

II. Principles, which will not be complied with (or will be partially complied) by the Company from Nasdaq Corporate Governance Code:

- **Detailed principle 3.5. - all new members of the Supervisory Council should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The Supervisory Council should conduct an annual review to identify fields where its members need to update their skills and knowledge.**

Currently, there is no such program in the Company and members of the Supervisory Council do not perform the assessment of their skills and knowledge accordingly. However, the Company does not rule out to introduce these issues in the future.

- **Detailed principle 4.9. - committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.**

The Company complies to this principle, except that its Nomination and Remuneration Committee is comprised of 2 members. However, the Company does not rule out to introduce the third member into this committee in the future.

- **Detailed principle 4.14.5. - the audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit.**

The Supervisory Council is responsible for the implementation and maintenance of efficient internal control, risk management and compliance systems and internal audit function in the Company. Therefore, the Company would not comply with this principle in full.

- **Detailed principle 6.3. - transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting.**

The General Meeting of the Company is not vested with such a competence neither under the applicable laws nor under the Articles of Association of the Company.

- **Detailed principle 6.7. - with a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies by allowing the shareholders to participate and vote in general meetings via electronic means of communication. In such cases security of transmitted information and a possibility to identify the identity of the participating and voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially shareholders living abroad, with the opportunity to watch shareholder meetings by means of modern technologies.**

The Company does not comply with this principle. For more information on this issue please see Recommendation IV.R.2. above.

- **Detailed principle 8.1. - a company should make a public statement of the company's remuneration policy which should be clear and easily understandable. This remuneration**



statement should be published as a part of the company's annual statement as well as posted on the company's website and other principles of Section 8 of Nasdaq Corporate Governance Code.

The Company only partially complies with these recommendations. The Company approved a remuneration policy for members of the Supervisory Council only.