

Ten Square Games Spółka Akcyjna

Information on the application by the company of the recommendations and principles contained in the Code of Best Practice for WSE Listed Companies 2016

The Company does not apply 3 recommendations: III.R.1., VI.R.1., VI.R.2.

The Company does not apply 8 specific rules: I.Z.1.15., I.Z.1.16., I.Z.1.20., III.Z.3., III.Z.4., IV.Z.2., VI.Z.2., VI.Z.4.

I. Information policy and communication with investors

A publicly listed company shall ensure proper communication with investors and analysts by pursuing a transparent and effective information policy. To this end, it provides easy and non-discriminatory access to information, using a variety of communication tools.

Recommendations

- I.R.1. Where a company becomes aware of the dissemination of false information in the media which significantly affects its reputation, it shall, as soon as it becomes aware of such information, post a statement on its website unless, in the opinion of the company, the nature of the information and the circumstances in which it was published justify the adoption of another solution.
The principle is applied.
- I.R.2. If a company performs sponsorship, charity or other similar activities, it shall include information on its policy in the annual report on its activities.
The principle is applied.
- I.R.3. A company should enable investors and analysts to ask questions and obtain explanations on topics of interest to them, taking into consideration prohibitions under applicable laws. This recommendation may be implemented in the form of open meetings with investors and analysts or in any other form provided for by the company.
The principle is applied.
- I.R.4. A company should make every effort, including taking all necessary steps to draft a periodic report in advance, to enable investors to learn of its financial results as soon as possible after the end of the reporting period.
The principle is applied.

Detailed principles

- I.Z.1. A company maintains a corporate website and publishes on it, in a legible form and in a separate place, in addition to information required by law:
- I.Z.1.1. basic corporate documents, in particular the articles of association,
The principle is applied.
- I.Z.1.2. the composition of a company's management board and supervisory board and CVs of the members of these bodies, together with information on the members of the supervisory board meeting the independence criteria,
The principle is applied.
- I.Z.1.3. chart presenting division of tasks and responsibilities between members of the management board, drafted in accordance with principle II.Z.1,
The principle is applied.
- I.Z.1.4. the current shareholding structure, indicating shareholders holding at least 5% of the total number of votes in a company – on the basis of information provided to the company by shareholders in accordance with the applicable regulations,

The principle is applied.

- I.Z.1.5. current and periodic reports, as well as prospectuses and information memoranda and annexes, published by the company during at least the last 5 years,
The principle is applied.
- I.Z.1.6. calendar of corporate events resulting in the acquisition or limitation of rights on the part of the shareholder, calendar of publication of financial reports and other events important from the point of view of investors – in time enabling investors to make investment decisions, The principle is applied.
- I.Z.1.7. information materials published by the company on its strategy and financial results,
The principle is applied.
- I.Z.1.8. a summary of selected financial data of the company for the last 5 years of its operation, in a format allowing for the processing of these data by their recipients,
The principle is applied.
- I.Z.1.9. information on the planned dividend and the dividend paid by the company in the last 5 financial years, including data on the dividend date, payment dates and the amount of dividends – in total and per share,
The principle is applied.
- I.Z.1.10. financial forecasts – if the company has decided to publish them – published during at least the last 5 years, together with information on their degree of implementation,
This rule does not apply to the company.
Company's comment: *The Company has decided not to publish financial forecasts.*
- I.Z.1.11. information about the content of the company's rule on changing the entity authorized to audit financial statements, or about the absence of such rule,
The principle is applied.
- I.Z.1.12. the company's statement on the application of corporate governance included in the last published annual report,
The principle is applied.
- I.Z.1.13. information on the application by the company of the recommendations and rules contained herein, consistent with the information that 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 evaluations, reports and positions indicated in principle II.Z.10, submitted to the general meeting by the supervisory board,
The principle is applied.
- I.Z.1.15. information containing a description of the company's diversity policy with respect to the company's authorities and key managers; the description should take into account such elements of the diversity policy as gender, field of education, age, professional experience, as well as indicate the objectives of the diversity policy and the manner of its implementation in the reporting period; if the company has not developed and is not implementing a diversity policy, it should provide justification of such decision on its website;
The principle is not applied.
Company's comment: *The Company has neither developed nor implemented a diversity policy with respect to its governing bodies and key managers. Due to the nature of the Company's operations and the need to acquire associates with specialist knowledge, the decisive criterion for the Company when selecting associates remains their qualifications and professional experience, regardless of non-specialist criteria such as age or gender. Nevertheless, the Company applies the principles of equal treatment and non-discrimination in its HR policy.*
- I.Z.1.16. information on a planned broadcast of the General Meeting – no later than 7 days before the date of the General Meeting,
The principle is not applied.
Company's comment: *The Company does not intend to transmit, in the form of audio or video, the General Meeting because it does not have sufficient technical infrastructure to ensure such transmission, and, furthermore, such records would consist in the disclosure of the image of the persons participating in the General Meeting, and these persons are not public. Therefore, the disclosure of the image of these persons could lead to the Issuer being accused of an unauthorized use of the image. Which is why the Company will not publish information in this respect on its website. The Issuer does not exclude, however, that the rule will be applied in the future, along with the development of the Company and the development of technical capabilities.*
- I.Z.1.17. justifications for draft resolutions of the general meeting concerning matters and decisions which are important or which may raise doubts of the shareholders – within a time limit enabling the participants of the general meeting to get acquainted with them and to adopt the resolution with due discernment,
The principle is applied.
- I.Z.1.18. information on the reasons for cancelling the general meeting, changing the date or agenda, as well as information on the adjournment of the general meeting and reasons for ordering the adjournment, The principle is applied.

I.Z.1.19. shareholders' questions addressed to the management board pursuant to Article 428(1) or 428(6) of the Commercial Companies Code, together with the management board's answers to the questions asked, or a detailed indication of reasons for not answering them, in accordance with principle IV.Z.13,
The principle is applied.

I.Z.1.20. video or audio recording of the course of the general meeting,

The principle is not applied.

Company's comment: *As a rule the Company will not publish on its website the course of the General Meeting due to high costs and low interest of shareholders in participating in the meeting and lack of sufficient technical infrastructure to ensure such transmission. Moreover, such records would have consisted in the disclosure of the image of persons participating in the General Meeting, and these persons are not public. Therefore, the disclosure of the image of these persons could lead to the Issuer being accused of an unauthorized use of the image. However, the Company will observe the rules of audio recording of General Meetings when such interest is indicated by the Company's shareholders, including minority shareholders (stock market investors). At present, the Company, immediately after the adoption of resolutions by the General Meeting, publishes a current report containing the content of resolutions adopted by the General Meeting and the content of attachments to these resolutions together with the number of shares from which valid votes were cast, information about the General Meeting's withdrawal from consideration of any of the items on the planned agenda and objections recorded in the minutes during the General Meeting. In the future, in the event of a noticeable increase in such interest, the Company will consider the application of this principle.*

I.Z.1.21. contact details of persons responsible for communication with investors, indicating their name and surname and e-mail address or telephone number.

The principle is applied.

I.Z.2. A company whose shares are qualified for the WIG20 or mWIG40 indexes shall ensure that its website is also available in English, at least to the extent indicated in principle I.Z.1. This principle should also apply to companies outside the above indices if their shareholding structure or the nature and scope of their business activities so warrant.

The principle is applied.

II. Management Board and Supervisory Board

A listed company is managed by the management board, whose members act in the company's interest and are responsible for its activity. The management board is responsible among others for the leadership of the company, the commitment to setting and implementing its strategic objectives and ensuring its effectiveness and security.

A Company is supervised by an effective and competent supervisory board. Members of the supervisory board act to the benefit of the company and are guided in their actions by the independence of their opinions and judgements. The supervisory board, in particular, reviews a company's strategy and verifies the work of the management board in achieving the set strategic objectives and monitors the results achieved by the company.

Recommendations

II.R.1. In order to achieve the highest standards of performance by a company's management board and supervisory board and to discharge their duties in an effective manner, the management board and supervisory board shall appoint experienced persons of high qualifications.

The principle is applied.

II.R.2. Decisions to elect members of the management board or the supervisory board of a company should ensure that the composition of these bodies is comprehensive and diverse among others in terms of gender, education, age and professional experience.

The principle is applied.

II.R.3. Functions on the management board of a company should be the main area of the professional activity of management board members. Additional professional activities of management board members must not require so much time and effort that they could adversely affect proper performance of functions in the company. In particular, management board members should not be members of governing bodies of other entities if the time devoted to functions in such other entities prevents their proper performance in the company.

The principle is applied.

II.R.4. Supervisory board members should be able to devote the necessary time to perform their duties.

The principle is applied.

II.R.5. If a supervisory board member resigns or is unable to perform his or her functions, the company should immediately take steps necessary to ensure substitution or replacement on the supervisory board.

The principle is applied.

II.R.6. Being aware of the pending expiration of the term of office of management board members and their plans of further performance of functions on the management board, the supervisory board should take steps in advance to ensure efficient operation of the company's management board.

The principle is applied.

- II.R.7.** A company should allow its supervisory board to use professional and independent advisory services necessary for the supervisory board to exercise effective supervision in the company. In its selection of the advisory service provider, the supervisory board should take into account the financial standing of the company.

The principle is applied.

Detailed principles

- II.Z.1.** The internal division of responsibility for particular areas of the company's business among management board members should be clear and transparent, and a chart describing that division should be available on the company's website.

The principle is applied.

- II.Z.2.** A company's management board members may sit on the management board or supervisory board of companies other than members of its group subject to the approval of the supervisory board.

The principle is applied.

- II.Z.3.** At least two members of the supervisory board should meet the criteria of being independent referred to in principle II.Z.4

The principle is applied.

- II.Z.4.** Annex II to the European Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board applies to the independence criteria of supervisory board members. Irrespective of the provisions of point 1(b) of the said Annex, a person who is an employee of the company or its subsidiary or affiliate or has entered into a similar agreement with any of them cannot be deemed to meet the independence criteria. In addition, a relationship with a shareholder precluding the independence of a member of the supervisory board as understood in this principle is an actual and 9 significant relationship with any shareholder who holds at least 5% of the total vote in the company.

The principle is applied.

- II.Z.5.** Each supervisory board member should provide the other members of the supervisory board as well as the company's management board with a statement of meeting the independence criteria referred to in principle II.Z.4.

The principle is applied.

- II.Z.6.** The supervisory board should identify any relationships or circumstances which may affect a supervisory board member's fulfilment of the independence criteria. An assessment of supervisory board members' fulfilment of the independence criteria should be presented by the supervisory board according to principle II.Z.10.2.

The principle is applied.

- II.Z.7.** Annex I to the Commission Recommendation referred to in principle II.Z.4 applies to the tasks and the operation of the committees of the Supervisory Board. Where the functions of the audit committee are performed by the supervisory board, the foregoing should apply accordingly.

The principle is applied.

- II.Z.8.** The chair of the audit committee should meet the independence criteria referred to in principle II.Z.4.

The principle is applied.

- II.Z.9.** To enable the supervisory board to perform its duties, the company's management board should give the supervisory board access to information on matters concerning the company.

The principle is applied.

- II.Z.10.** In addition to its responsibilities laid down in the legislation, the supervisory board should prepare and present to the ordinary general meeting once per year the following:

- II.Z.10.1** an assessment of the company's standing including an assessment of the internal control, risk management and compliance systems and the internal audit function; such assessment should cover all significant controls, in particular financial reporting and operational controls;

The principle is applied.

- II.Z.10.2** a report on the activity of the supervisory board containing at least the following information:

- full names of the members of the supervisory board and its committees,
- supervisory board members' fulfilment of the independence criteria,
- number of meetings of the supervisory board and its committees in the reporting period,
- self-assessment of the supervisory board;

The principle is applied.

- II.Z.10.3** an assessment of the company's compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities;

The principle is applied.

- II.Z.10.4** an assessment of the rationality of the company's policy referred to in recommendation I.R.2 or information about the absence of such policy.

The principle is applied.

- II.Z.11. The supervisory board should review and issue opinions on matters to be decided in resolutions of the general meeting.
The principle is applied.

III. Internal systems and functions

Listed companies should maintain efficient internal control, risk management and compliance systems, as well as an efficient internal audit function adequate to the size of the company and the type and scale of its operations.

Recommendations

- III.R.1. The company's structure should include separate units responsible for the performance of tasks in individual systems or functions, unless the separation of such units is not justified by the size or type of the company's activity.
The principle is not applied.
Company's comment: *The Company does not plan to separate an internal audit function and did establish separate functions in terms of risk management and compliance. In the Company's opinion, the type of business conducted by the Company and its scale do not require the separation of such functions within the Company. Moreover, due to the nature of the Company's operations, the separation of further administrative functions in the Company's structure is not economically viable. Obligations in this respect will be distributed within the existing human resources.*

Detailed principles

- III.Z.1. The company's management board is responsible for implementing and maintaining efficient internal control, risk management and compliance systems and internal audit function.
The principle is applied.
- III.Z.2. Subject to principle III.Z.3, persons responsible for risk management, internal audit and compliance should report directly to the president or other member of the management board and should be allowed to report directly to the supervisory board or the audit committee.
The principle is applied.
- III.Z.3. The independence rules defined in generally accepted international standards of the professional internal audit practice apply to the person heading the internal audit function and other persons responsible for such tasks.
The principle is not applied.
Company's comment: *The Company has an Audit Committee. Apart from the Audit Committee, the Company does not plan to establish a separate audit function in its structure. Responsibilities in this respect will be shared by current staff.*
- III.Z.4. The person responsible for internal audit (if the function is separated in the company) and the management board should report to the supervisory board at least once per year with their assessment of the efficiency of the systems and functions referred to in principle III.Z.1 and table a relevant report.
The principle is not applied.
Company's comment: *The Company does not plan to establish a separate internal audit function. Responsibilities in this respect will be shared by current staff;*
- III.Z.5. The supervisory board should monitor the efficiency of the systems and functions referred to in principle III.Z.1 among others on the basis of reports provided periodically by the persons responsible for the functions and the company's 12 management board, and make an annual assessment of the efficiency of such systems and functions according to principle II.Z.10.1. Where the company has an audit committee, it should monitor the efficiency of the systems and functions referred to in principle III.Z.1, which however does not release the supervisory board from the annual assessment of the efficiency of such systems and functions.
The principle is applied.
- III.Z.6. Where the company has no separate internal audit function in its organisation, the audit committee (or the supervisory board if it performs the functions of the audit committee) should review on an annual basis whether such function needs to be separated.
The principle is applied.

IV. General Meeting, Shareholder Relations

The management board and the supervisory board of a listed company should encourage the engagement of shareholders in matters of the company, in particular through active participation in the general meeting.

The general meeting should proceed by respecting the rights of shareholders and ensuring that passed resolutions do not infringe on reasonable interests of different groups of shareholders.

Shareholders who participate in a general meeting should exercise their rights in accordance with the rules of good conduct.

Recommendations

IV.R.1. Companies should strive to hold an ordinary general meeting as soon as possible after the publication of an annual report and set the date in keeping with the applicable legislation.

The principle is applied.

IV.R.2. If justified by the structure of shareholders or expectations of shareholders notified to the company, and if the company is in a position to provide the technical infrastructure necessary for a general meeting to proceed efficiently using electronic communication means, the company should enable its shareholders to participate in a general meeting using such means, in particular through:

- 1) real-time broadcast of the general meeting,
- 2) real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the general meeting,
- 3) exercise of the right to vote during a general meeting either in person or through a plenipotentiary.

The principle is applied.

IV.R.3. Where securities issued by a company are traded in different countries (or in different markets) and in different legal systems, the company should strive to ensure that corporate events related to the acquisition of rights by shareholders take place on the same dates in all the countries where such securities are traded.

The principle is applied.

Detailed principles

IV.Z.1. Companies should set the place and date of a general meeting so as to enable the participation of the highest possible number of shareholders.

The principle is applied.

IV.Z.2. If justified by the structure of shareholders, companies should ensure publicly available real-time broadcasts of general meetings.

The principle is not applied.

Company's comment: *The Company does not intend to transmit, in the form of audio or video, the General Meeting because it does not have sufficient technical infrastructure to ensure such transmission, and, furthermore, such records would consist in the disclosure of the image of the persons participating in the General Meeting, and these persons are not public. Therefore, the disclosure of the image of these persons could lead to the Issuer being accused of an unauthorized use of the image. Additionally, in the Company's opinion, the shareholding structure does not justify broadcasting the General Meeting in real time. However, the Issuer does not exclude that the rule will be applied in the future, together with the development of the Company and a possible change in the shareholding structure justifying the transmission of the General Meeting's debates in real time;*

IV.Z.3. Media representatives are allowed to be present at general meetings.

The principle is applied.

Company's comment: *The Company allows for the presence of the media during a general meeting upon prior authorisation.*

IV.Z.4. If the management board becomes aware a general meeting being convened pursuant to Article 399 § 2 – 4 of the Commercial Companies Code, the management board should immediately take steps which it is required to take in order to organise and conduct the general meeting. The foregoing applies also where a general meeting is convened under authority granted by the registration court according to Article 400 § 3 of the Commercial Companies Code.

The principle is applied.

IV.Z.5. The rules of general meetings and the method of conducting the meeting and adopting resolutions must not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules of the general meeting should take effect at the earliest as of the next general meeting. *The principle is applied.*

IV.Z.6. Companies should strive to ensure that the cancellation of a general meeting, change of its date or break in its proceedings do not prevent or limit the exercising of the shareholders' rights to participate in the general meeting.

The principle is applied.

IV.Z.7. A break in the proceedings of the general meeting may only take place in special cases, defined at each time in the justification of the resolution announcing the break, drafted on the basis of reasons provided by the shareholder requesting the break.

The principle is applied.

IV.Z.8. A resolution of the general meeting announcing a break should clearly set the date and time when the proceedings recommence, and such date and time must not be a barrier for most shareholders, including minority shareholders, to participate in the continuation of the proceedings

The principle is applied.

IV.Z.9. Companies should strive to ensure that draft resolutions of the general meeting contain a justification, if it helps shareholders to pass a resolution with adequate understanding. If a matter is put on the agenda of the general meeting at the request of a shareholder or shareholders, the management board or the chair of 15 the general meeting should request presentation of the justification of the proposed resolution. In important matters and matters which may give rise to any doubt of shareholders, the company should provide a justification, unless it otherwise provides the shareholders with information necessary to pass a resolution with adequate understanding.

The principle is applied.

IV.Z.10. Any exercise of the rights of shareholders or the way in which they exercise their rights must not hinder the proper functioning of the governing bodies of the company.

The principle is applied.

IV.Z.11. Members of the management board and the supervisory board should participate in a general meeting as necessary to answer questions asked at the general meeting.

The principle is applied.

IV.Z.12. The management board should present to participants of an ordinary general meeting the financial results of the company and other relevant information contained in the financial statements to be approved by the general meeting. *The principle is applied.*

IV.Z.13. If a shareholder request information about the company, the management board of the company should provide an answer to the shareholder's request within 30 days or inform the shareholder of its refusal to provide such information where the management board has made such decision pursuant to Article 428 § 2 or § 3 of the Commercial Companies Code.

The principle is applied.

IV.Z.14. Resolutions of the general meeting should allow for a sufficient period of time between decisions causing specific corporate events and the date of determination of the rights of shareholders pursuant to such events.

The principle is applied.

IV.Z.15. A resolution of the general meeting concerning an issue of shares with subscription rights should specify the issue price or the mechanism of setting the price or authorise the competent governing body to set the price prior to the subscription right record date within the timeframe necessary for investors to make decisions.

The principle is applied.

IV.Z.16. The dividend record date and the dividend payment date should be set so as to ensure that the period between them is no longer than 15 business days. A longer period between these dates requires a justification. *The principle is applied.*

IV.Z.17. A resolution of the general meeting concerning a conditional dividend payment may only contain such conditions whose potential fulfilment takes place before the dividend record date.

The principle is applied.

IV.Z.18. A resolution of the general meeting to split the nominal value of shares should not set the new nominal value of the shares below PLN 0.50, which could result in a very low unit market value of the shares, and which could consequently pose a threat to the correct and reliable valuation of the company listed on the Exchange.

The principle is applied.

V. Conflicts of interest and related party transactions

For the purpose of this Section, 'related party' is defined under the International Accounting Standards approved in Regulation No (EU) 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

Companies should have in place transparent procedures for preventing conflicts of interest and related party transactions where a conflict of interest may occur. The procedures should provide for ways to identify, disclose and manage such cases.

Recommendations

V.R.1. Members of the management board and the supervisory board should refrain from professional or other activities which might cause a conflict of interest or adversely affect their reputation as members of the governing bodies of the company, and where a conflict of interest arises, immediately disclose it.

The principle is applied.

Detailed principles

- V.Z.1. No shareholder should have preference over other shareholders in transactions concluded by the company with shareholders or their related parties.
The principle is applied.
- V.Z.2. Members of the management board or the supervisory board should notify the management board or the supervisory board, respectively, of any conflict of interest which has arisen or may arise, and should refrain from voting on a resolution on the issue which may give rise to such a conflict of interest in their case.
The principle is applied.
- V.Z.3. Members of the management board or the supervisory board must not accept any benefits which might affect their impartiality and objectivism in making decisions or reflect unfavourably on the assessment of the independence of their opinions or judgements.
The principle is applied.
- V.Z.4. Where a member of the management board or the supervisory board concludes that a decision of the management board or the supervisory board, respectively, is in conflict with the interest of the company, he or she may request that the minutes of the management board or the supervisory board meeting show his or her position.
The principle is applied.
- V.Z.5. Before the company concludes a significant agreement with a shareholder who holds at least 5% of the total vote in the company or with a related party, the management board should request the supervisory board's approval of the transaction. Before giving its approval, the supervisory board should evaluate the impact of the transaction on the interest of the company. The foregoing does not apply to typical transactions and transactions at arm's-length made as part of the company's operations between the company and members of its group. If the decision concerning the company's significant agreement with a related party is made by the general meeting, the company should give all shareholders access to information necessary to assess the impact of the transaction on the interest of the company before the decision is made.
The principle is applied.
- V.Z.6. In its internal regulations, the company should define the criteria and circumstances under which a conflict of interest may arise in the company, as well as the rules of conduct where a conflict of interest has arisen or may arise. The company's internal regulations should among others provide for ways to prevent, identify and resolve conflicts of interest, as well as rules of excluding members of the management board or the supervisory board from participation in reviewing matters subject to a conflict of interest which has arisen or may arise.
The principle is applied.

VI. Remuneration

A company should have a remuneration policy applicable at least to members of the company's governing bodies and key managers. The remuneration policy should in particular determine the form, structure, and method of determining the remuneration of members of the company's governing bodies and key managers.

Recommendations

- VI.R.1. The remuneration of members of the company's governing bodies and key managers should follow the approved remuneration policy.
The principle is not applied.
Company's comment: *The Company has not implemented a remuneration policy, remuneration of members of the Company's bodies and key managers is subject to individual arrangements and decisions of the relevant Company bodies. Remuneration in the Company is adequate to the scope of tasks, level of competence, level of responsibility on a given position, obtained economic results of the Company, contribution of given persons to the development of the Company.*
- VI.R.2. The remuneration policy should be closely tied to the company's strategy, its short- and long-term goals, long-term interests and results, taking into account solutions necessary to avoid discrimination on whatever grounds;
The principle is not applied.
Company's comment: *The Company has not implemented a remuneration policy, remuneration of members of the Company's bodies and key managers is subject to individual arrangements and decisions of the relevant Company bodies. Remuneration in the Company is adequate to the scope of tasks, level of competence, level of responsibility on a given position, obtained economic results of the Company, contribution of given persons to the development of the Company.*
- VI.R.3. If the supervisory board has a remuneration committee, principle II.Z.7 applies to its operations.
This rule does not apply to the company.
Company's comment: *There is no remuneration committee in the Supervisory Board.*
- VI.R.4. The remuneration levels of members of the management board and the supervisory board and key managers should be sufficient to attract, retain and motivate persons with skills necessary for proper management and supervision of the company. Remuneration should be adequate to the scope of tasks delegated to individuals, taking into account additional functions, for instance on supervisory board committees. *The principle is applied.*

Detailed principles

VI.Z.1. Incentive schemes should be constructed in a way necessary among others to tie the level of remuneration of members of the company's management board and key managers to the actual long-term financial standing of the company and long-term shareholder value creation as well as the company's stability.

The principle is applied.

VI.Z.2. To tie the remuneration of members of the management board and key managers to the company's long-term business and financial goals, the period between the allocation of options or other instruments linked to the company's shares under the incentive scheme and their exercisability should be no less than two years.

The principle is not applied.

Company's comment: *The company does not apply the above rule to financial instruments acquired by participants of the Company's incentive scheme.*

VI.Z.3. The remuneration of members of the supervisory board should not be linked to options or other derivatives or any other variable components, and neither should it be linked to the company's results.

The principle is applied.

VI.Z.4. In this activity report, the company should report on the remuneration policy including at least the following:

- 1) general information about the company's remuneration system,
- 2) information about the conditions and amounts of remuneration of each management board member broken down by fixed and variable remuneration components, including the key parameters of setting the variable remuneration components and the terms of payment of severance allowances and other amounts due on termination of employment, contract or other similar legal relationship, separately for the company and each member of its group,
- 3) information about non-financial remuneration components due to each management board member and key manager;
- 4) significant amendments of the remuneration policy in the last financial year or information about their absence,
- 5) assessment of the implementation of the remuneration policy in terms of achievement of its goals, in particular long-term shareholder value creation and the company's stability.

The principle is not applied.

Company's comment: *The Company does not apply a formalised remuneration policy and therefore did not draft a report in this respect.*