internal regulations the criteria and circumstances in which a conflict of interests may arise in the Company, as well as the rules of conduct if a conflict of interest does or is likely to occur. The Company's internal regulations include ways of preventing, identifying and resolving conflicts of interest as well as the principle of excluding a member of the Management Board or the Supervisory Board from participation in the consideration of a matter covered or threatened by a conflict of interest.
The principle is applied.

VI. Remuneration

The Company has a remuneration policy at least for members of the Company's governing bodies and key managers. The remuneration policy defines in particular the form, structure and method of determining the remuneration of members of Company's governing bodies and its key managers.

Recommendation

VI.R.1. The remuneration of members of the Company's governing bodies and key managers should result from the adopted remuneration policy.

The principle is not applied.

The Company's commentary: remuneration of the Management Board members and key managers of the Company was determined in management contracts concluded with the Company. Their amount is always the result of individual negotiations. The General Meeting decides about the remuneration of the Supervisory Board members.

VI.R.2. The remuneration policy should be closely related to the Company's strategy, its short and long-term goals, long-term interests and results, and should include solutions to avoid discrimination on any grounds.

The principle is not applied.

The Company's commentary: there is no remuneration policy for members of the Management Board and the key managers of the Company. The remuneration is determined through individual negotiations.

VI.R.3. If there is Remuneration Committee in the Supervisory Board, the principle II.Z.7 applies to its operations.

The principle is not applied.

The Company's commentary: at present, the Remuneration Committee does not operate in the Supervisory Board of the Company.

VI.R.4. The level of remuneration of members of the Management Board and Supervisory Board as well as key managers should be sufficient to attract, retain and motivate people with competencies necessary for proper management and supervision of the Company. The remuneration should be adequate to the scope of tasks entrusted to individual persons and take into account the performance of additional functions, such as working in committees of the Supervisory Board.

The principle is applied.

Detailed principles

VI.Z.1. Incentive programs should be so designed to make the level of remuneration of the Management Board members and its key managers dependent on the actual, long-term financial standing of the Company as well as the long-term increase in shareholder value and stability of the Company's operation.

The principle is applied.

VI.Z.2. In order to link the remuneration of Management Board members and key managers to the Company's long-term business and financial goals, the period between granting options or other instruments related to the Company's shares under the incentive scheme and the possibility of their implementation should be at least 2 years.

The principle is not applied.

The Company's commentary: the principle is not strictly applied – in the Company's opinion there may be situations justifying establishment of a shorter period between the granting of options or other instruments related to the Company's shares to Management Board members and key managers as part of the incentive scheme, the and the possibility of their implementation.

VI.Z.3. The remuneration of members of the Supervisory Board should not depend on options and other derivative instruments, or any other variable components, and should not depend on the Company's results.

The principle is applied.

VI.Z.4. In its activity report the Company presents a report on the remuneration policy, containing at least the following:

- 1) general information on the remuneration system adopted in the Company,
- 2) information on terms and amount of remuneration of each member of the Management Board, broken down into fixed and variable components of remuneration, indicating key parameters for determining variable remuneration components, severance payment and other payments for termination of employment, commission or other legal relationship of a similar nature, separately for the Company and each unit in the capital group,
- 3) information on non-financial components of remuneration to which certain members of the Management Board and the key managers are entitled,
- 4) indication of significant changes that have occurred in the remuneration policy during the last financial year, or information about their absence,
- 5) assessment of remuneration policy from the point of view of achieving its objectives, in particular long-term growth of shareholder value and stability of Company's functioning.

The principle is not applied.

The Company's commentary: *the Company annually reports on the remuneration of the managing and supervising persons in accordance with §91 sect. 6 item 17 of the Regulation of the Minister of Finance regarding current and periodic information (...).*