



## INFORMATION ON THE BANK'S COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS AND PRINCIPLES CONTAINED IN "BEST PRACTICE FOR GPW LISTED COMPANIES 2016" IN THE YEAR 2016.

Based on information from responsible organizational units the analysis of Bank's compliance with "Best Practice 2016" in the year 2016 was performed.

According to the current status of compliance with the Best Practice 2016, the Bank does not apply Recommendation IV.R.2. and detailed principles I.Z.1.16., I.Z.1.20., IV.Z.2. and (partially) V.Z.5. Additionally principles I.Z.1.10., III.Z.6. and recommendation - IV.R.3. are not applicable.

### DISCLOSURE POLICY, INVESTOR COMMUNICATIONS

[I.Z.1. A company should operate a corporate website and publish on it, in a legible form and in a separate section, in addition to information required under the legislation: (...)]

**I.Z.1.10. financial projections, if the company has decided to publish them, published at least in the last 5 years, including information about the degree of their implementation;**

*The principle not applicable.*

Comments of the Company: the Bank does not publish financial projections.

**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;**

*The principle is not applied.*

Comments of the Company: Neither the Bank's Statute nor the GM Rules of Procedure currently provide shareholders with such advantages. Low free float of 5% and no interest from the investors justify the non-compliance in this respect.

**I.Z.1.17. justification of draft resolutions of the general meeting concerning issues and determinations which are relevant to or may give rise to doubts of shareholders, within a timeframe enabling participants of the general meeting to review them and pass the resolution with adequate understanding;**

*The principle is applied with commentary.*

Comments of the Company: Justifications were not included in the drafts of resolutions of the general meetings until now, apart from those required directly under the Code of Commercial Partnerships and Companies.

**I.Z.1.18. information about the reasons for cancellation of a general meeting, change of its date or agenda, and information about breaks in a general meeting and the grounds of those breaks;**

*The principle is applied with commentary.*

Comments of the Company: the Ordinary General Meeting adjournment was announced once in 2016. The Bank informed about the break in the general meeting dated 9 June 2016 via current report no 22/2016 published on 9 June. The current report was published on the Bank's corporate website. As a reason for the break the request of a shareholder BNP Paribas S.A. was indicated.

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

*The principle is not applied.*

Comments of the Company: Comment as in I.Z.1.16. Additionally, providing a real-time broadcast and an audio or video recording of a general meeting requires technical means, which generate additional costs of organizing general meeting.

## INTERNAL SYSTEMS AND FUNCTIONS

**III.Z.6. Where the company has no separate internal audit function in its organisation, the audit committee (or the supervisory board if it performs the functions of the audit committee) should review on an annual basis whether such function needs to be separated.**

*The principle not applicable.*

Comments of the Company: There is a department of internal audit and an audit committee for supervisory board established in the organizational structure of the Bank.

## GENERAL MEETING, SHAREHOLDER RELATIONS

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

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

*The principle is not applied.*

Comments of the Company: Neither the Bank's Statute nor the GM Rules of Procedure currently provide shareholders with such advantages. Low free float of 5% and no interest from the investors justify the non-compliance in this respect.

**IV.R.3. Where securities issued by a company are traded in different countries (or in different markets) and in different legal systems, the company should strive to ensure that corporate events related to the acquisition of rights by shareholders take place on the same dates in all the countries where such securities are traded.**

*The principle not applicable.*

Comments of the Company: All securities issued by the Bank are listed only in Poland on the WSE.

**IV.Z.2. If justified by the structure of shareholders, companies should ensure publicly available real-time broadcasts of general meetings.**

*The principle is not applied.*

Comments of the Company: Neither the Bank's Statute nor the GM Rules of Procedure currently provide shareholders with such advantages. Low free float of 5% and no interest from the investors justify the non-compliance in this respect.

**IV.Z.7. A break in the proceedings of the general meeting may only take place in special cases, defined at each time in the justification of the resolution announcing the break, drafted on the basis of reasons provided by the shareholder requesting the break.**

*The principle is applied with commentary.*

Comments of the Company: the Ordinary General Meeting adjournment was announced once in 2016. The break in the general meeting dated 9 June 2016 was announced at the request of a shareholder BNP Paribas S.A.

## CONFLICT OF INTEREST, RELATED PARTY TRANSACTIONS

**V.Z.5. Before the company concludes a significant agreement with a shareholder who holds at least 5% of the total vote in the company or with a related party, the management board should request the supervisory board's approval of the transaction. Before giving its approval, the supervisory board should evaluate the impact of the transaction on the interest of the company. The foregoing does not apply to typical transactions and transactions at arm's-length made as part of the company's operations between the company and members of its group. If the decision concerning the company's significant agreement with a related party is made by the general meeting, the company should give all shareholders access to information necessary to assess the impact of the transaction on the interest of the company before the decision is made.**

**Bank BGŻ BNP Paribas S.A.**

*The principle is applied with commentary.*

Comments of the Company: The principle is applied partially, i.e. to the extent governed by Article 20 para. 1 item 1) section k) of the Bank's Articles of Association, under which consent of the supervisory board is required whenever transactions with the Bank's related entities may not be classified jointly as typical transactions concluded on market conditions as part of the Bank's current activities. A rule as such, pertaining to significant agreements with a shareholder holding at least 5% of the total votes [at the company's general meeting] or an affiliated entity, is not applied in the Bank.