

**Statement on corporate governance made by ACTION S.A. in financial year 2014,**  
**constituting an annex to the report of the Management Board of ACTION S.A. on the activity of the**  
**ACTION S.A. Capital Group in the year 2014.**

Pursuant to § 92 (3) and (4) of the Regulation of the Minister of Finance dated 19 February 2009 (Journal of Laws of 2014, item 133) on current and periodic information to be published by issuers of securities and conditions for considering as equivalent information required under the law of a non-member state, the Management Board of ACTION S.A. hereby submits the following statement:

**a) Identification of corporate governance principles:**

ACTION S.A. is subject to the corporate governance principles included in the "Best Practice of WSE Listed Companies" adopted by way of Resolution No. 12/1170/2007 of the Supervisory Board of the Warsaw Stock Exchange dated 4 July 2007 presented in an annexe to the said Resolution and amended by way of: Resolution No. 17/1249/2010 of the Supervisory Board of the Warsaw Stock Exchange dated 19 May 2010 on adopting amendments to the "Best Practice of WSE Listed Companies", Resolution No. 15/1282/2011 of the Supervisory Board of the Warsaw Stock Exchange dated 31 August 2011 on adopting amendments to the "Best Practice of WSE Listed Companies" (in force from 1 January 2012), Resolution No. 20/1287/2011 of the Supervisory Board of the Warsaw Stock Exchange dated 19 October 2011 on adopting amendments to the "Best Practice of WSE Listed Companies" (in force from 1 January 2012) and Resolution No. 19/1307/2012 of the Supervisory Board of the Warsaw Stock Exchange dated 21 November 2012 on adopting amendments to the "Best Practice of WSE Listed Companies" (in force from 1 January 2013).

Corporate governance principles are available on the WSE website ([www.corp-gov.gpw.pl](http://www.corp-gov.gpw.pl)) and the Company's website ([www.action.pl](http://www.action.pl)).

Application of these principles is voluntary.

**b) Application of corporate governance principles:**

With the exception of the circumstances and explications indicated below, ACTION S.A. applies the Code of Best Practice for WSE Listed Companies. At the same time, ACTION S.A. explains that in financial year 2014 (covering the period from 1 January 2014 to 31 December 2014, hereinafter: financial year 2014):

- with reference to rule no. I.5. of the Best Practice, ACTION S.A. states that the Company had not introduced the remuneration policy and rules of establishing it by the end of 2014. At the same time, referring to the content of the recommendations of European Commission no. 2004/913/EC and 2009/385/EC – it should be indicated that the Company publishes information concerning remuneration of members of supervisory and management bodies according to the binding provisions of law. This is why the lack of remuneration policy does not cause in fact an infringement of the above recommendations.

- with reference to rule no. I.9. of the Best Practice, ACTION S.A. states that the current composition of the Company's supervisory and management bodies does not provide a balanced participation of men and women in these bodies. ACTION S.A. states that it supports the application of this rule by not imposing any obstacles in its functioning. However, given the fact that membership in supervisory and management bodies is created by choice, the Company does not have resources which would ensure the functioning of the above rule without violating the rights of entities making such choices.

- with reference to rule no. I.12. of the Best Practice, ACTION S.A. states that currently the Company does not meet the requirements set forth in Art. 406 (5) of the Commercial Companies Code, i.e. its Articles of Association do not provide for a possibility to attend and exercise the right to vote at the General Meeting using electronic communication.

- with reference to rule no. II.6. of the Best Practice, ACTION S.A. states that on 22 May 2014, the Members of the Management Board of ACTION S.A. did not participate in the Ordinary General Meeting of Shareholders of ACTION S.A. as they participated in meetings at other locations. In order to provide the shareholders with the necessary information included in the agenda of the OGMS, the Auditor and the Chairperson of the Supervisory Board of ACTION S.A. were in attendance and the Management Board presented its position in the interim report and current reports.

- with reference to rule no. II.1.9a) of the Best Practice, ACTION S.A. states that resolutions and the course of General Meetings itself are obligatorily recorded in minutes by the notary. These resolutions are published as current reports within the required deadlines and, in addition, on the Company's website. According to the Company, such form of information provision regarding the course of General Meetings is sufficient to ensure full transparency of discussions and secure the Shareholders' rights in this respect.

- in relation to rule no. II.1.14 of the Best Practice, ACTION S.A. states that there is no formal rule concerning a change of entity entitled to audit financial statements which would be applicable in the Company. Information on this subject has been published on the Company's website.

- with reference to rule no. IV.10. of the Best Practice, ACTION S.A. states that, with respect to the use of electronic communication to broadcast General Meetings and real-time bilateral communication, currently the Company does not apply this rule. The course of meetings is recorded in the form of notarised minutes and then published on the Company's website (including at least the text of passed resolutions and voting results). In addition, the Company enables the media to participate in General Meetings. It should also be outlined that in addition to the above lack of statutory requirements relating to the contents of the Articles of Association (Art. 406 (5) of the Commercial Companies Code), the Company recognises the legal and technical risks resulting from application of the said rule. In particular, the attendance at the General Meeting resulting from this rule does not allow Shareholders to exercise their main right, i.e. to exercise the right to vote. In such a case it may result in misunderstanding between the scope of the expression "attendance at the General Meeting" resulting from the said regulation and expected by Shareholders, as well as further legal measures relating to the impossibility of exercising the right to vote by persons attending the General Meeting using electronic communication. On the other hand, technical conditions may seriously violate the requirement of "real-time" broadcast of discussions and bilateral communication, which may also affect the correct flow of information and, as a result, exercise of the Shareholders' rights taking into account Company's interests.

**c) Description of the main features of internal control and risk management systems applied in the company and the capital group referring to the process of drawing up financial statements and consolidated financial statements.**

According to the binding provisions of law, financial statements are drawn up by the Issuer's Management Board. Such activities are subject to audit and assessment carried out by a certified auditor (appointed by the Supervisory Board) as well as the Supervisory Board, which draws up a report on the said subject matter and submits it to the General Meeting of the Company. The entity which audits financial statements takes part in the General Meeting whose object is to consider and approve such statements.

In accordance with the Company's valid regulations, at least 2 Members of the Supervisory Board should meet the independence criteria. Their participation is also significantly revealed during internal control and risk

management with reference to the process of drawing up financial statements. In particular, their position is significant when the entity auditing financial statements is being selected as well as during other important activities related to members of the Management Board and related parties (see § 15 (2) (6), (11-12), (13-14) of the Articles of Association).

Departments which operate within the organisational structure of the Company have budgets determined by the Management Board and the performance thereof is monitored on a monthly basis. The Supervisory Board has access to this data.

ISO systems have been implemented in the Company: 9001:2008 quality management system; ISO 14001:2004 environmental management system, ISO 27001:2005 information security management system; ISO 28000:2007 supply chain security management system. The Company received the AEO status granted to operators that are credible and solvent, whose organisation, infrastructure and IT system security measures and security measures for goods warehousing locations or means of transport ensure the security of such locations and goods and protect them from unauthorised access.

§ 15 of the Company's Articles of Association regulates the tasks of the audit committee (within the meaning of the Act of 7 May 2009 on certified auditors, their professional association, entities authorised to audit financial statements and public supervision – Journal of Laws No. 184, item 1539) No. 77, item 649), whose competences were designated to the Supervisory Board (unless its composition exceeds 5 members).

In the case of subsidiaries, the above standards of internal control are met mainly through regular reporting on the activities of such entities towards the issuer as well as through the same individuals combining the functions of the members of the Company's management and subsidiaries. In this manner, the Company supervises the operations of subsidiaries on an on-going basis.

#### **d) Shareholders with a significant number of shares.**

According to the information held by the Company, shareholders with at least 5% of the total number of votes at the GMS as of 31 December 2014 were as follows:

<b>Shareholder structure (5% and more)</b>	<b>Number of shares</b>	<b>% of shares in the share capital</b>	<b>Number of votes from shares</b>	<b>% of votes</b>
Piotr Bieliński	3 464 749	20.86 %	3 464 749	20.86 %
Aleksandra Matyka	3 093 457	18.62 %	3 093 457	18.62 %
Generali OFE	1 793 022	10.80 %	1 793 022	10.80 %
Wojciech Wietrzykowski	1 199 390	7.22 %	1 199 390	7.22 %
Aviva OFE Aviva BZ WBK	983 226	5.92 %	983 226	5.92 %

#### **e) Specification of holders of securities with special control rights in the Company.**

In 2014, there were no holders of securities with special control rights in the Company.

**f) Limitations related to exercising the voting right.**

According to the information held by the Company, in 2014 there were no limitations related to exercising the voting right, including restriction on exercising the voting right by the holders of a specific proportion or number of votes, time limits related to exercising the voting right, or regulations according to which, in the case of a company's cooperation, equity rights related to securities are separated from the title to securities.

**g) Limitations related to the transfer of title to securities**

As of 31 December 2014 there were no limitations related to the transfer of title to securities.

**h) Description of principles related to appointing and dismissing the management and their rights, in particular the right to make decisions concerning the issue or redemption of shares.**

The management – Members of the Management Board appointed and dismissed by the Supervisory Board. A Member of the Management Board may also be dismissed by the General Meeting.

Members of the Management Board have no right under the Articles of Association to increase share capital or issue shares. Such activities require the resolution of the GMS.

Management Board Members are entitled to make decisions on redemption of the Company's own shares on the basis of Resolution no. 3 of the Extraordinary General Meeting of Shareholders of ACTION Spółka Akcyjna dated 30 September 2011 on authorising the Company's Management Board to purchase the Company's own shares. The legal basis of this authorisation is Article 362 § 1 Subsection 8 and Article 362 § 2 of the Commercial Companies Code as well as Commission Regulation (EC) no. 2273/2003 dated 22 December 2003 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards exemptions for buyback programmes and stabilisation of financial instruments (Official Journal of the EC L 336 of 31.12.2003)

According to the contents of the above Resolution, the Company's Management Board was authorised to purchase the maximum of 3,282,000 Company's own shares having the total nominal value of PLN 328,200. The total amount of funds earmarked for the purchase of own shares, comprising the total purchase price of own shares augmented by the costs of the purchase thereof, was determined at an amount not exceeding PLN 30,000,000. The price at which the Company may purchase own shares may not be lower than the nominal price of the shares and may not exceed: the price of the last independent transaction and the highest current independent bid in transactions concluded during sessions at the Warsaw Stock Exchange. The authorisation granted to the Management Board to purchase own shares remains in force until 30 September 2016, with the stipulation of not being longer than until the funds earmarked for implementation of the Programme are used up.

Until now the Company's Management Board has not used the above authorisation.

The operation of the Management Board of ACTION S.A. and its fundamental rights are described in statutory regulations and the Company's corporate documents (the Articles of Association, the Rules of Proceedings of the Management Board) which comply with statutory regulations. The excerpt from the Articles of Association is included in Subsection k) below.

**i) Description of the rules for changing the issuer's articles of association.**

A change of the Issuer's Articles of Association is made by the General Meeting in line with the procedures provided for by the Commercial Companies Code. The Articles of Association do not introduce any rules in this scope that would differ from statutory regulations.

**j) Operation of the General Meeting, its fundamental rights, shareholder's rights and the manner of exercising thereof.**

Operation of the General Meeting of ACTION S.A., its fundamental rights, Shareholder's rights and the manner of exercising thereof are provided for in statutory regulations and the Company's corporate documents (the Articles of Association, the Rules of Proceedings of the General Meeting).

In accordance with the excerpt from the Articles of Association presented below, the issues related to the operation and fundamental rights of the General Meeting are as follows:

**“General Meeting  
§ 9.**

1. The General Meeting may be summoned as an annual or an extraordinary one.
2. The Ordinary General Meeting is convened by the Management Board of the Company. Should the Management Board fail to summon the Annual General Meeting within the timeframe required by the Commercial Companies Code, it may be summoned by the Supervisory Board.
3. An Extraordinary General Meeting of the Company is called by the Management Board of the Company. The Extraordinary General Meeting may also be summoned by the Supervisory Board, should the latter deem it necessary, or by Shareholders who represent at least half of the Company's share capital or at least half of the total number of votes. In such a case, the Chairperson of such a General Meeting shall be designated by Shareholders.
4. A Shareholder or Shareholders representing at least 1/20 of the Company's share capital or the Supervisory Board (without resorting to its right to call up an Extraordinary General Meeting on its own) may request that the Management Board summon an Extraordinary General Meeting and include specific matters in its agenda. In such a case, the date of the Extraordinary General Meeting should be announced within two weeks from the date of submitting such a request (in writing or in electronic form).
5. An Extraordinary General Meeting may be summoned by Shareholders who have been authorised to do so by the registry court and have previously requested an Extraordinary General Meeting to no avail.
6. A General Meeting shall be summoned pursuant to the provisions of the Commercial Companies Code.

**§ 10.**

1. A General Meeting may only adopt resolutions on matters included in the agenda, unless the full share capital is represented by the attendees of the General Meeting and no attendee objects either to the General Meeting itself or to including any specific matters in its agenda.
2. The agenda of the General Meeting shall be drawn up by the body that called it. The agenda announced may be amended by the Management Board solely under the circumstances and in line with the procedures provided for by the Commercial Companies Code.
3. A Shareholder or Shareholders who represent at least one twentieth of the share capital have the right to:
  - a) request that specific matters be included in the agenda of the next General Meeting. In order to be valid, such a request must be submitted to the Management Board not later than 21 days prior to the announced date of the General Meeting and must include a justification for or a draft resolution related to the agenda item proposed. The request may be submitted electronically.

- b) propose drafts of resolutions related to the matters included or requested to be included in the agenda of the General Meeting, submitting them to the Company in writing or in electronic form prior to the announced date of the General Meeting.
- 4. Should a request referred to in Article 3 a) be submitted after the expiry of the relevant timeframe, it shall be understood as a request to include specific matters in the agenda of the General Meeting following the nearest one.
- 5. The rights referred to in Article 3 are also held by the Supervisory Board.
- 6. During a General Meeting, each Shareholder may submit draft resolutions on matters included in the agenda announced.
- 7. A General Meeting may adopt resolutions regardless of the number of Shareholders present or the proportion of shares represented, unless legal regulations or the provisions of these Articles of Association specify more rigorous conditions for adopting resolutions.
- 8. Resolutions at a General Meeting shall be adopted by a simple majority of votes (i.e. there must be more votes "for" than "against"; abstentions are not taken into account), unless legal regulations or the provisions of these Articles of Association specify more rigorous conditions for adopting resolutions.
- 9. A resolution to dissolve the Company in the event referred to in Article 397 of the Commercial Companies Code requires an absolute majority of votes.
- 10. Voting takes place as an open ballot. A secret ballot is required whenever electing, dismissing or suspending members of the Company's bodies or its liquidators, or whenever voting on the liability of specific individuals or their personal affairs. A secret ballot shall also be held if one or more Shareholders with valid voting rights requests it.
- 11. Any significant changes to the scope of the Company's business shall be voted openly and by name.

#### **§ 11.**

- 1. The General Meeting has the competence to adopt resolutions on the following matters:
  - 1) examining and approving financial statements of the Company and reports of the Management Board operations of the Company during the previous financial year,
  - 2) distributing profits or covering losses;
  - 3) acknowledging the fulfilment of duties by members of the Company's bodies,
  - 4) amending the Company's Articles of Association,
  - 5) increasing or decreasing the share capital,
  - 6) consolidating or transforming the Company,
  - 7) dissolving or liquidating the Company,
  - 8) issuing convertible or senior bonds and issuing subscription warrants referred to in Article 453 § 2 of the Commercial Companies Code,
  - 9) purchasing the Company's own shares in the case defined in Article 362 § 1 Subsection 2 of the Commercial Companies Code and providing authorisation to purchase them in the event referred to in Article 362 § 1 Subsection 8 of the Commercial Companies Code,
  - 10) redeeming shares and establishing the terms and conditions of such redemption,
  - 11) disposing of or leasing the business or its organised part, or creating limited property rights in it,
  - 12) creating and running down capital reserves and special funds and specifying the purposes to which they are to be put,
  - 13) deciding on compensation claims for damages incurred while incorporating, managing or supervising the Company,
  - 14) concluding agreements between the Company and its subsidiaries on controlling the subsidiary or transferring its profits,
  - 15) adopting the rules of proceedings of the General Meeting,
  - 16) adopting the rules of proceedings of the Supervisory Board,
  - 17) appointing and dismissing members of the Company's Supervisory Board,
  - 18) appointing and dismissing the Chairperson of the Company's Supervisory Board,
  - 19) setting the remuneration for the Members of the Company's Supervisory Board,
  - 20) appointing and dismissing liquidators,

- 21) dealing with matters raised by the Supervisory Board, the Management Board or Shareholders,
- 22) introducing the Company's shares into an organised securities trading system.
2. Acquiring or disposing of real estate or long-term leasehold thereof or any proprietary rights therein does not require the approval of the General Meeting.
3. General Meetings may be held at the Company's registered office or in Zamienie in Lesznowola Municipality, Piaseczno District, Mazowieckie Province.
4. The General Meeting may adopt the agenda as it is, change the order of the items or remove one or more items. A resolution not to examine an item on the agenda may only be adopted if there is a material justification for adopting it. A detailed justification should be presented for raising such a motion. Removing an item from the agenda or deciding not to examine a matter listed on the agenda in compliance with a request from a Shareholder requires a resolution to be adopted by the General Meeting with a 75% majority after the prior consent of all those Shareholders in attendance who were in favour of the matter being included in the agenda."

Operation of the General Meeting is specified in detail in the Rules of Proceedings of GMS dated 21 December 2009.

Shareholder's rights and the manner of exercising thereof:

#### Property rights attached to the Company's shares

1) The right to dividend, i.e. to participate in the Company's profit reported in financial statements, audited by a certified auditor, designated by the General Meeting to be paid to Shareholders (Article 347 of the Commercial Code of Companies). The profit is distributed in proportion to the number of shares. The Articles of Association do not stipulate any privileges related to this right, which shall mean that a dividend is allocated as a fixed amount per share. Entitled to receive the dividend for a given financial year are Shareholders who were entitled to it on a record date which may be specified by the Annual General Meeting to be the day of adopting the resolution on the distribution of profit or within the next three months as of that day (Article 348 of the Commercial Code of Companies). When determining the record date, one should take into account regulations of KDPW (The National Depository for Securities) and WSE.

The Annual General Meeting shall also set the date of dividend payout (Article 348 § 3 of the Commercial Companies Code). As a result of adopting the resolution on the distribution of profit, Shareholders acquire the right to dividend. The right to dividend becomes due on the day specified in the resolution of the General Meeting and is subject to the statute of limitations in line with general principles. The provisions of law do not specify the date on which the right to dividend expires.

2) No other right to participate in the Issuer's profit is attached to the Issuer's shares.

3) Priority right to subscribe for new shares in proportion to the number of shares held (subscription rights), while preserving the requirements referred to in Article 433 of the Commercial Companies Code, a Shareholder may be deprived of such right in whole or in part, should the interest of the Company so require, by resolution of the General Meeting adopted by the majority of at least four fifths of votes; the provision requiring the majority of 4/5 of votes shall not apply where the resolution on increasing the share capital provides for the new shares to be taken up in whole by a financial institution (sub-issuer) subject to the obligation to offer the shares to Shareholders to enable them to exercise the pre-emptive right pursuant to the terms and conditions specified in the resolution, and if the resolution stipulates that new shares are to be taken up by the sub-issuer in the event that Shareholders with the pre-emptive right fail to take up some or all of the shares offered to them; Shareholders may be deprived of the pre-emptive right only if the intention to do so was announced in the agenda of the general meeting.

4) The right to participate in the Company's assets left after satisfying or securing creditors in the event of its liquidation; the Articles of Association do not specify any privileges in this respect.

- 5) The Company may redeem shares through purchasing them upon the Shareholder's consent (voluntary redemption of shares). Terms and conditions of as well as the rules of voluntary share redemption are specified in the resolution of the General Meeting, while the Management Board subsequently purchases and redeems the Company's own shares from the Shareholder, acting strictly within the limits of the authority granted thereto by the resolution, and summons the General Meeting to adopt a resolution on the redemption of the shares purchased by the Company for redemption purposes and to adopt the resolution on decreasing the share capital (§6 Section 4 and 5 of the Articles of Association).
- 6) The right to dispose of the shares held.
- 7) The right to assign a pledge or leasehold rights to shares. In the period when shares admitted to public trading, to which a pledge or leasehold rights were assigned, are listed on securities accounts, the voting right in such shares shall be allocated to the Shareholder (Article 340 § 3 of the Commercial Companies Code).
- 8) The Company's bearer shares are not to be converted into registered shares. Should registered shares be issued, they may be converted into bearer shares, subject to limitations as stipulated in the Commercial Companies Code relating to shares in return for non-cash contributions, on the Shareholder's motion by way of a resolution of the Management Board which should be adopted within 30 days from the date on which the motion to make such change was submitted by the Shareholder. The costs of such change shall be covered by the Shareholder (§ 6 Section 3 of the Articles of Association).
- 9) The Issuer's Articles of Association do not provide any provisions resulting in the Issuer's obligation to call for further capital (capital call).
- 10) The Company shall create supplementary capital to cover its balance losses. The supplementary capital shall be accumulated by transferring at least 8% of the annual net profit, until that capital reaches at least 1/3 of the value of the share capital; further profit write-offs for the supplementary capital may be discontinued. Notwithstanding the supplementary capital, the Company may create other reserve funds (§ 19 Section 4 of the Articles of Association).

#### Corporate rights attached to the Company's shares

1) The right to participate in a General Meeting (Article 412 of the Commercial Companies Code) and the right to vote during a General Meeting (Article 411 § 1 of the Commercial Companies Code). Each share entitles to one vote at the General Meeting. Pursuant to Article 411<sup>3</sup> of the Commercial Companies Code, each share entitles the Shareholder to a different vote.

Pursuant to Articles 412 – Article 412<sup>2</sup> of the Commercial Companies Code, a Shareholder may participate in the General Meeting and exercise the voting right in person or through a proxy. A proxy has all the rights of a Shareholder at the General Meeting unless the scope of their power of attorney provides otherwise. A proxy may grant further powers of attorney if the power of attorney so provides. The proxy may represent multiple Shareholders and each Shareholder's share entitles him to vote differently. A Shareholder holding shares held in more than one securities account may appoint separate proxies for exercising rights connected with shares held in every such account.

Pursuant to Article 411<sup>3</sup> of the Commercial Companies Code, each share entitles the Shareholder to a different vote.

Where necessary, the Company organises voting and vote counting with the use of electronic voting systems (electronic cards).



2) The right to summon the Extraordinary General Meeting. Pursuant to Article 399 §3 of the Commercial Companies Code, Shareholders representing at least half of the share capital or at least half of the total number of votes in the Company may summon the Extraordinary General Meeting. In such a case, the Chairperson of such a General Meeting shall be designated by Shareholders.

3) The right to request summoning the Extraordinary General Meeting and to request that specific matters be included in the agenda. Pursuant to Article 400 of the Commercial Companies Code, a Shareholder or Shareholders who represent not less than one twentieth of the share capital may request that the Management Board summons the Extraordinary General Meeting and that specific matters be included in the agenda. In such a case, the date of the Extraordinary General Meeting should be announced within two weeks from the date of submitting such a request (in writing or in electronic form). Should the Extraordinary General Meeting fail to be convened within such timeframe, the Shareholders who have submitted the request to convene the Extraordinary General Meeting and obtained the authorisation from the registry court have the right to summon the Extraordinary General Meeting.

4) The right to request that specific matters be included in the agenda of the General Meeting.

Pursuant to Article 401 §1 and 2 of the Commercial Companies Code, a Shareholder or Shareholders representing at least one-twentieth of the share capital may request placement of specific items on the agenda of the next General Meeting. In order to be valid, such a request must be submitted to the Management Board not later than 21 days prior to the announced date of the General Meeting, i.e. by 30 November 2009. The request must include a rationale for or a draft resolution related to the agenda item proposed. The request may be submitted electronically. If the request meets the requirements provided by law and by this announcement, the Management Board must immediately, however, not later than eighteen days prior to the announced date of the General Meeting, announce changes made to the agenda upon the request of Shareholders. The announcement is made in the manner appropriate for summoning a general meeting.

5) The right to propose draft resolutions related to matters included or requested to be included in the agenda of the General Meeting prior to the date of the General Meeting. Pursuant to art. 401§4 of the Commercial Companies Code, Shareholder or Shareholders representing no less than one-twentieth of the share capital may, prior to the date of the General Meeting, submit to the Company, in writing or in the electronic version, draft resolutions related to the matters included in the agenda of the General Meeting or matters which are to be added to the agenda.

6) The Shareholder's right to submit draft resolutions related to matters included in the agenda during the General Meeting. Pursuant to Article. 401 §5 of the Commercial Companies Code, each Shareholder may, during the General Meeting, propose draft resolutions on matters added to the agenda of the meeting.

7) The right to appeal against resolutions of the General Meeting pursuant to the rules specified in Articles 422-427 of the Commercial Companies Code.

- 8) The right to request electing the Supervisory Board in separate groups, pursuant to Article 385 § 3 of the Commercial Companies Code the election of the Supervisory Board on the request of Shareholders who represent at least one fifth of the share capital should be carried out by the next General Meeting by voting in separate groups.
- 9) The right to select candidates for independent members of the Supervisory Board, which has existed since the Company's shares became listed on Warsaw Stock Exchange, shall be vested in a Shareholder or a group of Shareholders representing no more than 20% of the Company's share capital present at the General Meeting (§ 14 Section 2 and subsequent Sections of the Articles of Association). A candidate for an independent member of the Supervisory Board shall be selected by way of a written application of a candidate by a Shareholder entitled to do so submitted to the Chairperson of the General Meeting; there shall be a written declaration by a candidate absent at the General Meeting attached to such an application stating that the candidate meets the independence criteria specified in the Articles of Association; a candidate present at the Meeting submits such a declaration in the minutes of the meeting. The General Meeting shall elect at least one member of the Supervisory Board from amongst the selected candidates for the Supervisory Board composed of five persons or at least two members in the case of a Supervisory Board composed of six or seven persons. In the event that none of the Shareholders entitled to nominate candidates for independent members of the Supervisory Board choose to exercise their right, candidates for independent members of the Supervisory Board may be nominated by a Shareholder or group of Shareholders representing more than 20% of the share capital present at the General Meeting. Should no candidatures for an independent member of the Supervisory Board be submitted, an independent member of the Supervisory Board is not elected.
- 10) The right to request that a certified auditor examine an issue related to the formation of a public company or to conducting its business (special auditor); a resolution thereon shall be adopted by the General Meeting upon a motion of a Shareholder or Shareholders who hold at least 5% of the total number of votes at the General Meeting; should the General Meeting dismiss the motion to appoint a special auditor, the authors of the motion may request the District Court to appoint such an auditor within 14 days following the adoption of the resolution.
- 11) The right to acquire information on the Company to the extent and in the manner defined by provisions of law, in particular pursuant to Article 428 of the Commercial Companies Code; during the session of the General Meeting, the Management Board shall provide a Shareholder, at their request, with information concerning the Company, wherever this is required in order to consider the matter included in the agenda; the Shareholder who has been refused access to the requested information during the session of the General Meeting and who raised an objection recorded in the minutes may appeal to the Registry Court requesting that the Management Board be bound to provide the information (Article 429 of the Commercial Companies Code).
- 12) The right to a registered deposit certificate and to a registered certificate of the right to participate in the General Meeting issued by the entity which maintains a securities account in accordance with the provisions of the Law on Public Trading in Securities (Article 328 § 6 of the Commercial Companies Code).
- 13) The right to request copies of the Management Board report on the Company's operations and of financial statements with a copy of the Supervisory Board report and the opinion of a certified auditor not later than fifteen days prior to the General Meeting (Article 395 § 4 of the Commercial Companies Code).
- 14) The right to look through, on the premises of the Management Board, the list of Shareholders entitled to participate in the General Meeting and the right to request a copy of the list, the cost of which shall be covered by the Shareholder, or free of charge if the copy is sent by email (Article 407 § 1 and § 1<sup>1</sup> of the Commercial Companies Code).

15) The right to request copies of motions on matters included in the agenda within one week prior to the General Meeting (Article 407 § 2 of the Commercial Companies Code).

16) The right to submit a motion that the attendance list be checked at the General Meeting by a committee elected for that purpose, composed of at least three persons. Such a motion may be placed by Shareholders who hold one tenth of the share capital represented at such General Meeting. The authors of the motion may elect one member of the committee (Article 410 § 2 of the Commercial Companies Code).

17) The right to look through the minutes book and to request copies of the resolutions certified by the Management Board (Article 421 § 3 of the Commercial Companies Code).

18) The right to lodge a claim to remedy damage caused to the Company on the terms specified in Articles 486 and 487 of the Commercial Companies Code if the Company fails to bring action to remedy the damage which the Company suffered within one year from the date of discovering the act which caused the damage.

19) The right to look through documents and request free of charge access to copies of documents on the premises of the Company, referred to in Article 505 § 1 of the Commercial Companies Code (in case of a merger of companies), in Article 540 § 1 of the Commercial Companies Code (in the case of division of the Company) and in Article 561 § 1 of the Commercial Companies Code (in the case of transformation of the Company).

20) The right to request that the commercial company which is the Issuer's Shareholder provides information as to whether it remains in a relation of dominance or dependence with respect to a particular commercial company or to a cooperative which is the Issuer's Shareholder, or whether any such relation ceased to exist. The Shareholder may also request disclosure of information concerning the number of shares or votes held by such a commercial company, including those held as a pledgee, user or under agreements with third parties. The request to obtain information and reply shall be made in writing (Article 6 § 4 and 6 of the Commercial Companies Code).

k) Composition of the management and supervisory bodies of ACTION S.A and description of their activities:

**Supervisory Board:**

Iwona Bocianowska – Chairperson of the Supervisory Board,

Karol Orzechowski – Independent Member of the Supervisory Board (Vice-Chairperson of the Supervisory Board),

Piotr Chajderowski – Independent Member of the Supervisory Board

Piotr Kosmala – Member of the Supervisory Board,

Marek Jakubowski – Member of the Supervisory Board (Secretary of the Supervisory Board).

The following changes occurred in the composition of the Supervisory Board during the last financial year:

- Ms. Grażyna Bronisława Łyko submitted her resignation as a Member of the Supervisory Board;

- Mr. Piotr Chajderowski was appointed to the Supervisory Board by Members of the Supervisory Board by co-option pursuant to §12 (2) of the Company's Articles of Association.

### **Management Board:**

Piotr Bieliński – President of the Management Board

Edward Wojtysiak – Vice-President of the Management Board

Sławomir Harazin – Vice-President of the Management Board.

No changes occurred in the composition of the Management Board during the last financial year.

The operation of management and supervision bodies is described in statutory provisions and the Company's corporate documents (the Articles of Association, the Rules of Proceedings of the Management Board, the Rules of Proceedings of the Supervisory Board).

In accordance with the excerpt from the Articles of Association presented below, the issues related to the operation and fundamental rights of the Supervisory Board and Management Board are as follows:

### **“Supervisory Board § 12.**

1. The Supervisory Board is composed of three to five members and is appointed by the General Meeting for a joint three-year term. Should the Company become public, the Supervisory Board shall be composed of five to seven members.
2. The mandates of the Members of the Supervisory Board shall expire on the date of the General Meeting which approves the report for the last financial year of the joint term of office. The mandate of a Supervisory Board Member appointed before the end of a given joint term of office shall expire simultaneously with the expiry of the mandates of the remaining Members of the Supervisory Board. In the event of the death or resignation of a Supervisory Board Member during the joint term of office, the Supervisory Board may co-opt a member of the Supervisory Board. The number of co-opted members of the Supervisory Board may not exceed one half of the total number of Supervisory Board Members. The appointment of Supervisory Board Members in a co-opting procedure must be approved at the next General Meeting. If any of the co-opted members of the Supervisory Board are not approved, the General Meeting shall elect a new member of the Supervisory Board.
3. The Chairperson of the Supervisory Board is appointed by the General Meeting.
4. The Supervisory Board elects a Vice-Chairperson and a Secretary from among its Members during the first meeting of its new term. During its term, the Supervisory Board may dismiss its Vice-Chairperson and Secretary and appoint other Members of the Supervisory Board to those positions but it cannot remove the dismissed Vice-Chairperson or Secretary from the Supervisory Board.
5. The Supervisory Board performs its duties collectively; however, it may delegate its Members to perform specific supervisory tasks independently. Members with delegated responsibilities receive a separate remuneration whose value is set by a General Meeting resolution.
6. Any member of the Supervisory Board delegated to perform specific supervisory tasks on behalf of the Company is entitled to request any information relevant to carrying out those tasks as well as all available Company related information. This includes the right to request reports and clarifications from the

Management Board and any employee of the Company. All Supervisory Board Members have the right to inspect the Company's accounts.

7. Members of the Supervisory Board shall exercise their rights and perform their duties in person.
8. Supervisory Board Members may be entitled to remuneration. The amount of remuneration paid to Supervisory Board Members is set by a General Meeting resolution. A Supervisory Board Member delegated to temporarily perform the duties of a Management Board Member shall be remunerated at the same rate as that Management Board Member.

### **§ 13.**

1. The Supervisory Board carries out its functions according to the rules of proceedings approved by the General Meeting.
2. The Chairperson of the Supervisory Board directs the Board and summons and chairs Board meetings. The Vice-Chairperson of the Supervisory Board chairs Board meetings whenever the Chairperson is absent. The oldest member of the Supervisory Board chairs Board meetings whenever both the Chairperson and Vice-Chairperson are absent.
3. The Supervisory Board meets whenever necessary but not less frequently than once every three months.
4. The Management Board or a Supervisory Board Member may request a meeting of the Supervisory Board and propose an agenda for such a meeting. The Chairperson of the Supervisory Board, or the Vice-Chairperson in the event that the Chairperson is absent or unavailable, shall summon a meeting of the Supervisory Board to be held no later than two weeks from the date of receiving the request.
5. The Supervisory Board requires an absolute majority to pass resolutions. Should there be an equal number of votes for and against; the vote of the Member chairing the meeting shall be decisive.
6. The following conditions must be met for Supervisory Board resolutions to be valid:
  - 1) Every Member of the Supervisory Board must be given seven days' notice of the meeting via facsimile, electronic mail, registered mail or by a letter sent by a courier service. This requirement may be waived if the Supervisory Board unanimously consents to hold the meeting without seven days' notice and each Member confirms his or her consent in writing or signs the attendance list;
  - 2) At least half of the members of the Supervisory Board must be present at the meeting.
7. A Supervisory Board meeting may be held without being officially summoned, provided that the Supervisory Board unanimously consents thereto on or before the date of the meeting and each member confirms his or her consent in writing and signs the attendance list.
8. Supervisory Board Members may take part in passing resolutions by submitting their votes through another Supervisory Board Member. Casting written votes cannot be applied to those matters which have been included in the agenda during the meeting of the Supervisory Board.
9. No resolution may be passed on any matter not included in the agenda, unless all Supervisory Board Members are present at the meeting and none of them objects thereto.
10. The Supervisory Board may also pass resolutions in writing or using electronic means of communication. Voting in writing or via conference call must be ordered by the Chairperson or Vice-Chairperson of the Supervisory Board. Resolutions passed in that way are recorded in the form of meeting minutes by the person who chairs the session. Such meeting minutes must be signed by all Supervisory Board Members who took part in the voting carried out in writing or by means of a conference call. Every Supervisory Board Member must have been made aware of the contents of a resolution for it to be valid. The date of a resolution shall be the date on which it is signed by the Member who chaired the meeting.
11. Resolutions to appoint, dismiss or suspend Management Board Members may not be passed by the means referred to in Subsections 8 and 10.

### **§ 14.**

1. The Supervisory Board may include two Independent Members once the Company's shares are traded on the regulated market. Independent Members must meet the following conditions:
  - 1) An Independent Member must not have been a Member of the Company's Management Board or a member of a related company within the meaning of the regulations of the Commercial Companies Code, or a proxy of the Company or any of its related companies within the previous five years;
  - 2) An Independent Member must not be an employee of the Company or any of its related companies

within the meaning of the regulations of the Commercial Companies Code, nor is it permissible for the Independent Member to have held a position of a senior manager at the Company or any of its related companies within the previous three years. A senior manager shall be defined as a manager, head or director of an organisational unit of the Company or a related company who reports directly to the Management Board or to any specific member of the Management Board of the Company or any of its related companies;

- 3) An Independent Member must not receive any remuneration from the Company or any of its related companies other than that received on account of holding his or her position on the Supervisory Board; in particular an Independent Member must not be a beneficiary of any stock options programme or results based on motivation programme.
  - 4) An Independent Member must not own 10% or more of the Company's share capital or be a person related to or a representative of anyone owning 10% or more of the Company's share capital.
  - 5) An Independent Member must not have, or have had at any time within the previous year, a significant economic relationship (including but not limited to being a provider of financial, legal or business consulting services) with the Company or any of its related companies, either directly or as a partner, Shareholder, board member, proxy or senior manager of any entity having a significant economic relationship with the Company or any of its related companies.
  - 6) An Independent Member must not be, or have been at any time within the previous three years, an employee or partner of any past or present Company auditor;
  - 7) An Independent Member must not be a member of the Management Board or a proxy at any other company whose supervisory board includes a member of the Management Board or a proxy of the Company;
  - 8) An Independent Member must not serve more than three terms on the Supervisory Board of the Company.
  - 9) An Independent Member must not be a spouse or close relative of any Management Board member, proxy or any of the persons referred to in Subsections 1-8 above. A close relative shall be defined as a first or second degree relative.
  - 10) The person designated an Independent Member may not be effectively or materially related to any Shareholder who holds 5% or a higher proportion of the total number of votes at the Company's General Meeting. Without limitation, such a relationship includes the relationships indicated under paragraph 5 and 9 above.
2. Independent Members of the Supervisory Board are appointed by the General Meeting from among candidates nominated by a Shareholder or group of Shareholders representing no more than 20% of the share capital of the Company present at the General Meeting. In the event that none of the Shareholders entitled to nominate candidates for Independent Members of the Supervisory Board choose to exercise their right, candidates for Independent Members of the Supervisory Board may be nominated by a Shareholder or group of Shareholders representing more than 20% of the share capital present at the General Meeting. In the event that no candidates are nominated, no Independent Members shall be elected to the Supervisory Board.

## **§ 15.**

1. The Supervisory Board supervises the operations of the Company on an ongoing basis.
2. The powers of the Supervisory Board include in particular:
  - 1) approving purchases and sales of real estate, long-term leasehold or proprietary rights to real estate or its long-term leasehold by the Company
  - 2) assessing the Company's financial statements for the previous financial year in terms of consistency with the books, the accounting documentation and the facts,
  - 3) assessing the Management Board's report on the Company's operations for the previous financial year in terms of consistency with the books, the accounting documentation and the facts and assessing the Management Board's proposals for distributing profits or covering losses,
  - 4) submitting written reports to the General Meeting on the results of the actions referred to in Subsections (2) and (3),
  - 5) appointing and dismissing members of the Management Board;

- 6) granting permission to Management Board members to run businesses competing with the Company or to work for competitive companies as registered partners or members of their executive bodies. No resolution to grant permission to a Management Board Member to run a competitive business or work for a competing company as a registered partner or member of any of its executive bodies may be adopted if an Independent Member submits a substantiated objection in writing, unless the other Independent Member grants permission,
- 7) suspending a member of the Management Board or the entire Management Board from their duties provided there is a serious reason for doing so,
- 8) temporarily delegating the functions of one or more Management Board members to one or more members of the Supervisory Board in the event of the former having been suspended or dismissed, or being unable to perform their functions for whatever reason,
- 9) granting permission to purchase or otherwise acquiring shares in other companies,
- 10) granting permission for divesting parts of the fixed assets of the Company or its subsidiary if their value exceeds 10% (ten per cent) of the net book value of the fixed assets of the Company or its subsidiary, as recognised based on the last audited financial statements of the Company or its subsidiary respectively, save for those which constitute inventory intended for sale under normal business operations,
- 11) concluding contracts between the Company and Management Board members with respect to provisions not subject to approval by the General Meeting as per the Commercial Companies Code. No resolution on concluding such contracts may be passed if an Independent Member submits a substantiated objection in writing, unless the other Independent Member grants permission to conclude such a contract,
- 12) granting permission (with respect to provisions which are not subject to approval by the General Meeting in accordance with the provisions of the Commercial Companies Code) to conclude contracts between the Company or any of its subsidiaries and the Company's Shareholders, entities related to the Company's Shareholders or Members of the Company's Management Board except for commercial contracts executed under the Company's normal business operations. This also applies to employees of the Company who report directly to one or more Members of the Management Board in case of such employees concluding a contract or series of contracts whose value exceeds the Polish zloty equivalent of EUR 15,000 (fifteen thousand euro), calculated using the average euro exchange rate published by the National Bank of Poland for the day before that on which the permission was requested. No resolution on concluding such contracts may be passed if an Independent Member submits a substantiated objection in writing, unless the other Independent Member grants permission to conclude such a contract,

An affiliated entity is a person, a company or any other entity related economically or by family to any Shareholder of the Company or a Member of the Management Board, in particular their spouse or cohabitant, parents and further ascendants of the Shareholder or Member of the Management Board, children and further descendants of the Shareholder or Member of the Management Board, siblings of the Shareholder or Member of the Management Board, children and further descendants of the siblings of the Shareholder or Member of the Management Board, parents and further ascendants of the spouse or cohabitant of the Shareholder or Member of the Management Board, children or further descendants of the spouse or cohabitant of the Shareholder or Member of the Management Board, siblings of the spouse or cohabitant of the Shareholder or Member of the Management Board, children and further descendants of the siblings of the Shareholder or Member of the Management Board and any company or any other entity directly or indirectly controlled by the individuals specified above or from which those individuals obtain material economic benefits,

- 13) approving the rules of proceedings of the Management Board of the Company,
- 14) laying down the rules for remunerating the Management Board. Adopting resolutions on the rules for remunerating Members of the Management Board requires the consent of at least one Independent Member;
- 15) selecting a state certified auditor to audit the Company's financial statements. Adopting resolutions on selecting certified auditors to audit the Company's financial statements requires that at least one

Independent Member agree with the choice proposed. Independent Members objecting to the choice of auditor should substantiate their objections in writing.

3. If the Supervisory Board is composed of not more than five Members, the Company shall not establish an audit committee defined in the Act of 7 May 2009 on certified auditors, their self-government, entities authorised to audit financial statements and public supervision (Journal of Laws No. 77, item 649) No. 77, Item 649), but shall delegate the duties of such a body to the Supervisory Board instead.

## **Management Board**

### **§ 16.**

1. The Management Board of the Company comprises between one and three Members and is appointed for a four-year term of office.
2. The mandate of a Member of the Management Board appointed in the course of the term of the Board expires on the same date as the mandates of the remaining Members of the Board.
3. The Management Board controls the operations of the Company and represents the Company externally.
4. The Supervisory Board sets the number of Management Board Members. If the Management Board consists of one Member only, then that Member shall hold the position of President of the Management Board. If the Board consists of two or more Members, then the Supervisory Board shall appoint one of them to the position of President of the Management Board. During the term of the Management Board, the Supervisory Board may dismiss the President of the Management Board from that position without removing him or her from the Management Board and appoint another Member of the Management Board to the position of President. This does not preclude the Supervisory Board from dismissing individual Members of the Management Board and excluding them from that body or from appointing new Members to replace them.
5. The Management Board passes its resolutions by a simple majority of votes. In the event of a tie, the President of the Management Board shall have the casting vote. The rights and duties of the Management Board and the rules of its proceedings are laid down by the Management Board and are subject to approval by the Supervisory Board.

### **§ 17.**

1. Representations may be made and signatures may be placed on behalf of the Company solely by:
  - 1) the President of the Management Board in the case of there being only one Management Board member;
  - 2) two members of the Management Board or one member of the Board together with a proxy in the case of there being two or more Management Board members.
2. Assigning powers to a proxy requires the unanimous consent of the Management Board. The commercial power of attorney may be revoked by any member of the Management Board.
3. A proxy or proxies of the Company may be designated in order to represent the Company in legal or factual matters. Proxies may act individually or jointly within the scope of the power of attorney delegated to them. Power of attorney may be granted or revoked following the procedures laid down for making representations on behalf of the Company.
4. Management Board Members are required to attend General Meetings unless doing so would interfere with their carrying out their ongoing duties. The attendance of the President of the Management Board at a General Meeting is obligatory.
5. No Member of the Management Board may run a competitive business or participate in a competitive company as a partner in a civil or private partnership or as a member of the executive body of any capital company without the permission of the Supervisory Board. Nor may any Member of the Management Board own 10% or more of the share capital of any competitive capital company or such amount of the share capital that would entitle the member to appoint one or more management board members of that competitive company.
6. The Management Board is obliged to issue a financial report and a report on the operations of the Company not later than three months after the end of the preceding financial year.



**§ 18.**

1. Members of the Management Board may be employed by the Company under an employment contract or other type of contract, or they may be remunerated for the executive positions they hold within the Company.
2. The Supervisory Board represents the Company whenever the Company enters into a contract with Management Board Members and whenever a dispute arises between those parties. The Chairman of the Supervisory Board, on behalf of the Company, signs contracts, including employment contracts, between the Company and Members of its Management Board stipulating the amount of remuneration and bonuses payable to the latter. The wording of such contracts and the amount of remuneration and bonuses stipulated in them must have been approved beforehand by the Supervisory Board by adopting a resolution. The Vice-Chairperson of the Supervisory Board signs such contracts on behalf of the Company in the event that the Chairperson is absent. The same procedure applies for all other actions affecting the employment relationships of Management Board members.
3. The Supervisory Board may pass a resolution to suspend one or more Management Board Members from their duties provided it has compelling reasons to do so."