Representation on the application of corporate governance

Dino Polska, as a company listed on the regulated market run by the Warsaw Stock Exchange is subject to the corporate governance principles defined in the document entitled Best Practices of WSE Listed Companies 2016 (up to the end of June 2021) and its updated version – Best Practices of WSE Listed Companies 2021 (as of July 2021). The document is available at the Stock Exchange website (http://www.gpw.pl) in the section devoted to corporate governance of listed companies.

The Best Practices of WSE Listed Companies 2021 is a set of rules of conduct applicable in particular to the governing bodies of listed companies and their shareholders. If a given principle is not permanently applied by a listed company or it has been incidentally breached, the listed company is obligated to report that fact in the form of a current report. Moreover, a listed company is obliged to attach to the annual report a report containing information on the scope of its application of the Best Practices of WSE Listed Companies 2021.

In 2021 Dino Polska adhered to the standards set forth in the Best Practices of WSE Listed Companies 2016 to the same extent as in 2020, which has been described in the Company's 2020 annual report.

Dino Polska observes most of the standards included in the Best Practices of WSE Listed Companies 2021, except for the following:

- Standard 1.4 – To ensure proper communication with stakeholders regarding the adopted business strategy, a company publishes information on its website regarding the tenets of its strategy, the measurable objectives, especially long-term objectives, planned activities and progress in their achievement as specified with the help of financial and non-financial metrics.

  Company's commentary: The Company has a long-term growth strategy published on its website. In this strategy, however, the Company has not defined precise long-term goals. Having regard for its current phase of dynamic growth, the highly competitive market on which it operates, the changes transpiring on this market and the frequent changes in the legal environment, this gives the Company extensive flexibility in adapting to the evolving business conditions while enhancing its competitive resilience. The Company is of the opinion that in the foregoing circumstances the most effective way to grow the company's value is to blend its long-term strategy identifying the key growth areas with the process of defining annual objectives aligned to the strategy to be achieved by its employees.
- Standard 1.4.2 – Information on the ESG strategy should present the equality ratio for pay paid to employees calculated as the percentage difference between the average monthly salary (including bonuses, awards and other allowances) received by women and men for the last year, and present information regarding the actions taken to eliminate any inequalities along with a statement of the related risks and the time horizon over which the plan is to reach equality.

  Company's commentary: The Company takes care that all employees have equal access to professional development opportunities and receive equal pay for equal work. There is a standard base salary scale that is identical for women and men to eliminate the pay gap problem in the Company's various business areas. In turn, bonuses and awards are paid according to the completed tasks and therefore they may vary among employees. In one area of its business the Company applies an employee remuneration system based on piece work. Its principles are identical for all employees. Pay under this system hinges on the quantity of work done and therefore pay may vary by employee. Accordingly, in the Company's opinion, the salary equality ratio encompassing bonuses, awards and other allowances is not the right ratio to evaluate equal pay for the Company's employees.
- Standard 2.1 – The Company should have a diversity policy for the management board and the supervisory board adopted by the supervisory board or shareholder meeting, respectively. The diversity policy lays down the objectives and criteria for diversity, among others, in areas such as gender, education, expert knowledge, age and professional experience; it also specifies the deadline for, and the method of, monitoring the execution of these objectives. In terms of diversity by gender, the prerequisite for ensuring diversity in the company's corporate bodies is for the minority to hold a share of no less than 30% in a given corporate body.

  Company's commentary: The Company pays attention to building a diverse composition in its Management Board and Supervisory Board; however, it does not have a formalized diversity policy applicable to these corporate bodies. The Shareholder Meeting and the Supervisory Board elect the members of the Supervisory Board and the Management Board based on their competences and experience, notwithstanding their age, gender, education and other attributes. The composition of the Company's corporate bodies is shaped in the way that is most closely aligned to the execution of its business objectives based on candidates selected from among the Company's employees (in the case of the Management Board).

- Standard 2.2 – Decision-makers involved in the selection of the company's management board or supervisory board members should provide for the comprehensiveness of these corporate bodies by choosing people to join them who ensure diversity, making it possible, among other things, to achieve the target minimum percentage held by a minority at a level of no less than 30% in accordance with the targets specified in the adopted diversity policy referred to in standard 2.1.

  Company's commentary: The Shareholder Meeting and the Supervisory Board elect the members of the Supervisory Board and the Management Board based on their competences and experience, notwithstanding their age, gender, education and other attributes. The composition of the Company's corporate bodies is shaped in the way that is most closely aligned to the execution of its business objectives based on candidates selected from among the Company's employees (in the case of the Management Board). On the date of publication of this information the composition of the Management Board satisfies the criterion pertaining to the share of diversity based on gender. This criterion is not satisfied by the Company's Supervisory Board.
- Standard 2.11.6 – The Supervisory Board's annual report contains information regarding the progress in the diversity policy in the management board and the supervisory board, including the achievement of the objectives referred to in standard 2.1.

  Company's commentary: The standard is not applied in connection with the fact that the Company does not apply standard 2.1.
- Standard 4.1 – The Company should enable shareholders to take part in shareholder meetings by using electronic communication means (e-shareholder meetings) if this is justified on account of shareholder expectations voiced to the company, provided that it is capable of providing the technical infrastructure required to hold such a shareholder meeting.

  Company's commentary: In the opinion of the Company, providing the necessary technical infrastructure would call for the Company to incur costs and commit other resources that are disproportionate to the potential interest of its shareholders. Therefore, the Company does not plan to conduct a shareholder meeting using electronic means of communication.
- Standard 4.3 – The Company provides for a generally available broadcast of the shareholder meeting in real time.

  Company's commentary: The Company does not plan to broadcast the shareholder meeting in real time because of the additional costs and organizational resources it would have to devote to this undertaking. Nevertheless, the Company will consider transmitting the Shareholder Meeting, if its shareholders advance such a need.
- 5.3. No shareholder should be privileged in respect of other shareholders in terms of transactions with related entities. This also pertains to transactions executed by company shareholders with entities belonging to the group.

  Company's commentary: The Company expresses its support for the foregoing standard. However, it cooperates with a single general contractor related to the Company's major shareholder in the area involving the expansion of its store network. The Company is not thinking about changing this model. In the past the Company cooperated with many entities operating in the construction industry and based on its experience it deemed that close cooperation with a single credible entity sharing the same goals as the Company is a key condition for the dynamic and effective rollout of the store network. To mitigate the operating risk associated with cooperating with a related party, the following mechanisms are employed: i) the Company regularly collects information regarding other entities operating in the construction industry and analyzes the costs of store construction services; ii) cooperation with the general contractor is conducted on the basis of a long-term master agreement that standardizes the costs of store construction and ensures the constancy of the conditions of cooperation over its term of validity (the current master agreement is valid until 30 June 2025); and iii) the Company's Articles of Association stipulate that the consent of the majority of the independent Supervisory Board members participating in a meeting must be given to make changes to significant agreements involving related parties.

In addition, Dino Polska reports that it does not conduct any sponsoring activity. Charitable activity is conducted by the Dino – Najbliżej Ciebie Foundation, which has held the status of a public benefit organization since October 2015. The foundation aims to selflessly help people in need, especially individuals suffering from diseases and children.