

AmRest Holdings SE

A statement on the company's compliance with the corporate governance recommendations and principles contained in Best Practice for GPW Listed Companies 2016

According to the current status of compliance with the Best Practice, the Company does not apply 2 recommendations: I.R.2., IV.R.2.

According to the current status of compliance with the Best Practice, the Company does not apply 12 detailed principles: I.Z.1.3., I.Z.1.14., I.Z.1.19., II.Z.1., II.Z.10.1., II.Z.10.2., II.Z.10.3., II.Z.10.4., IV.Z.2., IV.Z.4., IV.Z.7., IV.Z.13.

I. Disclosure Policy, Investor Communications

Listed companies should ensure adequate communications with investors and analysts by pursuing a transparent and effective disclosure policy. To this end, they should ensure easy and non-discriminatory access to disclosed information using diverse tools of communication.

Recommendations

I.R.1. Where a company becomes aware that untrue information is disseminated in the media, which significantly affects its evaluation, it should immediately publish on its website a communiqué containing its position on such information, unless in the opinion of the company the nature of such information and the circumstances of its publication give reasons to follow a more adequate solution.

The principle is applied.

I.R.2. Where a company pursues sponsorship, charity or other similar activities, it should publish information about the relevant policy in its annual activity report.

The principle is not applied.

Comments of the Company : *The policy of sponsorship and charity functioning in the Company has a form of a formal document and was included in first quarter of 2018 as part of the 2017 Annual Directors' Report. The Annual Directors' Report for the year 2018 was prepared in accordance with the Spanish legal requirements, The policy of sponsorship and charity was not included in the document as per Spanish law the content of the annual report is preset.*

I.R.3. Companies should allow investors and analysts to ask questions and receive explanations - subject to prohibitions defined in the applicable legislation - on topics of their interest. This recommendation may be implemented through open meetings with investors and analysts or in other formats allowed by a company.

The principle is applied.

Comments of the Company : *AmRest maintains regular and open relations with investors and analysts. Communication with them is performed through teleconferences organized after the publication of each periodic report, direct meetings organized at the request of investors and analysts, as well as on daily basis with the use of conference calls and electronic communication. Occasionally the Company participates in organized by itself or by investment firms conferences with institutional investors in Warsaw or abroad.*

I.R.4. Companies should use best efforts, including taking all steps well in advance as necessary to prepare a periodic report, to allow investors to review their financial results as soon as possible after the end of a reporting period.

The principle is applied.

Detailed principles

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.1.1. basic corporate documents, in particular the company's articles of association;

The principle is applied.

I.Z.1.2. the full names of the members of its management board and supervisory board and the professional

- CVs of the members of these bodies including information on the fulfilment of the criteria of independence by members of the supervisory board;
The principle is applied.
- I.Z.1.3.** a chart showing the division of duties and responsibilities among members of the management board drawn up according to principle II.Z.1;
The principle is not applied.
Comments of the Company : *As explained in the introduction, the corporate structure of AmRest has changed into one-tier board system. Currently there are 7 Directors, 1 of which is an Executive Director. There is no internal division of duties and responsibilities for individual areas of the Company's activity among the Board members. The Board acts as a collegiate body and only resolutions adopted by the required majorities are valid as an expression of the Board's will. Directors individually may not manage the Company, apart from the Executive Director, within the limited delegated powers from the Board.*
- I.Z.1.4.** the current structure of shareholders indicating those shareholders that hold at least 5% of the total vote in the company according to information provided to the company by shareholders under the applicable legislation;
The principle is applied.
- I.Z.1.5.** current and periodic reports, prospectuses and information memoranda with annexes, published by the company at least in the last 5 years;
The principle is applied.
- I.Z.1.6.** information on the dates of corporate events leading to the acquisition or limitation of rights of a shareholder, information on the dates of publication of financial reports and other events relevant to investors, within a timeframe enabling investors to make investment decisions;
The principle is applied.
- I.Z.1.7.** information materials published by the company concerning the company's strategy and its financial results;
The principle is applied.
- I.Z.1.8.** selected financial data of the company for the last 5 years of business in a format enabling the recipient to process such data;
The principle is applied.
- I.Z.1.9.** information about the planned dividend and the dividend paid out by the company in the last 5 financial years, including the dividend record date, the dividend payment date and the dividend amount, in aggregate and per share;
The principle is applied.
Comments of the Company : *In the last 5 financial years the Company did not pay out any dividends. Relevant information is posted in Dividends tab on the Company's website.*
- 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 : *AmRest does not publish financial projections.*
- I.Z.1.11.** information about the content of the company's internal rule of changing the company authorised to audit financial statements or information about the absence of such rule;
The principle is applied.
- I.Z.1.12.** a statement on compliance with the corporate governance principles contained in the last published annual report;
The principle is applied.
Comments of the Company : *The statement on compliance with the corporate governance recommendations and principles contained in Best Practice for WSE Listed Companies was included in first quarter of 2018 as part of the 2017 Annual Directors' Report. The Annual Directors' Report for the year 2018 was prepared in accordance with the Spanish legal requirements and includes the Annual Corporate Governance Report, informing of the level of compliance with recommendations and practices contained in the Spanish Good Governance Code of listed companies approved by the Spanish Stock Exchange Commission (Comisión Nacional del Mercado de Valores).*
- I.Z.1.13.** a statement on the company's compliance with the corporate governance recommendations and principles contained herein, consistent with the information that the company should report under the applicable legislation;
The principle is applied.
- I.Z.1.14.** materials provided to the general meeting, including assessments, reports and positions referred to in principle II.Z.10, tabled to the general meeting by the supervisory board;
The principle is not applied.
Comments of the Company : *All the materials provided to the general meeting are uploaded on a dedicated site on the Company's website. In 2018 the Supervisory Board of the Company provided to the General Meeting the documents listed in principle II.Z.10 prepared for the year 2017. In 2019 the Board of Directors prepared its annual evaluation in line with Spanish legal requirements. The scope of this assessment is similar to the reports mentioned in principle II.Z.10.*
- I.Z.1.15.** information about the company's diversity policy applicable to the company's governing bodies and key managers; the description should cover the following elements of the diversity policy: gender, education, age, professional experience, and specify the goals of the diversity policy and its implementation in the reporting period; where the company has not drafted and implemented a

diversity policy, it should publish the explanation of its decision on its website;
The principle is applied.

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 applied.

Comments of the Company : *AmRest does not ensure the real-time broadcast of the general meeting. Relevant information will be posted in 'General Meeting' tab on the Company's website ('Investors' section) not later than 7 days before the date of the general meeting.*

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.

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.

I.Z.1.19. shareholders' questions asked to the management board pursuant to Article 428 § 1 or § 6 of the Commercial Companies Code together with answers of the management board to those questions, or a detailed explanation of the reasons why no answer is provided, pursuant to principle IV.Z.13;
The principle is not applied.

Comments of the Company : *Starting 2018, the General Shareholders Meeting of AmRest is convened in line with Spanish legal requirements. AmRest publishes on its website the requests for information, clarifications or questions asked by shareholders exercising their right to receive information as from the date of the publication of the announcement of the call to a general meeting, together with the written responses provided by the Directors. In 2018 the Company did not received any questions submitted pursuant to Article 428 § 1 or § 6 of the Commercial Companies Code.*

I.Z.1.20. an audio or video recording of a general meeting;
The principle is applied.

I.Z.1.21. contact details of the company's investor relations officers including the full name and e-mail address or telephone number.
The principle is applied.

I.Z.2. A company whose shares participate in the exchange index WIG20 or mWIG40 should ensure that its website is also available in English, at least to the extent described in principle I.Z.1. This principle should also be followed by companies not participating in these indices if so required by the structure of their shareholders or the nature and scope of their activity
The principle is applied.

Comments of the Company : *The only exemptions from applying this principle are: Issue prospectus (mentioned in I.Z.1.5. principle) and video recording of a general meeting (principle I.Z.1.20.) that haven't been translated into English as well as the documents, which will not be published on the corporate website as a consequence of the non-application of principles I.Z.1.14.*

II. Management Board, Supervisory Board

A listed company is managed by its management board, whose members act in the interest of the company and are responsible for its activity. The management board is responsible among others for the company's leadership, engagement in setting and implementing its strategic objectives, and ensuring the company's efficiency and safety.

A company is supervised by an effective and competent supervisory board. Supervisory Board members act in the interest of the company and follow their independent opinions and judgement. The supervisory board in particular issues opinions on the company's strategy, verifies the work of the management board in pursuit of defined strategic objectives, and monitors the company's performance.

Recommendations

II.R.1. To ensure the highest standards of the management board and the supervisory board of a company in efficient fulfilment of their obligations, the management board and the supervisory board should have members who represent high qualifications and experience.
The principle is applied.

II.R.2. Decisions to elect members of the management board or the supervisory board of a company should ensure that the composition of these bodies is comprehensive and diverse among others in terms of gender, education, age and professional experience.
The principle is applied.

II.R.3. Functions on the management board of a company should be the main area of the professional activity of management board members. Additional professional activities of management board members must not require so much time and effort that they could adversely affect proper performance of functions in the company. In particular,

management board members should not be members of governing bodies of other entities if the time devoted to functions in such other entities prevents their proper performance in the company.

The principle is applied.

- II.R.4.** Supervisory board members must be able to devote the time necessary to perform their duties.
The principle is applied.
- II.R.5.** If a supervisory board member resigns or is unable to perform his or her functions, the company should immediately take steps necessary to ensure substitution or replacement on the supervisory board.
The principle is applied.
- II.R.6.** Being aware of the pending expiration of the term of office of management board members and their plans of further performance of functions on the management board, the supervisory board should take steps in advance to ensure efficient operation of the company's management board.
The principle is applied.
- II.R.7.** A company should allow its supervisory board to use professional and independent advisory services necessary for the supervisory board to exercise effective supervision in the company. In its selection of the advisory service provider, the supervisory board should take into account the financial standing of the company.
The principle is applied.

Detailed principles

- II.Z.1.** The internal division of responsibilities for individual areas of the company's activity among management board members should be clear and transparent, and a chart describing that division should be available on the company's website.
The principle is not applied.
Comments of the Company: *As explained in the introduction, the corporate structure of AmRest has changed into one-tier board system. Currently there are 7 Directors, 1 of which is an Executive Director. There is no internal division of duties and responsibilities for individual areas of the Company's activity among the Board members. The Board acts as a collegiate body and only resolutions adopted by the required majorities are valid as an expression of the Board's will. Directors individually may not manage the Company, apart from the Executive Director, within the limited delegated powers from the Board.*
- II.Z.2.** A company's management board members may sit on the management board or supervisory board of companies other than members of its group subject to the approval of the supervisory board.
The principle is applied.
- II.Z.3.** At least two members of the supervisory board should meet the criteria of being independent referred to in principle II.Z.4.
The principle is applied.
- II.Z.4.** Annex II to the European Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board applies to the independence criteria of supervisory board members. Irrespective of the provisions of point 1(b) of the said Annex, a person who is an employee of the company or its subsidiary or affiliate or has entered into a similar agreement with any of them cannot be deemed to meet the independence criteria. In addition, a relationship with a shareholder precluding the independence of a member of the supervisory board as understood in this principle is an actual and significant relationship with any shareholder who holds at least 5% of the total vote in the company.
The principle is applied.
- II.Z.5.** Each supervisory board member should provide the other members of the supervisory board as well as the company's management board with a statement of meeting the independence criteria referred to in principle II.Z.4.
The principle is applied.
- II.Z.6.** The supervisory board should identify any relationships or circumstances which may affect a supervisory board member's fulfilment of the independence criteria. An assessment of supervisory board members' fulfilment of the independence criteria should be presented by the supervisory board according to principle II.Z.10.2.
The principle is applied.
- II.Z.7.** Annex I to the Commission Recommendation referred to in principle II.Z.4 applies to the tasks and the operation of the committees of the Supervisory Board. Where the functions of the audit committee are performed by the supervisory board, the foregoing should apply accordingly.
The principle is applied.
- II.Z.8.** The chair of the audit committee should meet the independence criteria referred to in principle II.Z.4.
The principle is applied.
- II.Z.9.** To enable the supervisory board to perform its duties, the company's management board should give the supervisory board access to information on matters concerning the company.
The principle is applied.
- II.Z.10.** In addition to its responsibilities laid down in the legislation, the supervisory board should prepare and present to the ordinary general meeting once per year the following:
 - II.Z.10.1** an assessment of the company's standing including an assessment of the internal control, risk management and compliance systems and the internal audit function; such assessment should cover all significant controls, in particular financial reporting and operational controls;

The principle is not applied.

Comments of the Company : In 2018 the Supervisory Board of the Company provided to the General Meeting the referred document prepared for the year 2017. In 2019 the annual assessment of the Board of Directors for the year 2018 and convening of the 2019 General Meeting is a subject to Spanish requirements. Consequently, the annual report of the Board of Directors will not be provided to the General Meeting. Information on internal control, risk management and compliance systems are included in the Annual Corporate Governance Report, being part of Directors Report published on the corporate website and submitted for General Meeting approval.

II.Z.10.2 a report on the activity of the supervisory board containing at least the following information:

- full names of the members of the supervisory board and its committees;
- supervisory board members' fulfilment of the independence criteria;
- number of meetings of the supervisory board and its committees in the reporting period;
- self-assessment of the supervisory board;

The principle is not applied.

Comments of the Company : In 2018 the Supervisory Board of the Company provided to the General Meeting the referred document prepared for the year 2017. In 2019 the annual assessment of the Board of Directors for the year 2018 and convening of the 2019 General Meeting is a subject to Spanish requirements. Consequently, the annual report of the Board of Directors will not be provided to the General Meeting.

II.Z.10.3 an assessment of the company's compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities;

The principle is not applied.

Comments of the Company : In 2018 the Supervisory Board of the Company provided to the General Meeting the referred document prepared for the year 2017. In 2019 the annual assessment of the Board of Directors for the year 2018 and convening of the 2019 General Meeting is a subject to Spanish requirements. Consequently, the annual report of the Board of Directors doesn't include the assessment of the company's compliance with the disclosure obligations.

II.Z.10.4 an assessment of the rationality of the company's policy referred to in recommendation I.R.2 or information about the absence of such policy.

The principle is not applied.

Comments of the Company : In 2018 the Supervisory Board of the Company provided to the General Meeting the referred document prepared for the year 2017. In 2019 the annual assessment of the Board of Directors for the year 2018 and convening of the 2019 General Meeting is a subject to Spanish requirements. Consequently, the annual report of the Board of Directors doesn't include the assessment of the rationality of the company's policy referred to in recommendation I.R.2.

II.Z.11. The supervisory board should review and issue opinions on matters to be decided in resolutions of the general meeting.

The principle is applied.

III. Internal Systems and Functions

Listed companies should 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.

Recommendations

III.R.1. The company's structure should include separate units responsible for the performance of tasks in individual systems or functions, unless the separation of such units is not justified by the size or type of the company's activity.

The principle is applied.

Detailed principles

III.Z.1. The company's management board is responsible for the implementation and maintenance of efficient internal control, risk management and compliance systems and internal audit function.

The principle is applied.

III.Z.2. Subject to principle III.Z.3, persons responsible for risk management, internal audit and compliance should report directly to the president or other member of the management board and should be allowed to report directly to the supervisory board or the audit committee.

The principle is applied.

Comments of the Company : The person responsible for internal audit at AmRest reports directly to the member of the Management Team (Chief Financial Officer) and the Audit Committee. Ultimate responsibility for risk management and compliance lies within the competence of the Audit Committee and the Board of Directors.

III.Z.3. The independence rules defined in generally accepted international standards of the professional internal audit practice apply to the person heading the internal audit function and other persons responsible for such tasks.

The principle is applied.

- III.Z.4.** The person responsible for internal audit (if the function is separated in the company) and the management board should report to the supervisory board at least once per year with their assessment of the efficiency of the systems and functions referred to in principle III.Z.1 and table a relevant report.
The principle is applied.
- III.Z.5.** The supervisory board should monitor the efficiency of the systems and functions referred to in principle III.Z.1 among others on the basis of reports provided periodically by the persons responsible for the functions and the company's management board, and make an annual assessment of the efficiency of such systems and functions according to principle II.Z.10.1. Where the company has an audit committee, it should monitor the efficiency of the systems and functions referred to in principle III.Z.1, which however does not release the supervisory board from the annual assessment of the efficiency of such systems and functions.
The principle is applied.
Comments of the Company : *The Audit Committee monitors the efficiency of the systems and functions referred to in principle III.Z.1.*
- 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 : *AmRest has the separate internal audit department in its organization.*

IV. General Meeting, Shareholder Relations

The management board and the supervisory board of a listed company should encourage the engagement of shareholders in matters of the company, in particular through active participation in the general meeting.

The general meeting should proceed by respecting the rights of shareholders and ensuring that passed resolutions do not infringe on reasonable interests of different groups of shareholders.

Shareholders who participate in a general meeting should exercise their rights in accordance with the rules of good conduct.

Recommendations

- IV.R.1.** Companies should strive to hold an ordinary general meeting as soon as possible after the publication of an annual report and set the date in keeping with the applicable legislation.
The principle is applied.
- 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 : *The recommendation is applied in the scope referred to in IV.R.2.3). The Issuer enables the shareholders to use the institution of proxies at the General Meeting of the Company. The proxies receive voting instructions from individual shareholders. AmRest has not yet implemented the functionality of bilateral real-time communication, which allows the shareholders to remotely participate in the general meeting. The Company decided that voting via the Internet involves too many technological, legal and image risk elements, such as: • Difficulties in certifying the identity of the shareholders • Technological barriers, e.g. overload of Internet connection and delays in the transmission of image, which may negatively impact the dynamics of the discussion at the meeting, and even cause breaks in the sessions, which in turn can lead to an allegation of breaching the rights of the shareholders who came to the GSM in person, reserving an adequate amount of time for it. • The responsibility of the Issuer for a potential break of connection with the General Meeting (also such which results from a lack of equipment ensuring fast, stable Internet connection at the part of the shareholder) and the risk of a reputation loss related with it in the case when a shareholder is unable to participate in the GM and exercise the voting right. A break of Internet connection and the inability of a shareholder to vote may result in not adopting a resolution during the meeting or a later claim against it. The company has not until now received any propositions regarding a need to introduce remote participation in the vote from its shareholders. Due to low free float share in AmRest's shareholding structure and lack of requests from minority shareholders the Company believes that investments in technology enabling the real-time broadcasts of general meetings is not justified. AmRest records the course of the proceedings of the general meetings. The audio or video recording is promptly publicized on the Company's website and is available in the General Meeting tab The company does not exclude the possibility that it will apply this recommendation in the future.*
- 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 : *Securities issued by AmRest are not traded in different countries (or in different markets) and in different legal systems.*

Detailed principles

- IV.Z.1.** Companies should set the place and date of a general meeting so as to enable the participation of the highest possible number of shareholders.
The principle is applied.
Comments of the Company : *The date and place of AmRest general meetings is set in line with the provisions of Spanish law. The Company introduced a procedures allowing shareholders to vote remotely in order to facilitate them an exercise of their vote.*
- 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 : *AmRest does not ensure the recommended real-life broadcast of the general meeting, but it records the course of the proceedings. The audio or video recording is promptly publicized on the Company's website and is available in the General Meeting tab. AmRest's shareholding structure (with low free float share doesn't justify enabling the real-time broadcasts of general meetings. The Company does not exclude the possibility that it will apply this recommendation in the future.*
- IV.Z.3.** Presence of representatives of the media should be allowed at general meetings.
The principle is applied.
- IV.Z.4.** 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 should immediately take 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 not applied.
Comments of the Company : *Starting 2018, convening of General Shareholders Meeting of AmRest is subject to Spanish legal requirements, which are similar to the Polish regulations referred to in this principle.*
- IV.Z.5.** The rules of general meetings and the method of conducting the meeting and adopting resolutions must not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules of the general meeting should take effect at the earliest as of the next general meeting.
The principle is applied.
- IV.Z.6.** Companies should strive to ensure that the cancellation of a general meeting, change of its date or break in its proceedings do not prevent or limit the exercising of the shareholders' rights to participate in the general meeting.
The principle is applied.
- 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 not applied.
Comments of the Company : *Starting 2018, the proceedings of AmRest general meetings are subject to Spanish law. The proceedings may be extended (adjourned and resumed on the next day) if approved by the shareholders following a proposal submitted by the Directors or by shareholders representing at least 25% of the share capital present at the meeting.*
- IV.Z.8.** A resolution of the general meeting announcing a break should clearly set the date and time when the proceedings recommence, and such date and time must not be a barrier for most shareholders, including minority shareholders, to participate in the continuation of the proceedings.
The principle is applied.
- IV.Z.9.** Companies should strive to ensure that draft resolutions of the general meeting contain a justification, if it helps shareholders to pass a resolution with adequate understanding. If a matter is put on the agenda of the general meeting at the request of a shareholder or shareholders, the management board or the chair of the general meeting should request presentation of the justification of the proposed resolution. In important matters and matters which may give rise to any doubt of shareholders, the company should provide a justification, unless it otherwise provides the shareholders with information necessary to pass a resolution with adequate understanding.
The principle is applied.
- IV.Z.10.** Any exercise of the rights of shareholders or the way in which they exercise their rights must not hinder the proper functioning of the governing bodies of the company.
The principle is applied.
- IV.Z.11.** Members of the management board and the supervisory board should participate in a general meeting as necessary to answer questions asked at the general meeting.
The principle is applied.
- IV.Z.12.** The management board should present to participants of an ordinary general meeting the financial results of the company and other relevant information contained in the financial statements to be approved by the general meeting.
The principle is applied.
- IV.Z.13.** If a shareholder request information about the company, the management board of the company should provide an answer to the shareholder's request within 30 days or inform the shareholder of its refusal to provide such information where the management board has made such decision pursuant to Article 428 § 2 or § 3 of the Commercial Companies Code
The principle is not applied.
Comments of the Company : *Starting 2018, the right of information of AmRest Shareholders' is subject to Spanish law and to the internal policies of the Company, which provide for a similar rules as the Polish regulations referred to in this principle.*

- IV.Z.14.** Resolutions of the general meeting should allow for a sufficient period of time between decisions causing specific corporate events and the date of determination of the rights of shareholders pursuant to such events.
The principle is applied.
- IV.Z.15.** A resolution 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 governing body to set the price prior to the subscription right record date within the timeframe necessary for investors to make decisions.
The principle is applied.
Comments of the Company : AmRest did not carry the issue of shares with subscription rights so far.
- 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 is applied.
Comments of the Company : AmRest did not pay out any dividends so far.
- IV.Z.17.** A resolution of the general meeting concerning a conditional dividend payment may only contain such conditions whose potential fulfilment takes place before the dividend record date.
The principle is applied.
Comments of the Company : AmRest did not make a conditional dividend payment so far.
- IV.Z.18.** A resolution of the general meeting to split the nominal value of shares should not set the new nominal value of the shares below PLN 0.50, which could result in a very low unit market value of the shares, and which could consequently pose a threat to the correct and reliable valuation of the company listed on the Exchange.
The principle is applied.
Comments of the Company : In 2018 AmRest carried out increase of the nominal value of the Company shares from 0.01 EUR to 1 EUR for each share and subsequent reduction of the nominal value of shares from 1 EUR to 0.1 EUR with exchange ratio 1:10 without any change in share capital ("split"). As a result of the abovementioned transactions the nominal value of the Company's shares was determined at 0.1 EUR, which is higher than the nominal value before the transactions, but lower than the limit set forth in this principle. However, the described transactions did not pose a threat to reduce the unit market value of the Company's shares to a low level (below the limit of PLN 0.50). Therefore, the Company assumes that this principle has not been breached.

V. Conflict of Interest, Related Party Transactions

For the purpose of this Section, 'related party' is defined under 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 should have in place transparent procedures for preventing conflicts of interest and related party transactions where a conflict of interest may occur. The procedures should provide for ways to identify, disclose and manage such cases.

Recommendations

- V.R.1.** Members of the management board and 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 governing bodies of the company, and where a conflict of interest arises, immediately disclose it.
The principle is applied.

Detailed principles

- V.Z.1.** No shareholder should have preference over other shareholders in transactions concluded by the company with shareholders or their related parties.
The principle is applied.
- V.Z.2.** Members of the management board or the supervisory board should notify the management board or the supervisory board, respectively, of any conflict of interest which has arisen or may arise, and should refrain from voting on a resolution on the issue which may give rise to such a conflict of interest in their case.
The principle is applied.
- V.Z.3.** Members of the management board or the supervisory board must not accept any benefits which might affect their impartiality and objectivism in making decisions or reflect unfavourably on the assessment of the independence of their opinions or judgements.
The principle is applied.
- V.Z.4.** 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 may request that the minutes of the management board or the supervisory board meeting show his or her position.
The principle is applied.

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.

The principle is applied.

V.Z.6. In its internal regulations, the company should define the criteria and circumstances under which a conflict of interest may arise in the company, as well as the rules of conduct where a conflict of interest has arisen or may arise. The company's internal regulations should among others provide for ways to prevent, identify and resolve conflicts of interest, as well as rules of excluding members of the management board or the supervisory board from participation in reviewing matters subject to a conflict of interest which has arisen or may arise.

The principle is applied.

VI. Remuneration

A company should have a remuneration policy applicable at least to members of the company's governing bodies and key managers. The remuneration policy should in particular determine the form, structure, and method of determining the remuneration of members of the company's governing bodies and key managers.

Recommendations

VI.R.1. The remuneration of members of the company's governing bodies and key managers should follow the approved remuneration policy.

The principle is applied.

VI.R.2. The remuneration policy should be closely tied to the company's strategy, its short- and long-term goals, long-term interests and results, taking into account solutions necessary to avoid discrimination on whatever grounds.

The principle is applied.

VI.R.3. If the supervisory board has a remuneration committee, principle II.Z.7 applies to its operations.

The principle is applied.

VI.R.4. The remuneration levels 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. Remuneration should be adequate to the scope of tasks delegated to individuals, taking into account additional functions, for instance on supervisory board committees.

The principle is applied.

Detailed principles

VI.Z.1. Incentive schemes 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 financial standing of the company and long-term shareholder value creation as well as the company's stability.

The principle is applied.

VI.Z.2. To tie the remuneration of members of the management board and key managers to the company's long-term business and financial goals, the period between the allocation of options or other instruments linked to the company's shares under the incentive scheme and their exercisability should be no less than two years.

The principle is applied.

VI.Z.3. The remuneration of members of the supervisory board should not be linked to options or other derivatives or any other variable components, and neither should it be linked to the company's results.

The principle is applied.

Comments of the Company : AmRest does not have a Supervisory Board. The remuneration of non-executive Directors comply with this principle. Only the Executive Director (whose role is equivalent to Management Board's role under the Polish law) is a beneficiary of the incentive schemes functioning in the Company.

VI.Z.4. In this activity report, the company should report on the remuneration policy including at least the following:

- 1) general information about the company's remuneration system;
- 2) information about the conditions and amounts of remuneration of each management board member broken down by fixed and variable remuneration components, including the key parameters of setting the variable remuneration components and the terms of payment of severance allowances and other amounts due on termination of employment, contract or other similar legal relationship, separately for the company and each member of its group;
- 3) information about non-financial remuneration components due to each management board member and

key manager;

4) significant amendments of the remuneration policy in the last financial year or information about their absence;

5) assessment of the implementation of the remuneration policy in terms of achievement of its goals, in particular long-term shareholder value creation and the company's stability.

The principle is applied.

Comments of the Company : *The Annual Directors' Report is subject to Spanish legal requirements. The report on the remuneration policy was submitted via Cifradoc system and published on the Corporate website in "Directors' remuneration policy and reports" section. Part of the information on remuneration is also included in Annual Corporate Governance Report, being part of Directors' Report*