

Representation of HOOP SA's Executive Board on Application of Corporate Governance Standards

Corporate Governance Standards

	PRINCIPLE	APPLIED BY HOOP SA (YES/NO)	HOOP SA'S COMMENTARY
<u>GENERAL PRINCIPLES</u>			
I	<p><u>Objective of the Company</u></p> <p>The basic objective of activities of company's bodies is to further the interest of the company, i.e. to increase the value of the assets entrusted by its shareholders, with consideration to the rights and interests of entities other than shareholders, involved in the functioning of the company, including in particular the company's creditors and employees.</p>		
II	<p><u>Majority rule and protection of minorities</u></p> <p>A joint-stock company is a capital venture, and therefore it must respect the principle of capital majority rule, and the primacy of majority over minority. A shareholder who contributes more capital also bears a higher economic risk. It is, therefore, justified that his interest be taken into consideration in proportion to the contributed capital. The minority must have a guarantee of proper protection of their rights, within limits set by law and commercial integrity. While exercising its rights, the majority shareholder should take into account the interests of the minority.</p>		
III	<p><u>Honest intentions and non-abuse of rights</u></p>		

	<p>The exercise of rights and the reliance on legal institutions should be based on honest intentions (good faith) and cannot reach beyond the purpose and economic reasons for which these institutions have been established. No activities should be taken which exceed the limits so set, and which thus constitute an abuse of the law. The minority should be protected against abuse of ownership rights by the majority and the interests of the majority should be protected against abuse by the minority of its rights, thus ensuring the best protection of equitable interests of the shareholders and other market participants.</p>		
IV	<p><u>Court control</u></p> <p>Neither the company's bodies, nor persons chairing a General Meeting, may decide on issues which should be resolved by court judgements. This does not apply to activities which are within the powers of the company's bodies and of persons chairing General Meetings, or which they are obliged to undertake by force of law.</p>		
V	<p><u>Independent opinions ordered by the company</u></p> <p>When choosing an entity which is to provide expert services, including in particular the services of an expert auditor, financial and tax advisory services, as well as legal services, the company should consider whether there exist circumstances limiting the independence of this entity when performing the entrusted tasks.</p>		
<u>BEST PRACTICES OF GENERAL MEETINGS</u>			
1	A General Meeting should take place in a location and at	Yes	<i>General Meetings are held at the Company's</i>

	a time to allow the participation of as many shareholders as possible.		<p>registered office in Warsaw, Poland, where also the Warsaw Stock Exchange has its registered office. The Company's Articles of Association provide for a possibility of convening a General Meeting at other locations where the Company conducts its activities. Pursuant to Par. 16.5 of the Articles of Association, a General Meeting is convened on a day which is a business day in Poland.</p> <p>The Executive Board determines the date and hour for the opening of a General Meeting in a manner enabling as many shareholders as possible to attend the Meeting.</p>
2	A request for convening a General Meeting and placing certain issues on its agenda, made by parties so entitled, should be justified. Draft resolutions proposed to be adopted by the General Meeting and other key documents should be presented to the shareholders along with a justification and an opinion of the Supervisory Board prior to the General Meeting, in advance so as to allow them to review and evaluate the same.	Yes	<p>A request for convening a General Meeting should specify the issues to be included in the agenda of the Meeting, together with the justification (Par. 16.4 of the Articles of Association and Par. 2.7 of the By-Laws of the General Meeting).</p> <p>In line with the practice adopted at Hoop SA, all key documents prepared for a General Meeting are made available to the shareholders by the dates specified under law. The Company's Supervisory Board undertakes to provide grounds and give its opinion on draft resolutions. Pursuant to Par. 21.a) of the Company's Articles of Association, the Company's Supervisory Board gives its opinion on the financial statements of the Company and its Capital Group, as well as the Directors' Report on the Company's operations.</p>
3	A General Meeting convened at the request of shareholders should be held on the date given in the request, and if this date cannot be kept, on the closest date which will allow the General Meeting to settle the issues placed on its agenda.	Yes	<p>Pursuant to Par. 16.2 of the Articles of Association (and Par. 2.5 of the By-Laws of the General Meeting), at the request of shareholders representing at least one-tenth of the share capital, the Executive Board should convene a General Meeting within two weeks as from submitting this request specifying the date for the meeting, and if this date cannot be kept, on the closest date possible.</p>

4	<p>A General Meeting whose agenda includes certain issues at the request of authorised entities or which has been convened at such request may be cancelled only upon consent of the requesting parties. In all other instances, a General Meeting may be cancelled if its holding is hindered (force majeure) or is obviously groundless. The meeting is called off in the same manner as it has been convened, ensuring as little negative consequences for the company and its shareholders as possible, and in any case no later than three weeks prior to the original date of the meeting. A change in the date of the General Meeting is made in the same manner as the cancellation, even if the proposed agenda does not change.</p>	<p>Yes</p>	<p><i>Pursuant to Par. 16.6 of the Articles of Association (and Par. 2.9 of the By-Laws of the General Meeting), a General Meeting convened at the request of shareholders may be cancelled or its date changed only upon the consent of the requesting parties. In all other instances, a General Meeting may be cancelled if its holding is hindered (force majeure) or is obviously groundless. The principles followed to convene a General Meeting (Par. 16.6 of the Articles of Association and Par. 2.10, in conjunction with Par. 2.2 of the By-Laws of the General Meeting) also apply to the cancellation of a General Meeting and change of its date.</i></p> <p><i>The Company's Executive Board hereby declares that, should it prove necessary to cancel a General Meeting or change its date, the Company shall observe the Articles of Association and By-Laws of the General Meeting, whose provisions follow the recommendations of the Code of Good Practices.</i></p>
5	<p>In order for a representative of a shareholder to participate in a General Meeting, his right to act on behalf of the shareholder should be duly documented. It should be presumed that a written document confirming the right to represent a shareholder at a General Meeting is in conformity with the law and does not require any additional confirmations and acknowledgements unless its authenticity or validity <i>prima facie</i> raises doubts by the company's Executive Board (upon drawing up the attendance list) or the chairman of the General Meeting.</p>	<p>Yes</p>	<p><i>In order for a representative of a shareholder to participate in a General Meeting and exercise the voting rights, his right to act on behalf of the shareholder should be documented, particularly with powers of attorney (in a written form under the pain of nullity) granted by persons so entitled (shareholders) in accordance with:</i></p> <ul style="list-style-type: none"> - <i>submitted share certificate (in the case of a shareholder being a natural person or a legal entity),</i> - <i>current excerpt from the relevant register or another document certifying the right to represent a given shareholder at the General Meeting or granting powers of attorney (in the case of a shareholder being a legal entity).</i> <p><i>While drawing up the attendance list, the Company inspects these documents.</i></p>

6	<p>The General Meeting should have regular by-laws setting forth the detailed principles of conducting the meetings and adopting resolutions. The by-laws should contain, in particular, provisions concerning elections to the supervisory board by voting in separate groups. The by-laws should not be subject to frequent changes; it is advisable that the changes enter into force as of the subsequent General Meeting.</p>	<p>Yes</p>	<p><i>On November 26th 2003, by way of a resolution, the General Meeting adopted the By-Laws of the General Meeting of Hoop SA. The By-Laws stipulate, in particular, principles of conducting the meetings and adopting resolutions, and provisions concerning elections to the Supervisory Board by voting in separate groups. Pursuant to Par. 17.6 of the Articles of Association, the General Meeting is authorised to adopt its By-Laws. Changes in the By-Laws come into force not earlier than as of the subsequent General Meeting (Par. 17.6 of the Articles of Association and Par. 23 of the By-Laws of the General Meeting).</i></p>
7	<p>A person opening the General Meeting should procure an immediate election of the chairman of the meeting, and should refrain from any substantial or formal decisions.</p>	<p>Yes</p>	<p><i>Pursuant to Par. 6.2 of the By-Laws of the General Meeting, a person opening the General Meeting is obliged to order submitting nominations of candidates for the Chairman of the Meeting and election of the Chairman.</i></p>
8	<p>The chairman of the General Meeting ensures an efficient conduct of the meeting and observance of the rights and interest of all shareholders. The chairman should counteract, in particular, the abuse of rights by the participants of the meeting and should guarantee that the rights of minority shareholders are respected. The chairman should not, without sound reason, resign from his function, or put off the signing of the minutes of the meeting.</p>	<p>Yes</p>	<p><i>Pursuant to Par. 6.5 of the By-Laws of the General Meeting, the Chairman conducts the Meeting in line with the adopted agenda, as well as in compliance with legal regulations and the provisions of the By-Laws of the General Meeting, ensuring efficient and proper conduct and voting. When justified, in particular when a person speaking misses the issue, the Chairman has the right to deprive the person of the right to speak. Such a decision by the Chairman may be appealed against to the General Meeting (Par. 12.3 of the By-Laws of the General Meeting). In order for this principle to be followed, the Executive Board of Hoop SA advises each Chairman of the General Meeting of the contents of the By-Laws of the General Meeting. Pursuant to Par. 12 of the By-Laws of the General Meeting, the Chairman of the General Meeting opens</i></p>

			<p><i>the discussion on each subsequent issue included in the agenda of the Meeting, granting the right to speak in the order of seeking the call by shareholders and irrespective of the numbers of shares held by the shareholders in the Company's share capital, and puts to the vote the motions which emerged during the discussion. Moreover, each shareholder has the right to submit formal motions (Par. 14.1 of the By-Laws of the General Meeting). Pursuant to Par. 6.6 of the By-Laws of the General Meeting, the Chairman should not, without sound reason, resign from his function.</i></p>
9	<p>A General Meeting should be attended by members of the Supervisory Board and the Executive Board. An expert auditor should be present at an annual General Meeting and at an extraordinary General Meeting if financial matters of the company are to be discussed.</p>	<p>Yes</p>	<p><i>Pursuant to Par. 3.4 of the By-Laws of the General Meeting, the members of the Supervisory Board and the Executive Board may attend a General Meeting with the right to speak.</i></p> <p><i>In accordance with the Company's practice, members of the Executive Board and at least one member of the Supervisory Board attend General Meetings.</i></p> <p><i>The Executive Board hereby declares that an expert auditor will be invited to a General Meeting if material financial matters of the Company are to be discussed.</i></p>
10	<p>Members of the Supervisory Board and the Executive Board and the expert auditor of the company should, within their powers and to the extent necessary for the settlement of issues discussed by the General Meeting, provide the participants of the meeting with explanations and information concerning the company.</p>	<p>Yes</p>	<p><i>The members of the Executive Board and Supervisory Board, as well as an expert auditor who attends a General Meeting if there is a need, within their powers and to the extent necessary for the settlement of issues discussed by the General Meeting, provide the participants of the meeting with explanations and information concerning the Company. A shareholder's right to be informed is exercised in compliance with the provisions of the Polish Companies Code.</i></p>
11	<p>All answers provided by the Executive Board to the questions posed by the General Meeting should take into</p>	<p>Yes</p>	<p><i>The Company's bodies do not limit access to information requested by the General Meeting,</i></p>

	account the fact that the reporting obligations are performed by a public company in a manner which follows from the Law on Public Trading in Securities, and certain information cannot be provided otherwise.		<i>however, at the same time, the scope of disclosed information follows from the limits imposed under the Polish Companies Code, Law on Public Trading in Securities, Directives defining disclosure obligations imposed on issuers of securities, and other applicable laws and regulations, as well as non-disclosure agreements concluded between the Company and other undertakings.</i>
12	Short breaks in the session which do not defer the session, ordered by the chairman in justified cases, cannot be aimed at hindering the exercise of rights by the shareholders.	Yes	<i>Pursuant to Par. 14 of the By-Laws of the General Meeting, the final decision on taking a break in the session is made by the General Meeting at the formal request of the Chairman.</i>
13	Voting on procedural matters may be carried out only on issues related to the conduct of the meeting. This voting procedure cannot apply to resolutions which may have impact on the exercise by the shareholders of their rights.	Yes	<i>Pursuant to Par. 14.2 and 14.4 of the By-Laws of the General Meeting, the General Meeting votes on formal issues, which include motions concerning voting procedure and the conduct of meeting.</i>
14	A resolution not to consider an issue placed on the agenda may be adopted only if it is supported by sound reasons. A motion in this respect should be accompanied by a detailed justification. The General Meeting cannot adopt resolutions to remove an item from the agenda or not to consider an issue placed on the agenda at the request of the shareholders.	Yes	<i>Pursuant to Par. 17.2 of the Articles of Association (and Par. 10.3 of the by-laws of the General Meeting), resolution not to consider an issue placed on the agenda may be adopted only if it is supported by sound reasons. A motion in this respect should be accompanied by a detailed justification. The General Meeting cannot adopt resolutions to remove an item from the agenda or not to consider an issue placed on the agenda at the request of the shareholders.</i>
15	A party objecting to a resolution must have an opportunity to concisely present the reasons for its objection.	Yes	<i>Any party objecting to a resolution of the General Meeting is given an opportunity to concisely present the reasons for its objection.</i>
16	Due to the fact that the Polish Companies Code does not provide for court control in the event where a resolution is not adopted by the General Meeting, the Executive Board or the Chairman of the Meeting should form the resolutions in	Yes	<i>The chairman of the General Meeting has to ensure that changes proposed for resolutions are formulated clearly, and has the right to edit the resolutions which have not been formulated clearly (Par. 12.5 of the</i>

	such a way that each person who does not agree with a decision being the subject of the resolution, has the possibility of challenging the same; provided that he is entitled to do so.		<i>By-Laws of the General Meeting). In addition, the Executive Board has to ensure that the chairman has access to the Company's legal advisers.</i>
17	At the request of a participant in the General Meeting, his written statement is recorded in the minutes.	YES	<i>Written statements of participants in the General Meeting may be recorded in the minutes (Par. 21.4 of the By-Laws of the General Meeting). To ensure that this rule is observed, at every General Meeting its substance is relayed by the Company's Executive Board to the Notary Public taking minutes of a given General Meeting.</i>
<u>BEST PRACTICES OF SUPERVISORY BOARDS</u>			
18	The Supervisory Board submits to the General Meeting an annual concise evaluation of the company's standing. The evaluation should be part of the annual report of the company, made available to all shareholders early enough to allow them to become acquainted with the same before the annual General Meeting.	Yes	<i>Pursuant to Par. 21.a of the Articles of Association (and Par. 2.2.1 of the Rules of Procedure for the Supervisory Board), the Supervisory Board prepares and submits to the General Meeting annual assessment of the non-consolidated and consolidated financial statements as well as of the Directors' Report. The assessment is made available to the shareholders by the dates required by law.</i>
19	A member of the Supervisory Board should have relevant education, professional and practical experience, be of high moral character and be able to devote all the time required to properly perform the function on the Supervisory Board. Candidates for members of the Supervisory Board should be presented and supported by reasons in sufficient detail to allow an educated choice.	Yes	<i>Members of the Supervisory Board are elected by the General Meeting, taking into account the members' qualifications as well as professional and practical experience. A shareholder presenting a candidate for the position of a member of the Supervisory Board should evaluate such candidate in terms of qualifications as well as professional and practical experience, bearing in mind the Company's needs.</i>

20	<p>1. a) At least one-half of the members of the Supervisory Board should be independent members. Independent members of the Supervisory Board should not have any relations with the company and its shareholders or employees, which relations could have a significant impact on the ability of the independent member to make impartial decisions;</p> <p>b) Detailed criteria of independence should be laid down in the statutes of the company;</p> <p>c) Without the consent of at least one independent member of the Supervisory Board, no resolutions should be adopted on the following issues:</p> <ul style="list-style-type: none"> - actions of any kind by the company and any entities associated with the company in favor of members of the Executive Board; - consent to the execution by the company or a subsidiary of any key agreement with an entity associated with the company, member of the Supervisory Board or the Executive Board, and with their associated entities; and - appointment of an expert auditor to audit the financial statements of the company. <p><i>The above rule may be implemented by the company on a date different than that for the remaining rules herein, but no later than by the end of 2004.</i></p>	No/Yes	<p><i>Pursuant to Par. 19.1 of the Articles of Association, the Supervisory Board should be composed of five members, of which at least one is an independent member.</i></p> <p><i>The number of Supervisory Board members and the rules governing appointment thereof are in compliance with Resolution No. 29/995/2003 of the Executive Board of the Warsaw Stock Exchange dated June 4th 2003 on admission of Series E and D ordinary bearer shares and rights to Series E ordinary bearer shares to stock exchange trading.</i></p> <p><i>Par. 19.2 of the Articles of Association lays down independence criteria for members of the Supervisory Board. Par. 20.7 of the Articles of Association complies with Rule 20.c of the Code of Good Practices.</i></p>
21	<p>A supervisory board member should, above all, bear in mind the interests of the company.</p>	Yes	<p><i>In performance of their functions, Supervisory Board members, above all, act to the best of the Company's interest. When adopting resolutions on Company's business, they take into account all information on the Company as well as the financial</i></p>

			<i>and market standing of the Company and the Group.</i>
22	Members of the Supervisory Board should take relevant actions in order to receive from the Executive Board regular and complete information on any and all significant issues concerning the company's operations and on risks related to the business being conducted and the ways of managing such risk.	Yes	<i>During each meeting of the Supervisory Board, the Executive Board presents information on all issues concerning the Company's business. In urgent cases, the Supervisory Board members are informed by the Executive Board immediately. The Company's Articles of Association (Par. 21) set forth a set of issues on which decisions of the Executive Board cannot be made without the Supervisory Board's approval.</i>
23	A Supervisory Board member should inform the remaining members of the board of any conflict of interest that arises, and should refrain from participating in discussions and from voting on passing a resolution on the issue in which the conflict of interest has arisen.	Yes	<i>Pursuant to representations submitted by the Supervisory Board members, the Supervisory Board members undertake to comply with their obligations arising from these corporate governance standards.</i>
24	Information on the personal, actual and organisational connections of a Supervisory Board member with a given shareholder, and in particular with the majority shareholder should be made available to the public. The company should have a procedure in place for obtaining information from members of the Supervisory Board and for making it available to the public.	Yes	<i>In accordance with the rules adopted in the Company, upon appointment of a new Supervisory Board member, the member shall submit to the Company a written representation on his/her personal, actual, or organisational connections, if any, with a specified shareholder. The Company shall disclose the contents of such representation to the public.</i>
25	Supervisory Board meetings, save for issues which directly concern the Executive Board or its members, and in particular their removal, liability and the setting of their remuneration, should be accessible and open to members of the Executive Board.	Yes	<i>The Executive Board members participate in the Supervisory Board meetings. The Executive Board members do not participate in Supervisory Board meetings at which issues which directly concern the Executive Board or its members are discussed.</i>
26	A Supervisory Board member should enable the Executive Board to present publicly and in an appropriate manner information on the disposal or acquisition of shares of the	Yes	<i>The Supervisory Board members inform the Executive Board of each disposal or acquisition of the Company shares by Supervisory Board members, as well as on</i>

	company or of its dominant entity or subsidiaries, and of transactions with such companies, provided that such information is relevant for his financial standing.		<i>transactions concluded by them with the Company or its subsidiary, material for the financial standing of the Supervisory Board member concluding such transaction. Information on acquisition of the Company shares, obtained from the Supervisory Board members, is disclosed to the public in accordance with the relevant laws and regulations.</i>
27	Remuneration of members of the Supervisory Board should be fair, but should not constitute a significant cost item in the company's business or have material impact on its financial results. The remuneration should be in reasonable relation to the remuneration of members of the Executive Board. The aggregate remuneration of all members of the Supervisory Board should be disclosed in the annual report.	Yes	<i>The remuneration of the Supervisory Board members does not constitute a significant cost item in the company's business. The remuneration amount is fixed and adjusted to the Company's financial performance. The aggregate remuneration of all members of the Supervisory Board is disclosed in the annual report.</i>
28	The Supervisory Board should operate in accordance with its by-laws which should be available to the public.	Yes	<i>The Company has the Rules of Procedure for the Supervisory Board (the most recent Rules of Procedure for the Supervisory Board were adopted by virtue of the Supervisory Board's Resolution No. 36/2003 of November 26th 2003 and approved by virtue of the General Meeting's Resolution No. 26 of November 26th 2003). The Rules of Procedure are available at the Company's website.</i>
29	The agenda of a Supervisory Board meeting should not be amended or supplemented during the meeting which it concerns. This requirement does not apply if all members of the Supervisory Board are present and agree to the amendment or supplementation of the agenda, and in instances where the adoption of certain activities by the Supervisory Board is necessary in order to protect the company against damage and in the case of a resolution which concerns the determination whether there exists a	Yes	<i>The agenda of a Supervisory Board meeting is established seven days prior to the planned date of the meeting and approved by the Chairman of the Supervisory Board, and subsequently submitted to the members of the Supervisory Board together with relevant materials. The agenda of the meeting may be amended or supplemented if all members of the Supervisory Board are present and agree to its amendment or supplementation. (Section 5.12 of the Rules of</i>

	conflict of interest between a Supervisory Board member and the company.		<i>supplementation (Section 5.13 of the Rules of Procedure for the Supervisory Board). The Supervisory Board members declare their readiness to take certain actions to protect the Company against damage or to determine whether there exists a conflict of interest between a Supervisory Board member and the Company, even if taking such activities is not included in the agenda of the Supervisory Board meeting.</i>
30	A Supervisory Board member delegated by a group of shareholders to permanently exercise supervision should submit to the Supervisory Board detailed reports on the performance of his task.	Yes	<i>Supervisory Board members delegated by a group of shareholders to permanently exercise supervision are obliged by the Supervisory Board to submit detailed written reports on the performance of their tasks to the Supervisory Board at each meeting of the Board.</i>
31	A Supervisory Board member should not resign from his function during a term of office if this could render the functioning of the board impossible, and in particular, if it could hinder the timely adoption of an important resolution.	Yes	<i>Pursuant to Par. 19.5 of the Articles of Association and Section 3.2 of the Rules of Procedure for the Supervisory Board, the members of the Supervisory Board may only resign from their functions for a good reason, and are obliged to notify the Executive Board in writing of their resignation.</i>
<u>BEST PRACTICES OF EXECUTIVE BOARDS</u>			
32	Bearing in mind the interest of the company, the Executive Board sets forth the strategy and the main objectives of the company's operations, and submits them to the Supervisory Board. The Executive Board is liable for the implementation and performance of the same. The Executive Board cares for transparency and effectiveness of the company management system and the conduct of its business in accordance with legal regulations and best practice.	Yes	<i>The Executive Board prepares the Company's strategy and financial and economic plans for one-year and three-year periods (Par. 24 of the Articles of Association and Section 4.5 of the Rules of Procedure for the Executive Board), which are submitted to the Supervisory Board for approval. At least once a year, the Supervisory Board holds a discussion on the Company's strategy and financial and economic plans and assesses their feasibility. The Executive Board is responsible for the implementation of the strategy and for the</i>

			<i>performance of the financial and economic plans.</i>
33	When making decisions on corporate issues, members of the Executive Board should act within the limits of justified economic risk, i.e. after consideration of all information, analyses and opinions, which, in the reasonable opinion of the Executive Board, should be taken into account in a given case in view of the company's interest. When determining what is in the interest of the company, the justified long term interests of shareholders, creditors, employees and other entities and persons co-operating with the company, as well as the interests of the local community, should be taken into account.	Yes	<i>The members of the Executive Board make decisions on corporate issues, taking into account the Company's financial standing, all opinions expressed by advisors or members of the Supervisory Board, and conclusions drawn from the performed analyses. When making decisions in the Company's interest, the Executive Board considers the interests of shareholders, creditors, employees and other entities co-operating with the Company.</i>
34	In transactions with shareholders and other persons whose interests have impact on the interest of the company, the Executive Board should act with utmost care to ensure that the transactions are at arms' length.	Yes	<i>Shareholders and other persons, who may become parties to a transaction, and whose interests may affect the Company's interests, are treated by the Executive Board at arm's length, and transaction terms are assessed on the basis of market criteria.</i>
35	A Executive Board member should display full loyalty towards the company and avoid any actions which could result exclusively in enhancing said member's own material interest. If a Executive Board member receives information on the possibility of making an investment or other advantageous transaction concerning the business of the company, he should present such information immediately to the Executive Board for the purpose of considering the possibility of the company taking advantage of it. Such information may be used by a Executive Board member or be passed over to a third party only upon consent of the Executive Board and only when this does not infringe upon the company's interest.	Yes	<i>Pursuant to Section 9 of the Rules of Procedure for the Executive Board, no member of the Executive Board may become engaged in business competitive to that of the Company or be involved in entities competitive to the Company as a shareholder or a member of the governing bodies. The non-compete clause may be restricted or cancelled only by virtue of Supervisory Board's resolution (Par. 21.m of the Articles of Association).</i>

36	A Executive Board member should treat his shares in the company and in its dominant companies and subsidiaries as a long term investment.	Yes	<i>The Executive Board members holding the Company shares treat them as a long term investment.</i>
37	Executive Board members should inform the Supervisory Board of each conflict of interest in connection with the performed functions or of the risk of such conflict.	Yes	<i>If any conflict of interests occurs, the Executive Board shall act in accordance with the recommendations of the Code of Good Practices.</i>
38	The remuneration of Executive Board members should be set based on transparent procedures and principles, taking into account its incentive nature and ensuring effective and smooth management of the company. The remuneration should correspond to the size of the company's business enterprise, should be reasonable in relation to the economic results, and be related to the scope of liability resulting from a given function, taking into account the level of remuneration of members of Executive Boards in similar companies in a similar market.	Yes	<i>The amounts, terms and conditions of remuneration of the Executive Board members are defined by the Supervisory Board by virtue of a resolution. The present members of the Executive Board are employed by the Company under employment contracts and the remuneration rules applicable to them are the Rules of Remuneration of HOOP SA Employees, providing for the payment of discretionary bonuses depending on the Company's economic and financial performance (the amount of the discretionary bonus is subject to the Supervisory Board's approval).</i>
39	The aggregate remuneration of all members of the Executive Board should be disclosed and itemised in the annual report. If the amount of remuneration of individual members of the Executive Board significantly differs, it is recommended that a relevant explanation be published.	Yes	<i>The aggregate remuneration of all members of the Executive Board is disclosed in the annual report. The differences in the remuneration amounts of individual members of the Executive Board are not significant and are solely attributable to the performed function and scope of duties of the given member.</i>
40	The Executive Board should lay down the principles and procedure of operations and allocation of powers in the by-laws which should be open and generally available.	Yes	<i>The principles and procedure of operations and allocation of powers of the Executive Board members are laid down in Section 5 of the Rules of Procedure for the Executive Board. The Rules of Procedure are open and available at the Company's registered head</i>

			office.
<u>BEST PRACTICES IN RELATIONS WITH THIRD PARTIES AND THIRD PARTY INSTITUTIONS</u>			
41	The selection of an expert auditor for a company should guarantee impartiality of performance of the entrusted tasks.	Yes	<i>According to the procedure applicable at the Company, the expert auditor is selected by the Supervisory Board on the basis of the submitted bids. Prior to the commencement and subsequent to the end of each audit, the expert auditor submits a representation on meeting the statutory criteria of impartiality and independence</i>
42	In order to ensure proper impartiality of opinion, the company should change the expert auditor at least once every five years.	Yes	<i>The Company concludes agreements with expert auditors on an annual basis, ensuring that the expert auditor is changed at least once every five years.</i>
43	The expert auditor should be selected by the Supervisory Board or General Meeting of the company, upon receiving recommendations from the Supervisory Board.	Yes	<i>The expert auditor is selected by the Supervisory Board pursuant to Par. 21.d of the Company's Articles of Association.</i>
44	An auditor auditing annual reports of a company or its subsidiaries cannot act as a special purpose auditor for the same company.	Yes	<i>No special purpose auditor has been appointed by the Company to date. Nevertheless, if this occurs, the Company shall observe the requirements of the Code of Best Practices.</i>
45	A company should acquire its own shares in such a way that <i>no group of shareholders be privileged.</i>	Yes	<i>In the event of such a transaction, the Executive Board shall observe the requirements of the Code of Best Practices.</i>
46	The Articles of Association of the company, its basic internal regulations, information and documents related to General Meetings, and the financial statements should be made available at the registered head office of the company and on its website.	Yes	<i>The Articles of Association of the Company, its basic internal regulations, information and documents related to General Meetings, and the financial statements are available at the registered head office of the company and on its website.</i>

47	<p>The company should have proper media relations procedures and regulations, and an information policy ensuring coherent and reliable information about the company. The company should, in compliance with the legal regulations and taking into account its interests, make available to mass media representatives information on its current operations and business standing, and allow their presence at General Meetings.</p>	<p>Yes</p>	<p><i>The Company observed the applicable laws and regulations on public disclosure of information. The information disclosed by the Executive Board of the Company is reliable and is made public in accordance with the provisions of the Act on Public Trading in Securities.</i></p> <p><i>Pursuant to Par. 6.8 of the By-Laws of the General Meeting, the Chairman of the General Meeting decides on admitting mass media representatives to the room where the General Meeting is held. If any shareholder voices and objection to the media representatives being admitted, the decision is subject to voting by the General Meeting.</i></p>
48	<p>In its annual report, a company should make public its declaration on the application of corporate governance standards. If the standards are not applied to any extent, the company should also publicly explain this fact.</p>	<p>Yes</p>	<p><i>The Company shall make public its declaration on the application of corporate governance standards in its annual report.</i></p>