

Globe Trade Centre S.A.

**Report on the application of the principles of corporate governance
for the financial year ended 31 December 2010**

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Part 1. The principles of corporate governance which the issuer is subject to and the location of the set of principles where they are publicly available

In July 2007 the Council of the Warsaw Stock Exchange passed the set of principles of the corporate governance for joint-stock companies issuing shares, convertible bonds, or senior bonds that are admitted to trade on the stock exchange. The principles of corporate governance in the form of the Best Practices of WSE Listed Companies, constitute an appendix to the Resolution No. 12/1170/2007 of the Council of GPW of 4 July 2007 and entered into force on 1 January 2008. On 19 May 2010, the Warsaw Stock Exchange introduced the first amendment to the Code of Best Practice for Warsaw Stock Exchange Listed Companies since 4 July 2007. The Code of Best Practice has been brought in line with recent legislative amendments, current international corporate governance trends, and expectations of market participants. The amendment constitute an appendix to the Resolution No. 17/1249/2010 of the Warsaw Stock Exchange Supervisory Board dated 19 May 2010 concerning adoption of amendments to Code of Best Practice for Warsaw Stock Exchange Listed Companies. The amendment to the Code of Best Practice for WSE Listed Companies took effect on 1 July 2010.

The content of the Code of Best Practice for WSE Listed Companies is publicly available on the website of the Warsaw Stock Exchange dedicated to those issues at www.corp-gov.gpw.pl.

Part 2. The principles of corporate governance that the issuer has waived including the reasons for the waiver

We strive to make every possible effort to employ the corporate governance principles, set out in the above document, trying to execute all the recommendations regarding best practices of Warsaw Stock Exchange Listed Companies and all recommendations directed to the management boards, supervisory boards and shareholders in all areas of the Company's business.

Additionally, to implement a transparent and effective information policy the Company provides fast and safe access to information to shareholders, analysts and investors employing, both traditional and modern, technologies of publishing information about the Company to the greatest possible extent.

However, the Company has waived the following recommendations:

Part II. of the Best Practices for Management Boards of Listed Companies

Rule		Company's Comment
1	A company should operate a corporate website and publish on it, in addition to information required by legal regulation: 1) basic corporate regulations, in particular the statutes and internal regulations of its governing bodies; 2) professional CVs of the members of its governing bodies;	In the Company's opinion, communicating with investors to the fullest extent possible, also via the Internet, is a best corporate practice. The Company seeks to ensure clarity and transparency of its operations. However, some of the points require information from the shareholders (points 5, 8 and 9) or impose more demanding requirements than specified in the applicable laws (points 6, 11 and 14). Although the Company wishes to implement this rule to the widest extent possible, it cannot

<p>3) current and periodic reports;</p> <p>4) deleted;</p> <p>5) where members of the company's governing body are elected by the General Meeting – the basis for proposed candidates for the company's Management Board and Supervisory Board available to the company, together with the professional CVs of the candidates within a timeframe enabling a review of the documents and an informed decision on a resolution;</p> <p>6) annual reports on the activity of the Supervisory Board taking account of the work of its committees together with the evaluation of the work of the Supervisory Board and of the internal control system and the significant risk management system submitted by the Supervisory Board;</p> <p>7) shareholders' questions on issues on the agenda submitted before and during a General Meeting together with answers to those questions;</p> <p>8) information about the reasons for cancellation of a General Meeting, change of its date or agenda together with grounds;</p> <p>9) information about breaks in a General Meetings and the grounds of those breaks;</p> <p>10) information on corporate events such as payment of the dividend, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles of such operations. Such information should be published within a timeframe enabling investors to make investment decisions;</p> <p>11) information known to the Management Board based on a statement by a member of the Supervisory Board on any relationship of a member of the Supervisory Board with a shareholder who holds shares representing not less than 5% of all votes at the company's General Meeting;</p> <p>12) where the company has introduced an employee incentive scheme based on shares or similar instruments – information about the projected cost to be incurred by the company from to its introduction;</p> <p>13) a statement on compliance with the corporate governance rules contained in the last published annual report, as well as the report referred to in § 29.5 of the Exchange Rules, if published;</p> <p>14) information about the content of the company's internal rule of changing the company authorised to audit financial</p>	<p>guarantee that the rule as it is now will be observed in full.</p>
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	statements or information about the absence of such rule.	
3	Before a company executes a significant agreement with a related entity, its Management Board shall request the approval of the transaction/agreement by the Supervisory Board. This condition does not apply to typical transactions made on market terms within the operating business by the company with a subsidiary where the company holds a majority stake. For the purpose of this document, the related entity shall be understood within the meaning of the Regulation of the Minister of Finance issued pursuant to Article 60.2 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instrument to Organised Trading, and Public Companies (Dz.U. No. 184, item 1539, as amended).	The Company shares the values underlying this rule. Its Articles of Association impose the requirement to obtain approval of the Supervisory Board for certain transactions with related entities. However, the definition of a related entity in the Company's Articles of Association differs from that contained in the Regulation of the Minister of Finance on current and periodic information to be published by issuers of securities, dated October 19 th 2005. Therefore, the Company cannot comply with this rule.

Part III. Best Practice for Supervisory Board Members

Rule		Company's Comment
1	In addition to its responsibilities laid down in legal provisions, the Supervisory Board should: 1) once a year prepare and present to the Ordinary General Meeting a brief assessment of the company's standing including an evaluation of the internal control system and the significant risk management system; 2) once a year prepare and present to the Ordinary General Meeting an evaluation of its work; 3) review and present opinions on issues subject to resolutions of the General Meeting.	The Company's Articles of Association do not impose the requirement that the Supervisory Board should review and present opinions on issues subject to the resolutions the General Shareholders Meeting. However, the Supervisory Board may decide to observe the rule.
2	A member of the Supervisory Board should submit to the company's Management Board information on any relationship with a shareholder who holds shares representing not less than 5% of all votes at the General Meeting. This obligation concerns financial, family, and other relationships which may affect the position of the member of the Supervisory Board on issues decided by the Supervisory Board.	Well aware of the need to fully inform its shareholders about any important events which could affect their investments and investment decisions, the Company is of the opinion that the disclosure requirements imposed by applicable laws are sufficient to ensure that the shareholders have full access to important information which might affect the value of the securities issued by the Company. The Company will consider adopting this rule in the future.
6	At least two members of the Supervisory Board should meet the criteria of being independent from the company and entities with significant connections with the company. The independence criteria should be applied under Annex II to the Commission Recommendation of February 15 th 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board. Irrespective of the provisions of point (b) of the said Annex, a person who is an employee of the company or an associated	The Company's Articles of Association provide that one member of the Supervisory Board should be an independent member. The Company believes that this will guarantee adequate and independent supervision over the Company affairs. The independence criteria for members of the Supervisory Board members laid down in the Article of Association do not correspond to all the criteria specified in Annex II to the Commission Recommendation of February 15 th 2005 on the role of non-executive or supervisory directors of listed companies and of the committees of the (supervisory) board. The Company will consider

	company cannot be deemed to meet the independence criteria described in the Annex. In addition, a relationship with a shareholder precluding the independence of a member of the Supervisory Board as understood in this rule is an actual and significant relationship with any shareholder who has the right to exercise at least 5% of all votes at the General Meeting.	adopting this rule in the future.
8	Annex I to the Commission Recommendation of February 15 th 2005 on the role of non-executive or supervisory directors of listed companies and of the committees of the (supervisory) board should apply to the tasks and the operation of the committees of the Supervisory Board.	The functions of the nomination committee and the remuneration committee are now performed by the entire Supervisory Board.
9	Execution by the company of an agreement/transaction with a related entity which meets the conditions of section II.3 requires the approval of the Supervisory Board.	The Company's Articles of Association state that any agreement/transaction with a related entity should first be approved by the Supervisory Board. However, the definition of a related entity in the Articles of Association differs from that contained in the Regulation of the Minister of Finance on current and periodic information to be published by issuers of securities dated October 19th 2005.

Part VI. Best Practices of Shareholders

Rule		Company's Comment
9	A resolution of the General Meeting to split the nominal value of shares should not set the new nominal value of the shares at a level which could result in a very low unit market value of the shares, which could consequently pose a threat to the correct and reliable valuation of the company listed on the Exchange.	
10.	A company should enable its shareholders to participate in a General Meeting using electronic communication means through: 1) real-life broadcast of General Meetings, 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 their right to vote during a General Meeting either in person or through a plenipotentiary. This rule should be applied not later than 1 January 2012.	

Part 3. The principal characteristics of the internal control and risk management systems used with respect to the procedure of preparing financial statements and consolidated financial statements

The Management Board is responsible for the Company's internal control system and its effectiveness in the process of preparing financial statements and interim reports prepared and published in accordance with the provisions of the Decree of the Finance Minister of 19 February 2009, on current and interim information provided by issuers of securities and the conditions of accepting, as equivalent, information required by the provisions of a country not being a member state.

The Company draws on its employees' extensive experience in the identification, documentation, recording and controlling of economic operations, including numerous control procedures supported by modern information technologies used for recording, processing and presentation of operational and financial data.

In order to ensure the accuracy and reliability of the accounts of the parent and subsidiary companies, the Company applies a series of internal procedures in the area of transaction control systems and processes resulting from the activities of the Company and the capital group.

An important element of the risk management, in relation to the financial reporting creation process, is ongoing internal controls exercised by main accountants on the holding and subsidiaries level..

The budgetary control system is based on monthly and annual financial and operational reporting. Financial results are monitored regularly

One of the basic elements of control in the preparation of financial statements of the Company and the Group is verification carried out by independent auditors. An auditor is chosen from a group of reputable firms, which guarantee a high standard of service and independence. The Supervisory Board is approving choice of the auditor. The tasks of the independent auditor include, in particular: a review of semi-annual stand alone and consolidated financial statements and audit of annual stand alone and consolidated financial statements.

Auditor's independence is fundamental to ensuring the accuracy of the audit of the books. An audit committee, appointed within the Company's Supervisory Board, supervises the financial reporting process in the Company, in cooperation with the independent auditor, who participates in the Audit Committee meetings. The Audit Committee oversees the financial reporting process, in order to ensure sustainability, transparency and integrity of financial information. The audit committee includes one member of the Supervisory Board, who meets the independence criteria set out in the Best Practices of WSE Listed Companies in Chapter III, Section 6. Audit Committee reports to the Supervisory Board.

Moreover, under Article 4a of the Act of 29 September 1994 on accounting, the duties of the Supervisory Board include ensuring that the financial statements and the report of the Company's operations meet the requirements of the law, and the Supervisory Board carries out this duty, using the powers under the law and the articles of association of the Company. This is yet another level of control exercised by an independent body to ensure the accuracy and reliability of the information presented in the separate and consolidated financial statements.

Part 4. Shareholders who, directly or indirectly, have substantial shareholding, including the number of shares held by them, the percentage share in the share capital, and the number of votes attached to their shares in the overall number of votes at the general meeting

The following table presents the Company's shareholders, who had substantial shareholding as of 31 December 2010:

Shareholder	Number of shares held	% of share capital	Number of votes	% of votes
GTC Real Estate Holding B.V. ¹	94,629,180	43.14%	94,629,180	43.14%
ING OFE	16,988,700	7.74%	16,988,700	7.74%
AVIVA OFE	15,861,600	7.23%	15,861,600	7.23%

Additionally, on 25 January 2011 the Company received from GTC Real Estate Holding B.V. an information on the final settlement on 25 January 2011 of sale of 35,100,000 shares in the Company representing 16.00% of the Company's share capital and carrying 16.00% of all the voting rights at the general meeting of the shareholders of the Company. Following this transaction, GTC Real Estate Holding B.V. now holds 59,529,180 shares in the Company representing 27.14% of the Company's share capital and which entitle their holder to exercise 27.14% of the votes at the General Meeting. Prior to the transaction, GTC Real Estate Holding B.V. held 94,629,180 shares in the Company which represented 43.14% of the Company's share capital and entitled their holder to exercise 43.14% of the votes at the General Meeting.

Part 5. Holders of any securities that grant special rights of control, including a description of such rights

There are no special rights of control that would be attached to any securities in Globe Trade Centre S.A.

Part 6. Restrictions concerning the exercise of voting rights such as restriction of the exercise of voting rights by holders of any specific part or number of votes, time restrictions concerning the exercise of voting rights or regulations whereunder, with the cooperation of the company, the equity rights related to the securities are separate from holding securities

There are no restrictions applicable to the exercise of voting rights such as restriction of the exercise of voting rights by holders of any specific part or number of shares, any time restrictions applicable to the exercise of voting rights or regulations whereunder, with the cooperation of Globe Trade Centre S.A., the equity rights related to securities would be separate from holding securities.

Part 7. Restrictions concerning transfer of the ownership title to securities in Globe Trade Centre S.A.

There are no limitations of transfer of ownership title to securities, except for those limitations that are resulting from the general provisions of the law in particular contractual limitations regarding the Company's securities ownership rights transfer.

Part 8. Rules concerning appointment and dismissal of management and the rights thereof, specifically the right to make decisions concerning the issuance and redemption of shares.

Pursuant to art. 7 the Company's Statue the Management Board consist of one to seven members appointed by the Supervisory Board for a three-year term.

¹ GTC Real Estate Holding B.V. is a wholly owned subsidiary of Kardan N.V.

Additionally, the Supervisory Board shall designate President of the Management Board and deputy thereof.

The Management Board of the Company is responsible for the Company's day-to-day management and for its representation in dealing with third parties. All issues related to the business are in the scope of activities of the Management Board, unless limited to the competence of the Supervisory Board or the General Shareholders' Meeting by the provisions of law or Articles of Association.

Members of the Management Board participate, in particular, in General Shareholders' Meetings and provide answers to questions asked during the General Shareholders' Meetings. Moreover, members of the Management Board invited to a Supervisory Board Meeting by the Chairman of the Supervisory Board participate in the meeting with a right to voice their opinion on issues on the agenda.

The General Shareholders' Meeting takes decisions regarding an issue or buy back of the Company's shares. The competencies of the Management Board in the scope are limited to execution of any resolutions adopted by the General Shareholders' Meeting.

Part 9. Overview of the procedure of amending the Company's Statute

A change to the Company's Statute requires a resolution of the General Shareholders' Meeting and an entry into the Court register. The general provisions of Law and the Statute govern the procedure of adopting resolutions regarding changes to the Statute.

Part 10. The Bylaws of the General Shareholders' Meeting and its principal rights and description of rights of shareholders and their exercise, in particular the rules resulting from the Bylaws of the General Shareholders' Meeting, unless information on that scope results directly from the provisions of law

The General Shareholders' Meeting acts pursuant to the provisions of the commercial companies' code and the Articles of Association.

The General Shareholders' Meeting adopts resolutions regarding, in particular, the following issues:

- a) discussion and approval of reports of the Management Board, and the financial statements for the previous year,
- b) decision about allocation of profits, or covering debts.
- c) signing off for the performance of duties for the Supervisory Board and the Management Board,
- d) determination of the Supervisory Board remuneration,
- e) changes to the Statute of the Company,
- g) increase or decrease in the share capital,
- h) merger or transformation of the Company,

- i) dissolution or liquidation of the Company,
- j) issue of bonds,
- k) sale or lease of the Company and establishment of a right of use or sale of the Company's plant,
- l) all decisions regarding claims for damages upon establishment of the Company, or performance of management or supervision.

The General Meeting shall be attended by persons who are shareholders of the Company sixteen days before the date of the General Meeting (the day of registration for participation in the General Meeting).

A shareholder, being a natural person, is entitled to participation in the General Shareholders' Meeting and execution of voting rights in person, or through a proxy. A shareholder, being a legal entity, is entitled to participation in the General Shareholders' Meeting and execution of voting rights through a person authorized to forward statements of will on their behalf, or through a proxy.

The power of attorney to attend the General Meeting and exercise voting rights requires a written or an electronic form. For purposes of identification of the shareholder who granted the power of attorney, the notice on grant of such power of attorney electronically should contain (as a schedule):

- if the shareholder is an individual – a copy of an identity card, passport or any other official identification document confirming the identity of the shareholder; or

- if the shareholder is not an individual – a copy of an extract from a relevant register or any other document confirming the authorisation of the individual(s) to represent the Shareholder at the Extraordinary General Meeting (e.g. an uninterrupted chain of powers of attorney).

The General Meeting may be attended by members of the Management Board and Supervisory Board - in the composition which allows for substantive answers to the questions asked during the General Meeting - and by the auditor of the Company, if the General Meeting is held to discuss financial matters.

Each participant in the General Meeting is entitled to be elected the Chairman of the General Meeting, and also nominate one person as candidate to the position of Chairman of the General Meeting. Until election of the Chairman the General Meeting shall not take any decisions.

The Chairman of the General Meeting directs proceedings in accordance with the agreed agenda, provisions of law, the Statute, and in particular: giving the floor to speakers, ordering voting and announcing the results thereof. The Chairman ensures efficient proceedings and respecting of the rights and interests of all Shareholders.

After creation and signing of the attendance list the Chairman approves that the Shareholders' Meeting has been called in a proper manner and is authorized to pass resolutions.

The Chairman of the General Meeting closes the General Meeting upon exhausting its agenda.

Part 11. Personnel composition and changes in the previous business year and description of the functioning of the management, supervisory, or administrative bodies of the Company and its committees.

The Management Board

Currently, the Management Board is composed of seven members. The composition of the Management Board changed in January 2011, as Jacek Wachowicz joined the Management Board as its member and Director of Lease and Sale and further in March 2011, when Yovav Carmi become a member of the Management Board.

Composition of the Management Board

The following table presents names, surnames, functions, dates of appointment and dates of expiry of the current term of particular members of the Management Board as at 31 December 2010:

Name and surname	Function	Year of first appointment	Year of appointment for the current term	Year of expiry of term
Erez Boniel	Member of the Management Board	1999	2009	2012
Hagai Harel	Member of the Management Board	2004	2009	2012
Mariusz Kozłowski	Member of the Management Board	2001	2009	2012
Piotr Kroenke	Member of the Management Board	1996	2009	2012
Witold Zatoński	Member of the Management Board	2007	2010	2013

Description of operations of the Management Board

The Management Board runs the Company's matters in a transparent and efficient way pursuant to the provisions of the law, its internal provisions and "the Best Practices of WSE Listed Companies". Upon taking decisions related to the Company's matters, the members of the Management Board act within justified limits of business risk.

The two members of Management Board acting jointly are entitled to submit statements on the Company's behalf.

All issues related to the Company's management, not restricted by the provisions of the law, the Statute, competences of the Supervisory Board or the General Meeting, are within the scope of competence of the Management Board.

Members of the Management Board participate in sessions of the General Shareholders Meeting and provide substantive answers to questions asked during the General Shareholders Meeting. Members of the Management Board invited to a meeting of the Supervisory Board by the Chairman of the Supervisory Board participate in the meeting with the right to take the floor regarding issues on the agenda. Members of the Management Board shall, within their scope of competence and the scope necessary to settle issues discussed by the Supervisory Board, submit explanation and information regarding the Company's matters to the participants in the meeting of the Supervisory Board.

The Management Board makes any decisions considered (by the Management Board) to be important for the company by passing resolutions at meeting thereof. The resolutions are voted by simple majority.

Moreover, the Management Board may adopt resolutions in writing, or in a manner enabling instantaneous communication of the members of the Management Board by means of audio-video communication (e.g. teleconferencing, videoconferencing).

The Supervisory Board

Currently, the Supervisory Board comprises seven members. The composition of the Supervisory Board changed in 2010 as Artur Kucharski was appointed to the Supervisory Board by Aviva OFE and further in January 2011, as Walter van Damme and Alon Shlank resigned from the Supervisory Board of the Company with the effect as of 20 January 2011 and Henry Marcel Philippe Alster was dismissed from the Supervisory Board of the Company with the effect as of 21 January 2011, by GTC Real Estate Holding B.V., who was the appointing shareholder, following lowering of GTC Real Estate Holding B.V. stake in the Company to 27.14% of the share capital after which its right to appoint Supervisory Board members had been reduced from eight to five members.

The Composition of the Supervisory Board

The following table presents names, surnames, functions, dates of appointment and dates of expiry of the current term of particular members of the Supervisory Board as at 31 December 2010:

Name and surname	Function	Year of first appointment	Year of appointment for the current term	Year of expiry of term
Eli Alroy	Chairman of the Supervisory Board	1996	2010	2013
Henry Alster	Member of the Supervisory Board	2006	2009	Dismissed on 21 Jan 2011
David Brush	Member of the Supervisory Board	2008	2008	2011
Walter van Damme	Member of the Supervisory Board	2006	2010	Resigned on 20 Jan 2011
Mariusz Grendowicz ²	Independent Member of the Supervisory Board	2000	2010	2013
Yosef Grunfeld	Member of the Supervisory Board	2009	2009	2012
Alain Ickovics	Member of the Supervisory Board	2002	2010	2013
Artur Kucharski	Member of the Supervisory Board	2010	2010	2013
Alon Shlank	Member of the Supervisory Board	2006	2009	Resigned on 20 Jan 2011
Jan Slootweg	Member of the Supervisory Board	2008	2009	2011

Description of operations of the Supervisory Board

The Supervisory Board acts pursuant to the commercial companies code and also pursuant to the Statute of the Company and the Supervisory Board Regulations dated 14.04.2005.

² conforms with the independence criteria listed in the Best Practices of WSE listed Companies in Chapter III point 6

Pursuant to the Articles of Association of the Company the Supervisory Board performs constant supervision over activities of the enterprise. Within the scope of supervision performance the Supervisory Board may demand any information and documents regarding the Company's business from the Management Board.

Members of the Supervisory Board shall take necessary steps to receive regular and full information from the Management Board regarding material matters concerning the Company's business and risks involved in the business and the strategies of risk management. The Supervisory Board may - not infringing the competencies of other bodies of the Company - express their opinion on all the issues related to the Company's proceedings, including forwarding motions and proposals to the Board.

Apart from the matters defined in the Commercial Companies Code the following shall be the competencies of the Supervisory Board:

- a) expressing consent for the Company or a its Subsidiary, for execution of agreement or agreements with an Affiliate or with a Company's Management Board or a Company's Supervisory Board member or with a member of management or supervisory authorities of an Affiliate. MB TO CHECK AGAIN. Such consent shall not be required for a transaction with companies in which the Company holds, directly or indirectly, shares entitling it to at least 50% of votes at shareholders' meetings, if such transaction provides for obligations of the other shareholders of such companies proportional to their stake in that company, or if the difference between the financial obligations of the Company and the other shareholders does not exceed EUR 5 million. For the purpose of this statute indirect ownership of shares entitling them to at least 50% of the votes at the shareholders' meeting shall mean possession of such number of shares that entitles them to at least 50% of votes in each of the indirectly held companies in the chain of subsidiaries;
- b) approval of any change of the expert auditor selected by the Company's Management Board to audit the Company's financial statements;
- c) expressing consent for the Company or Subsidiary to: (i) execute transaction comprising the acquisition or sale of investment assets of any kind, the value of which exceed EUR 30million; (ii) issue a guarantee for an amount exceeding EUR 20 million; or (iii) execute any transaction (in the form of a single legal act or a number of legal acts) other than those set forth in the preceding points (i) or (ii), where the value of such transaction exceeds EUR 20 million. For the removal of doubt, consent is required for the Company's Management Board to vote on the Company's behalf at shareholder meeting of a Company Subsidiary authorizing transactions meeting above criteria.

Due to art. 7.4 of the Statute:

- a) an entity is an "Affiliate", if it is: (i) a Dominating Entity with respect to the Company; or (ii) a Subsidiary of the Company; or (iii) other than the Company, Subsidiary of the Dominating Entity of the Company; or (iv) a Subsidiary of other than the Company Subsidiary of the Company's Dominating Entity; or (v) a Subsidiary of any member of managing or supervisory authorities of the Company or any of the entities designated in (i) through (iii);

- b) an entity is a “Subsidiary” of any other entity (“Dominating Entity”) if the Dominating Entity: (i) has the right to exercise the majority of votes in the authorities of the Subsidiary, including on the basis of understandings with other authorised entities; or (ii) is authorised to take decisions regarding financial policies and current commercial operations of the Subsidiary on the basis of any law, statute or agreement; or (iii) is authorised to appoint or dismiss the majority of members of managing authorities of the Subsidiary; or (iv) more than half of the members of the Subsidiary’s management board are also members of the management board or persons performing any management functions at the Dominating Entity or any other Subsidiary.

The Supervisory Board consists of five to 20 members including the Chairman of the Supervisory Board. Each Shareholder, who holds individually more than 5% of shares in the Company’s share capital (the “Initial Threshold”) shall be entitled to appoint one Supervisory Board member. Shareholders shall be further entitled to appoint one additional Supervisory Board member for each tranche of held shares constituting 5% of the Company’s share capital above the Initial threshold. Supervisory Board members shall be appointed by a written notice of entitled shareholders given to the Chairman of the General Shareholders Meeting at the General Shareholders Meeting or outside the General Shareholders Meeting delivered to the Management Board and a written statement of the selected person, that he/she agrees to be appointed to the Supervisory Board.

The number of Supervisory Board members shall be equal to the number of members appointed by the entitled shareholders, increased by one independent member, provided that in each case such number may not be lower than five.

The Supervisory Board may consist of one members meeting the criteria of an independent member of the Supervisory Board as set out in the corporate governance regulations included in the Best Practices of Warsaw Stock Exchange listed Companies.

The Chairman of the Supervisory Board calls a meeting of the Supervisory Board. The Chairman calls a meeting of the Supervisory Board also upon request of a member of the Management Board, or a member of the Supervisory Board. A Meeting of the Supervisory Board shall take place at least within 14 days of the date of filing a written application to the Chairman.

The Supervisory Board may convene meetings both within the territory of the Republic of Poland and abroad. Supervisory Board meetings may be held via telephone, provided that all the participants thereof are able to communicate simultaneously. All resolutions adopted at such meetings shall be valid, provided that the attendance register is signed by the Supervisory Board members who participated in such meeting. The place where the Chairman attends such meeting shall be considered as the place where the meeting was held.

Unless the Statute provides otherwise, resolutions of the Supervisory Board shall be adopted by absolute majority of votes cast in the presence of at least 5 Supervisory Board members. In the event of a tie, the Chairman shall have a casting vote.

Members of the Supervisory Board execute their rights and perform their duties in person. Members of the Supervisory Board participate in General Meetings.

Moreover, within the performance of their duties, the Supervisory Board shall:

- a) once a year prepare and present before the General Meeting a concise evaluation of the situation of the Company, considering the evaluation of the internal control system and the management system of risks that are important for the Company,
- b) once a year prepare and present before the Annual General Meeting an evaluation of its own performance,
- c) discuss and issue opinions about matters to be subjects of resolutions of the General Meeting.

Committees of the Supervisory Board

Supervisory Board the Supervisory Board may appoint committees investigate certain issues remaining in the competence of the Supervisory Board or acting as advisory and opinion bodies to the Supervisory Board.

The Supervisory Board appointed two committees:

1. the Audit Committee, whose principal task is to make administrative reviews, to exercise financial control, to oversee financial reporting as well as internal and external audit procedures at the Company and at the companies in its group;
2. the Committee responsible for Agreements executed between the Company and its subsidiaries