

CORPORATE GOVERNANCE

DECLARATION OF THE MANAGEMENT BOARD ON THE APPLICATION OF THE CORPORATE GOVERNANCE IN ATLANTIS SE

This statement has been prepared for inclusion in the annual report of the Company for 2018 in accordance with the provisions of § 91 par. 5 point 4) of the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information provided by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws 2009.33.259).

I Identification of the set of corporate governance rules to which ATLANTIS SE is subject and the place where the text of the set of rules is publicly available.

Since 1/01/2016, the Company is subject to the recommendations and principles contained in the Good Practices of Companies Listed on the Warsaw Stock Exchange 2016, which was adopted by Resolution No. 26/1413/2015 of the Warsaw Stock Exchange Council of 13/10/2015 and is publicly available at the website of the Warsaw Stock Exchange SA at https://static.gpw.pl/pub/files/PDF/inne/GPW_1015_17_DOBRE_PRAKTYKI_v2.pdf. The Issuer explains that it does not apply the principles of good corporate governance practices other than those indicated below, including those going beyond the requirements provided for by domestic law.

The Management Board of ATLANTIS SE hereby submits a statement on the application of the above-mentioned principles of corporate governance.

Indication to what extent the Issuer departed from the Corporate Governance Principles along with an indication of these principles and reasons for withdrawal.

Information on the status of the company's application of the recommendations and principles contained in the Code of Best Practice for WSE Listed Companies 2016. According to the current state of application of the Best Practices, the Company does not apply 3 recommendations: III.R.1., IV.R.2., VI.R.1.

According to the current state of application of Good Practices, the Company does not apply 20 specific rules:

I.Z.1.6., I.Z.1.8., I.Z.1.16., I.Z.1.20., II.Z.3., II.Z.4., II.Z.8., III.Z.3., III.Z.4., IV.Z.2., VI.Z.1.

Information policy and communication with investors

The listed company cares about a proper communication with investors and analysts, leading a transparent and effective information policy. For this purpose, it provides easy and non-discriminatory access to the disclosed information, using a variety of communication tools.

Recommendations

I.R.2. If the company conducts sponsorship, charity or other activities of a similar nature, it publishes information about the policy in this area in its annual activity report.

The principle does not apply to the company.

Company comment : As of the date of entry into force of the Good Practice of Companies Listed on the Warsaw Stock Exchange 2016, the Company is not active in this area.

I.R.3. The company should allow investors and analysts to ask questions and obtain - taking into account the prohibitions resulting from the applicable provisions of law - explanations on topics of interest to these people. The implementation of this recommendation may take place in the formula of open meetings with investors and analysts or in another form provided by the company.

The principle is applied.

Company comment : The company provides explanations within the limits permitted by law to any inquiries of shareholders and investors. The company conducts electronic communication with investors. Open meetings with investors and analysts are not organized due to the fact that there is no interest in this form of obtaining information about the company by investors.

I.R.4. The company should make efforts, including taking all necessary steps to prepare the periodic report in advance, in order to enable investors to become acquainted with the financial results achieved by it as soon as possible after the end of the reporting period.

The principle is applied.

Company comment : The company makes efforts to make periodic reports available in the shortest possible time after the end of the reporting period.

Detailed rules

I.Z.1. The company runs a corporate website and publishes it, in a readable form and a separate place, in addition to the information required by law:

I.Z.1.3. The diagram of the division of tasks and responsibilities among members of the board, prepared in accordance with the principle II.Z.1,

The principle is applied.

Company comment : The Management Board of the Company is a single-person and is responsible for all areas of the Company's operations.

I.Z.1.6. A schedule of corporate events resulting in the acquisition or limitation of rights on the part of the shareholder, a calendar for the publication of financial reports and other events significant from the investors' point of view, enabling investors to make investment decisions.

The principle is not applied.

Company comment : The company publishes in the form of current reports, which are also available on the Company's website, information about any corporate events in good time. Information in the form of a calendar in the Company's opinion is unnecessary.

I.Z.1.7. Information materials published by the company on the company's strategy and its financial results.

The principle is not applied.

Company comment : Until now, the company has not prepared and published information materials on the company's strategy and its financial results. The company's financial results and business plans in the next reporting period are published by the Issuer in periodic reports, which are published by relevant reports and on the company's websites.

I.Z.1.8. Lists of selected company's financial data for the last 5 years of operation, in a format enabling the data to be processed by their recipients.

The principle is not applied.

Company comment : The company publishes in the form of periodic reports information on the company's financial results and selected financial data. This information is also available on the Company's website.

I.Z.1.9. Information about the planned dividend and dividend paid by the company in the last 5 financial years, including data on the dividend day, payout dates and the amount of dividends - in total and per share.

The principle is not applied.

Company comment : *The company publishes in the form of current reports, information on resolutions adopted by the General Meeting. These reports are also available on the Issuer's website. The decision regarding payment of dividends belongs to the General Meeting.*

I.Z.1.10. Financial forecasts - if the company has decided to publish them - published in the period of at least the last 5 years, together with information on the degree of their implementation.

The principle does not apply to the company.

Company comment : *To date, the company has not prepared financial forecasts and in the near future does not plan to prepare these forecasts.*

I.Z.1.11. Information about the content of the company's internal rule of changing the entity authorized to audit financial statements, or the lack of such a rule.

The principle is applied.

Company comment : *The company complies with the rules for changing the entity authorized to audit financial statements resulting from generally applicable regulations.*

I.Z.1.13. Information on the status of the company's application of the recommendations and principles contained in this document, consistent with the information that the company should provide in this respect on the basis of relevant regulations.

The principle is applied.

Company comment : *The company publishes information on the application of the principles and recommendations contained in the Code of Best Practice for WSE Listed Companies via the EBI system.*

I.Z.1.15. Information including a description of the diversity policy used by the company with respect to the company's governing bodies and its key managers; the description should include such elements of diversity policy as gender, educational direction, age, professional experience,

as well as indicate the objectives of the diversity policy being applied and the manner of its implementation in a given reporting period; if the company has not developed and does not implement diversity policy, it publishes an explanation of such decision on its website.

The principle is not applied.

Company comment : *Key personnel decisions with respect to the Company's governing bodies and its key managers are made by the General Meeting and the Supervisory Board. The Company as a criterion for the selection of the members of individual bodies is guided by the qualifications of the candidate to perform specific functions. Information on the data of persons sitting in the Company's bodies is published in relevant current reports informing about the selection of bodies and on the Company's website.*

I.Z.1.16. information on the planned broadcast of the general meeting - no later than 7 days before the date of the general meeting.

The principle is not applied.

Company comment : *The company acknowledges that the transmission costs of the General Meeting are too high. At the same time, the Management Board indicates that the shareholding structure of the Company causes a lack of interest in the proceedings of the General Meeting. At the same time, the Company's Articles of Association and the Regulations of the General Meeting do not provide for the transmission of the meeting.*

I.Z.1.17. Justifications to draft resolutions of the general meeting regarding matters and decisions relevant or likely to cause shareholders' doubts - at a date enabling participants of the general meeting to become acquainted with them and adopt a resolution with due consideration.

The principle is not applied.

Company comment : *The company publishes draft resolutions of General Meetings in accordance with applicable law. In cases where a justification of the content of a project or a resolution is required, it is forwarded along with draft resolutions submitted to the General Meeting.*

I.Z.1.18. Information on the reasons for cancellation of the general meeting, change of the date or agenda of the meeting, as well as information about the break in the general meeting and the reasons for ordering the break.

The principle is not applied.

Company comment : *The decision regarding the dismissal of General Meetings is, in principle, adopted by shareholders, in the event when this situation occurs, the Company publishes the relevant current report.*

I.Z.1.20. Record of the proceedings of the general meeting, in the form of audio or video,

The principle is not applied.

Company comment : *In the Company's opinion, the costs of such a solution are too high. The company does not have the necessary technical infrastructure, and there is no interest in the record of the General Meeting due to the shareholding structure of the Company. At the same time, the Company's Articles of Association and the Regulations of the General Meeting do not provide for the transmission of the General Meeting.*

I.Z.1.21. Contact details for the persons responsible in the company for communication with investors, indicating the name and e-mail address or telephone number.

The principle is not applied.

Company comment : *The company on its website provides contact details that all interested entities can use. In the Company's opinion, it is not justified to extract contact details for purposes of communication with investors.*

I.Z.2. A company whose shares are classified to WIG20 or mWIG40 stock indices ensures availability of its website also in English, at least to the extent indicated in principle I.Z.1. This principle should also be applied by companies not listed above, if it is supported by the structure of their shareholders or the nature and scope of their business.

The principle is not applied.

Company comment : *The company does not participate in WIG20 mWIG40 stock market indices*

II. Management and Supervisory Board

The company is managed by the management board, its members act in the interest of the company and are responsible for its activities. In particular, management includes leadership in the company, commitment to setting strategic goals and their implementation, and ensuring the company's efficiency and security. The company is supervised by an effective and competent supervisory board. Members of the supervisory board act in the interest of the company and are guided in their actions by the independence of their own opinions and judgements. In particular, the supervisory board gives its opinion on the company's strategy and verifies the work of the management board in achieving the set strategic goals and monitors the results achieved by the

company.

Recommendations

II.R.2. Decision-makers on the selection of company management or supervisory board members should strive to ensure the versatility and diversity of these bodies, including in terms of gender, education, age and professional experience.

The principle is applied.

Company comment : *The Company, as a criterion for the selection of the Members of the Management Board and Members of the Supervisory Board, is guided by the qualifications of the person referred to to perform the function. Information on the data of persons who sit on the Company's bodies are published on the Issuer's website.*

Detailed rules

II.Z.1. The internal division of responsibility for individual areas of the company's activity among board members should be formulated in an unambiguous and transparent manner, and the division scheme available on the company's website.

The principle is applied.

Company comment : *The Company has a one-person Management Board responsible for all areas of the Company's operations.*

II.Z.3. At least two members of the supervisory board meet the independence criteria referred to in principle II.Z.4.

The principle is not applied.

Company comment : *The decision on the appointment of Members of the Supervisory Board falls within the competence of the General Meeting of Shareholders. Shareholders, guided by the competences and trust of individual candidates, designate the composition of the Supervisory Board. Depending on the decision of the General Meeting, the Company may periodically meet or not this criterion depending on the selected composition of the Supervisory Board. At present, the Supervisory Board does not meet the independence criteria, as only one of the Supervisory Board Members is independent, and the assessment of the resulting risks is the responsibility of the General Meeting of Shareholders.*

II.Z.4. As regards the independence criteria of members of the supervisory board, Annex II to European Commission Recommendation 2005/162/EC of February 15, 2005 on the role of non-executive directors or supervisory board members of listed companies and on the (supervisory) board committees applies. Notwithstanding the provisions of point 1 lit. b) the document referred to in the previous sentence, a person who is an employee of the company, a subsidiary or an affiliate, as well as a person related to these entities with a similar contract, can not be deemed to meet the independence criteria. The relationship with a shareholder precluding the independence of a member of the supervisory board within the meaning of this rule shall be understood as the actual and significant relationship with a shareholder holding at least 5% of the total number of votes in the company.

The principle is not applied.

Company comment : *The decision on the appointment of Members of the Supervisory Board falls within the competence of the General Meeting of Shareholders. Shareholders, guided by the competences and trust of individual candidates, designate the composition of the Supervisory Board. Depending on the decision of the General Meeting, the Company may or may not meet this criterion periodically, depending on the selected composition of the Board, and the assessment of the resulting risks is the responsibility of the GMS.*

II.Z.7. Within the scope of tasks and functioning of committees operating in the supervisory board, the provisions of Annex I to the Recommendation of the European Commission, referred to in principle II.Z.4, apply.

In the event that the function of the audit committee is performed by the supervisory board, the above rules apply accordingly.

The principle is applied.

Company comment : *The company has an audit committee held by the Supervisory Board.*

II.Z.8. The chairman of the audit committee meets the independence criteria indicated in principle II.Z.4.

The principle is not applied.

Company comment : *In the company in 2018, an audit committee was held by the Supervisory Board. The decision on the appointment of Members of the Supervisory Board falls within the competence of the General Meeting of Shareholders. Shareholders, guided by the competences and trust of individual candidates, designate the composition of the Supervisory Board. Depending on the decision of the General Meeting, the Company may periodically meet or not this criterion depending on the selected composition of the Board, and the assessment of the resulting risks is the competence of the General Meeting of Shareholders*

Note: On 20/10/2017 The Supervisory Board of the Company decided to change the composition of the

Audit Committee, whose tasks had been performed by the entire Supervisory Board. By virtue of Resolution No. 01/20/10/2017, the Supervisory Board appointed the Audit Committee composed of three persons: Wojciech Hetkowski - Chairman, Jacek Koralewski - Member, Małgorzata Patrowicz - Member. In the opinion of the Supervisory Board, the Audit Committee in the selected composition meets the requirements specified in art. 128 para. 1 and art. 129 par. 1,3,5 and 6 of the Act on Auditors.

II.Z.10. In addition to activities resulting from the law, once a year, the supervisory board prepares and presents to the ordinary general meeting:

II.Z.10.3. Assessment of how the company fulfills its disclosure obligations regarding the application of corporate governance principles set out in the Rules of Stock Exchange and regulations regarding current and periodic information provided by issuers of securities;

The principle is not applied.

Company comment : *The Supervisory Board supervises the activities of the Company in all its areas, including the fulfillment of information obligations by the Company.*

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

The principle is not applied.

Company comment : *As of the date of entry into force of the Good Practice of Companies Listed on the Warsaw Stock Exchange, 2016, the Company is not active in this area.*

II.Z.11. The supervisory board considers and gives opinions on matters that are to be the subject of resolutions of the general meeting.

The principle is applied.

Company comment : *The Supervisory Board of the Company expresses an opinion on its own initiative, at the request of shareholders or the Management Board of the Company in significant matters to be discussed or in matters provided for in the Company's Articles of Association. The company does not have an absolute rule of considering and giving opinions on all matters that are to be the subject of resolutions of the General Meeting.*

III. Internal systems and functions

The listed company maintains effective systems: internal control, risk management and compliance with the law (compliance) as well as an effective internal audit function, appropriate to the size of the company and the type and scale of its operations.

Recommendations

III.R.1. The company distinguishes in its structure the units responsible for the implementation of tasks in particular systems or functions, unless the separation of organizational units is not justified due to the size or type of activity conducted by the company.

The principle is not applied.

Company comment : *Separation of organizational units is not justified due to the size and type of activity conducted by the company. The company has implemented internal systems adequate to the size of the company and the type and scale of its operations.*

Detailed rules

III.Z.1. The management of the company is responsible for the implementation and maintenance of effective internal control systems, risk management, compliance and internal audit functions.

The principle is applied.

Company comment : *The company has implemented internal systems adequate to the size of the company and the type and scale of its operations.*

III.Z.2. Subject to the principle III.Z.3, persons responsible for risk management, internal audit and compliance are directly subordinate to the chairman or another member of the management board, and are also given the opportunity to report directly to the supervisory board or audit committee.

The principle is applied.

Company comment : *Due to the size of the company, the adopted business model and organizational structure of the Company in the Company is a one-person Management Board subject to direct control of the Supervisory Board and a separate Audit Committee.*

III.Z.3. In relation to the person heading the internal audit function and other persons responsible for the implementation of its tasks, the independence principles set out in universally recognized international standards for the professional practice of internal audit apply.

The principle is not applied.

Company comment : *The company has an Audit Committee held by the Supervisory Board. The decision on the appointment of the members of the Supervisory Board and thus the Chairman of the Audit Committee falls within the competence of the General Meeting of Shareholders. Shareholders,*

guided by the competences and trust of individual candidates, designate the composition of the Supervisory Board. Depending on the decision of the General Meeting, the Company may or may not meet this criterion periodically, depending on the selected composition of the Board, and the assessment of the resulting risks is the responsibility of the GMS.

III.Z.4. At least once a year, the person responsible for internal audit (in the case of separation of such a function in the company) and the management board shall submit to the supervisory board their own assessment of the effectiveness of the systems and functions referred to in principle III.Z.1, together with the relevant report.

The principle is not applied.

Company comment : *The Supervisory Board acts as the Audit Committee in the Company, its members are elected by the General Meeting.*

III.Z.5. The supervisory board monitors the effectiveness of systems and functions referred to in principle III.Z.1, based, inter alia, on reports periodically delivered to it directly by persons responsible for these functions and company management, as well as performs an annual assessment of the effectiveness of these systems and functions in accordance with the principle II.Z.10.1. If the company has an audit committee, it monitors the effectiveness of the systems and functions referred to in principle III.Z.1, however it does not release the supervisory board from the annual assessment of the effectiveness of these systems and functions.

The principle is applied.

Company comment : *The Supervisory Board exercises ongoing control over all areas of the Company's operations.*

III.Z.6. If the company has not organisationally separated the internal audit function, the audit committee (or the supervisory board, if it performs the function of the audit committee) annually assesses whether there is a need for such a separation.

The principle is applied.

Company comment : *The Supervisory Board exercises ongoing control over all areas of the Company's operations.*

IV. General meeting and relations with shareholders

The management board of the listed company and its supervisory board should encourage shareholders to get involved in the company's affairs, expressing primarily the active participation in the general meeting. The general meeting should meet with respect for the rights of shareholders and strive to ensure that the adopted resolutions do not violate the legitimate interests of particular groups of shareholders. Shareholders participating in the general meeting exercise their rights in a way that does not violate good manners.

Recommendations

IV.R.2. If it is justified due to the shareholder structure or the expectations of shareholders proposed to the company, if the company is able to provide the technical infrastructure necessary for the smooth conduct of the general meeting by means of electronic communication, it should enable shareholders to participate in the general meeting using such means, in particular through:

- 1) broadcasting of the General Meeting in real time,**
- 2) two-way real-time communication, whereby shareholders can speak during the general meeting, staying in a place other than the venue of the general meeting,**
- 3) exercising, in person or through a proxy, the right to vote during the general meeting.**

The principle is not applied.

Company comment : *The company acknowledges that the infrastructure and broadcasting costs of the General Meeting are too high. At the same time, the Management Board indicates that the shareholding structure of the Company causes a lack of interest in the proceedings of the General Meeting. At the same time, the Company's Articles of Association and the Regulations of the General Meeting do not provide for the transmission of the meeting.*

IV.R.3. The company aims to ensure that, when securities issued by the company are traded in different countries (or on different markets) and under different legal systems, the execution of corporate events related to the acquisition of rights on the shareholder's side occurred on the same dates in all countries in which they are quoted.

The principle is not applied.

Company comment : *Securities issued by the Company are listed only on the regulated market of the Warsaw Stock Exchange in Warsaw.*

Detailed rules

IV.Z.2. If it is justified due to the company's shareholder structure, the company provides a universally available broadcast of the general meeting in real time.

The principle is not applied.

Company comment : *The company acknowledges that the broadcasting costs of the General Meeting are too high. At the same time, the Management Board indicates that the shareholding structure of the Company causes a lack of interest in the proceedings of the General Meeting. At the same time, the Company's Articles of Association and the Regulations of the General Meeting do not prescribe the transmission of the meeting.*

IV.Z.3. Representatives of the media are allowed to attend general meetings.

The principle is not applied.

Company comment : *The company indicates that there is no interest in the participation of the media in the General Meeting of the Company. In addition, in the Company's opinion, the participation of unauthorized persons may disrupt the work of the General Meeting.*

IV.Z.6. The Company makes every effort to ensure that the cancellation of the general meeting, changing the date or ordering a break in the meeting do not prevent or restrict shareholders from exercising their right to participate in the general meeting.

The principle is applied.

Company comment : *The company indicates, however, that decisions regarding the announcement of a break in the General Meeting are made only by shareholders and the Chairman of the General Meeting.*

IV.Z.7. A break in the general meeting may take place only in specific situations, each time indicated in the justification of the resolution on the break order, prepared on the basis of reasons presented by the shareholder requesting the break.

The principle is applied.

Company comment : *The company indicates, however, that decisions regarding the announcement of a break in the General Meeting are made only by shareholders and the Chairman of the General Meeting who decide to indicate in the resolution justification in the scope of ordering a break in the meeting.*

IV.Z.8. The resolution of the general meeting regarding the ordering of breaks clearly indicates the date of resuming the meeting, while the date may not constitute a barrier for participation in resumed discussions by the majority of shareholders, including minority shareholders.

The principle is applied.

Company comment : *The company indicates, however, that decisions regarding the announcement of a break in the General Meeting are made only by shareholders and the Chairman of the General Meeting who decide on the date of resuming the meeting.*

IV.Z.9. The Company strives to make the draft resolutions of the general meeting justify if it makes it easier for the shareholders to pass the resolution with due consideration. If the matter is put on the agenda of the general meeting at the request of a shareholder or shareholders, the management board or chairman of the general meeting asks for justification of the proposed resolution. In important matters or likely to raise doubts of shareholders, the company will provide a justification, unless it otherwise provides shareholders with information that will ensure that the resolution is taken with due consideration.

The principle is applied.

Company comment : *The Management Board will seek publication of key business reasons for the draft resolutions of the General Meetings.*

IV.Z.11. The members of the management board and the supervisory board participate in the general meeting in the composition allowing for substantive answers to questions asked during the general meeting.

The principle is applied.

Company comment : *The members of the company's governing bodies make efforts to participate in the General Meeting, however, due to the fact that the General Meetings of the Company are held repeatedly upon request or within the deadlines set by the shareholders, it is difficult to ensure the participation of the members of the bodies in the General Meeting.*

IV.Z.14. Resolutions of the general meeting should ensure that the necessary time intervals are determined between decisions causing specific corporate events and the dates on which the rights of shareholders resulting from such corporate events.

The principle is applied.

Company comment: *However, the company indicates, that decisions regarding the content of resolutions of the General Meeting are taken only by shareholders.*

IV.Z.15. The resolution of the general meeting regarding the issue of shares with pre-emptive rights should specify the issue price or the mechanism for determining it, or oblige the body authorized to set it before the pre-emptive right day, within the time enabling the investment

decision to be taken.

The principle is applied.

Company comment: *However, the company indicates, that decisions regarding the content of resolutions of the General Meeting are made only by shareholders.*

IV.Z.16. The dividend day and dividend payment dates should be set so that the period between them is not longer than 15 business days. Setting a longer period between these dates requires justification.

The principle is applied.

Company comment: *However, the company indicate, that decisions regarding the content of resolutions of the General Meeting are made only by shareholders.*

IV.Z.17. A resolution of the general meeting regarding the payment of a conditional dividend may contain only such conditions, which eventual fulfillment will take place before the dividend date.

The principle is applied.

Company comment: *However, the company indicates, that decisions regarding the content of resolutions of the General Meeting are made only by shareholders.*

IV.Z.18. The resolution of the general meeting on the split of the nominal value of shares should not set a new nominal value of shares at a level lower than 0.50 PLN, which could result in a very low unit market value of shares, which could threaten the correctness and credibility of the quotation of a company listed on the stock exchange .

The principle is applied.

Company comment: *However, the company indicates, that decisions regarding the content of resolutions of the General Meeting are made only by shareholders.*

V. Conflict of interests and transactions with related entities

For the purposes of this chapter, the definition of a related party set out in international accounting standards adopted in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards is adopted. The company should have transparent procedures for preventing conflicts of interest and entering into transactions with related entities in the conditions of a possible conflict of interest. Procedures should provide ways to identify, disclose and manage such situations.

Detailed rules

V.Z.1. Any shareholder should be privileged in relation to other shareholders in the scope of transactions concluded by the company with shareholders or their related entities.

The principle is applied.

Company comment : *The Management Board indicates that due to the shareholding structure and the company's profile, transactions with the company's leading shareholder are and may be concluded, which does not mean that its position in this area is privileged.*

VI. Remuneration

The company has a remuneration policy at least for members of the company's governing bodies and key managers. The remuneration policy defines in particular the form, structure and method of determining the remuneration of members of the company's governing bodies and its key managers.

Recommendations

VI.R.1. The remuneration of members of the company's governing bodies and key managers should result from the adopted remuneration policy.

The principle is not applied.

Company comment : *Due to the size of the company, organizational structure and scope of activity in the company, the "remuneration policy" document has not been prepared. Remuneration for individual members of the company's bodies, including tasks assigned for execution and evaluation of their implementation, determines the Supervisory Board for the Management Board, and for the Supervisory Board Members - General Meeting of the Company's Shareholders.*

VI.R.2. The remuneration policy should be closely related to the company's strategy, its short and long-term goals, long-term interests and results, and should include solutions to avoid discrimination on any grounds.

The principle is applied.

Company comment : *Due to the size of the company, organizational structure and scope of activity in the company, the "remuneration policy" document has not been prepared. Remuneration for individual members of the company's bodies, including tasks assigned for execution and evaluation of their*

implementation, determines the Supervisory Board for the Management Board, and for the Supervisory Board Members - Meeting of the Company's Shareholders.

VI.R.3. If there is a remuneration committee in the supervisory board, the principle II.Z.7 applies to its functioning.

The principle is applied.

Company comment : *The Supervisory Board is responsible for the remuneration committee in the company.*

Detailed rules

VI.Z.1. Incentive programs should be designed to, inter alia, make the level of remuneration of the management board members and its key managers dependent on the actual, long-term financial standing of the company and the long-term increase in shareholder value and stability of the company's operation.

The principle is not applied.

Company comment : *The company has not adopted incentive programs.*

VI.Z.2. In order to link the remuneration of management board members and key managers to the company's long-term business and financial goals, the period between granting options or other instruments related to the company's shares under the incentive scheme and the possibility of their implementation should be at least 2 years.

The principle is not applied.

Company comment : *The company has not adopted incentive programs.*

VI.Z.4. The company in its activity report presents a report on the remuneration policy, containing at least:

- 1) general information on the remuneration system adopted in the company,
- 2) information on the terms and amount of remuneration of each member of the management board, broken down into fixed and variable components of remuneration, indicating key parameters for determining variable remuneration components and payment rules for severance pay and other payments for termination of employment, order or other legal relationship of a similar nature - separately for the company and each unit included in the capital group,
- 3) information on the individual management board members and key managers entitled to outside of the financial remuneration components,
- 4) indication of significant changes that have occurred in the remuneration policy during the last financial year, or information about their absence,
- 5) assessment of the functioning of the remuneration policy from the point of view of achieving its objectives, in particular long-term growth of shareholder value and stability of the company's operation.

The principle is not applied.

Company comment : *The Company publishes information on the remuneration of the Members of the Company's Bodies in accordance with the applicable International Accounting Standards.*

Note: *On 20/10/2017 The Supervisory Board of the Company decided to change the composition of the Audit Committee, whose tasks had been performed by the entire Supervisory Board. By virtue of Resolution No. 01/20/10/2017, the Supervisory Board appointed the Audit Committee composed of three members: Wojciech Hetkowski - Chairman, Jacek Koralewski - Member, Małgorzata Patrowicz - Member. In the opinion of the Supervisory Board, the Audit Committee in the selected composition meets the requirements specified in art. 128 par. 1 and art. 129 par. 1,3,5 and 6 of the Act on Certified Auditors.*

III DESCRIPTION OF THE MAIN FEATURES USED IN THE ENTERPRISE OF THE ISSUER CONTROL SYSTEMS AND RISK MANAGEMENT WITH REGARD TO THE PROCESS OF PREPARING FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

Due to the simplified structure and relatively limited number of financial risks, the Issuer's Management Board has not developed and introduced a written procedure of the internal control system and risk management in the scope of preparing financial statements, however the Issuer with the utmost diligence approaches the issue of financial reporting.

The Management Board of the Company is responsible for the internal control system in the Company and its effectiveness in terms of the correctness of preparing financial statements and periodical reports. Financial statements and periodic reports are prepared on the basis of financial data from the financial and accounting system, where they are recorded in accordance with the principles of the adopted accounting policy in accordance with the Accounting Act.

The audit of the correctness of the preparation of periodic financial statements is carried out thanks to the annual financial audits carried out by independent auditors and the interim review of financial statements for each half-year.

Due to the composition of the Supervisory Board not exceeding 5 persons, the functions of the Audit Committee until 20/10/2017 entrusted to the entire composition of the Supervisory Board. On 20/10/2017 The Supervisory Board of the Company decided to appoint, from its composition, an Audit Committee composed of three people: Wojciech Hetkowski - Chairman, Jacek Koralewski - Member, Małgorzata Patrowicz - Member. In the opinion of the Supervisory Board, the Audit Committee in the selected composition meets the requirements specified in art. 128 para. 1 and art. 129 par. 1,3,5 and 6 of the Act on Certified Auditors.

The Audit Committee monitors the audit of auditors' financial statements and includes an audit of the manner of preparing the Management Board's Report on the Company's operations and preparation of relevant resolutions presented to the Ordinary General Meeting of Shareholders.

The financial report was prepared by a professional entity - the auditing office of the "Galex" auditor providing accounting services based on the outsourcing agreement for the benefit of the Issuer. By using the services of a specialized office, the Management Board is provided with ongoing external consultancy in the area of consulting any problems related to the correctness of drawing up mandatory financial statements, including quarterly, semi-annual and annual financial statements and tax issues.

IV INDICATION OF SHAREHOLDERS CONSIDERING DIRECTLY OR INDIRECTLY PACKAGES OF SHARES WITH THE INDICATION OF THE NUMBER OF SHARES HELD BY THOSE ENTITIES, THEIR PERCENTAGE IN THE EQUITY CAPITAL, THE NUMBER OF THOSE AND THEIR PERCENTAGE IN THE GENERAL NUMBER OF VOTES AT THE GENERAL MEETING

According to the knowledge of the Management Board, as at 31/12/2018 and 25.06.2019 i.e. the date of publication of the periodical report for 2018 the direct and indirect shareholding structure and the list of shareholders holding at least 5% of the total number of votes at the Issuer's General Meeting were as follows:

Direct ownership as at 31/12/2018

No.	Name	Number of shares	Number of votes	% of votes in the total number of votes
1.	<i>Patro Invest OU</i>	15 035 832	15 035 832	60,14%

Indirect ownership as at 31/12/2018

No.	Name	Number of shares	Number of votes	% of votes in the total number of votes
1.	<i>Damian Patrowicz</i>	15 035 832	15 035 832	60,14%

Direct ownership as at 15/06/2019

No.	Name	Number of shares	Number of votes	% of votes in the total number of votes
1.	<i>Patro Invest OU</i>	15 035 832	15 035 832	60,14%

Indirect ownership as at 15/06/2019

No.	Name	Number of shares	Number of votes	% of votes in the total number of votes
1.	<i>Damian Patrowicz</i>	15 035 832	15 035 832	60,14%

V INDICATION OF SHAREHOLDERS OF ANY SECURITIES WHICH GIVE SPECIAL CONTROL RIGHTS WITH THE DESCRIPTION OF THESE POWERS.

As at the balance sheet date, there are no shares in the Issuer's share structure giving special control rights.

The structure of the Issuer's shares.

As at 31/12/2018 - the structure of the Issuer's shares was as follows: As at 31/12/2018, the Issuer's share capital amounts to EUR 2.750.000,00 and is divided into 25.000.000 shares with a nominal value of EUR 0,11 every action.

VI ANY RESTRICTIONS ON THE EXERCISE OF VOTING RIGHTS, SUCH AS LIMITATION OF VOTING RIGHTS BY THE SHAREHOLDERS OF SPECIFIC PARTS OR NUMBER OF VOTES, TIME LIMITS ON THE EXERCISE OF VOTING RIGHTS OR RECORDINGS UNDER WHICH THE EQUITY RIGHTS RELATED TO SECURITIES ARE SEPARATED FROM HOLDING SECURITIES.

Such restrictions do not apply to the Company's shares.

VII INDICATION OF ALL RESTRICTIONS REGARDING THE TRANSFER OF THE PROPERTY RIGHTS OF THE ISSUER'S SECURITIES

The Issuer's Articles of Association stipulate that bearer shares can not be converted into registered shares. Other restrictions on the transfer of ownership of securities issued by the Company do not occur.

VIII DESCRIPTION OF RULES CONCERNING THE APPOINTMENT AND DISMISSAL OF MANAGING PERSONS AND THEIR POWERS, PARTICULARLY THE RIGHT TO TAKE THE DECISION ON ISSUES OR THE BUY OF SHARES

The Management Board of the Company in 2018 was one-man. According to the Articles of Association of the Company, which was in force in 2018, the Chairman of the Management Board is appointed and removed by the Supervisory Board of the Issuer. The term of office of the Management Board lasts three years, and its powers are specified in the Company's Articles of Association.

The Supervisory Board consists of five to nine members. The term of office of the Supervisory Board is common and lasts three years. The members of the Supervisory Board are elected and dismissed by the General Meeting. Members of the outgoing Supervisory Board may be re-elected. Members of the Supervisory Board perform their duties in person. The Supervisory Board oversees the operations of the Company. In addition to the matters indicated in the Act, in other provisions of this Statute, the competence of the Supervisory Board shall be within the competence of the Supervisory Board

- 1) auditing the annual balance sheet, as well as the profit and loss account, and ensuring that they are verified by auditors selected by them;
- 2) examining and reviewing the Management Board's report and issuing opinions on the Management Board's proposals regarding the distribution of profits and loss coverage;
- 3) expressing consent for the creation of branches of the Company in Poland and abroad;
- 4) adopting resolutions regarding assessment of the Management Board's proposals;
- 5) expressing consent to the Management Board for purchasing, selling and any other disposal of the company's property exceeding the amount of PLN 500,000, including incurring liabilities and granting sureties and guarantees

§18 The remuneration of the members of the Supervisory Board is determined by the General Meeting of Shareholders.

IX DESCRIPTION OF THE RULES FOR CHANGING THE ARTICLES OF ASSOCIATION OR CONTRACTS OF THE ISSUER'S COMPANY

According to the Articles of Association of the Company, which was in force in 2018, an amendment to the Company's articles of association may be made only by way of a resolution of the General Meeting of Shareholders. Pursuant to § 23 section 3 of the Company's Articles of Association, "the General Meeting of Shareholders adopts resolutions on matters specified in the Commercial Companies Code and the Articles of Association, including in particular: changes to the Articles of Association, including changes in the company's enterprise,"

X THE MODE OF ACTING OF THE GENERAL MEETING AND ITS PRINCIPAL POWERS AND DESCRIPTION OF SHAREHOLDERS 'RIGHTS AND METHOD OF EXERCISE, IN PARTICULAR THE RULES ARISING FROM THE RULES OF THE GENERAL MEETING, IF THESE TERMS HAVE BEEN ADOPTED, HOWEVER INFORMATION IN THIS FIELD DOES NOT APPLY FROM THE LAW

The General Meeting operates based on the provisions of the Commercial Companies Code, the Articles of Association of the Company, which was in force in 2018 and the Regulations of the General Meeting. The General Meeting is the governing body of the Company, it is made up of shareholders who came to the meeting and take part in the deliberations. Drafts of resolutions proposed for adoption by the General Meeting and other relevant materials should be presented to the Shareholders together with the justification and opinion of the Supervisory Board before the General Meeting, in time allowing to get acquainted with them and make their evaluation. A shareholder may participate in the General Meeting and exercise the right to vote in person or by the Representatives. The participation of a Shareholder's Representative in the General Meeting requires the right to act on behalf of the Shareholder to be duly documented. Members of the Supervisory Board and the Management Board are entitled to participate in the General Meeting.

People entitled to participate in the General Meeting are entitled to take the vote by themselves. Other people present at the General Meeting may express themselves only with the consent of the General

Meeting. The General Meeting opens, in accordance with the Articles of Association, the Chairman of the Supervisory Board or a person appointed by him, at the time and place specified in the announcement. In case of absence of the abovementioned authorized persons, the General Meeting is opened by any member of the Supervisory Board, and in their absence by the Chairman of the Management Board or a person appointed by the Management Board. The proceedings of the General Meeting are subject to the recording by a notary. The General Meeting of Shareholders adopts resolutions on matters specified in the Code of Commercial Companies and the Statute.

XI THE PERSONAL COMPOSITION OF THE COMPANY AUTHORITIES AND THE CHANGES WHICH HAPPENED WITHIN THE LAST FINANCIAL YEAR AND THE DESCRIPTION OF THE BODIES MANAGING, SUPERVISING OR ADMINISTRATING THE ISSUER AND THEIR COMMITTEES

Composition of the Supervisory Board

The description of the Issuer's management and supervisory bodies results directly from the Company's Articles of Association, legal provisions - the Commercial Companies Code and the Regulations of the Supervisory Board and the Management Board.

The composition of the Supervisory Board in 2018 was as follows:

Name	Position
Damian Patrowicz	Chairman
Wojciech Hetkowski	Vice-chairman
Małgorzata Patrowicz	Secretary
Jacek Koralewski	Member
Martyna Patrowicz	Member

Composition of the Management Board

In the reporting period, the composition of the Issuer's Management Board was as follows:

Name	Position
Anna Kajkowska	Chairman of the Management Board

Audit Committee

The Supervisory Board of the Company in 2018 functioned in a five-person composition and based on the content of art. 86 par. 3 of the Act on certified auditors and their self-government, entities authorized to audit financial statements and public supervision of 07.05.2009. (Journal of Laws No. 77, item 649, as amended) (hereinafter: the Act on Certified Auditors) in connection with the above, until 20/10/2017. the tasks of the Audit Committee were entrusted to the entire composition of the Company's Supervisory Board.

On 20/10/2017 The Supervisory Board of the Company, by Resolution No. 01/20/10/2017, decided to appoint from its composition the Audit Committee composed of three members:

- Wojciech Hetkowski - Chairman of the Audit Committee
- Małgorzata Patrowicz - Member of the Audit Committee
- Jacek Koralewski - Member of the Audit Committee

In the opinion of the Supervisory Board, the Audit Committee in the above-mentioned composition met the requirements specified in art. 128 para. 1 and art. 129 par. 1, 3, 5, and 6 of the Act on Certified Auditors.

XII OTHER SIGNIFICANT INFORMATION ABOUT THE ISSUER

Change of the legal form of the Issuer in 2018 and change of the Company Statute.

In 2018, the Issuer's legal form changed. The joint-stock company has been replaced by a European Company.

As at the date of publication of these principles, the registered office of the Company is located in Tallinn, Estonia, and there is no functioning Audit Committee in the Company. Detailed informations regarding these matters are included in the Financial Statements and the Report of the Management Board.

Tallinn, 22/072019

/The Management Board of ATLANTIS SE