

Allegro.eu S.A.

A statement on the company's compliance with the corporate governance principles contained in Best Practice for GPW Listed Companies 2021

According to the current status of compliance with the Best Practice, the Company does not apply 6 detailed principles: 1.5., 2.1., 2.2., 2.11.5., 4.1., 4.3.

1. DISCLOSURE POLICY, INVESTOR COMMUNICATIONS

In the interest of all market participants and their own interest, listed companies ensure quality investor communications and pursue a transparent and fair 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.

Comments of the Company: The company fulfills efficient communication with capital markets participants via its Investor Relations function embedded in the broader Finance department. All relevant information is included on the company's Investor Relations website. The Company addresses the list of information and documents required by the Guidance of the Corporate Governance Committee), except for "inclusion of research reports and recommendations about the company on its website", due to identified legal risks in this respect.

- 1.2.** Companies make available their financial results compiled in periodic reports as soon as possible after the end of each reporting period; should that not be feasible for substantial reasons, companies publish at least preliminary financial estimates as soon as possible.

The principle is applied.

Comments of the Company: The Company realises how important the financial data is for the investors, thus it makes every effort to deliver its financial results as soon as possible after the end of each reporting period, taking into consideration time needed for insightful and correct preparation of such reports. If the Company were not able to provide the reports in due time, it would publish preliminary financial estimates, based on its best knowledge.

- 1.3.** Companies integrate ESG 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 is applied.

Comments of the Company: Company discloses ESG information in the annual non-financial report.

- 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 is applied.

Comments of the Company: Company discloses ESG information in the annual non-financial report.

- 1.4.** To ensure quality communications with stakeholders, as a part of 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 group members integrate climate change, including the resulting risks;

The principle is applied.

Comments of the Company: Company discloses ESG information in the annual non-financial report.

- 1.4.2.** 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 is applied.

Comments of the Company: Company discloses ESG information in the annual non-financial report.

- 1.5. Companies disclose at least on an annual basis the amounts expensed by the company and its group 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 is not applied.
Comments of the Company: *The Company cannot guarantee that the above principle will be implemented and does not intend to disclose full information on such expenses, as covered by business secrecy. However, it is not excluded that the Company will disclose such information in the future.*
- 1.6. Companies participating in the WIG20, mWIG40 or sWIG80 index hold on a quarterly basis and other companies hold at least on an annual basis a meeting with investors to which they invite in particular shareholders, analysts, industry experts and the media. 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.
Comments of the Company: *The company regularly meets with capital markets participants on a quarterly basis sharing all the information requirements as stipulated in principle 1.6 and providing an opportunity to ask questions.*
- 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.
Comments of the Company: *In the event that a shareholder asks questions related to the agenda of the general meeting, the Company replies as soon as possible and in any case no later than within 14 days. The answers are provided directly to the inquiring shareholder as well as published via ESPI system in a format of a current report, and subsequently disclosed on the Company's website. If questions asked by a shareholder are not related to the agenda of the general meeting, and the information requested is already in the public domain or is otherwise neither inside information nor protected as business secrecy, an answer shall be provided to the shareholder inquiring no later than within 14 days. Where the relevant information is available on the Company's Internet website, the company may answer the questions by referring to its site.*

2. MANAGEMENT BOARD, SUPERVISORY BOARD

To ensure top 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.

Management Board 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.

Supervisory board members acting in their function and to the extent of their responsibilities on the supervisory board follow their independent opinion and judgement, including in decision making, and act in the interest of the company.

The supervisory board functions in the spirit of debate and analyses the position of the company in the context of the sector and the market on the basis of information provided by the management board of the company and via the company's internal systems and functions and obtained from external sources, using the output of its committees. 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.

- 2.1. Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such 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 is not applied.
Comments of the Company: *The principle is applied only partially. The Company has introduced a Diversity Policy, applicable to the Board of Directors. The Diversity Policy defines goals and criteria required by this principle. However, as of the date of this statement, the participation of women in the Board of Directors has reached 25 % (2 out of 8 Directors). The Company expects to reach at least the diversity benchmark in the future as it follows its Diversity Policy.*
- 2.2. Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.
The principle is not applied.

Comments of the Company: The principle is applied only partially. Decisions to elect members of the Board of Directors are made whilst taking into consideration the principle of diversity. However, the recommended target minimum participation of the minority in terms of gender has not been achieved yet.

- 2.3. 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.

Comments of the Company: Allegro is a company incorporated and existing under the laws of Luxembourg. As opposed to the majority of Polish companies, having both the management board and the supervisory board, Allegro has a one-tier (unitary) management system in which the board of directors includes both executive Directors (dealing with the day-to-day management) and non-executive (supervising) Directors. We interpret non-executive directors on our unitary board of a Luxembourgish listed company to mean the same as supervisory board members for a Polish listed company, and similarly, executive directors as management board members. All best practices that refer to supervisory board members or management board members, respectively, are answered with this substitution assumed unless stated otherwise.

- 2.4. The supervisory board and the management board vote in an open ballot unless otherwise required by law.

The principle is applied.

- 2.5. Members of the supervisory board and members of the management board who vote against a resolution may have their dissenting vote recorded in the minutes.

The principle is applied.

- 2.6. Functions on the management board of a company are the main area of the professional activity of management board members. Management board members 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.

Comments of the Company: Please see the comments to the principle 2.3.

- 2.7. A company's management board members may sit on corporate bodies of companies other than members of its group subject to the approval of the supervisory board.

The principle is applied.

Comments of the Company: Please see the comments to the principle 2.3.

- 2.8. Supervisory board members should be able to devote the time necessary to perform their duties.

The principle is applied.

Comments of the Company: Please see the comments to the principle 2.3.

- 2.9. 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.

- 2.10. 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.

Comments of the Company: In light of the one-tier management system of the Company, the principle is applied with regard in principle to the Board's committees.

- 2.11. In addition to its responsibilities laid down in the legislation, the supervisory board prepares and presents an annual report to the annual general meeting once per year. Such report includes at least the following:

2.11.1. 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.

2.11.2. summary of the activity of the supervisory board and its committees;

The principle is applied.

2.11.3. assessment of the company's standing 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, in particular reporting and operational controls;

The principle is applied.

2.11.4. assessment of the company's compliance with the corporate governance principles and the manner of 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, and information about measures taken by the supervisory board to perform such assessment;

The principle is applied.

2.11.5. assessment of the rationality of expenses referred to in principle 1.5;

The principle is not applied.

Comments of the Company: The Company intends to present information mentioned in the principle 2.11, except point 2.11.5, as such expenses referred to in principle 1.5 are not to be disclosed.

- 2.11.6. 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 is applied.

3. INTERNAL SYSTEMS AND FUNCTIONS

Efficient internal systems and functions are an indispensable tool of exercising supervision over a 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. Listed 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.
Comments of the Company: *The internal control, risk management and compliance systems and Internal Audit function are in place. The management periodically evaluates risks and the adequacy and efficiency of related controls and compliance efforts and presents the results to the Board. Internal Audit independently evaluates and provides assurance on selected aspects of risk management, compliance and selected internal controls, as per risk-based annual audit plans. The Audit Committee evaluates the adequacy of the Internal Audit's size and competency.*
- 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.
Comments of the Company: *Dedicated Risk Management units and dedicated units responsible for different aspects of compliance operate in the Company. Responsibility for internal controls is delegated to the business functions due to the nature of the Company's activity. The Risk Management function coordinates the risk management process in which the business functions self-assess their overall risk response (including controls).*
- 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.
Comments of the Company: *Internal Audit function is headed by the Internal Audit Manager who is a Certified Internal Auditor and operates in compliance with International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.*
- 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 results of the company.
The principle is applied.
Comments of the Company: *The remunerations of persons responsible for risk and compliance management and the head of internal audit do not depend on the short-term results of the company. Additionally, the persons are subject to restricted-stock-unit-based (RSU) Allegro Incentive Plan (AIP) and may receive discretionary bonuses. Granting of the RSUs under AIP and the discretionary bonuses depends on individual performance, not the results of the company.*
- 3.5. Persons responsible for risk and compliance management report directly to the president or other member of the management board.
The principle is applied.
Comments of the Company: *The person responsible for Risk Management function and the persons responsible for Compliance report directly to the Board of Directors.*
- 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.
Comments of the Company: *The Internal Audit Manager reports functionally to the Chair of the Audit Committee which guarantees the independence of the functions. Organisationally the Manager reports to the Chief Financial Officer, which is compliant with the International Standards for the Professional Practice of Internal Auditing and is more efficient than reporting to the president of the management board for operational reasons.*
- 3.7. Principles 3.4 to 3.6 apply also to members of the company's group which are material to its activity if they appoint persons to perform such tasks.
The principle is applied.
Comments of the Company: *Internal Audit function operates at the members' of the company's group, based on audit charter and (if applicable) service agreements with the members. Persons responsible for risk and compliance management have been appointed within the Group and they supervise appropriate processes in the material subsidiaries.*
- 3.8. The person responsible for internal audit or the management board if such function is not performed separately in

the company reports to the supervisory board at least once per year with their assessment of the efficiency of the systems and functions referred to in principle 3.1 and tables a relevant report.

The principle is applied.

Comments of the Company: Internal Audit regularly reports on efficiency of the systems and functions referred to in principle 3.1. The reporting is based on: - aggregated results of Internal Audit's past engagements and the related remediations, - known incidents, controls' failures or compliance challenges, taking into account the timeliness of their identification and remediation, - independent evaluation of risks' and responses' reviews performed by risk owners in the Risk Management process, - discussions with the senior management and other stakeholders in the annual audit plan preparation process, - the daily cooperation with the units responsible for the systems and functions in question.

- 3.9. 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 the company has an audit committee, the audit committee monitors the efficiency of the systems and functions referred to in principle 3.1, 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: Persons responsible for Risk Management and Compliance provide current status of Risk Management and Compliance in material subsidiaries on a quarterly basis to the Audit Committee. The Audit Committee informs the Board of Directors about any areas requiring attention of the Board. Additionally, on an annual basis the Board revises Cybersecurity / Governance / Compliance / Risk Management reports about all subsidiaries and verifies plans in those areas for a next year.

- 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 is applied.

Comments of the Company: As of 1 July 2021, the independent review has not yet occurred but is planned to occur at five year intervals.

4. GENERAL MEETING, SHAREHOLDER RELATIONS

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

The general meeting should proceed by respecting the rights of all shareholders and ensuring that passed resolutions do not infringe on legitimate interests of different 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, provided that the company is in a position to provide the technical infrastructure necessary for such general meeting to proceed.

The principle is not applied.

Comments of the Company: Due to technical and organizational issues caused by the pandemic of COVID-19, as well as due to a list of legal risks related to electronic form of the general meeting, the Company did not enable active participation of shareholders in its general meeting outside its seat in Luxembourg. The company has so far held only one general shareholder meeting since its listing as a public company. The Company may implement such measures in the future once COVID-19 restrictions are reduced and it becomes practical to do so and provided that no significant legal risks related to this form of the general meeting are identified.

- 4.2. Companies set the place and date and the form of a general meeting so as to enable 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 and do not prevent or limit the exercising of the shareholders' rights to participate in the general meeting.

The principle is applied.

Comments of the Company: Due to the pandemic restrictions, the Company decided that the safest method of participation of the highest possible number of shareholders is holding the Meeting remotely without physical presence of participants, with exercising shareholders' rights by a vote in writing or by appointing a proxy. In the future, the Company will monitor pandemic situation, expectations of shareholders and technical and organisational capabilities due to enable the participation of the highest possible number of shareholders.

- 4.3. Companies provide a public real-life broadcast of the general meeting.

The principle is not applied.

Comments of the Company: Due to technical and organizational issues, the Company has not implemented measures enabling a public real-life broadcast of the general meeting. The Company does not exclude the possibility of implementing such measures in the future.

- 4.4. Presence of representatives of the media is allowed at general meetings.
The principle is applied.
Comments of the Company: As soon as the pandemic of COVID-19 has come to an end, the Company intends to enable representatives of the media to be present at the general meetings of the Company.
- 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.
Comments of the Company: According to article 450-8 of Luxembourg law on commercial companies of 10 August 1915, as amended, the board of directors or the management board and the supervisory board as well as the statutory auditors may convene a general meeting. They shall be obliged to convene it so that it can be held within a period of one month if shareholders representing one-tenth of the capital so require in writing with an indication of the agenda. According to article 450-8 of Luxembourg law on commercial companies of 10 August 1915, as amended and article 16.4 of the Company's articles of association, if, following a request made by the shareholders pursuant to the above, the general meeting is not held within the prescribed period, the general meeting may be convened by an agent appointed by the judge presiding over the Tribunal d'arrondissement (district court) dealing with commercial matters in urgent proceedings at the request of one or more shareholders who together hold the aforementioned proportion of the capital. One or more shareholders who together hold at least 10% of the subscribed capital may request that one or more additional items be put on the agenda of any general meeting. Such request shall be sent to the registered office by registered mail, at least five days prior to holding of the meeting.
- 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 a matter is put on the agenda of the general meeting at the request of a shareholder or shareholders, the management board requests presentation of the justification of the proposed resolution, unless previously presented by such shareholder or shareholders.
The principle is applied.
- 4.7. The supervisory board issues opinions on draft resolutions put by the management board on the agenda of the general meeting.
The principle is applied.
Comments of the Company: Please see the comments to the principle 2.3.
- 4.8. Draft resolutions of the general meeting on matters put on the agenda of the general meeting should be tabled by shareholders no later than three days before the general meeting.
The principle is applied.
Comments of the Company: The Company includes this deadline in the calendar of activities published within the frame of convening the General Meeting.
- 4.9. If the general meeting is to appoint members of the supervisory board or members of the supervisory board for a new term of office:
- 4.9.1. candidates for members of the supervisory board should be nominated with a notice 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. 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.
Comments of the Company: The Company understands that the principle is addressed mainly to the shareholders than to the Company. The Company does its best to support its shareholders in efficient exercising their corporate rights.
- 4.11. Members of the management board and members of the supervisory board participate in a general meeting, at the location of the meeting or via means of bilateral real-time electronic communication, as necessary to speak on matters discussed by the general meeting and answer questions asked at the general meeting. The management board presents to participants of an annual general meeting 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.
Comments of the Company: The participation of the Directors in a general meeting (as necessary to speak on matters discussed by the general meeting and answer questions) shall be ensured once COVID-19 restrictions are reduced and it becomes practical to do so.
- 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.
Comments of the Company: The Company complies with this requirement as per article 420-26 of the Luxembourg law on commercial companies of 10 August 1915, as amended. Indeed, when shares are to be subscribed for in cash or in kind a report shall be prepared (either by the board of directors or the independent auditor as the case may be) and submitted to the meeting,

dealing in particular with the proposed issue price. Any failure to submit this report shall invalidate the decision of the general meeting, unless all the shareholders of the company have waived it. Additionally, as of the present date no shares have been issued by the Company since the Company's listing on the Warsaw Stock Exchange.

- 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 their profits by paying out dividends. Companies may retain all their earnings subject to any of the following criteria:

- 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;
- f)** 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.

Comments of the Company: The Company has informed in its listing Prospectus that it intends to retain future earnings to reduce leverage and pursue the various opportunities available to grow and strengthen its competitive position. This reason is consistent with the criterion (c) of this principle. However, The Company will review its dividend policy on an ongoing basis but does not expect to declare or pay any dividends for the foreseeable future. Where a profit is made in a given business year, the Company will set out in detail the reasons for its distribution or retaining.

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 in place 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.** Members of the management board and members of 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.

Comments of the Company: Please see the comments to the principle 2.3.

- 5.2.** Where a member of the management board or a member of 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.

Comments of the Company: Please see the comments to the principle 2.3.

- 5.3.** No shareholder should have preference over other shareholders in related party transactions. The foregoing also concerns transactions concluded by the company's shareholders with members of the company's group.

The principle is applied.

- 5.4.** Companies may buy back their own shares only in a procedure which respects the rights of all shareholders.

The principle is applied.

- 5.5. If a transaction concluded by a company with its related party requires the consent of the supervisory board, before giving its consent the supervisory board assesses whether to ask a prior opinion of a third party which can provide valuation of the transaction and review its economic impact.
The principle is applied.
Comments of the Company: Please see the comments to the principle 2.3.
- 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.
Comments of the Company: Please see the comments to the principle 2.3.
- 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 their groups protect the stability of their management teams, among others by transparent, fair, consistent and non-discriminatory terms of remuneration, including equal pay for women and men.

Companies' remuneration policy for members of corporate bodies and key managers should in particular determine the form, structure, and method of determining and payment of the remuneration.

- 6.1. The remuneration of members of the management board and members of 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.
Comments of the Company: The Remuneration Policy of the Company was adopted by the Board of Directors on 28 September 2020 upon proposal from the Remuneration and Nomination Committee and approved by the general meeting on 29 September 2020. The Policy takes into account the goals mentioned in this principle.
- 6.2. 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 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.
Comments of the Company: As of the date of this statement, the Company has launched the Allegro Incentive Plan ("AIP"), a discretionary benefit offered to its executive Directors, key managers and employees. AIP is a long-term incentive plan based on the Company's shares, approved by shareholders of the Company on 20 September 2020 and adopted by the Board of Directors on 7 October 2020. The objective of the AIP is to align the Directors' interests with that of the Group and to contribute to the actual long-term financial standing and stability of the Company's Group and long-term shareholder value creation. The provisions of the scheme can only be modified by the general meeting and the Remuneration and Nomination Committee is responsible for the detailed rules of the scheme, for approving grant proposals made by management, and for deciding on the size of awards for executive directors and key managers. Executive directors and key managers may be offered variable remuneration under the AIP in the form of Performance Share Units ("PSU"). In accordance with the PSU Plan, the final number of shares to be released in 2024 depends on actual achievement of agreed performance conditions over the three financial years 2021 to 2023. Selected employees of the Group (managers and senior expert levels in the organisation) may also be offered the variable remuneration in the form of Restricted Stock Units ("RSU"). While the value of these awards are not tied to performance criteria (which can be difficult for junior managers to understand), the value does vary materially with the appreciation or depreciation of the share price and therefore aligns the interests of shareholders and employees deep into the Allegro Group's organisation. Moreover, the individual performance of the employee is reflected in the size of the grant received. The Company is of the opinion that the RSU part of the AIP helps the Group to compete effectively for the best high potential talent with multinationals who are also able to offer stock based compensation and at the same time will foster a sense of ownership and loyalty to the Group amongst the Group's best talents and future leaders. Detailed information on the AIP is provided in the Company's consolidated annual report for 2020.
- 6.3. If companies' incentive schemes include a stock option programme for managers, the implementation of the stock option programme should depend on the beneficiaries' achievement, over a period of at least three years, of pre-defined, 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.
Comments of the Company: Please see the comments to the principle 6.2.
- 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.

Comments of the Company: *The Remuneration Policy of the Company adopted by the Board of Directors on 28 September 2020 explains that remuneration of non-executive directors is based on a few rules: - Should depend on the function performed, especially the type of committee - Should satisfy the objective of guaranteeing their independence and their competence in supervision over the Group's activities - Should not be linked to: (a) options or other derivatives or any other variable components; or (b) the Group's results.*

- 6.5.** The level of remuneration of supervisory board members should not depend on the company's short-term results.

The principle is applied.

Comments of the Company: *Please see the comments to the principles 2.3 and 6.4*