

**Report**  
**on the adherence to the principles of corporate governance**  
**by Talex S.A., headquartered in Poznan,**  
**in 2012**

Annex to the annual report of  
Talex S.A.  
2012

**1. The set of principles which the Company adheres to and website where it is publicly available.**

In 2012, the Company adhered to the principles of corporate governance, presented in the "Best Practices of WSE Listed Companies" document, adopted by The WSE Supervisory Board in Warsaw. The content of the document is available at <http://corp.gov.gpw.pl/>. Under the WSE regulations, the Company is not obliged to adhere to the indicated set of principles, but only to report on them.

**2. Information on the extent to which the company did not adhere to the indicated set of principles of corporate governance and explanation of the reasons of such a conduct.**

In 2012, the Company adhered to all the principles of corporate governance specified in sections II, III and IV of the "Best Practices of WSE Listed Companies" document.

The Company also follows the recommendations included in section I of the "Best Practices of WSE Listed Companies" document, except for:

- *Principle No.1. "A company should pursue a transparent and effective information policy using both traditional methods and modern technologies as well as the latest communication tools ensuring fast, secure and efficient access to information. Using such communication methods to the broadest extent possible, a company should particularly ensure the following:*
  - *maintain own website, with scope and layout following the example of the model investor relations website available at: <http://naszmodel.gpw.pl/>;*
  - *ensure adequate communication with investors and analysts, utilizing modern Internet communication means;*
  - *enable on-line broadcasts of General Assemblies over the Internet, record General Assemblies, and publish the recordings on the company website.*

The above recommendation is not fully implemented as the Company does not record General Assemblies, and so, does not publish the recordings on the company website. So far, General Assemblies have not been broadcast on-line either. The scope of information published on the Web site of the Company meets the requirements of both applicable law and corporate governance requirements to which the present report is related. The method of presentation of the data do not follow the model service of investor relations.

- *Principle No. 5 The Company should have a remuneration policy and principles of determining such policy. In particular, a remuneration policy should specify a form, structure and level of remuneration for members of the management and supervisory bodies. The determination of a remuneration policy for members of the management and supervisory bodies should be consistent with the Recommendation of the European Commission of 14 December 2004 fostering an appropriate regime for the remuneration of directors of listed companies (2004/913/EC), complemented by the Recommendation of the European Commission of 30 April 2009 (2009/385/EC)."*

Developed in the course of many years of practice, Management Board remuneration policy is in large part consistent with the recommendations of the European Commission, referred to in Principle No. 5. However, this policy must also take into account atypical shareholding structure of the Company, in particular, the fact that some members of the Board, while remaining significant shareholders of the Company, have a major influence on decisions taken by the General Assembly and participate in the sharing of profit generated by the Company based on the right to dividends.

*Recommendation no. 1,9 i.e. "The WSE recommends to public companies and their shareholders that they ensure a balanced proportion of women and men in management and supervisory functions in companies, thus reinforcing the creativity and innovation of the companies' economic business."*

The main criteria in the selection of persons to perform functions in the bodies of the Company are competence and professionalism of the candidate. Women and men have equal opportunities to be employed for a given position. Currently, there are no women in five-person Management Board; however, there is one woman in five-person Supervisory Board who acts as the Chairman of the Supervisory Board.

*Rule no.III, 8 i.e.: "with regard to tasks and functioning of the committees operating in the supervisory board, appendix I to the EC recommendation dated 15 February 2005 concerning the role of non-executive directors or directors being members of the supervisory boards should be applied (...)."*

Due to the fact that the Supervisory Board operates with minimum company strength of five person, as provided by the law, there are no separate committees set up in the supervisory board. The tasks of the committees, referred to in *Annex I to the European Commission Recommendation (...)*, are realized directly by the Supervisory Board in full composition.

### **3. Description of the main characteristics of the internal control and risk management systems, related to the process of financial statement preparation, adopted by the Company.**

The Company did not implement a separate system of internal control and risk management related directly to the process of financial statement preparation. Financial statements are prepared by the finance and accounting services of the Company, supervised by the Chief Accountant, and then approved by the Management Board. Financial statements approved by the Board are then verified by an independent chartered auditor selected by the Supervisory Board of the Company.

The activity of the organizational units involved in the process of financial statement preparation is covered by the integrated quality management and information security system, which complies with the ISO 9001:2008 and ISO 27001:2005 standards.

### **4. Shareholders holding, directly or indirectly, significant blocks of shares, including the number of shares held, their percentage share in the share capital, the number of votes they carry and their percentage share in the total votes in the General Assembly.**

Shareholder's name	Number of shares	Share (%) in the capital	Number of votes	Votes (%) in the General Assembly of Shareholders
Total	3,000,092	100.00	3,408,092	100.00
Janusz Gocalek	755,556	25.22	892,556	26.19
Jacek Klauziński	755,556	25.22	892,556	26.19
Andrzej Rózga	755,556	25.22	892,556	26.19

**5. Holders of securities which entitle to special supervisory powers and description of such powers.**

The Company did not issue any securities which entitle to special supervisory powers over the issuer.

**6. Limitations related to the exertion of voting rights, such as the limitation of the voting rights of the holders owning a specific part or number of votes, time limitations of the exertion of voting rights or regulations, according to which, in case of the Company's cooperation, capital rights related to securities are separate from the ownership of securities.**

The shares of the Company and the exertion of voting rights to which the shares entitle are not limited in any of the above ways.

**7. Limitations related to the transfer of ownership rights to the securities of the issuer.**

Only the shares of series A, B and D, being registered shares, are subject to the limitation of the transfer of ownership rights. They are the registered shares and additionally shares of series A are preference shares regarding the voting right. The terms of conversion of those shares into bearer shares as well as of their disposal have been defined in par. 8 of the Company's Articles of Association. The shares of the Company are not limited as to the exertion of voting rights.

**8. Principles for appointing and dismissing managing persons and description of the rights of such persons, especially the right to take decisions about share issue or repurchase.**

The right to appoint and dismiss members of the Management Board of the Company has been granted to the Supervisory Board and defined in the Company's Articles of Association.

The right to take decisions about share issue or repurchase shall be exercised by the General Assembly.

## **9. Principles of changing the Company's Articles of Association.**

Changes in the Company's Articles of Association are made in accordance to the generally applicable provisions of law; the Company's Articles of Association do not introduce any special rights of the Company governing bodies in this respect. Changing the Company's Articles of Association is reserved only for the General Assembly.

## **10. The way in which the General Assembly functions, its basic powers and the description of the shareholders' rights and the way of their exertion, especially of the rules arising from the regulations of the General Assembly, in case such regulations have been adopted, unless they arise directly from the provisions of law.**

The way in which the General Assembly of Shareholders of the Company functions is compliant with the generally applicable provisions of law and in particular with the Commercial Companies Code. The Company has not introduced any additional corporate internal regulations in this respect, except for the provisions specified in articles 13-19 of the Company's Articles of Association. The extent of powers of the General Assembly and the rights of shareholders defined in the Company's Articles of Association are compliant with the regulations of the generally applicable provisions of law.

The General Assembly is held at the Company's headquarters or in Warsaw.

The Ordinary General Assembly is held annually, on the last day of June at the latest. Should the Management Board of the Company fail to convene the Ordinary General Assembly in due time specified in the present chapter or the Statute, the Supervisory Board is entitled to convene it, as well as to convene Extraordinary General Assembly, if deems it advisable. The powers of other entities to convene the General Assembly are specified in the above-mentioned parts of the Statute and did not deviate from the rules laid down in generally applicable laws.

For many years, the Company has been convening the Ordinary General Assemblies as soon as possible after the closing of the fiscal year.

The Extraordinary General Assembly may be convened by the shareholders who hold at least half of the share capital or at least of the half of votes in the Company. The shareholders appoint the Chairman of the Assembly.

The shareholder or shareholders representing at least one twentieth of the share capital may demand the calling the Extraordinary General Assembly and filing motions for the inclusion of particular issues on the agenda. The demand for calling the Extraordinary General Assembly shall be submitted to the Management Board in writing or in electronic form. If the Extraordinary General Assembly is not called within two weeks since the day of submitting the demand to the Management Board, the register court may authorize the shareholders submitting the demand to convene the Assembly. The court shall appoint the chairman of the Assembly.

The person convening the General Assembly shall set its agenda, taking the motions filed into account. A shareholder (shareholders), representing at least one twentieth of the share capital, shall file motions for the inclusion of particular issues on the agenda of the General Assembly. The General Assembly shall be announced on the Company's website and in the way specified for passing current information according to the regulations on public offer and on conditions of entering financial instruments to organized trading system and on public companies, at least twenty six days prior to the date of the General Assembly. The announcement shall include the agenda of the

General Assembly and other information published in the announcement and required by law.

The right to attend the General Assembly shall exclusively have persons having shares on sixteen days before the date of the General Assembly (the day of registration of participation in the General Assembly). Shareholders have the right to attend the General Assembly in person or by proxies. The power of attorney to attend the Assembly and to exercise the right to vote should be made in writing, or otherwise be null and void. The power of attorney to exercise the right to vote shall be in writing or in electronic form. Assigning the power of attorney in electronic form does not require stamping with a secure electronic signature verified with a valid qualified certificate. Members of the Company's authorities and persons appointed by the Managing Board to manage the General Assembly shall also have the right to attend the General Assembly.

If convened correctly, the General Assembly can adopt resolutions. Each share carries the right to one vote, unless it is a preference share as to the voting power. The resolutions of the Assembly shall be adopted by a simple majority of the votes duly cast, unless an applicable provision of law or the Company's Articles of Association require differently. Shareholders shall vote by open ballot. Secret ballot shall be called for in cases of elections, motions to dismiss members of the Company's authorities or its liquidators or bring them to justice, as well as in cases of personal matters or at the request of at least one person present at the General Assembly.

The General Assembly shall:

- Analyze and approve the financial statements and the Management Board's reports on the Company's activity for the previous fiscal year as well as the Supervisory Board's statement and opinion on the Management Board's reports
- Adopt a resolution regarding the distribution of the profit or offset of losses for the previous fiscal year
- Adopt a resolution to clear the members of the Company's governing bodies for due performance of their duties
- Adopt a resolution regarding the election of new authorities of the Company, if they are elected by the General Assembly and their mandates expire on the day of the General Assembly

Moreover, the sole authority of the General Assembly shall include adopting resolutions regarding:

- Appointment and dismissal of members of the Supervisory Board
- Changes in the Company's Articles of Association
- Issue of convertible bonds or bonds with preemptive rights
- Determination of the rules of remunerating members of the Supervisory Board and the value of such remuneration
- Mergers with other companies
- Dissolution of the Company and selection of its liquidators
- Disposal and lease of the enterprise or its organized part and establishment of limited property rights
- Investigation of appeals of the Management Board against the decisions of the Supervisory Board, which refuses to grant its approval for a given action
- acquisition of treasury shares by the Company, which are to be offered for acquisition to the employees or persons who were employed by the Company or a related company for the period of at least three years

The Company has not adopted any regulations of the General Assembly.

**11. The composition of members of the Management and Supervisory Boards, its changes during the last fiscal year, and the description of the way the bodies managing, supervising and administrating the issuer as well as their committees function**

Members of the Management Board (as for 31 December 2012):

- Janusz Goczałek
- Jacek Klauziński
- Andrzej Rózga
- Rafał Szalek
- Radosław Wesołowski

Members of the Supervisory Board (as for 31 December 2012):

- Grzegorz Ganowicz
- Andrzej Kurc
- Marek Nawrocki
- Jacek Nowak
- Bogna Pilarczyk

The Supervisory Board in the given composition was appointed by the General Assembly on 22 April 2008, following the expiration of the terms of office. The Management Board was appointed by the Supervisory Board on 22 April 2008 except for the Member of the Management Board – Mr. Radosław Wesołowski, appointed by the Supervisory Board on 30 April 2010.

In 2012 the following changes took place in the composition of the governing bodies of the Company:

- On 8 March 2012 Mr. Tomasz Łodygowski, Member of the Supervisory Board of the Company and its President at the same time, submitted his resignation to the Board.
- The Supervisory Board of the Company at its meeting on 8th March 2012, acting under the Articles of Association, appointed by co-opting Mr. Andrzej Kurc as the Member of the Supervisory Board. At the same time, the Supervisory Board of the Company adopted the election of a new President, Member of the Supervisory Board, Ms Bogna Pilarczyk. The decision on the appointment of Mr. Andrzej Kurc as the Member of the Supervisory Board was approved at the Ordinary General Meeting of Shareholders of Talex S.A. dated 18 April 2012.
- On 24 April 2012 Mr. Jerzy Nawrocki, Member of the Supervisory Board of the Company, submitted his resignation to the Board.
- The Supervisory Board of the Company at its meeting on 5 June 2012 acting under the Articles of Association appointed by co-opting Mr. Jacek Nowak as the Member of the Supervisory Board. In accordance with the provisions of the Articles of Association, the choice of a new Member is subject to approval by the next General Meeting of Shareholders of the Company.

The governing bodies of the Company function in accordance with the generally applicable provisions of law. Detailed description of the way the Management and Supervisory Boards function has been included in the Company's Articles of Association as well as separate regulations of those bodies, approved by the Supervisory Board, that is: "Regulations of the Management Board of Talex S.A." and "Regulations of the

Supervisory Board of Talex S.A.” respectively. The above documents are available at the company website.

No committees of the managing and supervising bodies have been appointed, however, following the law and based on the resolution adopted on 29 December 2009, the Supervisory Board decided to entrust the tasks of the audit committee to the Board. This decision was made due to the minimum personal composition of the Board (5 members).