

Agora S.A.

Information on the status of the company's application of the recommendations and principles contained in the Code of Best Practice for GPW Listed Companies 2021

According to the current status of compliance with the Best Practices, the Company does not apply 11 detailed principles: 1.3.1., 1.3.2., 1.4., 1.4.1., 1.4.2., 1.5., 2.1., 2.2., 2.11.6., 3.5., 3.10.

1. DISCLOSURE POLICY, INVESTOR COMMUNICATIONS

In the interest of all market participants and their own interest, listed company should ensure adequate communications with investors and analysts by pursuing a transparent and effective disclosure policy.

- 1.1. Companies maintain efficient communications with capital market participants and provide fair information about matters that concern them. For that purpose, companies use diverse tools and forms of communication, including in particular the corporate website where they publish all information relevant for investors.
The principle is applied
- 1.2. Companies make available their financial results compiled in periodic financial reports as soon as possible after the end of each reporting period; and if it is not possible for substantial reasons, companies publish at least preliminary financial estimates as soon as possible.
The principle is applied
- 1.3. Companies include/integrate ESG matters/factors in their business strategy, including in particular:
 - 1.3.1. environmental factors, including measures and risks relating to climate change and sustainable development;
The principle does not apply
COMMENT OF THE COMPANY: Heretofore, the strategy of the Company has not included ESG factors. Due to the outbreak of the COVID-19 pandemic, the Company suspended the implementation of its business strategy. Its directions were maintained, but the deadline for achieving certain financial goals was not possible due to the consequences of the pandemic. The Management Board of the Company will take into account goals related to ESG issues when working on the development strategy for the coming years.
 - 1.3.2. social and employee factors, including among others actions taken and planned to ensure equal treatment of women and men, decent working conditions, respect for employees' rights, dialogue with local communities, customer relations
The principle does not apply
COMMENT OF THE COMPANY: Due to the outbreak of the COVID-19 pandemic, the Company suspended the implementation of its business strategy. Its directions were maintained, but the deadline for achieving certain financial goals was not possible due to the consequences of the pandemic. The Management Board of the Company will take into account goals/indicators related to ESG issues when working on the development strategy for the coming years.
- 1.4. To ensure quality communications with stakeholders, with regard to 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:
 - 1.4.1. explain how the decision-making processes of the company and its subsidiaries have regard to climate change issues, including the resulting risks;
The principle does not apply
COMMENT OF THE COMPANY: Current business strategy of the Company does not include non financial issues. The Management Board of the Company will take into account goals/indicators related to ESG issues when working on the development strategy for the coming years.
 - 1.4.2. przedstawiać 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.
The principle does not apply
COMMENT OF THE COMPANY : So far, the Company's strategy has not took into account the presentation of the remuneration equal ratio. The Management Board of the Company will take into account equality issues when working on the development strategy for the coming years, including activities to eliminate possible inequalities in this area. Information on the remuneration of women and men is presented annually by the Company in the non-financial report of the Agora Group.

- 1.5. At least annually the companies disclose the amounts expended in support of culture, sports, charities, the media, social organisations, trade unions, etc. If the company or its group pay such expenses in the reporting year, the disclosure presents a list of such expenses.
The principle does not apply
COMMENT OF THE COMPANY : *So far, the above-mentioned expenses were not separately disclosed. The company will publish an appropriate statement of expenditure on supporting culture, sports, charities, media, social organizations, trade unions, etc. annually*
- 1.6. Companies participating in the WIG20, mWIG40 or sWIG80 index - quarterly and other companies- at least annually organize a meeting with investors to which they invite in particular shareholders, analysts, industry experts and the media representatives. At such meetings, the Management Board of the company presents and comments on the strategy and its implementation, the financial results of the company and its group, and the key events impacting the business of the company and its group, their results and outlook. At such meetings, the Management Board of the company publicly provides answers and explanations to questions raised.
The principle is applied
- 1.7. If an investor requests any information about a company, the company replies immediately and in any case no later than within 14 days.
The principle is applied

2. MANAGEMENT BOARD, SUPERVISORY BOARD

To ensure high standards of the responsibilities and effective performance of the Management Board and the Supervisory Board of a company, only persons with the adequate competences, skills and experience are appointed to the Management Board and the Supervisory Board.

Members of the Management Board act in the interest of the company and are responsible for its business activity. The Management Board is also responsible among others for the company's leadership, engagement in setting and implementing its strategic objectives, and ensuring the company's efficiency and safety.

Members of the Supervisory Board follow their independent opinion and judgement, including in decision making, and act in the interest of the company.

The Supervisory Board cultivate a culture of debate and dialogue. Its analyse the market and sector position of the company on the basis of information provided by the Management Board and via the company's internal systems and obtained from external sources, using the output of its committees. In particular, the Supervisory Board gives an opinion on the company's strategy, verifies/supervises the work of the Management Board in terms of achieving the established strategic goals and monitors the company's financial results.

- 1.1. Companies should have a diversity policy towards the Management Board and the Supervisory Board, adopted by the Supervisory Board or the General Meeting respectively. The diversity policy defines the goals and criteria of diversity, among others in such areas as gender, field of education, specialist knowledge, age and professional experience, and also specifies the date and the monitoring systems for these goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.
The principle does not apply
COMMENT OF THE COMPANY : *Gender diversity policy is not applied in the case of the Supervisory Board. The Company will present to the next General Meeting the content of the diversity policy in relation to the Supervisory Board and the Management Board of the Company and will consult its content with shareholders who may currently influence the composition of the Company's corporate bodies.*
- 1.2. Decision makers who elect members of the Management Board or the Supervisory Board of companies should ensure that the composition of those bodies is comprehensive by securing diversity. Companies should have enable, among others, achieving target ratio of the minimum participation of minorities set at a level not lower than 30%, in accordance with the objectives set out in the adopted diversity policy referred to in principle 2.1.
The principle does not apply
COMMENT OF THE COMPANY : *The company will present the DPSN2021 guidelines to the next General Meeting to ensure the versatility of the composition of the Management Board and the Supervisory Board, along with a proposal for the diversity policy enabling, inter alia, achieving the target ratio of the minimum share of the gender minority at a level not lower than 30% in the Supervisory Board and the Management Board of the Company.*
- 1.3. At least two members of the Supervisory Board meet the criteria of being independent referred to in the Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision, and have no actual and material relations with any shareholder who holds at least 5% of the total vote in the company.
The principle is applied
- 1.4. The votes of the Supervisory Board and the Management Board are open, unless otherwise required by law.
The principle is applied
- 1.5. Members of the Supervisory Board and the Management Board voting against the resolution may submit a dissenting opinion to the minutes.
The principle is applied
- 1.6. Functions on the Management Board of a company are the main area of the professional activity of its members. Their should not engage in additional professional activities if the time devoted to such activities prevents their proper performance in the company.
The principle is applied

- 1.7. The activity of members of the company's Management Board in corporate bodies of entities outside the company's group requires the consent of the supervisory board.
The principle is applied
- 1.8. Członkowie rady nadzorczej powinni być w stanie poświęcić niezbędną ilość czasu na wykonywanie swoich obowiązków. Members of Supervisory Board should be able to devote the time necessary to perform their duties.
The principle is applied
- 1.9. The chair of the Supervisory Board should not combine this function with that of chair of the audit committee of the supervisory board.
The principle is applied
- 1.10. Companies allocate administrative and financial resources necessary to ensure efficient functioning of the Supervisory Board in a manner adequate to their size and financial standing.
The principle is applied
- 1.11. In addition to its responsibilities laid down in the legislation, the Supervisory Board prepares and presents an annual report to the General Meeting. Such report includes at least the following:
- 1.11.1. information about the members of the Supervisory Board and its committees, including indication of those Supervisory Board members who fulfil the criteria of being independent referred to in the Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision and those Supervisory Board members who have no actual and material relations with any shareholder who holds at least 5% of the total vote in the company, and information about the members of the Supervisory Board in the context of diversity;
The principle is applied
- 1.11.2. summary of the activity of the Supervisory Board and its committees;
The principle is applied
- 1.11.3. appraisal of the company on a consolidated basis, including assessment of the internal control, risk management and compliance systems and the internal audit function, and information about measures taken by the Supervisory Board to perform such assessment; such assessment should cover all significant controls mechanisms, in particular those relating to reporting and operating activities;
The principle is applied
- 1.11.4. appraisal of the company's compliance with the corporate governance rules and the manner of compliance with the disclosure obligations defined in the Exchange Rules and the regulations on current and periodic reports provided by issuers of securities, and information about actions taken by the Supervisory Board to perform such assessment;
The principle is applied
- 1.11.5. assessment of the rationality of expenses referred to in principle 1.5;
The principle is applied
- 1.11.6. information regarding the degree of implementation of the diversity policy applicable to the Management Board and the supervisory board, including the achievement of goals referred to in principle 2.1.
The principle does not apply
COMMENT OF THE COMPANY : *After adopting the diversity policy, the Company undertakes to inform about the degree of its implementation in relation to the Company's corporate bodies.*

3. INTERNAL SYSTEMS AND FUNCTIONS

Efficient internal systems and functions are an indispensable tool of exercising supervision over the company.

The systems cover the company and all areas of activity of its group which have a significant impact on the position of the company.

- 3.1. Companies maintain efficient internal control, risk management and compliance systems and an efficient internal audit function adequate to the size of the company and the type and scale of its activity; the Management Board is responsible for their functioning.
The principle is applied
- 3.2. Companies' organisation includes units responsible for the tasks of individual systems and functions unless it is not reasonable due to the size of the company or the type of its activity.
The principle is applied
- 3.3. Companies participating in the WIG20, mWIG40 or sWIG80 index appoint an internal auditor to head the internal audit function in compliance with generally accepted international standards for the professional practice of internal auditing. In other companies which do not appoint an internal auditor who meets such requirements, the audit committee (or the Supervisory Board if it performs the functions of the audit committee) assesses on an annual basis whether such person should be appointed.
The principle is applied
- 3.4. The remuneration of persons responsible for risk and compliance management and of the head of internal audit should depend on the performance of delegated tasks rather than short- term financial results of the company.
The principle is applied
- 3.5. Persons responsible for risk and compliance management report directly to the president or other member of the Management Board.
The principle does not apply
COMMENT OF THE COMPANY : The principle is not implemented in relation to the function of the Compliance Officer. Currently, this function is within the Legal Department structure. The Management Board, in consultation with the Audit Committee, will analyze the position of this function in the company's structure.
- 3.6. The head of internal audit reports organisationally to the president of the Management Board and functionally to the chair of the audit committee or the chair of the Supervisory Board if the Supervisory Board performs the functions of the audit committee.
The principle is applied
- 3.7. Principles 3.4 to 3.6 apply also to members of the company's group which are significant to its activity if they appoint persons to perform such tasks.
The rule does not apply to the company
COMMENT OF THE COMPANY : No such persons were appointed in other Group companies.
- 3.8. The person responsible for internal audit or the Management Board, if such function is not performed separately in the company, annually reports to the Supervisory Board with their assessment of the effectiveness of the systems and functions referred to in principle 3.1, together with a relevant report.
The principle is applied
- 3.9. Rada The Supervisory Board monitors the efficiency of the systems and functions referred to in principle 3.1 among others on the basis of reports provided periodically by the persons responsible for the functions and the company's Management Board, and makes annual assessment of the efficiency of such systems and functions according to principle 2.11.3. Where an audit committee operates in the company, it monitors the effectiveness of the systems and functions referred to in principle 3.1, however, this does not release the Supervisory Board from the annual assessment of the effectiveness of these systems and functions.
The principle is applied
- 3.10. Companies participating in the WIG20, mWIG40 or sWIG80 index have the internal audit function reviewed at least once every five years by an independent auditor appointed with the participation of the Audit Committee.
The principle does not apply
COMMENT OF THE COMPANY : The company intends to comply with the above requirement and select an entity that will review the internal audit function. In 2021, together with the Audit Committee, it will establish the procedure for selecting an entity that will review the internal audit function.

4. GENERAL MEETING, SHAREHOLDER RELATIONS

The Management Board of the company and its Supervisory Board should encourage shareholders to become involved in the company's matters, in particular through active, personal or proxy participation in the General Meeting.

The General Meeting should proceed by respecting the rights of all shareholders and ensuring that passed resolutions do not infringe on legitimate interests of individual groups of shareholders.

Shareholders who participate in a General Meeting exercise their rights in accordance with the rules of good conduct. Participants of a General Meeting should come prepared to the General Meeting.

- 4.1. Companies should enable their shareholders to participate in a General Meeting by means of electronic communication (e-meeting) if justified by the expectations of shareholders notified to the company, if the company is in a position to provide the technical infrastructure necessary for such General Meeting to proceed.
The principle is applied
- 4.2. Companies set the place and date and the form of a General Meeting in a manner enabling the participation of the highest possible number of shareholders. For that purpose, companies strive to ensure that the cancellation of a General Meeting, change of its date or break in its proceedings take place only if justified cases and do not prevent or limit the exercising of the shareholders' rights to participate in the General Meeting.
The principle is applied
- 4.3. Companies provide a public real-life broadcast of the General Meeting.
The principle is applied
- 4.4. Participation of the media representatives is allowed at General Meetings.
The principle is applied
- 4.5. If the Management Board becomes aware a General Meeting being convened pursuant to Article 399 § 2 – 4 of the Commercial Companies Code, the Management Board immediately takes steps which it is required to take in order to organise and conduct the General Meeting. The foregoing applies also where a General Meeting is convened under authority granted by the registration court according to Article 400 § 3 of the Commercial Companies Code.
The principle is applied
- 4.6. To help shareholders participating in a General Meeting to vote on resolutions with adequate understanding, draft resolutions of the General Meeting concerning matters and decisions other than points of order should contain a justification, unless it follows from documentation tabled to the General Meeting. If an item is placed on the agenda of the General Meeting at the request of a shareholder or shareholders, the Management Board shall request the justification of the proposed resolution, if it has not been previously presented by the shareholder or shareholders.
The principle is applied
- 4.7. The Supervisory Board issues opinions on draft resolutions put on the agenda of the General Meeting by the Management Board.
The principle is applied
- 4.8. Draft resolutions of the general meeting should be submitted by shareholders no later than 3 days before the general meeting.
The principle is applied
- 4.9. If the agenda of the General Meeting is to appoint a member of the Supervisory Board or to appoint a new Supervisory Board for a new term of office:
- 4.9.1. candidates for members of the Supervisory Board should be presented, with a time necessary for shareholders present at the General Meeting, to make an informed decision and in any case no later than three days before the General Meeting; the names of candidates and all related documents should be immediately published on the company's website;
The principle is applied
- 4.9.2. candidates for members of the Supervisory Board make a declaration concerning fulfilment of the requirements for members of the audit committee referred to in the Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision and having actual and material relations with any shareholder who holds at least 5% of the total vote in the company.
The principle is applied
- 4.10. The exercise of shareholders' rights and the manner in which they exercise their rights may not hinder the proper operation of the company's corporate bodies.
The principle is applied
- 4.11. Members of the Management Board and the Supervisory Board participate in a General Meeting, at the location of the meeting or by means of bilateral real-time electronic communication, in a composition enabling them to comment on the issues on the agenda of the General Meeting and to provide substantive answers to questions asked during the General Meeting. The Management Board presents the financial results of the company and other relevant information, including non-financial information, contained in the financial statements to be approved by the General Meeting. The Management Board presents key events of the last financial year, compares presented data with previous years, and presents the degree of implementation of the plans for the last year.
The principle is applied
- 4.12. Resolutions of the General Meeting concerning an issue of shares with subscription rights should specify the issue price or the mechanism of setting the price or authorise the competent body to set the price prior to the subscription right record date within a timeframe necessary for investors to make decisions.
The principle is applied
- 4.13. Resolutions concerning a new issue of shares with the exclusion of subscription rights which grant pre-emptive rights for new issue shares to selected shareholders or other entities may pass subject at least to the following three criteria:
- a) the company has a rational, economically justified need to urgently raise capital or the share issue is related to rational, economically justified transactions, among others such as a merger with or the take-over of another company, or the shares are to be taken up under an incentive scheme established by the company;
 - b) the persons granted the pre-emptive right are to be selected according to objective general criteria;
 - c) the purchase price of the shares is in a rational relation with the current share price of the company or is to be determined in book-building on the market.
- The principle is applied*

- 4.14. Companies should strive to distribute the profit by paying dividends. It is possible to leave the entire profit in the company if any of the following reasons apply:
- a) the earnings are minimal and consequently the dividend would be immaterial in relation to the value of the shares
 - b) the company reports uncovered losses from previous years and the earnings are used to reduce such losses;
 - c) the company can demonstrate that investment of the earnings will generate tangible benefits for the shareholders;
 - d) the company generates insufficient cash flows to pay out dividends;
 - e) a dividend payment would substantially increase the risk to covenants under the company's binding credit facilities or terms of bond issue; retention of the company's earnings follows recommendations of the authority which supervises the company by virtue of its business activity.
- The principle is applied*

5. CONFLICT OF INTEREST, RELATED PARTY TRANSACTIONS

For the purpose of this section, 'related party' is defined within the meaning of the International Accounting Standards approved in Regulation No (EU) 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

Companies and their groups should have transparent procedures for managing conflicts of interest and for related party transactions where a conflict of interest may occur. The procedures should provide for ways to identify and disclose such cases and the course of action in the event that they occur.

Members of the Management Board and members of the Supervisory Board should refrain from professional or other activities which might cause a conflict of interest or adversely affect their reputation as members of the corporate body, and where a conflict of interest arises, they should immediately disclose it.

- 5.1. Member of the Management Board and/or the Supervisory Board notify the Management Board or the supervisory board, respectively, of any conflict of interest which has arisen or may arise, and refrain from discussions on the issue which may give rise to such a conflict of interest in their case.
The principle is applied
- 5.2. Where a member of the Management Board or the Supervisory Board concludes that a decision of the Management Board or the supervisory board, respectively, is in conflict with the interest of the company, he or she should request that the minutes of the Management Board or Supervisory Board meeting show his or her dissenting opinion.
The principle is applied
- 5.3. No shareholder should have preference over other shareholders in related party transactions. This also applies to transactions of the company's shareholders concluded with entities belonging to its group.
The principle is applied
- 5.4. Companies may purchase its own shares (buy-back) only in a manner which respects the rights of all shareholders.
The principle is applied
- 5.5. If a transaction of the company with a related entity requires the consent of the supervisory board, before adopting a resolution on granting consent, the board assesses whether it is necessary to first consult an external entity that will evaluate the transaction and analyze its economic effects.

The principle is applied

- 5.6. If a related party transaction requires the consent of the General Meeting, the Supervisory Board issues an opinion on the rationale of such transaction. In that case, the Supervisory Board assesses whether to ask a prior opinion of a third party referred to in principle 5.5.

The principle is applied

- 5.7. If a decision concerning the company's significant transaction 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, including an opinion of the Supervisory Board referred to in principle 5.6.

The principle is applied

6. REMUNERATION

Companies and its group care for the stability of the management team, including through transparent, fair, consistent and non-discriminatory rules of remuneration, manifested, inter alia, by equal pay for women and men.

The remuneration policy adopted for members of the company's authorities and its key managers defines in particular the form, structure, method of determining and paying remuneration.

- 6.1. The remuneration of members of the Management Board and the Supervisory Board and key managers should be sufficient to attract, retain and motivate persons with skills necessary for proper management and supervision of the company. The level of remuneration should be adequate to the tasks and responsibilities delegated to individuals and their resulting accountability.

The principle is applied

- 6.2. Incentive programmes should be constructed in a way necessary among others to tie the level of remuneration of members of the company's Management Board and key managers to the actual long-term standing of the company measured by its financial and non-financial results as well as long-term shareholder value creation, sustainable development and the company's stability.

The principle is applied

- 6.3. If companies incentive programmes include a stock option programme for managers, its implementation should depend on the beneficiaries achievement, over a period of at least three years, of predefined, realistic financial and non-financial targets and sustainable development goals adequate to the company, and the share price or option exercise price for the beneficiaries cannot differ from the value of the shares at the time when such programme was approved.

The principle is applied

- 6.4. As the Supervisory Board performs its responsibilities on a continuous basis, the remuneration of Supervisory Board members cannot depend on the number of meetings held. The remuneration of members of committees, in particular the audit committee, should take into account additional workload on the committee.

The principle is applied

- 6.5. The amount of remuneration of Supervisory Board members should not depend on the company's short-term performance.

The principle is applied