



Globe Trade Centre S.A.

**REPORT** ON APPLICATION OF THE PRINCIPLES OF

# **CORPORATE GOVERNANCE**

FOR THE FINANCIAL YEAR ENDED **31 DECEMBER 2021**



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## **1. The principles of corporate governance to which the issuer is subject and the location where the set of principles is publicly available**

In July 2007, the Council of the Warsaw Stock Exchange adopted a set of principles for the corporate governance for joint-stock companies issuing shares, convertible bonds, or senior bonds that are admitted to trading on the stock exchange (the “**WSE Best Practices**”). The WSE Best Practices have been amended several times since then and were brought in line with recent legislative amendments, current international corporate governance trends, and the expectations of market participants. The last amendment took place on 29 March 2021, when the Warsaw Stock Exchange supervisory board adopted a resolution approving a new code of corporate governance, “Best Practice of GPW Listed Companies 2021” which came to force as of 1 July 2021 and is a base for this report on the application of the principles of corporate governance for the financial year ended 31 December 2021.

The content of the WSE Best Practices is publicly available on the website of the Warsaw Stock Exchange dedicated to those issues at <https://www.gpw.pl/best-practice2021>

## **2. The principles of corporate governance that the issuer has waived, including the reasons for such waiver**

We strive to make every possible effort to employ the corporate governance principles set out in the WSE Best Practices, and try to follow, in all areas of the Company’s business, all the recommendations regarding best practices of Warsaw Stock Exchange Listed Companies and all the recommendations directed to management boards, supervisory boards and shareholders.

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

We strive to make every possible effort to employ all corporate governance principles

Until 1 July 2021, under the WSE Best Practice Listed Companies 2016, the Company complied with all the principles set by the Warsaw Stock Exchange. However, with the introduction of the Best Practice of GPW Listed Companies 2021 as of 1 July 2021, the Company does not apply with three principles as informed in its statement of compliance with the Best Practice of GPW Listed Companies 2021, including:

Section	Principle	Comments of the company:
<p>1. Disclosure policy, investor communication</p>	<p><b>1.4.2</b></p> <p>To ensure quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, defined by measures, both financial and non-financial. ESG information concerning the strategy should among others: present the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target.</p>	<p>The current strategy of the GTC Group does not contain the elements indicated in this rule. Still, the Company will consider the possibility of including them in the new strategy being developed by the Company in the future.</p>
<p>2. Management board, supervisory board</p>	<p><b>2.1</b></p> <p>Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.</p>	<p>The company does not plan to formally adopt a diversity policy towards the management board and the supervisory board as the main criteria in selecting its members are knowledge, experience, personality traits and education, and not, for example, age or gender.</p>

2. Management board, supervisory board	<p><b>2.2</b></p> <p>Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.</p>	<p>The company does not plan to formally adopt a diversity policy towards the management board and the supervisory board as the main criteria in selecting its members are knowledge, experience, personality traits and education, and not, for example, age or gender.</p>
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### **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 29 March 2018 on current and interim information provided by issuers of securities and the conditions for 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 the 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 transactional control systems and processes resulting from the activities of the Company and the capital group.

An important element of risk management, in relation to the financial reporting 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.

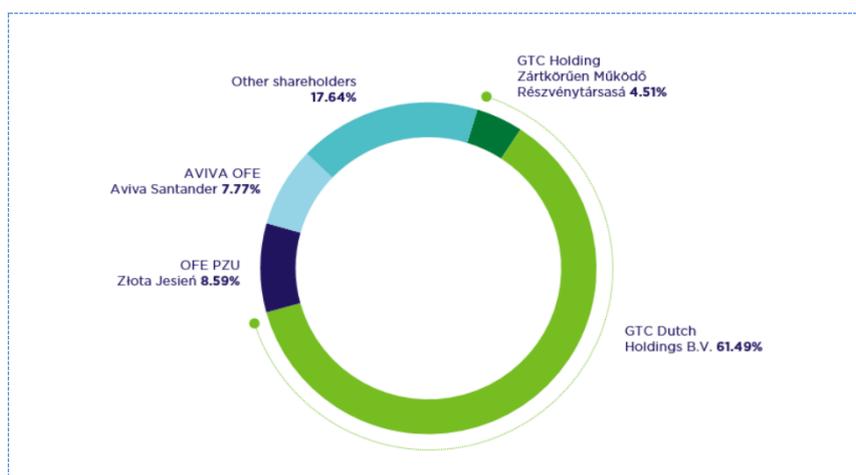
One of the basic elements of control in the preparation of financial statements of the Company and the Group is verification carried out by independent auditors. An auditor is chosen from a group of reputable firms which guarantee a high standard of service and independence. The supervisory board approves the 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 an audit of annual stand-alone and consolidated financial statements.

An auditor's independence is fundamental to ensuring the accuracy of an audit of books. An audit committee, appointed to the Company's supervisory board, supervises the financial reporting process in the Company, in co-operation 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. The 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.

#### 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 no less than 5% of votes at the general meeting of GTC S.A. shareholders, as of the date of 31 December 2021.



The table is prepared as of 31 December 2021 based on information received directly from the shareholders.

Shareholder	Number of shares and rights to the shares held (not in thousand)	% of share capital	Number of votes (not in thousand)	% of votes	Change in number of shares since 16 November 2021 (not in thousand)
GTC Dutch Holdings B.V.	298,575,091	61.49%	298,575,091	61.49%	No change
GTC Holding Zártkörűen Működő Részvénytársaság <sup>1</sup>	21,891,289	4.51%	21,891,289	4.51%	No change
OFE PZU Złota Jesień	41,714,000	8.59%	41,714,000	8.59%	Decrease by 300,802
AVIVA OFE Aviva Santander	37,739,793	7.77%	37,739,793	7.77%	No change
Other shareholders	85,634,949	17.64%	85,634,949	17.64%	Increase by 300,802
<b>Total</b>	<b>485,555,122</b>	<b>100.00%</b>	<b>485,555,122</b>	<b>100.00%</b>	

<sup>1</sup> directly holds 21,891,289 shares and indirectly through GTC Dutch Holdings B.V. (100% subsidiary of GTC Holding Zártkörűen Működő Részvénytársaság) holds 298,575,091 shares.

In December 2021, the Company increased its capital in the way of issuance of 88,700,000 ordinary O series shares. The registration of those shares by Krajowy Depozyt Papierów Wartościowych S.A. (i.e. the Polish National Depository for Securities) took place on 26 January 2022 and resulted in change in the shareholding structure of GTC SA.

Additionally, on 19 February 2022, the Company received notification from GTC Dutch Holdings B.V. with its registered office in Amsterdam, the Netherlands (the "Seller") and Icona Securitization Opportunities Group S.à r.l. acting on behalf of its compartment Central European Investments with its registered office in Luxembourg, Grand Duchy of Luxembourg (the "Buyer", "Icona") that the Seller and the Buyer entered into a preliminary share purchase agreement relating to the acquisition by the Buyer from the Seller of 15.7% of the shares in the Company. However, pursuant to the notification, the Buyer and the Seller agreed that the shareholders' agreement will constitute an acting in concert agreement within the meaning of Articles 87(1)(5) and 87(1)(6) in connection with Article 87(3) of the Act of 29 July 2005 on Public Offerings and the Conditions for the Introduction of Financial Instruments to the Organised Trading System and Public Companies (the "Act on Public Offering") on joint policy towards the Company and exercising of voting rights on selected matters in an agreed manner. Also, pursuant to the assignment agreement, the Buyer will, among others, transfer to the Seller its voting rights attached to the Shares and grant the power of attorney to exercise voting rights attached to the shares. The assignment agreement expires in case either call or put option under the call and put option agreement is exercised and/or in case of a material default under the transaction documentation. ("Transaction") . On 1 March 2022, the company received notification that the Transaction was completed, and the Buyer acquired 15.7% of the shares in the Company (see current reports no 13/2022 and 15/2022).

As a result of execution of the Transaction, Buyer holds 90,176,000 ordinary bearer shares in the Company which constitute 15.7% of total votes at GTC's general meeting, with reservations that (i) all the Icona Voting Rights (as defined below) were transferred to the Seller and that (ii) Icona granted the Power of Attorney to Buyer's Voting Rights to the Seller.

As a result of execution of the Transaction GTC Holding Zrt holds jointly 269,352,880 shares of the Company, entitling to 269,352,880 votes in the Company, representing 46.9% of the share capital of the Company and carrying the right to 46.9% of the total number of votes in the Company, including:

- directly holds 21,891,289 shares of the Company, entitling to 21,891,289 votes in the Company, representing 3.8% of the share capital of the Company and carrying the right to 3.8% of the total number of votes in the Company; and
- indirectly (i.e. through GTC Dutch) holds 247,461,591 shares of the Company, entitling to 247,461,591 votes in the Company, representing 43.1% of the share capital of the Company and carrying the right to 43.1% of the total number of votes in the Company.

In addition, GTC Holding Zrt also holds indirectly, through GTC Dutch, the Buyer's Voting Rights, i.e. the right to exercise 90,176,000 votes in the Company, entitling to 15.7% of the total number of votes in the Company. (see current report no 17/2022 and 18/2022)

Since 1 March 2022, GTC Holding Zrt, GTC Dutch and Icona are acting in concert based on the agreement concerning joint policy towards the Company and exercising of voting rights on selected matters at the general meeting of the Company in an agreed manner. (see current report no 19/2022)

The table is prepared based on information received directly from the shareholders or subscription information, and presents shareholder structure as of the date of this report:

<b>Shareholder</b>	<b>Number of shares and rights to the shares held (not in thousand)</b>	<b>% of share capital</b>	<b>Number of votes (not in thousand)</b>	<b>% of votes</b>	<b>Change in number of shares since 31 December 2021 (not in thousand)</b>
GTC Dutch Holdings B.V.	247,461,591	43.10%	337,637,591	58.80%	Decrease by 51,113,500
Icona Securitization Opportunities Group S.A R.L. <sup>2</sup>	90,176,000	15.70%	0	0%	Increase by 90,176,00
GTC Holding Zártkörűen Működő Részvénytársaság <sup>1</sup>	21,891,289	3.81%	21,891,289	3.81%	No change
OFE PZU Złota Jesień	49,874,400	8.69%	49,874,400	8.69%	Increase by 8,160,400
AVIVA OFE Aviva Santander	47,239,793	8.23%	47,239,793	8.23%	Increase by 9,500,000
Other shareholders	117,612,049	20.47%	117,612,049	20.47%	Increase by 31,977,100
<b>Total</b>	<b>574,255,122</b>	<b>100.00%</b>	<b>574,255,122</b>	<b>100.00%</b>	<b>Increase by 88,700,000</b>

<sup>1</sup> directly holds 21,891,289 shares and indirectly through GTC Dutch Holdings B.V. (100% subsidiary of GTC Holding Zártkörűen Működő Részvénytársaság) holds 337,637,591 shares.

<sup>2</sup> Icona Securitization Opportunities Group S.A R.L. holds directly 15.70% of the share capital of the Company with reservations that all its voting rights were transferred to GTC Dutch Holdings B.V. and that Icona granted the power of attorney to its voting rights to GTC Dutch Holdings B.V..

## **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.

**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 co-operation 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 co-operation of Globe Trade Centre S.A., the equity rights related to securities would be separate from holding securities.

**7. Restrictions concerning the 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 transfer of the ownership rights to the securities issued by the Company.

**8. Rules concerning the 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. 10, the Company's statute the management board consists of one to seven members, appointed by the supervisory board for a three-year term.

Additionally, the supervisory board designates the 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 Company's operations are in the scope of activities of the management board unless they are specified as the competence of the supervisory board or the general meeting by the provisions of applicable law or the articles of association.

Members of the management board participate, in particular, in general meetings and provide answers to questions asked during general meetings. Moreover, members of the management board invited to a supervisory board meeting by the chairman of the supervisory board participate in such meeting, with a right to voice their opinion on issues on the agenda.

The general meeting takes decisions regarding the issuance or buying back of shares in the Company. The competencies of the management board in the scope are limited to execution of any resolutions adopted by the general meeting.

## **9. Overview of the procedure of amending the Company's articles of association**

A change to the Company's articles of association requires a resolution of the general meeting and an entry into the Court register. The general provisions of law and the articles of association govern the procedure of adopting resolutions regarding changes to the articles of association.

## **10. The bylaws of the general 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 meeting, unless information on that scope results directly from the provisions of law**

The general meeting acts pursuant to the provisions of the Polish Commercial Companies Code and the articles of association.

The general 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 of 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 articles of association 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) issuance of convertible or priority bonds,
- k) sale or lease of the Company and the establishment of a right of use or sale of the Company's enterprise,

- l) all decisions regarding claims for damages upon the establishment of the Company, or the performance of management or supervision.

A general meeting can 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 who is a natural person is entitled to participate in general meetings and execute voting rights in person or through a proxy. A shareholder, which is a legal entity, is entitled to participate in general meetings and execute voting rights through a person authorized to forward statements of will on their behalf or through a proxy.

A power of attorney to attend a general meeting and exercise voting rights must be in written or electronic form. For the purposes of identification of the shareholder who granted a power of attorney, a notice on the granting 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 authorization of the individual(s) to represent the shareholder at the 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 a 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.

At the general meeting each participant is entitled to be elected the chairman of the general meeting, and also nominate one person as a candidate for the position of chairman of the general meeting. Until the election of the chairman, the general meeting may not take any decisions.

The chairman of the general meeting directs proceedings in accordance with the agreed agenda, provisions of law, the articles of association, and, in particular: gives the floor to speakers, orders votes and announces the results thereof. The chairman ensures efficient proceedings and respecting of the rights and interests of all shareholders.

After the creation and signing of the attendance list, the chairman confirms that the general meeting has been called in the correct manner and is authorized to pass resolutions.

The chairman of the general meeting closes the general meeting upon the exhausting of its agenda.

## 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

#### Composition of the management board

Currently, the management board is composed of three members. The following table presents the names, surnames, functions, dates of appointment, and dates of expiry of the current term of the members of the management board as of 31 December 2021:

<u>Name and surname</u>	<u>Function</u>	<u>Year of the first appointment</u>	<u>Year of appointment for the current term</u>	<u>Year of expiry of term</u>
Yovav Carmi <sup>1</sup>	President of the management board	2020	2020	2023
Ariel Ferstman	Member of the management board and CFO	2020	2020	2023
Gyula Nagy	Member of the management board	2020	2020	2023

<sup>1</sup> Mr. Yovav Carmi was a member of the management board of the Company between 2011 and 2015.

During 2021, the following changes in the composition of the management board took place:

- on 27 October 2021, the Company and Mr. Robert Snow have mutually agreed to terminate his appointment as a member to the management board of the Company and other subsidiaries of the Company. The resignation was approved by the supervisory board on 28 October 2021 (see current reports no 16/2021 and 17/2021);
- on 13 December 2021, the supervisory board of the Company appointed Pedja Petronijevic to the management board of the Company (Chief Development Officer) effective as of 15 January 2022 and János Gárdai to the management board of the Company (Chief Operating Officer) effective as of 1 February 2022 (see current report no 18/2021).

Additionally, in 2022 the following changes in the composition of the management board took place:

- on 14 January 2022, GTC entered into a mutual employment contract termination agreement with Mr. Yovav Carmi former President of the management board. Subsequently Mr Carmi resigned from his seat on the management board of the Company and other subsidiaries. The resignation is effective immediately (see current report no 7/2022);

- on 28 January 2022, Mr. Gyula Nagy resigned from his seat on the management board of the Company. The resignation is effective immediately (see current report no 11/2022);
- on 17 March 2022, the supervisory board of the Company appointed Mr. Zoltán Fekete to the management board of the Company as the President of the management board (see current report no 21/2022).

The following table presents the names, surnames, functions, dates of appointment, and dates of expiry of the current term of the members of the management board as of the date of this report:

<b>Name and surname</b>	<b>Function</b>	<b>Year of the first appointment</b>	<b>Year of appointment for the current term</b>	<b>Year of expiry of term</b>
Zoltán Fekete	President of the management board	2022	2022	2025
János Gárdai	Member of the management board and COO	2022	2022	2025
Ariel Ferstman	Member of the management board and CFO	2020	2020	2023
Pedja Petronijevic	Member of the management board and CDO	2022	2022	2025

#### Description of operations of the management board

The management board runs the Company's business in a transparent and efficient way pursuant to the provisions of applicable law, its internal provisions, and the "Best Practices of WSE Listed Companies". When making decisions related to the Company's business, the members of the management board act within limits of justified business risk.

The two members of the management board acting jointly are entitled to make representations on the Company's behalf.

All issues related to the management of the Company which are not specified by the provisions of applicable law or the articles of association as competencies 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 meeting and provide substantive answers to questions asked during the general meeting. Members of the management board invited to a meeting of the supervisory board by the chairman of the supervisory board participate in such meeting with the right to take the floor regarding issues on the agenda. Members of the management board are required to, within their scope of competence and the scope necessary to settle issues discussed by the supervisory board, submit explanations and information regarding the Company's business to the participants of a 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 meetings thereof. Such resolutions are passed by a simple majority.

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

## THE SUPERVISORY BOARD

### The composition of the supervisory board

As of 31 December 2021, the supervisory board comprised of eight members. The following table presents the names, surnames, functions, dates of appointment, and dates of expiry of the current term of the members of the supervisory board:

Name and surname	Function	Year of the first appointment	Year of appointment for the current term	Year of expiry of term
Zoltán Fekete	Chairman of the supervisory board	2020	2020	2023
János Péter Bartha <sup>1</sup>	Independent member of the supervisory board	2020	2020	2023
Lóránt Dudás	Member of the supervisory board	2020	2020	2023
Balázs Figura	Member of the supervisory board	2020	2020	2023
Mariusz Grendowicz <sup>2</sup>	Member of the supervisory board	2000	2019	2022
Marcin Murawski <sup>1</sup>	Independent member of the supervisory board	2013	2019	2022
Bálint Szécsényi	Member of the supervisory board	2020	2020	2023
Daniel Obajtek <sup>1</sup>	Independent member of the supervisory board	2021	2021	2024

<sup>1</sup> conforms with the independence criteria listed in the Best Practices of WSE Listed Companies.  
<sup>2</sup> conforms with the independence criteria listed in the articles of association of the Company

During 2021, the following changes in the composition of the supervisory board took place:

- on 29 June 2021, Otwarty Fundusz Emerytalny PZU „Złota Jesień” represented by Powszechne Towarzystwo Emerytalne PZU S.A. re-appointed Ryszard Wawryniewicz as a member of the supervisory board of the Company for a three-year term in office, effective as of 29 June 2021 (see current report no 14/2021);

- on 30 December 2021, Otwarty Fundusz Emerytalny PZU „Złota Jesień” represented by Powszechne Towarzystwo Emerytalne PZU S.A. dismisses Ryszard Wawryniewicz and appoints Daniel Obajtek as a member of the supervisory board of the Company for a three-year term in office, starting as of 30 December 2021 (see current report no 24/2021).

Additionally, in March 2022 the following changes in the composition of the supervisory board took place:

- on 11 March 2022, Mr. Zoltán Fekete resigned from his seat on the supervisory board of the Company, effective immediately (see current report no 20/2022);
- on 11 March 2022, GTC Dutch Holdings B.V. appointed Mr. Gyula Nagy as member of the supervisory board of the Company, effective immediately (see current report no 20/2022).

The following table presents the names, surnames, functions, dates of appointment, and dates of expiry of the current term of the members of the supervisory board as of the date of this report:

<b>Name and surname</b>	<b>Function</b>	<b>Year of the first appointment</b>	<b>Year of appointment for the current term</b>	<b>Year of expiry of term</b>
János Péter Bartha <sup>1</sup>	Chairman of the supervisory board	2020	2020	2023
Lóránt Dudás	Member of the supervisory board	2020	2020	2023
Balázs Figura	Member of the supervisory board	2020	2020	2023
Mariusz Grendowicz <sup>2</sup>	Member of the supervisory board	2000	2019	2022
Marcin Murawski <sup>1</sup>	Independent member of the supervisory board	2013	2019	2022
Gyula Nagy	Member of the supervisory board	2022	2022	2025
Bálint Szécsényi	Member of the supervisory board	2020	2020	2023
Daniel Obajtek <sup>1</sup>	Independent member of the supervisory board	2021	2021	2024

<sup>1</sup> conforms with the independence criteria listed in the Best Practices of WSE Listed Companies.  
<sup>2</sup> conforms with the independence criteria listed in the articles of association of the Company

### Description of the operations of the supervisory board

The supervisory board acts pursuant to the Polish Commercial Companies Code and also pursuant to the articles of association of the Company and the supervisory board regulations dated 16 May 2017.

Pursuant to the articles of association of the Company, the supervisory board performs constant supervision over activities of the enterprise. Within the scope of its supervisory activities, the supervisory board may demand any information and documents regarding the Company's business from the management board.

Members of the supervisory board are required to 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 (while not infringing the competencies of other bodies of the Company) express their opinion on all the issues related to the Company's business, including forwarding motions and proposals to the management board.

In addition to the matters defined in the Polish Commercial Companies Code the following are the competencies of the supervisory board:

- a) The establishment of remuneration and commissions for the members of the Company's management board and representing the Company when executing agreements with management board members and in any disputes with management board members
- b) Giving consent for the Company or one of its Subsidiaries to execute an agreement or agreements with an Affiliate or with a member of the Company's management board or supervisory board or with a member of the management or supervisory authorities of an Affiliate. Such consent is not be required for transactions 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 results in 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. In the articles of association indirect ownership of shares entitling the holder thereof to at least 50% of the votes at a shareholders' meeting means possession of such number of shares that entitles the holder thereof to at least 50% of votes in each of the indirectly held companies in the chain of subsidiaries.
- c) Giving approval to any change of the auditor selected by the Company's management board to audit the Company's financial statements.
- d) Expressing consent for the Company or one of its Subsidiaries to: (i) execute transaction comprising the acquisition or sale of investment assets of any kind the value of which exceeds EUR 30 million; (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 preceding points (i) or (ii) where the value of such transaction exceeds EUR 20 million. For the avoidance of doubt, consent is required for the Company's management board to vote on the Company's behalf at a meeting of the shareholders of a Company's Subsidiary authorizing transactions meeting above criteria.

For the purposes of this competencies and articles of association:

- 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) a Subsidiary of a Dominating Entity of the Company; or (iv) a Subsidiary of the Company's Dominating Entity other than the Company' Subsidiary; 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 (the "Dominating Entity") if the Dominating Entity: (i) has the right to exercise the majority of votes in the governing bodies 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 twenty 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") is entitled to appoint one supervisory board member. Shareholders are further entitled to appoint one additional supervisory board member for each block of held shares constituting 5% of the Company's share capital above the Initial Threshold. Supervisory board members are appointed by a written notice of entitled shareholders given to the chairman of the general meeting at the general meeting or outside the general meeting delivered to the management board along with a written statement from the selected person that he/she agrees to be appointed to the supervisory board.

The number of supervisory board members is 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.

Under the Company's articles of association, the supervisory board should consist of at least one member 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 meetings of the supervisory board. The chairman calls meetings of the supervisory board upon the request of a member of the management board or a member of the supervisory board therefore. A meeting of the supervisory board

must take place within 14 days of the date of filing a written application therefore with 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 are 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 is considered as the place where the meeting was held.

Unless the articles of association provide otherwise, resolutions of the supervisory board are adopted by absolute majority of votes cast in the presence of at least five supervisory board members. In the event of a tie, the Chairman has a casting vote.

Members of the supervisory board execute their rights and perform their duties in person. Members of the supervisory board may participate in general meetings.

Moreover, within the performance of their duties, the supervisory board is required to:

- a) once a year prepare and present to the general meeting a concise evaluation of the situation of the Company, taking into account 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 to the annual general meeting an evaluation of its own performance,
- c) discuss and issue opinions on matters which are to be subject of the resolutions of the general meeting.

## COMMITTEES OF THE SUPERVISORY BOARD

The supervisory board may appoint committees to investigate certain issues which are in the competence of the supervisory board or to act as advisory and opinion bodies to the supervisory board.

### **AUDIT COMMITTEE**

The supervisory board has appointed the Audit Committee, whose principal task is to make administrative reviews, to exercise financial control, and to oversee financial reporting as well as internal and external audit procedures at the Company and at the companies in its group.

In 2021, the Audit Committee meet 5 times in total.

The following table presents the details on the Audit Committee members as of 31 December 2021:

Member	Function	Conforms with independence criteria	Knowledge and skills in the field of accounting or auditing of financial statements	Knowledge and skills in the real estate
Mariusz Grendowicz	Member of the audit committee	No	Yes <sup>1</sup>	Yes <sup>1</sup>
Marcin Murawski	Chairman of the audit committee	Yes	Yes <sup>2</sup>	No
János Péter Bartha	Member of the audit committee	Yes	Yes <sup>3</sup>	No

<sup>1</sup> Mariusz Grendowicz studied at the University of Gdańsk and then graduated with a degree in banking in the United Kingdom. In 2013 - 2014 he was President and Chief Executive Officer of Polish Investments for Development SA. In 2008-2010, he was president of the management board and Chief Executive Officer of BRE Bank SA, and earlier, in 2001- 2006 was a Vice President of Bank BPH SA, responsible for Corporate Banking and Real Estate Division. During his career, he was also President and Deputy President of ABN AMRO in Poland (1997-2001), Deputy President of ING Bank in Hungary (1995-1997) and headed division of structured finance and capital markets in ING Bank in Warsaw (1992-1995). In 1983-1992 Mariusz Grendowicz worked in banks in London, including Australia and New Zealand Banking Group and Citibank.

<sup>2</sup> Marcin Murawski graduated from the Faculty of Management of Warsaw University in 1997. He has also the following certificates: ACCA, ACCA Practicing Certificate, KIBR entitlement, CIA. Since 2012 he has been a member of the supervisory board of CCC S.A. Between 2005 and 2012 Mr. Murawski was a director of the internal audit and inspection department at WARTA Group and secretary of the audit committee at TUIR WARTA S.A. and TUNŻ WARTA S.A. Between 1997 and 2005 he worked at PricewaterhouseCoopers Sp. z o.o., as manager of the audit department (2002-2005), senior assistant in the audit department (1999-2001), assistant in the audit department (1997-1999).

<sup>3</sup> János Péter Bartha is a seasoned investment banker with 18-year experience in private equity investments, especially extensive experience in privatisation, management of IPOs and M&A. Mr. Bartha started his banking carrier at the National Bank of Hungary in 1986, became CEO of Credit Suisse First Boston in 1990, and Head of Credit Suisse First Boston in Central and Eastern Europe in 1994.

## REMUNERATION COMMITTEE

The supervisory board has appointed the Remuneration Committee of the supervisory board, which has no decision-making authority and which is responsible for making recommendations to the supervisory board with respect to the remuneration of the members of the management board and the policies for setting such remuneration.

In 2021, the Remuneration Committee meet 4 times in total.

The following table presents the details on the Remuneration Committee members as of 31 December 2021:

Member	Function	Conforms with independence criteria	Knowledge and skills in the field of accounting or auditing of financial statements	Knowledge and skills in the real estate
Zoltán Fekete	Chairman of the remuneration committee	No	Yes <sup>1</sup>	Yes <sup>1</sup>
Mariusz Grendowicz	Member of the remuneration committee	No	Yes	Yes
Marcin Murawski	Chairman of the remuneration committee	Yes	Yes	No

<sup>1</sup> Zoltán Fekete graduated from the Faculty of Law of Eötvös Lorand University in 1990, and in 1993 earned an MBA degree in Banking at the University of Exeter, UK. Mr. Fekete has 30 years of international investment banking and private equity experience. As an investment banker he worked for HSBC London, Credit Suisse First Boston in Budapest, London, and Israel. During his career, Mr. Fekete has dealt with a large number of IPOs, M&A transactions and private equity investments in the field of real estate, technology, and life sciences. Since November 2015, he has been the Chairman and CEO of Optima Investment Ltd.

Folowing the resignation of Zoltan Fekete from the supervisory board on 11 March 2022, the supervisory board appointed Janos Peter Bartha as the member of the remuneration committee and its chairman.

The following table presents the names, surnames, functions, dates of appointment, and dates of expiry of the current term of the members of the remuneration committee as of the date of this report:

Member	Function	Conforms with independence criteria	Knowledge and skills in the field of accounting or auditing of financial statements	Knowledge and skills in the real estate
Janos Peter Bartha	Chairman of the remuneration committee	Yes	Yes	No
Mariusz Grendowicz	Member of the remuneration committee	No	Yes	Yes
Marcin Murawski	Chairman of the remuneration committee	Yes	Yes	No

## 12. Audit partner

The recommendation to select the audit firm to audit the financial statements met all the bidding legal conditions required in the procedure for selection of the audit firm to audit the financial statements.

The audit firm selected to audit financial statements did not provide any other services for the Company in 2021.

### **RULES FOR SELECTION OF AN INDEPENDENT AUDITOR WITHIN AN AUDIT FIRM TO AUDIT GTC S.A.'S FINANCIAL STATEMENTS, AS WELL AS THE RULES FOR CONDUCTING AUTHORISED NON-AUDIT SERVICES BY THE AUDIT FIRM.**

On 20 October 2017, the supervisory board of GTC approved the rules for the selection of an independent auditor according to the Act on Registered Auditors, Audit Firms and Public Supervision dated 11th May 2017 which were adopted by the Audit Committee of the Company on 19 October 2017.

The selection of an audit firm to audit and review the financial statements of the Company is the responsibility of the supervisory board. Decisions are taken in the form of an official resolution of the supervisory board, taking into account the prior recommendations of the Audit Committee.

The Audit Committee assesses the independence of the statutory auditor and consents to the provision of authorised non-audit services to the Company. The consent referred to in the preceding sentence can be expressed after the assessment of the independence of the statutory auditor and after obtaining from the statutory auditor a confirmation that the provision of authorised non-audit services will be carried out in accordance with the independence requirements laid down for such services in the rules of professional ethics and standards of performing such services.

Main assumptions of the policy for selecting an audit firm for the purpose of conducting an audit:

- a) the Company's supervisory board selects an audit firm to audit the financial statements. based on the prior recommendation of the Audit Committee of the supervisory board. The selection decision is taken in the form of a resolution of the supervisory board.
- b) the Audit Committee, in its recommendation, shall:
  - recommend a preferred audit firm along with a justification of the preference of the Audit Committee;
  - state that the recommendation is free from third-party influence;
  - state that the Company has not entered into any agreements containing clauses that restrict the ability of the supervisory board to select an audit firm for the purposes of the audit of the Company's financial statements to certain categories or lists of audit firms; and
  - indicate the proposed remuneration for conducting the audit.
- c) in the event that the selection conducted by the Audit Committee does not refer to the prolongation of the agreement for the purpose of the audit of the Company's financial statements, the recommendation of the Audit Committee must contain at least two options for the selection of an audit firm, along with justifications for each option as well as an explanation of the reasons of the Audit Committee's preferred option.
- d) the Audit Committee shall cooperate with the Company's management board in obtaining, analysing and evaluating the audit offers, and will be assisted by the management board in drafting the respective recommendation.
- e) in the course of the selection procedure, the supervisory board and the Audit Committee shall consider:
  - the principles of impartiality and independence of the audit firm. This shall include an analysis of other work carried out by the audit firm in the Company

that extends beyond the scope of the auditing of the financial statements in order to avoid any conflict of interest;

- the experience and track record of the audit team in auditing financial statements of similar companies, its competencies and financial criteria;
- the maximum allowed duration of continuous engagements of statutory audits carried out by the same audit firm under any applicable law;
- the proposed remuneration for the audit; and
- the assessment of the relation between the criteria specified in points 2 and 3 above.

### **13. Diversity policy in terms of the management, supervisory, or administrative bodies of the Company.**

The strategic objective of our diversity policy is to recruit and retain such workforce as to ensure delivery of the GTC Group's business objectives. The priority of diversity policy is to build a sense of trust between the management and other employees, and to treat everyone fairly regardless of their position.

The Company's diversity policy is centered on respecting the employees as an element of diversity-oriented culture regardless of gender, age, education and cultural heritage. It includes integrating employees in their workplace and ensuring that all employees are treated equally at work. The Company supports various social initiatives, which promote equal opportunities. Additionally, the Company joins charitable activities initiated by the employees. The principles of equal treatment at the workplace have been reflected in the company's bylaws, which are available to all employees. The Company values its enriched diversity policy in pursuing its goals.