

Current Report

The Company: PATENTUS SPÓŁKA AKCYJNA
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Types of markets: CORPORATE GOVERNANCE - regulated market
Title: Report on applying the principles of corporate governance in PATENTUS S.A., starting from 1st January 2013.

Details:

Pursuant to § 29 of the Warsaw Stock Exchange Rules, in connection with the changes to the "Code of Best Practice for WSE Listed Companies" effective from 1st January 2013, the Management Board of the Company publishes a report on applying the principles of corporate governance starting from 1st January 2013.

Report file: [Report on applying the principles of corporate governance in PATENTUS S.A., starting from 1st January 2013.pdf](#) size: 68,9 KB

Company's representative: JÓZEF DUDA, PRESIDENT OF THE MANAGEMENT BOARD

Report on applying the principles of corporate governance in PATENTUS S.A., starting from 1st January 2013

Indication of corporate governance principles to which the Company is subject and the place where these principles are publicly available.

The Company applies the principles of corporate governance contained in the "Code of Best Practice for WSE Listed Companies" adopted by the WSE Supervisory Board's Resolution No 19/1307/2012 dated 21st November 2012. The content of the rules is available on the website <http://corp-gov.gpw.pl/>.

Information on fields in which the Company has departed from the provisions of that corporate governance principles and reasons for that withdrawal.

Below, the Management Board of PATENTUS S.A. headquartered in Pszczyna presents the principles of the Code of Best Practice for WSE Listed Companies adopted by the WSE Supervisory Board's Resolution No 17/1249/2010 dated 19th May 2010, which the Company will not apply in a sustainable manner:

Section I. Recommendations for Best Practices of Listed Companies:

Rule No 5: A company should have a remuneration policy and rules of defining the policy. The remuneration policy should in particular determine the form, structure, and level of remuneration of members of supervisory and management bodies. Commission Recommendation of 14th December 2004 fostering an appropriate regime for the remuneration of directors of listed companies (2004/913/EC) and Commission Recommendation of 30th April 2009 complementing that Recommendation (2009/385/EC) should apply in defining the remuneration policy for members of supervisory and management bodies of the company.

This rule is not applied by the Company. In accordance with the provisions of Company's Articles of Association § 16 point 3 subpoint 3, the Supervisory Board determines the principles of remuneration of the Management Board members, and in accordance with § 21 point 1 subpoint 4 - The General Meeting determines the principles of remuneration of the Supervisory Board members. In the opinion of the Management Board, principles for determining the remuneration of the Supervisory Board members set by the General Meeting, and in the case of the Management Board, set by the Supervisory Board as stated in the Articles of Association, are fully readable and do not require the preparation of a separate remuneration policy.

Rule No 12: A company should enable its shareholders to exercise the voting right during a General Meeting either in person or through a plenipotentiary, outside the venue of the General Meeting, using electronic communication means.

The above-mentioned rule is not applied by the Company. It is due to the costs the Company would have to bear in connection with the use of electronic means of communication, especially since incurring such costs would not be adequate to the average and relatively low turnout of Shareholders at the General Meetings in recent years.

Section II. Best Practices of Management Boards of Listed Companies:

Rule No 1 point 7: A company should operate a corporate website and publish on it, (...)shareholders' questions on issues on the agenda submitted before and during a General Meeting together with answers to those questions.

Participants attending the General Meeting, in accordance with the provisions of the Commercial Companies Code and By-laws of the General Meeting, have the right to submit questions and statements in writing or during the General Meeting "on the hands" of the Chairman of the Assembly, who may give them floor or raise questions for discussion. Participants of the General Meeting have the right to make representations in writing, which shall be attached to the minutes. The Company deems, that these rules are sufficient to ensure the transparency of General Meetings.

Section III. Best Practices of Supervisory Board Members:

Rule No 6: At least two members of the Supervisory Board should meet the criteria of being independent from the company and entities with significant connections with the company. The independence criteria should be applied under Annex II to the Commission Recommendation of 15th February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board. Irrespective of the provisions of point (b) of the said Annex, a person who is an employee of the company or an associated company cannot be deemed to meet the independence criteria described in the Annex. In addition, a relationship with a shareholder precluding the independence of a member of the Supervisory Board as understood in this rule is an actual and significant relationship with any shareholder who has the right to exercise at least 5% of all votes at the General Meeting.

The above rule is not and will not be applied while choosing the members of the Supervisory Board. The Supervisory Board is appointed in accordance with § 21 point 1 subpoint 1 of Company's Articles of Association - the General Meeting shall appoint and dismiss members of the Supervisory Board. The main aspects taken into account while choosing members of the Supervisory Board are their qualifications and experience. Therefore, there is no reason to restrict the latitude of choice of the Supervisory Board members.

Rule No 8: Annex I to the Commission Recommendation of 15th February 2005 on the role of non-executive or supervisory directors (...) should apply to the tasks and the operation of the committees of the Supervisory Board.

Pursuant to § 16 points 4 and 5 of Company's Articles of Association, within the Supervisory Board operates an Audit Committee. Principles for the appointment of its composition, role and mode of operation are partly defined in the Articles of Association, and partly by the members of the Supervisory Board and Audit Committee. Unmistakable derogation from the rules contained in Appendix 1 to the above-mentioned EC Recommendation is dictated by practical considerations. Norm stipulated in the Articles of Association, according to which when the Supervisory Board consists of not more than five members, entrusts the tasks of the committee to the entire Supervisory Board. Such rule ensures the transparency of Committee's operations (communication with the Supervisory Board and representation of shareholders in the Supervisory Board) described in the Recommendations, taking into account, that the members of the Supervisory Board are appointed independently by the General Meeting of the Company.

Section IV. Best Practices of Shareholders:

Rule No 10: A company should enable its shareholders to participate in a General Meeting using electronic communication means through:

- 1) real-life broadcast of General Meetings;
- 2) real-time bilateral communication where shareholders may take the floor during a General Meeting from a location other than the General Meeting.

The above-mentioned rule is not applied by the Company. This results from relatively high costs which the Company would have to bear in connection with the use of electronic means of communication, especially since incurring such costs would not be adequate to the average and relatively low turnout of Shareholders at the General Meetings in recent years, and thus the degree of interest of Shareholders participation in the proceedings of the General Meetings.

The Management Board of the Company declares compliance, in addition to those mentioned above, with the principles set out in the "Code of Best Practice for WSE Listed Companies".