



**The Statement of Compliance
with the Principles of the Corporate Governance Code in Slovakia as of 31/10/2019**

Tatry mountain resorts, a.s. with its seat at Demänovská Dolina 72, 031 01 Liptovský Mikuláš, IČO: 31 560 636, registered in the Business Register of the District Court of Žilina, type: Sa, file No. 62/L (hereinafter **“the Company”**) and its board members, by subscribing to the general enhancement of *Corporate Governance*, have adopted the **Corporate Governance Code in Slovakia (“the Code”)**, published on the website of CECGA: www.cecga.org. With the aim of subscribing to the fulfilment of and compliance with the individual principles of the Code, reporting the manner of their fulfilment and, at the same time, issuing a Corporate Governance statement pursuant to §20 Section 6 of the Accountancy Act No 431/2002 (Coll.) as amended by later legislation (hereinafter referred to as **“the Act ”**), submits the following statement:

PRINCIPLE I: THE RIGHTS OF SHAREHOLDERS, FAIR TREATMENT OF SHAREHOLDERS AND KEY OWNERSHIP FUNCTIONS		
A. Basic shareholder rights	Complies (Y)/Does not comply (N)/Partly/ NA	Manner of compliance/Reasons for non-compliance (Brief description)
i. Registration of shares	Y	The shares are registered with the Central Securities Depository of Slovak Republic.
ii. The right to transfer shares/Restriction of transferability ¹ .	Y	The share transfer can be executed in accordance with relevant regulations by registering the transfer in the securities depository determined by law. The transferability of shares is not limited.
iii. The right to timely and relevant information	Y	The shareholder has the right to timely and relevant information about the Company through the Company's website or when attending the General Meeting. The Company provides all information in accordance with applicable legislation.

¹ §20 Section 7 Subsection b) of the Act

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iv. The right to participate and vote in general shareholder meetings, restriction of the voting right ² .	Y	The shareholder has the right to participate in, vote on, and request information and explanations regarding the affairs of the Company or the affairs of persons controlled by the Company that are related to the agenda of the General Meeting and apply their proposals and ask to add the matters proposed by them in the agenda of the General meeting in accordance with the applicable regulations. Voting rights associated with shares are not limited.
v. The shareholder's right to elect and remove board members.	Partly	The General Meeting elects and recalls members of the Supervisory Board. The Board of Directors elects and recalls the Supervisory Board.
vi. The right to share in profits	Y	The shareholder has the right to participate in profit. The General Meeting decides on the distribution of profit.
B. The right to participate in decisions concerning fundamental corporate changes, and right of access to information		
i. Articles of Association and other internal legislation	Y	The General Meeting decides about changes in the Articles of Association by the 2/3 majority of the shareholders present.
ii. Issuance of new issues	Y	The General Meeting decides on the issuance of new securities in accordance with the law.
iii. Extraordinary transactions	Y	The General Meeting decides on the contracts of a transfer of the Company or its part, the cancellation of the Company, the change of its legal form in accordance with the law.
C. The right to participate and vote at general meetings		
1. Timely information about the general meeting, its agenda and issues to be decided on the GM.	Y	The shareholder is entitled to timely information about the General Meeting, the agenda and the matters to be decided on in the GM, to the extent required by the relevant legislation.

² §20 Section 7 Subsection e) of the Act

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<p>2. Procedures relating to exercise of voting rights should not be overly difficult and costly:</p>		
<p>i. Established channels for communication and decision-making with minority and foreign shareholders.</p>	Y	Relevant information about General Meetings is also available in English on the Company's web site.
<p>ii. No obstacles to participate on general meetings (no proxy voting, voting fees, etc.)</p>	Y	There are no obstacles, shareholders have rights within the scope of the relevant legislation.
<p>iii. An electronic voting system in absentia, including the electronic distribution of proxy materials and reliable vote confirmation</p>	N	So far the Company has not enabled attending General Meetings and voting at General Meetings by electronic means. In order to implement the attendance at General Meetings and voting at General Meeting by electronic means, the Articles of Association need to be changed and approved by the 3/5 majority of all the shareholder votes.
<p>3. Shareholders have:</p>		
<p>i. The right to ask questions to company boards and external audit and right to get answers.</p>	Y	To the extent applicable under applicable law and stock exchange regulations shareholders have the right to ask questions related to the agenda items discussed at the General Meeting. Depending on the nature of the question, the members of the Board of Directors and the Supervisory Board answer the shareholders directly at the General Meeting or in writing within 15 days of its proceedings.
<p>ii. The right to propose items of the agenda and present proposals through a clear and simple process.</p>	Y	The Company proceeds in accordance with applicable laws and regulations.
<p>4. Effective shareholder participation in decisions on the nomination, election and remuneration of board members should be facilitated:</p>		

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i. Shareholders should be able to participate in the nomination of board members ³ .	Partly	In the scope defined by the valid legal regulations, as part of the discussion regarding the discussed item of the General Meeting's agenda, shareholders have the right to express their opinion either in writing or verbally. This right is unlimited. Nomination and election of members of the Board of Directors is the responsibility of the Supervisory Board. The General meeting elects and dismisses member of the Supervisory Board.
ii. Shareholders should have access to documents relating to voting on the general meeting.	Y	These documents are made available on the Company's website and at the same time available at its registered office at least 30 days prior to the commencement of a GM.
iii. Shareholders should be able to make their views known on the remuneration of board members.	Partly	The Company acts in accordance with the Commercial Code and the Articles. The General Meeting approves the Remuneration Rules for members of the Supervisory Board. The Remuneration Rules for members of the Board of Directors are approved by the Supervisory Board.
iv. The equity component of compensation schemes for board members and employees should be subject to shareholder approval.	Partly	Currently, the Company does not offer any stock-option compensation schemes. The Company acts in accordance with the Commercial Code and the Articles. The General Meeting approves the Remuneration Rules for members of the Supervisory Board. The Remuneration Rules for members of the Board of Directors are approved by the Supervisory Board.
v. The remuneration of board members and key executives should be disclosed, the total value of compensation arrangements made and how remuneration and company performance are linked.	Partly	Information on the remuneration of the board members and the management is disclosed in the Annual Report. The Company discloses the general remuneration policy for the members of the Supervisory Board and the Board of Directors, and only the sum of the remuneration of the Supervisory Board, the Board of Directors, and the Top Management.
vi. Any significant change in the remuneration schemes should be approved by shareholders.	Partly	The General Meeting approves the Remuneration Rules for the Supervisory Board and the role contracts of the Supervisory Board members. The Company acts in accordance with the Commercial Code and the Articles. When approving internal regulations the Company acts in accordance with the competencies of the relevant statutory bodies, with the Articles of Association and relevant law.
<i>Participation of independent board members on nomination proceedings.</i>	*best practice	<i>The Company is considering establishing a specialized nomination committee.</i>

³ §20 Section 7 Subsection g) of the Act

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<i>Disclosure of candidate CVs and information on their other roles on the Company boards.</i>	* best practice	<i>The CV of the candidates is published together with the documents for the GM on the Company's website and at the same time they are available at the registered office of the Company at least 30 days prior to the commencement of the GM.</i>
5. Non-discriminatory voting of shareholders in absentia should be enabled:		
i. Proxy voting is carried out only in accordance with the mandate of the proxy holder.	Y	To the extent applicable under the applicable laws, Exchange regulations and the Articles of Association, represented by a proxy holder on the basis of a written mandate with an officially signed signature of the proxy containing the scope of the mandate.
ii. Disclosure of proxy voting.	Y	Documents relating to the voting by power of attorney as well as the method of voting are published before the General Meeting on the Company's website and at the same time available at the registered office of the Company at least 30 days prior to the commencement of the GM.
iii. Where proxies are held by the board or management for company pension funds, the directions for voting should be disclosed.	N	The Company does not disclose directions for voting.
6. Ability to vote electronically by non-discriminatory means (if the company enables such voting).	N	So far the Company does not enable electronic voting at General Meetings. In order to implement the attendance at General Meetings and voting at General Meeting by electronic means, the Articles of Association need to be changed and approved by the 3/5 majority of all the shareholder votes.
D. Enabled discussion among shareholders.		
i. Agreements between securities holders which are known and could lead to restrictions on the transferability of securities and restrictions on voting rights ⁴ .	Y	The Company supports the cooperation and coordination of institutional investors' activities in order to improve the Company's management.

⁴ § 20 Section 7 Subsection f) of the Act

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ii. Security holders with special control rights and description of these rights ⁵ .	Y	All the Company's shares share the same rights.
E. Non-discriminatory relations with shareholders and transparency of capital structures.		
1. Decisions on capital structure within the competence of management boards, approval by shareholders.	Y	Decisions on the capital structure are within the competence of executive directors, approved by shareholders.
i. Equal rights related to shares of the same type	Y	All the Company's shares share the same rights.
ii. Information for investors on share-based rights before purchase of shares	Y	Share-based rights are disclosed in the Company's Articles of Association on its website and at its registered office.
iii. Changes in economic and voting rights should be subject to approval by a qualified majority of the relevant group of shareholders.	Partly	These changes are subject to changes in the Articles of Association, which require the 2/3 majority of the present shareholder votes; the notary meeting minutes need to be prepared. A change in the Articles of Association related to the implementation of possible proxy voting and/or electronic voting is subject to approval by the 3/5 majority of all the shareholder votes.
2. Disclosure of capital structure and takeover agreements⁶	Partly	The Company discloses such information provided that relevant legal regulations require and/or enable such disclosure.

⁵ § 20 Section 7 Subsection d) of the Act

⁶ § 20 Section 7 Subsection a) and i) of the Act

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<p>F. Transactions of related parties approved and carried out in such a way as to ensure adequate management of the conflict of interests and protection of the interests of the company and its shareholders.</p>		
<p>1. Resolution of conflicts of interests under related-party transactions.</p>		
<p>i. Establishment of an effective system for clearly flagging related-party transactions</p>	<p>Y</p>	<p>The Company determines related parties and transactions with them according to the rules set out in the financial statements.</p>
<p>ii. Establishment of procedures for approval of related-party transactions in a manner that minimizes their negative impact</p>	<p>Y</p>	<p>When approving transactions with related parties, the Company acts in accordance with its Code of Conduct. Persons in conflict of interest are excluded from the decision-making process.</p>
<p>2. Members of the boards and key executives disclose information on whether they have – directly or indirectly – a material interest in any transaction or matter directly affecting the corporation</p>	<p>Y</p>	<p>Members of the Company's bodies and key management disclose information about business, family or other extraordinary relationships outside of the Company in accordance with applicable laws.</p>
<p><i>In the event of an important personal interest, a person in the conflict of interest does not participate in the decision-making that relates to the transaction or concerned issue.</i></p>	<p>* best practice</p>	<p><i>In the event of an important personal interest, a person in the conflict of interest does not participate in the decision-making that relates to the transaction or concerned issue.</i></p>
<p>G. Protection of minority shareholders from abusive actions of controlling shareholders, including effective means of redress</p>		
<p>i. Loyalty of board members to the company and to all shareholders</p>	<p>Y</p>	<p>Clearly defined duty of loyalty of the members of the Company's bodies towards the Company and all the shareholders regulated in the Code of Conduct. In the event of a violation, court protection follows.</p>

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ii. Prohibition of harmful trading on own account. In a group of companies, compensation of transactions in favour of another company in the group through receipt of a corresponding benefit	Y	The transaction within the Group is to be offset by receiving the appropriate benefit to the Company.
iii. The buy-out of shares for a fair consideration in the event of de-listing of a publicly traded company	Y	In the event of termination of the Company's public trading, shares would be bought out for fair consideration.
H. Efficient and transparent options of gaining corporate control		
1. The company acquisition, fusion, merger, sale of substantial portion of corporate assets and other extraordinary transactions at transparent prices and under fair conditions that protect the rights of all shareholders	Y	The General Meeting decides on the possible sale of the Company, the merger, the sale of a significant part of the business and other extraordinary transactions.
2. Anti-takeover measures not to be used to shield management and the boards from accountability	Y	To the extent of applicable law and stock exchange rules
3. Information about the existence of potential protective mechanisms within the company⁷.	Y	To the extent of applicable law and stock exchange rules. The Company ensures that shareholders are informed by disclosing information that is of interest to them.

PRINCIPLE II: INSTITUTIONAL INVESTORS, CAPITAL MARKETS AND OTHER INTERMEDIARIES

⁷ § 20 Section 7 Subsections i) and j) of the Act

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<p>A. Institutional investor acting in a fiduciary capacity discloses its corporate governance policies</p>		
<p>1. The company discloses corporate governance procedures and strategies for companies in which it holds shares</p>	<p>NA</p>	
<p>2. The company discloses procedures and strategies for exercise of the voting rights</p>	<p>NA</p>	
<p><i>Disclosure of procedures and strategies for exercise of the voting rights and corporate governance may be performed directly at the entity's request or as a full disclosure, especially in the case of companies whose main business is investments (i.e. funds, investment companies).</i></p>	<p><i>* best practice</i></p>	<p>NA</p>
<p>B. The company acting as an intermediary follows the guidelines of the actual owner</p>	<p>NA</p>	
<p>1. Intermediary does not exercise the voting rights unless specifically ordered to do so by the owner of shares.</p>	<p>NA</p>	
<p>2. The company does not limit the shareholders' right for direct exercise of the voting rights or for exercise through an intermediary</p>	<p>NA</p>	

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<p>3. The company informs about a general shareholder meeting in a manner not indirectly limiting the shareholders in their choice of direct or indirect exercise of the voting rights.</p>	<p>NA</p>	
<p><i>This principle does not apply to the exercise of voting rights by trustees or other persons acting under a special mandate ⁸.</i></p>	<p><i>* best practice</i></p>	
<p>C. The company conducting the business of institutional investor discloses potential conflicts of interests that may arise in its activity and how to deal with them</p>	<p>NA</p>	
<p>1. The company has internal procedures to monitor and identify, resolve and disclose, or to individually report the conflicts of interest</p>	<p>NA</p>	
<p>D. The company forbids trading with use of confidential information or based on market manipulation</p>		
<p>1. The company has adopted internal procedures in order to prevent its employees and the company itself from the conclusion of transactions with use of confidential information or with use of market manipulation</p>	<p>Y</p>	<p>The Company's Code of Conduct forbids the Company and its employees to use confidential information. In addition, the Company's employees undergo internal training on confidential information.</p>

⁸ Act No 8/2005 (Coll.) on Administrators and on Amendments and Supplements to Related Laws, §182 and following paragraphs of the Act No 161/2015 (Coll.) on Civil Procedure

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<p>2. The company has internal procedures in place to monitor and enforce the ban on misuse of confidential information or market manipulation</p>	<p>Y</p>	<p>The Company Code of Conduct defines internal procedures for dealing with confidential information.</p>
<p>E. The company discloses the applicable law which governs the exercise of rights attached to its shares or other financial instruments issued by the company if they are issued in a country other than that of its registered office</p>	<p>Y</p>	<p>The Company discloses the applicable law.</p>

<p>PRINCIPLE III: THE ROLE OF STAKEHOLDERS IN CORPORATE GOVERNANCE</p>		
<p>i. The importance of stakeholders for the company</p>	<p>Y</p>	<p>As part of corporate social responsibility, it is in the long-term interest of the Company to promote cooperation that creates mental and material values among the various stakeholders.</p>
<p>A. Respecting the rights of stakeholders</p>		
<p><i>Acceptance of broader interests at the local level</i></p>	<p><i>* best practice</i></p>	<p>The Company respects the rights of interested parties, which are laid down by law and by mutual agreement (eg DTOs agreements).</p>
<p><i>Compliance with UN Guiding Principles on Business and Human Rights</i></p>	<p><i>* best practice</i></p>	

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<i>Compliance with OECD Guidelines for Multinational Enterprises</i>	<i>* best practice</i>	
B. Possibilities of effective protection of the rights of stakeholders	Y	The Company complies with disclosure obligations under legislation, in particular in the area of labor, commercial and environmental law. The TMR Group's Code of Conduct is available on the Company website.
C. Employee participation on the company boards	Y	Three non-managerial employees are members of the Supervisory Board elected by Company employees.
i. Respecting the pension fund management's independence from the company management	NA	The Company does not have its own pension fund.
D. The right of access to information	Y	The members of the Supervisory Board, who are employees of the Company, have regular access to relevant, sufficient and reliable information at the Supervisory Board meetings.
E. The "comply or explain" principle		
i. Disclosure of <i>the Statement</i> in the annual report	Y	The Company publishes compliance with the Corporate Governance Code in Slovakia every year in its Annual Report and on the Company's web site.
ii. Disclosure of deviations from recommendations of the Code	Y	The Company publishes compliance with the Corporate Governance Code in Slovakia every year in its Annual Report and on the Company's web site.
F. Control mechanisms and claiming mechanisms of stakeholders	Y	According to the Company's Code of Conduct, stakeholders, including individual employees and their proxies, are required to notify the Company's statutory bodies and competent public authorities of their concerns about unlawful or unethical practices in the Company, and their rights will not be affected by such action.

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i. Resolution of integrity of the company officials	Y	Under the Company's Code of Conduct, after reporting suspicious, unlawful or unethical conduct related to the TMR Group's business, the Board of Directors examines and assesses whether the breach of the Code has been substantiated and what consequences are drawn towards individuals responsible for violating the Code, while the Internal Corporate Governance Code prohibits any retaliation against employees who report such notification. If a member of the Board of Directors is in conflict of interest, he / she must not be involved in this process.
„Due diligence“ for the area of human rights – including labour rights, consumer rights, environmental rights and anti-corruption rights	* best practice	Establishment of an ombudsman function to deal with complaints; anonymous phone line or email for complaints as an internal control tool within the Company. According to the TMR Group's Code of Conduct, complaints are reported to the HR department (verbally, by telephone or in writing), and the anonymity of the notifier is guaranteed. The Board will then assess, examine the notification and draw the consequences.
G. Protection of creditors		
i. Acting in the interest of creditors in the case of credit risks	Y	The Company, in the event of insolvency, acts in accordance with the Articles of Association and the relevant legislation in the best interest of the creditors. The Company has developed mechanisms to prevent insolvency.

PRINCIPLE IV: DISCLOSURE AND TRANSPARENCY		
A. Minimum disclosure requirements		

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1. Audited financial statements documenting financial performance and financial situation of the company	Y	The Company regularly publishes audited Individual and Consolidated Financial Statements together with the Group's Annual Report.
2. The company objectives and non-financial information including business ethics, the environment and other public policy commitments	Y	The Company regularly publishes this information in the Annual Report.
3. Information about the structure of equity, qualifying holdings⁹ and special control:	Y	The Company regularly publishes this information in the Annual Report and on its corporate website.
i. Information about the owners of the company, persons with a qualifying holding and persons with the right of special control, and about the size of their voting rights ¹⁰ .	Y	The Company regularly publishes this information in the Annual Report and on its corporate website.
<i>Information about the group structure, if the company is part of such group</i>	<i>* best practice</i>	<i>The Company regularly publishes this information in the Annual Report and on its corporate website.</i>
<i>Information about the shareholdings of board members (the board of directors and the supervisory board) or key executives and their voting rights</i>	<i>* best practice</i>	<i>The Company regularly publishes this information in the Annual Report.</i>
ii. Information about the end users of company benefits and about their voting rights	Y	The Company regularly publishes this information in the Annual Report to the best of its knowledge.

⁹ E.g. §7 Section 11 of the Act No 483/2001 (Coll.) on Banks and on Amendments and Supplements to Related Laws or §8 Section f) of the Act No 566/2001 (Coll.) on Securities and Investment Services and on Amendments and Supplements to Related Laws.

¹⁰ §20 Section 7 Subsections a), c) and d) of the Act

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4. Information about remuneration in the company:		
i. Information about remuneration of board members (the board of directors and the supervisory board) and key executives	Y	The Company regularly publishes this information in the Annual Report.
ii. Information about the compensation scheme for the following year or years, along with information about remuneration in the preceding year.	Partly	The Company discloses the general remuneration policy for the members of the Supervisory Board and the Board of Directors, and only the sum of the remuneration of the Supervisory Board, the Board of Directors, and the Top Management.
iii. Information on the variable and non-variable components of remuneration, deferral and clawback conditions and the links between the payment of bonuses and achievement of objectives/performance of the company	Y	The Company discloses the general remuneration policy for the members of the Supervisory Board and the Board of Directors, and the sum of the remuneration of the Supervisory Board, the Board of Directors, and the Top Management, including fixed and variable parts of remuneration.
5. Information about the board members and key executives, in particular:		
i. Information about their qualification and experience	Y	The Company discloses CVs of its statutory bodies and the Top management in the Annual Report and on its corporate website.
ii. Information about the manner and conditions of the personnel selection process	Partly	The Company discloses the process of electing members of the Supervisory Board.

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iii. Information about share ownership in the company, or ownership of other financial instruments issued by the company, or options on purchase of such financial instruments	Y	The Company regularly publishes this information in the Annual Report.
iv. Membership in other company boards or executive positions in other corporations	Y	The Company regularly publishes this information in the Annual Report and on its corporate website.
v. Information on whether such member of company board or a key executive is considered to be independent	Y	The Company regularly publishes this information in the Annual Report.
1. Related-party transactions¹¹		
i. Information on related-party transactions, their materiality and conditions	Y	The Company regularly publishes information on related party transactions in the financial statements. It does not disclose their terms.
ii. Information on related-party transactions is disclosed on an ongoing basis with the exception of recurring transactions on standard market terms, which can be disclosed in periodic reports	Y	The Company regularly publishes information on related party transactions in the financial statements. It does not disclose their terms.
7. Risk factors:		

¹¹ § 59a of the Act No 513/1991 (Coll.) Commercial Code

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i. Information on foreseeable risk factors specific to the industry in which the company operates	Y	The Company regularly discloses information on foreseeable risks in the Annual Report and Half-Year Report.
ii. Information on foreseeable risk factors specific to the geographical areas in which the company operates with dependence on commodities, raw materials or customers and clients, financial market risks in particular credit and currency risks, risks related to derivatives and off-balance-sheet transactions, business strategy risks and environmental liabilities	Y	The Company regularly discloses information on foreseeable risks in the Annual Report and Half-Year Report.
8. Matters regarding employees and other stakeholders of the company	Y	The Company respects the rights of the interest groups and informs them about their activities in relevant area through disclosure.
9. The composition and activity of the company boards, and corporate governance strategy ¹².		
i. Information on internal structure, composition and activity of the company boards	Y	The Company regularly publishes this information in the Annual Report.
ii. Information on corporate governance strategy, including disclosure of the Code of Corporate Governance which the company adheres to and the manner of its implementation	Y	The Company regularly publishes this information in the Annual Report.

¹² § 20 Section 6 Subsections a), b), c), e) and f)

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iii. Information on division of competences between the company boards and key executives.	Y	The Company regularly publishes this information in the Annual Report.
<i>The company discloses the articles of association, the founding charters of the company boards and committees</i>	<i>* best practice</i>	The Company publishes the current wording of the Articles of Association on its web site.
B. The company discloses information in compliance with the existing requirements and standards of accounting, financial and non-financial reporting¹³.	Y	The Company discloses information in accordance with International Financial Reporting Standards (IFRS).
C. The company is audited by an independent, competent and qualified auditor	Y	The audit of the Company is carried out by a multinational independent, competent and qualified audit firm. In accordance with applicable law, the auditor is recommended by the Supervisory Board and approved by the General Meeting.
i. The company has established the audit committee, which supervises the performance of both internal and external audit	N	The duties of the audit committee, including the supervision of internal and external audit and recommendation of external auditor, are performed by the Supervisory Board according to the Act No. 423/2015 Coll. on statutory audit and on the amendment of the Act No. 431/2002 Coll. on Accounting, as amended..
ii. The Company applies rules to minimise the conflict of interest in the performance of external audit	Y	The audit of the Company is carried out by a multinational independent, competent and qualified audit firm. The audit company does not perform any other services for the Company. It is recommended by the Supervisory Board and approved by the General Meeting.

¹³ E.g. §20 of the Act

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<p><i>The company discloses measures aimed to increase the independence of external audit e.g. a ban or limitation on the performance of non-audit services by the external auditor, disclosure of payments for non-audit services, the application of regular rotation of auditors, a fixed tenure for auditors, a ban on shared audits or employment of auditors during a certain period</i></p>	<p><i>* best practice</i></p>	<p><i>The company conducting the audit does not perform other regular non-audit services for the Company. The company publishes payments for auditing services. The General Meeting votes for the election of the auditor for the next financial year.</i></p>
<p>D. The external auditor is accountable directly to shareholders</p>		
<p><i>It is regarded as good practice if the external auditor is selected directly by the general meeting</i></p>	<p><i>* best practice</i></p>	<p><i>The General Meeting votes for the election of the auditor for the next financial year.</i></p>
<p>E. The company ensures equal and non-discriminatory access to relevant information for shareholders and other stakeholders</p>		
<p>i. Access to relevant information about the company is not dependent upon the fulfilment of unjustified administrative or financial conditions.</p>	<p>Y</p>	<p>The Company publishes relevant information about the Company in accordance with the law and the Exchange Rules on the Company's website.</p>
<p>ii. Disclosure of relevant information is performed regularly and, in the case of serious circumstances, also on an <i>ad hoc</i> basis.</p>	<p>Y</p>	<p>The Company discloses relevant information about the Company always on its website as well.</p>

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PRINCIPLE V: RESPONSIBILITIES OF THE COMPANY BOARDS		
A. The board members act on a fully informed basis and in the best interests of the company and its shareholders		
i. The board members act with professional care	Y	Members of the Company's statutory bodies act on the basis of complete information, in good faith and with due diligence and care.
ii. The board members act in compliance with a duty of loyalty to the company and all its shareholders.	Y	The Company's statutory bodies act in the best interest of the Company and its shareholders.
iii. The board members do not disclose confidential information that could harm the company or its shareholders	Y	As per the Company's Code of Conduct, members of the Company's bodies are prohibited from disclosing confidential information that could harm the Company or the shareholders.
iv. The board members performing supervisory functions do not participate in the day-to-day management of the company	Y	Members of Supervisory Board are not involved in the day-to-day management of the Company. Only top management members participate in the day-to-day management of the Company.
<i>The company boards apply due care also towards other stakeholders, including employees, creditors, customers, suppliers and local community</i>	<i>* best practice</i>	The Company's bodies should act in accordance with the Company Code of Conduct also towards other stakeholders.
B. Fair treatment of shareholders by the company board members where decisions of the company boards may affect different shareholder groups differently	Y	The Company tries to act in the best interest of all the shareholders.

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C. The application of ethical standards		
i. The existence of an ethical code applicable to the entire corporation	Y	The Company acts in accordance with its Code of Conduct.
ii. Unambiguous criteria of the ethical code addressing potential conflicts of interests, including dealings in shares	Y	The Company Code of Conduct addresses possible conflicts of interest and prohibits abusing inside information.
iii. Discouragement of practices that do not contribute to the long-term interests of the company and its shareholders and can create legal and reputational risks (e.g. the pursuit of aggressive tax avoidance)	Y	The Company Code of Conduct addresses this practice.
iv. The company boards have introduced own ethical standards and guarantee their implementation	Y	The Company Code of Conduct is applicable for the Company's employees as well as statutory bodies.
D. Ensuring key functions:¹⁴		
1. Guiding and revising corporate strategy, risk management policy, annual budgets and business plan, setting performance objectives and monitoring their implementation, overseeing major capital transactions	Y	The statutory bodies are responsible for these functions.

¹⁴ § 20 Section 6 Subsections b) and f) and §20 Section 7 Subsection i) of the Act

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<p>2. Monitoring the effectiveness of corporate governance practices and implementing changes as needed</p>		
<p><i>The company boards' self-assessment on an annual basis, disclosure of such self-assessment in the annual report, possibly a review of the self-assessment by an independent entity or by the audit committee</i></p>	<p><i>* best practice</i></p>	<p><i>The Supervisory Board assesses the efficiency of Corporate Governance in the Annual Report.</i></p>
<p>3. Personnel policy regarding key executives, including selection, compensation, monitoring and overseeing succession planning¹⁵.</p>	<p>Y</p>	<p>The Company's bodies monitor the work of individual key management members and oversee the development of the succession system in the individual areas of the Company's management. Nominated candidates are persons whose experience and expertise is adequate to the challenging position and responsibility. The principles of expertise, discipline, loyalty, responsibility and the necessary personal engagement are respected in selection and periodic evaluation. The system and structure of the remuneration of key management members reflects the long-term interests of the Company and its shareholders.</p>
<p><i>Entrusting the removal of company board members to the supervisory board for more efficient monitoring and higher flexibility (without affecting the general meeting's optional active involvement in the process</i></p>	<p><i>* best practice</i></p>	<p><i>The Supervisory Board proposes and elects the members of the Board of Directors. The General Meeting elects and recalls members of the Supervisory Board. Members of the management are Company employees.</i></p>
<p>4. Remuneration aligned with long-term interests of the company and its shareholders</p>	<p>Partly</p>	<p>The level of basic remuneration is set for each member of the Board of Directors separately based on the decision of the Supervisory Board upon each member's nomination. Extraordinary bonuses of the Board of Directors are subject to the fulfillment of the EBITDA plan in the previous financial year. Remuneration of the Top management is set by and subject to approval by the Board of Directors depending on the performance of the operating segments and resorts of the Company.</p>
<p>i. Policy to cover the payments to be made when hiring and/or terminating the contract of an executive</p>	<p>Y</p>	<p>The Company has sufficient provision for payments when hiring and / or terminating a contract with a management member, in accordance with the Labor Code.</p>

¹⁵ §20 Section 7 Subsection g) of the Accountancy Act

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Disclosure of information about the remuneration policy covering the company board members and key executives, including measurable standards that emphasize the longer-term interests of the company	* best practice	The level of basic remuneration is set for each member of the Board of Directors separately based on the decision of the Supervisory Board upon each member's nomination. Extraordinary bonuses of the Board of Directors are subject to the fulfillment of the EBITDA plan in the previous financial year. Remuneration of the Top management is set by and subject to approval by the Board of Directors depending on the performance of the operating segments and resorts of the Company.
The existence of provisions for withholding and recovering compensation from executives in cases of managerial fraud or other breach of obligations	* best practice	The Company acts in accordance with applicable legislation, Labor Code, internal regulations and the Code of Conduct.
5. Transparency of the board member nomination and election process.¹⁶		
i. The active role of shareholders in the nomination and election of the board members	Y	The Supervisory Board proposes and elects the members of the Board of Directors. The General Meeting elects and recalls members of the Supervisory Board.
ii. The application of transparent procedures by the company boards or by the nomination committee	Y	Procedures are secured in accordance with the Articles and applicable legislation. Transparency is ensured by discussing individual proposals.
iii. Defining the general and individual profile of board members that the company may need, considering the appropriate knowledge, competencies and expertise, and identifying potential candidates	Y	The members of the Board of Directors and the Supervisory Board have qualifications and experience that required from their positions and responsibilities.
6. Monitoring and managing potential conflicts of interests of the management, the board members and shareholders		
i. The company boards oversee the internal control systems covering financial reporting and the use of	Y	The members of the Board of Directors act in accordance with the legal regulations and the Code of Conduct of the TMR Group. The Board of Directors examines any violation of the

¹⁶ §20 Section 7 Subsection g) of the Accountancy Act

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corporate assets in order to guard against abusive related-party transactions		TMR Group Code of Conduct. Regular evaluation of the implementation of operational and strategic tasks with personal liability prevents potential conflicts. The Supervisory Board approves financial and commercial transactions presented by the Board of Directors in accordance with the applicable Articles.
ii. If these functions are assigned to the internal auditor or other corporate officers, they should have direct access to the company boards	Y	The Supervisory Board and the Board of Directors are responsible for these duties.
iii. The company encourages the reporting of unethical/unlawful behaviour without fear of retribution; the existence of a contact point for reporting and subsequent protection	Y	The Company acts in accordance with the Company Code of Conduct.
7. Ensuring the integrity of the accounting and financial reporting systems, including the independent audit and the risk management system		
i. Setting clear lines of responsibility throughout the organisation	Y	The Company has precisely defined limits of responsibility in all segments of the organization.
ii. Ensuring appropriate oversight, an internal audit system	Y	The supervisory activity is carried out by the Supervisory Board. The members of the Supervisory Board have electronic access to production systems as part of the control activity, through which they receive a daily overview of the financial situation in the Company.
iii. Extending the internal procedures to subsidiaries and, where possible, to third parties (intermediaries, suppliers, contractors...)	Y	All subsidiaries act in accordance with internal procedures and the Company's Code of Conduct and applicable legislation.

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<p><i>The establishment of effective internal controls, ethics and compliance programs to comply with applicable laws, regulations and standards</i></p>	<p><i>* best practice</i></p>	<p><i>The supervisory activity is carried out by the Supervisory Board. The members of the Supervisory Board have electronic access to production systems as part of the control activity, through which they receive a daily overview of the financial situation in the Company. The Board of Directors provides internal control at the management level. The statutory bodies and employees of the Company act in accordance with the Code of Conduct.</i></p>
<p>8. Overseeing the process of disclosure and communications</p>		
<p><i>The appointment of an information duties officer who reports directly to the company boards</i></p>	<p><i>* best practice</i></p>	<p>The Company's CFO is responsible for disclosure obligations of the Company.</p>
<p>E. Objectivity and independence of the company boards</p>		
<p>i. Independence of members of the supervisory board</p>	<p>Y</p>	<p>Currently, two employee representatives are considered by the Company to be independent.</p>
<p>ii. Understanding of independence</p>	<p>Y</p>	<p>An Independent Member may be considered to be only the person who has not had and has no business, family or other relationship with the Company (or its management) or with a shareholder controlling the Company (or their management) that could cause a conflict of interest that could influence its decision-making. Independent member of the Supervisory Board of the Company - has not been a member of the senior management of this Company or a company associated with that Company in the past 5 years. - have not been an employee of the Company for the last 3 years (except for employees' representatives on the Supervisory Board but not members of the Company's senior management at the same time). - has not received a more significant remuneration from the Company or a company affiliated with the Company, in addition to the remuneration resulting from the position of a member of the Supervisory Board and in the case of employees' representatives, in addition to the remuneration normally paid in the employment relationship.</p>

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		<ul style="list-style-type: none"> - has not been an external auditor or partner in the last 3 years, or an employee of an audit firm that has audited the Company, in which he/she is supposed to be a member of the Supervisory Board, or a related company. - an independent member should also not represent the shareholder controlling the Company in any way - should not have any more significant direct or indirect business relationship with the Company or a related company - an independent member should not have a close family relationship with a senior management member
<i>The boards declare which members they consider to be independent and the criteria for this judgement</i>	<i>* best practice</i>	The two members of the Supervisory Board who are elected employee representatives are considered by the Company to be independent.
1. The company boards should assign a sufficient number of non-executive board members to tasks where there is a potential for conflicts of interest, and also consider establishing specific committees with a certain minimum number of non-executive members or, respectively, composed entirely of non-executive members	Partly	The Supervisory Board is composed of only non-executive members and is responsible for controlling. In case of a conflict of interest, the Company acts in accordance with its Code of Conduct and relevant persons are excluded from the decision-making process. The Company does not have such specific committees established.
2. The existence, composition and activity of committees		
i. The appointment/nominations committee	N	Currently, the Company does not have a nomination committee. Members of the Board of Directors are nominated by the Supervisory Board.
ii. The remuneration committee	N	Currently, the Company does not have a remuneration committee. The variable part of the Board of Directors' remuneration is determined by the Remuneration Rules and is subject to performance achieved by the Company. The Board of Directors' Remuneration Rules are subject to approval by the Supervisory Board.
iii. The audit committee	N	The duties of the audit committee, including the supervision of internal and external audit and recommendation of external auditor, are performed by the Supervisory Board according to the Act No. 423/2015 Coll. on statutory audit and on the amendment of the Act No. 431/2002 Coll. on Accounting, as amended.

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3. Qualification and experience of the company board members and functions in other companies		
i. Functions in other companies do not have a negative impact on their performance	Y	Roles in other companies do not have a negative impact on the performance of board members.
4. Regular self-assessment of performance of the company boards, including whether they possess the appropriate mix of background and competences	N	Assessment of the activity of the Board of Directors is done by the Supervisory Board. The Supervisory Board's report has not included self-assessment so far.
i. Education of board members and their voluntary evaluation	Y	The Company is engaged in learning through professional training, seminars on the basis of its specialization and external courses in order to improve practical work and improve performance.
F. The board members' right of access to accurate, relevant and timely information	Y	Board members have electronic access to production systems through which they receive on a daily basis an overview of the financial situation in the Company.
G. Mechanisms to facilitate access to information and training for employee representatives on the company boards		
i. Employee representatives have the same duties and responsibilities as all other supervisory board members	Y	Employee representatives are invited to meetings of the Supervisory Board, such as other members of the Supervisory Board, and are required to participate. Performance of the function is irreplaceable. Employee representatives participate in decision-making of the Supervisory Board by voting on individual resolutions.
ii. The existence of procedures to increase the independence of employees from management, including transparent appointment procedures, reporting to employees on a regular basis (provided that the information confidentiality requirements are respected) and the management of conflicts of interest	Y	The Company proceeds in accordance with the relevant laws and Articles of Association in regards to employee representatives on the Supervisory Board.

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
Tatry mountain resorts, a.s.