

CSR Strategy of the GPW Group**Education****Market Relations and Dialogue****Responsible Human Resources Policy****Environmental impact reduction****ONLINE ANALYST****PAGE TOOLS**

Pursuant to the CSR strategy, the key objectives of the GPW Group include the development of corporate culture and behaviours of capital and commodity market participants in Poland according to high standards of corporate governance and disclosure requirements. This goal is pursued through efforts made in partnership and dialogue with capital and commodity market stakeholders.

BEST PRACTICE AND CORPORATE GOVERNANCE

GPW wanted the new Code of Best Practice to be developed by market participants. The Exchange is its guardian but the Code was drafted by market participants for the market. Hence, GPW expects the shareholders of public companies to commit towards monitoring of compliance with the Code.

A key project of the Warsaw Stock Exchange in the area of dialogue and relations with market participants was a modification of the code of Best Practice for GPW Listed Companies to harmonise it with the current market practice and European regulations and to further improve the quality of the corporate governance standards of listed companies.

Since 2002, the Exchange has promoted corporate governance principles through on-going development and promotion of the Best Practice for GPW Listed Companies designed to improve the transparency of listed companies, the protection of shareholder rights and the quality of corporate investor communications. Subsequent amendments of the principles of the code followed modifications of legal regulations, current international trends of corporate governance, as well as changing needs and expectations of market participants.

The Exchange Supervisory Board approved the new corporate governance code entitled “Best Practice of GPW Listed Companies 2016” on 13 October 2015. The new code took effect on 1 January 2016. The Best Practice 2016 was based on the work of experts representing different groups of capital market participants within the GPW Corporate Governance Consultation Committee. The Committee involved the following institutions: the Polish Financial Supervision Authority (KNF), the Association of Individual Investors (SII), the Association of Listed Companies (SEG), the Chamber of Pension Fund Companies, the Polish Institute of Directors. The draft was presented for public consultation with the participation of representatives of issuers and investors among others.

To address comments raised by the recipients of the Best Practice 2016, the new document clarified a number of existing rules and imposed stricter requirements in selected key areas of corporate governance. At the same time, it followed the principle of adequacy by aligning the rules and recommendations with the ability of companies of different sizes to ensure compliance. The document also included issues previously not covered by the corporate governance rules.

To meet issuers’ expectations, GPW has drafted a set of Q&As to clarify the recommendations and principles, and developed technological solutions facilitating compliance of companies with the disclosure requirements under the new rules of corporate governance. Educational initiatives in this area were also active in 2016.

NEWCONNECT 2.0 PROJECT

The Exchange took the initiative to improve the quality of corporate governance and standards of issuers on NewConnect by activating the market community. In the NewConnect 2.0 project, GPW appointed a Board of Authorised Advisers to strengthen the responsibility of Authorised Advisers on the NewConnect market. The Board is comprised of 12 members, including nine Authorised Advisers, and they are responsible for defining

the directions of development of the Alternative Trading System, drafting the guidelines of activity of Authorised Advisers, and issuing opinions on proposed amendments of laws and regulations governing the organisation of the market. The Board of Authorised Advisers operates as a standing advisory committee to GPW.

In continuation of the initiative, a new segmentation of NewConnect took effect in June 2016. GPW defined the new segmentation of NewConnect in close cooperation with the Board of Authorised Advisers. The new segments NewConnect Focus (NC Focus), NewConnect Base (NC Base) and NewConnect Alert (NC Alert) will help investors to identify companies listed on NewConnect. In the next steps of the NewConnect 2.0 project, a new NewConnect website will be launched and the Best Practice of Companies Listed on NewConnect and the Best Practice of Authorised Advisers will be reformed.

NEW SECTOR CLASSIFICATION OF GPW ISSUERS

The Warsaw Stock Exchange decided to introduce a new sector classification of issuers. The existing sector classification of companies separately on the regulated market and in the alternative trading system will be replaced by a uniform three-level classification of issuers of shares and bonds. The new sector classification of companies ensures a better representation of their business profile and adds new sectors including clothing, cosmetics, games, biotechnology. The new sector classification is accompanied by modifications of sector indices. New indices will be introduced to track the new key sectors.

As a key part of the modification of the sector classification of issuers, GPW opened public consultations with market participants. All companies were individually invited to share their opinions on GPW's proposals. All investors could share their views using a form available on the GPW website. The existing sector classification was implemented in the early years of GPW. Since then, the number of listed companies has grown and many new sectors have emerged that are not covered by the classification; hence, it was necessary to modify the classification and to give the listed companies more visibility. GPW wanted to implement the process in partnership with market participants and so it launched the public consultations.

According to the defined timeline, the public consultations were opened until mid-November. After the consultations, GPW reviewed the feedback and made decisions about the changes.

The new classification of issuers effective as of the beginning of 2017 includes three levels of issuer categories broken down by business profile and client groups: macrosector, sector, and subsector. This will facilitate comparative reviews of issuers.

The new classification comprises 38 sectors, including new additions such as e-commerce, clothing and cosmetics, games, leasing and factoring. The biggest number of issuers (45)

have been classified in the construction sector, followed by real estate (31) and electrical engineering (30). The change of the sector classification of issuers will affect sector indices as well. The existing indices WIG-developers and WIG-commodities will be replaced by WIG-real estate and WIG-mining. GPW will publish new sector indices in 2017: WIG-medicines, WIG-automotive, and WIG-clothing.

“GPW AMBASSADOR” PROGRAMME

The “GPW Ambassador” Programme was developed following consultations with banks and brokers in 2015. The Programme was implemented in 2016 after a review of feedback from the consultations.

The “GPW Ambassador” Programme promotes the capital market among bank advisers and supports them in sharing knowledge about investing on GPW with their retail clients and other bank officers. The Programme provides GPW Ambassadors with a wide range of educational training opportunities and other tools which facilitate the promotion of the capital market among clients. The Programme is addressed to banking advisers, especially private banking account managers. The Programme offers regular training to participants since October 2016.

DIALOGUE WITH THE STAKEHOLDERS

In addition to irregular dialogue with the stakeholders concerning material business decisions, GPW is also engaged in on-going consultations with market participants within the Consultation Committees established in 2013. The Committees are advisory bodies active in the key areas of GPW's operation. The Committees bring together representatives of the capital market community: investors, issuers, brokers, funds, academics, lawyers, as well as representatives of the Polish Financial Supervision Authority. Consultations with the Committees on the Exchange's business decisions help to develop solutions optimal to all GPW stakeholder groups.

As at the end of 2016, GPW had the following Committees:

- Alternative Trading System Development Committee - Board of Authorised Advisers
- Strategy Committee
- Compliance Committee
- Corporate Governance Committee
- Derivatives Market Committee
- Debt Market Committee
- Equities Market Committee
- GPW Exchange Indices Committee

Two other committees cover the commodity market:

- Gas Market Committee – an advisory body since 2014 assisting the development of solutions creating a friendly environment for the development of trade in natural gas on the exchange. POLPX continued consultations within the Gas Market Committee in 2016. The Committee held two meetings in 2016, each bringing together 20 participants.
- Energy Market Committee – established in 2015, it brings together exchange members and representatives of POLPX and IRGiT. Its responsibilities include giving opinions and tabling proposals for the development of exchange-traded commodities listed on POLPX. The Committee held two consultation meetings in 2016, each bringing together 60 participants.