

Corporate governance

Rules of the corporate governance

As a company listed on Warsaw Stock Exchange, KOGENERACJA S.A. is subject to **the Best Practice of WSE Listed Companies 2016**, which came into force on 1 January 2016. The following Statement provides details of the Company's compliance with this Code of Best Practice. The documents are available at the dedicated WSE website www.corp-gov.gpw.pl.

Application of best practice in corporate governance and derogations from corporate governance principles

The Company published information about its compliance with the recommendations and principles contained in the document "The Best Practice for the WSE Listed Companies 2016" in the form of EBI 2/2016 report. According to the current state of application of the Best Practices (last updated 9 May 2019, EIB Report 1/2019), the Company does not apply the following two recommendations: IV.R.2. and VI.R.3 and 4 specific principles: I.Z.1.20., II.Z.7., IV.Z.2., V.Z.5. All relevant details are available on the Company's corporate website: <http://www.kogeneracja.com.pl/pl/dla-inwestora/lad-korporacyjny/>.

An explanation regarding the principles set out in the Best Practice for the WSE Listed Companies 2016 which are not complied with by the Company (in accordance with the comply or explain principle).

Principle I.Z.1.20.

Audio or video recording of the General Meeting

The principle is not applied.

The Company decided not to apply the foregoing principle because of the concentrated shareholders structure.

Principle 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 not applied.

The principle cannot be applied at present because none of Members of the Supervisory Board currently meets the criteria of being independent referred to in principle II.Z.4., so it is impossible that at least a majority of the Remuneration Committee members is independent.

Principle 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.

The Company's Management Board decided not to use electronic means of communication during the general meeting due to the costs of such a solution (disproportionate to possible benefits of the shareholders). The present share structure and the past experience of the Company do not support adopting this solution. The Company abides by all the legal regulations related to the organization of general meetings and makes best efforts to make its information policy complete, transparent, and efficient. The Management Board of the company believes that the foregoing removes the consequences of non-application of the above-mentioned principle.

Principle 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 not applied.

The investors' interests are protected by § 5.8 of the Management Board's rules of conduct, according to which, when making a transaction with other persons whose interests affect the Company's interests, the Management Board shall proceed with caution so that transactions are made under the market conditions.

See also , , ,