

BEST PRACTICES FOR GPW LISTED COMPANIES AS OF 31-10-2019

As for the **Best Practices for GPW Listed Companies** required by the Warsaw Stock Exchange, the Company's corporate governance does not accord with the Best Practices in the following issues:

- *I.Z.1.3. A company should operate a corporate website and publish on it, in a legible form and in a separate section: a chart showing the division of duties and responsibilities among members of the management board drawn up according to principle II.Z.1;*

Partially met. Currently, the Company website does not present such chart. However, the website lists members of the Board of Directors with description of their roles, and their short CV.

- *I.Z.1.15. A company should operate a corporate website and publish on it, in a legible form and in a separate section: information about the company's diversity policy applicable to the company's governing bodies and key managers; the description should cover the following elements of the diversity policy: gender, education, age, professional experience, and specify the goals of the diversity policy and its implementation in the reporting period; where the company has not drafted and implemented a diversity policy, it should publish the explanation of its decision on its website;*

Not met. Even though the Company strives to enable equal employment opportunity and employs 52% men and 48% women, it has not yet prepared and implemented a diversity policy for its statutory bodies and top management, thus such policy is not published on the Company website either. Main criteria for selecting candidates for key positions and statutory bodies are competency and fulfillment of requirements for a given role; not factors such as sex or age.

- *I.Z.1.20. A company should operate a corporate website and publish on it, in a legible form and in a separate section: an audio or video recording of a General Meeting;*

Not met. Currently, the Company does not publish audio or video recordings from its General Meetings as the benefit of these recordings is not justified in comparing to high costs associated with them and they do not fit within the budget for the General Meeting.

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

Partly met. The Company presents its internal division of responsibilities among members of the Board of Directors on its website in wording.

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

Not met. None of the Supervisory Board members meets the criteria of independence referred to in principle II.Z.4. Even though the Company considers two members of the Supervisory Board, elected by

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the Company employees, as independent, since they hold non-managerial roles in the Company, according to the current Best Practices for GPW Listed Companies 2016, they cannot be considered independent.

- *II.Z.10.1. In addition to its responsibilities laid down in the legislation, the supervisory board should prepare and present to the ordinary general meeting once per year an assessment of the company's standing including an assessment of the internal control, risk management and compliance systems and the internal audit function; such assessment should cover all significant controls, in particular financial reporting and operational controls;*

Partly met. The Supervisory Board presents to the Annual General Meeting a report prepared according to the legislation and the Company's Articles of Association.

- *II.Z.10.2. a report on the activity of the supervisory board containing at least the following information:*
 - *full names of the members of the supervisory board and its committees;*
 - *supervisory board members' fulfilment of the independence criteria;*
 - *number of meetings of the supervisory board and its committees in the reporting period;*
 - *self-assessment of the supervisory board;*

Partly met. The Supervisory Board's report has not so far included a description on supervisory board members' fulfilment of the independence criteria, since the Company automatically considers members, elected by the Company employees and who are not shareholders, as independent.

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

Not met. The Company has not so far broadcasted its General Meetings publicly, since potential benefit of the General Meeting being broadcasted does not outweigh costs associated with its organizing. The Company does not exclude the possibility of broadcasting its General Meetings in the future, although such decision is subject to the approval of shareholders at the General Meeting by amendment of the Articles of Association.

- *IV.Z.3: Presence of representatives of the media should be allowed at general meetings.*

Presence of third parties is usually allowed based on the proposal by the Board of Directors at Annual General Meetings. Also at the last Annual General Meeting a proposal was presented by the Board of Directors to allow presence of third parties at the General Meeting. This proposal was adopted by the shareholders and third parties were allowed to attend the General Meeting. The Company does not exclude a possibility that it will allow attendance of third parties at all General Meetings, although such decision would have to be preceded by the approval of the shareholders at the General Meeting in the form of change in Articles of Association.

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

1) *general information about the company's remuneration system;*

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

Partly met. The Company publishes its general remuneration rules for the Board of Directors and Supervisory Board and the total sum of remuneration of the Board of Directors, Top Management and Supervisory Board. The Company has not entered into any agreements with any members of bodies or employees under which the company would be obliged to provide such members or employees with any compensation if their office or employment terminates by resignation, notice served by the employee, removal, notice served by the employer without giving a reason or if their office or employment terminates as a result of an acquisition offer. The Company does not disclose information about non-financial remuneration, as it has not been material so far, nor assessment of the implementation of the remuneration policy in terms of achievement of its goals, in particular long-term shareholder value creation and the company's stability.

We hereby confirm the reliability of the above mentioned facts:

Liptovský Mikuláš

28/2/2020

Ing. Bohuš Hlavatý

Chairman of the Board of Directors and TMR's CEO

Tatry mountain resorts, a.s.

Ing. Jozef Hodek

Member of the Board of Directors and TMR's CFO

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