



Corporate governance

Corporate Governance Statement

In 2020, Grupa Kęty S.A. complied with a collection of corporate governance principles annexed to the Resolution No. 26/1413/2015 of the Warsaw Stock Exchange Board dated 13 October 2015 – the ‘Best Practice for GPW Listed Companies 2016’ (hereinafter referred to as the ‘Best Practice’).

The collection of corporate governance principles is available on the Warsaw Stock Exchange Website at: <https://www.gpw.pl/dobre-praktyki>, and on the website of Grupy Kęty S.A. at: www.grupakety.com/pl/11,lad-korporacyjny.html.

Information on Grupa Kęty S.A. compliance with the recommendations and principles provided for in the ‘Best Practice 2016’ is available on the website of Grupa Kęty S.A. at: www.grupakety.com/pl/11,lad-korporacyjny.html.

In 2020, Grupa Kęty S.A. complied with all the principles and recommendations provided for in the ‘Best Practice’ collection, except for Recommendation IV.R.2, which has not been fully complied with:

Recommendation IV.R.2: *If justified by the structure of shareholders or expectations of shareholders notified to the company, and if the company is in a position to provide the technical infrastructure necessary for a general meeting to proceed efficiently using electronic communication means, the company should enable its shareholders to participate in a general meeting using such means, in particular through:*

1. *live broadcast of the general meeting;*
2. *real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the general meeting;*
3. *exercise of the right to vote during a general meeting either in person or through an attorney.*

Grupa Kęty S.A. provides live broadcasts of its General Meetings in accordance with clause 1 of the recommendation and displays the respective recordings on the corporate website at: www.grupakety.com/pl/77,transmisje.html.

At the same time, clauses 2 and 3 of the recommendation have not been fulfilled due to the shareholding structure, the absence of any shareholder notifications regarding their expectations as to conducting the General Meetings with the use of electronic communications means, and no possibility to provide technical infrastructure necessary for the General Meetings to proceed efficiently using electronic communication means and to ensure proper security of electronic communications during the General Meetings of Grupa Kęty S.A.

In the event of a change in the actual or legal circumstances or the expectations of shareholders in that regard, the Company does not exclude the possibility of full compliance with the recommendation.

→ Major shareholders

The shares of Grupa Kęty S.A. have been quoted on Warsaw Stock Exchange since 16 January 1996. As at 31 December 2020, there were the total of 9,629,357 shares of Grupa Kęty S.A. issued, of the nominal value of PLN 2.50 each. As at the date of this document publication the Company shares were quoted as part of the mWIG40 index.

A list of the Company shareholders with over 5% share in the total number of votes at the AGM as at 31 December 2020 and 31 December 2019 is presented in the table below*:

	Number of shares as at 31.12.2020	Percentage of capital	Number of shares as at 31.12.2019	Percentage of capital

	Number of shares as at 31.12.2020	Percentage of capital	Number of shares as at 31.12.2019	Percentage of capital
Nationale Nederlanden OFE	1,858,073	19.30%	1,829,832	19.12%
OFE AVIVA Santander	1,297,681	13.48%	1,735,302	18.13%
OFE PZU ŻŁOTA JESIEŃ	847,272	8.80%	943,654	9.86%
AEGON PTE	692,995	7.20%	694,474	7.26%
MetLife OFE	542,834	5.64%	534,584	5.58%
PTE Allianz Polska	503,871	5.23%	489,576	5.12%
Others	3,886,631	40.36%	3,342,525	34.93%

*Balance as at 31 December 2020 (based on the Open Pension Funds [OFE] annual reports)

Management Board

In 2020 there were no changes in the membership of the Management Board of Grupa Kęty S.A. As at 31 December 2020, the Management Board of Grupa Kęty S.A. was composed of:

- Dariusz Mańko - President of the Management Board,
- Rafał Warpechowski - Member of the Management Board,
- Piotr Wysocki - Member of the Management Board,
- Tomasz Grela - Member of the Management Board.

The division of competencies and responsibility among the particular members of the Company Management Board is presented in the chart below.

President of the Management Board	Member of the Management Board (in charge of Finance)	Member of the Management Board (in charge of the EPS)	Member of the Management Board (in charge of the ASS)
Dariusz Mańko	Rafał Warpechowski	Piotr Wysocki	Tomasz Grela
Directing the Management Board work	Finance and accounting	Supervision and implementation of all strategic and operational affairs at the Extruded Products Segment	Supervision and implementation of all strategic and operational affairs at the Aluminium Systems Segment
Coordination of the segments operation	Management reporting	Cooperation with other segments	Cooperation with other segments
Sustainable development and corporate social responsibility	IT		
Human resources policy	Risk management policy		
Internal audit	Investor relations		
Legal service	Capital investments and restructuring		
Communication			

President of the Management Board	Member of the Management Board (in charge of Finance)	Member of the Management Board (in charge of the EPS)	Member of the Management Board (in charge of the ASS)
Dariusz Mańko	Rafał Warpechowski	Piotr Wysocki	Tomasz Grela
Supervision of all strategic and operational affairs at the Flexible Packaging Segment			

Detailed information about the particular members of the Management Board, including their qualifications and experience, is presented on the [corporate website](#).

Competences of the Management Board and information on the method of the Board appointment and operation

The Management Board consists of two to five Members, including the President of the Management Board. The President of the Management Board and other Members of the Board are appointed and recalled by the Supervisory Board. The term of office of the Management Board Members is three years. The Management Board Members are appointed for a joint term of office. If the membership of the Management Board no longer complies with the requirements of the Articles, the Supervisory Board shall immediately pass a resolution on changing the membership of the Management Board.

The Management Board runs the affairs of the Company and represents it. The Company is represented by two Members of the Management Board or one Member of the Management Board jointly with a proxy. Any matters related to running the affairs of the Company, which have not been reserved by the Articles or by law for the General Meeting or the Supervisory Board, fall within the competencies of the Management Board.

The methods of the Management Board operation are determined in detail in the Management Board By-law. The By-law is passed by the Management Board and approved by the Supervisory Board. Acting by the Management Board Members as members of the management boards or supervisory boards of companies outside of the Capital Group requires consent of the Supervisory Board.

The resolutions of the Management Board are passed with absolute majority of votes. In the event of an equal number of votes for and against a resolution, decisive is the vote of the President of the Management Board. The following matters require a resolution of the Management Board:

- a. receiving and presenting annual reports on the operations of the Company and the Capital Group, financial statements, and consolidated financial statements of the Capital Group to the General Meeting,
- b. presenting motions to the General Meeting, along with the opinion of the Supervisory Board, in the following matters:
 - resolutions regarding profit distribution or loss coverage,
 - change of the Company line of business,
 - amendment of the Articles,
 - share capital increase or decrease if the increase or decrease takes place in the manner requiring a resolution of the General Meeting,
 - merger, split or transformation of the Company,
 - winding-up and liquidation of the Company,
 - issue of share-convertible bonds,
 - sale or lease of the enterprise or its organised part, or encumbering thereof with a limited right in property,
 - disposing of interest or shares vested in the Company of the value exceeding PLN 100,000,000 (say: one hundred million zlotys), including by encumbering them, except for disposal for the benefit of the companies within the Capital Group,
 - any provisions related to claims for damages incurred at the moment of founding the company, or management or supervision of the Company,
 - determination of the date of acquiring the right to dividend and dividend payout date,
 - passing resolutions regarding the Company shares redemption;
- c. convening ordinary or extraordinary General Meetings:
 - on the Management Board's own initiative,

- at a written request of the Supervisory Board,
 - at a written request of the shareholders representing at least one twentieth of the share capital;
- d. division of duties among the Management Board members;
 - e. establishment of the Company organisational regulations and organizational structure;
 - f. creation or closure of branches, departments, plants and other separated business units of the Company;
 - g. granting and recalling of proxy rights and powers of attorney;
 - h. establishment of the Company work regulations and rules applicable to the corporate payroll, awards and bonus systems as well as the Corporate Social Benefits Fund;
 - i. approval of consolidated budgets, the Company budgets, and strategy of the Capital Group;
 - j. granting donations;
 - k. making decisions on group redundancies;
 - l. disposing of and putting into use the Company assets of the net book value or market value exceeding PLN 200,000.00 (say: two hundred thousand zlotys), except for disposing of and putting into use any assets for the benefit of the companies of the Capital Group or within the ordinary course of business of the Company; as well as liquidation of property, plant and equipment of the initial value exceeding PLN 10,000.00 (say: ten thousand zlotys), except for the computer sets and laptops;
 - m. taking out cash liabilities in the value exceeding PLN 12,500,000.00 (say: twelve million five hundred thousand zlotys);
 - n. taking out cash liabilities in the value exceeding PLN 1,000,000.00 (say: one million zlotys), in relation to activities which have not been listed in § 14.3 of the Articles, except for liabilities included in the Company budget and liabilities taken out within the ordinary course of business of the Company;
 - o. taking out cash liabilities in one-off value exceeding PLN 200,000.00 (say: two hundred thousand zlotys), under the agreements on providing advisory services to the Company, except for liabilities under the advisory agreements signed with the companies of the Capital Group;
 - p. any other matters requiring the consent of the Supervisory Board under § 14.3 of the Articles;
 - q. referring to the Supervisory Board with a request for opinion in any matter determined by the Management Board;
 - r. entering into significant transactions within the meaning of the Act on Public Offering, except for transactions for which the Act on Public Offering excludes the duty of obtaining the consent of the Supervisory Board or the General Meeting;
 - s. undertaking activities related to internal audit, whereas resolutions in the matters listed below are passed upon prior approval of the Supervisory Board in the respective matter:
 - approval of the Internal Audit Rules,
 - approval of the Annual Internal Audit Plan in reference to risk analysis,
 - approval of the Long-term Internal Audit Plan,
 - approval of the Internal Audit budget and plan of resources,
 - ordering an ad hoc audit task,
 - appointment and recall of the Internal Audit Director,
 - approval of remuneration or any other compensation for the Internal Audit Director which does not result from internal rules or other procedures binding at the Company;
 - t. approval of the Management Board assessment of the effectiveness of internal audit functioning at the Company, along with a respective report, and presenting it to the Supervisory Board.

A resolution of the Management Board may also be required for matters other than listed above, as proposed by the Management Board Members.

The managing persons have no right to decide on the issue or redemption of shares but only to initiate actions in that regard.

In 2020 the Management Board of the Company held 50 meetings.

The principles of the Management Board operation are regulated by the Code of Commercial Companies. The detailed methods of the Management Board operation are determined in the Company Articles and the Management Board By-law, passed by the Management Board and approved by the Supervisory Board, available on the [corporate website](#).

→ Supervisory Board and Supervisory Board Committees

Membership of the Supervisory Board and information on changes introduced

As at 1 January 2020, the Supervisory Board of Grupa Kęty S.A. consisted of:

- Mr Szczepan Strublewski – Chairman of the Supervisory Board,
- Mr Paweł Niedziółka – Deputy Chairman of the Supervisory Board, an independent Member of the Supervisory Board,

- Mr Piotr Kaczmarek – an independent Member of the Supervisory Board,
- Mr Bartosz Kazimierczuk – an independent Member of the Supervisory Board,
- Mr Piotr Stępnik – an independent Member of the Supervisory Board,
- Mr Wojciech Włodarczyk – an independent Member of the Supervisory Board.

In reference to the lapse of term of the Company Supervisory Board, the Annual General Meeting held on 20 August 2020 appointed the Supervisory Board for a new, joint term, consisting of: Wojciech Golak, Piotr Kaczmarek, Paweł Niedziółka, Przemysław Rasz, Piotr Stępnik, Agnieszka Zalewska. After the Annual General Meeting session, on 20 August the Supervisory Board of the 11th term appointed Chairman of the Supervisory Board, i.e. Mr Piotr Stępnik, and Deputy Chairman of the Supervisory Board, i.e. Mr Piotr Kaczmarek.

As at 31 December 2020, the Supervisory Board of Grupa Kęty S.A. consisted of:

- Mr Piotr Stępnik – Chairman of the Supervisory Board, an independent Member of the Supervisory Board,
- Mr Piotr Kaczmarek – Deputy Chairman of the Supervisory Board, an independent Member of the Supervisory Board,
- Mr Wojciech Golak – an independent Member of the Supervisory Board,
- Mr Paweł Niedziółka – an independent Member of the Supervisory Board,
- Mr Przemysław Rasz – an independent Member of the Supervisory Board,
- Ms Agnieszka Zalewska – Member of the Supervisory Board.

Detailed information about the particular members of the Supervisory Board, including their qualifications and experience, is presented on the [corporate website](#).

Competences of the Supervisory Board and information on the method of the Board appointment and operation

The Supervisory Board is composed of five or six Members appointed and dismissed by the General Meeting. The term of office of the Supervisory Board is three years. The Supervisory Board Members are appointed for a joint term of office. The General Meeting may dismiss any Member of the Supervisory Board at any time. The membership of the Supervisory Board should comply with the legal regulations providing for the requirement of appointing independent Members of the Supervisory Board.

The Supervisory Board elects the Chairman, the Deputy Chairman and, if needed, the Secretary of the Supervisory Board from among its Members. The Chairman of the Supervisory Board convenes and chairs the Supervisory Board meetings and manages its works. If the Chairman is not able to perform his or her duties or is absent, the Deputy Chairman performs the Chairman's duties.

The Supervisory Board meetings are held at least once in each quarter. The Supervisory Board fulfils its tasks and exercises its rights by passing resolutions at meetings, and through control and advisory activities. The resolutions are passed with a simple majority of votes. In the case of an equal number of votes cast for and against a resolution, the casting vote is exercised by the Supervisory Board Chairman. Resolutions are passed in open voting, except for personal matters which shall be decided in secret voting. Resolutions may be passed if all Board Members have been invited.

The Supervisory Board's responsibilities include in particular:

1. evaluation of the Company financial statements and the Management Board reports on the Company operations;
2. assessment of the Management Board motions concerning profit distribution or loss coverage;
3. submitting written reports on the results of the actions referred to in items 1) and 2) above to the General Meeting;
4. submitting assessments regarding the Company standing and other opinions to the General Meeting, particularly in reference to the Company sponsoring and charity activities and fulfilment of disclosure obligations by the Company;
5. presenting reports on the Supervisory Board activities to the General Meeting;
6. appointment and dismissal of the Management Board Members and determining the principles of their remuneration in accordance with the Remuneration Policy binding at the Company;
7. suspending the individual or all Management Board Members in their duties because of important reasons;
8. delegating Members of the Supervisory Board to temporarily perform the duties of the Management Board Members who are incapable of discharging their duties;
9. approval of the Management Board By-law;
10. approval of consolidated budgets, Company budgets, and strategy of the Capital Group;
11. electing the statutory auditor to audit the Company financial statements;
12. determination of the value of remuneration of the Supervisory Board Members delegated to temporary performance of duties of a Management Board Member, in accordance with the Remuneration Policy binding at the Company;
13. presentation to the General Meeting of recommendations and requests regarding amendments to the Remuneration Policy binding at the Company, within the meaning of the Act of 29 July 2005 on Public Offering and Conditions Governing the

Introduction of Financial Instruments to Organised Trading, and on Public Companies, plus introduction of more detail into the Remuneration Policy binding at the Company, upon approval of the General Meeting;

14. preparing an annual Remuneration Report, as required by the Act of 29 July 2005 on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organised Trading, and on Public Companies.

In addition, the Management Board shall obtain the consent of the Supervisory Board before performing any of the following acts by the Company:

1. disposing of and putting into use the Company assets of the value exceeding PLN 50,000,000 (say: fifty million zlotys), except for disposing of and putting into use any assets for the benefit of the companies of the Capital Group or within the ordinary course of business;
2. activities, as a result of which the financial debt limit of the Capital Group will be exceeded jointly for more than PLN 50,000,000 (say: fifty million zlotys) or further increase of the excess level;
3. activities, as a result of which the off-balance-sheet debt of the Capital Group will be exceeded jointly for more than PLN 50,000,000 (say: fifty million zlotys) or further increase of the excess level;
4. taking out cash liabilities in the value exceeding PLN 1,000,000 (say: one million zlotys), under the agreements on providing advisory services to the Company, except for taking out liabilities under advisory agreements signed with the companies of the Capital Group;
5. taking out cash liabilities in the value exceeding PLN 12,500,000 (say: twelve and a half million zlotys), in relation to activities which have not been listed in this § 14.3, except for liabilities provided for in the Company budget and liabilities taken out within the Company ordinary course of business;
6. creating and joining companies, an taking up or acquiring interest or shares;
7. disposing of the interest or shares vested in the Company of the value exceeding PLN 10,000,000 (say: ten million zlotys), including by encumbering them, except for managing for the benefit of the companies within the Capital Group;
8. granting finance by the Company based on lending agreements or other activities of similar nature for the amount exceeding PLN 1,000,000 (say: one million zlotys) to companies from outside of the Capital Group, except for the cases specified in the approved Company budget, and except for finance granted within the ordinary course of business;
9. exercising the right of vote on shares or interest of the Company in key companies in the matters related to granting a consent for:
 - a. disposing of and putting into use the Company assets of the value exceeding PLN 20,000,000 (say: twenty million zlotys), except for disposing of and putting into use any assets for the benefit of the companies of the Capital Group or within the ordinary course of business of the key company,
 - b. activities, as a result of which the financial debt limit of the Capital Group will be exceeded jointly for more than PLN 50,000,000 (say: fifty million zlotys) or further increase of the excess level,
 - c. activities, as a result of which the off-balance-sheet debt of the Capital Group will be exceeded jointly for more than PLN 50,000,000 (say: fifty million zlotys) or further increase of the excess level,
 - d. creating and joining companies, an taking up or acquiring interest or shares,
 - e. disposing of the interest or shares vested in the Company of the value exceeding PLN 10,000,000 (say: ten million zlotys), including by encumbering them, except for managing for the benefit of the companies within the Capital Group;
10. conclusion of an agreement with a member of the Supervisory Board;
11. conclusion of a major agreement with a shareholder of the Company who holds at least 5% (say: five percent) of the total number of votes in the General Meeting;
12. opening or closing a branch.

In 2020 the Supervisory Board of the Company held 10 meetings.

The principles of the Supervisory Board operation are regulated by the Code of Commercial Companies. The detailed methods of the Supervisory Board operation are determined in the Company Articles and the Supervisory Board By-law, passed by the Supervisory Board, available on the corporate website at: www.grupakety.com/pl/18,dokumenty-spolki.html.

The Supervisory Board is a collective body, however, it has delegated some of its powers to the specific committees described below.

Committees of the Supervisory Board

The following committees of the Supervisory Board operate at Grupa Kęty S.A.:

- Audit Committee,
- Nomination and Remuneration Committee.

The committees are appointed to make the current work of the Supervisory Board more efficient by preparing, on a current basis, draft decisions of the Supervisory Board concerning its composition and the matters entrusted to the Management Board for

arrat decisions of the Supervisory Board concerning its own motions or the motions submitted by the Management Board for examination. The committee members are appointed by virtue of a resolution passed by the Supervisory Board, from among the

Supervisory Board Members, and perform their functions until their resignation has been accepted or until their dismissal, in accordance with the appointment procedure. The committee members do not receive any additional remuneration for their work in the committees.

Audit Committee

Membership of the Audit Committee and information on changes introduced

As at 1 January 2020, the Audit Committee of the Supervisory Board of Grupa Kęty S.A. consisted of:

- Mr Piotr Stępnik – Chairman of the Audit Committee,
- Mr Bartosz Kazmierczuk – Member of the Audit Committee,
- Mr Piotr Kaczmarek – Member of the Audit Committee,
- Mr Paweł Niedziółka – Member of the Audit Committee,
- Mr Szczepan Strublewski – Member of the Audit Committee,
- Mr Wojciech Włodarczyk – Member of the Audit Committee.

In reference to the lapse of term of the Company Supervisory Board, the Annual General Meeting held on 20 August 2020 appointed the Supervisory Board for a new, joint term of 3 years. After the Annual General Meeting session, on 20 August 2020 the Supervisory Board of the 11th term appointed the Audit Committee of the Supervisory Board of Grupa Kęty S.A. consisting of: Wojciech Golał, Piotr Kaczmarek, Paweł Niedziółka, Przemysław Rasł, Piotr Stępnik, Agnieszka Zalewska. The Members of the Audit Committee selected the Audit Committee Chairman from among themselves, i.e. Mr Piotr Kaczmarek.

As at 31 December 2020, the Audit Committee of the Supervisory Board of Grupa Kęty S.A. consisted of:

- Mr Piotr Kaczmarek – Chairman of the Audit Committee,
- Mr Wojciech Golał – Member of the Audit Committee,
- Mr Paweł Niedziółka – Member of the Audit Committee,
- Mr Przemysław Rasł – Member of the Audit Committee,
- Mr Piotr Stępnik – Member of the Audit Committee,
- Ms Agnieszka Zalewska – Member of the Audit Committee.

Mr Piotr Kaczmarek – Chairman of the Audit Committee

Mr Piotr Kaczmarek fulfils the statutory independence criteria and possesses knowledge in accounting and auditing financial statements, as well as the sector of Grupa Kęty S.A. operation, as referred to in the Act on Statutory Auditors [...].

Mr Piotr Kaczmarek is highly experienced in seating at Audit Committees of stock-listed companies, including as Chairman of the Audit Committees (Robyg S.A., Grupa Kęty S.A., Ferro S.A., Harper Hygienics S.A., Erbud S.A., VRG S.A.). He has also worked for more than a decade as a financial analyst, and was awarded the CFA (Chartered Financial Analyst) title and a securities broker licence.

Since 2017, Mr Piotr Kaczmarek has acted as a Member of the Supervisory Board and Audit Committee of the Capital Group of Grupa Kęty S.A., which contributed to extending his knowledge of the sector in which the Company operates.

Mr Wojciech Golał – Member of the Audit Committee

Mr Wojciech Golał fulfils the statutory independence criteria and possesses knowledge in accounting and auditing financial statements, as referred to in the Act on Statutory Auditors [...]. According to the information provided by Mr Golał, he does not have the knowledge of the sector in which Grupa Kęty S.A. operates.

Since 2018, Mr Wojciech Golał has acted as a Member of the Audit Committee of Robyg S.A. He completed a post-graduate course in banking run by the Collegium of Management and Finance of the SGH Warsaw School of Economics. He also acted as a representative and receiver of KBC Securities N.V. (joint stock company) Branch in Poland.

Mr Paweł Niedziółka – Member of the Committee

Mr Paweł Niedziółka fulfils the statutory independence criteria and possesses knowledge in accounting and auditing financial statements, as well as the sector of Grupa Kęty S.A. operation, as referred to in the Act on Statutory Auditors [...].

Mr Paweł Niedziółka has over 20 years of experience in analyses and risk management with regard to financing business companies and structuring of bank financing. He heads the Financial Risk Management Department at the Institute of Banking of the SGH Warsaw School of Economics, manages the Structural Financing Team at Bank Millennium S.A. and sits at the Audit Committee of the company (previously, he was associated with Credit Lyonnais Bank Polska and Bankgesellschaft Berlin)

Mr Paweł Niedziółka has been acting as a Member of the Supervisory Board of Grupa Kęty S.A. since 2014, which contributed to extending his knowledge of the sector in which the Company operates.

Mr Przemysław Rasz – Member of the Audit Committee

Mr Przemysław Rasz fulfils the statutory independence criteria and possesses knowledge in accounting and auditing financial statements, as well as the sector of Grupa Kęty S.A. operation, as referred to in the Act on Statutory Auditors [...].

Mr Przemysław Rasz has a master's degree in engineering. He graduated from a dual programme by the Poznań University of Technology (MSc. Eng.) and the University of Economics in Poznań (Management and Organisation). He also completed a post-graduate course in Business Value Management at the SGH Warsaw School of Economics.

In 2008–2018, Mr Przemysław Rasz chaired Supervisory Board of 8 large commercial and production companies in Central and Eastern Europe (Poland, Slovakia, Czech Republic, Romania, Bulgaria, Hungary, Russia). He also acted as the owner's representative at several Polish and European companies (the total value of equity of ca. EUR 120 million), and Vice President of a European Corporation with equity of about EUR 900 million, where he was responsible for business and financial risk, as well as corporate and accounting compliance. He participated actively in 9 acquisition processes, including as a Project Manager in Poland, Czech Republic, Hungary, Austria and Germany. On the European level, he was responsible for the process as well as business and financial integration (the largest transaction amounted to EUR 1.1 billion) Moreover, he participated in 9 professional due diligence programmes for the purpose of acquisition, including 7 times as the Lead Manager, and once as a member of a 4-person Corporate Steering Committee.

Mr Przemysław Rasz has acted for more than 20 years as the President of the Management Board of a Polish capital group in the construction sector, of the revenue of roughly PLN 300–500 million, where he was responsible for approving the work of the Management Board in the particular reporting years in accordance with the binding accounting standards. In the years 1996–2002, he was President of a company quoted at the main trading floor of the Warsaw Stock Exchange.

For over 28 years he has worked in Polish, European and American civil engineering companies dealing with production, trade and contract performance. He has also managed companies of the construction sector. Further, he served two terms as a Member of the Board of Construction Materials of the Minister/Chief Building Supervision Inspector; two terms as a Member of the Scientific Council of Building Technology Institute in Warsaw; two terms as a Member of the Building Design Chamber in Warsaw; four terms as a Deputy Chairman of the Board of the Polish Chamber of Commerce and Industry for the Construction Business; and two terms as the Chairman of the Construction Committee (KIG) in Warsaw.

Mr Piotr Stępnik – Member of the Audit Committee

Mr Piotr Stępnik fulfils the statutory independence criteria and possesses knowledge in accounting and auditing financial statements, as well as the sector of Grupa Kęty S.A. operation, as referred to in the Act on Statutory Auditors [...].

Mr Piotr Stępnik has many years of experience in management and supervision, gained also at the highest levels of organisations (for example as a CEO or Supervisory Board Chairman), at many Polish and foreign companies. The professional experience of Mr Piotr Stępnik covers but is not limited to financial institutions related to (i) banking (e.g. Lukas Bank S.A. or Getin Group companies) or (ii) assets management (e.g. Skarbiec Group). During his professional career Mr Piotr Stępnik has taken part in many investment processes, which included due diligence studies of Polish, Russian, Ukrainian and Belarusian companies (Getin Group). Additionally, at Getin Group, Mr Piotr Stępnik dealt with ownership supervision of the Group companies.

Mr Piotr Stępnik has chaired several Audit Committees of public companies (including Kruk S.A., VRG S.A., Prime Car Management S.A., Skarbiec Holding S.A., Magellan S.A.). At the present moment, he chairs the Audit Committee of Asseco Business Solutions S.A.

He also possesses theoretical expertise in accounting or financial audit within the meaning of Article 129.1 sentence two of the Act, which he gained by getting a Double Major B.A. degree in Management and Economics with Financial Accounting and an EMBA degree (Executive Master in Business Administration).

Mr Piotr Stępnik has been acting as a Member of the Supervisory Board of Grupa Kęty S.A. since 2017, which contributed to extending his knowledge of the sector in which the Company operates.

Ms Agnieszka Zalewska – Member of the Audit Committee

Ms Agnieszka Zalewska is highly experienced in management, including with regard to corporate supervision, and coordination of management processes at companies. She has participated in the performance of strategic and investment projects at companies. She is experienced in the power engineering sector and in financial institutions.

According to her declaration, she does not fulfil the independence criteria set out in Article 129.3 of the Act, and does not possess knowledge and skills in accounting or auditing financial statements within the meaning of Article 129.1 sentence

possess knowledge and skills in accounting or auditing financial statements, within the meaning of Article 129.1 sentence two two of the Act, or knowledge and skills in the sector in which the Company operates, within the meaning of Article

129.5 of the Act.

Detailed information about the particular members of the Audit Committee of the Supervisory Board of Grupa Kęty S.A., including their qualifications and experience, is presented on the [corporate website](#).

Competences of the Audit Committee and information on the method of the Committee appointment and operation

The Audit Committee consists of at least three Members appointed by the Supervisory Board for its term of office from among its Members. The Committee Members appointed by the Supervisory Board elect one of them as the Chairman of the Committee. At least one Committee Member possesses knowledge and qualifications in accounting or auditing financial statements. Most of the Audit Committee Members, including the Chairman, are independent within the meaning of Annex II to the Recommendations and fulfil the independence criteria specified in Article 129.3 of the Act and the 'The Best Practice for GPW Listed Companies 2016'. The Audit Committee Members possess knowledge and qualifications related to the industry in which the Company operates. This condition is deemed fulfilled if at least one Committee Member has the knowledge and qualifications related to that industry, or individual Members – within certain areas – have the knowledge and qualifications related to that industry. A Committee Member may be dismissed from the Committee at any time by virtue of a Supervisory Board resolution.

The Committee meetings are opened and chaired by the Committee Chairman or in his absence by another Member of the Committee indicated by the Chairman. The Committee decisions are made in the form of resolutions. The resolutions are passed with an absolute majority of votes. In the event of an equal number of votes for and against a resolution, decisive is the vote of the Chairman, and in his absence – of the other person chairing the Committee meeting, as specified in § 9.1 of the Committee By-law. For the validity of the Committee resolutions proper invitation of all the Committee Members to the Committee meeting is required, or consent to holding a meeting of the Committee without formal convening, in accordance with § 8.7 of the Committee By-law, as well as the presence of at least half of the Committee Members at the Committee meeting. The Committee resolutions do not bound the Supervisory Board.

The tasks of the Committee include supporting the Supervisory Board in the performance of its control and supervisory duties, as well as performance of tasks specified in the generally binding laws, and specifically as regards:

1. monitoring of the financial reporting process, which includes but is not limited to:
 - verification of financial statements as to the correctness and completeness of the information provided therein,
 - providing opinions on the principles of preparing financial statements and the accounting policy at the Company,
 - analysing the reports on the audit of financial statements;
2. monitoring the effectiveness of internal control systems, risk management systems and internal audit, also with regard to financial reporting, which includes but is not limited to:
 - assessment of the effectiveness of the particular elements of the systems, including those related to financial reporting and safety of the applied information technologies, and presenting recommendations in that regard to the Supervisory Board,
 - analysis of the detected irregularities in the internal control systems and presentation of recommendations in that regard to the Supervisory Board,
 - examining reports and recommendations issued by the external regulatory or control authorities, applicable to the compliance of the Company activities with the legal regulations as well as schedules of removing the irregularities detected;
3. monitoring the performance of financial audit activities, in particular carrying out of audits by an audit firm, taking into account any findings and conclusions of the Polish Agency of Audit Supervision arising from the audits carried out at an audit firm, which includes but is not limited to:
 - recommending to the Supervisory Board the selection of an audit firm to carry out the audit or review of the Company financial statements,
 - providing opinions on the proposed terms of contract with an audit firm with regard to carrying out the audit or review, including the value and limit of remuneration,
 - assessing the type and scope of services ordered with an audit firm and the remuneration paid on that account, or other considerations for the benefit of the audit firm, with regard to the risk of a conflict of interest occurrence,
 - presenting to the Supervisory Board the conclusions and recommendations resulting from the report on the audit of the financial statements of the Company prepared by an audit firm,
 - expressing opinions regarding the activities undertaken by the Company Management Board in relation to the reservations to the financial statements reported by an audit firm or otherwise reported comments with regard to the correctness of the financial statements or the accounting principles of the Company,
 - assessing and providing opinions with regard to the information provided by the audit firm performing the financial audit

activities at the Company in reference to major issues related to the activities, including major irregularities in the internal audit system at the Company as refers to the financial reporting;

3. controlling and monitoring the independence of the statutory auditor and the audit firm;
4. informing the Supervisory Board about the audit results and explaining how the audit contributed to the fairness of the Company financial reporting, and about the role of the Committee in the auditing process;
5. assessing the independence of the statutory auditor and giving consent to the provision by them of the permitted non-audit services to the Company;
6. developing a policy of selection of the audit firm to carry out the audit of the Company financial statements;
7. developing a policy on the provision of the permitted non-audit services by the audit firm to carry out the audit, the entities related to that audit firm or a member of the audit firm's network;
8. determining the procedure of selection of the audit firm to carry out the audit of the Company financial statements;
9. presenting recommendations to the Supervisory Board with regard to the selection of an audit firm;
10. presenting recommendations to ensure the integrity of the Company financial reporting process;
11. preparing opinions within the competencies of the Supervisory Board, providing that the generally binding laws and the internal regulations of the Company permit that;
12. performing other tasks resulting from the generally binding laws or tasks entrusted by the Supervisory Board pursuant to Section 2.
13. By way of a resolution, the Supervisory Board may entrust the Committee with the performance of activities other than those specified in Section 1, subject that it does not prejudice the generally binding laws.

In 2020, the audit firm carrying out the audit of the financial statements of the Company provided the permitted non-audit services in the area of the Risk Management System at the Grupa Kęty S.A. Capital Group. The basis for the services provided was the approval by the Supervisory Board and the Management Board of the Company in that regard.

The detailed methods of the Audit Committee operation are determined in the Company Articles and the By-law of the Audit Committee of the Supervisory Board of Grupa Kęty S.A., passed by the Supervisory Board, available on the [corporate website](#).

Main assumptions of the policy of selection of the audit firm to carry out the audit of the financial statements of Grupa Kęty S.A.

In accordance with the applicable law, Grupa Kęty S.A. has its separate and consolidated financial statements reviewed and audited by an audit firm. The selection of an entity authorised to audit the Company financial statements should be carried out on the basis of the following principles.

1. The entity authorised to audit financial statements shall be selected in a tender procedure by the Supervisory Board of Grupa Kęty S.A., on the basis of a recommendation by the Audit Committee of the Supervisory Board. The decision on the selection is taken in the form of a resolution of the Supervisory Board.
2. When selecting a firm authorised to audit the financial statements, the Supervisory Board of Grupa Kęty S.A. follows the binding Policy and Procedure of an audit firm selection.
3. The principles of providing additional non-audit services by the audit firm are determined by the Policy of additional assignments.
4. When selecting the entity authorised to audit the financial statements, the Supervisory Board of Grupa Kęty S.A. focuses on the prior experience of the audit firm in auditing financial statements of companies with the profile of operation similar to those of the Grupa Kęty S.A. Capital Group.
5. The selection is made taking into account the principles of impartiality and independence of the audit firm as well as analysis of the projects carried out by the firm at the Company, going beyond the audit of the financial statements, in order to avoid a conflict of interest (preserving impartiality and independence).
6. It must be ensured that the audit shall be carried out in accordance with the International Auditing and Assurance Standards and in compliance with the International Standard on Quality Control 1.
7. The purpose of the audit is the expression by the audit firm of their opinion and preparing a report in Polish and English as to the compliance with the applied accounting principles as well as true and fair presentation of the assets, financial standing and financial result of the Company.
8. The Supervisory Board shall be guided by the principle of rotation of the key statutory auditor, stating that the first term of agreement with a firm authorised to carry out the audit shall not be shorter than 2 years, with the possibility of extending the same for the further at least 2-year periods.
9. The maximum term of cooperation with one entity authorised to carry out the audit is 10 years. The duration of engagement counts from the first reporting year covered with the agreement on audit, i.e. from the moment a firm authorised to carry out the audit is appointed for the first time to carry out successive statutory audits of the financial statements of Grupa Kęty S.A.
10. After the lapse of the maximum duration of engagement, the firm authorised to carry out the audit or, in the cases specified in the Act. any entity related to the audit firm or any member of the audit firm's network cannot conduct the statutory audit

of the financial statements of the Grupa Kęty S.A. in the period of the subsequent 4 years.

11. The key statutory auditor may not carry out the statutory audits of Grupa Kęty S.A. for longer than 5 years. The person may carry out the statutory audit again after the lapse of 3 years.

The Policy of Grupa Kęty S.A. with regard to the selection of an audit firm to carry out the audit of statutory financial statements, and the procedure of selecting an audit firm to audit the statutory financial statements are available on the Company Website at: www.grupakety.com/pl/68,regula-wyboru-podmiotu-uprawnionego-do-badania-sprawozdan-finansowych.html.

Main assumptions of the policy on the provision of permitted non-audit services by the audit firm carrying out the audit, the entities related to that audit firm or a member of the audit firm's network

1. The Company does not order any prohibited non-audit services in the following periods
 - a. in the period from the commencement of the respective audited period to the issue of the audit report; and
 - b. in the reporting year directly preceding the period referred to in letter a), in reference to the services listed in Section 3 letter e).
2. The Company may order non-audit services, other than the prohibited non-audit services, subject to their approval by the Audit Committee and after carrying out of the respective assessment of threats and assuring independence in compliance with Article 22b of Directive 2006/43/EC.
3. Prohibited non-audit services are understood to be the services listed below, in accordance with the REGULATION (EU) No 537/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL:
 - a. tax services relating to:
 - i. preparation of tax forms,
 - ii. payroll tax,
 - iii. customs duties,
 - iv. identification of public subsidies and tax incentives unless support from the statutory auditor or the audit firm in respect of such services is required by law,
 - v. support regarding tax inspections by tax authorities unless support from the statutory auditor or the audit firm in respect of such inspections is required by law,
 - vi. calculation of direct and indirect tax and deferred tax,
 - vii. provision of tax advice;
 - b. services that involve playing any part in the management or decision-making of the audited entity;
 - c. bookkeeping and preparing accounting records and financial statements;
 - d. payroll services;
 - e. designing and implementing internal control or risk management procedures related to the preparation and/or control of financial information or designing and implementing financial information technology systems;
 - f. valuation services, including valuations performed in connection with actuarial services or litigation support services;
 - g. legal services, with respect to:
 - i. the provision of general counsel,
 - ii. negotiating on behalf of the audited entity, and
 - iii. acting in an advocacy role in the resolution of litigation;
 - h. services related to the audited entity's internal audit function;
 - i. services linked to the financing, capital structure and allocation, and investment strategy of the audited entity, except providing assurance services in relation to the financial statements, such as the issuing of comfort letters in connection with prospectuses issued by the audited entity;
 - j. promoting, dealing in, or underwriting shares in the audited entity;
 - k. human resources services, with respect to:
 - i. management in a position to exert significant influence over the preparation of the accounting records or financial statements which are the subject of the statutory audit, where such services involve
 - searching for or seeking out candidates for such position; or
 - undertaking reference checks of candidates for such positions;
 - ii. restructuring the organisation design. and
 - iii. cost control.

In 2020 the Audit Committee of the Supervisory Board of Grupa Kęty S.A. held 7 meetings.

The policy of Grupa Kęty S.A. with regard to providing the permitted non-audit services by the audit firm carrying out the audit, by entities related to that audit firm and by a member of the audit firm's network is available on the Company Website at: www.grupakety.com/pl/68,regula-wyboru-podmiotu-uprawnionego-do-badania-sprawozdan-finansowych.html.

Nomination and Remuneration Committee

Membership of the Nomination and Remuneration Committee and information on changes introduced

As at 1 January 2020, the Nomination and Remuneration Committee of the Supervisory Board of Grupa Kęty S.A. consisted of:

- Mr Paweł Niedziółka – Chairman of the Nomination and Remuneration Committee,
- Mr Bartosz Kazimierczuk – Member of the Nomination and Remuneration Committee,
- Mr Wojciech Włodarczyk – Member of the Nomination and Remuneration Committee.

In reference to the lapse of term of the Company Supervisory Board, the Annual General Meeting held on 20 August 2020 appointed the Supervisory Board for a new, joint term of 3 years. After the Annual General Meeting session, on 20 August 2020 the Supervisory Board of the 11th term appointed the Nomination and Remuneration Committee of the Supervisory Board of Grupa Kęty S.A. consisting of: Wojciech Golak, Piotr Kaczmarek, Paweł Niedziółka, Przemysław Rasz, Piotr Stępiak, Agnieszka Zalewska. The Members of the Nomination and Remuneration Committee selected the Committee Chairman from among themselves, i.e. Mr Piotr Stępiak.

As at 31 December 2020, the Nomination and Remuneration Committee of the Supervisory Board of Grupa Kęty S.A. consisted of:

- Mr Piotr Stępiak – Chairman of the Nomination and Remuneration Committee,
- Mr Wojciech Golak – Member of the Nomination and Remuneration Committee,
- Mr Piotr Kaczmarek – Member of the Nomination and Remuneration Committee,
- Mr Paweł Niedziółka – Member of the Nomination and Remuneration Committee,
- Mr Przemysław Rasz – Member of the Nomination and Remuneration Committee,
- Ms Agnieszka Zalewska – Member of the Nomination and Remuneration Committee.

In 2020, the Nomination and Remuneration Committee acted pursuant to the Code of Commercial Companies, as well as the Company Articles of Association and the Nomination and Remuneration Committee By-law.

The activities of the Nomination and Remuneration Committee in 2020 focused on the following issues:

- verification of the calculation of the annual incentive for the Members of the Management Board of Grupa Kęty S.A. for 2019 and submission of the related recommendation to the Supervisory Board;
- assessment of the value of basic remuneration of the Management Board Members compared to market data (also in the context of relationship to variable remuneration), which resulted in recommending to the Supervisory Board an increase of the basic remuneration;
- review of the bonus and incentive system and recommendation to the Supervisory Board of the system amendment;
- analysis of the proposed Management Options Plan for the years 2020–2028 and recommending the same to the Supervisory Board;
- discussion on the Remuneration Policy of the Capital Group of Grupa Kęty S.A., the Nomination and Remuneration Committee By-law and assumptions for the new bonus and incentive system

Competences of the Nomination and Remuneration Committee and information on the method of the Committee appointment and operation

The Remuneration Committee of Grupa Kęty S.A. was established by way of Resolution No. VI/4/05 of the Supervisory Board of 19 May 2005. By way of Resolution No. X/11/19 of 5 June 2019, the Supervisory Board changed the name of the Remuneration Committee into the Nomination and Remuneration Committee ('N&RC') and passed the Committee By-law.

1. The basic competencies of the Committee include but are not limited to:

a) As regards the Management Board Members nominations::

- carrying out recruitment procedures with the aim to find candidates to act as the Management Board members;
- presenting recommendations to the Supervisory Board in reference to a candidate or candidates to act as the Management Board members;
- presenting recommendations to the Supervisory Board in reference to the structure, size and membership of the Management Board.

b) As regards remuneration:

- analysing the Management Board members remuneration system, which includes analysing all components of the remuneration due and paid to the Management Board members, as well as carrying out a comparative analysis in reference to other entities operating on the market of similar scale and profile of operation (if available), and presenting recommendations in that regard to the Supervisory Board;
- if the General Meeting authorises the Supervisory Board to specify the elements of the Remuneration Policy with more detail in accordance with the binding laws
- presenting recommendations and proposals of the detailed scope to the Supervisory Board;
- presenting recommendations and proposals to the Supervisory Board in reference to the data and information included in the annual report on remuneration prepared by the Supervisory Board in accordance with the applicable laws;
- presenting recommendations and proposals to the Supervisory Board in reference to amending the Remuneration Policy or the principles of remuneration and the terms of employment specified for the particular Management Board members;
- if the Company has implemented an incentive scheme (e.g. Management Options Plan) – carrying out an analysis and presenting recommendations and proposals to the Supervisory Board in reference to the scheme assumptions and terms

2. The Committee shall cooperate with external auditors employed by the Company as regards assessment of the remuneration paid to the Management Board Members.
3. When performing their functions, the Committee may not trespass the competencies granted to the Supervisory Board.
4. Without prejudice to the generally binding laws, and in consideration of the scope of tasks of the Committee, as set out in the Committee By-law, the Committee may – without intermediation of the Supervisory Board – claim the provision of information and explanations or submission of documents needed for the performance of their tasks.
5. The Management Board or other persons indicated by the Management Board provide the Committee with access to documents and technical means needed for the performance of their tasks.

The Committee consists of at least three Members appointed for the term of the Supervisory Board. The Committee Members are appointed by virtue of a resolution passed by the Supervisory Board, from among the Supervisory Board Members, and perform their functions until their resignation has been accepted or until their dismissal, in accordance with the appointment procedure. The Committee appoints a Chairman of the Committee from among the Committee Members, by way of a resolution. The Committee Members do not receive, either directly or indirectly, any additional remuneration for their membership in the Committee.

In 2020 the Nomination and Remuneration Committee held 6 meetings.

The detailed methods of the Nomination and Remuneration Committee operation are determined in the Company Articles and the Nomination and Remuneration Committee By-law passed of the Supervisory Board, which are available on the corporate website at: <http://www.grupakety.com/pl/18,dokumenty-spolki.html>

→ General Meeting and rights of the shareholders

The methods of Grupa Kęty S.A. General Meeting operation and the basic rights of the General Meeting are regulated by the Company Articles of Association and the General Meeting By-law. The documents are available on the [corporate website](#).

General Meetings are held at the registered office of the Company in Bielsko-Biała or in Warsaw. They are convened by the Management Board on the basis of an announcement published on the corporate website, in the manner specified for current information disclosure, in accordance with the Act on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organised Trading, and on Public Companies. A General Meeting may also be convened by the Supervisory Board or shareholders representing at least half of the share capital. The shareholders representing at least 5% of the share capital may request convening of a General Meeting and including certain items in the agenda of the Meeting.

A General Meeting is valid regardless of the number of shares represented at it. In accordance with the approved By-law of the General Meeting, a session of the General Meeting is opened by an authorised person, in accordance with the Articles provisions. The person opening the General Meeting orders the selection of the General Meeting Chairman from among the participants. Every participant is entitled to report into the minutes one candidate for the function of the General Meeting Chairman. The persons reported are entered in the list of candidates, providing that they agree to stand as candidates.

The selection of the General Meeting Chairman takes place in secret voting by way of voting for each of the candidates separately. The Chairman is the person with the largest number of votes cast. If more than one candidate receive the equal largest number of votes, the person opening the General Meeting orders supplementary voting for the candidates with the equal largest number of votes. The Chairman is the person with the largest number of votes cast in the supplementary voting.

After having selected the Chairman of the General Meeting, the person opening the General Meeting hands over the conducting of

the General Meeting to the Chairman of the General Meeting, who verifies the correctness of preparing the list of attendance at the General Meeting and in the absence of reservations signs the same, confirms the correctness of convening the General Meeting as well as its capacity to pass resolutions in the matters included in the session agenda, based on the submitted documents related to the convening of the General Meeting, the attendance list and the original powers of attorney, and also the possible motions filed in that regard by a person entitled to vote, then orders the acceptance of the agenda, and orders voting on the selection of the vote-counting committee, if they deem the committee appointment needed. In the absence of grounds for determining the correctness of convening the Meeting or capacity to pass resolutions, the Chairman of the General Meeting closes the Meeting session.

During a session, the duties and rights of the Chairman include caring for the compliance of the course of proceedings with the provisions of the Code of Commercial Companies, the Articles and the By-law, giving the floor and asking questions to the participants, as well as the persons identified in § 6.2 of the General Meeting By-law, taking the floor away from the participants, ordering voting on removing from the meeting room any persons which grossly breach the law, the provisions of the Articles, the provisions of the By-law or good manners, ordering breaks during the meeting, cooperation with the notary public taking down the minutes from the General Meeting, ordering voting on the resolutions of the General Meeting, determining the correctness of the course of voting and the voting results, taking a stand with regard to the motions reported by the participants and, when such need is determined, ordering voting in the subject-matter of the motions, introducing into the agenda any matters of organisational nature, and also solving doubts as to the interpretation of the provisions of the General Meeting By-law.

Due to the fact that the Company is stock listed, only the shareholders who have obtained their status at 16 days prior to the date of the General Meeting at the latest may participate in it and exercise their voting rights. Furthermore, the Members of the Management and Supervisory Boards, the Company auditor and other persons invited by the governing body convening the General Meeting, including the representatives of media, may participate in the Meeting, unless, at the request of a participant filed before proceeding to the discussion over the issues included in the agenda, the General Meeting decides otherwise with a simple majority of votes.

The list of shareholders entitled to participate in the General Meeting, signed by the Management Board, and including the names and surnames or business names of the entitled persons or companies, their addresses (addresses of registered offices), the number of their shares and votes, is available at the registered office/on the premises of the Company Management Board three business days prior to the General Meeting.

Pursuant to the Company Articles of Association, the General Meeting of Grupa Kęty S.A. By-law as well as the legal regulations, the Company shareholders may, specifically:

- participate in the General Meeting and exercise their voting rights in person or through attorneys;
- run for the position of the General Meeting Chairman or propose one candidate for the position to be included in the minutes;
- report draft resolutions on matters included in the agenda but not related to organisational matters;
- submit proposals of amendments and supplements to draft resolutions included in the General Meeting agenda by the time of closing the discussion on the items of the agenda concerning the draft resolutions to which such proposals pertain;
- take the floor and ask questions concerning each item on the agenda;
- demand secret voting;
- demand inclusion in the minutes of their objections and other statements;
- demand information from the Company Management Board concerning the items on the General Meeting agenda in the case of and subject to exceptions provided for in legal regulations;
- demand the list of shareholders to be e-mailed to them free of charge, indicating the e-mail address to which such a list should be sent. A shareholder may examine the list of shareholders on the Management Board's premises and demand a copy of the list, paying the costs of its preparation;
- examine the books of minutes of the General Meeting and request copies of resolutions certified by the Management Board;
- appeal against resolutions of the General Meeting in the cases provided for in legal regulations.

The participants attending the General Meeting confirm their presence with their own signature in the attendance list laid out in the meeting room and collect the voting sheets. The representatives and attorneys, before entry into the attendance list, submit to the minutes the documents which undoubtedly prove their legal authorisation to representation in the General Meeting, unless the power of attorney has been granted in electronic form, and they sign the attendance list legibly with their full name and surname, next to the surname or name of the principal. The attendance list must include specifically: the name and surname or company name of each participant, determination of the document based on which the identity of the participant has been confirmed, and in the case of representatives and attorneys of the participants, additionally specified should be: the name and surname or company name of the participant replaced by the representative or the attorney, and the source of representation (e.g. attorney, statutory representative), identification of the basis on which the participant is entitled to participate in the General Meeting (e.g. shareholder, pledgee), the number of shares held by the participant and the number of votes vested in the respective participant.

The attendance list is laid out throughout the term of the General Meeting, until the Meeting session is closed. The persons preparing the attendance list are obliged to include therein any changes in the membership and the number of the represented shares before each voting. The attendance list is signed by the participants and by the Chairman of the General Meeting.

The course of the General Meeting is recorded in the minutes by a notary public, and the minutes must include specifically a statement on the correctness of convening the General Meeting and its capacity to pass resolutions in the matters covered by the agenda, the text of the resolutions passed, as well as the number of votes cast for each resolution and the reported reservations. The minutes are signed by the Chairman of the General Meeting and the notary public. An excerpt from the minutes together with the evidence of convening the General Meeting and the documents referred to in § 12.2 of the By-law are attached by the Management Board to the book of minutes. The book of minutes includes the minutes of the vote-counting committee from the results of voting, if the committee has been appointed, as well as the voting sheets, if the voting has been carried out with the use of voting sheets.

The resolutions of a General Meeting are passed with the majority of votes, as set out in the Articles of Association and the Code of Commercial Companies. The voting is carried out with the use of a vote counting system ensuring that the number of votes cast is equivalent to the number of votes possessed, as well as eliminating – in the event of secret voting – the possibility of identifying the method of casting votes by the particular persons authorised to vote. The voting is open. Secret voting is ordered during the elections and with regard to motions regarding dismissal of the members of the Company governing bodies, bringing them to justice as well as with respect to personal matters. Secret voting is also ordered when at least one shareholder present or represented at the General Meeting so requests.

After discussing all the matters included in the agenda, the Chairman announces the closing of the General Meeting. The proceedings of the General Meeting are broadcast live and recorded, and further uploaded to the website of Grupa Kęty S.A. to be watched at a chosen time.

In 2020 there was held one General Meeting, i.e. the Annual General Meeting on 20 August 2020, which passed 31 resolutions. Detailed information on General Meetings, and the resolutions passed are available on the [corporate website](#).

→ Amendments to the Company Articles of Association

Any amendment to the Articles of Association requires a resolution of the General Meeting passed with the majority of 3/4 of votes, and the amendment must be entered in the National Court Register (Article 430 of the Code of Commercial Companies). Reporting of the amendment to the Articles is the responsibility of the Company Management Board. The Management Board is obliged to report an amendment to the Articles within three months of the adoption of the respective resolution.

Information on the issued securities and limitations in the exercise of the right of vote

a. Holders of securities with special control powerse

The Company has not issued any securities with special control powers. The Company Articles of Association do not provide for any powers in that regard. The shares of Grupa Kęty S.A. are ordinary bearer shares. Each share entitles its holder to one vote at the General Meeting.

b. Indication of any limitations with regard to the exercise of the right of vote

The Company has not introduced any special limitations on the exercise of the right of vote. The Company Articles of Association do not provide for any limitations in that regard.

c. Restrictions on the transfer of securities ownership rights

The transfer of ownership rights with regard to the securities issued by the Company is not restricted. The Company Articles of Association do not provide for any limitations in that regard.

→ Diversity Policy with regard to the managing and supervisory bodies of Grupa Kęty S.A.

Grupa Kęty S.A. has not developed or applied any diversity policy with regard to the Company managing and supervisory bodies. The Company has not ensured a balanced proportion of men and women within the Management and Supervisory Boards. The four-person Management Board consists of men only. In the six-person Supervisory Board of the 11th term, i.e. starting from 20 August 2020, there is one woman. The Members of the Management Board were appointed by the Supervisory Board, whereas two members were selected at the request of the President of the Management Board, and one of the Members of the Management Board was selected directly by the Supervisory Board (following the amendment of the Company Articles of Association). The Supervisory Board Members have been appointed by the General Meeting from among the candidates proposed by the Company shareholders. To the best knowledge of the Company Management Board, the appointment of the Management

and Supervisory Board Members has been based on their subject-matter knowledge, competencies and experience, and has not been discriminating in any manner with regard to gender, type of education or age.

A Diversity Policy is binding at the Company and the Capital Group with regard to all of their employees, which supplements the guidelines provided for in the Code of Ethics, whereas the basic element of the Diversity Policy is to prevent any forms of employees or contractors discrimination because of their sex, age, disability, health, race, nationality, ethnic origin, religion, denomination, atheism, political views, trade union affiliation, psycho-sexual orientation, gender identity, family status, lifestyle, the form, scope and basis of employment or other discriminatory grounds.

→ Internal control and risk management systems in the process of financial statements preparation

The Management Board of Grupa Kęty S.A. is responsible for the development and implementation of appropriate, effective and efficient internal control and risk management systems in relation to the process of preparing financial statements. The Financial Division, supervised by the Member of the Management Board of Grupa Kęty S.A. acting as the Financial Director (CFO), is responsible for the preparation of financial statements, interim financial reporting and provision of management information.

The Supervisory Board supervises the operation of the internal control system, evaluating its relevance, effectiveness and efficiency through the Audit Committee and the Internal Audit Department, whose objective is to systematically review and monitor the control mechanisms, and identify risk in the areas of operation of the Capital Group of Grupa Kęty S.A., and to indicate irregularities and departures as regards both the particular processes and the binding legal and internal regulations. As regards the identified irregularities and departures, recommendations are defined, which are subject to monitoring by internal auditors.

The basis for the internal audit function operation through a separate Internal Audit Department are the binding Organisational Rules of Grupa Kęty S.A., the internal regulations, and the International Standards of Internal Audit Professional Practice published by the Institute of Internal Auditors.

The financial statements are prepared in cooperation with Dekret Centrum Rachunkowe sp. z o.o., a wholly-owned subsidiary of Grupa Kęty S.A. Dekret employs accounting specialists whose knowledge is supported with the required certificates and education as well as adequate experience.

Grupa Kęty S.A. adopted the Accounting Policy conforming to the International Financial Reporting Standards, the chart of accounts and reporting databases, having regard for the format and detailed nature of the financial figures presented in financial statements.

The aim of the internal control system within the process of preparing financial statements is to ensure accurate, complete and correct accounting for all business transactions in a given period. The system is based on the division of duties, the approval of transactions and data on multiple levels, and verification of correctness of the obtained information.

Additionally, in accordance with the binding legal regulations, the Company has its financial statements audited (annual statements) or reviewed (semi-annual statements) by an independent statutory auditor. The statutory auditor is selected by the Supervisory Board from among the established audit firms, based on the Audit Committee recommendations. Within the audit work, the statutory auditor provides an independent assessment of the fairness and correctness of separate and consolidated financial statements and takes into account the efficiency of the internal control and risk management systems.

The process of preparing financial statements comprises control mechanisms of technical nature (numerical and logical control formulas) and substantive nature (the analysis of control reports outcomes). The following risks have been identified in the process of preparing financial statements:

- erroneous input data;
- faulty data presentation;
- application of erroneous estimates;
- missing IT systems integration.

The risks are mitigated by:

- maintenance of a uniform system of data mapping from the source systems to financial statements, which ensures the proper presentation of data;
- periodical reviews of financial figures conducted by internal specialists, with the main purpose to confront their knowledge with the financial figures and detect any possible improper presentations of data and erroneous input data;
- making estimates based on the best knowledge of the Management Board, including also with the assistance of independent advisers (e.g. licensed actuaries or property appraisers), if needed;
- auditing the annual separate and consolidated financial statements as well as reviewing the semi-annual separate and consolidated financial statements of the Company and the Capital Group by an independent auditor, for the purpose of detecting the possible major irregularities, including omissions in the process of financial reporting;
- use of an integrated in-house IT system (ensuring complete data integration), which is subject to control in accordance with

the Company security procedures binding for that system;

- application of uniform principles in the reporting process of the Capital Group companies, and compliance with the uniform chart of accounts binding at the Group.

Observance of the respective laws and regulations (compliance-related tasks)

The organisational structures of Grupa Kęty S.A. enable the coordination of measures aimed at ensuring compliance with the respective laws and regulations, both at the business segments and at the Capital Group level. The structures comprise the selected departments of Grupa Kęty S.A. responsible for separate areas, the corresponding structures at the subsidiaries, the Group procedures system called OrangeBook as well as the defined competencies and responsibilities of each area.

The OrangeBook – being an established system of guidelines – enables the Capital Group companies to take advantage of the common knowledge and apply a proper approach to any matters related to legal requirements and conducting business.
