

**Report**  
**on the adherence to the principles of corporate governance**  
**by Talex S.A., headquartered in Poznan,**  
**in 2016**

Annex to the annual report of  
Talex S.A.  
2016

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

In 2016, the Company adhered to the principles of corporate governance, presented in the “Best Practice for GPW Listed Companies 2016” document, adopted by the Warsaw Stock Exchange Supervisory Board in Warsaw (appendix to Resolution No. 26/1413/2015 of the Supervisory Board of the Warsaw Stock Exchange dated 13 October 2015). The content of the document is available at [https://www.gpw.pl/lad\\_korporacyjny\\_na\\_gpw](https://www.gpw.pl/lad_korporacyjny_na_gpw). 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 2016, the Company followed the recommendations included in “Best Practice for GPW Listed Companies” document, with the following exceptions that occurred incidentally:

*Disclosure Policy, Investor Communications*

*I.Z.1.16. information about the planned transmission of a general meeting, not later than 7 days before the date of the general meeting;*

This principle was breached incidentally: the General Meeting of Shareholders was held on 11 May 2016. This principle was not implemented due to the fact that Company does not record the proceedings of General Meetings and therefore does not make it public on its website during the proceedings of the General Meeting. A derogation from this rule is justified by the low interest of the Company’s shareholders in the participation in the General Assembly. Over the past years the number of shareholders taking part in the subsequent General Meetings has not exceeded a few people, the majority of whom are also members of the governing body of the Company.

*I.Z.1.20. an audio or video recording of a general meeting;*

This principle was breached incidentally: the General Meeting of Shareholders was held on 11 May 2016. This principle was not implemented due to the fact that Company does not record the proceedings of General Meetings and therefore does not make it public on its website. A derogation from this rule is justified by the low interest of the Company’s shareholders in the participation in the General Assembly. Over the past years the number of shareholders taking part in the subsequent General Meetings has not exceeded a few people, the majority of whom are also members of the governing body of the Company.

## General Meeting, Shareholder Relations

*IV.Z.16. The dividend record date and the dividend payment date should be set so as to ensure that the period between them is not longer than 15 business days. A longer period between these dates requires a justification.*

The principle was breached incidentally: the General Meeting of Shareholders held on 11 May 2016 adopted a resolution on distribution of profit for the year 2015. Pursuant to the resolution the dividend was paid in two equal instalments. The decision to use that method of dividend payment was taken due to rational financial policy of the Company in connection with the ongoing investments. A one-time derogation from this Rule referred only to the payment date of the second installment of the dividend, because the period between the date of setting the right to dividend and the date of payment of the second dividend installment of is longer than 15 working days.

### **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 27001:2013 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.**

As at 31 December 2016:

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	756,556	25.22	892,556	26.19
Jacek Klauziński	756,556	25.22	892,556	26.19
Andrzej Rózga	756,556	25.22	892,556	26.19

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FAMILIAR S.A., SICAV-SIF  
the company governed  
by the law of the Grand Duchy  
of Luxembourg

190,822*	7,58	190,822*	5,60
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\*the number of shares and the number of votes resulting from the shares, established as at 25 April 2016, based on the list of the Shareholders authorized to participation in the Ordinary General Meeting of Shareholders of the Company held on 11 May 2016.

**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 half of the 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 2016):

- Janusz Gocalek
- Jacek Klauziński
- Andrzej Rózga
- Rafał Szalek
- Radosław Wesółowski

Members of the Supervisory Board (as for 31 December 2016):

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

The Supervisory Board in the given composition was appointed by the General Assembly on 25 April 2016, following the expiration of the terms of office. The Management Board was appointed by the Supervisory Board on 25 April 2013, following the expiration of the terms of office.

In 2016 no changes took place in the composition of the governing bodies 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).

## **12. A description of diversity policy applied by the bodies administrating, managing, and supervising the issuer with regard to aspects such as age, gender, or education and work experience, as well as to the aims of the diversity policy, the manner of its implementation, and the results in a given reporting period.**

In its activities, the Company strives to provide a rational diversity both in the selection of both the composition of its governing bodies and in the process of recruitment. Representatives of the Company recognize the real benefits of ensuring diversity, in particular with regard to age, experience and gender. Nonetheless, the basic criteria in the selection of both the composition of the Company's Supervisory Board, Management Board, managers, and employees are professional competence and social skills. The accomplishment of the identified objectives amounts to ensuring the adequacy of the personnel selection with full respect for diversity, paying due attention to the

mainstreaming of the provision of equal opportunities. This is intended to ensure the stability and continuity of the Company's operations as a business entity, entrepreneur. In the opinion of the Company's governing bodies, the diversity policy makes sense and is justified only when it serves the development of the Company and promotes satisfaction of various business groups representatives maintaining more or less close relations with the Company.

When analyzing the actual impact of the efforts to ensure diversity (understood as referred to above), the nature of the Company activities and its specialization in the IT industry should also be taken into account. The Company's activities as advanced IT systems integrator implies a certain restrictions reducing quotas in ensuring diversity. By its nature, the activity in IT industry, in particular in the field of maintenance services provided in the branch units of the Company's customers, brings about natural increase of younger staff and men.

Currently, the Management Board of the Company is composed of five male members, most of whom are founders of the Company and its significant shareholders, whereas the Supervisory Board is composed of five persons, including one woman holding a mandate who serves as Chairman of the Board. The personal representatives of the two governing bodies provide diversity in the field of education and work experience. Moreover, the composition of the Management Board, in addition to the provision of the above criteria of diversity, is also significantly diverse in terms of age of the individual members of this body.

Regardless of the policy of diversity and successes already achieved in this area, the Company notes an upward trend in the employment of women with high qualifications and widening of the age spectrum of its employees.