



Latest changes proposed by Warsaw Stock Exchange to the Code of Best Practice for WSE listed companies

History of the Code of Best Practice

- 2002 – first Code of the Best Practice, revised in 2005
- July 2007 – new Code of the Best Practice introduced to WSE
- Revised several times (2010 and 2011)
- In 2013 the Advisory Committee has been convened to identify the scopes and directions of changes of the Code
- Code of Best Practice „under re-construction” since 2014

What's new? In general

- changes but understood as continuance of the previous code
- limited scope of application – only issuers of the shares
- six chapters (instead of four)
- each chapter starting with an outline of the goal to be achieved by application of the provision of each chapter
- recommendations and rules – different binding force
- no conflict-of-law rules

Chapter 1

Information policy and communication with the Investors

- broader scope of the persons authorized to receive the information (despite the title of the chapter)
- the communication with the investors should be swift
- regular and open meetings with the Management Board
- annual reports on charity and sponsoring activities
- detailed instructions regarding the content of the website
- English language versions – limited requirements

Chapter 2

The Management Board and the Supervisory Council

- interest of the company – not defined
- independence and diversity of the corporate bodies
- detailed recommendations related to the duties of the members of the bodies
- Supervisory Council's effective supervision rights strengthened
- additional Supervisory Council's reporting duties

Chapter 3

Systems and internal functions

- internal audit, compliance and risk management departments must be created within the company, unless it is not justified [exception]
- if not then the Company must assess the necessity of such on the annual basis
- general rules related to the functioning of the above internal departments
- no provisions related to providing information on internal audit, compliance and risk management issues to the investors

Chapter 4

General meeting and relations with the shareholders

- the main purpose of new regulation: activation of shareholders
 - date and venue convenient to the shareholders
 - change of date, adjournment and cancellation of the Meeting should not limit shareholders' voting rights
 - proper justification of the resolutions
- e-shareholders' meetings must be ensured (with exceptions)

Chapter 5

Conflict of interest and related party transactions

- all previous rules - now in one chapter
- the company should possess the clear procedures to prevent the conflicts of interests and entering into related party transaction if a conflict of interest may occur
- requirement of adoption internal regulations regarding definition of the criteria and circumstances in which the conflict of interest may occur, rules of conducts in case of conflict of interest occurrence etc.)

Chapter 6

Remunerations

- corporate bodies members' remuneration rules must be adopted
- remuneration committee within the Supervisory Council
- remuneration policy to be annually presented to the Shareholders' Meeting
- supervisory Councils members' remuneration should not depend on company's financial results;
- annual report shall include the remuneration policy report



Thank you for your attention.

Good Luck Ukraine!

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