

**Statement on the application of the corporate governance principles by ACTION S.A.  
in the financial year 2022,  
constituting an appendix to the ACTION S.A. Annual Report for 2022**

Pursuant to § 70 section 6 item 5) of the Ordinance of the Minister of Finance of 29.03.2018. (Journal of Laws 2018.757) on current and periodic information published by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state, the Management Board of ACTION S.A. makes the following statement:

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

ACTION S.A. is subject to the rules of corporate governance "Code of Best Practice for WSE Listed Companies 13/1834/2021" introduced by Resolution No. 29 of the Supervisory Board of the Warsaw Stock Exchange S.A. of 29 March 2021.

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

The application of the discussed rules 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 2021. At the same time ACTION S.A. explains that with reference to "Code of Best Practice for WSE Listed Companies 2021", ACTION S.A. made a declaration according to which the Company applies the above rules with the exception of the rules: 1.5., 2.1., 2.2., 2.7., 2.11.5., 2.11.6., 3.3., 3.4., 3.10., 4.1., 4.3., 4.8., which are not used or are used with modifications. With regard to these rules, the Company submits the following explanations:

- with reference to rule no.1.5. of the Code of Best Practice 2021, ACTION S.A. informs that it does not disclose expenses incurred by it and its group to support culture, sport, charitable institutions, media, social organisations, trade unions, etc., as the scale of the above-mentioned expenses is not significant from the point of view of the Company's financial situation and in relation to other costs incurred by the Company. Instead, the Company is actively pursuing the areas described above as set out below.

In 2022, due to the outbreak of war in Ukraine, many of the support activities focused on helping the company's employees from across the eastern border and their loved ones. Firstly, we have introduced additional paid leave, for all working Ukrainians who have decided to return to their homeland and fight for its sovereignty. In addition, we provided psychological and material support to Ukrainian employees in need. As an employer, we also offered places of work and assistance with formalities related to residence and work opportunities in Poland to Ukrainian residents fleeing the war. In parallel, in consultation with ACTION S.A. employees, we launched an internal programme to collect donations for war victims. From the outbreak of war until June 2022, there were designated places in the company's main office with bins into which employees and colleagues deposited products (hygiene products, selected food or school supplies, blankets, torches, etc.) needed for Ukrainian refugees, as well as for the fighting Ukraine. We conducted this

programme in consultation with the Lesznowola gmina, which knew the exact needs of the Ukrainians in this area.

The ACTINA gaming computer brand was also involved in participating in campaigns to help Ukraine. For this purpose, it carried out two campaigns. The mission of both was to collect as much money as possible, which it donated to the Polish Humanitarian Action, which knew very well the needs of those affected by the war. In the first campaign, ACTINA was a partner of a gaming stream, during which the amount collected from players and viewers was sent to the Polish Humanitarian Action account. The purpose of the second campaign was to auction, for the highest possible amount of money, a unique gaming computer autographed by Jarosław Jarząbkowski, alias "pashaBiceps" – a Polish professional e-sports player in the Counter-Strike series and organiser of sports events for children. The action was available on Allegro under the slogan "ACTINA PBA 16GB/1TB/RTX3060Ti with Pasha's autograph!".

In addition to this, ACTINA, as a brand aware of the positive and negative impact of gaming on the youngest, continued its activities to raise awareness among this group of recipients and their carers that the approach to gaming on the computer must be responsible. For this purpose, another edition of the educational campaign "Game is not lame!" was launched, in which brand representatives proved that playing computer games can have many benefits. A series of articles compiled by ACTINA brand experts showed ways to use the potential of games in education, everyday learning and how gaming can become a passion or a path to an interesting profession in the future. At the end of the "Game is not lame" campaign, a panel discussion was held with experts from various fields, including educators and psychologists.

Representatives of the ACTINA brand, on the basis of an analysis of the indicators of the "Game is not lame" educational campaign, recognised that, in addition to adults, the benefits of playing on the computer, new technologies and passions could be talked about by teenagers to teenagers. Therefore, a group of willing young people was assembled and, with the consent of their guardians, populated the innovative Actina Teenage Team project for teenagers. Actina Teenage Team materials are published on social media and on the YT channel. Thanks to this, their peers from all over Poland can watch and learn not only about gaming from their peers in terms of age and experience, but also about the motivation to perhaps turn their passion for e-sports into a future career.

The idea of being close and in dialogue with teenagers has been pursued by the ACTINA brand for years. That is why, following the example of 2021, also last year, ACTINA was a technological partner of the Pasha Gaming Club summer camp, the idea of which is to instil in young people not only a passion for gaming, but first and foremost for sport and healthy competition, in which it is mainly about having fun, cooperating and not the result. This is what the ACTINA brand wanted for fun and integration in the organisation of the Children's Day in Szczęśliwice in Warsaw, during which participants could play on ACTINA gaming equipment free of charge, and in Nasielsk, where on 4 June 2022 ACTINA was the technological partner of the esports-sports Children's Day "PashaBiceps & Friends", and anyone could play on its equipment regardless of gender and age.

ACTINA also continued to support children in orphanages in 2022. For this purpose, on 7 April last year, the e-sports team Wisła Game and Honoris played a duel in the Actina Charity Showmatch series on the streaming platform. The winning team named the orphanage, which received a complete gaming station with an ACTINA computer and equipment from the event partners.

In the scope of sponsoring activities, in 2022, the Activejet brand belonging to ACTION S.A. continued to support the local sports club – Association of Football Fans FC Lesznowola.

ACTION S.A. also supports its employees in sports and environmental projects. Last year it was the Company Cycling Rally, in which one 4-person team of employees of the company was involved. The purpose of the rally was to promote a healthy lifestyle, but also to support the environment, as the presence of each employee corresponded to one tree planted. Therefore, our team received a certificate proving that four trees had been planted.

- with reference to rule no. 2.1. of the Code of Best Practice 2021, ACTION S.A. informs that this rule is not applied in the scope of introducing a diversity policy towards the Management Board and the Supervisory Board, adopted by the Supervisory Board or the General Meeting respectively. However, the Company adopted a Diversity Policy by the Management Board concerning the entire organisation of the Company, but it does not provide for a minority share in a given body at a level not lower than 30%. The diversity management policy of ACTION S.A. is based on overcoming barriers such as age, gender and health condition. We believe that an employee's competencies are key for their professional potential. It is also important to promote employment among people with disabilities. Therefore, the employees of ACTION include people with varying degrees of disability, working in different positions. The Management Board and Supervisory Board of ACTION comprise members with education in economics, finance and accounting, management and various professional experience. The Management Board is composed of 2 men, and the Supervisory Board is composed of 1 woman and 4 men. Due to the number of people in the Company's bodies (Management Board of 2 persons; Supervisory Board of 5 persons), achieving the above threshold (30%) is difficult. In the Company's opinion, while observing the principles of proportionality and adequacy in relation to individual needs, measured primarily by the size of the enterprise and type and scale of the Company's activity, this principle will be a way to achieve the required level of diversity. Overall, at ACTION S.A., approximately 37.2% of employees are women and approximately 62.8% are men. Such gender structure results from the fact of possessing own logistic centre, in which – due to the specifics of required competencies – mainly men are employed. They account for approx. 80% of employees in the warehouse and the logistic department. Among office employees, the proportions of employment broken down by gender are as follows: 40% women and 60% men. Regarding managerial positions: 42% women; 58% men.

- with reference to rule no. 2.2. of the Code of Best Practice 2021, ACTION S.A. informs that the rule is not applied in the scope of acting on the basis of the diversity policy referred to in rule 2.1 and ensuring gender versatility – in view of failure to implement such a policy. According to explanations to rule no. 2.1. the Company did not implement the diversity policy indicated in this rule. Persons deciding on the appointment of members of the Management Board and the Supervisory Board are not limited in terms of submitting applications and making choices.

- with reference to rule no. 2.7. of the Code of Best Practice 2021, ACTION S.A. informs that this rule is currently applied. On the basis of Resolution No. 10 of the Extraordinary General Meeting of Shareholders of ACTION S.A. of 26.10.2022 on amending § 17 section 5 of the Company's Articles of Association, a rule was also introduced that a Member of the Management Board may not perform functions in the bodies of entities outside the Company's capital group without the consent of the Supervisory Board.
- with reference to rule no. 2.11.5. of the Code of Best Practice 2021, ACTION S.A. informs that this rule is not applied in connection with the Management Board's statement on non-application of rule 1.5 to which this rule applies.
- with reference to rule no. 2.11.6. of the Code of Best Practice 2021, ACTION S.A. announces that this rule has been applied as of the Supervisory Board Report for 2021. The Supervisory Board had previously drawn up the Report of the Supervisory Board of ACTION S.A. on the results of the evaluation of the Management Board's report, the consolidated financial statement, the Management Board's request and information on the distribution of profit and the evaluation of the ACTION Capital Group's situation, in accordance with Article 382 § 3 of the Code of Commercial Companies and the requirements of the Code of Best Practice 2016. In view of the extension of the scope of the reports set out in this rule, the Supervisory Board shall include additional information to the extent indicated above from the 2021 report onwards.
- with reference to rule no. 3.3. of the Code of Best Practice 2021, ACTION S.A. informs that this rule is not applied in the scope of appointing an internal auditor. On the other hand, the Supervisory Board and the Audit Committee assess whether there is a need to appoint an auditor. Internal control, risk management and compliance functions in the Company are performed by and with the involvement of the Controlling and Operational Support departments, process optimisation coordinators, ISO management systems and the Legal Department. In such a system, the Company strives to minimise risks characteristic of the industry/area in which it operates. Once a year, persons responsible for the internal control and risk management system submit to the management board and the supervisory board a report on the annual assessment of the functioning of the internal control and risk management system in the company. In the Company's opinion, this system complies with the principles of proportionality and adequacy in relation to individual needs, measured primarily by the size of the enterprise and type and scale of the Company's operations.
- with reference to rule no. 3.4. of the Code of Best Practice 2021, ACTION S.A. informs that the rule is not applied in the scope of making the remuneration conditional only on the performance of assigned tasks. In connection with the principles of the Company's internal control system, including the lack of an internal auditor, remuneration of persons responsible for risk management and compliance and internal audit are based on fixed and variable components of remuneration.
- with reference to rule no. 3.10. of the Code of Best Practice 2021, ACTION S.A. informs that in connection with the rules of the Company's internal control system, participation of persons holding substantive positions in the Company's structure, the Management Board, the Audit Committee, the Supervisory Board and the audit firm, as well as published reporting in this respect, the Company considers that this system complies with the principles of proportionality and adequacy in relation to individual needs, measured primarily by the size of the Company and the type and scale of its operations.
- with reference to rule no. 4.1. of the Code of Best Practice 2021, ACTION S.A. informs 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. So far, the Company has not received any notifications from

shareholders regarding their expectations of holding a general meeting of shareholders using electronic means of communication. The course of the meetings is recorded in the form of the minutes taken by a civil law notary, and later published on the Company's website (including at least the text of resolutions adopted and the voting results). In addition, the Company allows the media to attend the General Meeting. The Company allows for the exercise of a voting right at the General Meeting in person or through a proxy.

- with reference to rule no. 4.3. of the Code of Best Practice 2021, ACTION S.A. informs that the Company does not provide publicly available real-time broadcast of General Meetings. So far, the company has not received any notifications from shareholders as to their expectations of broadcasting the general meeting of shareholders.

- with reference to rule no. 4.8. of the Code of Best Practice 2021, ACTION S.A. informs that the rule is not applied in the scope of the 3-day period. Draft resolutions of the General Meeting on matters included in the agenda of the General Meeting are published by the Company in the form of a current report supplementing the agenda of the General Meeting and are published on the Company's website. The Company did not introduce a 3-day deadline for submitting draft resolutions by the shareholders, as Article 401 § 4 of the Commercial Companies Code does not provide for such a limitation. Pursuant to this provision, draft resolutions should be submitted before the date of the General Meeting.

**c) Description of the basic characteristics of internal control and risk management systems applied by the company and the capital group in the process of preparing financial statements and consolidated financial statements.**

According to the applicable laws, the financial statements are drawn up by the Issuer's Management Board. This process is subject to audit and evaluation by a statutory auditor (appointed by the Supervisory Board) and the Supervisory Board, which draws up a report on said subject matter and submits it to the General Meeting of the Company. The entity which audits the financial statements participates in the General Meeting during which the financial statements are examined and approved.

In accordance with the regulations in force in the Company, at least 2 members of the Supervisory Board meet the independence criteria. Their participation is also significant during internal control and risk management related to the process of preparing financial statements. In particular, their position is significant when the entity auditing the financial statements is being selected as well as during other important activities concerning members of the Management Board and related parties (see § 15(2)(6), (11–12), (13–14) of the Statute). The Company also has an Audit Committee performing its activities also in the scope of internal control. Members of the Audit Committee meet the independence requirements specified in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight.

Internal control, risk management and compliance functions in ACTION S.A. are performed by and with the involvement of the Controlling and Operational Support departments, process optimisation coordinators, ISO management systems and the Legal Department. These activities are carried out in accordance with the Description of the Internal Control System of ACTION S.A.

With the involvement of the Legal, Accounting and Controlling departments, ACTION S.A. seeks to minimise the risks typical for its business and the industry.

As part of its activity, ACTION S.A. actively and effectively manages the market and credit risks, liquidity, capital and random events.

The risk management policy is implemented through measures such as verifying contracts in terms of legal and accounting aspects, and in terms of potential long-term financial and legal consequences. Since ACTION is listed at the Warsaw Stock Exchange, the Company puts great emphasis on transparency and credibility. ACTION S.A. makes every effort to be a reliable and solid partner for its customers. It ensures that all actions taken are compliant with applicable law, which is ensured by the legal department. In addition, in the case of new customers, ACTION S.A. verifies the legal and accounting/financial aspects of potential contracts before entering into them and also performs a general verification of the financial standing of such customers by requesting that the relevant documentation be presented to prevent them from entering into contracts with insolvent customers.

The functioning of these systems is verified by the Management Board, the Audit Committee and the Supervisory Board. These activities take place, among others, through the analysis of the Management Board's reports in this respect, as well as direct discussions with the Company's representatives (not only Members of the Management Board, but also persons holding positions in the departments forming the internal control system) on the effectiveness of the functioning of internal control systems and functions, risk management, compliance and the internal audit function. The results of the analyses are included in the relevant reports of the above-mentioned bodies.

The internal control system within the Company's structure has been shaped as follows:

## **Internal Control System of ACTION S.A.**

### **I. Objectives of the internal control system of ACTION S.A.**

1. The purpose of the internal control system is to ensure:
  - 1) effectiveness and efficiency of the Company's operations,
  - 2) reliability of financial reporting,
  - 3) compliance with the principles of risk management in the Company,
  - 4) compliance of the Company's operations with the provisions of law, internal regulations and market standards.

### **II. Role of the Company's authorities in the implementation of the internal control process**

#### **1. Supervisory Board**

- 1) supervises the implementation and ensuring the functioning of an adequate and effective internal control system in the Company.

#### **2. Audit Committee**

- 1) The Company has an Audit Committee appointed by the Supervisory Board from among its members, which acts in accordance with the Rules of the Audit Committee of ACTION S.A.
- 2) The task of the Audit Committee is ongoing monitoring of the internal control system and risk management and internal audit systems, including with regard to financial reporting.

The tasks of the Audit Committee with respect to monitoring effectiveness of internal control, internal audit and risk management in the Company include in particular:

- a) reviewing the performance of the internal control and internal audit system, taking account of the recommendations of the audit firm;
- b) verifying adequacy and effectiveness of the Company's internal control system with the involvement of a statutory auditor, individuals performing internal audit, finance and accounting functions, including third parties;
- c) supporting internal audit upon identifying irregularities, problems or communication issues with the Management Board;
- d) monitoring material changes in the financial and accounting processes which could affect the Company's stability or ability to prepare credible data or reporting documents on time;
- e) analysing information on increased exposure to specific risk, information on risk identification and monitoring, and evaluating steps taken by the management to reduce such risk;
- f) expressing opinions on submitted draft rules concerning: cautious and stable management, and acceptable risk levels in the areas of the Company's business; processes for evaluating internal capital, capital management and planning;
- g) analysing compliance with risk management rules in the Company based on information and reports received, and providing recommendations in that regard.

### **3. The Company's Management Board**

- 1) The Management Board of the Company is responsible for designing, implementing and ensuring in all organisational units and entities the functioning of an adequate and effective internal control system, which includes the control function.
- 2) The Management Board of the Company ensures continuity of the internal control system, including proper cooperation of all employees of the Company within the control function. The Management Board provides employees of these units with access to necessary source documents in connection with the performance of their official duties.
- 3) The Management Board of the Company establishes and periodically, at least once a year, updates the criteria for assessing the adequacy and effectiveness of the internal control system, the criteria for identifying significant processes and the rules for categorising irregularities detected by the internal control system. The Management Board defines the types of corrective and disciplinary actions to eliminate irregularities detected by the internal control system.
- 4) The Management Board of the Company approves the list of significant processes and their connection with general and detailed objectives of the internal control system and ensures a regular review of all processes functioning in the Company in terms of their significance.
- 5) The Management Board of the Company defines the rules for periodic reporting of irregularities detected by the control system and the status of corrective and disciplinary actions taken.
- 6) The Management Board informs the Supervisory Board once a year about the manner of performing tasks ensuring the functioning of an effective and adequate internal control system, with particular emphasis on:
  - a) adequacy and effectiveness of the internal control system in ensuring the achievement of the objectives of the internal control system,

b) the scale and nature of critical and significant irregularities and the most important actions to address them, including corrective and disciplinary measures taken.

### **III. Chart of organisation of 3 lines of defence within the organisational structure of ACTION S.A.**

The Company's internal control system and the risk management system are organised on three independent levels:

1. In its Organisational Structure, the Company distinguishes units responsible for the performance of tasks under the Control Function, in accordance with the concept of three lines of defence.
2. The Company's Internal Control System is organised at three independent levels, where: 1) the first line of defence consists of risk management in operating activities;  
2) the second line of defence consists of risk management by employees on specially appointed positions or in organisational units, regardless of risk management at the first line of defence, in particular employees of departments indicated in point IV, i.e.:
  1. controlling and operational support,
  2. process optimisation coordinators; ISO management systems,
  3. legal department.
- 3) the third line of defence comprises the activities of the Audit Committee in the scope of controlling the effectiveness and adequacy of the internal control system.
3. On all three lines of defence, as part of the Internal Control System, the Company's employees, in connection with the performance of their duties, apply appropriate control mechanisms or independently monitor compliance with control mechanisms.

### **IV. Location, scope of tasks, independence of departments responsible in the Company's structure for internal control, risk management and compliance**

Internal control, risk management and compliance at ACTION S.A. are carried out in cooperation with the following departments:

1. controlling and operational support,
2. process optimisation coordinators; ISO management systems,
3. legal department.

As part of the evaluation of the internal control system and the risk management system, particular attention must be paid to the currency risk management principles applicable by the Company, including in particular:

1. continuous monitoring of currency positions and on-going alignment of hedge levels;
2. division of control and supervisory responsibilities among three independent departments of the Company.

As part of internal control, the Controlling Department monitors specific aspects of the Company's business:

- monitoring of the monthly budget performance by the Company's departments,
- management accounting,
- sales support – accounting for bonuses due to the Company, supervising conclusion and performance of marketing agreements in a specific form,
- monitoring of monthly fixed costs incurred by the Company,



- budget planning,
- verification of sales targets,
- monitoring of fixed costs incurred by the Company, including analysing and reporting on monthly fixed costs, approving and verifying cost invoices for formal aspects,
- supervision, with the participation of the Management Board and the Chief Financial Officer, of the Company's financial situation in the context of the Company's current financial liquidity in relation to the need to repay claims under the concluded composition agreement in connection with the restructuring proceedings which have been finalised.

The Company has also implemented management systems conforming to the international standards ISO 9001, ISO 14001, ISO 27001 and ISO 28000.

Our information security system conforming to ISO 27001 has special significance. It functions properly and without any disruptions. ACTION S.A. maintains an implemented information security policy and the IT department constantly supervises the efficiency of this system. As part of the implemented standard ISO 27001, the following areas function without any disruptions: asset management, HR security, physical and environment security, system and network management, access control, business continuity management, acquisition, development and maintenance of IT systems, and information security incident management.

The implemented standard ISO 9001 ensures monitoring of documents and records, management commitment to building a quality management system, resource management organisation, definition of product realisation processes and regular measurements (of customer satisfaction, products and processes). All of these measures are meticulously implemented by Action S.A. The Company's focus is on the customer (the organisation's market position depends on its customers), leadership (the organisation's management sets its development directions), commitment by our people (people are our most valuable asset), process-oriented approach (the organisation's efficiency and effectiveness depend mainly on the quality of its processes), systemic approach to management (quality management is regarded as management of interrelated processes), continual improvement (the organisation's standing goal is to constantly improve its process), subject-matter oriented approach to decision making (decisions are made based on a logical or intuitive analysis of all available data and information), mutual benefits in relations with suppliers (establishing mutually beneficial relations with suppliers of goods and materials ensures high quality for the organisation). Action S.A. makes sure that its business does not adversely affect the natural environment, and has therefore implemented ISO 14001.

Given that the business of ACTION S.A. are mainly based on the distribution of goods, the Company has implemented ISO 28000, which is an international standard for a supply chain security management system. The ISO 28000 certificate is a valuable framework for organisations whose business involves or is based on the logistics industry, helping them minimise the risk of incidents in the security system and ensure problem-free and punctual delivery. The system implemented in the Company functions without any disruptions. This has been confirmed by a positive outcome of a number of audits performed by external auditors.

The systems and regulations presented above determine the course of operations. They enable correct information flow and financial reporting.

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

According to the information available to the Company, the shareholders holding at least 5% of the total number of votes at the parent company's AGM as at 31.12.2022 were:

Shareholding structure (5% and more)	Number of shares	% of shares in the share capital	Number of votes carried by the shares	% of votes
Piotr Bieliński	3811749	19.02	3811749	19.02.
Aleksandra Matyka	3093457	15.44	3093457	15.44
Wojciech Wietrzykowski	1199390	5.99	1199390	5.99
Lemuria Partners Sicav P.L.C.	1018000	5.08	1018000	5.08
Teamworks FZE	1011529	5.05	1011529	5.05
Other	9902875	49.42	9902875	49.42

As a result of the company's share buy-back programme, the holding of these shares exceeded 5% and, as at 20.04.2023, the shareholders holding at least 5% of the total number of votes at the parent company's AGM as at the date of the declaration were:

Shareholding structure (5% and more)	Number of shares	% of shares in the share capital	Number of votes carried by the shares	% of votes
Piotr Bieliński	3811749	19.02	3811749	19.02.
Aleksandra Matyka	3093457	15.44	3093457	15.44
Wojciech Wietrzykowski	1199390	5.99	1199390	5.99
ACTION S.A.	1255994	6.27	1255994	6.27
Lemuria Partners Sicav P.L.C.	1200000	5.99	1200000	5.99
Teamworks FZE	1250061	6.24	1250061	6.24
Other	8226349	41.05	8226349	41.05

**e) Holders of securities with special control rights in the Company.**

In 2022, there were no holders of securities that give special control rights over the Company.

**f) Limitations on exercising the voting right.**

According to the information available to the Company, in 2022 there were no restrictions on exercising voting rights, such as restrictions on exercising voting rights by holders of a specific proportion or number of votes,

time-related restrictions on exercising voting rights or provisions according to which equity rights related to securities are separated from the title to securities with the participation of the Company.

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

As of 31 December 2022, there were no limitations on the transfer of title to securities.

**h) Description of rules for the appointment and dismissal of managers, and their rights, in particular their right to decide on the issue or redemption of shares.**

Management personnel – Members of the Management Board are appointed and dismissed by the Supervisory Board. A member of the Management Board can also be dismissed by the General Meeting of the Company.

The Statute does not authorise the Management Board Members to increase the share capital or the number of shares. Such actions require a resolution of the GSM.

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 26 October 2022 on authorising the Company's Management Board to purchase the Company's own shares. The legal basis for this authorisation was Article 393(6), Article 362 § 1 item 8 and Article 362 § 2 of the Code of Commercial Companies and Regulation (EC) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC and Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council as regards regulatory technical standards on the conditions applicable to buy-back programmes and stabilisation measures. The above resolution was amended by Resolution No. 3 of the Extraordinary General Meeting of Shareholders of ACTION Spółka Akcyjna of 14.04.2023 on amending Resolution No. 3 of the Extraordinary General Meeting of Shareholders of ACTION Spółka Akcyjna of 26.10.2022 on authorising the Management Board of the Company to purchase the Company's equity shares.

In accordance with the content of the above resolutions, the Management Board of the Company was authorised to acquire a maximum of 2,003,700 shares of the Company, representing a maximum of 10% of the share capital) with a total nominal value of PLN 200,370. The total amount of funds earmarked for the purchase of equity shares, comprising the total purchase price of equity shares increased by the costs of the purchase thereof, was determined at an amount not exceeding PLN 30,000,000. The price at which the Company shall purchase equity shares may not be less than the nominal value of the shares and may not be more than PLN 35. The authorisation granted to the Management Board to purchase equity shares remains in force until 30 September 2027, subject to the provision that not longer than until the funds earmarked for implementation of the Programme have been used.

The Company's Management Board used the above authorisation. Information on the number of equity shares is given in item d) above.

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 Management Board Regulations) which comply with statutory regulations. An excerpt from the Statute is included in item k) below.

**i) Description of the rules for amending the issuer's statute or articles of association.**

The Issuer's Statute can be amended by the General Meeting in the manner set out in the Commercial Companies Code. The Statute does not introduce any rules in this regard that differ from the statutory regulations.

**j) Operation of the General Meeting, its fundamental rights, shareholders' rights and how they are exercised.**

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 following excerpt from the Company's Statute, the issues related to the operation and fundamental rights of the General Meeting are as follows:

**“General Meeting**

**§ 9.**

1. The General Meeting can be ordinary or extraordinary.
2. The Ordinary General Meeting is convened by the Company's Management Board. If the Management Board fails to convene the Ordinary General Meeting within the timeframe required by the Commercial Companies Code, it may be convened by the Supervisory Board.
3. An Extraordinary General Meeting of the Company is convened by the Management Board of the Company. The Extraordinary General Meeting may also be convened 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. If this is the case, the Shareholders appoint the chairperson for the Meeting.
4. A Shareholder or Shareholders representing at least one twentieth of the Company's share capital or the Supervisory Board (without resorting to its right to convene an Extraordinary General Meeting on its own) can request that the Management Board convene an Extraordinary General Meeting and include specific matters in its agenda. In such case, the date of the Extraordinary General Meeting must be announced within two weeks from the date of submitting such a request (in writing or in electronic form).
5. An Extraordinary General Meeting can be convened by the Shareholders who have been authorised to do so by the registry court and had previously requested an Extraordinary General Meeting in the manner specified in section 4 to no avail.
6. General Meetings shall be convened 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 is determined by the body which convenes the General Meeting. 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 can:
  - a) request that certain matters be included on the agenda of the next General Meeting. The request must be forwarded to the Management Board no later than 21 days before the scheduled date of the General Meeting and must include a justification for or a draft of the resolution concerning the proposed matter for the agenda. The request can be submitted in an electronic form.
  - b) propose, in writing, or using electronic means of communication, draft resolutions concerning matters entered on the agenda of the General Meeting or matters that are to be introduced to the agenda.
4. If a request referred to in section 3a is 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 Supervisory Board can also exercise the rights indicated in section 3.
6. During a General Meeting, each Shareholder can submit draft resolutions concerning matters entered on the agenda.
7. A General Meeting can adopt resolutions regardless of the number of Shareholders present or the proportion of shares represented, unless legal regulations or the provisions of this Statute 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 this Statute 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 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 on activities of the Company in the previous financial year;
  - 2) distributing profits or covering losses;
  - 3) acknowledgement of the fulfilment of duties by the Company’s authorities;
  - 4) amending the Company’s Statute;
  - 5) increasing or decreasing the share capital;
  - 6) merging 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 treasury shares in the case defined in Article 362 § 1 item 2 of the Commercial Companies Code and providing authorisation to purchase them in the event referred to in Article 362 § 1 item 8 of the Commercial Companies Code;
  - 10) redeeming shares and establishing the terms of such redemption;
  - 11) disposing of or leasing the enterprise or its organised part, or establishing limited property rights in it;
  - 12) recognising and reversing capital reserves, special funds and specification of their purposes;
  - 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 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 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 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 can be held at the Company's registered office or in Zamienie in Lesznowola Gmina, Piaseczno Powiat, Mazowieckie Voivodeship.
4. The General Meeting can adopt the proposed agenda as it is, modify the order of items on the agenda or remove some matters from the agenda. 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 must be presented for raising such a motion. To remove an item from the agenda or abandon it upon a Shareholder's motion, the General Meeting must pass a resolution upon prior consent of all requesting Shareholders who are present, backed by 75% of votes of the General Meeting."

The manner of operation of the General Meeting is described in detail in the Rules of GSM of 21.12.2009.

#### Shareholders' 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 statutory auditor, designated by the General Meeting to be paid to Shareholders (Article 347 of the Commercial Companies Code). The profit is distributed proportionately to the number of shares. The Statute does not provide for any privileges with regard to this right, which means that the dividend amount is the same for each 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 Ordinary 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 Companies Code). When determining the record date, the regulations of KDPW and WSE need to be taken into account.

The Ordinary General Meeting also sets 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 a 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 acquiring them upon the shareholder's consent (voluntary redemption of shares). The terms and conditions 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 equity shares from the Shareholder, acting strictly within the limits of the authority granted thereto by the resolution, and convenes 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(4) and (5) of the Statute).

6) The right to dispose of the held shares.

7) The right to assign a pledge or leasehold rights to shares. In the period when shares admitted to public trading on which a pledge or usufruct has been established are recorded on securities accounts, the voting right under such shares shall be vested with the shareholder (Article 340 § 3 of the Commercial Companies Code).

8) The Company's bearer shares are not to be converted into registered shares. If registered shares are 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 must be adopted within 30 days from the date on which the motion to make such a change was submitted by the shareholder. The costs of such a change shall be covered by the shareholder (§ 6(3) of the Statute).

9) The Issuer's Articles of Association fail to provide any provisions resulting in the Issuer's obligation to call for further capital.

10) The Company shall build its supplementary capital to cover its balance losses. The supplementary capital shall be accumulated by transferring at least 8% of the annual net profit until the capital reaches at least 1/3 of the value of the share capital; further profit allocation to the supplementary capital may be discontinued. Notwithstanding the supplementary capital, the Company may create other reserve funds (§ 19(4) of the Statute).

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

1) The right to participate in the 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 the holder to one vote at the General Meeting. Pursuant to Article 411<sup>3</sup> of the Commercial Companies Code, a Shareholder can vote differently under each share held.

Pursuant to Articles 412–412<sup>2</sup> of the Commercial Companies Code, the shareholder can participate in the General Meeting and exercise the voting right in person or through a proxy. A proxy shall have all the rights of a shareholder at the General Meeting, unless their power of proxy stipulates otherwise. If authorised to do so under the power of proxy, the proxy may appoint another proxy. The proxy can represent more than one shareholder and vote differently for each shareholder. A shareholder with shares registered on more than one security account can appoint different proxies to exercise rights under shares registered on each of these accounts.

Pursuant to Article 411<sup>3</sup> of the Commercial Companies Code, a Shareholder can vote differently under each share held.

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

2) The right to convene 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 convene the Extraordinary General Meeting. If this is the case, the Shareholders appoint the chairperson for the Meeting.

3) The right to request the convening of 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 representing not less than one twentieth of the share capital can request that the Management Board convene the Extraordinary General Meeting and that specific matters be included in the agenda. In such case, the date of the Extraordinary General Meeting must be announced within two weeks from the date of submitting such a request (in writing or in electronic form). If the Extraordinary General Meeting fails 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 convene 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 that specific matters be included in the agenda of the next General Meeting. Such a request must be submitted to the Management Board not later than 21 (twenty-one) days prior to the announced date of the General Meeting. The request must include a justification or a draft resolution concerning the proposed item on the agenda. The request can be submitted



in an electronic form. If the request meets the requirements provided by law and by this announcement, the Management Board must immediately, but not later than eighteen days prior to the announced date of the General Meeting, announce changes made to the agenda at the request of the Shareholders. The announcement is made in the manner appropriate for convening 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 concerning the items placed on 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 Article 422–427 of the Commercial Companies Code.

8) The right to request electing the Supervisory Boards in separate groups, pursuant to Article 385 § 3 of the Commercial Companies Code the election of Supervisory Board on request of shareholders who represent at least one fifth of the share capital should be carried out by the next General Meeting through 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(2) et seq. of the Statute). 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 Statute; a candidate present at the Meeting submits such a declaration in the minutes of the meeting. The General Meeting shall appoint at least one member of the Supervisory Board from among the selected candidates for the Supervisory Board, composed of five people or at least two members if the Supervisory Board is composed of six or seven members. 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. If no candidacies for an independent member of the Supervisory Board are submitted, an independent member of the Supervisory Board shall not be appointed.

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, 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 the financial statement 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, at 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 e-mail (Article 407 § 1 and § 1' of the Commercial Companies Code).
- 15) The right to request copies of motions on matters placed on 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. The motion can be submitted by shareholders holding 1/10 of the share capital represented at the General Meeting. The initiators of the motion can appoint 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 an 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 provide information as to whether it remains in relation of dominance or dependence with respect to a particular commercial company or a cooperative which is the Issuer's shareholder, or whether any such relation ceased to exist. The Shareholder can also request disclosure of information concerning the number of shares or votes held by such a commercial company, including those held as a pledgee or usufructuary, 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,  
Piotr Chajderowski – Vice-Chairperson of the Supervisory Board,  
Adam Świtalski – Independent Member of the Supervisory Board,  
Krzysztof Kaczmarczyk – Independent Member of the Supervisory Board,  
Marek Jakubowski – Member of the Supervisory Board (Secretary of the Supervisory Board).

During the last financial year, there were no changes in the composition of the Supervisory Board.

**Management Board:**

Piotr Bieliński – 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 Audit Committee:**

Piotr Chajderowski – Chairperson of the Audit Committee,  
Krzysztof Kaczmarczyk – Member of the Audit Committee,  
Adam Świtalski – Member of the Audit Committee.

There were no changes in the composition of the Audit Committee during the last financial year.

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

In accordance with the excerpt from the Statute presented below, the rules of 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 appoint 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 can 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 can 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. The Members of the Supervisory Board shall exercise their rights and carry out their duties in person.
8. The Members of the Supervisory Board may be entitled to remuneration. The amount of remuneration paid to the Members of the Supervisory Board is set by way of the General Meeting's 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 convenes 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. Meetings of the Supervisory Board are convened as and when necessary, but at least once in each quarter of the financial year.
4. The Management Board or a Supervisory Board Member can 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 convene a meeting of the Supervisory Board to be held no later than two weeks from the date of receiving the request.
5. The resolutions of the Supervisory Board are adopted by an absolute majority of votes. In the event of a tied vote, the Chairperson shall have the casting vote.
6. The following conditions must be met for the Supervisory Board's 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. The Supervisory Board may hold sessions without being formally convened if all of its members express consent on the day of the session at the latest and confirm their consent with a letter or sign an attendance list.
8. The Members of the Supervisory Board may participate in passing resolutions through voting in writing via another Member of the Supervisory Board. Casting a vote in writing may not concern matters included in the agenda at 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 can also pass resolutions in writing or using electronic means of communication. Voting in writing or via teleconference call must be ordered by the Chairperson or Vice-Chairperson of the Supervisory Board. Resolutions passed in this way are recorded in the form of the minutes by the person who chairs the session. The minutes must be signed by all Supervisory Board Members who took part in the voting carried out in writing or by means of a teleconference. A resolution is valid if all members of the Supervisory Board have been notified of the contents of the draft resolution. The date of a resolution shall be the date on which it is signed by the Member who chaired the meeting.
11. The Supervisory Board may also adopt resolutions in accordance with the procedure set out in sections 8 and 10 above on matters for which the Articles of Association provide for a secret ballot, provided that no member of the Supervisory Board objects. Votes of the Supervisory Board are public. Secret ballot is ordered at the request of at least one of the members of the Supervisory Board.

**§ 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 the position of 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 a 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 points 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 points 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 responsibilities 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 taken referred to in points (2) and (3);
- 5) appointment and dismissal of Management Board members;
- 6) granting permission to Management Board members to run a business 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) approving the purchase or acquisition of interests or 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 respectively: the Company or its subsidiary, as recognized based on the last audited financial statements of respectively: 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 and 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 statutory auditor to audit the Company's financial statements. Adopting resolutions on selecting statutory 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. The Supervisory Board may adopt a resolution to examine, at the Company's expense, a specific matter relating to the Company's business or its assets and to prepare certain analyses and opinions by a selected advisor under the rules set out in Article 382<sup>1</sup> of the Code of Commercial Companies after the General Meeting has determined the maximum total remuneration of all the Supervisory Board's advisors that the Company may incur during the financial year and within the limits of the amounts arising from this authorisation. The General Meeting is authorised to determine the maximum total remuneration of all Supervisory Board advisors that the Company may incur during the financial year.

## **Management Board**

### **§ 16.**

1. The Management Board of the Company is composed of 1–3 members and is appointed for a joint four-year term of office.
2. The mandate of a Member of the Management Board appointed during the term of the Management Board expires on the same date as the mandates of the remaining Members of the Management Board.
3. The Management Board controls the operations of the Company and represents the Company before third parties.
4. The Supervisory Board sets the number of Management Board Members. If the Management Board consists of one member, that member shall hold the position of President of the Management Board. If the Board consists of two or more members, 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 can 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 tied vote, 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 can be made and signatures can be placed on behalf of the Company by:
  - 1) the President of the Management Board – if the Management Board consists of one person;
  - 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. Granting powers to a proxy requires the unanimous consent of the Management Board. The commercial power of proxy can be revoked by any member of the Management Board.
3. An proxy or proxys of the Company can be designated in order to perform legal or factual actions. proxys can act individually or jointly within the scope of their power of attorney. Power of attorney can be granted or revoked according to the procedure for making declarations of intent on behalf of the Company.
4. Management Board Members are required to attend General Meetings, unless doing so would interfere with their day-to-day duties. Attendance of the President of the Management Board at a General Meeting is obligatory.
5. A member of the Management Board may not, without the consent of the Supervisory Board, perform functions in the bodies of entities outside the Company's capital group or engage in competitive interests, or participate in a competitive company as a partner in a civil law partnership, commercial partnership or as a member in the bodies of capital companies or participate in other competitive legal persons as a member in their bodies. Said prohibition also applies to participating in a competitive capital company in which a Supervisory Board member holds at least 10% of interests or shares, or has the right to appoint at least one management board member.
6. The Management Board is obliged to prepare financial statements and a management report of the Company within three months from the end of a financial year.
7. The Management Board is obliged to provide the Supervisory Board at its meetings with information on significant circumstances and events concerning the Company's situation and information held from its subsidiaries. Outside the meetings of the Supervisory Board, the Management Board provides the Supervisory Board with all information relating to the Company and information held from subsidiaries at the request of the Supervisory Board or its members. The disclosure obligations set out in Article 380<sup>1</sup> § 1 and § 2 of the Code of Commercial Companies are excluded, without prejudice to the Management Board's disclosure obligations under other laws and regulations applicable to the Company. The transmission of information to the Supervisory Board may take place in any form, including electronically or orally at meetings of the Supervisory Board.

## **§ 18.**

1. The Members of the Management Board can be employed by the Company under an employment contract or another type of contract, or they can be remunerated for the executive positions they hold within the Company.
2. The Supervisory Board represents the Company in contracts between the Company and the Management Board Members, and in disputes between them. The Chairperson of the Supervisory Board, on behalf of the Supervisory Board, 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 must be approved by way of a resolution of the Supervisory Board. 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 to any other actions affecting the employment relationships of a Management Board member.
3. The Supervisory Board can pass a resolution to suspend one or more Management Board members from their duties provided it has compelling reasons to do so.”

According to the following provisions of the Rules of the Audit Committee:

## **§ 2.**

### **COMPOSITION, APPOINTMENT, INDEPENDENCE AND CHANGES IN THE COMPOSITION OF THE AUDIT COMMITTEE**

1. The Audit Committee consists of 3 members, including a Chairperson and two members of the Audit Committee.
2. The members of the Audit Committee are appointed by the Supervisory Board of the Company (hereinafter: “Supervisory Board”) from among its members.
3. The Chairperson of the Audit Committee directs the Committee’s work.
4. At least one member of the Audit Committee must be knowledgeable and skilled in accounting or the audit of financial statements.
5. The members of the Audit Committee must be knowledgeable and skilled in the industry in which the Company operates. This condition is met if at least one member of the Audit Committee is knowledgeable and skilled in this industry or individual members are knowledgeable and skilled in specific areas of the industry.
6. The term of office of the members of the Audit Committee is the same as that of the Supervisory Board.
7. The members of the Audit Committee is appointed by the Supervisory Board during the first meeting following the appointment of the Supervisory Board.
8. The Chairperson of the Audit Committee is appointed by the Supervisory Board from among the members of the Audit Committee. If the Supervisory Board does not appoint a Chairperson of the Audit Committee during the meeting at which the members of the Audit Committee have been appointed, the Chairperson of the Audit Committee shall be appointed by the members of the Audit Committee.
9. If the mandate of a member of the Audit Committee expires, the Supervisory Board shall appoint a new member to the Audit Committee.

10. A member of the Audit Committee can, at any time, be dismissed from the Audit Committee by way of a resolution of the Supervisory Board. In addition, the mandate of a member of the Audit Committee expires upon the expiry of their term of office in the Supervisory Board and resignation from the Audit Committee. If the term of office of a member of the Audit Committee ends, the Supervisory Board shall promptly appoint another member in their place.

11. The majority of the members of the Audit Committee, including the Chairperson, are independent from the Company.

12. A member of the Audit Committee is considered to be independent from the Company if he or she:

a) within the last 5 years before the date of appointment has not been a member of the senior management, a member of the management board of the Company (hereinafter: "Management Board") or another managing body of the Company or its related party;

b) within the last 3 years before the date of appointment has not been an employee of the Company or its related party, except when a member of the Audit Committee is an employee who is not a member of the senior management appointed to sit in the supervisory board or another supervisory or auditing body of the Company as an employee representative;

c) does not exercise control within the meaning of Article 3(1)(37)(a)–(e) of the Accounting Act of 29 September 1994 or does not represent any individuals or organisations which exercise control over the Company;

d) has not received an additional remuneration in a significant amount from the Company or its related party, except for a remuneration received as a member of the Supervisory Board or another supervisory or auditing body, including the Audit Committee;

e) within the last year before the date of appointment, has not maintained any significant economic relations with the Company or its related party, directly or as an owner, a shareholder, stockholder, member of the Supervisory Board or another supervisory or control body, or as a member of the senior management, including a member of the Management Board or another managing body having such relations;

f) within the last 2 years before the date of appointment, has not been any of the following:

- an owner, a shareholder, partner (including general partner) or stockholder of a current or former audit firm which has audited the financial statements of the Company or its related party; or

- a member of the supervisory board or another supervisory or auditing body of a current or former audit firm which has audited the financial statements of the Company; or

- an employee or a member of the senior management, including a member of the management board or another managing body of a current or former audit firm which has audited the financial statements of the Company or its related party; or

- another natural person whose services were used by or who was supervised by a current or former audit firm or by a statutory auditor acting on its behalf;

g) is not a member of the management board or another managing body of an entity in which a member of the supervisory board or another supervisory or auditing body is a member of the management board or another managing body of the Company;

h) has not been a member of the Supervisory Board or another supervisory or auditing body of the Company for a period longer than 12 years;

i) is not a spouse, person in cohabitation with or direct relative, or secondary relative up to the fourth degree of affinity or consanguinity of a member of the Management Board or another managing body of the Company or of the individual referred to in points a–g above;

j) is not in a relationship of adoption, care or guardianship with a member of the Management Board or another managing body of the Company or of the individual referred to in points a–g above.

13. The candidates for the Audit Committee, in addition to consent to stand for office, submit a written statement confirming that they are independent and qualified for the position.

14. The members of the Audit Committee are obliged to promptly inform the Supervisory Board about an end of their independence status or any other qualifications required to sit in the Audit Committee. The Company has the right to request the members of the Audit Committee to regularly confirm that they are independent and qualified to sit in the Audit Committee.

### **§ 3.**

#### **TASKS, POWERS AND RESPONSIBILITIES OF THE AUDIT COMMITTEE**

1. In particular, the Audit Committee is responsible for:

1) monitoring:

a) financial reporting process;

b) effectiveness of internal control, risk management and internal audit, including with regard to financial reporting;

c) financial auditing activities, in particular an audit by an audit firm, including any conclusions and findings of the Audit Supervisory Committee based on an audit performed in the audit firm;

2) monitoring independence of the statutory auditor and audit firm, in particular when providing the Company with services other than financial audits;

3) informing the Supervisory Board about the results of the audit, and explaining how the audit has contributed to the reliability of financial reporting in the Company, and explaining the role of the Audit Committee in the audit process;

4) verifying independence of the statutory auditor and approving the provision of non-audit services by the statutory auditor in the Company;

5) defining a policy and procedure for selecting an audit firm to perform the audit in the Company;

6) defining a policy for the provision of permitted non-audit services by the audit firm performing the audit, its related parties and a member of the audit firm's network;

7) recommending to the Supervisory Board the appointment of statutory auditors or audit firms according to the policies referred in items 5 and 6 above. Since the audit firm is selected by the Company's Supervisory Board, i.e. a body other than the one which approves the financial statements, the Audit Committee in its recommendation:

a) recommends an audit firm to be entrusted with the statutory audit;

b) states that the recommendation is issued independently from third-party influence;

c) states that the Company has not concluded any agreements that include the clauses referred to in Article 66(5a) of the Accounting Act of 29 September 1994.

8) submitting recommendations to the Supervisory Board and Management Board to ensure accuracy of the financial reporting process in the Company.

2. The tasks of the Audit Committee with respect to monitoring the financial reporting process and performing financial auditing in the Company include in particular:

- 1) analysing information presented by the Management Board and the audit firm on material changes in the accounting principles or financial reporting, the criteria for the consolidation of the Company's financial statements and other data which could be material for the Company's financial reporting;
- 2) analysing information on the scope and dates of the audit of the Company's financial statements, and monitoring punctuality of the individual phases of the financial reporting process and accuracy of communication concerning the financial information being submitted;
- 3) discussing specific matters concerning the audit with the statutory auditors performing the audit in the Company, in particular concerning an additional report for the Committee, as referred to in Article 11 of the Ordinance;
- 4) analysing the additional report for the Committee referred to in Article 11 of the Ordinance, discussing and presenting its opinion on the content of this report to the audit firm, Management Board and Supervisory Board;
- 5) analysing the conclusions and findings of the Audit Supervisory Committee based on the inspection of the audit firm which has performed the audit in the Company;
- 6) providing recommendations to the Supervisory Board regarding the evaluation of the annual financial statements of the Company audited by the audit firm.

3. The tasks of the Audit Committee with respect to monitoring effectiveness of internal control, internal audit and risk management in the Company include in particular:

- 1) reviewing the performance of the internal control and internal audit system, taking account of the recommendations of the audit firm;
- 2) verifying adequacy and effectiveness of the Company's internal control system with the involvement of a statutory auditor, individuals performing internal audit, finance and accounting functions, including third parties;
- 3) supporting internal audit upon identifying irregularities, problems or communication issues with the Management Board;
- 4) monitoring material changes in the financial and accounting processes which could affect the Company's stability or ability to prepare credible data or reporting documents on time;
- 5) analysing information on increased exposure to specific risk, information on risk identification and monitoring, and evaluating steps taken by the management to reduce such risk;
- 6) expressing opinions on submitted draft rules concerning: a) cautious and stable management, and acceptable risk levels in the areas of the Company's business; b) processes for evaluating internal capital, capital management and planning;
- 7) analysing compliance with risk management rules in the Company based on information and reports received, and providing recommendations in that regard.

4. The tasks of the Audit Committee with respect to monitoring independence of the statutory auditor and audit firm which performs an audit in the Company include in particular:

- 1) defining a policy and procedure for selecting an audit firm, and a policy for the provision of permitted services other than carrying out the audit in such a way so as to meet the requirement for independence of said entity from the Company;
- 2) receiving from a statutory auditor or an audit firm written confirmations of their independence from the Company, and analysing such documents for compliance with the independence requirements stipulated by the laws;
- 3) analysing the amount of remuneration paid to the audit firm by the Company and its potential impact on independence of the audit firm;
- 4) as part of the recommendations, presenting an evaluation of the statutory auditors and audit firm, covering the permitted non-audit services provided for the Company.

5. For the purpose of fulfilling its tasks, the Audit Committee can:

- 1) without involvement of the Supervisory Board: a) demand that the Company provide explanation and information, and the documents required for the Audit Committee to fulfil its tasks; b) contact the Company's personnel responsible for the areas of responsibility of the Audit Committee, and obtain from such personnel information required for the fulfilment of its tasks;
- 2) request the Supervisory Board to commission any necessary expert analyses and opinions. In this case, the Company must conclude any necessary agreements with experts. When formulating such requests, the Audit Committee must consider the Company's financial situation, and determine whether it is possible to prepare expert analyses or opinions with the involvement of the Supervisory Board and other personnel in the Company.

6. The Audit Committee:

- 1) submits to the competent bodies of the Company and other parties any requests, queries and recommendations in connection with the fulfilment of its tasks by a date which allows suitable measures to be taken, in particular considering the regulations which apply to the rules and dates for the public disclosure of confidential information by public companies;
- 2) prepares an annual report on its activity and submits it to the Supervisory Board. The report of the Audit Committee is published on the Company's website.

7. The members of the Audit Committee are obliged to fulfil their duties in compliance with the applicable laws and these Rules. Holding a function in the Audit Committee does not affect any rights and obligations resulting from sitting on the Company's Supervisory Board.

#### **§ 4.**

#### **FUNCTIONING OF THE AUDIT COMMITTEE**

1. The Audit Committee acts as a collegiate body. By way of a resolution, individual members of the Audit Committee can be authorised to autonomously perform specific activities as part of fulfilling the tasks of the Audit Committee.
2. The Chairperson of the Audit Committee directs the Committee's work. The Chairperson also supervises the preparation of the agenda, working materials and the minutes from the meetings of the Audit Committee.
3. The meetings of the Audit Committee must be held at least four times a year.
4. The meetings of the Audit Committee are convened by its Chairperson, who invites the members of the Audit Committee to the meeting and notifies all other Members of the Company's Supervisory Board about the meeting. All Members of the Supervisory Board have the right to participate in the meetings of the Audit Committee.
5. A request to convene a meeting of the Audit Committee with a proposed agenda can be submitted by a member of the Committee or the Chairperson of the Supervisory Board on their own initiative or at the request of the President of the Company's Management Board or the statutory auditor. The meeting is convened on a date within 14 days from having received the request.
6. The notification on the convening of the meeting must be communicated to the members of the Audit Committee using the means of communication required for convening the meetings of the Supervisory Board, and the invitations must be sent at least 3 days prior to the date of the meeting of the Audit Committee.
7. The Audit Committee can hold a meeting without a formal notification if all members of the Audit Committee agree to hold the meeting and the proposed agenda.
8. The Chairperson of the Committee can invite to the Committees' meetings the members of the Company's Management Board, other employees and associates of the Company as well as third parties whose participation is helpful for the fulfilment of the tasks of the Audit Committee.
9. Subject to section 7 above, the Audit Committee shall adopt resolutions if at least half of its members are present at the meeting, and all members have been duly notified.
10. The Audit Committee adopts resolutions by an ordinary majority of the votes cast. In the event of a tied vote, the Chairperson of the Audit Committee shall have the casting vote.
11. The members of the Audit Committee may vote on resolutions only in person or by a proxy, which may only be another member of the Audit Committee by attending a meeting of the Committee.
12. The Committee can adopt resolutions in writing and using means of telecommunication, as specified in the Rules of the Supervisory Board and the Company's Statute.
13. The Committee's meetings are recorded in the minutes. The minutes are prepared by an individual designated by the Chairperson of the Committee. The minutes must include the minutes number, date and place of preparation, attendance list, agenda, proposals submitted by the members of the Committee, content of resolutions, voting results and dissenting opinions.
14. The minutes from the meetings of the Committee are kept at the Company's office.

## **I) Discussion of matters concerning the audit committee as a separate control authority:**

1) All members of the Audit Committee of ACTION S.A. meet the independence criteria specified in Article 129(3) of the Act of 11.05.2017 on Statutory Auditors, Audit Firms and Public Supervision (Journal of Laws of 2017, item 1089).

2) In the Audit Committee of ACTION S.A., the individuals knowledgeable and skilled in accounting or audit of financial statements are Mr Piotr Chajderowski and Mr Krzysztof Kaczmarczyk. The above-mentioned members of the Audit Committee have acquired the knowledge and skills through education and professional experience.

Piotr Chajderowski graduated from the University of Łódź, Faculty of Economics and Sociology (programme: Finance and Banking, specialising in corporate finance). Between 2009 and 2014, he was Vice-President and later President of the Management Board of OT Logistics S.A., and President of the Management Board of a subsidiary, Deutsche Binnenreederei AG. During that time, he was responsible for a number of strategic projects, such as Catalyst – a bond issue programme, and the first initial public offering on the main market of the Warsaw Stock Exchange. He cooperated with Nowy Przewoźnik Sp. z o.o. (Centralwings airline operator), where held the function of a Proxy, and then the President of the Management Board (2008–2009). Prior to 2005, he held management positions at Zakłady Metalurgiczne "Skawina" S.A. From 1995 to 1999 he worked as an investment accountant/investment manager at PTP Kleinwort Benson Sp. z o.o. (Dresdner Bank Group). He has also gained experience in numerous supervisory boards, including Grupa Lotos S.A. and Port Handlowy Świnoujście Sp. z o.o., Work Service International Sp. z o.o. and Przedsiębiorstwo Motoryzacyjne "Polmozyt Szczecin" Sp. z o.o. He is the recipient of numerous business awards, including the 2012 Wektor award from the Chapter of Employers of the Republic of Poland for "creative implementation of the company's dynamic expansion plan". He specialises in restructuring and building strategies based on acquisitions and mergers.

Krzysztof Kaczmarczyk graduated from the Warsaw School of Economics, programme: Finance and Accounting, and is former student of the University of Warsaw, programme: International Relations and European Integration.

In 1999–2008, he worked in Deutsche Bank in Poland, where, among other positions, he was Deputy Director of the Stock Market Analysis Department and Stock Market Analyst for Central and Eastern Europe. In 2008–2010, he held management functions in the Group of TP S.A., such as Director of the Strategy and Development Division. From 2010 to 2011, he worked at the Swiss investment bank Credit Suisse. From 2012 to 2015, he was Vice-President of the Management Board for Strategy and Development in Emitel, an operator among terrestrial radio and TV networks in Poland. From 2016 to 2018, Advisor to the Management Board of KGHM Polska Miedź S.A.

At the present, since 2015, he is an independent member of the Supervisory Boards of WSE listed companies. He gained almost 15 years of supervisory experience sitting on more than 30 supervisory boards, companies listed on the Warsaw Stock Exchange and non-public companies, including: Action, Alta, Arteria, Braster, BEST, BSC Drukarnia, Celon Pharma, Duon, Emitel, TP Edukacja i Wypoczynek, Warsaw Stock Exchange, Graal, Integer, InPost, KGHM Polska Miedź, KGHM International, KGHM TFI, LC Corp, Mabion, Magellan,



Polimex-Mostostal, Polish Energy Partners, Robyng, SARE, TIM, Vigo System, Wirtualna Polska, Work Service, 4fun Media.

3) In the Audit Committee of ACTION S.A., Krzysztof Kaczmarczyk is knowledgeable and skilled in the industry of the Issuer (11 years of experience with the international investment banks Deutsche Bank and Credit Suisse, where he held managerial functions and was responsible for analysing a number of markets, including the market segment of the Company).

4) Services other than audit were provided for the Issuer by the audit firm in the period in question. These services included the audit of consolidation packages of the Issuer's subsidiary and the assessment of the Supervisory Board's remuneration report. In relation to these services, the independence of the audit firm was audited by the Audit Committee, which agreed to perform these services.

5 a) The policy and procedure for the selection of the audit firm has been prepared in accordance with the requirements of: the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision (the "Act"), Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audits of public-interest entities and repealing Commission Decision 2005/909/EC (the "Regulation"). Primary assumptions of the Company's policy in selecting an audit firm are:

1. An audit firm is selected based on an invitation to tender prepared by the Company.
2. The selection of an audit firm may not be restricted to any specific categories or lists of audit firms, subject to the restrictions under the laws.
3. Before an audit firm is selected, consultations take place in the Company concerning the preparation, progress and outcome of the procedure for the selection of an audit firm, and the Company's management report and recommendations of the Audit Committee are analysed.
4. The criteria for the selection of an audit firm are formulated in a transparent and non-discriminatory manner, and the following guidelines are taken into consideration:
  - a) the possibility of providing a full range of statutory audit of the Company's and the Group's financial statements (audit of separate and consolidated financial statements, and periodic reviews), taking into account the accounting and financial reporting principles and standards in force at the Company and the dates set by the Company;
  - b) amount of remuneration proposed by the audit firm;
  - c) experience of the audit firm in auditing the financial statements whose i) business, ii) scale of operations and iii) legal nature are similar to those of the Company and its Capital Group;
  - d) experience, professional qualifications and the number of members of the team delegated to audit the Company's financial statements, and the quality standards of the services provided by the audit firm;
  - e) policies, procedures, mechanisms and organisational solutions applied by the audit firm to ensure: i) independence of the audit firm and statutory auditors, ii) internal quality control, iii) risk assessment, iv) information control and security, v) regular change of the key statutory auditor, vi) gradual change of the senior personnel referred to in Article 17(7) paragraph 3 of the Regulation, vii) a mode for the resolution of

disputes between the person verifying the quality of the work performed and the key statutory auditors referred to in Article 8(6) sentence 2 of Regulation No. 537/2014;

f) other relevant specific requirements related to the statutory audit (including, in particular, those related to changes in the legal status), as specified in the tender documentation drawn up in connection with the procedure for selecting the audit firm, including: (i) a draft agreement for the statutory audit, which also contains provisions obliging the audit firm to provide the Company with cyclical information regarding the existence of circumstances that may result in the audit firm losing its competence to perform the audit of the financial statements or the occurrence of other reasons that prevent the selected audit firm from performing the audit, or about pending proceedings in this regard; (ii) the provision of information on the conditions for concluding an agreement for the statutory audit in the situation of selecting another audit firm that lost its competence to perform the audit of the financial statements during the term of the agreement or there were other reasons that prevent the selected audit firm from performing the audit.

5 b) The policy for the provision of permitted non-audit services by the audit firm performing the audit, its related parties and a member of the audit firm's network for ACTION S.A. (the "Company") and the Capital Group of ACTION S.A. was prepared according to the requirements of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision (Act), and Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC ("Regulation"). The main assumptions of the Company's policy for the provision of permitted non-audit services by an audit firm for ACTION S.A. are as follows:

1. The provision by the audit firm (which performs a statutory audit of the Company, its Capital Group and the Group's members) of non-audit services which are not prohibited services (within the meaning of the Regulation and the Act: "permitted services") may take place only when such activities do not jeopardise the audit firm's independence.

2. Given the nature of the independence criteria for audit firms (including the structure of remuneration received by audit firms, as specified in Article 4 of the Regulation, and Articles 70 and 137 of the Act), the audit firm may provide permitted services only if it is convinced that the provision of these services does not put independence of the audit firm at a risk which cannot be reduced to an acceptable level through safeguards, and demonstrates to the Audit Committee that this conviction is reasonable.

3. The possibility, scope and terms of providing permitted services result mainly from Article 5(4) of the Regulation, and Article 136(2) and (3) of the Act. In consideration of the prohibition of the provision of prohibited services by audit firms according to the provisions of Article 5(1) of the Regulation, and Article 136(1) of the Act, the evaluation of whether a service is permitted should include not only an analysis of the scope of the proposed services for compliance with the list of permitted services (services which are not prohibited), but also the possibility that this scope might include (albeit partially) the prohibited services.

4. If there is an intention to commission an audit firm with permitted services, the Company's Management requests the Company's Audit Committee to evaluate the threats to and safeguards of independence of the audit firm according to Articles 69–73 of the Act, and to approve the provision of the services.

5. During the procedure, the Audit Committee submits to the Company's Management Board or the audit firm any reservations it might have concerning approval of permitted services, and presents guidelines on how to deal with such reservations. In this case, the Company's Management Board or the audit firm takes a stance on the Audit Committee's position. The Audit Committee also reviews the risk of the audit firm losing its mandate or other reasons preventing the selected audit firm from carrying out the activities covered by the services.

6. Having evaluated whether the proposed services are permitted, and having analysed any threats to and safeguards for the independence of the audit firm, the Audit Committee presents the results of the analysis, its opinion on the approval of the provision of permitted services by the audit firm and a substantiation.

6) The recommendation for the selection of an audit firm to perform the audit complied with the applicable requirements and was formulated following the Issuer's selection procedure in line with the applicable criteria.

7) In 2022, four meetings of the Audit Committee were held during which the Committee adopted a number of resolutions as part of its statutory responsibilities. Key issues raised last year:

- preparing issues for discussion with the statutory auditor in connection with the statutory audit for 2021;
  - discussion with a statutory auditor of key issues in connection with the annual statutory audit and the half-year review;
  - discussion with a statutory auditor of the additional report for the Audit Committee for 2021 referred to in Article 11 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements concerning statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (the "Regulation");
  - approval of the Report from the audit firm selection procedure;
- preparation of a recommendation for the selection of an audit firm to audit financial statements of the Company and Capital Group for 2022 and 2023, and submission of the statements to the Supervisory Board of Action S.A.;
- preparation of the report of the Audit Committee for 2021;
  - analysing materials on issues and suggestions indicated by the statutory auditor in connection with the statutory audit of the consolidated financial statements and the Company's financial statements for 2021;
  - current evaluation of the Company's operation and of the Management Board's work and plans;
  - assessment of threats and security of independence of the audit firm carrying out the statutory audit of the Company and approval of the provision of permitted non-audit services by the audit firm in the scope of: a) "Review of the consolidation package prepared for Action GMBH for the period from 1.01.2021 to 31.12.2021"; b) Assessment of the remuneration report for 2021, consisting in auditing the completeness of disclosure of information, based on the requirements of Article 90g of the Act on Public Offering and Terms of Introducing Financial Instruments to Organised Trading and on Public Companies;
  - current evaluation of the Company's operation and of the Management Board's work and plans;
  - assessment of the performance of permitted ancillary services by the audit firm;
  - discussion with Company representatives on the effectiveness of the internal control, risk management, compliance and internal audit systems and functions;

- assessment of the adequacy and effectiveness of the Internal Control System, in accordance with the Description of the Internal Control System of ACTION S.A.;
- keeping the Supervisory Board informed about the work of the Audit Committee, its results and conclusions;
- analysis of the guidelines of the Polish Financial Supervision Authority on arrangements in the event that the audit firm loses its privileges or other reasons prevent the audit from taking place;
- adoption of amendments to the policy for the selection of the audit firm to conduct the audit and to the policy for the provision of permitted non-audit services by the audit firm, by related entities of the audit firm and by a member of the audit firm's network.

Moreover, in connection with the audit of the financial statements of the Company and the Capital Group for 2022, the Audit Committee held two meetings in 2022 until the date of the Statement, during which it:

- assessed the risks and safeguards for the independence of the audit firm performing the Company's statutory audit and approved the provision by the audit firm of permitted non-audit services to the Company in respect of: a) The assessment of the 2022 remuneration report, consisting of an examination of the completeness of disclosure, based on the requirements of Art. 90g on the Public Offer and Conditions for the Introduction of Financial Instruments to the Organised Trading System and on Public Companies; b) an attestation service concerning the expression of an opinion as to whether the 2022 financial statements have been labelled in accordance with the requirements set out in the ESEF Regulation and meet the technical requirements for the specification of the uniform electronic reporting format that are set out in the ESEF Regulation;
- reviewed the "Annual assessment of the effectiveness of the systems and functions of internal control, risk management, compliance and the internal audit function" drawn up by the Management Board of ACTION S.A.";
- held a discussion on referring queries to the statutory auditor regarding the conduct of the audit of the annual report and the consolidated annual report for 2022;
- analysed the materials relating to the report on activities of the Audit Committee in the 2022 financial year;
- prepared issues for discussion with the statutory auditor in connection with the statutory audit for 2022;
- discussed with the statutory auditor the additional report for the Audit Committee for 2022 referred to in Article 11 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements concerning statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC;
- discussed with the statutory auditor the key issues in connection with the annual statutory audit.

While performing their tasks, members of the Audit Committee also had access to information and documents necessary to perform activities within their competences. The Audit Committee was in contact with the statutory auditor, members of the Company's Management Board, including had meetings with them. Members of the Audit Committee performed activities falling within their competence also outside meetings. In particular, through contacts with the Company's management and employees dealing with particular issues within the scope of the Audit Committee's duties.

## **m) Diversity policy**

The Company operates a Diversity Policy adopted by the Management Board concerning the entire organisation of the Company. ACTION operates in the area of trade, distribution and production of IT, radio, TV and household equipment, GSM equipment, children's products, animal products, office equipment and consumables.

The Company's diversity policy manifests itself primarily in following the principles of equal treatment and preventing all forms of discrimination, in belief that it brings tangible benefits and influences growth and innovation within the organisation. In its operations, the Company respects diversity, multiculturalism and attaches great importance to the policy of equal treatment of employees regardless of gender, age, disability, health, race, nationality, ethnicity, religion, political conviction, sexual orientation, gender identity, form, scope and basis of employment, and regardless of any other potential grounds of discriminatory behaviour. The organisation is committed to implementing a policy of diversity management and equal treatment, and to promoting this policy among all stakeholders of the organisation.

ACTION believes that its employees, in building a strong team that is satisfied with its work, are the Company's greatest asset, determining its economic success. The recruitment process concentrates primarily on the candidates' professional skills.

The diversity management policy at ACTION is based on breaking down barriers such as age, gender and health. The Company agrees that the professional potential of an employee depends primarily on his/her competencies. It is also important to promote employment among people with disabilities. Therefore, the employees of the Group include people with varying degrees of disability, working in administration, office and warehouse positions. The modern infrastructure of the office and warehouse facility of ACTION S.A. is fully adapted to the needs of disabled people who are employed at ACTION S.A.

Work-life balance is also promoted. ACTION S.A. supports health and an active lifestyle of its employees, providing them with a wide range of benefits, such as private healthcare and access cards to a number of sports facilities.

The Company takes every effort to prevent undesired behaviour, such as mobbing and discrimination. Such behaviours are not tolerated in the Company's structure. More detailed data on the proportion of women and men are provided in item (b) above (in relation to rule 2.1. of the Code of Best Practice 2021).

The Management Board is committed to making ACTION a workplace where our employees feel respected and are provided with professional growth opportunities.

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Piotr Bieliński  
President of the Management  
Board

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Sławomir Harazin  
Vice-President of the Management  
Board

Zamienie, 24 April 2023